

# MISQ Archivist

## The Impact of the Sharing Economy on Household Bankruptcy

*Tingting Nian, Yuyuan (Anthony) Zhu, and Vijay Gurbaxani*

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### Abstract

Powered by digital technologies, many peer-to-peer platforms, or what is called the sharing economy, have emerged in the past decade. Although the impact of the sharing economy has received considerable attention in the past few years, extant research has not fully documented the impact of the sharing economy on consumers, workers, industry, or society as a whole. In this study, we exploit the geographic and temporal variation in Uber's entry to examine its impact on the personal bankruptcy rate as well as on other consumer credit default rates. We empirically document the changes in personal bankruptcy filings after Uber's entry, and show personal bankruptcy filings under Chapter 7 experience a drop of 0.047 per 1,000 people after Uber enters a county, which translates to a 3.26% reduction in quarterly bankruptcy filings. Uber's entry also leads to a reduction in Chapter 13 personal bankruptcy filings, but to a smaller degree (0.018 cases per 1,000 people per quarter). We check the validity of our estimates using business bankruptcy filings, which we find are uncorrelated with Uber's entry.

**Keywords:** Sharing economy, personal bankruptcy, household finance