Mastercard Gig Economy Industry Outlook and Needs Assessment

by Mastercard and Kaiser Associates

May 2019

The Global Gig Economy: Capitalizing on a ~$500B Opportunity

EXECUTIVE SUMMARY

A new study confirms the rapid development of the global Gig Economy, projecting double-digit annual growth for the industry over the next five years. As new and existing digital platforms compete to own a portion of this success, they encounter a common series of obstacles in pursuing initiatives of global and domestic expansion.

$204B

The digital Gig Economy generated ~$204 billion in Gross Volume from customers in 2018

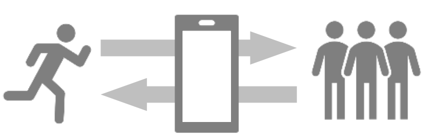
$455B

Projected value of volume generated by the Gig Economy from customers in 2023

- The global Gig Economy currently generates $204B in Gross Volume, with Transportation-Based Services (e.g., ride-sharing) comprising 58% of this value
- The size of Gig Economy transactions is projected to grow by a 17% CAGR with a Gross Volume of ~$455B by 2023, due to factors such as evolving societal attitudes around P2P sharing and increasing digitization rates in developing countries
- In recognizing the business opportunity Gig Economy provides, leading platforms, as well as newer entrants, are competitively engaged in a race to be the first to capture currently underpenetrated markets
- As Gig platforms strive to achieve their growth potential through aggressive expansion efforts, they continue to face challenges in developing sustainable operations, such as increasing freelancer retention rates
- Platforms can look to partner with 3rd party innovators to develop solutions to resolve these pain points, such as offering services to promote freelancer loyalty

The following research from Mastercard discusses how Gig platforms can overcome common barriers to growth, and how third party providers can be leveraged to enable platforms to create a differentiated position in a competitive market.

The "Gig Economy" can be characterized by digital platforms facilitating services between freelancers and customers.



Gig Economy in this study refers to digital platforms that allow freelancers to connect with individuals or businesses for short-term services or asset-sharing

While the idea of pooled resources is by no means a novel concept, the advent of digital networks as a means for freelancers to connect with customers is a rapidly evolving and yet somewhat ill-defined movement. The definition of the "Gig Economy," often used synonymously with or in relation to the "Sharing Economy" or "Freelance Economy," varies by academic and business publications alike. Yet while research entities have not quite aligned on a collective definition of this industry, the positive growth of digital freelancer services is a universally understood phenomenon.

For the purposes of this study, the "Gig Economy" under evaluation refers to digital platforms that allow independent freelancers to connect with individuals or businesses for short-term services or asset-sharing.[1] The key component underpinning this understanding is the freelancer's – the individual offering goods or services for a price – involvement on digital or online platforms. For example, an individual selling crafts on Etsy would be counted in this understanding of the Gig Economy; however, if that individual were to sell the same crafts exclusively at in-person markets, he or she would be excluded.

With this definition in mind, Mastercard, alongside Kaiser Associates, determined the size of this Gig Economy to be ~$204 billion USD in annual Gross Volume (GV) in 2018, a figure that summarizes the total value of transactions by customers for Gig services.[2] Of this ~$204B, about two-thirds is disbursed to the millions of freelancers involved in the Gig Economy; the other portion of which is either collected as commission by the digital platform or distributed to third parties in the Gig ecosystem (e.g., restaurant partners in food delivery services).

Because a majority of Gross Volume comes from platforms that are relatively new to market, the outlook for continued industry expansion is positive. Gig platforms are projected to continue extending their operations regionally and offer a greater diversity of services to customers, thus enabling the industry to expand and mature.

Gig Economy Growth Drivers

This study projects the Gig Economy to grow in GV to approximately $455B by YE2023,[3] – a figure doubling the current Gross Volume generated in 2018 and representing a 17.4% CAGR from YE18-23.

The Gross Volume of the global Gig Economy is expected to grow by a

17.4%

CAGR

from today through the end of 2023

With a projected GV growth of ~123% over five years, there exists a number of societal, economic and technological trends that are driving Gig Economy expansion today and will continue to spur industry development in the future.

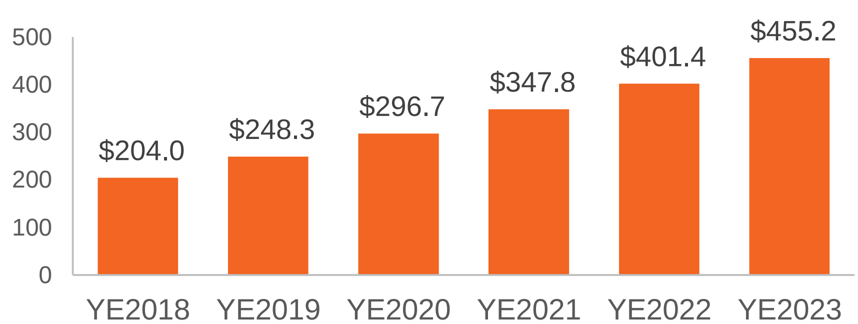
The increasing supply of Gig Economy freelancers offering their services to Gig platforms is motivated by the following factors:

- **Evolving social attitudes about P2P sharing** of personal items are now more accepting and even encouraging of sharing underutilized assets for profit
- **Increasing digitization rates** through rapid smartphone adoption and increasing internet access in underserved regions is expanding the number of eligible Gig freelancers
- **A cultural shift toward embracing a "flexible" work-life environment** is altering the working population's expectations of a typical 9-to-5 work day
- **The rising costs of living** paired with a **shrinking middle class** is compelling the employed lower-to-middle class to seek additional part-time income through Gig work

FIGURE 1

Projected Gross Volume of the Gig Economy *(Billions USD)*

The Gig Economy is projected to grow to $455B by year-end 2023 in Gross Volume transactions.



mastercard

On the demand side, consumers and businesses demonstrate an accelerated uptake in requesting Gig services, in part driven by the following elements:

- With the **boom of "on-demand" services**, millennials have become accustomed to fulfilling their needs instantaneously through a variety of platforms, an expectation new Gig entrants are required to meet to remain competitive
- **Significant levels of VC funding** – especially in industries such as ride-sharing – have enabled even earlier-stage platforms to launch direct-to-consumer marketing campaigns to rapidly attract consumers
- In the face of rising overhead costs to corporations and SMBs alike, **businesses are outsourcing short-term tasks and/or non-central functions** to contracted Gig workers instead of full-time employees (FTEs)

These external factors aid in accelerating the adoption of Gig services from both the freelancers and consumers, leading to a projected 80% increase in the number of active workers participating in the Gig Economy from YE18-YE23.

44%

of global Gig Gross Volume today comes from customers in the U.S.

Contributions to Gig Economy GV are disproportionate by industry sector and region, a disparity of which is anticipated to continue over the next several years

Regional Distinctions

In its simplest form, the regional distinctions within the global Gig Economy can be roughly summarized as a dichotomy between developed and developing markets. Higher rates of digitization, disposable income, and even marketing penetration have made developed markets such as the U.S. or EU5 an ideal environment for new Gig platforms to gain early adopters. As such, of the select country markets examined in this study,[4] some of the top countries by Gig Gross Volume are the U.S., Brazil, France, and the U.K.

The U.S.'s lead is particularly striking as its GV contribution comprises 44% of today's global Gig Economy. In part, this leadership is due to the U.S. serving as the place of origin for what are now leading global companies (e.g., Uber, Airbnb, Upwork, Etsy). These companies' services were typically first launched in the U.S. and are often utilized by U.S. consumers who generally pay a higher price compared to residents of developing nations.

Yet developing markets (e.g., India, Indonesia) represent a greater potential supply of freelancers in their expansive populations and existing economies of lower-skilled labor. Paired with increasing smart phone penetration and rising digital banking access, such emerging economies are projected to represent a greater portion of the global Gig Economy GV than they do today with their accelerating freelancer participation rates.

Sector-Level Distinctions

The ~$204B of GV this study ascribes to the Gig Economy can be broken down into four “sectors” that describe the type of services a freelancer provides.

FIGURE 2

Gig Economy sector definitions and examples

Gig Economy platforms can be segmented into one of four sectors based on the type of services they provide their customers

Sector	Description	Sub-Sectors Included	Example Platforms
Asset-Sharing Services	Digital platforms that facilitate short-term P2P rentals of one owner’s (or “freelancer”) property to another individual	Home-sharing, car-sharing, boat-sharing, parking space-sharing, P2P equipment sharing	HomeAway, airbnb, TURO
Transportation-Based Services	Digital platforms that require a freelance driver to complete the requested transport service	Ride-sharing, carpooling, restaurant delivery, and goods delivery	BlaBlaCar, Careem, DOORDASH, Uber
Professional Services	Digital platforms that connect freelancers directly with businesses to complete projects	Business work, microwork, design, tech/coding, writing/translation, administrative	Upwork, CATALANT, guru
Handmade Goods, Household & Miscellaneous Services (HGHM)	Digital platforms for freelancers to sell homemade crafts or offer on-demand services for household-related tasks	Home-services, babysitting, handmade crafts, tutoring, pet services, and misc. (DJ, events, etc.)	Care.com, Airtasker, Etsy

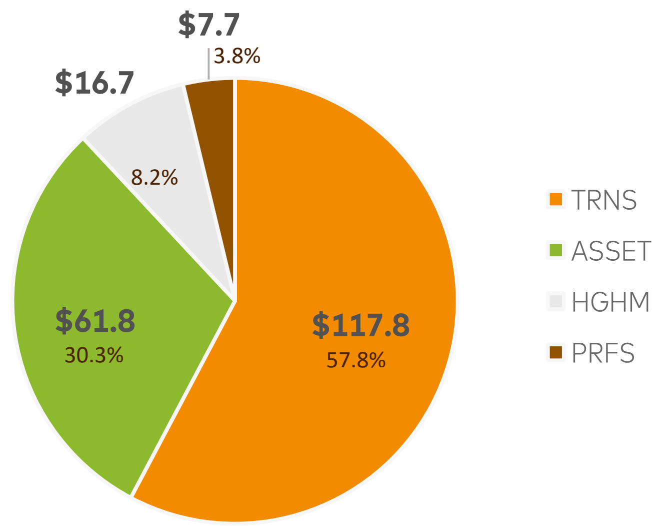
The sectors’ contribution to the overall size of the Gig Economy varies, with Transportation-Based Services boasting a significant lead in generating the greatest share of GV – 57.8%, or $117B. Comparatively, the Asset-Sharing sector – notably smaller than Transportation Services at $62B – is the second largest contributor, leading Professional Services and HGHM by a significant margin.

Differences in GV are based on numerous factors: the number of active freelancers participating on platforms, their utilization rates of the platform, the pricing parity of services in regions of a platform’s operations, degree of regulatory obstruction, consumer engagement rates, average ticket sizes, and other components. With this diversity of influences in mind, the factors that have the greatest impact on a sector’s Gross Volume are summarized next.

FIGURE 3

2018 Gig Economy Volume by Sector *(Billions USD)*

Gig Economy platforms can be segmented into one of four sectors based on the type of services they provide their customers



88%

of Gig Economy Gross Volume is generated from Transportation-Based Services or Asset-Sharing platforms

Transportation-Based Services: The lucrative performance of this sector compared to the others can be explained by the ubiquity of ride-sharing globally – from major platforms in North America such as Uber and Lyft to those in Asia Pacific such as Grab, Go-Jek and Ola. With ride-sharing now available in many urban environments across regions, consumers are able and willing to use such platforms as frequently as multiple times a day. Despite having a lower ticket size per customer, ride-sharing platforms offer the scale and frequency of services to produce large amounts of revenue. The popularity of ride-sharing around the globe has enabled Transportation Services to become the leading Gig sector, and it currently generates a Gross Volume ~15X the size of that of Professional Services.

Asset-Sharing Services: Though major Asset-Sharing platforms as a whole offer significantly fewer hosts than Transportation platforms do drivers, the Asset-Sharing sector generates 30.3% of Gig Economy GV due to its high ticket size per home rental, which is often hundreds to thousands of dollars per booking. Even on global platforms (e.g., Airbnb, TripAdvisor Rentals), a significant portion of home-sharing properties are located in Europe and North America. Because the cost of living is generally higher in these areas, hosts in popular tourist areas charge customers more expensive nightly fees, which contributes to a greater amount of revenue for the platform as well.

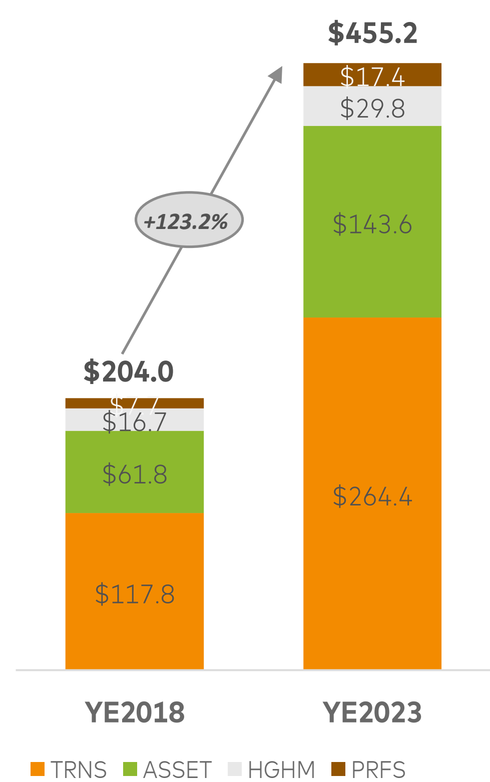
Handmade Goods, Household and Miscellaneous Services: HGHM, the most nascent and diverse of the Gig sectors, features many newer niche platforms that are still working toward brand awareness. Much of the on-demand services (e.g., TaskRabbit) within this sector are again currently concentrated in North America and Western Europe – precluding these platforms from reaching a global base of consumers and freelancers without dedicated operational expansion efforts. However, this industry does show significant potential for greater contributions, as the past few years especially have witnessed the entrance of a number of niche startups. These companies seek fill a specialized gap in the services markets – from areas such as on-demand message services to in-home tech support.

Professional Services: Lastly, this sector generates the smallest share of Gig GV at $7.7B. The transnational nature of the digital professional services industry is perhaps the greatest contributing factor to the lower GV; while many of the consumers of services are individuals or businesses in developed markets (e.g., U.S.), a significant portion of their contracted freelancers are based in developing nations (e.g., India, Indonesia, the Philippines). As such, the cost per "gig" such as online microwork, translations or data analysis is significantly lower, which is often the reason U.S. customers seek to outsource such services from the start. Additionally, with increasing internet access across developing nations, customers are often faced with an abundance of freelancer options who may undercut one another's prices.

FIGURE 4

Projected Gig Gross Volume by Sector *(Billions USD)*

Comparison of Gig Economy GV at the end of 2018 by sector to GV at the end of 2023.



Composition of the Gig Economy in the Future

By the end of 2023 when the global Gig Economy has reached $455B, the **ordinal composition** of the industry sectors is expected to remain constant. Transportation-Based Services are estimated still to the lead the Gig Economy by a significant margin, followed by Asset-Sharing Services, then HGHM, followed by Professional Services. The growth rates for Gross Volume, Disbursement, and freelancer participation are projected to be positive across all sectors, with GV CAGRs ranging from ~12-18% by sector.

Similar to today's composition, 58.1% of Global GV, or $264B, will come from Transportation-Based Services, in large part due to the continued expansion efforts into underpenetrated regions from top companies. In turn, these well-funded initiatives from global behemoths will spur reactive growth efforts from incumbent local players, contributing to a cycle of rapid acquisition campaigns until the market reaches saturation. Additionally, sub-sectors within Transportation, such as restaurant delivery services and goods delivery, will also contribute at an accelerated rate to the 17.5% industry CAGR. Major ride-sharing platforms especially are continuing to expand into these adjacent sub-sectors (e.g., Grab launched "GrabFood" in 2018), leveraging their existing infrastructure of a network of drivers to perform additional services that can bring in a new source of revenue.

However, despite Transportation's continued lead, the Asset sector is projected to have the highest growth rate of the four types of platforms that were analyzed – 133% GV increase in 5 years. This higher growth rate aligns with current sector trends of longer durations of guest stays, more premium priced listings, and increasing stays for business travel – in addition to greater participation rates of "hosts" listing their property on sharing platforms around the globe.

*"We have been **growing ride requests by double digits month-over-month** and our top concern is **to accelerate our penetration into [new countries]** to continue supporting this rider growth"* – TRNS PLATFORM

Though growth in the Gig Economy is anticipated to remain positive globally, the degree to which this growth may accelerate varies by region. The U.S.'s leadership is anticipated to remain constant; however, developing regions will demonstrate greater contribution to global GV. India is projected to grow its Gig GV by 115% by YE2023, and Brazil has a projected growth of 129% by that time. In contrast, France, being a more mature Gig market, is estimated to grow its GV only by 68% through 2023.

Despite regional differences, as Gig platforms worldwide strive to achieve their growth potential through aggressive expansion efforts, they continue to face common challenges in developing sustainable operations. As such, the latter portion of this research studies the Gig platforms' journey to identify what those challenges are and how they could be resolved so that platforms can unlock their full growth potential.

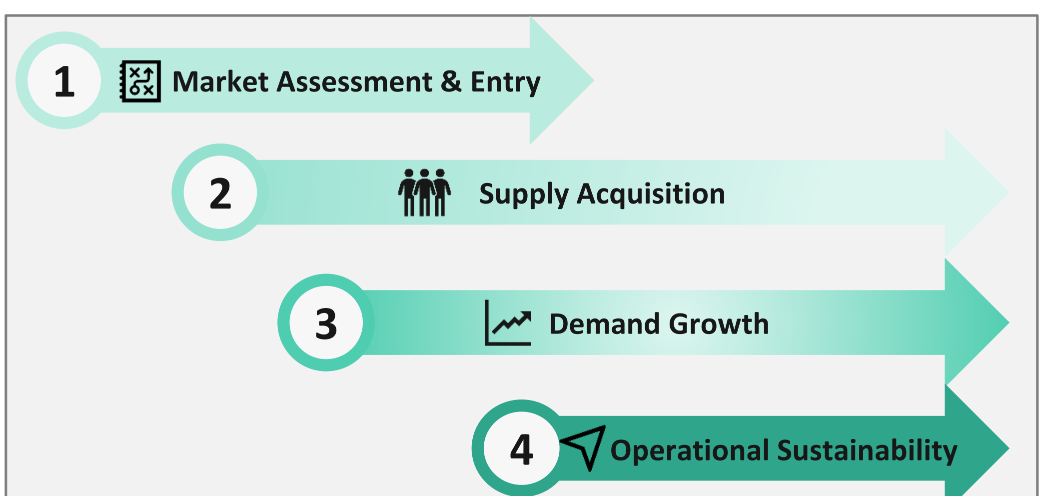
Gig platforms' journeys to expand into to new markets presents similar patterns of business needs across regions

In-depth conversations with representatives from key Gig companies indicate that the nature of platforms' journey to achieve their desired growth targets can be agnostic to qualities such as region or size. In expanding to new markets, platforms often share a set of strategic objectives they perceive as necessary to be successful in their growth endeavors – such as increasing freelancer

FIGURE 5

Gig Platform Journey in Entering a New Market

Overview of the steps a Gig Economy platform takes as it expands to launching its services in a new geography.



Market Assessment & Entry

STRATEGIC ACTIONS UNDERTAKEN BY PLATFORMS INCLUDE:

- **Size the market opportunity** in terms of consumer demand based on freelancer availability
- Assess how platform **fits in with local market dynamics,** current competitive landscape, population demographics, etc.
- Understand **local regulations** to gauge barriers for launch
- Develop plan to **receive customer pay-ins** as well as facilitate **Gig worker payouts**, given local market needs
- Estimate how particular **fixed costs may vary** drastically in international markets (e.g., insurance)

Supply Acquisition

STRATEGIC ACTIONS UNDERTAKEN BY PLATFORMS INCLUDE:

- **Identify target freelancer segments** (e.g., demographics) and tailor an attractive value proposition to this group
- Implement freelancer **acquisition marketing campaigns** *(though these initiatives often have limited funding)*
- **Differentiate company from competitors** to convert freelancers from peer platforms
- Efficiently **onboard freelancers** to the platform so they can appropriately complete services
- Enroll freelancers in **preferred disbmt. method** to ensure timely payout

engagement with the platform, achieving profitable operations, and providing a seamless UX for workers and customers.

More specifically, platforms that have monopolized their primary market are seeing their once rapid growth plateau, prompting them to seek alternative avenues for expansion. However, such platforms are also well aware of the accelerating participation in the Gig Economy by alternative players, creating competitive pressure for companies to rapidly scale and gain market share in potentially lucrative environments as quickly as possible.

At a high level, when a Gig platform looks to expand operations to a new market, the company's journey often resembles a similar form.

1) Market Assessment and Entry

Before launching in a new environment, Gig platforms look to analyze which locations for expansion fit into their long-term growth strategy and will bring to the company the greatest ROI.

Developing markets are often target entry points, especially for leading global platforms that may be reaching saturation in their country of origin. However, small- to mid-sized companies seek regional expansion as well, especially as they see their industry peers succeeding in specific localities. Regardless of the impetus for entering a new market, all Gig platforms will require informative resources to calculate the potential costs, payoffs and obstacles in expanding to a new environment.

Specifically, Gig platforms look to take a variety of critical actions in assessing new potential markets *(see left figure)*. Once a platform has selected a target entry market that is ripe for success, it can then prepare for launching operations though supply generation efforts.

2) Supply Acquisition

Especially when expanding into geographies that are particularly foreign to a platform's origins, a Gig player's strategy is often to first build up a supply of freelancers to then encourage demand by customers. This sequence requires platforms to develop an efficient freelancer acquisition strategy, or they risk delaying their subsequent demand generation efforts.

However, attracting and then converting the appropriate freelancer talent is universally challenging for Gig Economy platforms – let alone in a new market. Platforms small and large cite the current climate is that of a "freelancer's market" where competitive intensity provides a multitude of substitutes for freelancers. As a result, companies are pressured to differentiate their platform to their current supply, but they struggle to add services to the freelancer

mastercard

"[The ride-sharing] industry ***burns a lot of money on customer incentives*** *to increase size of our market; our goals are to* ***gain market share regardless of profit margins"*** – TRNS PLATFORM

Demand Growth

STRATEGIC ACTIONS UNDERTAKEN BY PLATFORMS INCLUDE:

- **Identify target customer segments** (e.g., demographics) and tailor an attractive value proposition to this group
- Implement consumer **acquisition marketing campaigns** to boost brand awareness
- **Communicate platform's advantages** from its **competitors** in a given market
- Offer **promotional incentives** for new customers to join platform
- **Efficiently onboard consumers** to the platform, including linking their **preferred payment method** when applicable
- Encourage **word-of-mouth referrals**

experience that truly add value. Especially among highly commoditized industries (e.g., ride-sharing, restaurant delivery), platforms are challenged to attract talent through strategies other than providing freelancers with greater earnings – which would typically be at the expense of the platform's bottom line.

Furthermore, onboarding freelancers can be particularly cumbersome for platforms and is often the point of attrition for potential freelancers. It is therefore critical that the onboarding process is as simplified and streamlined as possible while still accurately capturing freelancers' information and providing them with any necessary training.

Once a baseline of freelancers has been secured, the company then looks to launch its digital platform to customers.

3) Demand Growth

In establishing a sufficient supply of freelancers to fulfill potential demand requests, platforms look to attract and grow local consumer interest in using their services. For platforms focused on growth, reaching beyond "early adopters" into mainstream consumer segments is critical to continue expanding.

Most companies cannot rely on brand name alone to garner consumer attention in new regions, and therefore need to invest in marketing resources to inform the customer population. Especially given the nascency of certain Gig sub-sectors (e.g., boat-sharing, on-demand cleaning services), such platforms must utilize their marketing efforts to introduce the business model to the public – in addition to expressing their own brand's value proposition. These outreach efforts to potential consumers include traditional direct-to-consumer campaigns utilized by retail companies (e.g., social media ads), often with a more digital focus.

Another strategy beyond promoting brand awareness is to acquire customers via aggressive promotional discounts. While this is a common practice offered by newly launched businesses, mature platforms in highly competitive industries – such as ride-sharing – also employ this strategy. However, the consequence of these actions are losses from the company's net profit, positioning the platform in a dilemma of choosing between securing customer growth and operating profitably.

"An easy way to lose a host is if their [property] is damaged and then they cannot get ahold of us immediately to resolve the issue. ***Minimizing terrible experiences like this for our hosts is absolutely critical for keeping them"*** – ASSET PLATFORM

4) Operational Sustainability

Finally, once a Gig platform has launched into a new market and has freelancer and customer acquisition efforts underway, the company seeks to reach a state of sustainable – and eventually profitable – operations. In its most basic form, sustainability in a new market is achieved when freelancer supply and customer demand are equally met. However, the growth of both supply and demand is

mastercard

Operational Sustainability

STRATEGIC ACTIONS UNDERTAKEN BY PLATFORMS INCLUDE:

- **Offer value-added services** to workers and consumers to create stickiness in brand relationship and minimize attrition
- Address and resolve **consumer / freelancer complaints** in timely manner
- Maintain high quality of freelancer services to **standardize a desirable CX**
- Promote freelancer retention by ensuring **fast and frequent payouts**
- Track and promote **consumer loyalty**
- Offer incentives for **increased freelancer engagement** with platform

rarely ever parallel, with customer demand often being steeper than available supply to fulfill those requests.

In order to achieve this equilibrium, platforms have a variety of complex business needs to fulfill. Such needs include creating a seamless experience for all platform users, controlling the quality of services, and encouraging a sense of trust between freelancers, customers and the platform. For example, Gig platforms emphasized the necessity of providing a holistically positive experience for freelancers and customers; if the CX does not align with user expectations, or users cannot access the support they need, then the platform risks that user permanently switching to a competitor.

However, what platforms often cite as the most pressing unmet need to achieve sustainable operations is increasing freelancer retention. Attrition rates are notoriously high for Gig Economy platforms – for example, a 2018 study found a six-month attrition rate of ~68% for new Uber drivers.[5] To some degree, attrition is a necessary consequence given the nature the Gig Economy, which deliberately attracts transitory workers. But a company's low worker retention rates also can result from freelancers perceiving a lack of value from participating on the platform.

Because acquisition marketing efforts can often be costly, it is critical that Gig companies offer workers a platform that provides differentiated value to freelancers. Some methods of creating platform "stickiness" with Gig workers include offering value-added services that improve freelancers' earnings, experience on the platform, or even improve their lifestyle. Yet platforms struggle not only to identify the types of services that would drive freelancer behavior, but how to implement these benefits into their CX.

Related to platforms' need to increase freelancer retention are their efforts to boost freelancer engagement – i.e., how much Gig workers utilize the platform for services. A greater number of "gigs" completed by a single freelancer can boost supply availability without requiring the platform to acquire and onboard a new freelancer. To encourage greater engagement, some platforms have developed a tiered system for their freelancers, offering higher earnings potential and additional benefits for freelancers who use the platform most frequently. However, Gig platforms have commented that these loyalty programs are often underdeveloped or lack the appropriate rewards to sustain freelancer engagement in the long term.

With this array of unmet needs across the Gig platform's expansion journey, there exists a viable opportunity for innovative resources to ameliorate companies' most cumbersome pain points as they strive to grow.

Serving the Gig Platform's Journey

During in-depth interviews, most Gig platform representatives indicated that they would be interested in provider solutions that expedited the necessary processes they find burdensome to growth objectives. Interviewees often shared an extensive wish list of hypothetical resources – primarily products that could boost freelancer satisfaction or tools to reduce operational costs. While discussion of some solutions were more relevant to particular sectors, platforms universally indicated interest levels in resources aligning with the various points in their expansion journey.

FIGURE 6

Resources and solutions to aid Gig platforms in strategic expansion actions

In-depth conversations with Gig platform representatives indicated an industry need for an introduction or improvement of the following products or services

Phase in Journey	Current Strategic Actions	Potential Resources & Solutions
Market Assessment and Entry	➢ Size the market opportunity in terms of consumer demand based on freelancer availability ➢ Assess how platform fits in with local market dynamics, current competitive landscape, population demographics, etc. ➢ Develop plan to receive customer pay-ins as well as facilitate Gig worker payouts, given local market needs	• Analytics on regional consumer spend to aid in assessing market size and understanding population dynamics • Local networks of banking partners for freelancer disbursement planning
Supply Acquisition	➢ Differentiate company from competitors to convert freelancers from peer platforms ➢ Enroll freelancers in preferred disbmt. method to ensure timely payout ➢ Efficiently onboard freelancers to the platform so they can appropriately complete services	• Instant payout options to provide instant gratification to freelancers and differentiate platform from the competition • Diversity in global payout options (e.g., cash, int'l funds transfer) to attract workers with specific payment needs
Operational Sustainability	➢ Offer value-added services to workers and consumers to create stickiness in brand relationship and minimize attrition ➢ Promote freelancer retention by ensuring fast and frequent payouts ➢ Track and promote consumer loyalty ➢ Offer incentives for increased freelancer engagement with platform	• Appealing loyalty packages to encourage freelancer/ consumer retention and engagement on platform • Banking alternative for unbanked freelancers to store and spend earnings from platform

mastercard

Leading payment networks such as Mastercard are uniquely positioned to provide solutions to the Gig Economy, given their technical expertise, experience in navigating a multi-sided ecosystem, and access to a breadth of partnerships relevant to Gig platforms.

Specifically, in the case of attracting and retaining freelancers through immediate payout, payment technology specialists can offer innovations to Gig platforms that can serve as an advantage over the competition. For example, Mastercard has worked with Uber in the past year to develop Instant Pay – a feature that offers drivers the option to receive their earnings in real time. Leveraging Mastercard Send™ technology, Uber drivers have the option to use this feature to receive payments instantly in their bank accounts, as opposed to waiting the traditional one week to be paid.

$5B+

of earnings have been paid out to Uber drivers from Instant Pay by summer of 2018[7]

By July 2018, hundreds of thousands of drivers had enrolled in Instant Pay and received $5B+ in real-time payouts. In addition to improving freelancers' lifestyles, especially those living paycheck to paycheck, innovations such as Instant Pay motivate driver engagement through instant gratification, thus benefitting the ride-sharing platform.

Similarly, Mastercard has partnered with Grab, Southeast Asia's leading offline-to-online platform, to issue virtual and physical prepaid cards from the Grab app. With ~400M Southeast Asians unbanked,[6] this initiative enables greater safety in cashless transactions as well as increases the eligible consumer base of riders. By increasing financial accessibility to participate in the ride-sharing industry, Mastercard and Grab have enabled consumers to accelerate the growth of the global Gig Economy.

Conclusion

In sum, the findings of this study support the sizable opportunity presented by the digital freelancing platforms that constitute today's Gig Economy. Gross Volume is anticipated to more than double over the next five years, with Transportation-Based Services generating the greatest value of any sector, and the U.S. leading the broader industry at a national level.

However, in aggressively expanding globally to fulfill this growth potential, Gig platforms are encountering growing pains within their strategic planning and operations. Especially among the largest sectors, leading platforms are scrambling to acquire potential freelancers in underpenetrated markets – a feat that is becoming increasingly difficult as Gig services become more widespread and thus commoditized.

As a result, Gig companies require innovations that efficiently streamline their expansion efforts as well as solutions that differentiate their platforms from those of competitors. As Gig platforms work with external partners providing adjacent technologies, they can leverage combined capabilities and expertise to capture the target customer and freelancer populations needed to support their growth objectives.

About Mastercard

Mastercard (NYSE: MA), www.mastercard.com, is a technology company in the global payments industry. Our global payments processing network connects consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. Mastercard products and solutions make everyday commerce activities – such as shopping, traveling, running a business and managing finances – easier, more secure and more efficient for everyone.

Kaiser Associates

Kaiser Associates is a strategy consulting firm that works extensively on issues of growth and innovation with payments leaders globally. Founded in 1981, the firm specializes in using custom primary research to provide fact-based decision-making support (on global best practices, markets, customers, competitors, suppliers, partners, etc.) to clients. Kaiser's payments work covers the full suite of traditional and emerging products including consumer credit, debit, commercial, prepaid, acquiring, processing, e-commerce, mobile, and P2P payments. Based in Washington, DC, and with offices worldwide, Kaiser provides payments strategy support to clients in over 35 country markets.

ENDNOTES

1. Segments excluded from this definition include small businesses and temp services that are absent of digital marketplaces, wholesalers and resellers, and any other non-digital platform-based independent contractor
2. All global estimates in this study exclude domestic transactions in China and Russia
3. Projected figure is represented in 2018 USD and does not account for expected inflation
4. At the regional level, the country markets of focus for this study included the U.S., Brazil, U.K., France, India, Australia, UAE, and Indonesia
5. Source: C. Cook, "The Gender Earnings Gap in the Gig Economy," National Bureau of Economic Research, June 2018
6. Source: Mastercard Newsroom, "Grab and Mastercard to Launch Prepaid Cards for Southeast Asia's 400 Million Unbanked," October 2018
7. Source: Mastercard, "A New Push for Push Payments," July 2018

mastercard