

OCTOBER 2023

# SHARING ECONOMY INSIGHT PULSE

Unveiling Latest Frontier of  
the Sharing Economy

Malaysia Digital Economy Corporation (MDEC)

# Content



01

Introduction

02

Global Growth &  
Trends

03

Global Policy  
Response

04

Malaysia's Lens

05

Key Considerations

SHARING ECONOMY INSIGHT PULSE

# Background

This report, spearheaded by the Malaysia Digital Economy Corporation (MDEC), serves as a dynamic resource, offering latest insights to pertinent stakeholders on the ever-evolving global policy responses and trends within the Sharing Economy.

Remaining attuned to diverse policy responses is imperative to guide Malaysia in adopting the appropriate strategy that harmonizes innovation with disruption effectively.

2023

OCTOBER



01

# Introduction



# WHAT IS SHARING ECONOMY?

## Working Definition for Malaysia<sup>1</sup>

- A socio-economic system powered by **digital platforms** that allow **sharing of assets and resources** between individuals, governments and/or businesses thus increasing asset and resource utilization or promoting access over ownership of assets and resources
- The term 'Sharing Economy' is adopted as the 'umbrella term' for models with similar key components i.e. Gig Economy, Crowd Economy, Freelancing



# TYPE OF SHARING ECONOMY<sup>1</sup>



## Assets Access Sharing

Temporary access to owned physical assets



## Intangible Assets Sharing

Collaborate or exchange less-tangible assets (e.g. time, skills)



## Goods Sharing / Redistribution

Used or pre-owned goods (both durables & perishables) passed on, exchanged, or sold



## Money Sharing

Enable sharing of funds for investments on entrepreneurs, artists, projects, etc.



02

# Global Growth & Trends

# Sharing Economy globally is expected to grow faster than the earlier projection...



**\$335M**

## **Initial Projection<sup>2</sup>**

Sharing Economy Market Size  
in 2025 as projected by PwC in  
2015

**VS**

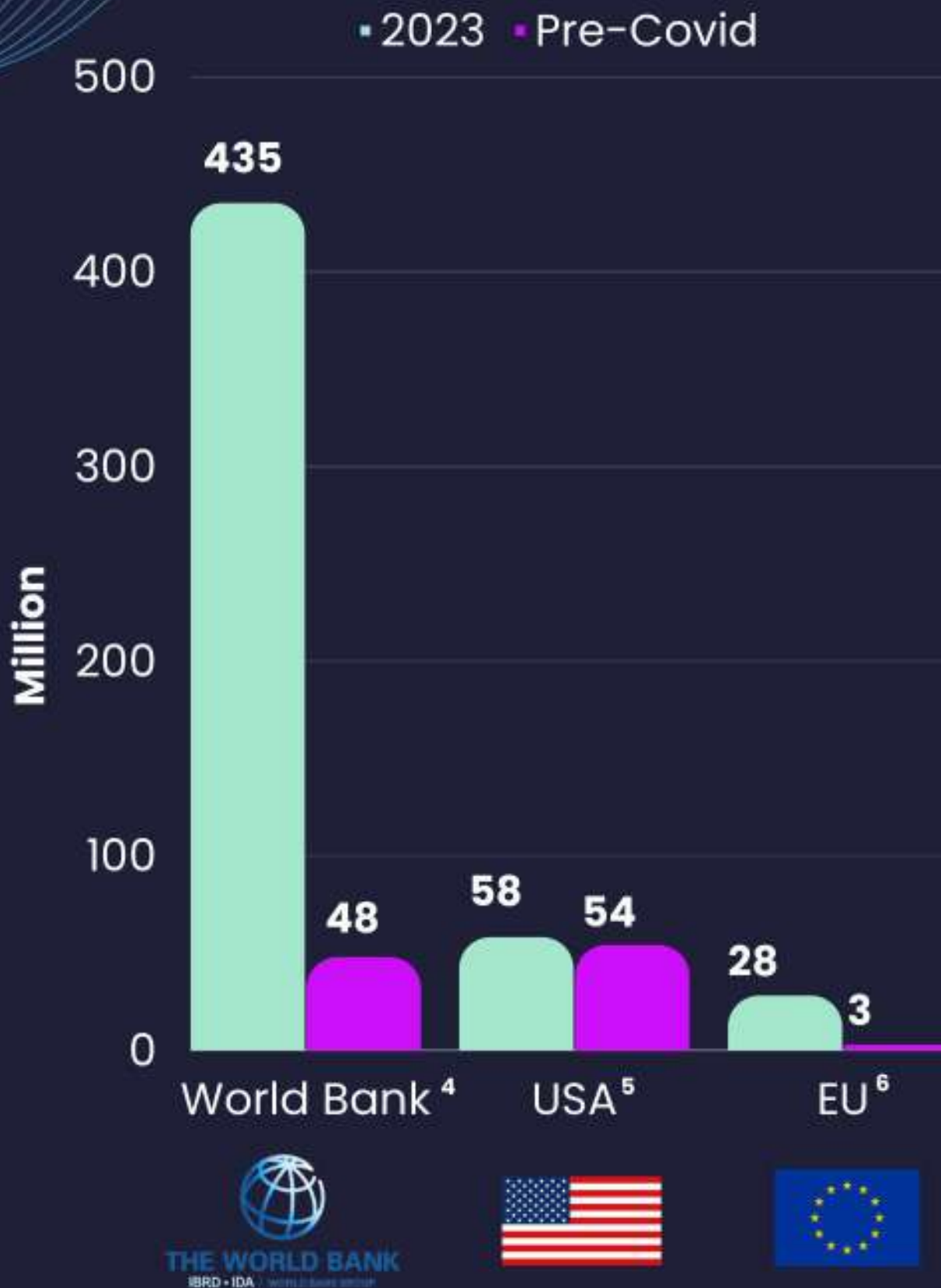


**\$455M**

## **Latest Projection<sup>3</sup>**

Sharing Economy Market Size  
in 2023 as projected by  
Mastercard in 2019

# Growth of participants in the Sharing Economy globally



The surge in the projected number of participants and the expansion of the global market size underscore the ongoing momentum of the Sharing Economy globally, which continues to thrive in the aftermath of the Covid-19 pandemic

A dark blue world map is centered in the background. On the right side, there are abstract, flowing purple and blue lines that create a sense of motion and connectivity. The text is overlaid on the left side of the map.

# 03 Global Policy Response

Key events in Quarter 3, 2023

# New York

**New York Local Law 18** took effect in **September 2023** - hosts must register with the city Government, and only those who live in the units and are present while renting out space will be authorized to list their properties.



There's also a cap of two guests per unit – arguably among the strictest requirement by municipalities. At the same time, there is still unsettled court battle between

municipals of New York City and several Sharing Economy Platforms to establish a minimum wage for food delivery workers.



# Europe

The **Council of the EU** is now starting the negotiations with the European Parliament in **July 2023** on a newly proposed directive to improve working conditions for platform workers. The proposal introduces two key improvements - it helps to determine the **correct employment status** of people working for digital platforms and establishes the **first EU rules on the use of artificial intelligence in the workplace**.

# India



The Indian state of Rajasthan has approved a bill (July 2023) to impose a surcharge of up to 2% on online transactions via platforms like Amazon, Ola, and Zomato to fund welfare benefits for gig workers.

This is the first of such scheme in the country. The proceed will be deposited in a welfare fund to be run by a board with workers, industry and government representatives.

# Australia

The Australian government has also introduced new legislation to protect gig workers in **September 2023**. A landmark bill titled “Closing Loopholes” is being reviewed by the parliament and is expected to come into effect in 2024. New gig worker classification “**employee-like workers**” was introduced.



In **September 2023**, the Victorian government announced that they will charge a **7.5 per cent levy** on revenue collected by short-stay accommodation providers such as Airbnb and Stayz. The revenue will fund the construction of social and affordable housing across the state.

# Bangladesh



In **September 2023**, Bangladesh's State Minister for Information and Communication Technology announced that freelancers in Bangladesh will not be subjected to **10% tax on remittances**. Additionally, freelancers receive a **4% incentive** when remitting funds to the country.

# In summary, recent policy response revolves around...



## LEGISLATION & LICENSING

Licensing requirements for specific activities (example: STRA activity license in New York)

New legislation on digital platforms (example: rules on the use of artificial intelligence in the workplace by the EU)

## EMPLOYMENT STATUS & SOCIAL WELFARE

Definition and employment status test (example: 3 out of 7 rules - Article 4 EU)

New employment classification (example: "employee-like workers" in Australia)

Social protection for gig workers (example: minimum wage for food delivery workers in New York, welfare fund for gig workers in India)

## TAX & INCENTIVES

Taxes & Surcharges on Sharing Economy platforms (example : 2% surcharge in India and 7.5% levy on platform's income in Victoria, Australia)

Tax incentives for gig workers (example: 10% tax exemption and 4% cash incentive for freelancers in Bangladesh for income brought in from abroad)



04

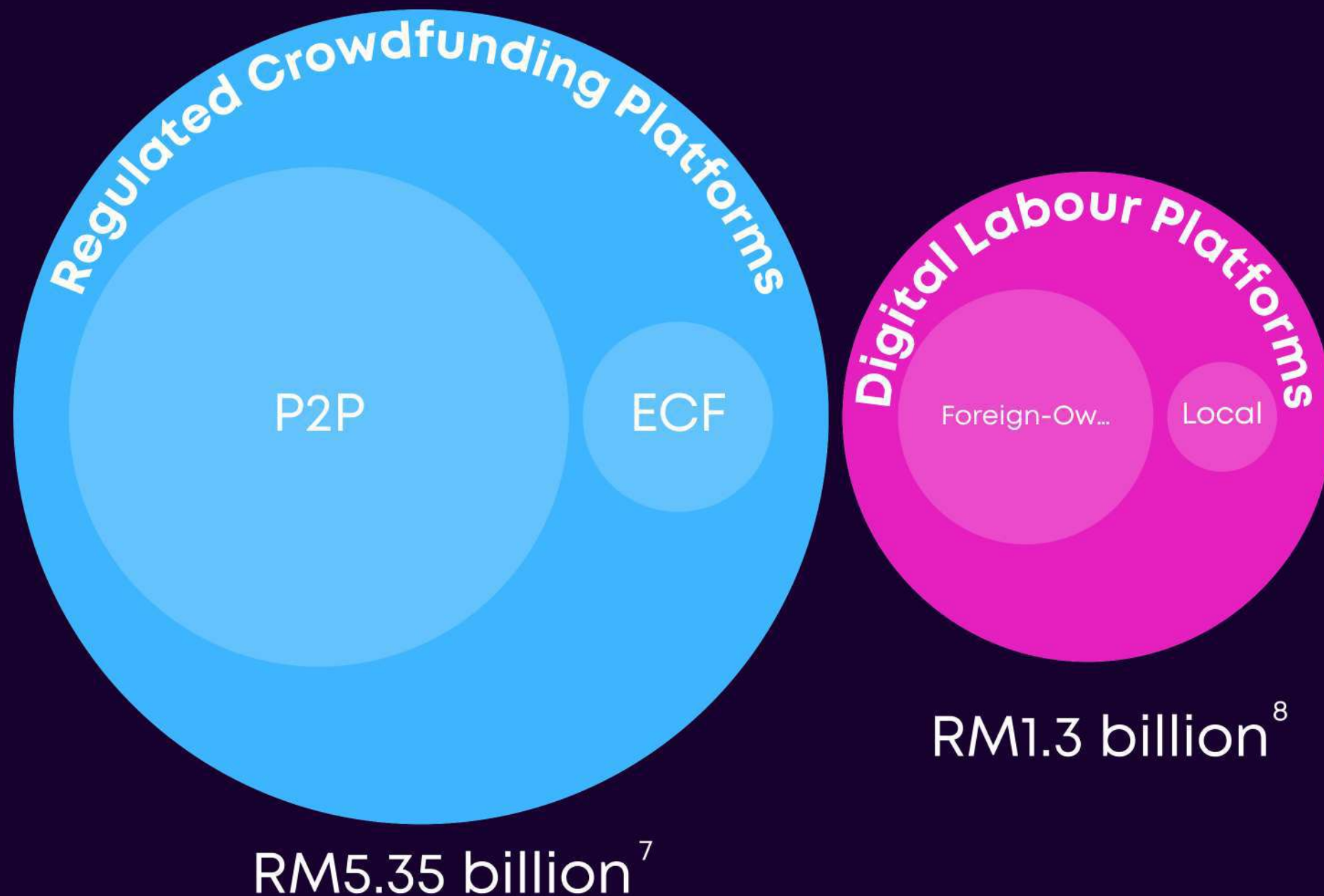
# Malaysia's Lens

# Malaysia's Sharing Economy in Numbers..

Potential Market Size  
**~RM6.2 billion**

Active Platforms in the Market

**164** 141 Digital Labour Platforms  
11 ECF Operators  
12 P2P Operators



**8,962**

MSMEs Successfully Raised Funds  
via ECF & P2P Since Inception<sup>7</sup>

**101,986**

New Participants Earning Income via  
Digital Labour Platform in 2023<sup>8</sup>

# CONCERTED EFFORT TO ADDRESS COMPLEXITY & NETWORK OF ISSUES

*On-going coordination and policy discourse with all stakeholders - particularly the authorities, regulators, industry players and community were facilitated by the **Jawatankuasa Ekonomi Perkongsian (JKEP)** which look into four aspects :*



**Policy & Regulatory**



**Trusted Platform**



**Standards, Data & Metrics**



**Incentives**



YAB PM's meeting with P-Hailing Players



JKEP Taskforce with Ministries & Agencies

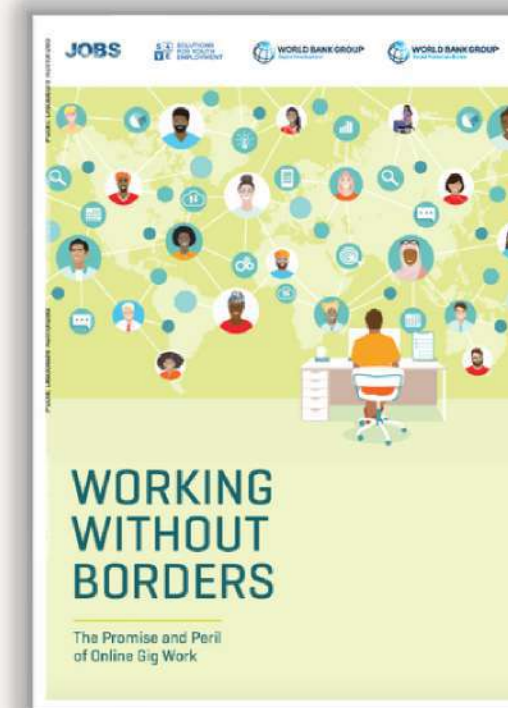
SPECIAL RECOGNITION

# eRezeki & GLOW

Malaysia has been recognised as one of the countries that has successfully leveraged on gig work to help bring unemployed people back into the labour market via targeted initiatives - **eRezeki & GLOW Programmes**.

This has been highlighted by the World Bank in their latest report, “**WORKING WITHOUT BORDERS - THE PROMISE AND PERIL OF ONLINE GIG WORK**” (SEPTEMBER 2023)

Download the full report here :



05

# Key Considerations

# Moving Forward

## REGULATORY EXPERIMENTATION

Learning from the experience of others, experimentation especially in designating new policy intervention is critical given the complexity of issues surrounding it. While this option would be a relatively promising policy territory for Malaysia, it demands much deeper understanding from policymakers and legislators not only on the nature of the Sharing Economy, but also the practicalities of different platforms' commercial policies, algorithms and business models.

## DATA-DRIVEN POLICY APPROACH

In an increasingly interconnected and digital world, it has become imperative to base decisions on concrete data to ensure more effective, efficient, and equitable policies that address the complex challenges of the Sharing Economy. New mechanics and tools for data collection and integration such as Business Digital ID would be key in achieving this goal.

## HOLISTIC INCENTIVE STRUCTURE

A well-rounded incentive structure is needed to promote balance growth of the Sharing Economy. While the current focus is to address the social protection and welfare of the gig workers, it is also crucial for the Government to grow and facilitate market demand in the long run.



# References

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# Thank You

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