

## Press release

### **Monopolies Commission analyses competition in the sharing economy and for digital financial services**

- Monopolies Commission sees increasing competition due to sharing economy services, and cautions against over-regulation
- Monopolies Commission makes proposals concerning the regulation of intermediation services for private drivers and the short-term letting of private accommodations
- Monopolies Commission underlines the need to ensure a level-playing field given the evolution of FinTechs, and cautions against the protection of obsolete business models

In a special chapter in its twenty-first Biennial Report (*'Hauptgutachten'*), the Monopolies Commission analyses topical competition issues in the sharing economy and as regards digital financial services.

Sharing economy services, allowing private individuals to offer goods and services commercially via digital intermediary platforms, have been entering competition with traditional suppliers in more and more business areas. A study commissioned by the European Commission estimates that the transaction value in five key sectors facilitated by such platforms increased in the EU alone from approximately EUR 10.2 billion in 2013 to approximately EUR 28.1 billion in 2015. On a worldwide level, this development affects primarily the taxi and private hiring vehicle (PHV) industry and the accommodation business. The Monopolies Commission welcomes the increased competition prompted by those new services in the relevant markets, but it also sees a limited need for regulation.

In the Monopolies Commission's view, a need for action exists particularly in the area of individual transportation. "The market entry of new competitors should not be countered with prohibitions. It is necessary to create an adequate framework respecting the advantages of the new technologies", said Prof. Wambach, the chairman of the Monopolies Commission. Minimum quality requirements for drivers and vehicles and sufficient insurance protection appear to be necessary. To avoid distortions of competition, the regulation of the taxi and PHV industry should be aligned with the changing competitive environment. Quantitative restrictions on market entry should be avoided, as should be regulatory tariffs that may not be exceeded or below which it is not allowed to set prices.

Regarding the increasing practice of short-term letting of private properties, the Monopolies Commission rejects blanket bans. Instead, clear minimum exceptions or thresholds should be introduced below which individuals are automatically allowed to let their private homes temporarily. To this end, an upper limit could be introduced, for instance for the number of days per year when accommodation is being offered. The income from letting activities should be taxed and potential municipal tourism taxes or rates should be collected. The providers of digital intermediary services should be involved more in the enforcement,

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particularly of tax provisions. To this end, the intermediation services and the authorities should work out voluntary agreements.

Last but not least, the Internet makes it easier for customers to inform themselves about standardized financial services. In the area of private customer services, this changes the relationship between the customers and the suppliers substantially: on the one hand, the existing confidence-based ties become looser, on the other hand, competition develops between the existing financial service providers and new providers, particularly FinTechs (virtual banks/insurances, online payment service providers). For competition between financial products, it is crucial that homogeneous competitive conditions are guaranteed. Regarding the alignment of the statutory and regulatory rules, the Monopolies Commission deems it necessary to foster the development of standards and compatible solutions, e.g., through access to IT interfaces. In addition, it is necessary to consider the impact of regulatory measures on services provided across borders, e.g., the impact of divergent consumer information duties. Interferences with the market should be avoided if they take place to protect market participants who have failed to adapt to market changes.

The Report is accessible at the Monopolies Commission's [home page](#) as of now.

The Monopolies Commission is a permanent, independent expert committee, which advises the German government and legislature in the areas of competition policy making, competition law and regulation. Its legal responsibilities encompass, among others, the preparation of a Main Report analysing the development of competition on a bi-annual basis. The Monopolies Commission has five Members appointed by the Federal President based on a proposal of the German government. Prof. Achim Wambach, Ph.D., is the chairman of the Monopolies Commission.