Institute of Policy Studies

Report on the IPS Digital Frontiers Seminar: "The Power of Self-Solving in the Singapore Digital Village: Sharing Economy as a Case Study"

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The Institute of Policy Studies (IPS) held a seminar on 18 September 2015 bringing together 29 researchers, innovators, policymakers and practitioners to discuss the sharing economy, as a case study of a digital village.

Opening Remarks by Tan Tarn How

IPS Senior Research Fellow Tan Tarn How introduced the seminar as the second instalment of the IPS Digital Frontiers series, which looks at how technologies have changed our lives by introducing novel ways of doing things. He explained that the seminar was based on IPS Research Fellow Dr Carol Soon's project on Singapore as a village of five million people. He posed the question, "What kind of society will arise from this idea?

Mr Tan introduced the four presenters for the seminar: IPS Research Fellow Dr Carol Soon; Director of Centre for Sustainable Asian Cities Dr Lai Choo Malone-Lee; President of the Sharing Economy Association Eugene Tay; and Co-Founder of Rent Tycoons Swito Yuber.

Presentation by Dr Carol Soon, "Microcosms of the Digital Village"

Dr Soon's presentation introduced the idea of Singapore as a digital village. She proposed that, like a traditional village, a digital village would be governed by four distinctive traits — a strong sense of rootedness, self-organisation, solidarity and the *gotong royong* spirit.

She explained that technology plays the role of an enabler in a digital village. The government has recently announced a slew of Smart Nation initiatives, which aims to help people live more comfortably and be more connected through technology.

A digital village is a "Smart Nation plus", said Dr Soon. Unlike Smart Nation initiatives that focus on technological developments, the digital village concept is people-centred. Instead of waiting for the authorities to fix problems, people in a digital village will take the initiative to organise themselves and use technology to find solutions to the problems they face. This builds society's resilience in the long term.

People's interactions will happen online and offline. She cited sharing economies as microcosms of a digital village.

Though lacking an official governing body, mistakes or transgressions made in a digital village will be corrected by members as their well-being is interconnected, and best practices will emerge over time. This camaraderie will help prevent the "tragedy of the commons" which happens when shared resources are overused and depleted because of self-interest.

Dr Soon concluded by saying that a digital village will eventually transform society, increase transparency between government and citizens, and inspire citizens to take ownership of problems.

Presentation by Dr Lai Choo Malone-Lee, "Participation, Innovations and Challenges"

Dr Malone-Lee discussed the concept of a smart city. First, at the heart of a smart city are these three features: Technology, people and institution. While the last trait provides the infrastructure and framework to push technology as an enabler, She said the most important aspect of a smart city is its people — who are both the drivers of the technology and the beneficiaries. Citing various authors with regard to engendering a creative culture, she suggested that such a society should be inclusive, one that is open to all, and allow new ideas to flourish and multiply through interpersonal relationships. This ties back to Dr Soon's idea of the digital village, which focuses on relationships among people.

Dr Malone-Lee said a smart city is also a community of people who can feel a sense of belonging without the physical proximity, as they can be connected through technology.

Singapore as a smart city would be in a good position to transform into a regenerative city, mitigating its resource limitations through the "recycling" of materials and ideas. She provided examples of ground-up activities such as those involving upcycling — the repurposing of a product. However, she said to support these initiatives, the government would need to be involved.

Dr Malone-Lee concluded her presentation by emphasising that the smart nation project should be about improving people's well-being.

Presentation by Eugene Tay, "Overview of the Sharing Economy"

Mr Tay from the Sharing Economy Association, which brings together companies involved in the sharing economy, gave an overview of the sharing economy in Singapore, its challenges and opportunities, and the potential for the government to lead it. He defined the sharing economy as an economic model where technology facilitates the sharing of physical and non-physical assets. He identified the key drivers as increased use of technology, rapid urbanisation, rising environmental and costs concerns.

Mr Tay highlighted the potential of the sharing economy in Asia Pacific. A survey by global marketing research firm Nielsen found that 81% and 78% of people in this region are willing to rent items from others and share their own compared with the global average of 66% and 68%, respectively. For instance, people worldwide, in particular 21–34 year-olds, are sharing electronics items more than others.

However, Mr Tay said the uptake may be slow as the public has low awareness or are weary of risks. In addition, a business in the sharing economy might fail if it does not have critical mass. Mr Tay called for policies and regulations to be clear, fair, progressive and beneficial to both sharing platforms and users. He also said there should be more coordination among government agencies. The government can initiate systems to promote sharing, develop a framework to assess current policy and regulatory issues, gather more data on user profile and interest, and lead sharing within the government.

Presentation by Swito Yuber, "Rent Tycoons"

Mr Yuber introduced Rent Tycoons as an initiative which started when he and his partner wanted to make better use of things that they had purchased by renting them to others, but realised there was no such service. Inspired by a similar idea in New Zealand, both of them brought the concept — an online marketplace that works like eBay but for renting — to Singapore. On Rent Tycoons, people can rent out anything from GoPro cameras to flipboards for a fee to people who do not want to purchase items that they only use occasionally. Flipboards are the most popular item on the site.

He said the mission of Rent Tycoons is to help people save and make money, and be environmentally-friendly. The process of renting, from searching, reserving, paying and evaluating an owner, gives renters a sense of security, as the peer-to-peer appraisal acts like a "government" that provides a guide to other renters to determine whether the owner is worth dealing with.

Mr Yuber presented some statistics on his users. Currently, 19% of Rent Tycoon's members are active users — renters and owners — and 42% of all members are engaged through chatting on the platform. He identified two barriers to the growth of a sharing culture in Singapore: First, people are generally fearful of renting things and second, taxation on small enterprises such as Rent Tycoons may impose monetary constraints, which inhibits their growth. Mr Yuber proposed that the government take the lead in fostering more public awareness in peer-to-peer sharing systems by piloting sharing communities and creating policies that encourage participation.

Discussion

1) Definition of Sharing Economies

A participant said there is a need to disambiguate the term “sharing economy”, which refers to platforms that allow users to exchange information and things for free, from marketplaces where people make money by renting or sharing things, like Airbnb. This is because both operate on different principles — a member in a sharing economy promotes the spirit of reciprocity, but one pays for what one gets in a marketplace.

Another participant cited The Really Really Free Market as an example of a sharing economy. It started out as an anarchist movement in the United States, in response to the G8 meeting, driven not by capitalism, but by ideas of giving. The Singapore outfit started in 2009, bringing together a group of people to exchange or give away items for free without being restricted by regulations and interventions from those outside the community. The group also self-solves problems it faces.

Nonetheless, both definitions of sharing economies are inherently ground-up movements. People come together through the use of technology to solve problems that they have identified.

2) Role of the Government

A participant said that the government has a role to play to develop sharing economies. As it has resources and coordinating powers, the government can build workforce capabilities through new IT-related programmes, as they have done in the 1980s and 1990s. Dr Soon added that when people use these tools creatively and in ways unexpected by the government, the government should in the spirit of empowerment take a step back and intervene only when people are unable to resolve the problems for themselves.

Mr Tay suggested that the government establish an overarching position about the sharing economy. It could consult and come to a consensus with stakeholders when developing policies for different types of sharing economies. On whether the government should step in to regulate, Mr Tay said the sharing economy association could work with the government to co-regulate.

Another suggestion was for the government to consider the constraints and needs that sharing economy businesses face. As some are still in their infancy, taxation adds costs and suppresses their development. In addition, instead of matching them only with venture capitalists, the government could connect them with other businesses.

3) Trust-Building and Empowerment

A participant highlighted that the government may feel responsible to protect users from serious harm. However, policies should not be implemented with worst-case scenarios in mind as they could be anomalies. The government, if overly cautious, might stifle people from taking risks and being creative, which are important values for a smart city.

Mr Yuber suggested that instead of relying solely on the government, a sharing economy could self-police by using online reputation mechanisms. For example, Rent Tycoons allows users to evaluate the quality of the product they rent and the service provided by the owner, as do many other peer-to-peer economies. A participant said that news of a company with poor reputation travels fast on the Internet. Thus, these monitoring tools help build community enforcement and trust, acting as safeguards.

A participant raised the issue of the digital divide. As society makes technological progress, there will be some from the lower-income strata who will be left behind. These groups do not have access to the Internet regularly. She asked if the marginalised would be excluded in a digital village. Dr Soon replied that the government has set up a digital inclusion fund, but more programmes targeting the needy can be achieved.

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