

Ride Hailing Apps: An International Look at Regulation of On-Demand Transport Services

Konferenz „Verkehrsökonomik und -politik“

Berlin

14. und 15. Juni 2018

Nabil Nakkash

Agenda

What is Ridehailing/ Rideselling /Ridesharing?

Regulatory Interventions in Passenger Transport

New York City

Sao Paulo

France

Estonia

London

Conclusions

International Regulation of On Demand Transport **Ride Hailing/Ridesharing/Transport Network Companies**



1. Download App and register
2. Enter desired destination
3. App displays price estimate for different services and waiting time
4. Once you confirm the App shows you details of the driver, his/her name and photo, and the type of car he/she drives and his location on the map
5. Exit car at destination, payment handled through the app
6. Rate your driver, receive a rating from your driver

Logos: uber.com / lyft.com / didichuxing.com / careem.com / de.mytaxi.com / taxify.eu / gett.com

3

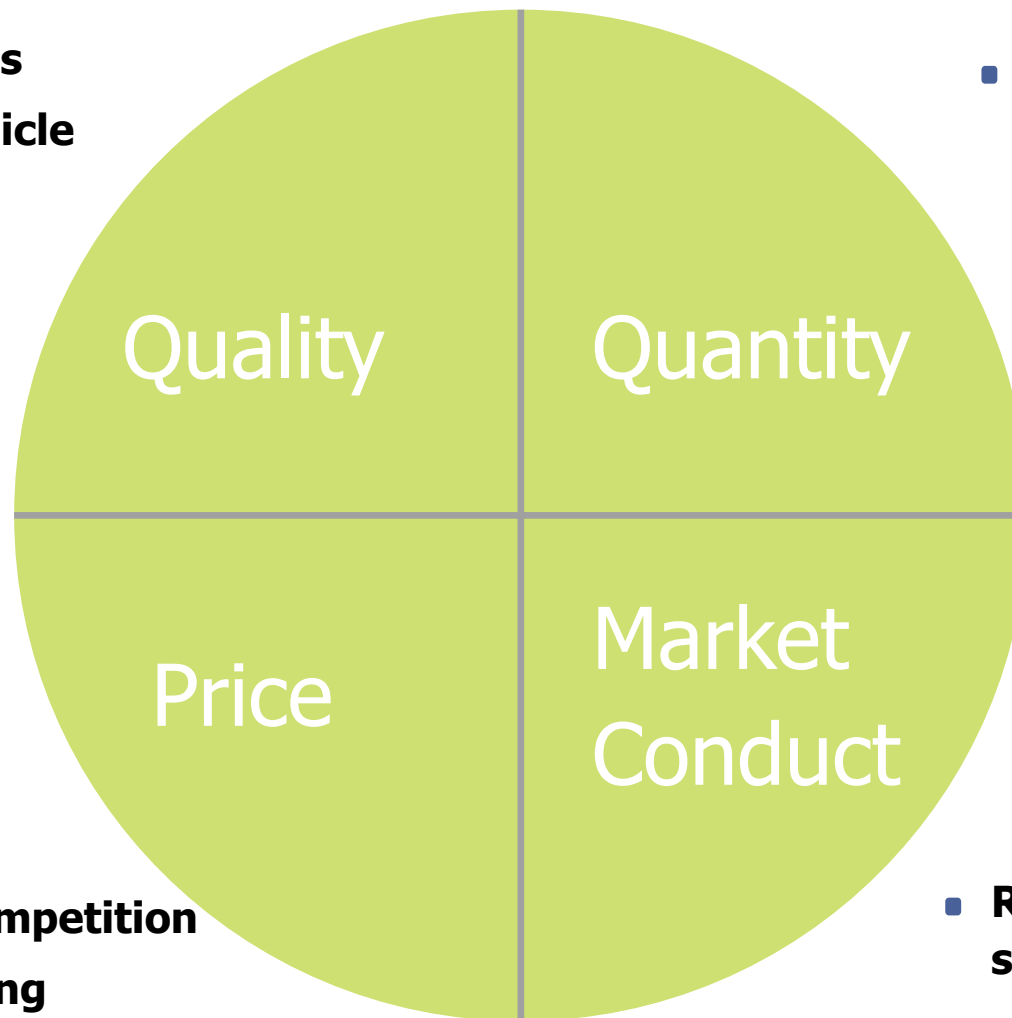
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International Regulation of On Demand Transport

Regulatory Interventions in Passenger Transport

- **Safety concerns**
- **Driver and Vehicle Standards**

- **Avoiding excessive supply and its externalities**



- **Unfair price competition**
- **Monopoly pricing**

- **Rights to refuse service**

OECD. Taxi Services: Competition and Regulation, 2007. <http://www.oecd.org/regreform/sectors/41472612.pdf>.

4

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Agenda

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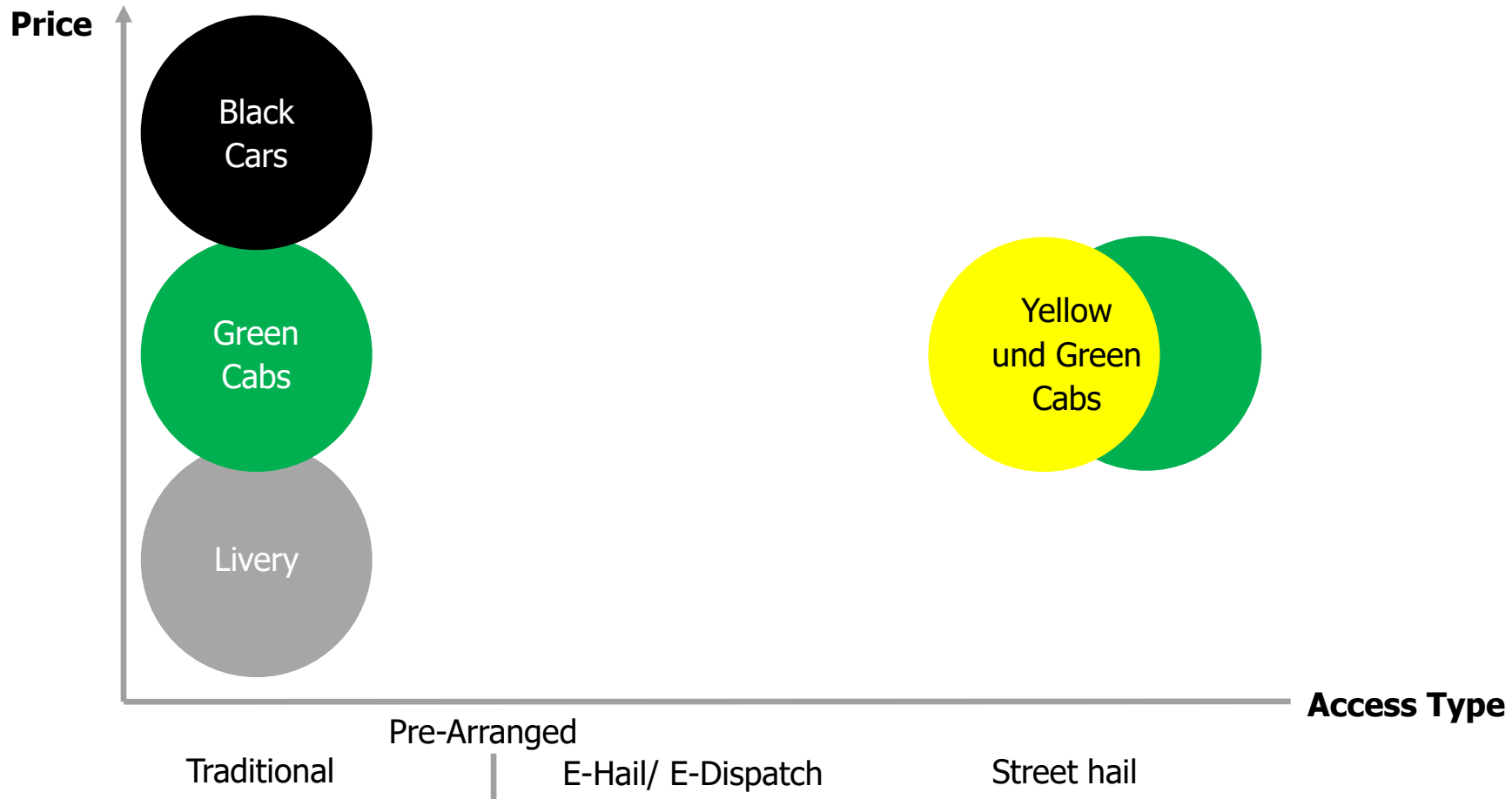
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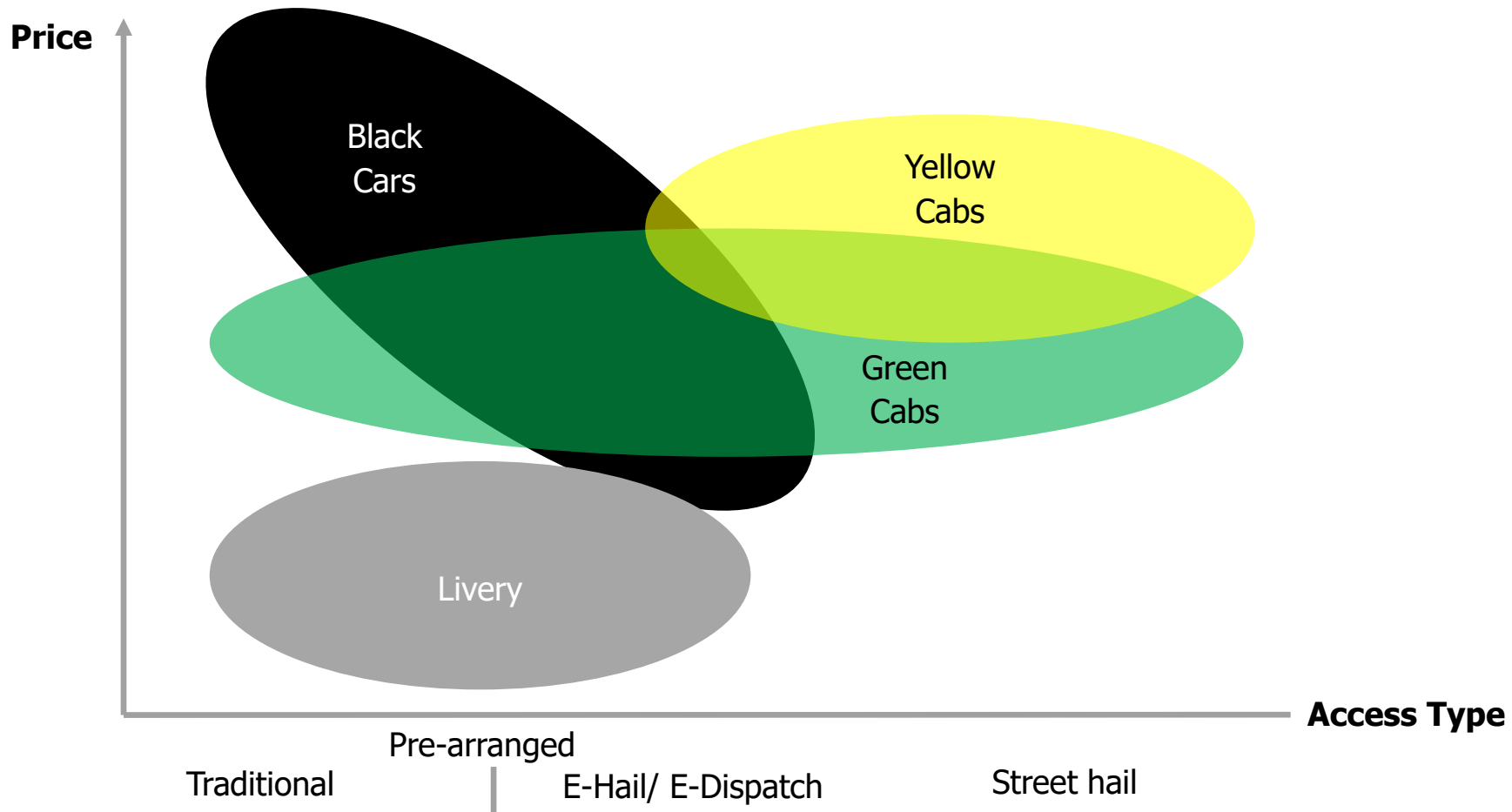
Conclusions

New York City For Hire Vehicle Licensing – Ecosystem before the introduction of E-Services






Graphic from: For Hire Vehicle Transportation Study – City of New York – Office of Mayor (Jan 2016) (page 2)

New York City For Hire Vehicle Licensing – Ecosystem 2015



Graphic from: For Hire Vehicle Transportation Study – City of New York – Office of Mayor (Jan 2016) (page 2)

New York City Licensing Structure

	For Hire (Mietwagen)		
	Taxi		
	 Yellow Cabs (Taxi)	 Green Cabs (Mietwagen/Taxi)	 Livery/Black Cars/Luxury Limo
Type of License (Quantity)	Medallion (13.600)	Street Hail Livery (6.000, less than 4.000 active)	For Hire Vehicle (110,000 Vehicles)
Street Hailing	Allowed Monopoly in Manhattan and Airports	Prohibited in most of Manhattan and Airports Allowed in other Boroughs	Prohibited
Trip Booking	Before trip or Street Hail	Before Trip or Street Hail	Before Trip
Ride Sharing/ Pooling	Yes(Curb/Via)	Yes (UberPool/Via/LyftLine)	Yes (UberPool/Via/LyftLine)

Photos:

http://www.nyc.gov/html/tlc/html/industry/yellow_taxi.shtml

<https://www.yellowcabnyctaxi.com/wp-content/uploads/2016/10/ford-boro-taxi.png>

8 <https://uberrequirements.net/uber-black-new-york-car-list/>

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Agenda

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Innovative regulatory instrument - “pay-as-you-drive”

- Companies pay for the KM traveled by their fleets. Base fee is 10 cents/km (ca. € 2,5 cent). Payment occurs weekly on Sundays
- The total kilometers traveled by registered vehicles must be made available to the City Hall with differentiation according to area
- Designed to incentivize use of services in ways beneficial to the city. For example less credits are charged for:
 - providing rides off peak,
 - on the city outskirts,
 - using disability adapted vehicles
 - having high car occupancy (minimum of four people),
- The city expects to bring in funds of around 40 Mio Real per year (ca. € 10 Mio) to be invested in public transport

<https://www.citylab.com/transportation/2017/11/uber-and-lyft-should-pay-for-the-streets/546851/>

<http://blogs.worldbank.org/transport/sao-paulo-s-innovative-proposal-regulate-shared-mobility-pricing-vehicle-use>

<https://usemobile.com.br/regulamentacao-das-ottcs-para-2018/>

Agenda

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Regulatory Interventions in Passenger Transport

New York City

Sao Paulo

France

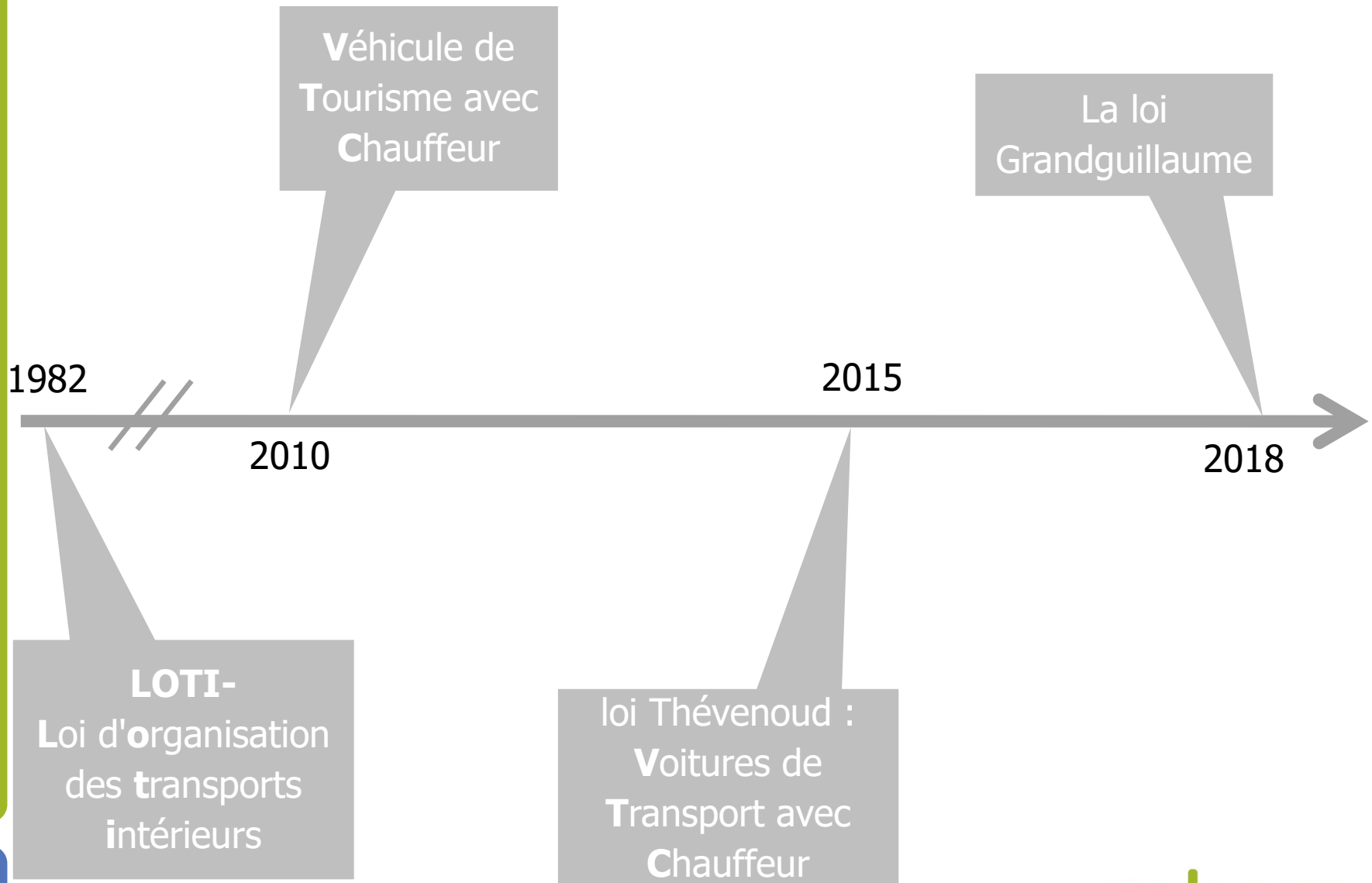
Estonia

London

Conclusions


France

Timeline of Regulation



France

Regulation before 2015

			
Type of License	LOTI License (140hrs) OR B License	VTC Profession Card (250hrs)	Taxi License (200-400hrs)
Costs	-	€170 for 5 years	€240,000 or 14 year wait
Street Hail	Prohibited	Prohibited	Monopoly
Use of Bus Lanes	In some cases	Prohibited	Allowed
Payment	Before the trip	During the trip	During the trip

France

Thevenoud Law (2015)

- Modernize taxi services with an App and E-Payment option
- Customers must wait 15 mins to get a VTC and geolocation of VTCs on App is not allowed*
- Between trips VTCs must return to the base, except in case of another reservation.
- VTC service providers (persons or legal entities) must be registered in the national "VTC Operator Registry" at the Ministry of Ecology, Sustainable Development and Energy
- Updated minimum requirements for the vehicles and driver
- Professional VTC card is acquired through passing an exam (replacing 250 hours training)

*: these points were deemed illegal and overturned

France

The Grandguillaume Law (2018)

- LOTI licensed vehicles with less than 10 seats (with driver) may not provide services in conurbations with more than 100,000 inhabitants.
- Maintain supply of LOTIs in rural areas where there are no/few VTCs or Taxis.
- Transition period (1 year) for LOTI drivers to obtain VTC license.
- Allows ride sharing
- Data must be provided to the administrative authority on request to verify compliance with laws and regulations
- Defines common examination between taxis and VTCs

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Sao Paulo

France

Estonia

London

Conclusions

Estonia

Rideshare Bill – Flexible Regulation with a clear Legal Framework - November 2017



Photos: Taxify / carsigncentral.com/ Taximeter App

17 <https://news.err.ee/602458/riigikogu-passes-uber-law-to-regulate-rideshare-services/>
<https://www.bnt.eu/en/news/legal-news/2439-uber-and-taxify-will-be-legal-in-estonia>

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Private Hire Operator License – Costs and Prerequisites (September 2017)

- 2009: 60,000 drivers and 50,000 vehicles
- 2018: 113,000 drivers and 88,000 vehicles
- Minimum age 21 years, 3 years in possession of a driving license, work and residence permit, medical test, English language skills, local knowledge test
- Minimum vehicle specifications
- Costs to acquire a 5 year operator license vary according number of vehicles (8 brackets):
 - 1-10 vehicles: approx. £2000
 - >10,000 vehicles: approx. £2.9m
- London currently considering a cap on the number of PHVs as well as adding Congestion Charging to the currently exempt PHVs

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- A very dynamic industry, after initially being caught off guard by these fast paced, well funded startups, regulators have started to catch up
- The established players have moved from refusing regulation to embracing it to protect their markets and ensure profits.
- There is a danger that these services negatively impact cities by pulling passengers away from walking, cycling, and public transport
- Gaining access to the data these companies possess holds great value for cities
- There are creative ways to ensure that these services are used for the best benefit of the city and its people, one of which is taxation
- These services are here to stay and will have a bigger impact on mobility in cities in the coming age of automation and their integration (in App) with other modes

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