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# SHARING ECONOMY

Communities of people have shared the use of assets for thousands of years, but the advent of the Internet — and its use of big data — has made it easier for asset owners and those who want to use those assets to find each other. This kind of dynamic can also be referred to as the sharing economy, collaborative consumption, collaborative economy, or peer economy.

The concept of shared consumption was proposed by economists Rachel Botsman and Roo Rogers in the book «What’s Mine Is Yours: The Rise of Collaborative Consumption» (2010). The idea is that it is often more profitable and convenient for the consumer to pay for temporary access to the product than to own it. Botsman called sharing economy a new socio-economic model that is revolutionizing our consumption of goods and services. His forecast comes true: millions of people around the world already use the Airbnb rental service, the BlaBlaCar travel search app, the Uber taxi ordering service, the eBay online auction and other products. Online platforms that allow people and companies to share their resources have already created a global market.

There are three types of relationships within the business model of shared consumption.

1. Private individuals selling or renting out their own goods and services. One of the well-known examples of this model is the Airbnb housing rental platform.
2. Membership platforms that allow people to rent items easily or access services, for example, Zipcar, specializing in short-term car rental.
3. Collaborative sites where people exchange mostly intangible services, such as product reviews or knowledge. The most famous examples are TripAdvisor and Wikipedia. On such platforms, financing can also be exchanged, as on Kickstarter or Lending Club.

Sharing economy would not be so highly relevant without having some advantages. They are independence, reputation and trust, sustainable and responsible consumption, comfort of work [2].

Independence. The consumer is no longer tied to his or her place of residence or workplace. For example, the Airbnb platform makes it possible to change apartments with ease and at any convenient time.

Reputation and trust. Nowadays, trust is becoming an intangible capital, allowing for a reduction in transaction costs and attracting the attention of buyers [1].

Sustainable and responsible consumption. The sharing economy enhances the effectiveness of the used resources regarding both economic and environmental issues [1].

Comfort of work. There is a big amount of recruitment platforms. They offer opportunities to work from anywhere in the world. There is no need in offices anymore as there are many co-working spaces, which can simply be rented. As a result, more and more people prefer to work remotely rather than in the same physical space.

Due to the fact that the economy of shared consumption is growing quite rapidly, new problems such as data security, ensuring competition, tax evasion, unfair competition have become increasingly apparent in recent years [3].

Data security. Almost all online sharing platforms require the creation of a personal account where the user needs to enter personal data, including credit card information. As a result, the problem of confidentiality of banking and other user data becomes more and more urgent.

Ensuring competition. Years of experience in the development of the sharing economy have shown that successful sharing business models tend to monopoly or oligopoly, capturing an increasing number of consumers. The tightening of competition means that traditional businesses incur losses. This can have a negative impact on entire industries and the economy as a whole.

Tax evasion. This problem is becoming more and more widespread as the sharing economy makes it possible to earn additional income by providing what you have for use.

Unfair competition. The principles of the organization of sharing companies allow them to avoid not only taxes, but also licensing fees, staff training costs, pension or social insurance contributions and management expenses.

Thus, due to the process of digitalization and platformization, sharing economy business models become part of “platform capitalism” and “digital rentier”, causing an unequal distribution of income between sharing economy participants [1].

In addition, within the framework of the sharing economy, there are acute issues related to working conditions and the lack of social guarantees, since workers do not have access to such social protection tools as the minimum wage and unemployment insurance.

It is also of interest that the rating system and the exchange of data on unscrupulous users and scammers create certain problems too. The lack of a mechanism for exchanging data about such users harms online platforms, increasing their vulnerability.

To sum up, work is underway at the international level to standardize sharing business processes. Principles of work are being developed in the way, which take into account the interests of consumers, business and the state. World experience shows that the maximum use of the advantages of the sharing economy is possible only if self-regulation is combined with methods of government control.

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## DIGITALIZATION OF THE SOCIAL SPHERE AS PART OF THE SMART CITY CONCEPT

Cities play a principal role in the social and economic aspects of life around the world and have a huge impact on the environment. A study by McKinsey & Company shows that by 2025 the 600 largest cities around the world will jointly generate 60% of global GDP. In Europe, 80% of the population (77.9% in Belarus) is urban. As a result, currently most of the resources are consumed in cities; this contributes to the growth of their economic importance but also worsens their environmental indicators. The growth of the urban population has led to transport challenges in cities; the load on all city services (healthcare, housing and communal services, etc.) has increased many times. In such conditions, concepts of a sustainable, eco-friendly, compact, creative, and smart city draw considerable attention of the media and local authorities.

The term “smart city” was first used in 1994, when the focus was on the use of new information and communication technologies (ICT) in relation to modern urban infrastructure. California Institute for Smart Communities was one of the first to focus on how communities can become smart and how a city can be designed to successfully implement ICT [1]. Today, a smart city is a broad concept that has an extensive range of definitions. The European Commission assumes that “... a smart city is a place where traditional infrastructure and services become more efficient through the use of digital technologies for the benefit of its residents and businesses” [2]. However, now a smart city is going beyond the use of digital technologies, which means more rational urban transport networks, modernized water supply and waste disposal systems, as well as more efficient ways of lighting and heating. It also means a more flexible city administration, safer public spaces and meeting the needs of population (digitalization of healthcare and education, digital transformation of archives, museums, and libraries and development of mobile applications for citizens and tourists).

Statista estimates global spending on smart city initiatives to reach $189.5 billion in 2023 [3]. Currently there are more than 1,000 pilot smart city projects in the world.