SHARING ECONOMY '2017

RUSSIA ROUND TABLE

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What is a sharing economy company?

An online platform that allows people and companies to form a community to share or exchange the resources that they own.

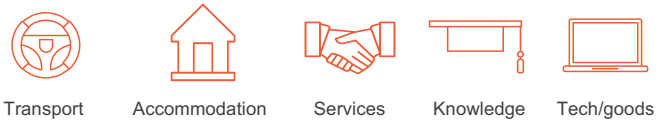
Criteria

- Operates online
- Allows consumers to use, rather than buy
- Based on communities of people who: 1) own resources; and, 2) those who use them

Positive benefits

- **Effective and environmentally friendly use of resources.** For example, the sharing economy allows you to make more use of your car while at the same time reducing the number of cars on the road. Another example is food: the sharing economy makes it possible to use food that would otherwise have been thrown away because it was approaching its expiry date.
- **Cheaper goods and services and possibilities for additional income.** The sharing economy cuts costs for users making travel and home improvements, for instance, cheaper. It also allows accommodation owners or handymen to generate additional income.
- **Faster access to services and more flexibility and mobility.** Sharing economy companies provide access to goods and services 24/7 and significantly reduce waiting times for services such as taxis.
- **Building and fostering a horizontal system of relations between users.** The sharing economy is based on user feedback and reviews, meaning that users themselves ensure and control quality.

Key sectors



Facts and figures*

RAPID GROWTH

In 2013, PwC estimated the value of the global sharing economy at $15 billion. In 2016, sharing economy transactions in Europe alone had risen to some €28 billion, according to the European Commission.

BENEFIT FOR COMMUNITIES

Of that €28 billion, sharing economy companies made around €3.6 billion, while users earned the rest.

More than 80% of users say that the sharing economy helps them save money and care for the environment at the same time.

ENGAGING ECONOMICALLY ACTIVE CONSUMERS

Users aged 25-44 make up the largest and most active group of sharing economy participants.

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* Sources: The Sharing Economy: Understanding the Opportunities for Growth, MasterCard, 2017; Analytical paper on the economic scale and growth of the collaborative economy, PwC, 2016; The Sharing Economy Consumer Intelligence Series, PwC, 2015; The sharing economy - Sizing the revenue opportunity, PwC, 2014; Pay as you live, Zipcar, 2013.

Regulation

Regulation of the sharing economy in Russia is sector-based (i.e. relies on regulation governing transport / accommodation / education, etc.). There is no definition of the sharing economy in Russian law.

The Russian Constitution, which enshrines the right for people to use and manage property with others for the performance of activities not prohibited by law, provides support to the sharing economy concept.

Key issues in regulation

Quality of services

- The main quality control tool for services ordered through sharing economy companies is user reviews and feedback, which affect supplier ratings.
- An additional tool is possible spot checks by sharing economy companies.
- These companies serve as an information service, linking consumers and service providers and setting out rules for their community.

Taxes and fees

- As a rule, more than 85% of the turnover for sharing economy companies is money earned directly by service providers.
- Sharing economy companies largely generate revenue by charging a commission for connecting consumers with service providers.
- Normally the income generated by the service provider is supplemental and is less than 25% of total annual household income. It helps cover costs for maintaining and using property (e.g. fuel, utility bills, insurance, etc.).
- Service providers for whom sharing economy companies are their main source of income are essentially self-employed “micro-entrepreneurs” who make a contribution to economic development.

User data

- Sharing economy companies are “extra-territorial”. Anyone with access to the internet can become part of a sharing economy company’s community and share goods and services with people around the world.
- Even small sharing economy companies can become global. Being able to interact with users from different countries without physically needing to be there helps minimize the cost of services.
- The cost of segmenting and localizing information by specific country could be higher than the amount the company actually earns.

Licensing

- As a rule, sharing economy companies simply provide information. The requirement to obtain a license to provide services, as a rule, lies on the service providers who use the online platform themselves.
- Sharing economy companies are responsible for setting rules for their communities that reflect the requirements laid out in the law, including that users must have the required licenses and permits to provide services.

The sharing economy is a new socio-economic model that is revolutionizing the consumption of goods and services. It is having a number of important effects, including: shifting consumer behavior from buying to sharing; cutting out the middleman between the client and service provider; and increasing the role of online reputation and self-regulation in ensuring the quality of services.

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