

Collaborative Economy

One of the presentations at the 2015 workshop in Geneva, by Professor Kernaghan Webb, was on the collaborative economy. Professor Webb pointed out that it is an emergent phenomenon and that regulators have left a consumer protection void at present. What is needed is probably a template, possibly a gap analysis, and road map for future.

This is an economic model to contend with in the future. Resolution 8/2015 called for the “need to adapt business and standardization methods to meet the challenges posed by the rise of the collaborative economy and innovative business models.” The same consumer needs for safety, fitness for purpose and product information apply in the online environment but with possibly less punitive sanctions available in case of infringement. Regulation is struggling to keep up.

Consumers are looking for what they want, when they want it, regardless of any risks. The collaborative economy is an underground and sociological phenomenon needing broad discussion and understanding rather than silver bullet solutions.

The CAG agreed that a template should be developed on this topic. The WGGM Chair indicated that he together with Jay Jackson would develop the template and invited any other interested party to contribute. ANSI and Standards Norway submitted comments on the template and a revised activity template has been prepared for comments/approval at the fringe meeting and plenary in June 2016 (see Annex 2).

Action at Fringe meeting: Make a decision based on the revised template.



ANNEX 2 to COPOLCO N211/2016

Template

Proposal for new work

ISO COPOLCO

**GUIDANCE**

	SECTION & TITLE	GUIDE
1	Proposer's details	<p><i>Provide Proposer's contact details and associated national standards body/organization for use in correspondence.</i></p> <p>Working Group on Consumer Protection in the Global Marketplace.</p> <p>Bill Dee, Chair</p> <p>compliance@ozemail.com.au</p>
2	Description of problem	<p><i>What is the problem/need?</i></p> <p>“Sharing” economy platforms (which are mostly – in fact – for profit-business models) have seen rapid growth and adoption by consumers in recent years. These platforms have created innovative new models to match buyers with sellers, usually in an environment that also facilitates greater trust among marketplace participants. These platforms have also led to disruption in traditional industry models, as well as the need to re-examine how (or whether) existing regulatory frameworks should capture consumer-to-consumer transactions that are facilitated by a platform. Though embraced by many consumers, the sharing economy may raise new issues in terms of consumer protection, anti-competitive behaviour and disruptions to current employment models.</p> <p>The sharing economy offers both opportunities and challenges to consumers and to consumer protection policy makers. New digital platforms, such as in the urban transport and vacation accommodations sectors, are causing disruptions for established service providers. Some of those new platforms are purporting to operate outside of established regulatory regimes. Typically, the online platforms have a global scale and reach (operating in multiple jurisdictions), but may have</p>



	<p>different applications and be differently regulated at the local level. Some of the key issues from the consumer perspective may be as follows:</p> <ul style="list-style-type: none">• Safety of and access to services as providers do not easily “fit” within established regulatory regimes (such as services that have not been subject to safety inspections or those that do not meet accessibility requirements). There is a heavy reliance on online rating and review systems to build consumer trust. While consumers clearly value peer reviews, it is not clear whether such peer reviews can be considered an adequate substitute for local safety inspections. In addition, the credibility and accuracy of the review systems remains unproven (note that ISO/COPOLCO members are involved in the development of a standard addressing online reviews – TC 290).• Varying local legal obligations, user liability and consumer risk issues, given that certain users providing services via sharing economy platforms may be unaware of their liabilities, obligations and rights (e.g., may not be adequately insured), and consumers may not fully understand what risks have been transferred to them.• A number of platforms require consumers and providers to submit a considerable amount of information, and it is unclear how well these platforms align with national or subnational data protection and privacy laws.• Research shows that a number of platforms require lengthy and complex contractual agreements.• Communications about, and the advertising practices of, a number of platforms could arguably create confusion.• Redress may be difficult to obtain in instances where transactions go wrong. Certain platforms
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		<p>may not to be subject to local consumer protection regimes.</p> <ul style="list-style-type: none"> • Definitions of consumer, buyer and seller are clouded in sharing economy transactions, and many shared services do not always involve the exchange of money as part of the payment. <p><i>What is the evidence?</i></p> <p>Sharing economy platforms are a fairly recent phenomenon and evidence of widespread consumer detriment is limited. However, the fact that many of the transactions do not easily align with existing regulatory models can raise concerns as described above.</p> <p>The sheer volume of consumer demand may be providing the evidence needed to support conclusions about whether the benefits associated with such platforms (income generation and micro-entrepreneurship, accessibility and ease of use, better consumer experience, better choice/variety/price, social experience etc.), outweigh the potential risks.</p> <p><i>Is it generic or sector specific?</i></p> <p>The phenomenon is generic but the platforms and activities are heavily concentrated on the services sector.</p>
3	Need for standard	<p>It may be premature to recommend the development of an international standard at this time. However, ISO/COPOLCO should examine this unique phenomenon that is having such a profound impact on consumers and businesses, and determine if standardization may play a role. Some options for a path forward may include, in no particular order, the following:</p> <p>1. Do Nothing. As mentioned, evidence of consumer detriment is very limited at this time and consumers appear to be willing to embrace the perceived benefits in spite of obvious potential risks. Clearer pathways may become more obvious once the marketplace has settled and consumer detriments, if any, become more evident.</p>



	<p>2. Seek More Data and Research The sharing economy, as well as the experiences (both positive and negative) of consumers, is largely limited to anecdotal information or to statistics provided by vested interests (i.e., sharing economy platforms and – to some extent – their competitors).</p> <p>Potential standards solutions will be more strategic and effective if there is a better, more clear understanding of where marketplace failures, if any, are appearing. This may require research that is beyond the capacity of COPOLCO volunteers. Perhaps ISO, within the ISO Academy, could consider contracting with a university or universities to conduct this research.</p> <p>In summary, it may be preferable to conduct some additional research and consultations before embarking on the drafting of a specific proposal for a new ISO standard in this area.</p> <p>3. Consider A Variety of Standards Approaches. This may include a discussion within the working group, the ISO/COPOLCO CAG or the ISO/COPOLCO plenary on the merits of developing new guidance products, codes of conduct or comparative tools in anticipation of consumer, regulator or business demand for such instruments.</p> <p>As this subject can directly relate to the public policy space, care should be taken to ensure that any possible standards development conforms with Annex SO of the ISO/IEC Directives (Principles for developing ISO and IEC standards related to or supporting public policy initiatives).</p> <p>Examples of standards approaches may include, but not be limited to:</p> <ul style="list-style-type: none">- A Code of Conduct for collaborative economy participants- Guidelines for collaborative economy participants- A Customers Charter
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4	Benefit to community	<p>What is the added value of the work?</p> <p>The internet and digital technologies have taken the sharing, bartering, lending and selling of goods and service to a new level and expanded the sale and reach of peer transactions.</p> <p>This phenomenon appears to be here to stay. Its impacts deserve attention from ISO/COPOLCO members, and all ISO/COPOLCO working groups to determine if standards may have a role in enhancing consumer benefits and minimizing consumer risks without unnecessarily hindering innovation and competition.</p> <p>Is it within COPOLCO's terms of reference?</p> <p>Yes</p>
5	Alignment within ISO	<p>Are any existing standards and technical committees relevant to the proposed area of work?</p>



		<p>ISO TC/290 (online reputation), ISO 26000</p> <p>Which COPOLCO working group(s) should be involved?</p> <p>All ISO COPOLCO Working Groups. Lead is with the Working Group on Consumer Protection in the Global Marketplace</p>
6	Personnel & resources	<p>Who is working on the proposal? Who is taking the lead on the proposal's development?</p> <p>(Indicate the key persons, consumer representatives, technical experts or national standards bodies who have agreed to conduct the necessary work.)</p>
7	Timeline	<p>What type of tasks are necessary (e.g. research, monitoring, liaison)? How much time is required to complete the work?</p>