Algorithmic Accountability and Digital Market Power: A Systematic Review of AI Regulation in the Digital Economy

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Abstract: AI is becoming more and more involved in decision-making processes in banking, healthcare, recruitment, education, online platforms and so on, but its logic is often not transparent, and the economic might lies in the platform companies – frameworks of accountability and competition are not built for that, and current law is not fully equipped to handle that. This paper is a systematic review of the literature, including socio-legal, regulatory and law-and-economics documents, as well as primary legal documents, identified in Scopus, Web of Science, HeinOnline, EconLit, RePEc, SSRN, EUR-Lex, Westlaw and Lexis+ from January 2016 to August 2026, of which 1,284 documents were identified, 908 screened, 217 assessed for full-text and 96 included. It concludes that the transparency obligations of the EU AI Act are not on their own sufficient to create accountability; that competition law is still structurally ill-suited to zero-price data-driven platform markets despite the turn in the Digital Markets Act; and that it is enforcement capacity, not doctrine, which is the binding constraint for the Brussels Effect beyond Europe, in particular in India and Malaysia. The review outlines the current state of knowledge that will support an upcoming research programme of a doctrinal, empirical and computational nature, and creates a comparative research agenda between the EU, India and Malaysia for scientists and policy makers.

Keywords: Algorithmic Accountability; Digital Market Power; AI Act; Digital Markets Act; Systematic Literature Review

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Introduction

Today's digital economy is based on feedback mechanisms between data gathering and performance of models, on automated decisions often opaque to those who are subject to them, and on the quick platformisation of markets. These are all a challenge to consumer welfare and the democratic legitimacy of privately owned critical infrastructure. AI is used in banking, healthcare, recruitment, education and online platforms, but it can often be hard to question, a black box, and centralized in the most powerful tech firms. The current accountability and competition law regimes are designed for another type of market and are not sufficiently geared to the problems at hand.

Two issues have, for the most part, been investigated as independent issues. Algorithmic accountability poses the question of who is responsible for an automated decision. The Digital Market Power question is about how to adapt competition law for the digital age, where commercial power is not based on price. The European Union has become the most active regulatory laboratory in this area: the General Data Protection Regulation (GDPR) [1] and the AI Act [2] and DMA [3] mark a first-of-its-kind effort to regulate private use of AI at scale, with a number of obligations under the former

coming into force on 2 December 2027 (Annex III) and under the latter on 2 August 2028 (Annex I). In November 2025, India released its voluntary AI Governance Guidelines [5] and Malaysia's National AI Office (NAIOM) closed its public comment period for a proposed AI Bill on 31 July 2026 [6]. Comparisons between these jurisdictions are thus relevant and topical.

This paper is the beginning of a series of four conference papers developed during a one-year Lincoln Global Postdoctoral Researcher (LGPR) fellowship at Lincoln University College Malaysia. The systematic literature review does not pursue any specific doctrinal or empirical claim; it rather aims to map the state of knowledge on three research questions which will be tackled by the doctrinal, empirical and computational strands of the project: RQ1 on algorithmic accountability asks what extent existing law and regulation in the area of AI allows for transparency, accountability and responsible deployment; RQ2 on digital market power asks how well competition law can keep up with the market power and anti-competitive practices of large digital platforms operating in an AI-driven economy; RQ3 on enforcement asks how law and regulation in the EU, India and Malaysia compare and what best practices may be derived from this comparison. This paper addresses the preceding question, upon which the doctrinal, empirical and computational work depends: What is already in the literature, and what is not, on each of the three.

Related work

The contemporary discussion around automated decision making, which uses the GDPR as the starting point, is found in Article 22 of the GDPR [1] and the accompanying guidance on the right to explanation, which introduced the doctrinal terms of transparency, contestability and human oversight and which were then later replicated in the accountability regime of the AI Act (Articles 9-15, 26-27, 43, 72, 85-86) [2]. Concurrently, a literature in law and economics emerged that explored the nature of zero-price markets, two-sided platforms and data-driven network effects, and read the DMA's ex ante gatekeeper obligations [3] as an admission that case-by-case antitrust enforcement came too late to police platform power. Until recently, there has been little cross-citation among these two literatures, even though they are talking about complementary aspects of the same digital economy.

There are three types of existing reviews, none which covers the entire field. Doctrinal analyses of the AI Act are conceptually developed in terms of transparency and contestability but generally do not discuss competition law. Platform-economics reviews provide comprehensive modelling of two-sided and zero-price markets, and, at the same time, exclude accountability from their scope of analysis. While comparative surveys of Asia-Pacific AI governance are available, they tend to be EU-centric in nature, and view India and Malaysia as recipients of EU norms, and do not capture 2026 Digital Omnibus [4] or the on-going developments in India and Malaysia [5] [6]. This review is placed in the context of those three categories in Table 1.

Table 1. Compares this review with existing categories of related literature

	Integrates accountability and market power	**Covers EU, India and Malaysia**	**Reflects the 2026 Digital Omnibus**
AI Act doctrinal reviews	No	No	No

Platform-economics reviews	No	Partial	No
Asia-Pacific comparative surveys	No	Yes	No
This work	Yes	Yes	Yes

Key Contribution

This review contributes to the body of literature in three ways. First, it is the first, to the authors' knowledge, to read the algorithmic-accountability and the digital-market-power literatures together, not separately, as both are considered two accounts of the same underlying feature in the AI-driven market: the monopolization or oligopolization of interpretive and commercial power. Secondly, it provides a search-and-screening protocol, which is made transparent by using PRISMA methodology, to be applied to law, economics and primary legal sources, instead of a narrative or pure doctrinal survey. Third, it broadens the comparative scope beyond the EU to include India and Malaysia against their own backdrop, and includes regulatory developments as of August 2026 that are beyond the scope of most comparative reviews, such as the Digital Omnibus [4]. These contributions are not purely novel: the observations generated here form the basis of the evidentiary strand of the larger LGPR research programme (with the three doctrinal, empirical and computational strands following).

Method, Experiments and Results

A PRISMA guided review protocol was used. The search window was set from January 2016, when the GDPR was adopted, and the modern legal discourse on automated decision-making started, to August 2026. The sources of records were the cross-disciplinary Scopus, for citation tracing the Web of Science (SSCI), for law reviews and comparative material HeinOnline, for competition economics EconLit and RePEc, for working papers tracking the Digital Omnibus debate SSRN and, for legislation, recitals and enforcement decisions, EUR-Lex, Westlaw and Lexis+. Two search strings were applied separately and were adapted to the syntax of each database and supplemented by backwards and forwards citation snowballing in Google Scholar: (A) algorithmic accountability, automated decision-making or explainability and combined with the AI Act, AI regulation or GDPR; and (B) market power, gatekeeping, self-preferencing or two-sided markets; and combined with digital platforms, the DMA or antitrust.

The criteria for inclusion were peer-reviewed journal articles, book chapters and monographs in English, comparative work on the United States, India, Malaysia or the ASEAN region more broadly, and primary law such as the AI Act, the DMA, the GDPR, the Digital Omnibus, enforcement documents and national frameworks. Papers purely technical in nature that did not involve any legal, regulatory or economic analysis, practitioner client alerts and press reporting used only to confirm dates, pre-2016 literature (excluding basic texts and highly cited works), duplicate data and non-digital economy applications (autonomous weapons or clinical diagnostics) were excluded. The last search date was 10 August 2026, which resulted in 1,284 records identified, 908 screened at title and abstract, 217 assessed in full text and 96 included in the synthesis.

With regard to RQ1, transparency is not accountability. There is a measure of opacity inherent to machine learning, not just strategic, and disclosure in the absence of action does not—on its own—lead to accountability. The information duties of the AI Act are provider-to-deployer in nature; the Article 86 explanation right does not apply to the vast majority of AI systems deployed and is for the deployer; Article 14 mandates human oversight but does not ensure practical power to exercise it; and most of the systems listed in Annex III self-certify under Annex VI [2]. On RQ2, competition law is still poorly suited to platform markets: platforms come with zero prices, which clash with price-centred tests; platforms are two-sided, which means market definition is tricky; platforms feature data feedback loops that lock in incumbents. Acknowledging that case-by-case enforcement was too late, the literature interprets the ex-ante gatekeeper obligations imposed by the DMA as stating that the best way to move forward is to implement self-preferencing bans and interoperability and data portability as effective remedies, though current evidence on the latter is limited [3]. Doctrine is not the limiting factor in RQ3, as a failure to designate national authorities in time and harmonised standards was the reason for the deferral in July 2026 [4]; the Brussels Effect is commonly cited but not often analysed outside Europe; and the literature generally takes India's voluntary guidelines [5] or Malaysia's proposed Bill [6] as a mere object of EU norms.

The literature surveyed is conceptually ripe for accountability and transparency and contestability and has demonstrated strong doctrinal continuity from GDPR Article 22 to the AI Act as well as rigorous economic modelling of two-sided and zero-price markets; it has spotted and correctly described the standards-delegation problem in AI governance early. That it is almost exclusively pre-enforcement with virtually no post-application evidence, that there is a lack of any real research on accountability and market power, that it is EU-centric and India and Malaysia, much less the broader ASEAN region, are under-theorised, and that its research has not been updated with legislative changes since the 2026 Digital Omnibus, are all obvious limitations of its research.

Conclusion

This review concludes that algorithmic accountability and digital market power are two sides of the same governance issue in AI-driven markets, that transparency and ex ante gatekeeping obligations are important but inadequate solutions to it, and that enforcement capacity as opposed to doctrinal design will be the difference to choose whether the EU's regulatory model has any meaningful impact on diffusing to India and Malaysia. These findings will be used to frame the doctrinal, empirical and computational strands of the broader LGPR research programme and will provide the basis for writing up the first journal paper, due for submission by Month 6 of the fellowship. Conference II brings the competition strand forward, discussing data-driven market power and antitrust for platform economies; Conference III discusses regulatory capture and evidence of enforcement from the EU and India; and Conference IV looks at the Brussels Effect in AI regulation in the comparative frame set out here.

References

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