Deloitte discusses the gig-economy with LSST students

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Deloitte, a global professional services provider, has over 263,000 experts in more than 150 countries. It combines world-class consulting and implementation strengths in strategy, operations, people and technology.
Nigel Walsh, a Partner in the Financial Services Technology practice at Deloitte, speaks with LSST students at our London, Luton and Birmingham campuses about his latest work focusing on the 'sharing age' and how the collaborative economy is reshaping insurance products. Nigel highlights that the sharing economy has grown exponentially, fundamentally changing the business landscape.
LSST student interviewers: Renata Carvalho, SU President; Angel Terjek, Y2 Business Foundation, Rohan Kiffin, Y1 Business Foundation (LSST London); Cornelia Breejen Y2 Computing, Ciprian Poinaru, Y2 Computing (LSST Luton); Aleha Begum, Y2 Business and Mohammed Rafiq, Y2 Business (LSST Birmingham).

1. How did the need for this report arise?

The Corporation of Lloyd's (the body that oversees the Lloyd's insurance market) commissioned Deloitte to conduct this study as a result of our experience in this space, our global insurance domain experience and our industry leading industry research team. Our hypothesis was also this is a huge area of opportunity for the Insurance market globally and Lloyds specifically.

2. Is the gig economy a cover up to get rid of Unions and therefore worker rights?

We define the sharing economy as a collection of online marketplaces where consumers, rather than corporates, share access to their assets, possessions and skills in order to earn a profit. There are many definitions of the sharing economy, including the gig economy. Each definition has a slightly different emphasis.

An interesting and surprising question from a student group. It’s not even an angle we had considered or were asked to look at, it almost thinks of the glass half empty as opposed to half full or even refillable – not taking into account the flexibility and freedom it offers the millions of folks that chose (and need) to work in this way. In our experience there are two sides to every story. Our sharing economy story is focused on the positive benefits of flexible working and connecting these resources to consumers, but then importantly the opportunity for insurance and how we ensure that both the consumer (user) and provider have the necessary protection when they do so.

Equally, you could ascertain that the advent of Shared Autonomous vehicles will reduce fatal accidents, and as a net result reduce the number of organs available for transplant. The gig economy is, in our view, economically not politically motivated. It may of course have related intended or unintended consequences. Please see the current press (in the UK and internationally) for the latest legal developments on workers’ rights in the sharing economy, which is subject to change under a number of live court cases.

3. Has the gig economy been designed for tax breaks, but sold to worker as an empowering way to control their time and income?

See our definition above. The gig economy has emerged into a new category to help people work they want to when they want and vice versa for corporates to leverage skills, assets and time in the most effective way.

While we use the sharing economy as an overarching term, one thing we learned in this study is just how diverse the sharing economy is. Each sector in the sharing economy has somewhat unique tax issues and these are being discussed now with the relevant bodies to support tax, in the same way the emergence of digital currencies are also being challenged.

4. Many LSST students run their own businesses and rely on independent contractors – would you agree that this has strong benefits for the employer and employee?

Yes. The use of contractors is key for small businesses – it can give them flexibility in supply and can offer flexibility in the professional arrangement that can benefit both

parties, for example in billing, cost-structures, hours worked and break clauses.
Ideally the use of independent contractors should be symbiotic between both sides.
Interestingly, this flexible approach is increasingly being adopted by larger organisations – they've seen the benefits of this less-rigid approach to business relationships in smaller firms and, crucially, are also being asked for it by their clients. Deloitte, for example, has a strong and vibrant associate pool that allows us to flex up and down as we see necessary to meet our clients' demands.

5. How did you select your sample size? For example – US, China, Germany, France, the UK and the UAE are involved but not Africa and Asia?

We first agreed target insurance markets with Lloyds, our client here, and then updated based on the time and resources available as the exercise was time boxed. We also took into account other factors such as maturity of market, access to people, ability to survey, our team in each of the areas and of course ultimately where we believe the opportunity for insurers.
Perhaps if we run a report next year, one year on – we can and will include other areas as the market has expanded.

6. Does your report find relations between the sharing economy and depression?

We did not look into the psychological impact of the sharing economy. The flip side, would be we equally didn't ask about how happier folks are as a result of new flexibility and not being locked into a single job with little variety.

7. Ultimately who benefits most out of this financial structure?

I see this as a huge win-win. Of course you can find negatives, but the number of positives for me far outweigh anything else. Think of the folks that have a car that they don't use 90% of the time that they can share and the folks who share their driveway near a railway station or office block.
The sharing economy (back to our definition) gives people the ability to unlock their assets, possessions and skills. Take the company Task Rabbit as an example, recently acquired by IKEA, it helps to orchestrate the right outcome for customers who want to buy furniture but can't assemble themselves and need help.
These new platforms enable folks to unlock this – you could even argue platforms equally allow you to find free/not for profit opportunities to help donate time and resources – examples include volunteer.org or foodbanks.

For more information on the report please visit:

https://www.lloyds.com/news-and-risk-insight/risk-reports/library/technology/squaring-risk-in-the-sharing-age https://www2.deloitte.com/uk/en/pages/financial-services/articles/squaring-risk-in-the-sharing-age.html

LSST students, join the debate and comment below: What are your views on the gig economy and Deloitte’s Squaring the Risks report?

Please email the author of this article kunal.mehta@lsst.ac for any questions or comments on this article and to find out more on participating with similar events and interviews.