

Qetalist:

An E-commerce Platform To Stabilize The Economy

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ABSTRACT

Since E-commerce lets a seller connect to millions of potential buyers in an instant, we can utilise it to facilitate a much easier resale of people's personal assets, irrespective of the economic conditions, without compromising on the asking price. During an economic slowdown, people may be opposed to spending a sizeable amount of money to *buy* an asset, which would mean effectively tying up their liquid cash to an illiquid asset, due to lack of affordability and confidence in the market, but spending an amount that's roughly equal to what someone would spend on a single meal at a fast-food joint, for the *probability of owning* a high-value asset would mean a far lower financial risk. Our e-commerce platform divides the total value of an item into smaller units, called fragments, which are paid for by all the users who are interested in owning the item, and once all the fragments of the item are sold out, our algorithm randomly selects one of those users as the recipient of the item. The seller is not only paid the full asking price but also a bonus as an incentive for listing on our platform, offering them the best value possible for their asset.

I.

INTRODUCTION

During a recession, the circular flow of capital reduces; since businesses earn less, so they pay their employees less, and those employees spend less, and so on. The aim of the government is to increase this flow of capital, i.e., to enrich the market with cash, and to do so, the most common and effective monetary policy a government implements is to reduce the real rate of interest. This approach works, but the pace is quite slow as people are already suffering a cash crunch, and there is a lack of confidence among people to borrow any capital from banking institutions. So, people resort to selling their movable and immovable assets for a quick influx of cash, that they can then use to maintain their lifestyle, and invest in a business or some form of financial instrument that they deem promising enough for returns. But since the market is already facing a cash crunch, the number of potential buyers becomes very limited, and even if they do manage to find a buyer, they end up selling the asset for an amount that is far less than the original asking price.

This paper illustrates how ecommerce technology can be applied in a certain way to solve this problem and act as an automatic stabilizer by essentially achieving the same motive as the government's monetary and fiscal policies, i.e., to enrich the market with cash, and effectively decrease the depth of the trough of a recession, and recover from it, but at a much faster pace.

II. ETYMOLOGY

“Qetalist” is a homophone for the word catalyst; as the platform is supposed to act like a catalyst, in the process of reviving the economy from an economic slowdown. The platform is essentially a list of items, hence the word “list” in its name.

III. TRANSACTIONS

On our platform, a seller uploads an item with its images and specifications, and specifies its list price. The total amount we collect for the item includes the asking amount (list price), the incentive we are supposed to pay to the seller, and our commission. This total amount is then divided into small units called fragments, according to the fragment price, which is also set by the seller while uploading the item. Hence, the total number of fragments can be shown in the form of

$$\mathbf{N = (L + I + C) / F}$$

where N is the number of fragments, L is the list price, I is the incentive, C is our commission, and F is the fragment price.

Interested users would buy the fragments and add the item to their wishlist; one user can buy only one fragment. Once the sale of all the fragments of the item has finished, our algorithm selects one of the fragment-holders as the recipient of the item, at random. Once the recipient receives the item, and accepts it after making sure it is in the desirable condition, only then the seller gets paid; otherwise, all the fragment-holders get a refund.

IV. REPORTS

When a seller uploads an item, we do not check if the list price specified by them matches its market value, since items change value depending on their age, condition, and other factors. To prevent sellers from pricing their items higher than its market value, we allow users to report an item that they deem overpriced. When an item reaches 10 reports, it automatically gets delisted by the system, and all its fragment-holders get refunded. This would discourage sellers from trying to exploit the platform by listing their items at a price that is much higher than its actual worth. They have a better chance of successfully selling their item if they specify a reasonable list price for it.

V. REFUNDS

If an item has been listed for more than 30 days without finishing the sale of its fragments, all its fragment-holders become eligible for a refund, which they can initiate manually themselves, in case they want to remove the item from their wishlist. In case an item gets removed by the seller, gets delisted from the platform, doesn't get delivered to the recipient or gets rejected by them, the system automatically initiates a refund for all the fragment-holders of the item. In essence, if an item fails to accomplish the transaction at any point due to any reason, all the users who paid for its fragments will be refunded. Hence, only genuine items in a good condition and a reasonable list price would be able to achieve a successful sale, and sellers with any kind of malicious intent would fail to receive any payment for their items.

VI. INCENTIVE

Traditionally, a seller has to negotiate with potential buyers to sell the item at the best price. Even if they are auctioning the item, they rarely get the price they wanted to sell the item for. On our platform, sellers not only get the price they ask for, if the item successfully finishes the sale of all its fragments and gets accepted by the recipient, but also a bonus of 5% of the list price, as an incentive for listing their item on the platform. This would ensure they get the best possible price for their item.

VII. ROLE AS AN AUTOMATIC ECONOMIC STABILIZER

An automatic stabilizer is anything that automatically offsets economic fluctuations by just the nature of its operation, rather than requiring any kind of intervention. Essentially, an automatic stabilizer either distributes more capital during an economic contraction and less during an expansion, or deducts more capital during an expansion and less during a contraction. We can achieve the former by utilizing public behaviour that is triggered in response to changes in economic activity. People tend to sell their assets for a quick influx of cash during economic slowdowns; as the economic activity worsens, more and more people are prone to replicate this behaviour, and as the economy starts to perform better, less people are likely to do so. If, let's say, they succeed in selling their asset, that would mean that people who did not have enough cash to spend on goods earlier, now do have it. They would now be able to not only spend more money, but also invest it in a business or some financial instrument, hence contributing directly in the recovery of the GDP, since consumption and investment are two of its critical components as given below

$$\mathbf{GDP = C + G + I + NX}$$

where C is consumption, G is government spending, I is investment, and NX is the net exports.

But this fails to happen in reality and the only obstacle that stops this from happening is that during times of contraction, people fail to find any potential buyers since there is a general lack of capital in the market, and even if they do manage to find any buyers, they end up selling their asset for a price far lower than what they had originally desired for. Qetalist removes this obstacle since people don't need to be able to afford paying the entire amount to buy the asset and therefore sellers are exposed to a much wider pool of people who are willing to spend just a fraction of the amount for the probability of owning the asset, hence allowing the successful sale of more such assets and bringing cash directly to the people and the market. As a contraction ends, less people feel the need to sell their assets and focus more on their jobs and businesses, since they start giving better returns. Therefore, since more items would be sold by people during a contraction and less during an expansion, our platform would be distributing more cash during a contraction and less during an expansion, essentially acting as an automatic economic stabilizer.

VIII.

CONCLUSION

In this paper, we have proposed an ecommerce platform that allows a much easier and lucrative sale of people's assets during times of economic slowdown, hence allowing a better flow of cash in the market, by selling fragments that cost a fraction of the market value of the given item, in exchange for a probability of owning it. As the market starts to expand, less people are likely to make use of the platform for selling their assets, hence reducing the distribution of cash caused by the platform. This way, the platform would essentially act as an automatic economic stabilizer, if used by a sizeable population of the country.

REFERENCES

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