

# *The genesis of the Sharing Economy in Albania: The Mobike platform in Tirana*

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## **Abstract**

*The “sharing economy” has attracted a great deal of attention in recent years. This paradigm offers transformative potential for the facilitation of the exchange of goods and services online. Although widely discussed phenomenon, sharing economy is a concept almost unknown in Albania, mainly due to the absence of Uber, BlaBlaCar, Airbnb and other platforms which have catalyzed its rise. However, it’s only a matter of time until we see their launch even in Albania. For instance, thanks to the rise of tourism industry, Booking.com operator has already extended its business model in the albanian real estate market. While a large share of the debate tends to focus on how sharing economy affects different sectors (transportation, accommodation, food, finance, etc.) and legislation (labor, competition, data protection etc.), sharing economy brings also various benefits both for consumers and businesses. Therefore, the purpose of this paper is to explore the rise of sharing concept and its related regulatory challenges. In addition, an empirical methodology has been adopted. Firstly, I carried out a questionnaire on sharing economy awareness in Albania, aiming, on the one hand, to offer a chance of the current users’ knowledge of sharing economy and, on the other hand, hoping that my statistics data may play a significant role on the future market decisions of platforms’ providers who wish to invest and expand in Albania; further, this paper offers the opportunity to introduce Albanian’s academics into the (unexplored) world of platform economy and the chance for the government of Albanian to be prepared in case of future required regulation; and, secondly, I decided (mainly due to the absence of other sharing platforms in Albania) to have Mobike – a bike mobility sharing platform – as a case study for this paper. Finally, I drew up my conclusion on the impact that sharing economy will have in the Albanian economy.*

**Keywords:** *Sharing Economy, Collaborative Economy Albania, Mobike, Albania*

## Introduction

Online platforms, such as, Facebook, Google, Amazon, Alibaba, TikTok, Uber, Airbnb are playing an increasing role in the economy by allowing new entrants, including non-professional operators, to offer content, goods, services or capital to other users of the platform. By facilitating the match between numerous suppliers and consumer, platforms allow new uses of existing resources owned by individuals ('my home, my care, my money and also 'my data') or entities and thus supporting market exchange. In essence, their business model consists of facilitating interaction between different user groups (be it buyers and sellers, or potential customers and advertisers). They are therefore said to operate in multisided markets, where every user group represents a 'side' (Rochet, Tirole 2003). Disruption has become a buzzword to designate this new phenomenon. It has an economic meaning when it refers to the challenge new online platforms present for incumbents.

The European Commission communication "Online Platforms and the Digital Single Market, Opportunities and Challenges for Europe" (2016) clearly identifies the main features of Online platforms which share some important and specific characteristics. In particular: a) they have the ability to create and shape new markets, to challenge traditional ones, and to organise new forms of participation or conducting business based on collecting, processing, and editing large amounts of data; b) they operate in multi-sided markets, but with varying degrees of control over direct interactions between groups of users; c) they benefit from 'network effects', where, broadly speaking, the value of the service increases with the number of users; c) they often rely on information and communications technologies to reach their users, instantly and effortlessly; d) they play a key role in digital value creation, notably by capturing significant value (including through data accumulation), facilitating new business ventures, and creating new strategic dependencies."

Subsequently, platforms beat traditional firm because platforms scale more efficiently by eliminating gatekeepers, unlocking new sources of value creation/supply and by using data-based tools to create community feedback loops (Parker, 2016). Unlike traditional businesses, platforms don't produce anything they do not have to invest directly in the production of the content, goods or service or capital to which they give accesses, instead they rely on the resources provided by third parties. In this accessibility-based model, the buzzword is 'access' rather than 'ownership' (Strowel, Vergote 2018). The rapid growth in the number of online businesses has produced many benefits for consumers and firms as well. It gives consumers reduced search costs (Basalisco, 2015), lower prices (Ibid) reduced information asymmetry (through rating systems, comparison tools) social benefits, easier access to a very wide variety of products and services (Ibid) and attractive delivery conditions (Oxera, 2015). It

gives firms (Bertin, 2016) the chance of transaction cost reduction, market expansion and access to much more online shelf-space than any offline shop can offer (COM, 2016). Therefore, the platform economy has recently gained such importance that it is now a true source of economic potential. Firstly, the paper tries to summarize the definition of sharing economy and its rise. Secondly, the main actors of sharing economic triangle and the related regulatory battles are discussed. Finally, once the concept and its characteristic are known, then the 'sharing' is analyzed under the Albania economic context.

## **Defining sharing/collaborative economy**

The diversity of online platforms in terms of activity, sector, business model, and size is striking. Platforms range from small websites with a local reach to worldwide companies generating billions of revenues. They offer varied services such as Internet search engines (Google, Yahoo), online market places (eBay, Booking, Amazon), video-sharing platforms (e.g. YouTube), music and video platforms (e.g. Spotify, Netflix), social networks (e.g. Facebook, Twitter), collaborative/sharing economy platforms (AirBnB, Uber, BlaBlaCar, Ulule, Crowdcube), online gaming (Steam), etc. Finding a common definition for all of them is quite challenging. However, internet intermediaries have been defined by the Organization for Economic Cooperation and Development (OECD) as entities that "bring together or facilitate transactions between third parties on the Internet. They give access to, host, transmit and index content, products and services originated by third parties on the Internet or provide Internet-based services to third parties" (OECD, 2011).

The sharing economy encompasses a wide diversity of entrepreneurial initiatives (transportation, accommodation, freelance labour, finance, energy, health etc) which have in common the goal to optimize under-used resources. This phenomenon is known by different labels: the sharing economy, the gig economy, the platform economy, the on-demand economy, the peer-to-peer (P2P) economy and even the Uberized economy. Each of these expressions catches a different, prominent feature of the topic which this book aims to analyse (Hatzopoulos, 2018). Each of these terms represents an aspect of the digital platform revolution, but none completely captures the entire scope of the paradigmatic shift in the ways we produce, consume, work, finance, and learn. This new economy dramatically extends the lifecycle of products, shortens time of use, and exponentially expands connectivity and access. (Inglese 2019)

For example, while the EU Parliament (Guodin, 2016) used the term 'sharing economy', the Commission itself used the term 'collaborative economy'. The EU Agenda on collaborative economy adopts the following definition for

the collaborative economy: “collaborative economy’ refers to business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals’(EU 2016). The collaborative economy (Ibid) involves three categories of actors: (i) service providers who share assets, resources, time and/or skills — these can be private individuals offering services on an occasional basis (‘peers’) or service providers acting in their professional capacity (“professional services providers”); (ii) users of these; and (iii) intermediaries that connect — via an online platform — providers with users and that facilitate transactions between them. Collaborative economy transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit.

The first scholars to deal with platforms, respectively, D. Evans and R. Schmalensee, provide the following economic definition of platforms: ‘a digital multi-sided platform has two or more groups of customers who need each other in some way but who cannot capture the value of their mutual attraction on their own and rely on a digital “catalyst” to facilitate value creating interactions between them’(Evans, Schmalensee 2012). In other terms, a network orchestrator or a catalyst is a company that facilitate a network of users whose activities in turn create value for the company. This business model leverage a phenomenon known as network effects (Martens, 2016), which occur when the value of a good or service increase as the number of people using it increase (Zale, 2018). Acknowledging this lack of definitional consensus, both in the EU and beyond, I will refer to notions such as “the sharing economy,” “the platform economy,” and the “collaborative economy” interchangeably.

The combination of technological evolution, urbanization, overpopulation, the financial crisis and the rise of unemployment have resulted in the rapid growth of the collaborative economy (Hatzopoulos, 2018). The most widely recognized sharing economy companies are the “ride share” companies, such as Uber and Lyft, and renting platforms, such as Airbnb. Although sharing economy companies are relatively new, in 2013, the global economy market was valued at \$26 billion, and it is expected to grow to \$110 billion in the near future (Harris, 2017). Further, an estimate published in early 2016 posited that the growing sharing economy could reduce under-utilization of assets – i.e. labor, cars and accommodation – by up to €572 billion annually in Europe (Guodin, 2016).

### *Triadic relationship in the Sharing economy*

What distinguishes the collaborative economy from any other sort of triangular legal relation is the diriment role of online platforms. Taking into account the asymmetric positions of those three parties, a collaborative economy triangle can

be construed as follows. Online platforms are situated at the apex, on the intuitive ground that, lacking their intermediary role, the collaborative economy cannot exist (Sorensen MJ, 2016). Otherwise, providers and users represent the basis of, and maintain, a binary mutual relation between them, while, at the same time, addressing themselves to an online platform for different reasons (i.e. to seek redress in the case of wrong doing perpetrated by providers). Regarding users, it is worth underlining that the emergence of the collaborative economy has given birth of what is called a 'novel economic agent', characterized by 'decentralization and de-professionalization', hence giving rise to the concept of peer and/or prosumer, as a person combining production and consumption (Smorto G, 2017). For a more in deep research of the other two parties, (i.e. service providers and users) within the EU law context this book is suggested for consultation (Inlgese 2019). In a nutshell, the key feature is that platforms allow the supply side (the suppliers) to meet the demand side (the customers), creating a triangular structure that is based on relations between (1) the platform and the supplier, (2) the platform and the consumer, and (3) the supplier and the customer.

Within the sharing economy, by mapping the value creation mechanisms and value distribution mechanisms four types of business model had been identified (Acquier, Carbon 2019). The first business model is made by "Commoners" which create and provide free access to public goods by pooling resources and skills in order to make them available to as many people as possible and to spur the emergence of alternative and non-market values, such as open knowledge, free and open access, or do-it-yourself (DIY). Value is created by and for the community or the initiative's ecosystem. Typical example is Wikipedia. The second category is made of "Mission-driven platforms", which intermediate between peers through a digital platform to support a societal cause. Like Commoners, they pursue a mission to transform society through the initiative by facilitating new practices of consumption, exchange, and relationships. The cause and values that initially motivated the founders constitute the purpose of the initiative, which grows along with the volume of resources that are shared through the platform. Typical example is Couchsurfing. In the third category belongs, "shared infrastructure providers" which are for-profit initiatives that monetize access to a strategic proprietary resource. Operating on a membership fee or pay-per-use basis, shared infrastructure providers earn a profit and gain power from a proprietary infrastructure that individuals and professionals use to realize their projects. Typical example is ZipCar. The last business model and the most visible and controversial initiatives in the sharing economy are known as "Matchmakers". These are for-profit commercial platforms that bring individuals together in networks so they can exchange goods or services on a peer-to-peer basis. In the field of personal transport or accommodation, examples include platforms such as Uber, Airbnb,

and BlaBlaCar. The platform intermediates between peers and captures part of the value created in order to make a profit from this intermediation. In other words, economic analyze could characterize the specificities of online platforms.

### *Regulatory challenges*

The collaborative (or sharing) economy is an economic activity that has evolved in the last decade whose disruptive effects over consolidated legal acquisitions is now more evident than ever. It is indeed blurring the notions of consumer, service provider, employer, self-employed, command and control, user, digital platforms, online trusts etc (Inglese, 2019). In particular, the rise of the collaborative economy has sparked a controversial debate about the need to adapt the existing regulatory framework in order to reflect the changes in the market (Davidson et al., 2018). The results of the European Commission study (European Commission, 2016) found that, more than half of the respondents were aware of the sharing economy, but only 17% had used digital platforms to coordinate these activities. In the same survey, individuals aware of the sharing economy were asked which aspects of these new business models they found most unsatisfactory. Two out of five claimed that one of the major obstacles to customers was the lack of knowledge of who should be held responsible for any problems that may arise when entering a transaction. In traditional economy transactions, consumers are protected by the rights set out in the regulatory framework, which clearly define how transactions should be conducted. But in sharing economy, the responsibilities of each party involved in the transactions are usually not well defined. Sharing economy is extending into every economic activity, however, the two areas which have caused the most heated controversies are ridesharing and short-term rentals (Busch, 2019). Thus, my focus is upon these two sectors.

### *Transportation*

In recent years, transport has been disrupted by the emergence of online platforms mediating between new transport service providers, often non-professional service providers, and passengers. Transport platforms like Uber, Lyft, Didi, and Ola are transforming urban mobility all around the globe. BlaBlaCar is transforming long-distance traveling, particularly in Europe (Montero J.J, 2019). Platforms like Uber and Lyft allow individuals who own a car to offer taxis at a fee. BlablaCar allows people who are traveling long distances to find passengers with whom to share the road and the costs. Carsharing schemes includes cases when only the vehicle is shared, without the presence of the driver/owner. Of all these models and providers, Uber is the most important and has provoked the most controversy in various jurisdictions.

The first regulatory challenge around online (transport) platforms is to define their legal status (Resta, 2017): mere facilitator, broker or supplier of integrated service? In particular, the debate has focused on whether they provide an intermediation service using digital technology, or whether they really provide a full transportation service, which often requires a license and full liability for the provision of transport services to passengers. Transport platforms have disrupted traditional transport companies that benefited of no network effects and they have often complained of the regulatory burdens they have (licenses, taxes, labor conditions, etc.) while platforms often had no license and paid not taxes (Montero, 2019). In general, online platforms are not designed to provide their own accommodation or transport services, but to facilitate the contracting of services provided by third parties. Acting as an intermediary has several advantages for the platform and it is usually expressed in the platform operator's terms of service. Such statements can be found, for example, in the terms and conditions of Airbnb, Uber, and MaaS apps. Nevertheless, it's doubtful whether such a declaration is sufficient for reducing the role of the platform to an intermediary. Already in its Communication on a European agenda for the collaborative economy of June 2016, the EU Commission underlined that whether an online platform also provides the underlying service has to be established on a case by case basis (EU Commission, 2016). Traditional transport operators have challenged before courts all around Europe the legality of transport platforms, accusing them for unfair competition. It has been argued that platforms are not mediating the provision of services by third parties, but are actually the service providers, and they are often providing services without the required license and without meeting other regulatory obligations, therefore competing under unfair terms. This has certainly been the case of Uber considered by the Court of Justice of the European Union (CJEU) as a transport operator (Judgment, 2017).

The emergence of the collaborative economy blurs also established lines between self-employed workers and employees. Courts are struggling with this "binary" logic of traditional labor regulations (Hatzopoulos, 2018). Uber and Lyft treat their drivers as independent contractors, as do the large majority of companies in the sharing economy (Tippett, 2018). Classifying workers as independent contractors rather than employees, on the one hand, render them ineligible for basic employment protections – such as the right to minimum wage and overtime, anti-discrimination protections, workers compensation, or unemployment insurance -, and, on the other hand, the legal (labor) relationship between the platform and the service provider directly impact the relationship between the platform and the user of the underlying service (EU, 2016). If the service provider is in an employment relationship with the platform, the platform is considered to have entered into a contract with the user (Hatzopoulos, 2018). The essential

features of an employment relationship are, on one hand, the provision of service to and under the direction of another person, within a specific period, and, on the other hand, in return, he or she receives a reward (Court of Justice of EU, 2015). In United Kingdom, the UK Employment Tribunal reached the conclusion – also upheld by the Employment Appeal Tribunal (Aslam, 2017)- that Uber drivers qualify as workers, as far as, ‘any driver who has the app switched on, is within the territory in which he is authorized to work, and is able and willing to accept assignments’. Likewise, recently France’s Court of Cassation reached the same conclusion (Dillet, 2020).

However, sharing economy offers many opportunities for the labor market: a) Employment and performance support; b) Developing individuals’ experience and skills. Participants in the sharing economy who engage in transactions, especially service providers, gain new experience, achieve greater flexibility and independence; c) Recovery and flexibilization of traditional segments of the economy. In some cases, platforms can help to “clean up” and make the traditional segments of the economy more flexible; d) Increase competition in the labor market (European Commission, 2016).

### *Accommodation*

Airbnb is definitely one the most popular in the sharing economy. Airbnb allows individuals to become entrepreneurs by offering a part or all of their living space as temporary accommodation. Instead of going to traditional hotels or places with no hotels present, these visitors choose to be hosted in the homes of ordinary people. The rates are set by the providers and Airbnb carries a fee for the transaction. Airbnb was founded in 2008 in San Francisco. The company is already active in over 190 countries. The company generates estimated revenues of \$150 million in 2012. To date, its founders were able to raise approximately \$120 million in VC money from Sequoia, Greylock Partners, Andreessen Horowitz and Y Combinator. In 2011, the company was valued at \$1,3 billion (European Commission, 2013). After Uber decision, the focus of the regulatory battle shifted towards short term rental platforms. The first request for a preliminary ruling concerning Airbnb had reached the CJEU in June 2018 (Busch, 2018). The main question was the same in Uber case, namely: if Airbnb is offering only the information service or also the underlying service (accommodation). According to Advocate General Szpunar’s opinion a service such as that provided by the Airbnb portal constitutes an information society service (Advocate General’s opinion, 2019). By its judgment of 19 December 2019 the Grand Chamber of the Court - concurred with Advocate General Szpunar – held that an intermediation service which, by means of an electronic platform, is intended to connect, for remuneration, potential guests with professional or non-professional hosts offering short-term



accommodation services, while also providing a certain number of services ancillary to that intermediation service, must be classified as an ‘information society service’ under Directive 2000/31 on electronic commerce. In other terms, the Court has delivered an important judgment on the law applicable to Airbnb but more in general to digital platforms.

## **Sharing Economy and GDP**

It is a significant complex undertaking to contrast the income in sharing economy and those in the traditional economy. The information accessible is extremely constrained and divided. Also, it is precarious to pick an important comparative method. Most platform representatives are independent, enterprising specialists who are paid for finishing a single task. Their benefit, subsequently, relies upon on how many tasks they perform and the value per unit. The UK PWC study says suppliers (workers) get on average 85% of the value of transactions in the sharing economy. Platform remuneration systems are not constantly straightforward. Sometimes, an accurate measure of an expense for the platform isn’t known to its workers, as they can just observe their total compensation, or they utilize an elective compensation plot. Not all work performed is paid also. James Pennington, economic affairs adviser at the British Foreign Office, warns that sharing economy, while useful, is not good for GDP (World Economic Forum, 2016). He outlines four main reasons why he came to this conclusion: a) firstly, uncounted economic gains-sharing economy brings with it an increase in unregistered value. Because it is unregistered, it is not reflected in GDP; b) secondly, sharing economy allows existing resources to be exploited without providing/building new ones, and this has a negative impact on GDP. For example, why to build a new hotel if there are rooms available through Airbnb?; c) thirdly, when someone rents their apartment or gets paid to learn another new skill, this is reflected in GDP. But the sharing economy threatens this by not converting all resources into a monetary equivalent, thus lowering GDP; d) finally, the consequences of using an alternative service (i.e. if someone refuses to buy a car and uses public transport or calls for an Uber) this means an increase in the cost of alternatives, but no new acquisitions, thus lowering GDP.

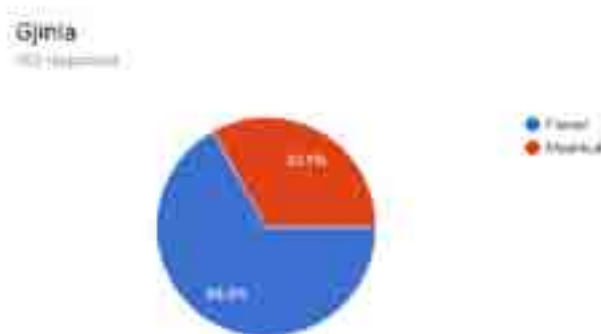
Sharing economy beneficially affects the economy, regardless of whether it doesn’t influence Gross Domestic Product development. As the sharing economy keeps on obscuring the customary limits between the economy and regular day to day existence, governments must take care to create approaches that guarantee supportable monetary development and furthermore assist individuals with living and gaining as they wish.

## Sharing economy in Albania

Given the novelty of the term, not only in Albania but also globally, firstly, I found necessary to develop a questionnaire in order to understand people's awareness in Albania to the concept of sharing economy. Secondly, these results are discussed in detail below and conclusion are drawn.

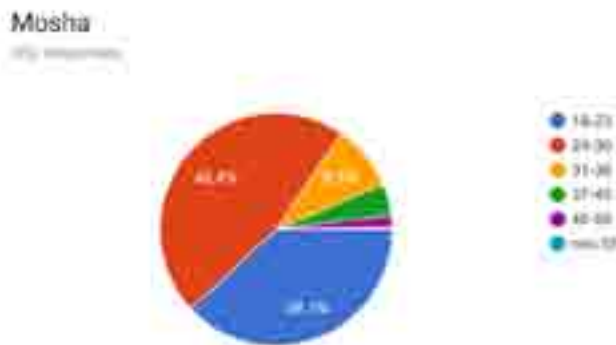
### Questionnaire on Sharing awareness

**GRAPH 1.** Percentages of persons questioned by gender



From the first graph we can notice that out of 302 people interviewed, 33% of them are male and 67%, are female.

**GRAPH 2.** Percentages of people questioned by age group



The second graph shows the percentages of people questioned by age group. Out of 302 people interviewed, 46.4% are between the ages of 24 and 30, 38.1% are between 18 and 23 years old and the percentage is decreasing for the other age groups. The purpose was to interview different age groups in order to generate data that are more comprehensive.

**GRAPH 3.** Percentages of people questioned about the understanding of sharing economy concept

Sa te njohur jeni me konceptin e "sharing economy"?

302 respondents

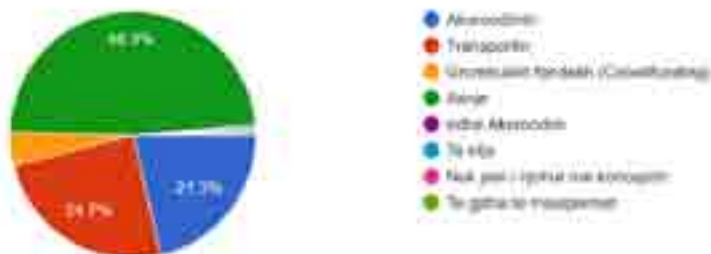


From the third graph the following results emerged: firstly, out of 302 people, 32.1% have never heard or experienced sharing concept; secondly, while 52% know little about sharing only 15.9% have good knowledge of it. This result is expected and may be justified due to the lack of sharing economy platforms in Albania.

**GRAPH 4.** Percentages of people questioned by use of market sectors

Ke nga sektoret e sharing economy keni perdorur si produkt\sherbime?

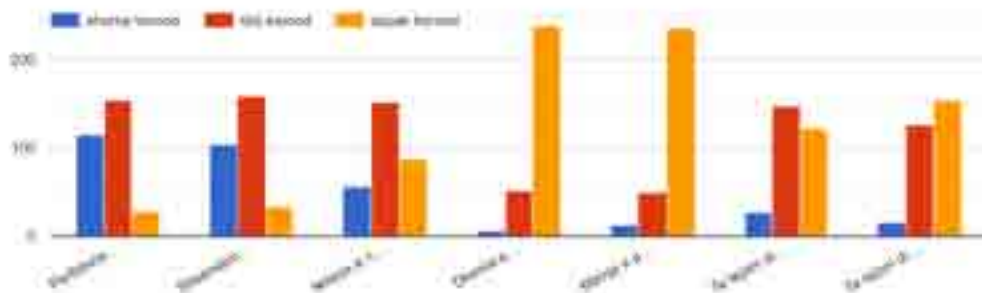
300 respondents



The fourth graph shows data about the use of various sharing economy sectors (i.e. transportation, accommodation, etc). In first place, almost half of the respondents (48.3%) have never used/experienced sharing economy. Indirectly, this data reinforces and it's coherent with the percentages on the awareness of sharing concept showed in the third graph. Secondly, among the sectors used, accommodation and transport stand by 21.3% and 24.7%, respectively. While the age groups between 24 and 30 years old are the one who are more involved on the use of these sectors which may be due to the fact that they are more predisposed to welcome new and rapid technological developments.

**GRAPH 5.** Comfortability and confidentiality

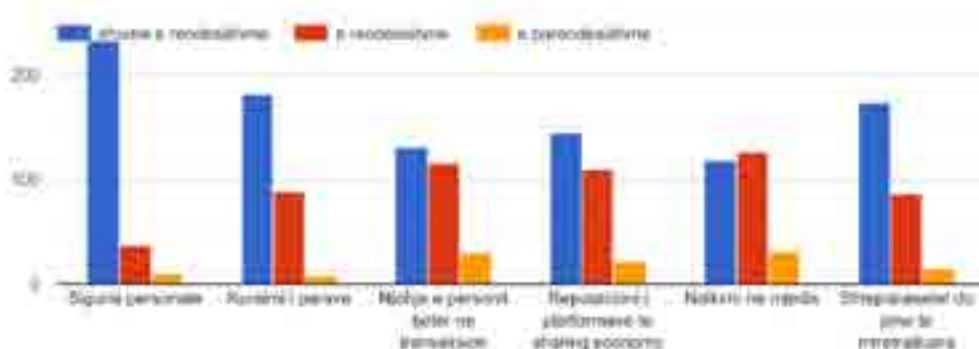
Sa komodi do te ishit me seclin nga rastet e meposhtme?



According to the fifth graph, which deals with the degree of comfortability while using sharing platforms, crowdfunding is one of the sectors that Albanian people feel less comfortable and confident. This may be due to the occurrence of the Ponzi scheme that precipitated in 1997 unrest in our country (Jarvis, 1999) that have led to a loss of confidence to the credit system.

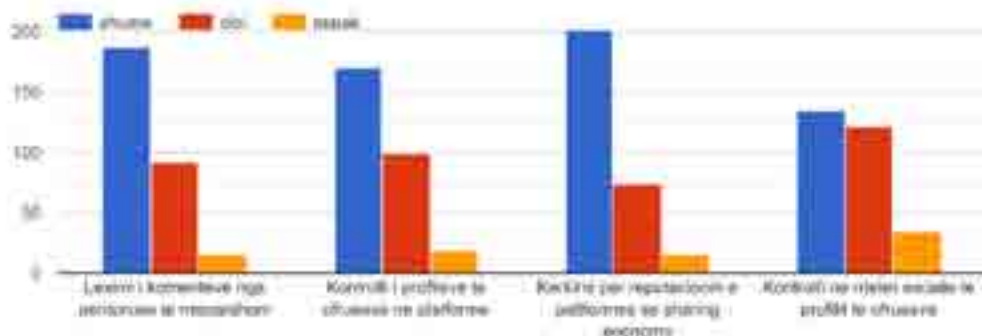
**GRAPH 6.** Measuring users' reasons participation and concerns in the sharing economy

Kur keni perdorur platformat e sharing economy sa te rendesishme kane qene per ju



**GRAPH 7.** Results on making checks

Sa ka te ngjare te beni ndonje nga kontrollet e meposhtme perpara se te perfshiheni ne transaksionet e sharing economy?



Based to graph sixth and seventh, measuring reasons and concerns while using sharing economy, two interesting data are gained: first, people who have used the sharing economy platforms have rated personal safety as one of the main concerns while money saving as the most important factor for their participation; and, secondly, the credibility and reliability of the platforms and providers reputations also an important factor for participating in sharing.

**GRAPH 8.** Reasons for non-participation in sharing economy

Pse nuk keni marr pjese ne nje nga sherbimet e sharing economy?

(2018-2019)



Finally, the last graph shows the main reason for not participating in the sharing economy. First of all, trust and security (30.1%) are the main reason for not participating in sharing economy. Secondly, 22.7% are concerned about the

reluctance to share personal assets. Finally, 18.2% of non-users suffer a lack of understanding of these platforms which prevent them from their use.

Summarizing, taking into consideration all those data, the concept of sharing economy in Albania is still infantile, however, there are a lot of possibilities to expand this economic concept various sectors in the Albanian market. Finally, the above statistic data may play a significant role on the future market decisions of platforms' providers who wish to invest and expand in Albania.

### *Potential sharing's impacts on different market sectors in Albania*

In the following sections I have analyzed the impacts of sharing economy in the Albanian economic context. The impacts discussed below are formed in terms of hypotheses.

#### *Transport*

According to Albanian's Institute of Statistics ( up to 2018), Albania's highways, interurban and urban roads count circa 18,600 km.

**FIG 1.** Data on road transport infrastructure

Description	2014	2015	2016	2017	2018
<b>Road Transport</b>					
Total of freight and passengers vehicles	490,890	522,066	553,106	535,570	578,635
Road vehicles for passengers	415,121	443,227	479,217	480,296	500,891

The above data underline the rise passenger vehicles since 2014. Currently, in Tirana operates 15 urban transport lines. However, despite the efforts and extension of those bus lines by the local government, the conditions and standards of their offer remain obsolete. According to a 3-month survey (Local Gate), the situation presents major problems on the lines that go to the outskirts of Tirana, but other issues faced ay by the citizens are also the unfulfilled schedules, the influx of passengers and the failure of air conditioners. Therefore, the question to be answered is the impact that may have the use of ride-sharing or carpooling platform in Albania?

As it was already demonstrated in other countries where Uber started to operate the use of those platforms would have a positive impact on the taxi market by increasing the competitiveness and customer benefits through lower prices and better services as traditional taxi companies need to improve services in order to compete with those types of services. Further, the use of the car will increase drivers' income. On the other hand, the drawbacks may be as following: a) decrease in the value of taxi licenses. As Uber drivers do not

need to have a special taxi license to enter the market, even though taxi drivers own one. b) poor employment and safety conditions. Usually, Uber's drivers are considered independent contractors, so they are not entitled to minimum wage, paid vacation or health insurance. Although drivers or users do not know whom they are driving with and there may be cases of murder, thief etc. c) Negative impacts on price competition. Since such platforms would be introduced to the market by offering customers lower prices, this could lead to lower service quality. To minimize the problems that these platforms could cause, regulators should create a legal framework that maximizes benefits and eliminates associated costs and risks.

### *Accommodation*

Another important sector of sharing economy is accommodation, the platform in this case makes it possible for anyone to register their house or rooms to be rented by other people, usually for short terms. The first impact of sharing economy in accommodation sector may be lowering hotel's revenues and increasing individuals' incomes. By lowering the income of hotel companies, the income state taxes would also be reduced. Due to reduced revenues, hotels may be forced to reduce their staffing or reduce staff payments. Currently, according to article 8 ad 9 of the Albanian Law (No. 8438 dated 28.12.1998) "On Income Tax", 'the income generated by individuals is taxable at a 15% tax rate'. However, giving the lack of efficient control by the state to peoples' activities it makes difficult to collect this tax on incomes through the platform, except eventual agreements between the State and the platform provider. According to the above questionnaire data, among the reasons why people would not opt for this form of service, safety and security reason were of primary order. Besides the above drawbacks, sharing economy have also positive implications in accommodation sector. For instance, the positive effects include facility for people to find a shelter. Moreover, host providers may orient tourists about the local area such as places to visit.

### *Finance*

Crowdfunding are fundraising where individuals engage by loaning or investing in projects through the mediation of online platform. Banks 'households' demand for loans was reported to be higher in the last quarter of the year, according to the Bank of Albania. Since loans weigh heavily on citizens' pockets, fundraising would be a great choice. Individuals would get as much as they wanted without the need for high interest payments and involvement in lending procedures. On the other hand, we would have a decrease in loans taken in the banking sector.

## *Taxing sharing economy*

In general, platform service providers: a) Provide an intermediation services to consumers and owner of goods or services; b) The platform collect a commission for the provided service; c) Working conditions of service provider and their behavior are monitored by platform providers; d) Health and social contributions are not paid by platform providers; Most of these industries operate in a similar model to ride-sharing and home-sharing. Business creates an online marketplace, bringing together consumers and suppliers of goods or services, and receives a commission percentage in exchange for providing platform. Tax issues in the sharing economy vary depending on the industry. Firstly, according to the labor legislation (Law No.7961 12.07.1995), self-employed are “all persons working on their own behalf, while employee are all persons employed by an employer”. Due to the unique sharing economy structures, it is unclear whether workers should be classified as independent contractors, self-employed or employee. In some EU countries they are treated as employee in others as self-employed. The European Union is still engaged in regulating these platforms in this regard, trying to reach the most appropriate solution. The Albania tax legislation defines both typologies of tax treatment. If qualified as self-employed, service providers, according to Law No. 8438 “On Income Tax” need to make a declaration if the income for a tax period is higher than ALL 2,000,000. Also, those individuals must be entitled to deduct deductible expenses. In terms of payment of contributions, they must calculate the value of health and social contributions under Law No. 10383, over double the minimum wage. Furthermore, if they will be qualify as employee, any employer who pays a salary or remuneration provided for in letter “a” of Article 8 under Law No. 8438 dated 28.12.1998 “On Income Tax” shall withhold personal income tax in accordance with the first paragraph of Article 9 of this Law and shall pay tax withheld in favor of tax authorities. Based on the above aspects it cannot be correctly determined whether they should be treated as self-employed or employee, so the best way would be to review the tax legislation and adapt it to this new form of economy. If qualified as self-employed, they would be subject to the same rules as self-employed in other industries.

As regarding accommodation services, the main issues are: a) the rules governing income inclusions and deductions; b) issues arising in the allocation of expenses between business categories and personal categories; and c) state and local taxes. Home-sharing providers should include payments for rents received on gross income and deduct the expenses allowed to arrive at calculating taxable net income. However, the element of home-sharing can cause complications that are less present in traditional real estate leases. One issue that needs to be addressed is how the deduction of expenses will be handled in this case, how the personal



business use threshold should be set. If the provider uses several rooms in his home just to rent, then the income tax is as applicable as in the traditional lease. But if the rooms were used for personal use during the year as well, it should be determined how the tax will be divided and applied. According to Albanian Law No. 9632 “On the Local Tax System”, the tax on buildings is subject to individuals, natural or legal persons, domestic or foreign, owners or users of immovable property in the territory of the Republic of Albania, regardless of the level of occupancy. In case of a local tax on real estate, the law provides for the following tax rates, which are different for different use purposes. Where a land is used for both business and residential purposes as in the case of home-sharing, the tax rate shall be calculated by the percentage which each occupies in the total area of the land. As showed above, spaces for rental use can also be used year-round for personal use. This would cause problems in calculating correctly the tax level.

**FIG 2.** Rates of local tax

**KATEGORITË MINIMALE DHE NIVELET TREGJETERE TE TAKSËS VENDORE MBI FASHINË E PALLAFTSHMËS TË ALLI (SHO BAPËNIRË PUBLIKE)**

NIVELET TREGJETERE NE LENE PER METER KATRORE NE VET	KATEGORITË E BASHKËTË			
	I	II	III	IV
	TIJANE	SHKODER	GJISORASTE	TE GJITHË BASHKËTË E TJERA
	DURRES	ELBASAN	PERMET	
	KAVAJE	BERAT	POGREALIC	
	KRUTE	KORÇE	LIBRAZHD	
	LEZHE	DREVDGE	DIBER	
	LIJSDICE	KURBIN	MAT	
	FIER	PRQIN	BEKELPAR	
	VLORË	KUCOVE	MAJLAKASTE	
	SARANDË		DREVEL	
			ISPELANE	
Udhëzime të taksës në metra për shfrytëzim të përgjithshëm	0,11 %	0,12 %	0,13 %	0,14 %
Udhëzime të taksës në metra për qilime turistike	0,14 %	0,15 %	0,16 %	0,17 %

Another local tax that must be paid is the hotel dorm. “Hotel” means any activity that provides accommodation for payment and includes hotel, motel, tourist accommodation, retirement, guest houses, family tourism and any other facilities used for this purpose. This tax has to be paid by customers, based on numbers of nights stayed and payed. This tax should be withheld by the client on behalf of the municipality as shown below. The calculation of this tax does not cause problems in the case of home-sharing.

**FIG 3. Local dormitory fee at hotels**

**TAKSA VENDORE E FETJES NE HOTELE SIPAS KATEGORIVE TE NENJIVE TE VETEQVETIMENES VENDORE (BARRIJE)**

*Lehtë për nënë fëmijë për person*

	<b>KATEGORIË E BARRIJE</b>		
	<b>I</b>	<b>II</b>	<b>III</b>
<b>KATEGORIË E NENJIVE AKOMODUESE HOTELIERIKE</b>	TRAND	VUNDE	BLAZHONTE E TRANDA
	DURRËS	PER	Duë et gjithë shërbime administrative (përveç qendrës për turistët e kategorisë I, II dhe III) të cilat në fakt janë shërbime të qendrës vendore për turistët të kategorisë I, II dhe III
		KARANTO	
		POKORATOC	
		KORCË	
		ELZASAV	
		SHKAT	
		LINDRË	
		UZORCATER	
		SHRODER	
		KAYAN	
	LEZHI		
Hotel me 4 dhe 5 yje	100	110	120
Hotel me 3 yje, me 2, barret, bregdet, si dhe për tjerë që në administratën e shtetit ose në shtet për shërbime të tjerë për turistët	100	90	80

Finally, as regarding taxes on ride sharing platforms, revenue sources for ride-sharing drivers will include gross fees, as well as any additional benefits received. They may also include other referrals and rewards, driver loans, and other such payments from the ride-sharing services themselves. While the general scheme for taxing income and expenses is clear, difficulties may arise in the ride-sharing sector as many ride-sharing drivers do not work in full time scheme. Moreover, the car's driver is used for personal use. As a consequence, for instance, tax law allows only deductions of business-related expenses and not private one. Some of the costs that ride-sharing drivers incur are: vehicle insurance, fuel charges, parking fees, registration, repairs and fees paid to the platform. If the vehicle is for both business and personal use, then the driver must split these costs between business and personal use. Such a division, for example, may be based on the kilometers made. The driver must keep track of personal and business mileage records and record all costs listed above. These costs are then subdivided based on the kilometers made and drivers deduct only the expenses made for business purposes.

## Case study: the Mobike platform in Tirana

A bike-sharing system is a service in which bicycles are made available for shared use to individuals in the short term for a fee or for free. Many bike sharing systems allow people to borrow a bike from one dock and turn it into another dock belonging to the same system. The docks are special bicycle holders that lock the bike and release it only with the control of a computer. The user enters payment information, and the computer opens a bike. The user turns the bike by placing it on a dock which locks it in place. Other systems are dockless. For many systems, applications show nearby available bicycles and open dock.

Following are showed the Mobike's statistic data in Tirana:

- The app has had 60,000 downloads.
- Currently active users are 10,682 people.
- The average time for log-in is 15-20 minutes.
- Bicycles in circulation are 900 pieces.

The advantages of using Mobike in Tirana are, mainly, environmental and health protection. If more people start to use bikes the consequences are less use of personal cars which, in turn, leads to a reduction of car gas emissions and users' cost reduction. In addition, Mobike has helped users to save time, which further promotes city's development towards a sustainable transport system. Finally, Mobike has facilitated user's approach for the use of platforms.

## Conclusions

Sharing economy, as a new way of doing business and creating market value, has great potential to improve various sectors of the economy. There is not still a uniform definition of sharing economy, however there are some common elements form different definitions. As emerged, one of the biggest dilemmas is whether or not the sharing economy should be regulated and what would be the best regulation. In general, platforms need to be regulated but to the point that their regulation does not impede their development. According to the results of the questionnaire, the concept of sharing economy in Albania is very little known, with approximately half of the respondents not participating in any of the sharing platforms. Those data can play a significant role on the future decisions of platforms' providers and government policies.

In general, sharing economy in Albania may increase incomes of individuals and dislocate in more efficient manner the use of their assets. Transport platforms

may help to fix some of the current issues faced by transportation industry. In order to maximize its benefits in Albania, a better understanding is needed by both citizens and government. Mobike platform has been active in Tirana for several months and has had a positive impact on the users' lives and city viability. According to the European Commission's report (2019) on economic criteria, Albania has made progress and is moderately prepared to develop a functioning market economy. Economic growth has increased further and unemployment declined but however remains high to EU's standards. Steps have been taken towards the development of the financial market. Albania has made some progress and has some level of preparation in terms of its ability to withstand competitive pressure and market forces within the Union. Albania has made some progress in terms of energy, transport and development of digital infrastructure, but lack of productive knowledge, low levels of education and technological transfer impede Albania's competitiveness and integration into international value chains. Based on this paper, the introduction of sharing economy platforms in our country would affect Albania's increased competitiveness and integration into international value chains.

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