App-Based Ride and Taxi Services: Principles for Regulation

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For-hire passenger transport services are an essential component of well-functioning metropolitan areas. But the markets for taxis and other for-hire vehicles have historically been subject to imperfections that regulators have tried to correct or at least attenuate. The current regulatory frameworks surrounding forhire transport reflects this history.

Why did we select this research?

The arrival of innovative app-based ride services, generically referred to as Commercial Transport Apps (CTAs) has caught authorities off-guard, as CTAs typically do not fall under established regulatory structures. This research provides an overview of the different stakeholders involved and to seek points of consensus on regulating for-hire ride services and identify persistent tensions that should be addressed. It also sought to provide public authorities with insights on the regulation of innovation amidst uncertainty.

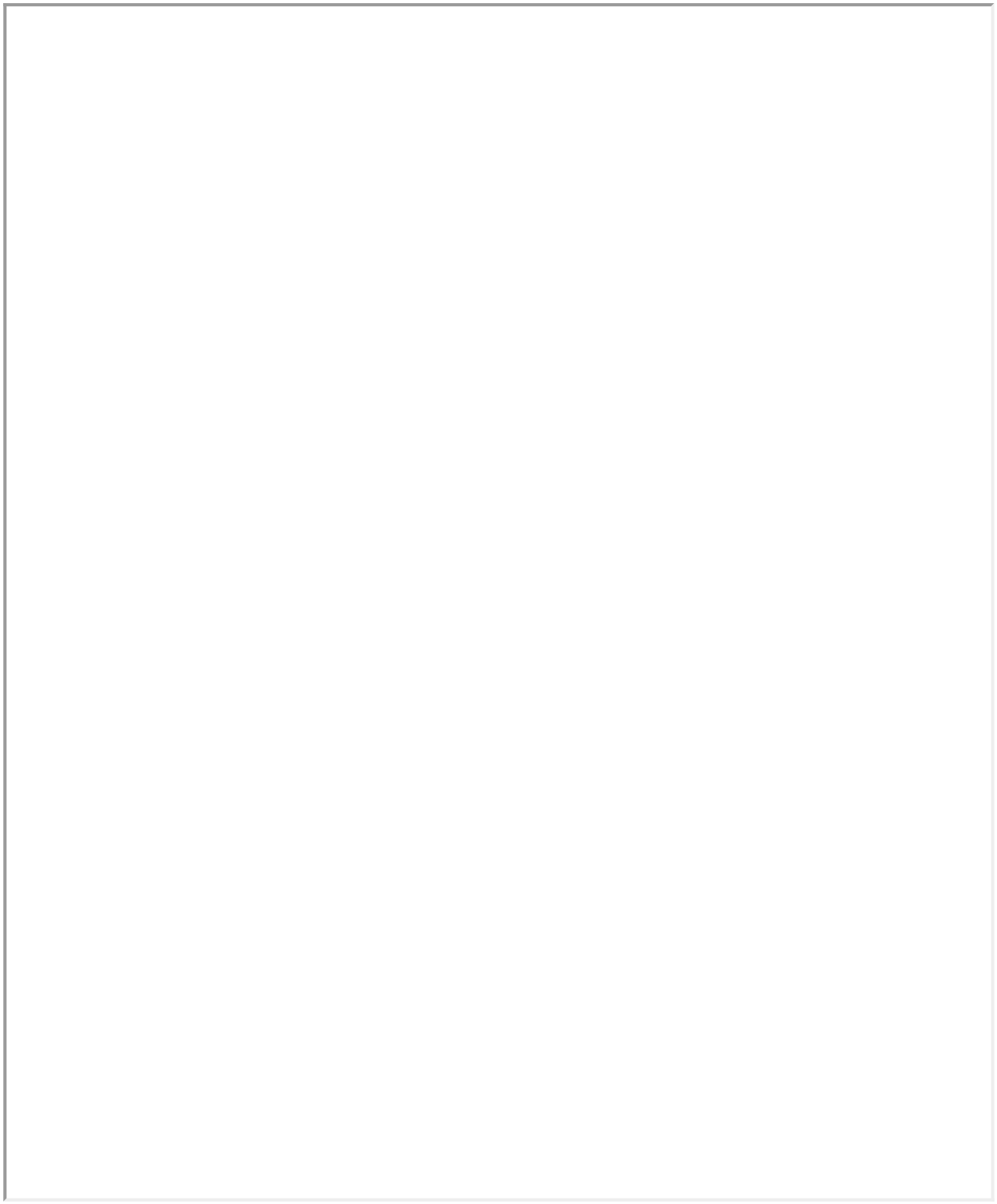
Key findings

Ride-hailing apps are popular because they often provide better consumer value than most existing services. For those able to access them, the service platforms deployed by CTAs cut transaction costs, improve the allocation of available capacity and reduce information asymmetries between drivers, fleet operators and passengers.

Regulatory distinctions amongst different forms of for-hire transport are becoming less relevant, as for costumers there is little difference in the service provided by taxis and CTAs, although street hailing retains certain characteristics that currently warrant special regulatory treatment.

Regulation of for-hire passenger transport, therefore, is still necessary, but it needs to adapt. Active regulatory oversight is required in order to ensure public safety, consumer protection and tax compliance. Oversight is also needed to moderate traffic and to ensure consumer and driver protection.

Policy should enable the development of innovative services to contribute towards public policy objectives such as equitably improving mobility, safety, consumer welfare and sustainability. Regulators should avoid creating different categories of for-hire transport providers. If differentiations are required (to correct inherent inefficiencies in some markets, for instance street-hail taxis), these should be made explicit, substantiated and frequently reviewed.



Reference

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