



**European Collaborative Economy Forum**  
*Shared thinking for a collaborative Europe*

**Round Tables  
Six & Seven Reports  
Brussels  
8th September 2016**

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## Our aim

The European Collaborative Economy Forum provides a neutral place for industry and policy makers to come together to explore the current and future policy and regulatory landscape of the collaborative economy.

Industry aims to be an active player in the policy debate and wants to work with European institutions and to use collective experience to feed into policy formation to strengthen Europe's collaborative economy. The Forum's aim is to help create a strong and competitive industry for the benefit of platforms, users and European consumers. The Forum is funded by a collection of like-minded companies, who believe that cooperation and exchange of ideas are paramount to furthering the collaborative economy in Europe.

## Who we are

EUCoLab is comprised of a broad spectrum of collaborative economy platforms at the cusp of collaborative innovation, across multiple verticals of the collaborative economy. Approximately two thirds of members currently operate across multiple Member States. Combined, member platforms offer goods and services to over a million users every day and have over 500,000 service providers operating on their platforms in Europe.

What unites EUCoLab members is an ambition to allow Europeans to benefit from their services. Through a continuous programme of exclusive roundtables, special projects, research and campaigns, EUCoLab creates a space for open dialogue to foster greater understanding of our platforms and their role in Europe's digital transformation. Current members include:



## Our Roundtable series

EUCoLab has held a series of roundtables between policymakers and industry, focusing on the constituent parts of the collaborative economy - the consumer, the participant and the platform.

This report outlines the discussions held during Roundtable Six:

*"Making Entrepreneurship a Reality Embracing Innovation & Supporting Growth"*

And Roundtable Seven:

*"Enhancing Trust & Consumer Experience"*

Please see our website for report summaries of our first roundtable series

[www.eucolab.org/our-work/](http://www.eucolab.org/our-work/)

For further information on the work of the Forum, please visit our website:

[www.eucolab.org](http://www.eucolab.org) or email: [contact@eucolab.org](mailto:contact@eucolab.org)



**EUCoLab Roundtable Six:**  
**Making Entrepreneurship a Reality -**  
**Embracing Innovation & Supporting Growth**  
**8th September 2016, Brussels**



# EUCoLab Roundtable Six

## Making Entrepreneurship a Reality - Embracing Innovation & Supporting Growth

*Exchange of Views – with Kaja Kallas MEP, on the Commission's Communication  
'A European agenda for the collaborative economy'*

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### Kaja Kallas, MEP

*Ms Kallas is currently a Member of the European Parliament elected from Estonia and belongs to the Group of the Alliance of Liberals and Democrats for Europe. She has previously worked as an attorney, where she specialised in European and Estonian competition law as well as in the digital single market and energy. In the European Parliament, she serves on the Committee on Industry, Research and Energy (ITRE). She is a substitute for the Committee on the Internal Market and Consumer Protection (IMCO). She was formerly a Member of the Parliament of Estonia, where she chaired the Economic Affairs Committee and is also a Vice-Chairman of the Estonian Reform Party.*

### Summary of discussion points and comments from Kaja Kallas MEP

- A key question for policymakers is how to help platforms scale up beyond startups. Although the UK and France have led startup creation, Germany, France, Spain and the Netherlands have also supported creation. It is interesting to note that countries who have led collaborative economy development have been most resistant to it - clearly there is not enough understanding from national policymakers.
- Need co-operation to develop ideas and collaboration between companies to grow the platform.
- Capital is also key to enabling growth of platforms in Europe.
- A lack of confidence and risk averse attitude to failure also hinders entrepreneurship in Europe.
- The regulatory environment in Europe should be reassessed to support growth. Only a Single Market approach to supporting the collaborative economy will work.
- Trust is central to the collaborative economy. Regulators often ignore the dynamism of markets and the innovative ways to ameliorate problems associated with market change. There are new ways of solving problems - and trust is one alternative to regulation.

- The divergent attitudes to data protection and privacy in the US and Europe also hampers innovation. The high thresholds in Europe, compared to a more relaxed attitude in the US, also provide a barrier to startups.
- Acknowledges that there may not be a higher consumer protection standard - consumers like the services and understand that they are different services to traditional industry. The Consumer Protection Framework may no longer be suitable for today's new markets - where there is increased consumer power, choice and understanding of the transactions in which they enter.
- Acknowledges the need for a different approach to taxation. Authorities must also be entrepreneurial and innovative. Estonia's Taxation Boards approach to creating a platform for Uber which enables tax collection to be collected digitally is a strong example of best practice.
- There is also an asymmetry of power between disparate users and incumbents. There is a need for industry to better organise and present the views of the millions of European consumers who support these new innovations.
- Resolution of employment issues are also key to collaborative economy growth - employment regulation must reflect modern labour behaviour. Labour laws need to evolve to accommodate new business models - with multiple and greater number of employers.
- The Guidelines on the Collaborative Economy from the Commission are to be welcomed. The question is whether Member States will follow them and how issues around insurance, digital identities and other barriers are resolved.

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*The Consumer Protection Framework may no longer be suitable for today's new markets - where there is increased consumer power, choice and understanding of the transactions in which they enter.*

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# EUCoLab Roundtable Six

## Making Entrepreneurship a Reality - Embracing Innovation & Supporting Growth

*Based on an introductory presentation by Luc Delany, Chair of EUCoLab*

### The challenge of scaling up and embracing innovation - introduction of key issues

#### The opportunity

*"I welcome new business models emerging under the collaborative economy. They bring benefits for the users and to our economy. They are a clear opportunity to create more growth, jobs and wider choice for consumers and entrepreneurs... Some of the growth will be at the expense of other traditional business models. But much of it will be new economic activities. We should therefore see the collaborative economy as an opportunity – not a threat."*

Commissioner Bienkowska, Internal Market, Industry, Entrepreneurship and SMEs

Embracing the collaborative economy presents Europe with a clear market opportunity. Collaborative economy platforms are resulting in the re-imagination of every single industry, holding the promise of creating new jobs and new wealth. Collaborative economy platforms offer Europe an opportunity to secure its prospects for the future, helping it emerge stronger, sustainable, more agile and prosperous - improving the lives of millions of people and providing them with new jobs and new skills for a better future.

As Commissioner Bienkowska comments: The digital single market and internal market strategy provide an opportunity to strike the right balance between stimulating innovation and entrepreneurship as well as protecting consumers and ensuring a level playing field.

*Collaborative economy platforms offer Europe an opportunity to secure its prospects for the future, helping it emerge stronger, sustainable, more agile and prosperous*

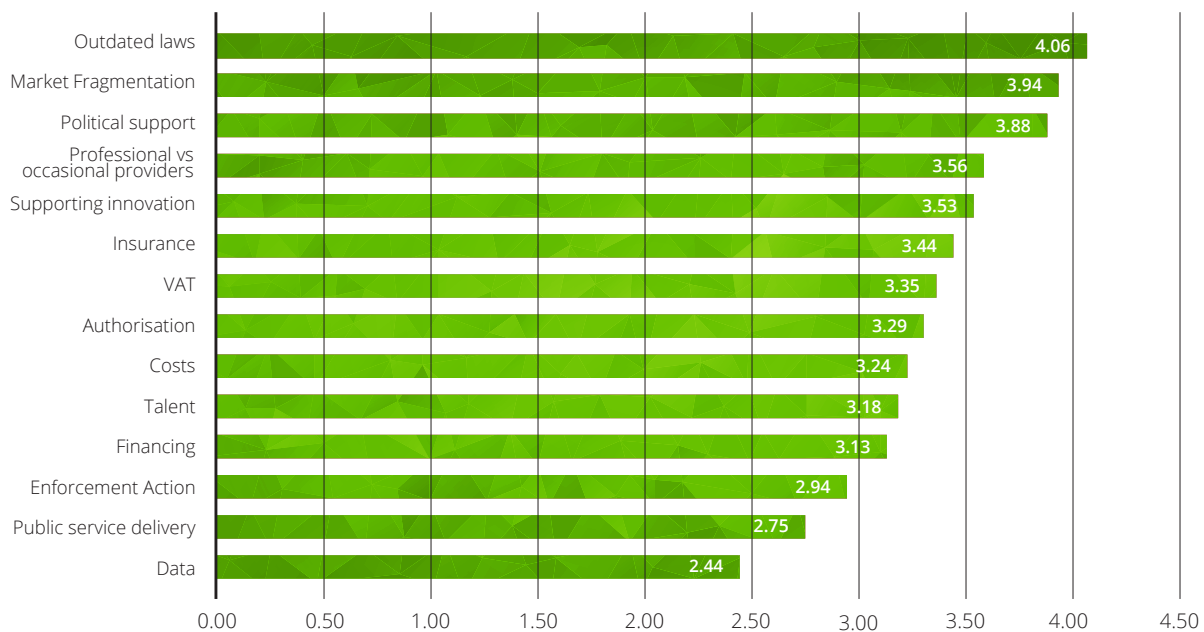
## How can barriers to growth of the European collaborative economy platforms be tackled?

### Barriers to growth - what industry says

Between June and August, EUCoLab conducted an Industry Views Survey, where we polled our members and identified the following barriers to growth of European Platforms:

- **Outdated laws:** Requirements to adhere to outdated laws conceived for similar services
- **Market fragmentation:** Fragmented regulatory and compliance requirements across Member States – complex and heavy administrative burdens
- **Costs:** Costs setting up businesses across Member States
- **Talent:** Lack of access to talent to develop platform infrastructure
- **Political support:** Lack of public political support for the collaborative economy
- **Financing:** Lack of access to finance to develop platform infrastructure and role out across Member States
- **Professional vs occasional providers:** No differentiation between individual citizens providing products and services on an occasional basis and providers acting in a professional capacity
- **Enforcement action:** Lack of enforcement of existing national and EU laws which protects incumbents/traditional industry
- **Supporting innovation:** A policy environment which embraces permissionless innovation
- **Insurance:** Lack of insurance options
- **VAT:** VAT complexity and fragmented tax requirements across Member States
- **Authorisation:** Restrictive authorisation schemes and/or licenses regimes
- **Public service delivery:** Lack of opportunity to work with regional and national governments to deliver public services using the collaborative economy platforms
- **Data:** A policy environment which opens up government data to unlock innovation

Members were asked to rank (from 0 - 5: 0 = no impact, 5 = significant impact) the barriers to the growth of collaborative economy platforms in Europe. Results are summarised in the table below:



On average, the top three factors which respondents identified as impacting on the growth of platforms were:

- **Requirements to adhere to outdated laws** conceived for traditional (pre digital) services: 4.06/5.00
- **Fragmented regulatory and compliance requirements** across Member States - bringing complex and heavy administrative burdens: 3.94/5.00
- **Lack of political support** for the collaborative economy: 3.88/5.00

## What can policymakers do to remove barriers to growth of the collaborative economy platforms in Europe?

Our members are in agreement on a number of issues which policymakers should look at as a priority:

### Requirements to adhere to outdated laws

- Existing national laws and regulations continue to create high market entry barriers and protect incumbents. Respondents were agreed on the necessity of ensuring a level playing field. There was consensus amongst respondents that in achieving this, **no additional European regulation is necessary; but rather, just the proper enforcement of existing EU law.**
- Respondents also identified the need for European policymakers to review legislation and regulation to ensure that it remains **proportionate to the scale of operations and meets people's expectations** - the level of regulation should depend on activity level.
- Policymakers are also encouraged to ensure that there are **fair terms of entry for new collaborative economy entrants.**

### Fragmented regulatory and compliance requirements

- Our members were clear on the need for Member States to review existing national legislation to make sure that **market access requirements continue to be justified, necessary and proportionate.**
- This includes the need for the **Commission to directly challenge disproportionate and anti-competitive laws passed by Member States. Absolute bans of an activity should only be a measure of last resort.** As part of this, the Commission is urged to **launch and follow-up on infringement procedures against Member States violating EU laws.**
- Members also identified the need for **uniform measure to ease administrative requirements to allow small business to scale across Member States.** This includes **removing the initial and fragmented barriers of setting up businesses across different Members States** ie. the ability for European SME's to complete set up entirely online, unify and reduce costs related to set up requirements and establishing bank accounts.
- Targeted fiscal support and strong liabilities protections for intermediaries to help businesses grow were also identified as priorities by members.

### Lack of political support

- Members look to European policymakers to **actively support the collaborative economy.**
- This involves, not merely take a passive role, **but working with industry to actively promote our sector in Europe as an alternative to traditional services.**

## A VIEW FROM INDUSTRY - CASE STUDY ONE

### Ronald Van Den Hoff, CEO & Founder, Seats2meet.com



*Ronald is a serial entrepreneur with his roots in the international hospitality and travel industry, where he held senior management positions. He is author of the book Society30 (addressing the transformation from the industrial era to the new digital age), runs a publishing company and is the concept owner of Seats2meet.com, where in 2007, he introduced social capital as an important component of the economic business model. Ronald is also a public speaker, trendwatcher and one of the founding fathers of the Dutch Trendrede Group, a collective of leading Dutch trendwatchers.*

### About Seats2meet.com

Seats2meet.com is a chain of over 150 co-working centres in 23 countries, with a platform that transforms these locations into relevant work and meeting spaces by connecting their professionals and making them collaborate and grow.

### The opportunity

Seats2Meet believes in supporting people to achieve success and make the world a smarter, better and more sustainable place through knowledge sharing, connecting and empowering people to excel. It is active in 23 countries - and is enabling people to create economic and social value for each other. As a networking platform where people can represent themselves and their businesses, and find support from peers, Seats2Meet generates social capital as new activities are generated. Reciprocity is high and participants “pay” by telling the network what they are doing and what knowledge they have to share. This is complemented by participants paying for additional services; therefore, blending social and monetary capital.

The platform enables local communities to connect - Seats2Meet for locals enables private individuals and small businesses to offer their room or cafe space. Public spaces - for example libraries, theatres, hospitals and schools - are better utilised and empty space.

The platform enables groups of people to get what they want from each other. This decentralised model is having positive social and economic impacts. In 2013, 60% of participants had experienced ‘serendipity’ and started a new job/assignment or started their own venture as the result of using the platform. By 2015, this figure had grown to 80%. In 2008, 1 in 8 participants secured a new job or growth opportunity; current statistics suggest 1 in 6 now benefit from the platform.

## CASE STUDY TWO

**Fabian Ladda**

**Public Policy Associate, Uber**

**UBER**

*Fabian joined Uber one and a half years ago from the European Parliament where he was the Head of the Office of German MEP, Elmar Brok. Prior to this, he worked in the private sector at various public affairs consultancies in Brussels and Berlin.*

### About Uber

Uber's mission is to make transportation as reliable as running water – everywhere, for everyone. We started in 2009 to solve a simple problem – how do you get a ride at the touch of a button? Six years and over two billion trips later, we've started tackling an even greater challenge: reducing congestion and pollution in our cities by getting more people into fewer cars.

### The Policy Challenges

As cities grow, efficient and sustainable transit solutions become more and more important. Cars will always be part of the solution to personal mobility. We believe that apps like Uber can offer a real alternative to individual car ownership. Especially when we talk about ridesharing and services like uberPOOL or uberCOMMUTE.

By offering reliable and affordable point-to-point transportation options, Uber encourages households to using their personal cars less, owning fewer vehicles or even owning no car at all. Uber works with car owners around Europe to help them leverage their cars and earn money at the same time. This is part of the collaborative economy.

Unfortunately, there are still many regulatory obstacles and a lot of regulatory fragmentation that stifles innovation. Member States need to ensure that regulations applying to traditional industry are appropriate for new innovative services. Moreover, creating a level playing field does not mean that digital businesses should be subject to the same set of regulations as existing providers, but to ensure the online economy meets the same underlying regulatory objectives: consumer protection and competition and choice.

There are four key issues which policymakers should tackle:

- **Make it easier to set up a business:** To date, only some Member States have actually created a legal status which helps individuals to become active in the digital economy. This goes hand in hand with simplified conditions to set up a business. The 'Small Business Act' for Europe' encouraged Member States to reduce start-up time for new enterprises to 3 working days. We are far away from such conditions in many Member States as was also confirmed by the World Bank report "Doing Business 2016".
- **Regulated ridesharing:** When it comes to new collaborative economy services, most national laws are outdated and ill-equipped to deal with ride-sharing. The key regulatory change to allow ridesharing is the move from dual-licensing (with companies and drivers both needing a license) to a unified regime where only companies are licensed and where anyone is free to become a driver.
- **Financial incentives and the distinction between professional and complementary activity:** Financial incentivisation for ridesharing - there is a need for proper differentiation between professional and complementary activity. If there is no financial incentive for ridesharing, people will not do it. Policymakers are encouraged to look at best practice such as in Finland where a EUR 10,000 threshold has been developed to differentiate between professional and complementary activity.
- **Make it easier to pay taxes:** Collaborative economy platforms are moving a multitude of activities from grey to white markets - platforms cannot be cheated, everything is recorded. Of the 14,000 drivers in Paris, 25% of drivers were previously unemployed and a third are under 30. Many are from deprived neighbourhoods and not used to navigating taxation. Best practice examples, such as Uber's cooperation with the Estonian Tax Authorities, where drivers give the platform permission to submit tax information directly.
- **In a nutshell, priorities at EU level** are to review outdated laws, monitor best practice at Member State level and developments in accordance with the E-Commerce Directive, Services Directive, Freedom of Establishment and Freedom to provide services; and start enforcement action where there is clear infringement of EU law.

# EUCoLab Roundtable Six

## April Rinne - collaborative economy and traditional industry

*Based on an Introductory presentation on how platforms are providing alternatives to traditional industry and delivering services/meeting demand in new and improved ways. Overview of policy best practice to nurture and manage relationship between platforms and traditional business.*

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### Summary of introductory comments:

Core suggestions to encourage European entrepreneurship:

- Startups cannot be regulated in the same way as existing businesses. There is a need to make it easy to be an entrepreneur and for it to be easy to do business as an entrepreneur. Business is doubly difficult for entrepreneurs who have constraints on resources, time and knowledge. We need to make being an entrepreneur 'turn key'. This means e-portals, light weight registrations, minimising bureaucracy, keeping rules as lightweight as possible early on.
- There needs to be increased collaboration between old and new industry. For example, ridesharing and taxi increasingly collaborate to deliver services. Equally, there is also a need to collaborate with local governments, traditional insurance providers etc. That way startups are able to piggy bank on established organisations and authorities; and incumbents are able to piggy bank on startup innovation and new ways of doing things. In Dubai, for example, the Tourist Authority has signed an MOU with Airbnb with the goal of diversifying accommodation options, enhancing customer experience and being able to regulate in a new way - thereby tapping into new tourist channels.
- There is a need to encourage a diversity of business models. There is a need to look at business models which fall in between the profit and non-profit models. For example, there is a need to relook at platform cooperatives which allow for more equitable ownership and rethinking governance structures. B Corps are also a natural fit with collaborative economy platforms - allowing them to define shareholder return in terms other than financial return (eg social or environmental). Different people value different benefits and different models allow one to target those values more effectively.
- Governments need to get better at opening up data to allow entrepreneurs to solve public challenges, eg OpenGov and GovTech use the collaborative economy to solve social problems. If governments could open up non-personal data, make it known what their goals are and allow entrepreneurs to build businesses that target this; this would allow entrepreneurs to make governments role easier and thrive.

## Oksana Gerwe, Founder, Lignum Capital



*Oksana Gerwe is a strategy expert with years of international experience as an entrepreneur, investor, and academic in Spain, Russia, and the United States. International Executive MBA from IE Business School Madrid, Spain. PhD thesis on the topic of value creation and value capture in the context of platform markets and sharing economy.*

### About Lignum Capital

Lignum Capital is an equity crowdfunding platform that facilitates investment funding in innovative and growing startup companies - connecting those looking for funding with a network of investors. Founded in Spain, Lignum Capital specialises in assisting sharing and collaborative economy platforms to enable the investment needed for these companies to scale up and grow.

### What impact is Lignum Capital making?

The platform is two years old, operating in Madrid and Barcelona; helping startups across Spain. It is bringing much-needed new competition and choice to financing. For a typical pre-seed start-up access to finance is a significant barrier. The platform enables investors to invest in start ups and in return get equity. Through the equity crowdfunding anyone can become an investor. Each project is highly vetted. The platforms which are supported are not global high tech unicorns, but businesses which help communities and support local enterprises and people.

This is not taking market share from existing incumbents but bridging the gap in the value chain. Bank financing is very tough. There is a shortage of business angels, venture capitalists and traditional banks willing to support start ups in their early stages. Startups simply cannot find capital. The impact for startups which the platform works with is huge. A typical campaign is between €20,000 and €30,000 - though the amount is relatively small, the impact is significant: enabling the development of a first prototype, hiring of a first employee or better understanding what the market wants.

## What are the key things which policymakers can do to support the platform?

**Setting a positive narrative for equity for crowdfunding** - There is an important role for policymakers providing the sector with legitimacy. Openly supporting crowdfunding (through positive statements and financial investment incentives) will debunk myths and skepticism over this nascent - and yet heavily regulated - industry. According to a Goldman Sachs survey, growth in the crowdfunding industry is rapid. In 2013, it was estimated to be worth \$0.5 billion and grew to \$2.5 billion by 2015, with the potential to soon become a \$trillion industry.

**Unification and transferability of registration** - It took two years to get necessary registration in Spain. Lignum is only one of two providers in Spain with this registration. The fragmentation of accreditation and registration requirements is a huge barrier to scale across borders. Currently, each category allowing creditors to invest is different across Europe. Platforms like Lignum would benefit from a transferable system of approval from regulators across Europe - policymakers are encouraged to support greater co-ordination between European regulators.

**Lowering red tape for startups** - Red tape is stopping many platforms from accessing the finance they need to grow, and stopping investors from reaching the companies they want to back. European rules have been built up rapidly in the years following the financial crisis; but there is a risk that some of these regulations may stifle growth. To make Europe more competitive, it should support market-driven solutions. Regulation should be used only where it will really make a difference. Regulation should be reviewed to ensure that it strikes the right balance between protecting investors and the economy, whilst also making it easier to finance start-ups across Europe - particularly in fast-growing businesses.

## CASE STUDY TWO

### Alejandro Artacho, CEO & Founder, Spotahome

[ SPOTAHOME ]

*Alejandro Artacho is CEO and co-founder of Spotahome. He studied Law and Business in Madrid. He speaks English, Chinese and Spanish. He has always been obsessed with making the world smaller by simplifying every possible difficulty cross border. To that end, right after University, he moved to China for 3 years where he set up 2 companies: an exporting business and a travel agency. After that experience, he moved into tech companies and launched a startup related with job mobility worldwide that got selected in competitions in Portugal and Spain and incubated in the IE Venture Lab in Madrid. After a lot of learning, he moved and worked in Lisbon and London in the Real Estate industry where he saw a massive opportunity to change the real estate industry forever so then launched Spotahome in 2014.*

### About Spotahome

Spotahome is an online booking platform that offers the most complete ads for apartment, rooms, studios and student residences for anyone who needs to rent for more than one month, regardless of age or professional status (students, professionals, retirees, parents). Spotahome are the only ones who are visiting and personally verifying all the properties they publish. Spotahome take professional photographs, floor plans, HD videos of the property and the neighbourhood, and include detailed descriptions.

### The opportunity

Provides an opportunity to provide an easy, efficient service for long to medium term rental. It is rapidly challenging the current real estate market. It allows 'real people' to simulate living in the property and provide an authentic experience of what the neighbourhood and property looks like. Spotahome launched in March 2014. It now operates in 10 countries, in 16 major cities. In a few years, it has grown from four founders to a team of 124, composed of 25 nationalities. Growth averages at 120% per month, with c.25,000 properties listed.

## Policy barriers to growth

**Clarification of tax and VAT** - The current EU taxation and VAT system is cumbersome to comply with and discourages cross border services. There is a role for policymakers to review the current system and make it simple for participants to comply.

**Making it easier to set up and trade across borders** - For startups who want to scale up quickly, the challenge of 28 different sets of rules on things like terms and conditions in contracts, copyright, consumer protection, company law and data protection pose a significant barrier. This is especially the case when contrasted with the option of heading to the United States as startups scale, where often there is a more unified regulatory regime. The high levels of bureaucracy drains start ups of time and money, which could better be invested in growth and jobs.

**Access to talent** - It is very challenging to recruit people outside of the EU. These people have skills and local knowledge vital to growing European businesses who are looking to expand globally. For platforms to thrive, Europe needs talented entrepreneurs to found companies, and startups need to be able to hire skilled developers, engineers and designers. This reiterates findings of other reports, for example, research last year found that 77% of Tech City businesses could grow faster if there were more skilled people available.

## Summary of discussion points

- It was agreed that the collaborative economy expands opportunities for entrepreneurialism and self-employment, and there is a clear role for policymakers in supporting this. It was also noted that traditional services providers which do not currently offer services through platforms are also experimenting with and moving towards a more collaborative model.
- It was widely agreed that interpreting existing regulations is a key part of the solution to ensuring a level playing field between collaborative economy platforms and traditional players. Industry participants agreed that it was beneficial to review directives such as the Services, E-Commerce and Distance Selling Directives to understand how existing regulations might be interpreted and whether they might be subsequently adapted.
- When reviewing the current framework in place to support services, priority should be placed on ensuring that rules and restrictions should be justified, proportionate and serve the public interest. Rules which restrict the market and do not serve consumers should be challenged through review of existing Directives.
- The general view from industry was a plea for policymakers not to be reactive. The collaborative economy is nascent and policymakers should be wary of trying to impose top down rules to hamper innovation. Policymakers should look to, where possible, getting out of the way to allow consumers to access goods and service and then understand whether intervention is necessary.
- Additionally, industry participants were in agreement that more guidance and better information on the application of existing rules would be more beneficial than the creation of additional rules. It was agreed by industry and policymakers that there is a need to properly understand the sector; or otherwise risk hindering development or causing unintentional harm. The sector is a fast emerging one and it is vital to better understand what the impacts are - in terms of job creation, impact on traditional industry, communities and environmental sustainability - before formulating policy.
- A standardised approach to border control was also identified as a common barrier. There was broad agreement on the need to identify where fragmentation occurs and consider standardisation and transferability across borders. Fragmentation between regulation at local level - for both the platform and participant operating on the platform - was also identified as an additional barrier. Industry participants were in agreement that more guidance and better information on the application of existing rules would be more beneficial than the creation of additional rules.

- Better access to early stage finance and venture capital was also identified as a major barrier to European expansion. Participants underlined the importance of supporting and creating access to venture capital for early stage start ups. The importance of policy makers facilitating access talent was also highlighted - both by reducing administrative costs as well as encouraging entry into the industry. The role of policy in providing investor confidence and legitimacy for the sector through tangible steps such as specific tax breaks for investment, as well as shaping public discourse about the sector positively was also discussed.
- Policymakers underlined the difficulties in gathering evidence - most collaborative economy players are currently small and not captured by traditional statistical methods. Although there is much anecdotal evidence, numerical evidence is not widely available and precludes policymaking tailored for the collaborative economy. Industry participants and policymakers were in agreement on the need to come together to supply the evidence and examples of good practice across Member States needed by policymakers.
- Policymakers were also encouraged to ensure that there are fair terms of entry for new collaborative economy entrants and that requiring regulations to apply in the same way to collaborative economy businesses as traditional providers, should be carefully considered.
- Allowing self-regulation, experimentation and innovation will allow optimal policymaking. This has proved powerful in not only getting the service offered right, but also allowing for the development of the most appropriate regulation.
- It was agreed by industry and policymakers that platforms are creating opportunities for flexible employment and offer a real opportunity to tackle under and unemployment. In light of this, it is crucial that policymakers help to ensure that participants are able to comply with their obligations. This involves exploring simpler tax reporting and working with platforms encourage them to build-in the ability for participants to report into their systems. Another key issue identified by participants was VAT and the lack of clarity over rules. Policymakers confirmed that this was an area which they were working on as a priority area.
- A lack of insurance options and barriers to insurance providers creating packages for the collaborative economy was also highlighted as a key barrier.



EUCoLab Roundtable Seven:  
**Enhancing Trust & Consumer Experience**  
8th September 2016, Brussels



# EUCoLab Roundtable Seven

## Enhancing Trust & Consumer Experience

*Based on an introductory presentation by Luc Delany, Chair of EUCoLab*

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### Issue 1: Enhancing Consumer Experience - Introduction to Key Issues

#### Enhancing welfare through trust

Collaborative economy platforms are a new and disruptive type of business because they do not intervene in transactions, but rather provide a platform on which people can transact safely, simply and transparently. Rather than creating new regulation designed to maintain the status quo, the challenge is to take a measured approach which recognises the reality of internet enabled commerce, with an understanding of where the challenges arise. The focus should be on how to protect consumers whilst also taking care not to enact laws and policies which stifle innovation and entrepreneurship - thereby depriving consumers of genuine benefits.

#### What is industry doing to increase trust?

Platforms employ a number of methods to increase trust and make their platforms safe and reliable for people to use their services; this includes criminal background checks, verification of the safety of the assets used, ensuring valid insurances are in place and minimum age requirements:

1. Developing alternatives to regulation such as self-regulation and kitemarks e.g kitemark developed by Sharing Economy UK. Taking up more regulatory responsibility by creating new self-regulatory organisations like those that have succeeded in other markets and industries.
2. Establishing industry best practices by developing self-regulatory codes of conduct that can build trust in the wider sharing economy in partnership with other platforms.
3. Working with wider industry to share evidence to evaluate and share best practice on verification standards and adapting to domestic business environments.
4. Working with governments and local authorities to ensure providers are in compliance with local requirements - e.g. tax collection services, Uber in Estonia.
5. Collaborating with other stakeholders by working with local governments and Member States to address concerns about neighbourhood impact.
6. Playing a proactive role in ensuring the harmonious functioning of marketplaces by providing tools, information, best practice advice, secure payment processing, identity verification tools, customer service, peer-to-peer review systems and basic consumer protections and taking responsibility for being clear over data, rights to amendment and deletion.

## Impact of the collaborative economy on consumer welfare

Consumers are showing a robust appetite for the collaborative economy. According to PWC, a recent survey of US adults familiar with the collaborative economy found that 86% agree it makes life more affordable, and 83% agree that it makes it more convenient and efficient.

The collaborative economy is having a real impact on business and transforming the offering for consumers. The increased competition from the continued growth of the collaborative economy will have direct, positive effects on competition and consumer welfare.

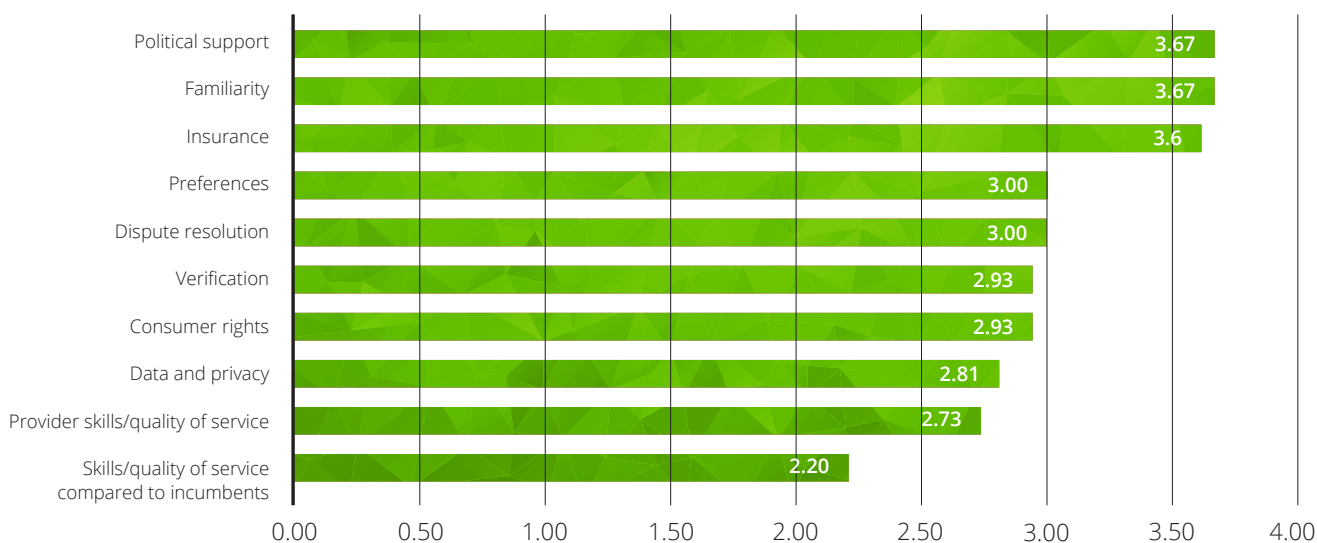


1. **Better price:** By offering an alternative to over regulated traditional industry, it allows suppliers to create value for customers long underserved by incumbents.
2. **Better access:** Collaborative economy platforms are giving consumers access to a broader range of goods and services, on demand from their local communities.
3. **Better quality:** The ease of entry and innovation mean that new entrants can provide greater specialisation and address consumer needs in ways that more traditional business models cannot.
4. **Increased choice:** Collaborative economy platforms give consumers access to a broader range of goods and services.
5. **Consumer empowerment:** The collaborative economy, through aggregating the reviews of past consumers and producers and putting them at the fingertips of new market participants, empowers consumers to act on that information.

## How can barriers to consumer engagement on European collaborative economy platforms be tackled?

### Barriers to consumer engagement - what Industry says

As part of our EUCoLab Industry Views Survey, members were asked to rank (from 0 - 5: 0 = no impact, 5 = significant impact) the barriers to consumers engaging in collaborative economy platforms in Europe. Results are summarised in the table.



On average, the top three factors which respondents identified as barriers to consumer engagement on platforms were:

- **Lack of political support** for the collaborative economy: 3.67/5.00
- **Lack of familiarity** with the collaborative economy: 3.67/5.00
- **Lack of insurance options** and concern over damages: 3.60/5.00

## What can policymakers do to support consumer engagement in collaborative economy platforms in Europe?

Our members are in agreement on a number of issues which policymakers should look at as a priority:

- **Ensure that consumers are allowed access to the full range of services** provided by our platforms, and not be denied access due to outdated and protectionist regulation.
- We ask policymakers to **refrain from creating new EU regulations but rather focus efforts on enforcement of existing EU laws, namely the Services Directive, E-Commerce Directive, Freedom to provide Services and Freedom of Establishment.** As part of this, we urge an approach which **assesses risk properly** - and ask for action only when there are clear and evidence-based gaps in consumer protection frameworks.
- We ask policymakers to **refrain from imposing new consumer protection obligations on intermediaries.**
- When assessing the justification and proportionality of legislation applicable to our platforms, we call on Member States to **take into consideration the tools currently used to address public policy concerns**, for instance, in relation to quality or verification through rating and reputational systems, which reduce the need for certain elements of regulation.
- We urge policymakers to **support and incentivise TrustTech technologies and services which enable the verification, identification, social profiling and reviewing of participants.**

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*We ask policymakers to refrain from creating new EU regulations but rather focus efforts on enforcement of existing EU laws, namely the Services Directive, E-Commerce Directive, Freedom to provide Services and Freedom of Establishment.*

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## A VIEW FROM INDUSTRY - CASE STUDY ONE

### Alan Clarke CEO, Homestay



*Alan Clarke is CEO of Homestay.com - founded three years ago, with 100% growth year on year, with over a million nights booked on the platform. Homestays are an accommodation experience with people, and the connection between them, at their heart. Our role at Homestay.com is to make these experiences possible. We at Homestay believe in the power of connecting people. It is about connecting people, enriching travel and accommodation experiences through a personal connection. Previously, Alan was Head of Games and formerly Head of Poker and Casino at Paddy Power. Previously to these he held roles at McKinsey and Yahoo.*

### About Homestay

Homestay has already become a global phenomenon, with hosts in 150 countries, in 3,000 cities and counting. Homestay only brings on board homes where the host is present. Homestay believes every trip or out of town stay is enhanced by the people you meet and the local experience. Homestay thinks of itself as a people based platform, enhancing the local experience of staying with someone. Homestay wants to build out the category of Homestay accommodation which at its heart means being and having an appetite to host and be hosted. There are many interpretations of that but the root of it is the fact that Homestays are stays in your home when you are there, they are not vacant apartment stays. With that, Homestay believes the nature of the Homestay host and guest is unique and special.

From the US to China, participation rates in alternative options are increasing rapidly. Accommodation sharing is not purely a 'young person' activity. The desire for experience based travel is a macro trend which extends beyond millennials. The attraction of Homestay is a combination of new experience and value for money. The platform democratises travel and creates more opportunities for people to travel and extend the reach of where people stay. In terms of why people host: feedback suggests that money is a factor; but social reasons are more important.

For Homestay, the ability to deliver on trust is becoming easier as other supportive businesses (verification, insurance etc) and other products develop. The principles of transparency, trust and safety are inherent in the way that the Homestay product is developed - with verification, secure payment and video features to connect participants.

## Supporting growth

In order for policymakers to support growth, the following four principles should be kept in mind:

1. **Providing certainty** - including about what constitutes the collaborative economy.
2. **Providing clarity** - about what obligations platforms are expected to comply with and platforms are able to predict and understand the market in the which they are operating.
3. **Simplicity** - around the ability to interact with those obligations.
4. **Proportionality** - there is a diverse user base, clarity over the status of informal users and professionals offering their services needs to be developed with proportionality in mind - this will help adoption.

## CASE STUDY TWO

### Patrick Robinson Director, Sharing Economy UK



*Patrick Robinson is Head of Public Policy for Airbnb in EMEA and Canada. Based in London, he leads a team of public affairs professionals who work with cities to open the door for new forms of tourism and educate policymakers about the huge potential of the “sharing economy” for sustainable economic and cultural growth. Patrick joined Airbnb after several years at Yahoo, most recently as Director of the company’s innovative global business and human rights programme, which leads the company’s efforts to protect and promote online free expression and privacy for its 800 million users worldwide. He has previously had senior roles with the Virgin Group’s UK television business and the British Broadcasting Corporation, including two-and-a-half years living and working in Sarajevo on a project to establish public service broadcasting in post-conflict Bosnia and Herzegovina.*

### About SEUK

Sharing Economy UK has three key objectives: to champion the sector, ensure best practice and act a single voice of UK industry. It is the first trade association of its kind for the sharing economy worldwide. Members sign a central code of conduct designed to enhance the operation, image and reputation of the sharing economy.

### The TrustSeal

SEUK recently has partnered with the Skoll Centre for Social Entrepreneurship at Oxford University’s Saïd Business School, Oxford faculty and Rachel Botsman to develop the world’s first comprehensive sharing economy trustmark. The aim is to establish responsible practices and high trust standards to guide both sharing economy businesses and consumers. The aim is to ensure absolute protection for both consumers and workers and ultimately to propel the sharing economy forward. The TrustSeal is designed to tackle the relationship between consumers and the platform; and is not about the relationship between providers and consumers.

With any trust or insurance scheme, criteria needs to be robust and members have worked together to establish what they feel are best practices. This includes mechanisms such as ensuring access to support, guarantees, information on health & safety etc. Companies commit to going through the process for a small fee and self declare that they comply including submitting evidence, every two years. PWC have come on board as an independent assessment provider and there is an independent panel to provide advice. Action will be action to remove the TrustSeal from companies not living up to expected standards. The ambition is to roll is out across the whole of the UK but the criteria is transferable and can be deployed across Member States. It is considered the most robust and advanced self regulation initiative in the sharing economy so far.

## CASE STUDY THREE

### Vincent Keunen Founder & CEO, Andaman7



*Vincent Keunen is a software engineer from Liège University in Belgium. He started his career in AI (artificial intelligence) research at the University (expert systems and natural language processing). He then moved to industry, working 10 years by NRB (Network Research Belgium) in the RnD department (AI for computer networks monitoring, mobile, internet). He then created Manex, a software house specialized in custom developments for large customers with advanced technologies. Two remarkable projects include Medibridge and meXi, the secure medical messaging system connecting almost all Belgian hospitals and private labs with all doctors (15000 users), and Jaws, the largest prevention / occupational health and safety system in Belgium for Idewe (800 000 patients managed). Between 2009 and 2014, Vincent has been the CIO of Lampiris where he built a next generation platform for the new world of energy. In 2011, Vincent was elected IT Manager of the year by Data News for the work done at Lampiris. In 2014, Vincent launched a new startup named Andaman7 to allow everybody to manage their health information on their mobile devices. See [www.andaman7.com](http://www.andaman7.com).*

### About Andaman7

Andaman7 was founded in 2014 by Vincent Keunen after experiencing two cancers in the family the same year (himself, as well as his 10 year old son Pierre) and realizing how much medical informatics needed to be improved. Andaman7 aims at giving all people the power to manage their own health information. Our vision is simple; it's article 25 of The Universal Declaration of Human Rights: Everyone has the right to good health and well-being of himself and of his family. And our mission is to provide the software tools to enable every human being to manage their health information and to share them freely. So we provide a free (freemium) mobile app to patients and health professionals, along with a secure platform to ease the exchange of information in the patient's circle of trust.

### The opportunity and benefits of Andaman7

The project currently focusing on Belgium, France and the US and the application has been translated into 20 languages. The business is based on the freemium model - 90% of users use the application freely, and 10% use the premium model.

The difficulty of managing information of patients records due to process inefficiency and privacy, means that access to information for doctors to make medical assessments is a real barrier to treatment. Andaman allows for personalised health records for patients so that they may have all of their medical information with them, all of the time. There is a separate version for care practitioners as a mobile companion. Synchronisation facilities allow drives to exchange information as a peers - no medical information is stored on the cloud. There are no servers holding data - only the user is the person to hold the data and decide who and which part is shared with others. The platform therefore puts the patients back in power therefore empowering users to manage their own health. Anecdotally, it also enables patients to spot errors in health records, thereby improving treatment quality. Costs and time taken for sharing between medical professionals are also reduced. Andaman7 therefore signals better health management for everybody.

## How can policy makers address challenges?

**Reviewing regulations around privacy and security** - although privacy is vital, in this case it is preventing better care. The key to this approach needs to be balanced, with an understanding of the detriment caused and opportunities missed. Patients empowerment should be central. Privacy and security are pushed to an extreme which is preventing good care. There is a clear need to understand what we lose when we put privacy first.

**Lack of interoperability** - There are only a few standards currently available. In some countries, standardisation has improved service. Some Member States have also given subsidies to medical professionals if they use accredited software, thereby reducing interoperability issues.

**Support by policymakers** - In the US, a law to promote 'meaningful use' compels doctors to share information with patients - this is to encouraged. Since 2002, there has been a shift in the law so that patients have the right to their information - but due to lobbying there is resistance to this; this needs to be tackled.

## CASE STUDY FOUR

### Clare Kandola, The People Who Share



*Clare Kandola is a contributor to The People Who Share, providing commentary and thought around the evolving Sharing Economy and current issues. Specialising in strategy and communications, Clare supports businesses operating in the Sharing Economy with branding, positioning and commercial advice. Her background is in broadcast and digital media, where she has worked with companies such as Amazon, Lovefilm, Bloomberg and Discovery both in-house and as a consultant launching new services and partnerships internationally.*

## About The People Who Share

The People Who Share is a social enterprise that helps people and companies discover and access the Sharing Economy. Our mission is to mainstream the Sharing Economy worldwide. We work with a network of partners worldwide to deliver services and activities for people and companies including: campaigns, like our flagship Global Sharing Week; access to goods and services for your every day life via our Share Collection; public speaking, workshops, events and corporate Sharing Economy Consultancy helping organisations across the private, public and voluntary sectors succeed in the Sharing Economy; building ShareTech tools and innovation, research and intelligence. We also host the Share Guide, the largest directory of Sharing services worldwide. We help people discover that if you've ever rented, swapped, exchange, borrowed, you're part of the growing Sharing Economy.

## Trust - from the perspective of The People Who Share

As industry reaches scale, growing pains are inevitable and there is a need to adapt. Industry is developing innovative solutions to support trust - the fundamental barrier to widespread participation. Research suggests that 34% of adults have not participated because of concerns over security and trust. There is, therefore, a clear need for infrastructure and mechanisms which enable trust. Through TrustTech, Kitemarks and TrustSeals industry is serving up the resources it needs to advance this economy.

## What is the impact of The People Who Share?

TPWS creates positive impact in the following ways:

- For European Consumers: TPWS enables consumers to discover the Sharing Economy across multiple verticals; helping people to easily discover and book sharing experiences.

- For collaborative economy platforms: TPWS provides a discovery platform and a directory of platforms helping people to discover a multitude of platforms across 17 verticals. TPWS also raises awareness about the sector and platforms within it via campaigns activity.
- Social and Environmental Impact: TPWS creates impact threefold: economic impact by enabling people from all economic backgrounds to access shared resources, also promoting and enabling people to access free resources; environmental impact by promoting and enabling the efficient use of resources, matching surplus with demand, diverting goods from landfill, lowering carbon and promoting a sustainable economy built around people and planet; social impact by bringing people together to share resources in their communities, get to know their neighbours (via activities such as Global Sharing Week and Sharing Streets). 80% of people say sharing makes them happier and there is a correlation between sharing and well being.

## How Can Policymakers Support TPWS?

- Partnerships and Support for Sharing Cities: Engagement and support from Member States, national and local governments to work with TPWS and its partner platforms to tackle economic, social and environmental challenges. Support for TPWS sector wide campaigns such as Global Sharing Week (GSW) and Sharing Streets. Official endorsement and adoption of these campaigns would help to grow the sector. GSW could become an officially diarized week. Supporting organisations that work to enable sharing cities and building infrastructure that enables city-wide access to shared resources will help grow the sector. Additionally, opportunities and measures to promote procurement from sharing economy platforms is to be encouraged.
- Support for organisations promoting the sector: Funding for social enterprises like TPWS that work across the sector on a systemic level is important. Recognising catalysts such as TPWS, who operate on a sustainable not-for-private profit model and opening up funding streams specifically for organisations that work on a sector wide basis is important.
- Incentivised taxation to embrace a sustainable approach: Introduce financial incentives for consumers to access shared resources and reduce waste and consumption. This would not only serve to create positive a social and environmental impact but would also increase the participation rates in the Sharing Economy, helping to mainstream it.

## Issue 2: Enhancing Consumer Experience - Introduction to Key Issues

In the collaborative economy, consumers are empowered to transact directly with one another - a collective behavior that is redefining traditional market relationships and impacting previously ubiquitous business models of production, distribution and consumption.

### The trust calculus

Trust enables us to feel reassured about staying in a stranger's home, renting our household items or hitching a ride from someone who we've never met. When people choose to contract on these platforms, they make some form of trust calculus. Collaborative economy platforms are integrating a range of trust metrics to drive transactions. This presents a secondary market for trust.

How do collaborative economy companies engender trust?

In addition to encouraging consumers to trust the concept of the collaborative economy; the challenge is twofold: to trust the specific platform and subsequently trust the strangers which they contract with on the platform. Platforms take trust very seriously and are employing increasingly reliable, innovative ways to identify and retain peers. Platforms currently engender trust in three main ways:

1. Verification
2. Reputation
3. Protection

### Verification

Verified identity helps peel back the first layer of trust between strangers, which is crucial for the success of the collaborative economy.

Verification can be formal – using established documentation such as passports and drivers license checks. Additional verification tools can be informal and rely on social media profiles and internet history as a rudimentary form of ID verification. Many also rely on third party sources to establish identities of providers and consumers, perform criminal records checks or have their own verification systems.

Early adopters that have leveraged social data as an alternative, or as an addition, to the traditional forms of identity include Airbnb, ebay and Paypal. There is a larger role for Member States to also help with verification – for example, the UK government is building its own ID verification scheme, GOV.UK Verify, which will eventually be opened up to private sector services.

## Reputation

In a peer-to-peer marketplace, verifying user identity increases trust, and from there users begin to build their online reputations. The value of reputation is not a new concept to the online world: think star ratings on Amazon, PowerSellers on eBay or reputation levels on games such as World of Warcraft. The difference today is our ability to capture data from across an array of digital services. With every trade we make, comment we leave, person we “friend”, spammer we flag or badge we earn, we leave a trail of how well we can or can't be trusted.

The collaborative economy is therefore giving rise to a reputation economy: where online history is as powerful as credit history. A world where your status from renting a house through Airbnb helps you become a trusted car renter on ZipCar; where your feedback on eBay can be used to get a head-start selling on Etsy; where traditional business cards are replaced by profiles of your digital trustworthiness, updated in real-time.

Reputation data is becoming a window into how we behave, what motivates us, how our peers view us and ultimately whether we can or can't be trusted. This can be enormously valuable for those who don't possess more traditional ways of being verified.

## Consumer Protection

There is an existing legal basis for consumer protection under European Law which collaborative economy platforms adhere to. But in addition to this, platforms are moving from rule breaking to rule making; with a number of systems and innovative tools for consumers to protected, user experience and services to be enhanced. These include:

- **Dispute resolution systems**
- **Superfast customer service** to increase consumer protection and satisfaction – Uber for example, answers 95% of all requests within 24 hours.
- **Promotion of tools and best practices**, with clearly signposted official advice and guidance for participants
- **Insurance and guarantees**
- **Working with third parties to ensure robust verification checks** on participants in their community
- **Robust community standards and policing** – removing participants if they do not meet these standards
- **Encryption**

## A VIEW FROM INDUSTRY - CASE STUDY ONE

### David Pope Marketing Director, HooYu



*David Pope is an expert in (the prevention of) ID theft, ID fraud, and money laundering and consumer scams. David has authored several reports and white papers by interviewing convicted fraudsters on how fraudsters go about their business and he regularly presents at industry conferences. David has worked in identity verification since 2004 helping online retailers, financial institutions, professional services firms, sharing economy platforms, airlines, travel companies and online gambling companies to make sure that their customers are who they say they are. David is the Marketing Director for HooYu. Prior to launching HooYu, David was the Marketing Director for Jumio, the Marketing Director for Experian Decision Analytics and Marketing Director for 192business, the first global identity verification company which was later acquired by Experian.*

### About HooYu

HooYu is a global identity confirmation service used not only by businesses that need to check their customers are who they say they are, but also by consumers who want to check another person's identity before they proceed with an important or sensitive transaction. HooYu's approach is to use universal tokens of identity including social media, digital footprints, identity documents and facial biometrics to confirm identity. HooYu cross-references and analyses data from a person's digital footprint to confirm their real-world identity. HooYu also extracts and verifies data from ID documents at the same time as authenticating the ID document and conducting a biometric facial check comparing a selfie of the customer with the facial image on their ID document.

### Trust in sharing economy

HooYu has conducted extensive research into trust in the sharing economy, including an online survey amongst 1000 consumers in the UK and 1000 consumers in the USA in 2016. The results highlight the centrality of trust in growing participation levels:

Survey results indicate that the overall level of participation is currently still relatively low in the overall population and remains in the early adopter and early majority phase of its growth curve. The key question is how does the sharing economy access mainstream users given the current low usage levels. It's hard to say precisely where the sharing economy sits right now on the diffusion of innovation curve but is most likely moving into the early majority. In order to bring the early and late majority into the sharing economy there is much work to be done in developing trust.

Survey results indicate that despite fears around knowing the identity of a sharing partner, people will “give the benefit of the doubt to somebody” and proceed. The early adopters and early majority committing to millions of sharing transactions are testament to this, but it is not a universal yes. The data shows that consumer perspective on the level of risk they are prepared to take when they transact with an unverified stranger is mixed. A small percentage of people are happy to trust: Taking into account all types of sharing economy transactions across both regions, on average, 8% of consumers are happy to jump straight into a sharing economy transaction without worrying about the identity of the other party in the transaction being confirmed.

A larger percentage of people are more cautious: Taking into account all types of sharing economy transactions across both regions, on average, 34% of consumers will not at all conduct a sharing economy transaction without having assurance about the identity of the other party in the transaction.

A fuller picture can be developed by taking into account those that are “uncertain” or “have reservations” around the subject of participant identity. This method of analysis reveals two camps, one which is “Trust Negative” and the other “Trust Positive” when thinking about the identity of the other party in a peer2peer transaction.

Data also suggests that not all sharing transactions require the same level of trust - results reveal that a sliding scale of trust is required for sharing economy transactions - where the transaction is fleeting by nature, for example, such as auction and marketplace sales, the level of trust required is lower.

More information on the other party in a sharing transaction creates trust and grows participation. The research strongly shows that the majority of people (61%) will not participate unless they have assurance around the identity of the person they are transacting with, and that the level of identity trust required varies according to the kind of sharing economy transaction. An overwhelming majority (79%) say they would be much more likely to trust a stranger online if they were sent an in-depth ID confirmation report about the person they are dealing with. People are nearly four times more likely to transact online with strangers if sent an in-depth ID confirmation report than merely being told that the site had verified the other person's identity (21%).

It's with this approach in mind that HooYu has been designed as a peer-2-peer identity confirmation service (for private individuals entering into transactions with others, as well as for businesses). Launched two months, HooYu believes that identity checks shouldn't be the preserve of the big banks - ID checking should be something every can do when engaging in any transaction.

## CASE STUDY TWO

**Ian Green**

**Chief Sales Officer, Veridu**



*An international specialist in both industry disruptive new start ups, go to market strategy, fast tracking both direct and indirect sales growth in the identity, fraud and payments space. Ian has global experience in the identity, fraud and mobile payments sectors at the most senior level. As Chief Sales Officer of Veridu, he is in charge of the global launch of a new Social identity business Veridu.com. Previously, Ian led the global sales of one of Europe's most successful Identity and fraud business 192business from start up to successful acquisition and led D&B's European e-commerce and partnership initiatives. He has built sales strategy, international direct sales teams and strategic alliances in the UK, Europe and US creating multi million pound businesses.*

### What is Veridu?

Veridu - started in Denmark - augments social verification in marketplaces with the aim of improving peer to peer trust and safety by applying social logins. Subject to consumer consent, Veridu's global identity gateway checks for anti-impersonation, checks of verification and anti-fraud, all while allowing the consumer or marketplace to validate the valuable social data of their peers. The three main sectors that Veridu are focusing on are payments, government identity programmes and peer-to-peer areas. Veridu is active across Denmark, Holland, UK and Spain; and is also beginning to expand reach in Latin America and the United States. Specific attributes are mined and the data is not profile is not retained. Veridu aims to instantly improve trust and safety by creating trust scores, providing greater certainty that the person's social profile is real, in pretty much every country in the world. An AI mines for fake profiles, which Veridu believes can detect around 97% of profiles through AI modelling.

## What does Veridu do to increase trust in the collaborative economy?

- **Online footprint:** Creating a fraudulent online profile takes time. Veridu calculates the number of hours it would take to create a fraudulent online profile with equal age and depth in order to rate the trustworthiness of the account.
- **Profile Details:** Veridu scores profile details including verifying all the things that users would normally ask people to submit via a signup form - for example name, address, gender and age. This is usually obtained via single sign on, and means online identity fraud prevention at the click of a button.
- **Experience:** Veridu looks into the past and present professional or educational experience of a user, identify specific facts that a user has posted combining an identity score to verify each claim – reducing the cost of risk identification and know- your-customer requirements.
- **Innovation:** Veridu has engaged with innovative work with the UK Cabinet office focusing on online life. There is a challenge for the UK government to verify and identify their population online. From 100 individuals in pilot, 200,000 event results were generated. In comparison to traditional sources, Veridu was able to validate more than 9% more of the UK population. Furthermore, Veridu was able to validate more than 38% of the population. The Government is now supporting the project as a core authentication layer for government identity. Veridu estimates that their techniques effectively identifies 70% of the world's population; thereby offering the potential of opening up the collaborative economy to new participants - particularly those without standardised identity and marketplaces requiring a low cost form of identity. In this sense, the service offers a means of increasing digital inclusion across all markets and demographics.

## CASE STUDY THREE

### Sara Green Brodersen CEO & Founder, Deemly



*Sara Green Brodersen is the Founder & CEO of Deemly, a reputation profile system for users and platforms in the sharing economy. Sara has researched the sharing economy for a number of years and she holds talks and publishes works on the topic. In addition, she is currently part of the Danish sharing economy accelerator "Deleby" as well as advising Danish municipalities on the sharing economy.*

### About Deemly

Deemly is a reputation site, which shows the trustworthiness of users engaging in peer to peer transactions by combining ratings and reviews from multiple sharing platforms, such as Airbnb, eBay, and Trendsales etc. Deemly provides an API and rating system for businesses to increase trust among their users.

### How does Deemly work and what is the value?

Deemly was launched three months ago and enables users to gather their ratings and take their personal reputation with them when they share or swap online. Deemly believe that the sharing economy offers an opportunity to improve environment, economy and culture. When Sara was writing her thesis, she interviewed many sharing economy startups. The biggest issue from their perspective was creating trust. At the same time, a report was published showing that said 49% of the Danish (the most trusting country in the world), are reluctant to use the sharing economy because of trust issues.

A user may have several profiles across platforms. They will then go to Deemly to create a profile and authorise them to pull the data which is needed. Deemly then uses an algorithm to generate a score (from 1 up to 100). The user can link to their profile or if Deemly is already integrated into the platform, the user will see it when they log in.

By providing data about the people who users are considering interacting with, we create more trust and activity between peers. Data suggests that it increases transactions by 150%, and also issues surrounding fraud and fake profiles. Not only does it facilitate interactions, it also empowers consumers by enhancing interactions - allowing those without traditional means of verification to use their online reputations to provide services (e.g newly arrived migrants).

## Policy challenges - how can policymakers support Deemly?

**Better alignment of policy across Member States** - start ups want to expand fast and this needs to happen quickly, anything which hampers this needs to be reconsidered to ensure it is essential.

**Mainstreaming the collaborative economy** - there is a responsibility for industry and policymakers to work together to increase awareness of the sharing economy and instill the confidence for consumers to use these services.

**Focus on trust** - Safety and trust are paramount. Industry is finding new ways of filling the need to supply trust mechanisms, which in many cases provide a more accurate, nuanced assessment than standard verification. The services have an important role to play in building out the sharing economy to be adopted widely - this requires policy makers to respond pragmatically and intelligently to harness the benefits of our platforms in conjunction with traditional methods.

## Summary of discussion points

- Collaborative economy verification and reputation services are creating innovative tools for consumers to be protected. In many instances, they provide a better way of facilitating marketplaces than traditional intervention: providing an immediate and nuanced assessment, directly based on performance.
- There is a clear demand from consumers to be able to identify themselves online in a way which shifts away from traditional methods. Regulations need to be able to support these new requirements. These tools empower the consumer, rather than disadvantage them. The services are driving better trust, quality and consumer responses.
- There remains large gaps in the marketplace regarding identity and these services provide an opportunity to bring in the traditionally excluded. Furthermore, without them, the costs of consumers wishing to undertake enhanced verification would be high and over burdensome.
- European policymakers and Member States should support innovation in verification in order to open up the collaborative economy further and reinforce consumer protection. A top-down prescriptive public policy approach will limit innovation and minimise consumer benefits.
- It was noted that different transactions require different types of trust - in some transactions (e.g staying at a person's home), a trust score and insight into past behaviour is more useful than traditional ID verification.
- It was agreed that by combining numerical scores and textual feedback with reviews, pictures, and peer references that are instantly visible to any potential market participant and making both product and trader quality instantly transparent, verification and reputation systems reduce the risks that often lead to market failure. They also provide a first digital safeguard against much of what regulators aim to protect consumers from. It could, for example, be argued that profit is a much more powerful driver for quality than regulatory compliance. If a customer – who has been vetted by others and has built reputation credibility – complains about a service, this will affect the business prospects of the platform and encourage compliance and high standards in a more direct way than regulation could.
- It was felt by policymakers that industry needs to be more transparent about the mechanisms by which they judge trustworthiness as well as the arbitrage process and what happens when users disagree with the judgement. It was agreed that as a point of best practice, this should be made more explicitly by industry.
- It was agreed by industry that the value verification and reputation services serves future generations (who have a classically lower trust in traditional authorities than previous generations) more effectively. It was suggested that policymakers should consider this future demand and the preferences of new generations rather than approach the trust issue from the perspective of traditional verification.



For more information email: [contact@eucolab.org](mailto:contact@eucolab.org)  
or visit: [www.eucolab.org](http://www.eucolab.org)

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