



**GAMBIA COMPETITION & CONSUMER PROTECTION COMMISSION**

**Leveling the Field for Development**

## **World Competition Day: “Competition and Disruption”**

### **Disruptive Innovation and the role of GCCPC & Sector Regulators**

World Competition Day is celebrated on the 5<sup>th</sup> December, annually. The theme for this year’s celebration is: “Competition and Disruption”. Many may wonder what disruption means in this context, as it is a relatively new term even in the competition world. The relationship between competition and disruption is a sticky one. Disruption, also known as “disruptive innovation” is an innovation that severely changes market dynamics and their functioning. It involves introducing a new product/service, a new process, or a new business model. They often come in the form of internet and/or mobile technologies.

These technologies have made it possible for small entrepreneurs to compete and unseat incumbent/traditional firms in some instances. This is achieved by targeting market niches and delivering quality products and services, making them more accessible and competitive. The most common market disruptive innovations occur in large markets with inefficient dominant players. The innovative businesses often destroy their market shares by capitalizing on their weaknesses and providing tailor-made products and services for their consumers. These innovations have seriously affected traditional industry practices and in some sectors even eliminated or minimized the power of incumbent businesses.

In the last decade disruptive innovations have gained momentum. Markets have become more competitive, forcing entrepreneurs to think “outside the box,” in a bid to cater to the emerging needs of consumers.

### **Effects of disruptive innovation**

In most cases disruptive innovations do not fit into the existing regulatory frameworks, thus may pose **health, safety** and **privacy risks**. The traditional/incumbent businesses often capitalize on the risks they may pose by lobbying for strict regulations or blocking them in entirety. The regulators in these cases have three choices:

- Block the innovation
- Order alteration to certain aspects of it
- Adjust regulations to fit current market dynamics

### **Role of the Commission & Sector regulators**

As a Competition and Consumer Protection Commission, our stance is that disruptive innovations should be encouraged as it leads to consumer welfare (*more choices, more innovations, more quality products and services at competitive prices*). However, it is equally important to ensure that the risks attached to them are mitigated by regulations. Legitimate policy objectives (**consumer protection, privacy, health, environmental and safety risks**) are a major concern to the Commission, but these risks have to be proven and shouldn't be used as a mere propaganda to block innovations in order to protect traditional businesses.

Regulators need to ensure that traditional/incumbent businesses do not pressurize them into tougher regulations, as this minimises entry of innovators, and creates entry barriers which could have a negative long-term effect on competition and consumer welfare. It is of immense importance that regulators and policy makers strike a balance between promoting legitimate policy objectives and adopting measures that serve only the interest of incumbents.

The Commission is mandated by section 15(i) of the Competition Act 2015 to advise on any action taken or proposed to be taken by the State or any public body that may adversely affect competition in the Gambia. Thus the role of the Commission shall be to ensure that the new frameworks for disruptive innovators are pro-competitive while at the same time addressing other legitimate policy goals. Innovations are one of the major outcomes and benefits of a competitive market, without it, markets will remain stagnant, and consumer welfare would not be enhanced. Thus, it is imperative to safeguard disruptive innovations and champion disruptive innovators.

***Happy World Competition Day!***

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