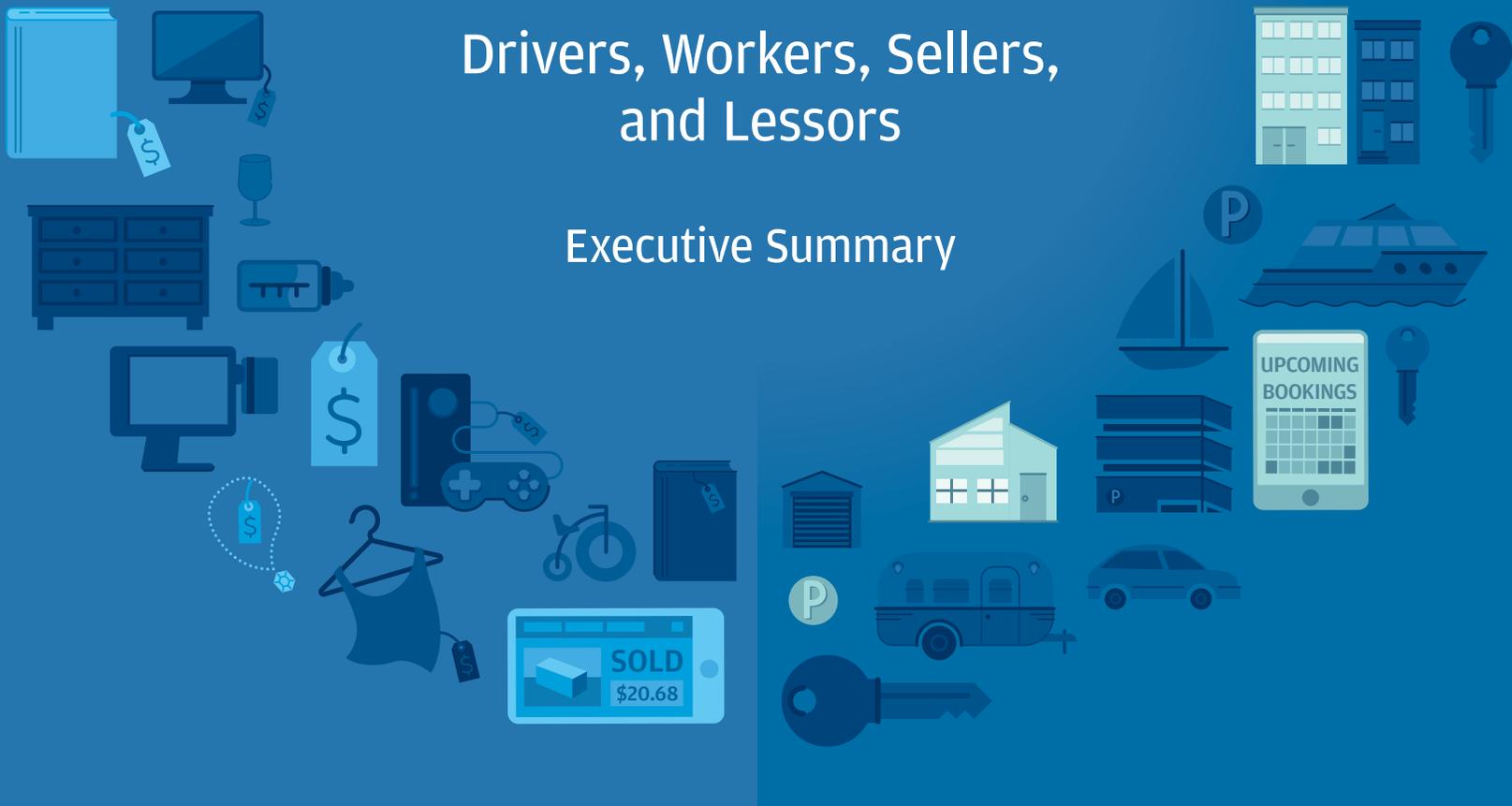




The Online Platform Economy in 2018



Drivers, Workers, Sellers, and Lessors

Executive Summary

About the Institute

The global economy has never been more complex, more interconnected, or faster moving. Yet economists, businesses, nonprofit leaders, and policymakers have lacked access to real-time data and the analytic tools to provide a comprehensive perspective. The results—made painfully clear by the Global Financial Crisis and its aftermath—have been unrealized potential, inequitable growth, and preventable market failures.

The JPMorgan Chase Institute is harnessing the scale and scope of one of the world's leading firms to explain the global economy as it truly exists. Its mission is to help decision-makers—policymakers, businesses, and nonprofit leaders—appreciate the scale, granularity, diversity, and interconnectedness of the global economic system and use better facts, timely data, and thoughtful analysis to make smarter decisions to advance global prosperity. Drawing on JPMorgan Chase's unique proprietary data, expertise, and market access, the Institute develops analyses and insights on the inner workings of the global economy, frames critical problems, and convenes stakeholders and leading thinkers.

The JPMorgan Chase Institute is a global think tank dedicated to delivering data-rich analyses and expert insights for the public good.

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Executive Summary

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Technological innovation is transforming economic exchange. Just a decade ago, the Online Platform Economy comprised a handful of marketplaces connecting independent sellers to buyers of physical goods. Today, many consumers use software platforms to procure almost any kind of good or service from independent suppliers as a routine part of daily life. Have these innovations created new viable options for making a living?

For this study, we extend the JPMorgan Chase Institute Online Platform Economy dataset in order to track supply-side participation and earnings. We identify 38 million payments directed through 128 different online platforms to 2.3 million distinct Chase checking accounts, out of a de-identified sample of 39 million, between October 2012 and March 2018. Our description distinguishes four sectors of the Online Platform Economy:

1. The **transportation** sector, in which **drivers** transport people or goods
2. The **non-transport work** sector, in which **workers** offer a growing variety of services including dog walking, home repair, telemedicine, and many others
3. The **selling** sector, in which independent **sellers** of goods find buyers through online marketplaces
4. The **leasing** sector, in which **lessors** find lessees to rent homes, parking spaces, and many other types of assets.

Data

The JPMorgan Chase Institute Online Platform Economy dataset

Out of a sample of **39 million Chase checking accounts**, we tracked payments directed through **128 online platforms** to 2.3 million families participating in the Online Platform Economy **between October 2012 and March 2018**.

The 128 platforms met the following criteria:

- 1 Connect independent suppliers to customers
- 2 Mediate the flow of payment from customer to supplier
- 3 Empower participants to enter and leave the market whenever they want

We defined four distinct sectors in the Online Platform Economy:

Labor Platforms



Capital Platforms

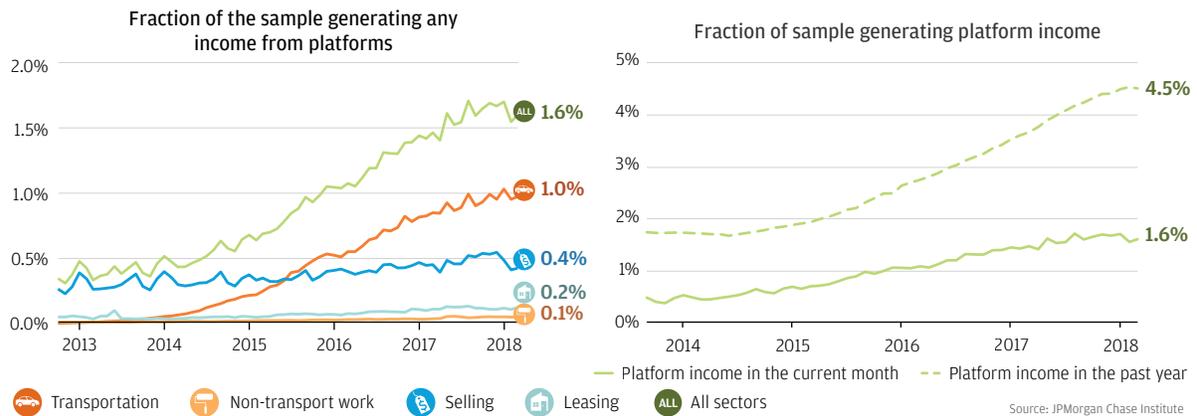


Source: JPMorgan Chase Institute

Finding One

The Online Platform Economy has continued to grow. Between 2013 and 2018, transportation platforms have grown to dominate in terms of both the number of participants and total transaction volume.

The fraction of our sample earning platform income increased from 0.3 percent in the first quarter of 2013 to 1.6 percent in the first quarter of 2018. As of March 2018, 4.5 percent of families had participated in the Online Platform Economy at some point over the prior year. Between 2013 and 2018, transportation platforms have grown to dominate in terms of both the number of participants and total transaction volume. By March 2018, transportation platforms accounted for as many participants and as many dollars as the other three sectors combined.

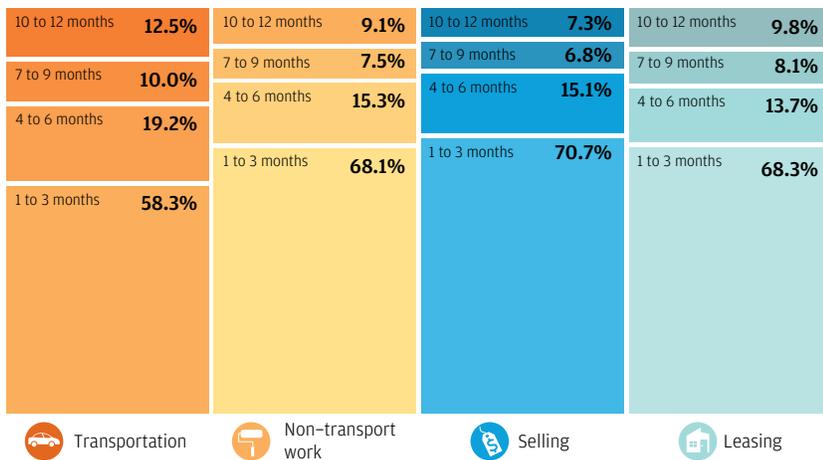


Finding Two

Most participants in the Online Platform Economy are active in just a few months out of the year.

Among those who generated earnings through transportation platforms at any point in a year, 58 percent had earnings in just three or fewer months of that year. In the other sectors, engagement was even more sporadic, with less than 20 percent of participants generating earnings in more than half the year.

Fraction of participants, by number of months with positive earnings in the year ending July 2017

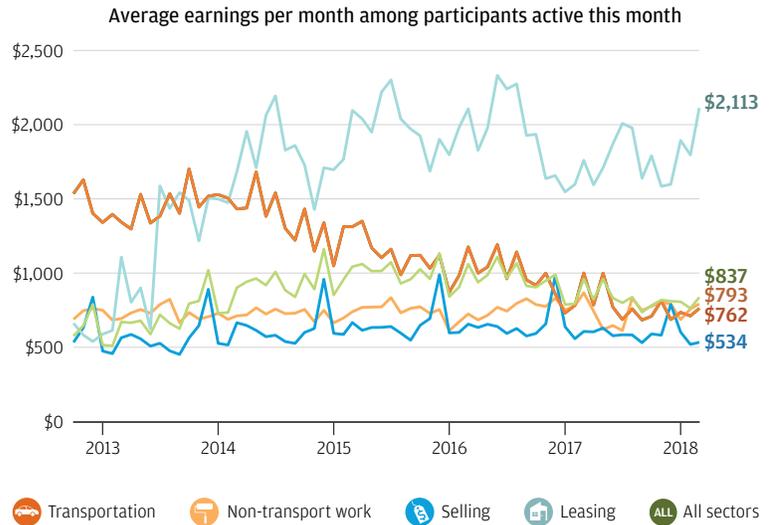


Finding Three

The growth in the supply of drivers has come alongside a 53 percent decline in average transportation earnings.

Between 2013 and 2017, earnings fell by 53 percent in the transportation sector and grew by 69 percent in the leasing sector. Earnings in the non-transport work and selling sectors were volatile but showed no strong trends.

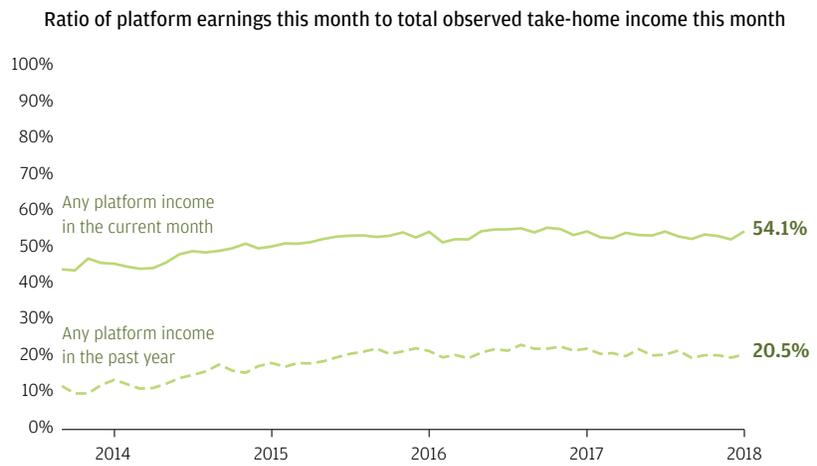
Percent change in earnings between 2013 and 2017	
	-53%
	+1.9%
	+9.4%
	+69%



Finding Four

Platform earnings represent a major source of income for families in the months they participate but only 20 percent of income among those who participated at any point in the prior year.

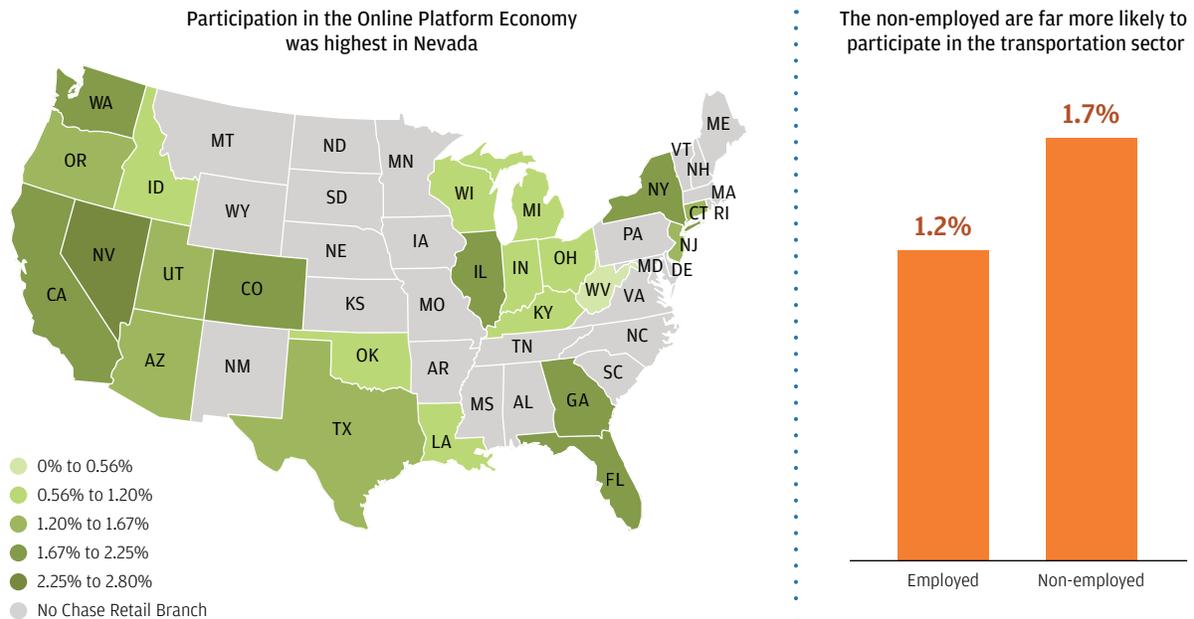
In January 2018, platform earnings represented 54 percent of total observed take-home income among active participants. However, platforms are not replacing traditional sources of family income. Among those who have participated in the Online Platform Economy at any point in a year, average platform earnings represent roughly 20 percent of total observed take-home income in any month of that year.



Finding Five

Participation rates in the Online Platform Economy varied significantly across the nation.

Among 23 states and 26 cities, Nevada and San Francisco had the highest participation rates, with roughly 2.8 percent of families generating platform earnings in March 2018. The nonemployed and men were more likely than the employed and women to participate on transportation platforms. The young were more likely to participate in all sectors.



Source: JPMorgan Chase Institute

Conclusion

The Online Platform Economy is growing. As it grows, its sectors are diverging in important ways, raising the question as to whether they require tailored policy approaches. While freelance driving has been the engine of growth for the Online Platform Economy, it is not a full time job for most participants. In fact, alongside the rapid growth in the number of drivers has come a steady decline in average monthly earnings. Non-transportation work platforms continue to innovate on the types of contracts between independent suppliers and their customers. In selling and leasing sectors, high platform earnings are concentrated among a few participants. More broadly, we do not find evidence that the Online Platform Economy is replacing traditional sources of income for most families. Taken together, our findings indicate that regardless of whether or not platform work could in principle represent the “future of work,” most participants are not putting it to the type of use that would usher in that future.

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