Future of Ownership
Fractional Asset Ownership and Financial Institutions

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Background
Fractional asset ownership enables multiple entities to own a percentage of an asset.
Contributing Factors
Root cause analysis

1. Income growth is stagnant
2. Millennials have different needs
3. Technological advancements
Income growth is stagnant

![Graph showing income and cost of living trends from 2014 to 2019. Income growth is stagnant while cost of living shows an increase.]
Millennials have different needs

Value

- Financial Freedom
- Autonomy
- Flexibility
- Equality
- Professional Development
- Environmentally Conscious
- Purpose

Availability
Technological advancements

- Mobility
- Internet of Things
- Automation and autonomous vehicles
- Artificial Intelligence and Machine Learning
- Decreasing cost of computing power
Current State
Financial institutions have been hesitant to enable consumers to access fractional asset ownership.

**Minimal existing products or services designed for fractional ownership of consumer assets**

**New sharing economy entrants have assumed the risk and captured market value**

**Regulatory environment does not allow for creativity and adoption of new ideas**
Why did FIs fail to respond appropriately to the disruption?

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- **Target**
Recommendation
Proposed reaction - insurance

Key activities
- identification verification
- track driving habits
- predictive analytics
- flexible insurance quotes

Benefits
- opportunity to cross sell insurance products
- improved insurance pricing mechanisms

Considerations
- actuaries difficulty pricing risk of owner due to shared use
- cost to fix needs to be split
Proposed reaction - banks

Key activities
- financing based on shared ownership
- loan based sharing application
- improved integration of digital loan applications

Benefits
- risk spreading
- innovative sales model to generate incremental revenue
- transferability of ownership if sold before paid off

Considerations
- difficult to determine interest rate on loss
- uptake and collaboration with car company doesn’t produce desired effect
- consumers prefer ride sharing service to partial ownership
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