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Designing for Trust in the Sharing Economy

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Designing for Trust in the Sharing Economy

The sharing economy has a distinctly urban flavour. 55%[1] of the world's population today lives in cities and certain conditions of urban living, such as population density and urban anonymity - the state of living amongst strangers in large-scale, diverse cities - have formed the necessary foundations for the sharing economy to grow and thrive.[2]

Trust, the kind that exists between friends and neighbours, is integral to amiable urban living and, by extension, the sharing economy. Distrust within cities - between citizens and governments, among social groups, or of institutions - can break down the fragile fabric of societies and can erode political legitimacy.
Trust also plays a crucial role in the sharing economy. Without trust at various levels – in service providers, regulators, and users themselves – the system fails. Accordingly, building and maintaining trust remains a major priority for many platforms that are relying on what are essentially complex networks of strangers.

While it is difficult to accurately capture the total economic impact of the sharing economy, estimates suggest that it is set to grow from $15 billion in 2014 to $335 billion in 2025.[3] And given its distinct urban dimensions, it is reasonable to presume that the sharing economy's projected expansion will continue to

[1] "Urban Data," The World Bank, The World Bank Group, July 2, 2020, https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS.

[2] Davidson, Nestor M., and John J. Infranca. "The Sharing Economy as an Urban Phenomenon." Yale Law & Policy Review 34, no. 2 (2016): 215-79. Accessed May 22, 2020. www.jstor.org/stable/43920368.

[3] "Frontier Technology Quarterly: Does the Sharing Economy Share or Concentrate?", Department of Economic and Social Affairs, United Nations, February 18, 2020, https://www.un.org/development/desa/dpad/publication/frontier-technology-quarterly-does-the-sharing-economy-share-or-concentrate/.

impact and shape urban living. A key takeaway from analyzing the last decade of the sharing economy in cities is that it is very difficult to anticipate the impacts that it will have on urban patterns and processes. With an awareness of both the influence and indeterminate impacts that the sharing economy has on cities in mind, it is worthwhile to examine the role that trust plays in the sharing economy. Understanding how trust manifests at different levels can help increase trust levels in cities and, consequently, enable sharing economy innovators and city leaders to make more informed decisions when it comes to designing effective policies and solutions. This report will first explore the role that trust plays in the sharing economy before showcasing a cross-section of city actors that are actively designing for trust.

What is the Sharing Economy?

There is no universal definition of the sharing economy. However, it generally refers to the organized activity of sharing assets which are underutilized and/or have surplus capacity (e.g. a car that sits idle for most hours of the day). These assets are shared for profit and in some cases exchanged for other goods or services in order to minimize costs, improve efficiency, and promote sustainability and community.[4] The sharing economy is often used to describe other 'new economy' models such as the gig economy, the collaborative economy, and the digital economy.

In some cases, the sharing of underutilized assets, such as privately owned apartments, can actually transform the purpose and very nature of those goods, adding a level of complexity and ambiguity to the definition of the sharing economy. For instance, the advent of Airbnb and other short-stay rental platforms has incentivized property owners to rent out their spaces to short-term tenants for extra income. In Amsterdam, for example, it is estimated that about one in six homeowners rents out a room or apartment on Airbnb.[5] Besides

[4] "Collaboration in Cities: From Sharing to 'Sharing Economy,'" World Economic Forum, December 2017, http://www3.weforum.org/docs/White_Paper_Collaboration_in_Cities_report_2017.pdf.

[5] "The 'Airbnb effect': is it real, and what is it doing to a city like Amsterdam?" The Guardian, October 6, 2016, https://www.theguardian.com/cities/2016/oct/06/t

increasing real estate prices, Airbnb is considered responsible, if only in part, for accelerating the gentrification of neighbourhoods and the consequent displacement of people who can no longer afford to live in areas with increasing property values and taxes.[6] Airbnb's disruption of the real estate market in this way effectively changes the pattern of city living which impacts the process of landlords renting out property. The result is a continuous cycle whereby the altered rental process affects the very demographic and economic patterns that go on to perpetuate this new, altered rental process. In Airbnb's case, what started out as the sharing of underutilized spaces spurred the creation of an entirely new set of conditions that incentivized owners to rent out their properties. The result was increasingly the sharing of rooms and apartments whose full purpose was, and still is, short-term rental. This example illustrates the complex and ambiguous nature of the sharing economy. In some cases, it is quite straightforward to observe that what is being shared is simply a good with surplus capacity. However, in some instances, the activity of sharing gives rise to new sets of conditions that make it favourable for the purpose and very nature of those goods to change.

Despite its ambiguity, the sharing economy does possess certain distinguishing features. It can be identified by its focus on tapping the idle capacity of underutilized assets, in tandem with utilizing online platforms and trust mechanisms.[7] In most cases, if not all, the emphasis is on access rather than ownership. Examples of sharing economy activities include bike-sharing programs, co-housing communities, and car-sharing groups. The sharing economy also permeates nearly all domains of cities today - from financing and health to skills and food, with the biggest companies - Airbnb, Uber, and Lyft - dominating the transportation and accommodation sectors.[8] Actors range from individual users to city governments, and include both for-profit and non-profit enterprises, as well as cooperatives focused on social wellbeing.

he-airbnb-effect-amsterdam-fairbnb-property-prices-communities

6 "The Airbnb effect"

7 Ibid.

8 Ibid.

The sharing economy, and the sharing economy giants in particular, grew at a rapid pace. Since 2010, cumulative funding of sharing start-ups has exceeded $23.4 billion.[9] A 2016 global survey demonstrates that sharing companies have a $4.3 trillion total market value and employ over a million people.[10] And of all the funding raised for sharing platforms globally since 2007, more than half of the $27 billion went to Uber and Airbnb.[11] These sharing economy giants impacted cities around the world in unprecedented ways. And the major firms did more than simply disrupt the urban financial ecosystem - they exposed the complete lack of regulation as they slipped unseen through the legal nets of countless city governments. In many cases, regulatory frameworks were completely lacking, meaning that city governments were not equipped with the legislative tools needed to regulate these new models. Forced to play catch up from the beginning, some city governments decided to take legal action against these companies, as was the case for Uber in Philadelphia[12] and London,[13] and Airbnb in Toronto.[14]

The sharing economy continues to expand in both size and scope. In 2013, it only accounted for 5% of total revenue generated by the rental industry.[15] But current projections indicate that by 2025, revenue generated from key sharing economy sectors will make up half of the total rental market.[16] The sharing economy is also diversifying: ride sharing and accommodation companies remain the primary and secondary recipients of venture funding; however, companies like WeWork and Vrumi in the shared workspace, storage and delivery, and logistics sectors now receive the third highest level of

[9] Ibid.
[10] Ibid.
[11] Ibid.

[12] Bill Chappell, "Uber Faces $300,000 Fine, Court Case From Philadelphia Regulators," npr, August 31, 2015, https://www.npr.org/sections/thetwo-way/2015/08/31/436405496/uber-faces-300-000-fine-court-case-from-philadelphia-regulators.
[13] "Uber Loses Licence to Operate in London," BBC News, BBC, November 25, 2019, https://www.bbc.com/news/business-50544283.
[14] Nick Boisvert, "Toronto to Enforce New Airbnb Regulations After Tribunal Rules in Favour of Stricter Bylaws," CBC News, CBC, November 28, 2019, https://www.cbc.ca/news/canada/toronto/short-term-rental-regulations-tribunal-1.5363912.
[15] April Rinne, "4 Big Trends for the Sharing Economy in 2019," World Economic Forum, January 4, 2019, https://www.weforum.org/agenda/2019/01/sharing-economy/.
[16] Ibid.

funding. Following this group are vehicle sharing companies, with approximately $810 billion in funding, and fashion startups, with $240 million in investments.[17]

Declining transaction costs and changing consumer preferences are cited as two of the main reasons why the sharing economy continues to grow and diversify. Transaction costs are falling thanks to the rise of smartphones in emerging markets which encourages innovation and a higher degree of interconnectedness among sharing economy users. Costs are also declining due to more seamless sharing interactions as intermediaries are removed.[18] These lower costs can incentivize owners to share their goods and consumers to consider renting instead of buying. Consumer preferences are also changing. According to a recent 2019 Ipsos poll, Millennials account for the majority (63%[19]) of people who are most likely to use sharing services in the United States. And since these younger consumers have only recently begun to have disposable income, their buying patterns are not yet firmly set.[20] These consumers demonstrate that they are more willing to participate in emerging markets than other users. Individuals may also find that their tangible assets are in fact safer in the sharing economy. Emerging companies, such as the insurance technology platform Trov, allow users to personally manage their own assets.[21] This newfound sense of agency, coupled with changing consumer preferences, and declining transaction costs helps explain why the sharing economy continues to grow and appeal to so many people.

Why is Trust Important?

There are multiple relationships of trust within the sharing economy. The trusting relationship between two users

[17] Judith Wallenstein and Urvesh Shelat, "What's Next for the Sharing Economy?' BCG, Boston Consulting Group, October 4, 2017, https://www.bcg.com/en-ch/publications/2017/strategy-technology-digital-whats-next-for-sharing-economy.aspx.
[18] Ibid.

[19] Sean Simpson, "Despite Decreased Likelihood to Use and Trust Sharing Economies Among Americans, Millennials Remain Most Likely to Trust and Use These Services," Ipsos, June 11, 2019, https://www.ipsos.com/en-us/news-polls/Millennials-most-likely-to-use-and-trust-sharing-economies.
[20] Wallenstein and Shelat, "What's Next"
[21] April Rinne, "Why Your Assets are Safer in a Sharing Economy," World Economic Forum, July 24, 2015, https://www.weforum.org/agenda/2015/07/safer-in-sharing-economy-insurance.

of a platform, such as an Uber driver and a passenger is an example of User-User trust. There is also the relationship between users and platforms, and between platforms and regulating bodies, such as a city government or third party organization. These relationships are transitive in nature, meaning that a user who trusts another user might tacitly trust in the platform as a result. Building trust in the sharing economy thus becomes a complex task, since networks of trust occur at multiple levels between multiple entities.
Trust is also important for the sharing economy because it legitimizes the collection and use of personal and urban data, both of which can significantly impact people's lives. Cities that design for trust in a broader context can also create the conditions necessary for building partnerships among sharing economy actors and increase trust among them as a result.

Today, while millennials remain most likely to trust and use sharing platforms, their level of trust in these services has declined. In 2017, 83% of people who trusted sharing services were millennials. Today, that percentage has dropped 12 points to reach 71%, according to a 2019 Ipsos poll.[22] Building trust in the sharing economy remains a key challenge for companies and cities looking to design for and build resilient, trustworthy sharing economies.

Trust is Rooted in our Psyche

Understanding the psychological dimensions of trust is helpful when trying to grasp the role that it plays in the sharing economy. Specifying the contextual nature of trust provides businesses and city leaders with a more comprehensive understanding of the relationships between people, the private sector, and the government. Behavioural scientist Professor David Chan presents three ways to contextualize trust: multi-level, multi-dimensional, and malleable.[23]

Trust looks and feels different at the individual level than it does at the group and institutional levels. At the individual level, the perception of someone's trustworthiness - the extent to which one actually believes the

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[22] Simpson, "Millennials Most Likely to Trust"
[23] David Chnan, "Why and How Public Trust Matters," High Trust Cities, *Urban Solutions,* July 2019, https://www.clc.gov.sg/docs/default-source/urban-solutions/urban-solutions-15-high-trust-cities.pdf.

other to be trustworthy - affects the level of distrust in the relationship. At the group level, the actions of just one individual may affect whether or not people trust in the group as a whole. There is also inter-group trust at the group level, between different social, religious, or linguistic groups for example. At the institutional level, public trust is directed towards public institutions such as the government and law enforcement agencies.

Trust is multi-dimensional in part due to the subjectivity of the person or group that is doing the trusting. In a city, the level of trust that an individual has for their government is based on multiple factors. These include, but are not limited to, the individual's personal beliefs and expectations about the government. While this may appear straightforward, the matter is complicated by the fact that the government's objective trustworthiness is not always evident to the individual. This can be due to a lack of access to information or because information is false; phenomena that continue to evolve during an era of post-truth politics and media, which can cause distrust of information even in circumstances where it is accessible and backed by data.

Lastly, trust is also malleable - it can change quickly and is hard to measure as a result. It takes time to build and once it has been built there is no guarantee that it will remain. One action or event alone could be enough to break the trust that holds citizens and the government together. As a result, the susceptibility of trust makes it very difficult to measure and even harder to predict. Understanding and appreciating the dynamic nature of trust, its multi-dimensionality, and its multi-level nature can help city leaders and citizens gain greater insight into the process of developing trust and better equip them to build stronger relationships.

The Need for Trust Stems From the Sharing Economy's Large Scale and Features of Urban Living

The massive scale of the sharing economy, enabled by both online platforms and the economy of scale represented by densely populated urban areas, has greatly expanded the pool of people with whom it is possible to share.[24] One of the consequences of

[24] "Collaboration in Cities"

this exponential growth is that trust is harder to create and maintain. For instance, ridesharing programs cannot function properly if there is a lack of trust between passengers and drivers or between all users and the platform itself. In order to tackle this challenge, sharing economy actors employ various mechanisms to build trust into sharing platforms. Companies like Uber and Airbnb make use of internal peer review rating systems while the UK's Trusted HouseSitters is the recipient of the TrustSeal - a third-party certification for sharing companies developed by the Sharing Economy UK (SE UK).

"Mass anonymity and the lack of social trust" are two features of urban living that motivate sharing companies to establish and build trust in their platforms.[25] The anonymity afforded to city dwellers by large, heterogeneous urban communities is not a new phenomenon. The lack of close-knit communities coupled with the resulting lack of social trust is an enduring urban challenge for many cities around the world. This challenge presents an opportunity for sharing companies to develop a competitive advantage by building trust into their systems.

Trust Relationships in the Sharing Economy are Interconnected

Trust is made complex by the fact that different networks of trust exist at different levels and between different sharing economy actors. Relationships can exist between the users of a platform, between the users and the platform itself, and between the platform and a regulating body, such as a city government or third party organization.

User-User Trust: Establishing and maintaining trust between the users of a platform, such as Uber, is crucial to the success of that platform. A lack of trust regarding the credibility of shared personal information, especially given the persistence of information asymmetry, could undermine the reliability and overall value of the platform.[26] In order to mitigate this risk, sharing companies can build trust through various mechanisms, such as review-rating systems, background checks, and insurance policies. Of these tools, review-rating systems are the most common mechanisms that

[25] Nestor and Infranca, "Urban Phenomenon."

[26] "Collaboration in Cities."

platforms employ to build trust among participants.[27] Uber, for instance, uses a bidirectional rating system whereby drivers and passengers both rate each other. Through verifying users' identities and conduct, Uber's rating system aims to build trust between its drivers and passengers.

User-Platform Trust: The second type of trust relationship in the sharing economy is the User-Platform relationship. The World Economic Forum's 2017 white paper on the sharing economy highlights that review-rating systems can easily fall prey to assumptions about User-User trust. This is because these mechanisms often operate under the assumption that users trust the platform more than they trust each other, since using a rating system implies that there is low User-User trust from the outset. [28] However, the report posits that the overall trustworthiness of a platform is based on "the aggregate trustworthiness of its users." [29] This demonstrates just how interconnected the two relationships are.

Interplay between these two networks of trust is clearly inevitable, since the subject at hand is indeed trust, which itself is multidimensional and malleable in nature. To illustrate this point, an Uber passenger might tacitly trust their driver if they already trust in the platform and vice versa. In these cases, external certification can help platforms become, or at least appear, trustworthy to users. A platform that has a recognizable seal or that is operating in a city with strong regulations can appear legitimate to users and inspire explicit trust in them. For example, individuals who use the British car parking and rental service Car & Away, might feel more direct trust towards the platform since it is the recipient of the Sharing Economy UK's Trust Seal - the UK's official mark of high standards and quality for sharing economy firms. Municipal governments and third party certifying organizations thus have central roles in building User-Platform trust.

Platform-Regulator Trust: The third kind of trust relationship is between platforms and regulators. One of the ways to increase trust between individuals and platforms is through

[27] Ibid.
[28] Ibid.
[29] Ibid.,16.

regulation and certification, yet if there is mistrust between the platform and the regulating body, such as a city government or third party organization, then this can negatively impact the User-Platform relationship. Building trust in the regulating bodies thus strengthens the trust relationship between individual users and platforms, and even among users themselves.

Regulating entities, such as city governments, can appear more trustworthy to platforms if they demonstrate their willingness and ability to be collaborators in addition to being regulators. For example, in 2015 the City of Amsterdam launched its Action Plan for the Sharing Economy and was Europe's first city to sign an agreement with Airbnb.[30] In addition to designing a robust regulatory framework, Amsterdam's municipal government was open to being a true partner and collaborator alongside sharing economy businesses and startups. As a result, platforms were more willing to trust the city government and fit within their regulatory framework.[31]

Maintaining Trust is a Challenge

While there are multiple methods to build trust in the sharing economy, maintaining it remains a key challenge. Review-rating systems are common ways to establish trust on platforms, however, various challenges threaten to undermine their credibility. One key challenge is that platforms often do not receive feedback unless it is extremely negative or positive, which can impact the rating system's validity. Fake or dishonest reviews can also skew the system, while the difficulty and lengthy time of building a reputation for new users can tip the balance in favour of older accounts.[32] These challenges create major problems for users and sharing platforms that care about trust.

Governments and sharing companies alike can take a regulatory approach in tackling some of these issues. Possible interventions include governments enforcing platforms to disclose all transactions that did not

[30] "Amsterdam Sharing City," Iamsterdam, June 10, 2020, https://www.iamsterdam.com/en/business/news-and-insights/sharing-economy/amsterdam-sharing-city.

[31] Ibid.

[32] "Collaboration in Cities"

lead to users giving a rating.[33] This could give insight into the validity of the rating system since it would provide a more accurate picture of the distribution and frequency of reviews . In the case of fake or dishonest reviews, platforms can set up a method for verifying users, so that only authenticated accounts can leave reviews. And finally, new platform members who may find it difficult to build reputation can be required to make deposits for the first transactions that take place in order to demonstrate credibility and quality in their service.

Trust Legitimizes the Collection and Use of Personal and Urban Data

Personal and urban data are the two types of data collected in the sharing economy. Sharing platforms almost always require users to provide their personal information in order for the necessary transactions to occur. Typically, when it comes to concerns over trust and security, the focus is more on the collection of personal rather than urban data. This might be because of how beneficial, and even lucrative, the possession of this type of data is for sharing companies.

Personal data often acts as a barrier to entry for competing firms looking to enter the market and contributes to the leading firms dominating their industries. This is because leading firms have what is called the "first-mover" advantage, according to a 2020 United Nations brief on the sharing economy and inequality.[34] This advantage is due in large part to the "massive trove" of personal data collected by the dominant sharing platforms, such as Uber and Airbnb, and has contributed to the high market value of the largest firms. Maintaining trust in the methods of collecting and storing this data is thus vital for the success of platforms and the sharing economy at large.

Urban data, broadly speaking, is data collected in public spaces, typically by sharing platforms, businesses, and cities. As this data can be used to inform urban patterns and processes, its collection reveals another way in which the sharing economy has impacted and continues to impact cities. Since this type of information is mainly collected in physical spaces, it is often difficult to acquire clear and meaningful consent from individuals.

[33] Ibid.

[34] "Frontier Technology Quarterly"

Establishing and maintaining trust in the collection of urban data is thus also a key concern for sharing economy actors, including cities, platforms, and citizens.

Given that the collection of personal and urban data has immense potential for generating economic value and concentrating market share, firms are incentivized to be self-seeking in their data collection and use. However, the collection of data has impacts beyond economics. Urban data has the potential to impact and benefit people's lives and wellbeing, given its collection in public spaces and storage of broad information about urban life. However, the potential for personal and urban data to be a resource for improving people's lives is minimized when there is low trust in sharing platforms, as evidence demonstrates that low levels of trust can explain a decline in usage of sharing services: a 2019 Ipsos poll demonstrates that people who trust in the sharing economy are more likely to use its platforms and services.[35] If people have low levels of trust due to concerns over the collection and use of personal information, then they will most likely choose not to use sharing platforms. And a decline in use means less data generated and therefore a limited pool of information from which to inform decisions about improving urban living. It is therefore in the interest of sharing platforms and city governments to establish and maintain trust in the way that data is collected and used. Trust provides public buy-in and helps unlock the data's potential to be a resource for improving the public good.

Establishing Governing Principles can Secure Data Collection

Establishing clear governing principles is key to building trust in the collection and use of data. Regarding urban data, Sidewalk Lab Founder and CEO Daniel L. Doctoroff believes that treating urban data as a distinct category, setting guidelines for its responsible use, and establishing an Urban Data Trust can help cities secure public trust.[36] These governing principles can also apply to personal data provided on sharing platforms. For both types of data, the emphasis is

[35] Simpson, "Millennials Most Likely to Trust"

[36] Daniel L. Doctoroff, "Using Urban Data, Securing Public Trust," High Trust Cities, *Urban Solutions,* July 2019, https://www.clc.gov.sg/docs/default-source/urban-solutions/urban-solutions-15-high-trust-cities.pdf.

on transparency and responsibility. Recognizing and defining how the data differs from other types of information, such as census data or information voluntarily given to a bank, and emphasizing its potential impact on people's lives creates an environment in which data can be used responsibly. Cities, businesses, and platforms can also set clear guidelines for how they intend to use the data in a way that makes individuals trust that they are not undertaking any risk by sharing their personal information. Lastly, establishing an independent entity to oversee and manage data activities can build trust by ensuring that the data is collected and used in a responsible way.

Given that both personal and urban data have the power to greatly impact individuals' lives and urban living in general, how that data is controlled and managed, as well as by whom, matters greatly. Securing public trust in data activities unlocks its potential to be a resource for improving people's lives and urban living at large.

High Trust Cities can Strengthen Partnerships in the Sharing Economy

High trust cities can strengthen trust in the sharing economy, since they provide the foundations necessary for cross-sector collaboration and support building trust between citizens, private companies, and city governments.

According to international law expert Professor Tommy Koh, a city's trustworthiness can be measured by the presence and level of good governance, the rule of law, and low corruption.[37] A city with good governance that is led by the rule of law is one that protects and supports effective participation of its citizens equally. Judges rule impartially and are not swayed by external forces. No one is above the law and the government makes decisions that promote the public good. As a result, citizens feel safe and free to express themselves because there is a clear understanding of the rules and expectations of the society. Low corruption in a city means that citizens

[37] Tommy Koh, "The Makings of a Trustworthy City," High Trust Cities, *Urban Solutions,* July 2019, https://www.clc.gov.sg/docs/default-source/urban-solutions/urban-solutions-15-high-trust-cities.pdf.

can live peacefully and the government can function freely without worry of bribery. Low corruption makes it possible for individuals to trust the authorities and vice versa. When citizens feel empowered, safe, and free to live their lives, they are more likely to trust one another and the governing authorities. Consequently, the ability and willingness of these groups to build strong partnerships increases.

How did the Sharing Economy Impact Cities?

The sharing economy impacted, and continues to impact, both the structure and function of cities. Municipal regulation has had to catch up to accommodate these new activities and city leaders have had to make calculated decisions in terms of their approach to this new segment of the economy.

The sharing economy transformed the way people move around, interact with, and live in their cities. The biggest sharing companies, Uber and Airbnb, affected urban mobility and housing in unprecedented ways. These platforms impacted the structure of cities, through altering the relationships between citizens, private companies, and the government. They also impacted how cities function - from program and service delivery to transportation and community engagement. Other municipal impacts include conflicts with public policy goals (more cars on the road from ridesharing), erosion of the city tax base (from sharing activities that occur outside the mainstream economy), and regulatory considerations (defining activities that bridge personal and commercial spaces).[38]

City Governments can Tailor Their Approach to the Sharing Economy

City governments can act in a regulatory capacity or be facilitators and foster innovation through collaborative initiatives with citizens. Governments can be implementers by creating platforms that bring together citizens to engage in sharing activities. They can also collaborate with actors in the private sector, civil society, and academia that develop sharing

[38] "Navigating the Sharing Economy: a 6-Decision Guide for Municipalities," City of Guelph, August 2017, http://guelph.ca/wp-content/uploads/SharedEconomyBooklet-revised.pdf.

platforms which promote social, economic, and environmental wellbeing in the city. Municipal officials might also consider what types of sharing will be permitted in the city (whether for-profit or not), and what kinds of policy actions are necessary (such as stakeholder consultations or financial incentives).[39] Some cities, such as Amsterdam and Seoul, already have innovation offices in place that focus on promoting sharing in cities.

[39] Ibid.

Who is Designing for Trust?

Building trust in the sharing economy is crucial for growing a successful, mutually beneficial sharing economy ecosystem for users, platforms, and city governments.

A Cross-Section of City Actors

Numerous actors within the sharing economy are actively designing for trust. These include for-profit enterprises, city governments, and independent certification organizations. Nestaway and Getaround are two private sector sharing services that build trust in their platforms through fostering community level trust and ensuring user safety respectively. At the city government level, Amsterdam and Seoul build trust through municipal innovation offices while Medellin and Singapore focus on community partnerships. And finally, Sharing Economy UK and Sharing Economy Association Japan are two third party organizations that build trust through independent certification of sharing companies.

Private Sector - Nestaway

Nestaway is India's fastest growing home rental network. Headquartered in Bangalore, India, Nestaway builds trust in the sharing economy through the implementation of various trust mechanisms and its inclusive "Nestie" community.

Nestaway introduced one of India's first digital home sharing platforms for long-term shared rentals in 2015 and now serves approximately 50,000 tenants across 29 states and seven territories in India.[40] The company is focused on creating more than just an online system of rental housing - it uniquely matches homeowners with a group of strangers who become housemates and share a home in a city. Nestaway focuses especially on giving young people fair and equal access to rental homes, since single men and women are often considered unreliable to homeowners. The focus is not just on housing, but on giving

[40] Nest Away, https://nesties.org/

people “homes beyond housing and communities beyond homes.”[41]

In India, housing presents high risks for both homeowners and tenants. From the owner’s perspective, their home is usually the most expensive asset they own and a culmination of their life savings. From the tenant’s perspective, they will be living in a stranger’s home for months or years, and housing makes up one of their highest monthly expenditures. Home sharing can be of a long-term duration and presents significant risks, such as a tenant defaulting on rent or a homeowner asking a tenant to vacate their residence in breach of a contract. The risks associated with long-term home sharing make establishing and maintaining trust difficult in comparison to short-term home sharing like Airbnb.

Distrust among homeowners and tenants was partly the result of a housing shortage in big cities. Before Nestaway, there was a mismatch in housing supply and demand across India’s cities, as millions of workers migrated to big cities for school and work. Many Indian citizens had remotely bought homes in major cities as investment properties, but did not live in them and had no reliable way of renting out their underutilized homes. Homeowners worried about whether their homes would be well taken care of by tenants and returned in their original condition, so renting out a home to strangers was a major concern. In addition, the long-term appreciation of a well-kept home often yielded greater value than rental income, so homeowners were reluctant to rent out their homes, contributing to a housing shortage as the population of urban migrants grew.

Tenants also worried about getting a fair rental rate and trusting the landlord to handle the pricing, security deposit and property management in an equitable way. Furthermore, rental homes in India tended to cater to large families, making it difficult for young people to find rental properties. Nestaway uniquely focuses on helping single tenants who are new to cities find housemates to share a home and costs with, as well as to fill a large home to capacity. Building individual-level trust is crucial to Nestaway’s mission to provide both homeowners and tenants with a trustworthy, fair, and safe home

[41]Ibid.

sharing service that brings strangers together.

Nestaway tackles trust issues for homeowners by providing an “as-is” guarantee to return homes in their original condition through the incorporation of a 100-point checklist system in the rental process. The result is an average decrease in the level of security deposit required from tenants. Before Nestaway, homeowners in Bangalore and other cities typically charged tenants ten months’ worth of rent as a security deposit. This served as a proxy for trust, since no other trust mechanism for homeowners previously existed. This proxy, however, created a major access barrier for young tenants who could not afford the required amount. Now, homeowners on Nestaway require security deposits as low as two months’ worth of rent as a result of the “as-is” guarantee that the platform provides.

Nestaway also addresses trust issues for tenants by offering credible housing descriptions and accurate information on rental pricing, move-in fees, and security deposit policies. Prior to Nestaway, false advertising for home rentals was commonplace and increased distrust among tenants. A home advertised as fully furnished could turn out to be a house with only electric sockets or with only one piece of furniture. Many classified websites listed fake or outdated listings to attract potential tenants who would then be redirected to other housing offerings. Nestaway tackled these challenges by holding every home listed on its platform to its high standards of being move-in ready. Nestaway became one of the first platforms of its kind to enable tenants in India’s urban centres to secure properties that were in move-in condition and that had credible, reliable descriptions. In addition, every Nestaway tenant receives a rental contract, further building trust into the process. The firm also manages home maintenance requests, resolves them on behalf of the homeowner, and ensures that tenants receive their full security deposits back on time upon moving out.

Developing individual trust remains a key objective for Nestaway, since home sharing for tenants often involves living with groups of strangers for extended periods of time. Moving to a new city brings new challenges and makes it difficult to not only find friends, but also a community. Nestaway's tenant verification process instills a sense of safety among tenants through its standardized vetting process. All of Nestaway's home viewings are also accompanied by a company representative to assist new tenants who intend to share a home. The company also customizes the home sharing process by offering tenants in shared living arrangements individual contracts and payment systems. This limits free-riding behavior and potential conflicts within groups, since tenants are individually responsible for their own payments and conduct.

Community building remains one of Nestaway's core objectives. Nestaway understands that living in a new city can be a lonely experience for many of its users. This perception is what led the company to launch its Nestie community initiative, a network with over 80,000 active members.[42] The goal of the initiative is to foster both an online and offline community in which every Nestie tenant, homeowner, and employee feels connected and safe, since each Nestaway user is already verified by the company. The Nestie community enables members to list their interests, schools attended, and backgrounds in order to connect to one another and build interest-based communities. The Nestie community is the first initiative of its kind to bring together consumers, employees, and partners of a company on a single community platform.

Through its efforts to build trust among strangers and create a platform that focuses on building social communities, Nestaway offers an exemplary model for how a sharing economy firm can build individual and community-level trust in big cities.

[42] Ibid.

Private Sector - Getaround

Getaround is an online carsharing service headquartered in San Francisco that allows private car owners to rent out their vehicles to drivers for payment. Getaround operates in over 300 cities in North America and Europe and boasts 5 million users.[43] Through its driver verification measures and vehicle safety inspections, Getaround ensures the safety of its users and vehicles and is able to establish and maintain trust in its platform.

Carsharing is not only an enticing option for individuals because of its environmental benefits - it also relieves consumers of the cost burdens associated with ownership. Getaround takes advantage of the fact that the average car sits idle for 22 hours per day, and generates economic value by tapping this idle capacity of underutilized cars. The average shared car earns $500 per month on the Getaround platform and takes approximately 13 cars off the road.[44] Carsharing thus benefits the environment, renters, and car owners.

Getaround works by allowing renters to find and unlock cars through the Getaround app without having to meet owners in person. An electronic device installed in Getaround cars called the Getaround Connect allows users to remotely unlock their car doors, making the renting process efficient for all users. The Getaround Connect device also securely tracks the car's location and protects it through GPS tracking and anti-theft functionality respectively. The device will disable the car's starter if it is not being used by the owner or by a verified renter, giving both users a sense of security.

Getaround builds trust in its platform by ensuring the safety of its users and vehicles. Getaround verifies its drivers by running secure driver record checks. This is done in partnership with the DMV for American licences, while international licences are manually verified by Getaround's Customer Happiness Team. Getaround's cars are also verified and maintained by their owners based on user feedback and reviews. Besides having trusted drivers and high-quality cars, Getaround provides automatic insurance coverage and a support team to help with any issues regarding a trip.

[43] "How Getaround Works," Getaround, June 10, 2020, https://www.getaround.com/tour.
[44] Ibid.

City - Amsterdam

In 2015 the City of Amsterdam launched its Action Plan for the Sharing Economy, demonstrating its proactive approach to this new segment of the economy and support for launching Europe's first 'Sharing City'. The municipality builds trust in the sharing economy through its role as a collaborator, focus on inclusivity, and emphasis on local needs.

Amsterdam's journey to becoming Europe's first 'Sharing City' began in 2013 with the inception of ShareNL, a private social enterprise dedicated to developing the sharing economy in Amsterdam. Today ShareNL advises governments, platforms, businesses, and academic institutes worldwide on how to take advantage of the opportunities while navigating the challenges of the sharing economy. ShareNL's early research demonstrated that more than 84% of Amsterdam's residents were willing to share.[45] This public willingness, coupled with Amsterdam's already dynamic and entrepreneurial nature, spurred the city's sharing economy. This led the founders of ShareNL to launch the Amsterdam Sharing City project in 2015 - the initiative that finally put Amsterdam on the map as Europe's first 'Sharing City'.

During this time, the City of Amsterdam positioned itself as a key partner in the sharing economy ecosystem. The municipality launched its Action Plan for the Sharing Economy in 2015 and by doing so demonstrated its role as a collaborator ready to "monitor and seize opportunities" rather than act in a regulatory capacity.[46] As a collaborator, Amsterdam partnered with various sharing economy actors and was Europe's first city to sign an agreement with the sharing giant Airbnb. Amsterdam is also part of the Sharing Cities Alliance, an organization that expanded out of ShareNL in 2017. The Alliance is a global network of cities with the purpose of sharing data, knowledge, and research to create resilient, sustainable sharing economies that are built for the future. The Alliance forges city-to-city collaboration through its yearly summit, webinars, and knowledge base, the "Alliance Lexicon". The City of Amsterdam's collaborative approach to the sharing economy demonstrates

[45] "Amsterdam Sharing City"

[46] Ibid.

its willingness to build and grow partnerships with key actors in the sharing ecosystem. These partnerships, whether with private companies, social enterprises, or academic institutes, are key to building trust and are what distinguish the municipality as a true 'Sharing City'.

Amsterdam also builds trust in the sharing economy through its focus on inclusivity and local needs. One of the challenges with market driven sharing is that it tends to be more exclusive than inclusive. This is because most sharing platforms exist online in the form of an app and target individuals who already have the financial means to spend. A report from Washington DC's Pew Research Center found that only 10% of people with incomes less than $30,000 have ever used a ride-hailing platform.[47] Sharing economy services like ride-hailing and home-sharing are not the most accessible to people who lack the technological know-how and financial means. In order to address this issue, Amsterdam's Sharing Economy Action Plan includes a project that connects its City Pass to certain sharing economy platforms, focusing specifically on elderly and low income residents. Through this initiative, senior citizens and low income residents, who get the City Pass for free, can receive healthy and affordable home-cooked meals from meal-sharing platforms. By focusing on bridging the gaps of the sharing economy and breaking down some of its barriers, Amsterdam builds trust among its residents.

Amsterdam also supports local sharing platforms and initiatives that promote sociocultural and environmental wellbeing. For example, the renewable energy platform called Vandebron connects consumers to independent renewable energy producers in the Netherlands.[48] The goal is to empower individuals and help them make sustainable choices in their lives. Amsterdam's support of such platforms demonstrates its desire to build a sustainable, liveable city, where consumers are empowered and citizens reap the benefits of the sharing economy.

[47] "Collaboration in Cities"

[48] "Creating a Positive Sharing Economy: Lessons From Amsterdam and Seoul," Mowat Centre, March 4, 2019, https://munkschool.utoronto.ca/mowatcentre/creating-a-positive-sharing-economy-lessons-from-amsterdam-and-seoul/.

City - Seoul

Three years before Amsterdam became Europe's first 'Sharing City', Seoul was hailed as the global capital of the sharing economy. In 2012, Seoul launched the Sharing City Seoul initiative and laid the foundations for sharing. To date, the city has designated over 90 entities as sharing enterprises and continues to build trust in its local sharing economy through its roles as a regulator, implementer, facilitator, and collaborator.[49]

In 2012, Seoul's government declared the Sharing City Seoul initiative and enacted the Ordinance on the Promotion of Sharing. This piece of legislation provides a legal foundation for and regulates Seoul's sharing economy by designating certain entities as sharing enterprises. The following year, Seoul established the Sharing Promotion Committee, made up of private sector individuals and municipal officials. The goal of the committee was to investigate how Seoul could embrace this new segment of the economy while addressing social issues and creating new economic opportunities and strong partnerships. Seoul also launched a project called Share Hub, an online platform that connects the city government, businesses, organizations, and citizens together. Share Hub provides information, updates on government policies, and resources, such as a list of all designated sharing companies, with the goal of increasing awareness and promoting the value of Seoul's sharing economy. Sharing City Seoul exists today as a collaborative partnership between Seoul Metropolitan Government, organizations, businesses, and individual citizens.

Seoul builds trust in its sharing economy through its primary role as a regulator. A key partner in the 2012 Sharing City Seoul initiative, the municipality contributes to the partnership primarily in a regulatory capacity by providing a legal foundation and framework for existing sharing services. In 2012, Seoul Metropolitan Government enacted the Ordinance on the Promotion of Sharing and set up an advisory committee to improve existing laws and institutions that might have held back the sharing economy. The city also designated certain entities as verified sharing

[49] "What is Sharing City Seoul?" sharehub, Seoul Metropolitan Government, http://sharehub.kr/sharecityseoul/whatis.do.

services and continues to support them in their activities. This legal foundation supports, rather than restricts, sharing actors and allows Seoul's private sector to seize and maximize the opportunities of the sharing economy. Good governance and the rule of law are two crucial factors in the process of building city-level trust. And Seoul's focus on providing a robust, supportive legal foundation is demonstrative of these two key ingredients of public trust.

Seoul also builds trust in its sharing economy through its complementary roles as an implementer, facilitator, and collaborator. As an implementer, Seoul directly participates in the sharing economy by sharing municipal spaces and civic assets. Citizens can rent meeting and lecture rooms at community centers and reserve sports facilities. The idle capacity of over 1,200 public buildings is used for cultural and educational events in the community.[50] Seoul facilitates the sharing economy by promoting and financially supporting sharing services. In 2013, Seoul launched a Sharing Economy Startup School to support and convene entrepreneurs and help them develop a model to grow their business ideas within the sharing economy. And in 2017, Seoul was one of the five cities involved in the launching of the Sharing Cities Alliance, a nonprofit based in Amsterdam that enables city governments to collectively address the challenges and seize the opportunities of the sharing economy. Along with Amsterdam, New York City, Toronto, and Copenhagen, Seoul is part of a global network of cities that collaborates and shares research and knowledge on the sharing economy.

As an implementer, facilitator, and collaborator in the sharing economy, Seoul actively builds trust through engaging its citizens, supporting local entrepreneurs, and working closely with other cities. These activities foster partnerships and help build trust on multiple levels - between individuals, businesses, and the city government.

[50] "Creating a Positive Sharing Economy"

City - Medellin

Colombia's second largest city is famously known for its history of drug cartels and violent crime during the 1980s and '90s and was labelled as one of the world's most dangerous cities. But today Medellin is regarded as a global leader for its sustainable urban development. In just over two decades Medellin transformed from a city plagued by violence to one that empowers its citizens and prioritizes building partnerships within the community. In recent years, this commitment to building partnerships has expanded to include sharing economy actors.

For almost 20 years now, Medellin's University, Enterprise and State Committee (CUEE) has been working to promote civic dialogue, social, economic, and environmental wellbeing. It is important to note, however, that once partnerships have been built, trust needs to remain on the top of the agenda to further solidify those relationships. For Medellin, the city government continues to consult and collaborate with local communities before, during, and after the development of infrastructure projects. The city has "Imaginary Workshops" which invite citizens to share their perspectives, needs, and expectations regarding a project. The result is a reinvigorated sense of trust in Medellin's government, institutions, and community.

Medellin's mayor, Federico Gutierrez, attributes his city's successful transformation to strong partnerships between the government, citizens, the private sector, and academia.[51] Good governance was a key element in that trust building process, since citizens needed to feel safe and empowered before they could begin to trust the government. The arrival of Medellin's integrated public transit system was a key factor in the trust building process. This transportation system - which includes a Metro, Metrocable lines, trams and buses - successfully bridged social gaps in the city by linking together areas that had previously been disconnected due to rural-urban migration. This decreased socio-economic inequalities and increased inter-group and institutional trust as a result.

[51] Federico Gutierrez, "Healing Wounds With Trust," High Trust Cities, *Urban Solutions,* July 2019, https://www.clc.gov.sg/docs/default-source/urban-solutions/urban-solutions-15-high-trust-cities.pdf.

City - Singapore

The Southeast Asian city-state is regarded as one of the world's most trustworthy cities. The trust between Singapore's citizens and the government stems from a blend of good governance, the rule of law, and low corruption. The government also actively works to build trust through developing social resilience. This is done by enabling and encouraging individual level, inter-group, and institutional trust.

The Singaporean government has a program in place called SGSecure which is a community response protocol to threats and risks such as terrorist attacks or injuries.[52] It empowers individuals and communities as a whole by informing them on how to effectively respond to emergency situations. Instilling phrases such as "run, hide and tell" into people builds individual and inter-group trust, and makes the whole community more resilient as a result.[53] It also increases trust in the government, since citizens feel more safe and protected with this knowledge. This trust allows partnerships between citizens and the government to form and grow. Collaboration between city leaders and the people is key to creating an inclusive city that works for everyone. Citizens are engaged through focus and working groups to share their perspectives, needs, and ideas pertaining to city planning, such as new infrastructure projects.

Singapore's government is also concerned with nurturing and maintaining trust between citizens and private companies, including sharing economy platforms. Ensuring that good relationships exist between the private sector, the government, and the people is important, since this can encourage innovation and spur creativity in society. Singapore believes that while a certain amount of regulation is required to uphold trust, it should be balanced with self-regulation. These partnerships build trust which then strengthens the foundations for future collaborations and trust building.

[52] Desmond Lee, "Building a High Trust and Resilient City," High Trust Cities, *Urban Solutions,* July 2019, https://www.clc.gov.sg/docs/default-source/urban-solutions/urban-solutions-15-high-trust-cities.pdf.
[53] Ibid.

Third Party - Sharing Economy UK

In addition to for-profit enterprises and city governments, third party organizations are another key group of municipal actors building trust in the sharing economy. Sharing Economy UK is the trade body representing sharing economy companies in the United Kingdom and promoting responsible sharing practices among individuals and platforms. The third party organization was created in 2015 following an independent review commissioned by the British government. Sharing Economy UK collaborates with other actors, including the Government and the Confederation of British Industry (CBI). One of the organization's main objectives is to set standards in order to foster trust in platforms and enable responsible sharing economy practices.

One of the ways in which Sharing Economy UK designs for trust is through a tool called the TrustSeal. The TrustSeal is the world's first kitemark for sharing economy companies. It was established by Sharing Economy UK and the University of Oxford's Saïd Business School and sets standards for sharing services and platforms. The TrustSeal builds trust by providing companies with certification that verifies their adherence to principles of good practice.

Companies are assessed over eight principles: identity verification, criminal and background checks, education and employment history checks, transparent communications, customer help and support, secure payments, clear pricing and refunds, insurance and guarantees and data protection.[54] Once a company applies for the TrustSeal, their application is verified and submitted to an advisory panel for review. Ten companies have been awarded the TrustSeal to date, including easyCar, TrustedHousesitter, and Under The Doormat.[55]

[54] "Collaboration in Cities"
[55] "The Sharing Economy Trust Seal," sharingeconomytrustseal.com, https://sharingeconomytrustseal.com/.

Third Party - Sharing Economy Association, Japan

Japan's Sharing Economy Association (SEAJ) is an independent association that aims to promote healthy sharing practices and grow this new segment of Japan's economy into a whole industry. SEAJ builds trust in the sharing economy through certifying sharing services with an official Trust Mark. Individuals can make better informed decisions about which services to use and sharing services can benefit from the distinction that comes with receiving the certification and use it to set themselves apart from competing services.

SEAJ was created in 2015 to manage and address the rise of Japan's sharing economy. The association aims to "revitalize Japan" through the new economic activities of the sharing economy and grow it into a larger industry.[56] SEAJ recognizes that consumption styles have changed from individual ownership to large-scale sharing, and that Japan is home to a large number of idle assets. For example, more than 8 million[57] houses in Japan are vacant, while cars are only being driven for 20 days out of the entire year[58]. SEAJ has already begun implementing various measures to promote the sharing economy such as policy proposals on deregulation, stakeholder meetings to identify potential barriers, and a certification for verified sharing services called the Trust Mark.

The Trust Mark was launched in 2017 and is a certification that distinguishes sharing companies as reliable and trustworthy entities. Companies that receive the Trust Mark are able to receive discounts on their insurance fees and facilitation in developing municipal partnerships. The Trust Mark has been awarded to 15 companies so far and empowers both individual users and businesses to seize opportunities and make the most out of Japan's sharing economy.

[56] "Revitalizing Japan Through Sharing Economy," Sharing Economy, Sharing Economy Association Japan, December 14, 2015, https://sharing-economy.jp/en/about/.

[57] Aria Bendix, "Millions of Japanese Homes are Abandoned and Owners are Giving Them Away for Free," Business Insider, Insider Inc., December 7, 2018, https://www.businessinsider.com/japan-giving-away-abandoned-homes-free-2018-12.

[58] "Revitalizing Japan"

Conclusion

Trust is integral to the success of the sharing economy. Without trust, individuals are less likely to use sharing services and experience the benefits that come from sharing underutilized assets. Trust is also key to building partnerships within cities among sharing economy actors. And these partnerships are crucial to laying the foundations for building resilient, trustworthy cities.

Within the urban ecosystem, a cross-section of city actors are actively designing for trust today. Private sharing firms, city governments, and third party certifying organizations are among the major entities that are designing for trust in the sharing economy. Through various mechanisms, these entities are fostering community level trust, ensuring user safety, and setting the highest standards for quality and service.

The sharing economy will continue to grow and affect the way that people experience urban life. Designing for trust means that individuals and the urban community at large can truly enjoy the benefits of sharing. But this report has also demonstrated that the benefits of designing for trust extend far beyond the sharing economy. The examples of Medellin and Singapore illustrate that designing for trust is also one of the keys to building urban communities that are defined by their strength, sustainability, and resilience - qualities which are necessary for meeting the many challenges that cities around the world will face in the coming years. When cities design for trust in the sharing economy, they are ultimately designing for a more resilient future. One in which the dynamism and energy of urban life is streamlined towards building cities that are more trustworthy, liveable, and sustainable.

Key Takeaways

1. **Trust is tough to build and easy to lose:** Greater understanding of the commercial value of personal data means that few companies will receive the benefit of the doubt when it comes to trust. All parties active in the sharing economy can benefit from recognizing the extent to which they operate in a world of multi-dimensional, dependent relationships - an action that builds or erodes trust in one aspect of operations can impact how the entire entity is perceived.

2. **Trust relationships in the sharing economy are transitive:** Relationships exist between the users of a platform, between the users and the platform itself, and between the platform and a regulating body, such as a city government or third party organization. The transitive nature of trust can work to the benefit (or detriment) of all parties: high trust in a platform's customer service response will likely equate to high trust in an individual service provider.

3. **Establishing governing principles can build trust in secure data collection:** Identifying the distinguishing qualities of personal and urban data, setting transparent and intelligible guidelines for their purpose, and establishing an independent entity to oversee and manage data activities can create the necessary conditions for trust in how data is collected and used.

4. **High trust cities can strengthen trust in the sharing economy:** When we trust our city government, we are likely to also trust in their regulatory decisions when it comes to the sharing economy. Good governance, the rule of law, and low corruption are key indicators of a city's trustworthiness and can provide the foundations necessary for building partnerships between citizens, the private sector, and city governments.

5. **City governments can design for trust by being collaborators:** The role of city governments in the sharing economy does not always need to be in reaction to what companies do; city governments also have the ability to partner with sharing economy actors, provide advisory and/or financial support, and establish pilot project programs that favour innovations which support local strategic goals.

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