Future of Ownership

Fractional Asset Ownership and Financial Institutions

DeGroote Consulting Group
Elizabeth, Britney, Marley, Chinomnso
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
Millennials have different needs

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

- Availability

---

Background | Contributing Factors | Current State | Recommendation
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?

<table>
<thead>
<tr>
<th>Contributing Factors</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed</td>
<td></td>
<td><img src="diamond" alt="Diamond" /></td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td><img src="diamond" alt="Diamond" /></td>
<td><img src="diamond" alt="Diamond" /></td>
<td></td>
</tr>
<tr>
<td>Agility</td>
<td><img src="diamond" alt="Diamond" /></td>
<td><img src="diamond" alt="Diamond" /></td>
<td></td>
</tr>
</tbody>
</table>

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
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
Future of Ownership