

# CONTEMPORARY PERSPECTIVES ON THE LAW AND PRACTICE OF ONLINE SHARING PLATFORMS IN THE FINTECH AND HOUSING SECTORS IN NIGERIA

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## ABSTRACT

Collaborative Consumption which comprises the sharing economy, the on-demand economy and the access economy or the peer – to - peer (P2P) economy are not new. However, the technological platforms have enhanced and improved it. The paper explores the concept of trade by barter wherein you exchange with someone what you have to get what you need in return has been in existence since ages. Progressively, the introduction and innovation brought by technology has led to creation of online platforms that now makes it possible for two people who want their different needs to be met to now meet and meet their needs. The paper adopts the doctrinal methodology by examining primary and secondary sources on the subject. The paper found that even though the collaborative consumption economy is an innovation, it opens ways for some vices where the security of such country is porous and the crime rate is very high. The paper recommends that in the case of property sharing online platforms such as Airbnb, there is still need for a good background investigation of anyone that apply STR on their platform before they actually peer with the house owner this is because such person or individual can be a spy with a mission to commit crime thereafter.

**Keywords:** Algotrading, Airbnb, collaborative consumption, Online property sharing platform, peer – to - peer (P2P) economy

## 1.0 INTRODUCTION

There is so much uproar that surrounds the surge of what many refer to as collaborative consumption which include the sharing economy, the on-demand economy and the access economy or the peer to-peer economy (P2P) economy which is an economy activity in which web platforms facilitate peer to peer exchanges of diverse types of goods and services.<sup>1</sup> Online platform such as Airbnb has made it possible for one to have access to the excess space in the building of another person that has underutilized space or property through Short Term Rental. Fintech has also made loan and borrowing online so easy, thereby improving the financial market. One cannot wish away the positive influence of technology and innovation which has greatly improved the social life of the people. Technological platforms such as Airbnb services makes two strangers to live together and share spaces in the same room even in the house of real owner of the property. The sharing economy which is the rapidly evolving sector of peer to-peer transaction epitomized by Airbnb and Uber is nothing if not controversial.<sup>2</sup> Since its gradual inception, the sharing economy has been celebrated in utopian

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<sup>1</sup> Aiuz. J. ENVTL. L. & P-OL'Y, 2012, at 29 n.7 (citing JEAN-BAPTISTE ALPHONSE KARR, LESGUPES, vi (1849) (Fr.) ("[P]lus ça change, plus c'est la même chose.", Giana M. Eckhardt & Fleura Bardhi, The Sharing Economy Isn't About Sharing at All, HARV. BUS. REV. (Jan. 28, 2015), [http://b~r/050/h-hrn-cnm-staotsaiga-l\[https://pernaec/YM9V-A4M3](http://b~r/050/h-hrn-cnm-staotsaiga-l[https://perma.cc/YM9V-A4M3)] ("[T]he sharing economy isn't really a 'sharing' economy at all; it's an access economy. The term "gig economy" was recently used by presidential candidate Hillary Clinton in a speech outlining her economic vision. See Noam Scheiber, Growth in the "Gig Economy" Fuels Work Force Anxieties, N.Y. TIMES (July 12, 2015), <http://www.nytimes.com/2015/07/13/us/business/rising-economic-insecurity-tied-to-decades-long-trend-in-employment-practices.html> <http://perma.cc/4DX5-SA56>]

terms as a form for creating and sharing wealth across many social segments. Sharing, it is argued allows for better wealth redistribution and a decentralized, equitable, and sustainable economy.<sup>3</sup> It provides a community-based economy sharer.<sup>4</sup> Supporters of the emerging sharing economy have argued that it would moderate economic inequality, increase the economic rights of the poor, promote sustainable use of resources and help halt ecological destruction.<sup>5</sup> In developing nations such as United States of America where sharing economy is thriving very well, argument has always ensued between those who contend that the activities taking place within the sharing economy are so novel that no laws apply to those engaging in those activities, and those who argue that the sharing economy should be treated no differently than its analog counterparts, such as hotels and taxis.<sup>6</sup>

In the same vein, the argument week in and week out between the proponent of sharing economy and participants versus critics and regulators has always been whether it is drivers suing ride-sharing companies like Uber and Lyft for violations of employment laws, or New Orleans banning home-sharing platform Airbnb because of negative impacts on quality of life for residents, or Los Angeles cracking down on free, curbside mini-libraries because zoning violations has always been the major topics of discussion.<sup>7</sup>

However, the supporters of sharing economy have further claimed that the sharing economy is nothing less than a social, political and economic transformation that is democratizing how we produce, consume, govern, and solve social problems<sup>8</sup>. They are of the firm opinion that sharing

<sup>2</sup> Airbnb allows individuals to offer accommodations, ranging from couches or spare bedrooms, to entire homes or apartments, to other individuals for a fee (a portion of which is kept by Airbnb). See About Us, AIRBNB, <https://www.airbnb.com/about/about-us> [<https://perma.cc/15LNL-N4GF>] ("Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodations around the world ... Whether an apartment for a night, a castle for a week, or a villa for a month, ... Airbnb is the easiest way for people to monetize their extra space and showcase it to an audience of millions."). Airbnb's gross bookings in 2014 were estimated at over \$4 billion and its revenues at \$423 million. See Rafat Ali, Airbnb's Revenues Will Cross Half Billion Mark in 2015, Analysts Estimate, SKIrr (Mar. 25, 2015, 7:00 AM), <http://skift.com/2015/03/25/airbnbs-revenues-will-cross-half-billion-mark-in-2015-analysts-estimate> [<http://perma.cc/YLD4-48F7>] (citing a report by investment bank Piper Jaffray)., According to Uber, its app allows individuals to obtain and pay for point-to-point transportation from individuals who have signed up as drivers on the app, with Uber retaining a percentage of the fare. See UBER, <https://www.uber.com/> [<https://perma.cc/UQ83-2R4H>] Henry Blodget, Uber CEO Reveals Mind-Boggling New Statistic That Skeptics Will Hate, Bus. INSIDER (Jan. 19, 2015, 4:04 AM), <http://www.businessinsider.com/uber-revenue-san-francisco-2015-1> [<http://perma.cc/D8FG-7UNJ>] (referring to a statement making that claim by Uber's CEO). The venture funding valuations of companies such as Airbnb and Uber are even more exponential. Despite the controversy and serious legal and policy questions raised by the sharing economy, it has also been a source of comedic inspiration. See, e.g., Portlandia: Ecoterrorists (IFC television broadcast Mar. 6, 2014), <https://www.youtube.com/watch?v=xrUYoleO98> [<https://perma.cc/HM2A-V7TZ>] (providing examples of the wide range of goods and services which can be offered or obtained through the sharing economy).

<sup>3</sup> Juliet B. Schor & Steven P. Vallas, *The Sharing Economy: Rhetoric and Reality*, 47 ANN. REV. SOC. 369 (2021).

<sup>4</sup> Shu-Yi Oei, *The Trouble with Gig Talk: Choice of Narrative and the Worker Classification Fights Altruism, Community, and Markets*, 81 L. & CONTEMP. PROBS. 107, 112 (2018)

<sup>5</sup> Alexandra J. Ravenelle, *Sharing Economy Workers: Selling, Not Sharing*, 10 CAMBRIDGE J. REGIONS ECON. & SOC'Y 281 (2017); Aurdlien Acquier, Thibault Daudigeos & Jonatan Pinkse, *Promises and Paradoxes of the Sharing Economy: An Organizing Framework*, 125 TECH. FORECASTING AND SOC. CHANGE 1 (2017).

<sup>6</sup> Kellen Zale, *'Sharing Property'* (2016) 87 U Colo L Rev 501

<sup>7</sup> Dan Levine & Sarah McBride, *Uber, Lyft Face Crucial Courtroom Testover Driver Benefits*, REUTERS (Jan. 28, 2015, 7:15), <http://www.reuters.com/article/2015/01/28/us-uber-lyft-workersidUSKBNOL11BN20150128>, Katherine Sayre, *New Orleans City Council Toughens Ban on Unlicensed Short-Term Rentals*, TIMES-PICAYUNE (July 11, 2014, 12:23 AM), <http://www.nola.com/business/index.ssf/2014/07/new-orleans-city-council-tough.html> [<http://perma.cc/SA6X-RRWD>] & Michael Schaub, *Little Free Libraries on the Wrong Side of the Law*, L.A. TIMES (Feb. 4, 2015, 11:30 AM), [http://www.latimes.com/books/jacketcopylla-et-je-little-free-libraries-on-the-wrong-side-of-the-law-20150204-story.html?track=rss&utm\\_source=dlvr.it&utm\\_medium=twitter&dlvr.it=717819](http://www.latimes.com/books/jacketcopylla-et-je-little-free-libraries-on-the-wrong-side-of-the-law-20150204-story.html?track=rss&utm_source=dlvr.it&utm_medium=twitter&dlvr.it=717819) [<http://perma.cc/GS7H-7CT3>] (describing controversies over "Little Free Libraries" in Los Angeles and Shreveport, Louisiana)

companies like Couchsurfing, Lyft, and Taskrabbit are supposedly creating a new class of empowered micro-entrepreneurs.<sup>9</sup> The level of entrepreneurship accolades that is sharing economy has garnered can be best understood through profits that have been adjudged to have been made by companies that pioneered this P2P economy. For example, Uber, the P2P transportation company, is only few years old and already valued at \$41 billion- while disrupting the traditional model of taxi cabs by eschewing corporate ownership of cars or medallions (alienable licenses, worth tens of thousands of dollars, to operate taxis in regulated cities)<sup>10</sup> The company now operates in fifty-seven countries on five continents.<sup>11</sup> Other companies have joined the market as well (e.g., Lyft and Hitch), a trend recently dubbed Uberification or Uberization.<sup>12</sup>

In the hospitality arena, Airbnb, a company that uses its facilities for short-term rentals is valued at \$13 billion as at 2014<sup>13</sup> and arranged 155 million stays last year-22% more than Hilton Worldwide Holdings, Inc.<sup>14</sup> In the same vein similar companies in various sectors of industry also flourish, and many businesses now structure their services so that they will fall under the complimentary halo of the "sharing" economy.<sup>15</sup> Sharing economy is not limited to transportation and housing market alone there is a wide range of industries in which the sharing economy is currently perceived to be gaining traction such as finance, on-demand services, fashion and clothing, food, and logistics.<sup>16</sup> There are basically two classification of share economy which are transactions (money based or not) and assets (capital or labour).<sup>17</sup>

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<sup>8</sup> SHAREABLE, <http://www.shareable.net/about> [<http://perma.ccl.2M5A-G677>]. Airbnb's recent entry into the Cuban home-sharing market illustrates the "win-win" appeal of the sharing economy: the income from renting out a house on Airbnb goes directly to individual Cubans (after Airbnb takes its commission), rather than the Cuban government, and home sharing involves a level of personal connection between individual Cubans and American tourists that is in line with the current warming of relations between the two nations. See Welcoming Cuba to the Airbnb Community, AIRBNB (Apr. 2, 2015), <http://blog.airbnb.com/cubal> [<http://perma.cc/8SDP-FNLE>] ("Because we're building on the rich Cuban tradition of home sharing, we're uniquely positioned to help Cubans reap the rewards of economic growth while preserving their unique culture. When Airbnb guests stay in local neighborhoods, they bring business to surrounding entrepreneurs-whether they be hosts, artists, or even ice cream shop owners.").

<sup>9</sup> Lyft offers a point-to-point transportation service similar to Uber. See LYFr, <https://www.lyft.com/> [<https://perma.cc/K88B-ZYDB>], taskrabbit allows individuals to obtain and pay for a wide variety of services, ranging from general errand assistance to specific tasks, from other individuals ("Taskers") for a fee; Taskrabbit retains a portion of the fee and the rest is paid to the Tasker. See How It Works, TASKRABBIT, <https://www.taskrabbit.com/how-it-works> [<https://perma.cc/57DG-6LXP>], Katie Fehrenbacher, The Collaborative Home: An Infographic of Web Sharing, GIGAOM (July 7, 2011, 9:30 AM), <https://gigaom.com/2011/07/07/the-collaborative-home-an-infographic-of-web-sharing> [<https://perma.cc/3X4W-8D2W>] (providing a graphic illustrating everything that can potentially be shared in the

<sup>10</sup> Douglas MacMillan, Sam Schechner & Lisa Fleisher, Uber Snags \$41 Billion Valuation WALL ST. J. (Dec. 5 2014), <http://www.wsj.com/articles/ubers-new-funding-values-it-at-over-41-billion-1417715938> [<https://perma.cc/P6SP-SHA8>].

<sup>11</sup> Cities, UBER, <https://www.uber.com/cities> [<https://perma.cc/2TY7-5XGBJ>]

<sup>12</sup> Scheiber, ("In retrospect, the Uberization of the economy began innocently enough back in the late 1970s."); Maria Gonzalez, The LUberification of Society, MOBILE WORLD CAPITAL (July 11, 2014), <http://mobileworldcapital.com/503/> [<https://perma.cc/L9E2-UPCJ>].

<sup>13</sup> Tim Bradshaw, Airbnb Valued at \$13B Ahead of Staff Stock Sale, CNBC (Oct.23,2014), <http://www.cnbc.com/id/102117120> [<https://perma.cc/L9E2-UPCJ>].

<sup>14</sup> PRICEWATERHOUSECOOPERS, CONSUMER INTELLIGENCE SERIES: THE SHARING ECONOMY,(2015), <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligence-series/assets/pwc-cis-sharing-economy.pdf> [<https://perma.cc/YN9X-RPZRJ>] [hereinafter CONSUMER INTELLIGENCE SERIES]

<sup>15</sup> Juliet Schor, Debating the Sharing Economy, GREAT TRANSITION INITIATIVE, at 1 (Oct. 2014) ("Many organizations have been eager to position themselves under the 'big tent' of the sharing economy because of the positive symbolic meaning of sharing, the magnetism of innovative digital technologies, and the rapidly growing volume of sharing activity.").

<sup>16</sup> Andrea Geissinger, Christofer Laurell & Christian Sandstrom, Digital Disruption Beyond Uber and Airbnb Tracking the Long Tail of the Sharing Economy, 155 TECH. FORECASTING & SOC. CHANGE (2020).

<sup>17</sup> Oksana Gerwe & Rosario Silva, Clarifying the Sharing Economy: Conceptualization, Typology, Antecedents, and Effects, 34 AMP 65, 71 (2020)

The main focus of this paper is the anatomy of the sharing property economy as we all know that property can be transacted and at the same time it could be an asset which mean it may be a capital. Likewise, we shall deal mainly on housing market and finance market which are the two major online properties that are involved sharing economy. The first part of this paper introduces the concept of online sharing economy platforms while the second part puts the various concepts being examined in contextual perspective. The third part shall discuss the various economic and social theoretical frameworks applicable to the subject. The fourth part shall discuss Short Term Rental and Housing Market, while the fifth part will x-ray Fintech that is Financial Market and the latter part shall make necessary recommendations.

## 2.0 CONCEPTUAL CLARIFICATION

The following terms shall be defined, Property, Sharing, Economy, Technological, Sharing Economy

- 2.1. Right to Property: The right to possess, use, and enjoy a determinate thing (either a tract of land or a chattel); the right of ownership. It is also defined as any external thing over which the rights of possession use, and enjoyment are exercised<sup>18</sup>
- 2.2 Sharing: To define sharing, the appropriate thing to do is to define the word share as a noun and a verb, by doing that we will able to deduce the meaning of sharing. Share as a noun simply mean an allotted portion owned by, contributed by, or due to someone. As a verb, it simply meant to divide (something) into portions, to enjoy or partake of (a power, right, etc.)<sup>19</sup> Sharing as present participle of share simply is defined as “Something Shared.”<sup>20</sup>
- 2.3 Economy: This is the management or administration of the wealth and resources of a community (such as a city, state, or country). It is the sociological organization of a community's wealth and resources. It is also restrained, thrifty or sparing use of resources; efficiently<sup>21</sup>
- 2.4 Technological: It is defined as using or characterized by (advanced) technology also (resulting) from development in technology.<sup>22</sup> In this context, Fintech is the application of technology for shared economy and for mutual benefits.
- 2.5 Sharing Economy: Sharing economy is an alternative form of consumption based on collaboration in the production, creation, or use of products and services.<sup>23</sup> The sharing economy can be tagged as what's mine is still mine but you may use it, access it, and maybe pretend that it is yours for a limited time and under limited conditions-for a fee-but while you are doing those things it is still mine and when you are done doing those things it will still be mine.<sup>24</sup> It is further defined as an "IT-facilitated peer-to-peer model for commercial or non-commercial sharing of underutilized goods and service capacity through an intermediary without a transfer of ownership.<sup>25</sup> Four characteristics are associated with this conception of the sharing economy and it involves the monetization of assets which were previously not monetized. It focuses on providing access to those assets, rather than ownership. It relies on technology to make access quicker, cheaper, and more desirable than ownership by disaggregating in both time and space, the assets being shared. It involves a transaction

<sup>18</sup>Bryan A. Garner “*Black Laws Dictionary*”( 7th Edi, West Group, 1999)

<sup>19</sup>Ibid (n18)

<sup>20</sup>Online Oxford English Dictionary (2nd Edi. Oxford University Press, 1989)

<sup>21</sup>Ibid (n.18)

<sup>22</sup>Ibid ( n .20)

<sup>23</sup>BETH BUCZYNSKI, SHARING IS GOOD: HOW TO SAVE MONEY, TIME, AND RESOURCES THROUGH COLLABORATIVE CONSUMPTION 2 (2013)

<sup>24</sup>Donald J. Kochan, I Share, Therefore It's Mine, 51 U. RICH. L. REV.

(May2017),[https://papers.ssm.com/sol3/papers.cfn?abstract\\_id=2820456](https://papers.ssm.com/sol3/papers.cfn?abstract_id=2820456)

<sup>25</sup>Gideon D. Markman, Marvin Lieberman, Michael Leiblein, Li-Qun Qwi & Yonggui Wang, The Distinctive Domain of the Sharing Economy:Definitions, Value Creation, and Implicationsfor Research, 58 J. MGMT. STUD. 927, 930 (2021)

between two individuals (peer-to-peer, or P2P), rather than a transaction between an individual and a business (business-to-consumer, or B2C); a third-party entity, however, is often involved as the technological platform for the transaction.<sup>26</sup>

In nutshell, the sharing economy gives temporal access to underutilized property of an individual that has advertised it through technological platform by another individual.

Having defined some major terms which are of necessity to our discussion, we can then proceed to discuss theoretical framework that supports the introduction and practice of sharing property economy.

### 3.0 THEORETICAL FRAMEWORK

The very technological theory that sharing economy property brings to mind is reverse reaction. In reverse reaction theory there is room for innovation and as well as destruction, a new technology may bring an innovation in a manner of doing a particular thing at the expense of destroying the traditional method of doing the same thing.

Innovations in the sharing economy merge concepts of both technological and social innovations.<sup>27</sup>

Often, the idea of sharing was already there, but the creation of an online platform or a smartphone application that connects users in a simple way constitutes the innovative element of the practice.<sup>28</sup>

These technological elements of an innovation are usually palpable technical improvements that can be easily identified.<sup>29</sup> The innovation of the P2P economy is not grounded in the novelty of its types of services and goods. That is, the types of services and goods that are exchanged are not innovative.<sup>30</sup>

For instance, short-term rentals have been an option for a long time, although the connection between lessor and lessee was made through traditional methods, such as *ads* in a university magazine. Paid share rides and carpooling date back to the beginning of the twentieth century,<sup>31</sup> and errand and concierge services predate the invention of the internet. Genuine sharing practices, or collaborative consumption, are also not new at all.<sup>32</sup> The P2P economy's innovation lies in its process of connecting consumers and providers-and in the social benefits that the transactions confer. There is a social aspect in the innovation introduced by P2P economy, however, this social innovation is in itself not a recent phenomenon. For instance, hospices, mutual aid associations, and benefit societies can be traced back to older centuries.<sup>33</sup>

In the European Union, social innovation has been described as the "design and implementation of creative ways of meeting social needs."<sup>34</sup> The distinctive character of social innovation relies on the inventor's main intrinsic motivation: social change.<sup>35</sup> A social innovation introduced by P2P economy

<sup>26</sup>Kellen Zale, 'Sharing Property' (2016) 87 U Colo L Rev 501

<sup>27</sup>Henn, What's Mine Is Yours (For a Price) in the Sharing Economy, NPR (Nov. 13, 2013, 3:16 AM), <http://www.npr.org/blogs/alltechconsidered/2013/11/13/244860511/whats-mine-is-yours-for-a-price-in-the-sharing-economy>; Raj Kapoor, Lessons From the Sharing Economy, TECHCRUNCH (Aug. 30, 2014), <http://techcrunch.com/2014/08/30/critical-lessons-from-the-sharing-economy/> ("Companies everywhere are jumping on the sharing economy trend."); The Rise of the Sharing Economy, ECONOMIST (Mar. 9, 2013), <http://www.economist.com/news/leaders/21573104-internet-everything-hire-rise-sharing-econom>

<sup>28</sup>Ibid

<sup>29</sup>Nicholas A. Ashford & George R. Heaton, Jr., Regulation and Technological Innovation in the Chemical Industry, 46 LAW & CONTEMP. PROBS. 109, 112 (1983) (arguing that one can predict what future technical innovation is likely to occur by "understanding the dynamics of that technology")

<sup>30</sup>Sofia Ranchordds, Does Sharing Mean Caring? Regulating Innovation in the Sharing Economy, 16 MiNN. J.L. Sci. & TECH. 413, 416 (2015) ("The sharing economy presupposes two elements: the existence of physical 'shareable goods that systematically have excess capacity,' and a sharing attitude or motivation.")

<sup>31</sup>Jeff Cozza, The History of Carpooling, from Jitneys to Ridesharing, SHAREABLE (Feb. 7, 2012), <http://www.shareable.net/blog/the-history-of-carpooling-from-jitneys-to-ridesharing> [<https://penna.cc/T4XE-Y2CCj>].

<sup>32</sup>Ibid ( n.30)

<sup>33</sup>STEVEN E. EPSTEIN, WAGE LABOR AND GUILDS IN MEDIEVAL EUROPE (1991) (discussing the history of wage guilds in medieval Europe, which served as inspiration for modern benefit societies); see also LORIE CHARLESWORTH, WELFARE'S FORGOTTEN PAST: A SOCIO-LEGAL HISTORY OF THE POOR LAW (2010)

<sup>34</sup>Press Release, Eur. Comm'n, President Barroso Discusses How to Boost "Social Innovation" 1 (Jan. 20, 2009), available at [http://europa.eu/rapid/press-release-IP-09-81\\_en.htm](http://europa.eu/rapid/press-release-IP-09-81_en.htm)

<sup>35</sup>Ibid

can then be best defined as "a novel solution to a social problem that is more effective, efficient, [and] sustainable.., than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.<sup>36</sup> It has been argued and submitted that social innovation introduced by P2P economy is the one that allow consumers to "own less and have access to more.<sup>37</sup> A different way to describe the same innovation is that it promotes a shift away from ownership.<sup>38</sup> Before we round off this theoretical framework, it must be noted that Innovation and entrepreneurship are key elements to the enhanced competitiveness of European firms and economic growth.<sup>39</sup> Nonetheless, understanding the significance of innovation for the economy, defining the relationship between technological innovation and economic growth, and calculating the commercial potential of an innovation in light of existing uncertainty, have not been simple tasks<sup>40</sup>

The major challenge associated with the innovation introduced by the P2P economy is the challenge of regulation. Regulating social and technological innovation with little information on the novelties in question and their effects and side effects, poses significant challenges to regulators.<sup>41</sup> This can be explained by the difficulty in finding the balance between the need to encourage innovation, and the respect for legal principles and norms.<sup>42</sup> It must be noted that an increasing number of governmental policies have aimed to promote innovation in the last decade through innovation-oriented policy. Most of these policies have been based on economic incentives. However, this economic approach is only one of the available forms used to influence the behavior of private actors; information transfer and the enactment of legislation with a stimulating character can also be used to attain the same purpose.<sup>43</sup>

We shall now examine and discuss housing market as one of properties in sharing property economy, as we know that our major discussion surrounds, fintech and housing market.

#### **4.0 SHORT TERM RENTAL AND HOUSING MARKET AS AN ASPECT OF SHARING ECONOMY PROPERTY**

Housing market forms a major aspect of sharing economy it is very lucrative because it gives room for short-term rentals market. Paramount above all is of course Airbnb, a home-sharing platform, which, together with Uber, was considered the most significant company in the sharing economy pre- COVID-19.<sup>44</sup>

Airbnb is an online marketplace for peer-to-peer rentals.<sup>45</sup> Individuals can list any accommodation, whether a private room in a shared house, an entire dwelling, or something in between. Listed

<sup>36</sup>EUR. COMM'N, ENTERPRISE AND INDUSTRY, THIS IS EUROPEAN SOCIAL INNOVATION 9, 14 27 (2010), available at [http://ec.europa.eu/enterprise/flipbook/social\\_innovation/](http://ec.europa.eu/enterprise/flipbook/social_innovation/) (describing ten recent social innovation projects in Europe); James A. Phillips et al., *Rediscovering Social Innovation*, STAN. SOC. INNOVATION REV., Fall 2008, at 34, 36 ("[S]ocial innovation is the best construct ...[for] lasting social change.").

<sup>37</sup>Ibid

<sup>38</sup>The Sharing Economy: A Shift Away from Ownership?, NAT' PURADIO,<http://www.npr.org/series/24458379/the-sharing-economyashift-away-fre> <https://perma.cc/5QGG-CDJD>; Ranchordis, supra note 26, at 462 ("users of sharing practices prefer sharing to ownership for a number of reasons"); LISA GANSKY, THE MESH: WHY THE FUTURE OF BUSINESS IS SHARING (2010) (characterizing the "mesh" as the transition from the ownership model to the access model)

<sup>39</sup>("Innovation is a key driver of growth and innovative ideas for the future of Europe.")

<sup>40</sup>Bart Verspagen, *Innovation and Economic Growth*, in THE OXFORD HANDBOOK OF INNOVATION

<sup>41</sup>HASAN BAKHSHI ET AL., STATE OF UNCERTAINTY: INNOVATION POLICY THROUGH EXPERIMENTATION 5 (2011), available at [http://www.nesta.org.uk/sites/default/files/state\\_of\\_uncertainty.pdf](http://www.nesta.org.uk/sites/default/files/state_of_uncertainty.pdf) (arguing that the main barriers to innovation policy have been "uncertainties surrounding opportunities and constraints")

<sup>42</sup>"Innovation policy remains rooted in a mix of traditional industrial policy and an emerging new understanding [of innovation].

<sup>43</sup>Nicholas A. Ashford & Ralph P. Hall, *The Importance of Regulation- Induced Innovation for Sustainable Development*, 3 SUSTAINABILITY 270, 273 (2011).

<sup>44</sup>Suman Basuroy, Yongseok Kim & Davide Proserpio, *Estimating the Impact of Airbnb on the Local Economy: Evidence from the Restaurant Industry* (2020), <https://papers.ssm.com/abstract=3516983> [<https://perma.cc/YBB3-6B64>]

<sup>45</sup>About Us, AIRBNB, <https://www.airbnb.com/about/about-us>

accommodations may be available on a night-by-night or more long-term basis.<sup>46</sup> Though it was founded in 2008 in San Francisco, Airbnb has over four million hosts and over one billion guests in over one hundred thousand cities and towns in almost every part of the world.<sup>47</sup> Housing market under sharing property focus on access to property as opposed to ownership of property means that assets are increasingly being used more intensively than they traditionally were, as multiple people-owners and non-owners use property which formerly was typically only used by a single owner. Many sharing economy platforms often emphasize that they allow people to engage in activities that promote sustainability or community-building, several recent studies about the motivations of those engaged in the sharing economy have found that most users appear to be motivated primarily by economic considerations.<sup>48</sup>

Technology has been the main driven force in housing market as it enables the large-scale identification of users-both those who have assets they want to monetize and those who want access to those assets; location services to enable these two groups to find each other at the right time and right place; and trust verification methods that lower transaction costs involved with stranger sharing.<sup>49</sup>

Zoning has been the major challenge confronting the housing market as it often time segregate and discriminate against black people. Economists view zoning's "original sin" as the added extra costs to a construction project created by the restrictions on the size and type of housing units that can be built.<sup>50</sup> On the other hand, social scientists depict zoning's "sin" not in inefficiency but in discrimination and segregation.<sup>51</sup> Zoning's original goal, and its often intended or unintended outcome, is to exclude people of colour and the poor.<sup>52</sup>

The short-term rental has actually impacted housing market in United States, the surge in housing rate in United States has paved way for the growth of short rental. The effect of the sharing economy on the housing and tourist markets and on the urban structure is subject to growing attention<sup>53</sup> particularly with respect to the appropriate regulatory response.<sup>54</sup>

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<sup>46</sup>Ibid

<sup>47</sup>Ibid

<sup>48</sup>Juho Hamari et al., *The Sharing Economy: Why People Participate in Collaborative Consumption*, J. ASS'N INFO. SCI. & TECH., Patrick C. Shih et al., *Unequal Time for Unequal Value: Implications of Differing Motivations for Participation in Timebanking*, in 33RD ANNUAL CHI CONFERENCE ON HUMAN FACTORS IN COMPUTING SYSTEMS 1075, 1080 (2015)

<sup>49</sup>Juliet Schor, *Debating the Sharing Economy*, GREAT TRANSITION INITIATIVE 7 (Oct. 2014), [http://www.greattransition.org/images/GTI-publications/SchorDebating\\_theSharingEconomy.pdf](http://www.greattransition.org/images/GTI-publications/SchorDebating_theSharingEconomy.pdf) [<http://perma.cc/KPU5-SQ3U>] (using the term "stranger sharing" to describe sharing economy transactions "among people who do not know each other and who do not have friends or connections in common")

<sup>50</sup>Gyourko & Molloy, *supra* note 135; Edward L. Glaeser, Joseph Gyourko & Raven Saks, *Why is Manhattan so Expensive? Regulation and the Rise in Housing Prices*, 48 J.L. & ECON. 331, 333 (2005) Zoning laws have many more variations than size and number of units per lot.

<sup>51</sup>Allison Shertzer, Tate Twinam & Randall P. Walsh, *Zoning and Segregation in Urban Economic History*, 94 REGIONAL SCI. & URB. ECON. 1, 1 (2022)

<sup>52</sup>Christopher Serkin, *Capitalization and Exclusionary Zoning*, in MEASURING THE EFFECTIVENESS OF REAL ESTATE REGULATION 15 (Ronit Levine-Schnur, ed., 2020).

<sup>53</sup>Zhihua Zhang, Rachel J.C. Chen, Lee D. Han & Lu Yang, *Key Factors Affecting the Price of Airbnb Listings: A Geographically Weighted Approach*, 9 SUSTAINABILITY 1635, 1636 (2017); Nicole Gurran & Peter Phibbs, *When Tourists Move In: How Should Urban Planners Respond to Airbnb?*, 83 J. AM. PLAN. ASSN 80, 80-92 (2017); Gabor Dudas, Gyargy Vida, Tamis Kovalcsik & Lajos Boros, *ocio-Economic Analysis of Airbnb in New York City*, 7 REGIONAL STATISTICS 135, 135-151 (2017).

<sup>54</sup>Guido Smorto, *Protecting the Weaker Parties in the Platform Economy*, in THE CAMBRIDGE HANDBOOK OF THE LAW OF THE SHARING ECONOMY 431, 431-32 (Nestor M. Davidson, Michele Finck & John J. Infranca, 2018); Eric Biber, Sarah E. Light, J.B. Ruhl & James Salzman, *Regulating Business Innovation as Policy Disruption: From the Model T to Airbnb*, 70 VAND. L. REV. 1561, 1561-62 (2017); Michele Finck & Sofia Ranchordas, *Sharing and the City*, 49 VAND. J. TRANSNAT'L L. 1299, 1299-1300 (2016); Sofia Ranchordas, *Innovation Experimentalism in the Age of the Sharing Economy*, 19 LEWIS & CLARK L. REV. 871, 871 (2015); Sofia Ranchordas, *Does Sharing Mean Caring: Regulating Innovation in the Sharing Economy*, 16 MINN. J.L. SCI. & TECH. 413, 413-14 (2015).

The empirical research on the effect of short-term rentals (STRs) on local housing markets is also growing.<sup>55</sup> Several research has been conducted across America to determine the impact of short term rental services that Airbnb renders. For Instance, studies on New York City found a huge impact on long-term renters: the net impact of Airbnb aggregated across all renters is a loss of \$2.4 billion, where the losses from the rent channel at \$2.7 billion dominate the gains from the host channel at \$0.3 billion. Significant effect was also found on housing prices, a 1% increase in Airbnb listings is associated with increases of 0.06% to 0.011 % in house values.<sup>56</sup>

Another research carried out in France about the impact of short rental showed that in Paris, for example, the researchers found that a 1% increase in Airbnb listings leads to a 0.5242% increase in rents, whereas for professional Airbnb rentals only, the effect is 1.2372% and 1.7083% for new lessees. In that study, the effect increases with higher owner-occupancy-rates and decreases with the density of hotels.<sup>57</sup>

Some of the limitation of Airbnb on housing market especially short rental include the fact they usually lack or have minimal controls on the demand side. The interaction between the housing and the rental markets are usually not studied, the geographical scale in which the studies are undertaken mostly at the zip code or neighbourhood level-might not be sufficient to identify the effect of Airbnb activity over other factors, and they do not usually clearly distinguish between "professional" and "non-commercial" listings.<sup>58</sup>

Another impact that short term rental has on the housing market is gentrification. It has been claimed that the rise of Airbnb is accelerating gentrification in tourism cities.<sup>59</sup> Gentrification refers to "the process of neighbourhood change in which capital investment in the housing market results in the displacement of existing populations and the arrival of newcomers with higher socio-economic status."<sup>60</sup> Proliferation of short-term rentals "can foster tourism gentrification as a process of land-use change from residential to commercial uses in which transient visitors replace long-term residents."<sup>61</sup> The potential impacts of Airbnb in terms of gentrification and displacement "go well beyond the impacts that previous forms of touristic housing have had."<sup>62</sup> Though, the research associating Airbnb with gentrification is still in its infancy, but in recent years there has been growing evidence from cities around the world of displacement and gentrification. One study showed evidence of gentrification in the poorer neighbourhoods of Los Angeles.<sup>63</sup> It has been shown through the study that the working-class Black community is a major victim of gentrification in the city,<sup>64</sup> as it has been concluded that gentrification processes may particularly affect racial-minority populations.

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<sup>55</sup> John Infranca, *The Sharing Economy and the Allocation of Urban Space* 3-4 (Suffolk Univ. L. Sch., Research Paper No. 19-10, 2019)

<sup>56</sup> *Ibid*

<sup>57</sup> Kassoum Ayouba, Marie-Laure Breuille, Camille Grivault & Julie Le Gallo, *Does Airbnb Disrupt the Private Rental Market? An Empirical Analysis for French Cities*, 43 *INT'L REGIONAL SCI. REV.* 76, 88-89 (2019).

Kyle Barron, Edward Kung & Davide Proserpio, *When Airbnb Listings in a City Increase, So Do Rent Prices*,

<sup>58</sup> *HARV. BUS. REV.* (Apr. 17, 2019), <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices> [<https://perma.cc/M6DK-42X7>].

<sup>59</sup> Albert Arias-Sans, Alan Quaglieri-Dominguez & Antonio Paolo Russo, *Home-sharing a Transnational Moorings*, 26 *CITY* 160, 163-64 (2022).

<sup>60</sup> Agustín Cocola-Gant & Antonio Lopez-Gay, *Transnational Gentrification, Tourism and the Formation of Foreign Only' Enclaves in Barcelona*, 57 *URB. STUD.* 3025, 3028 (2020)

<sup>61</sup> Agustín Cocola-Gant & Ana Gago, *Airbnb, Buy-to-let Investment and Tourism-driven Displacement :A Case Study in Lisbon*, 53 *ENV'T & PLAN. A: ECON. & SPACE* 1671, 1676 (2021).

<sup>62</sup> Ismael Yrigoy, *Rent Gap Reloaded: Airbnb and the Shift from Residential to Touristic Rental Housing in the Palma Old Quarter in Mallorca, Spain*, 56 *URB. STUD.* 2709, 2711-12 (2019)

<sup>63</sup> Dayne Lee, *How Airbnb Short-Term Rentals Exacerbate Los Angeles' Affordable Housing Crisis: Analysis and Policy Recommendations*, 10 *HARV. L. & POLY REV.* 229, 229 (2016).

<sup>64</sup> Dustin Robertson, Christopher Oliver & Eric Nost, *Short-term Rentals as Digitally-Mediate Tourism Gentrification: Impacts on Housing in New Orleans*, 24 *TOURISM GEOGRAPHIES* 954, 95 (2020).

The final effect of short terms rentals on housing market is the identity of host and discrimination against host, it is not new that in many cases, the primary earners of the Airbnb platform come from a privileged class and less from disadvantaged groups.<sup>65</sup> It may not be able to reduce class gaps-over the years, Airbnb's hosting has also become less and less authentic and collaborative.<sup>66</sup> Many of the landlords on Airbnb platform and privilege individual and corporate investors, and as such just an ordinary man cannot invest on the platform.

On the other hand, in recent years, there have been harsh allegations of racial discrimination against guests,<sup>67</sup> which to some extent weakens the argument of consumer welfare. A study found discrimination occurs among landlords of all sizes, including small landlords sharing the property and larger landlords with multiple properties. Applications from guests with distinctively African American names are 16% less likely to be accepted relative to identical guests with distinctively White names.<sup>68</sup>

## **5.0 FINANCIAL MARKET AS AN ASPECT OF SHARING ECONOMY PROPERTY**

One of the properties we can borrow in the finance market is money, hence financial market connects the borrowers with the lenders. Financial markets also allow efficient risk sharing among investors. Diversifiable risk can be eliminated by holding assets the returns of which are not perfectly correlated.<sup>69</sup> Financial technology (FINTECH) has been major breakthrough of financial market. In recent times, financial technology ("fintech") innovations have transformed a variety of financial activities and reshaped the structure of the financial market, the key features that differentiate today's fintech from early applications of technology to finance include (i) massive processes of digitization and digitalization (for example, financial firms are closing branches at a rapidly growing pace and moving to communicate with their clients through online channels); (ii) increasing use of algorithms with decision-making capacity to displace humans in the provision of financial services (for example, robo-advisors); (iii) increasing use of data, including new data types, to deliver financial services (for example, credit scoring); and (iv) disintermediation-that is, the creation of new business models that allow startups to provide financial services directly to consumers without the involvement of traditional middlemen (for example, marketplace lending).<sup>70</sup> One of the most important fintech innovation vehicles are the marketplace lending platforms. Marketplace lending platforms, such as Prosper and Lending Club, match lenders with borrowers without the involvement of traditional credit intermediaries.<sup>71</sup>

In 2005, the first P2P lending platform, Zopa, emerged in the UK.<sup>72</sup> The largest and most well-known platforms in the US are Lending Club-the world's largest platform, which controls almost half of the market in the US and Prosper.<sup>73</sup> In the UK, P2P platform market volume reached £6.2 billion in 2017, accounting for an annual growth rate of 35.2% since 2011.

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<sup>65</sup>David Wang, Stephen Xi & John Gilheany, *The Model Minority? Not on Airbnb.com: A Hedonic Pricing Model to Quantify Racial Bias against Asian Americans*, TECH SCI., Sept. 1, 2015, at 15; Benjamin G. Edelman & Michael Luca, *Digital Discrimination: The Case of Airbnb.com* (Harv. Bus. Sch., Working Paper No. 14-054, 2014).

<sup>66</sup>Ibid

<sup>67</sup>Ibid

<sup>68</sup>Benjamin Edelman, Michael Luca & Dan Svirsky, *Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment*, 9 AM. ECON. J.: APPLIED ECON. 1, 1 (2017); see also Allyson E. Gold, *Community Consequences of Airbnb*, 94 WASH. L. REV. 1577, 1598 (2019)

<sup>69</sup>William F. Sharpe, *Capital Asset Prices: A Theory of Market Equilibrium Under Conditions of Risk*, 19 J. FIN. 425, 441 (1964); John Lintner, *The Valuation of Risk Assets and the Selection of Risky Investments in Stock Portfolios and Capital Budgets*, 47 REV. ECON. & STAT. 13, 23 (1965)

<sup>70</sup>Moran Ofir & Ido Sadeh, *The Rise of FinTech: Promises, Perils, and Challenges*, in LEADING LEGA DISRUPTION 1 (D'Agostino Giuseppina, Piovesan Carole, and Gaon Aviv eds., 2021)

<sup>71</sup>Ronit Levine-Schnur & Moran Ofir, *'Who Shares the Sharing Economy?'* (2023) 32 S Cal Interdisc LJ 593

<sup>72</sup>David Bholat & Ulrich Atz, *Peer-to-Peer Lending and Financial Innovation in the United Kingdom* (Bank of Eng., Working Paper No. 598, 2016), <https://papers.ssm.com/abstract=2772585> [<https://perma.cc/7Y5W-89Z4>]

<sup>73</sup>Shahar Ayal, Daphna Bar-Haim & Moran Ofir, *Behavioral Biases in Peer-to-Peer (P2P) Lending*, BEHAVIORAL FINANCE: THE COMING OF AGE 367 (Itzhak Venezia, ed., 2019).

Regionally, that is, combining the UK and Europe- the average growth rate between 2013-2018 was 69%. Although, the UK has since remained in the leading position, the rest of Europe is catching up.<sup>74</sup> The major features of FINTECH P2P platforms allows capital loans outside the traditional banking world, directly from person to person only with the mediation of platforms, creates convenient opportunities for individuals to gain a better return on their money, and more importantly, from the borrowers' perspective whether small businesses or individuals-the platforms provide an opportunity for loans at more convenient costs and with greater access, especially to those who have limited access to loans through banks.<sup>75</sup>

Some of the benefits that are associated with P2P platforms include an increase in financial inclusion and accessibility among rural communities. The lack of financial institutions, people moving from the village to the city, and small and medium enterprises ("SMEs"),<sup>76</sup> and P2P lending platforms were originally designed to act as online marketplaces that only matched lenders with borrowers but evolved over time into new intermediary roles, "performing essentially all tasks related to loan evaluation."<sup>77</sup>

In rounding off this part, it must be noted that peer-to peer economy where FINTECH operates is associated with some challenges which has undermined its operation, these challenges include, involvement of professional investors and algo trading; re-intermediation; stereotypes and discrimination; and familiarity bias.<sup>78</sup> Time and space will not allow us to expatiate and discuss in elaborate manners all the above-mentioned challenges.

## 6.0 CONCLUSION & RECOMMENDATION

This paper has examined diverse perspectives towards an adoption and promotion of sharing property economy which basically includes, labour market, housing market and financial market. Our focus in this paper has been housing and financial market this is because both aspects covers an online property transaction. Money can be borrowed and shared as well underutilized property can be shared and an individual can give access to the excess place in his building. Our conclusion is that though the sharing property economy is a welcome development and innovation, there is still need for regulation especially the Airbnb must find a way of doing background investigation of their customers, to know who they are before actually peering them with anybody in short rental terms.

In a country like Nigeria where there is surge in crime rates, one cannot allow a total stranger to come and share his or her property. Though the Short Rental Terms seems to eradicate racial discrimination occasioned by zoning, nevertheless there is still need for adequate regulation.

<sup>74</sup>Ibid

<sup>75</sup>Shabeen A. Basha, Mohammed M. Elgammal & Bana M. Abuzayed, Online Peer-to-Peer Lending: A Review of the Literature, 48 ELEC. COM. RSCH. & APPLICATIONS 1, 2 (2021); Moran Ofir and Ido Sadeh, Revolution in Progress: Regulating P2P Lending Platforms, 16 N.Y.U. J.L. & BUS. 683, 685 (2019).

<sup>76</sup>Jinyu Liu & Hualin Wan, Is P2P a Game Changer for "Out-of-Towners"? (Feb. 14, 2022), <https://papers.ssm.coni/abstract=4034147> [<https://perma.cc/4H2H-WY4>], Pankaj Kumar Maskara, Emre Kuvvet & Gengxuan Chen, The Role of P2P Platforms in Enhancing Financial Inclusion in the United States: An Analysis of Peer-to-Peer Lending across the Rural-Urban Divide, 50 FIN. MGMT. 747, 747 (2021), Kaleemullah Abbasi, Ashratul Alam, Noor Ahmed Brohi, Imtiaz Ali Brohi & Shahzad Nasim, P2P Lending Fintechs and SMEs' Access to Finance, 204 ECON. LETTERS 1, 1 (2021)

<sup>77</sup>Tetyana Balyuk & Sergei Davydenko, Reintermediation in FinTech: Evidence from Online Lending 14 (Aug.8, 2019) (unpublished manuscript) [https://papers.ssm.com/sol3/papers.cfm?abstract\\_id=3189236](https://papers.ssm.com/sol3/papers.cfm?abstract_id=3189236) [<https://perma.cc/NR8G-V5GT>]; Benjamin Kafer, Peer to Peer Lending: A (Financial Stability) Risk Perspective, 25 (Philipps-University Marburg, School of Business and Economics, Joint Discussion Paper Series in Economics, No. 22-2016, 2016), <https://www.econstor.eu/bitstream/10419/144687/i/858781697.pdf> [<https://perma.cc/X9S2-CTSH>]

<sup>78</sup>Ronit Levine-Schnur & Moran Ofir, "Who Shares the Sharing Economy?" (2023) 32 S Cal Interdisc LJ 593

It is then our recommendations:

- i. Airbnb should engage in thorough investigation of the customers that apply through their platform before any peering with another individual
- ii. Housing market must be regulated to avoid further surge in the price as Airbnb can also raise the price of housing
- iii. Peer 2-Peer gives rooms for direct connect with two individual, one that is in need and the other one that can meet the need, therefor corporate investors should be denied access into investing to the technological platform that offer the services.
- iv. The Online borrowing platform Zopa and lending club should be monitored properly to avoid overcharging or increase in interest rate since they are depending on algorithm or algo trading.