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 *opportunity of owning* a high-value asset would mean a far lower financial risk. On our platform, a seller can list their item and interested users can pay an entry fee to participate in a quiz to win that 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 of 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.
USER FLOW

On our platform, a seller uploads an item with its images and specifications, and specifies its list price and an entry fee. The total amount we collect for the item includes the asking amount (list price), the incentive that will be paid to the seller, and our commission. The total number of entries that need to be sold can be shown in the form of

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

where N is the number of entries that need to be sold, L is the list price, I is the incentive, C is our commission, and E is the entry fee.

Interested users would pay the entry fee to add the item to their wishlist and participate in its quiz. Once the sale of all the entries for that item has finished, we give 30 minutes to all the entrants before we send them a question, so they can prepare themselves to be available for the quiz. The user who answers the question correctly in the least amount of time, gets selected as the winner of the item. Once the winner receives the item, and accepts it after making sure it is in a good condition, only then the seller gets paid; otherwise, all the entrants get a refund.

Figure 1 on the next page tries to portray the user flow a bit more clearly.

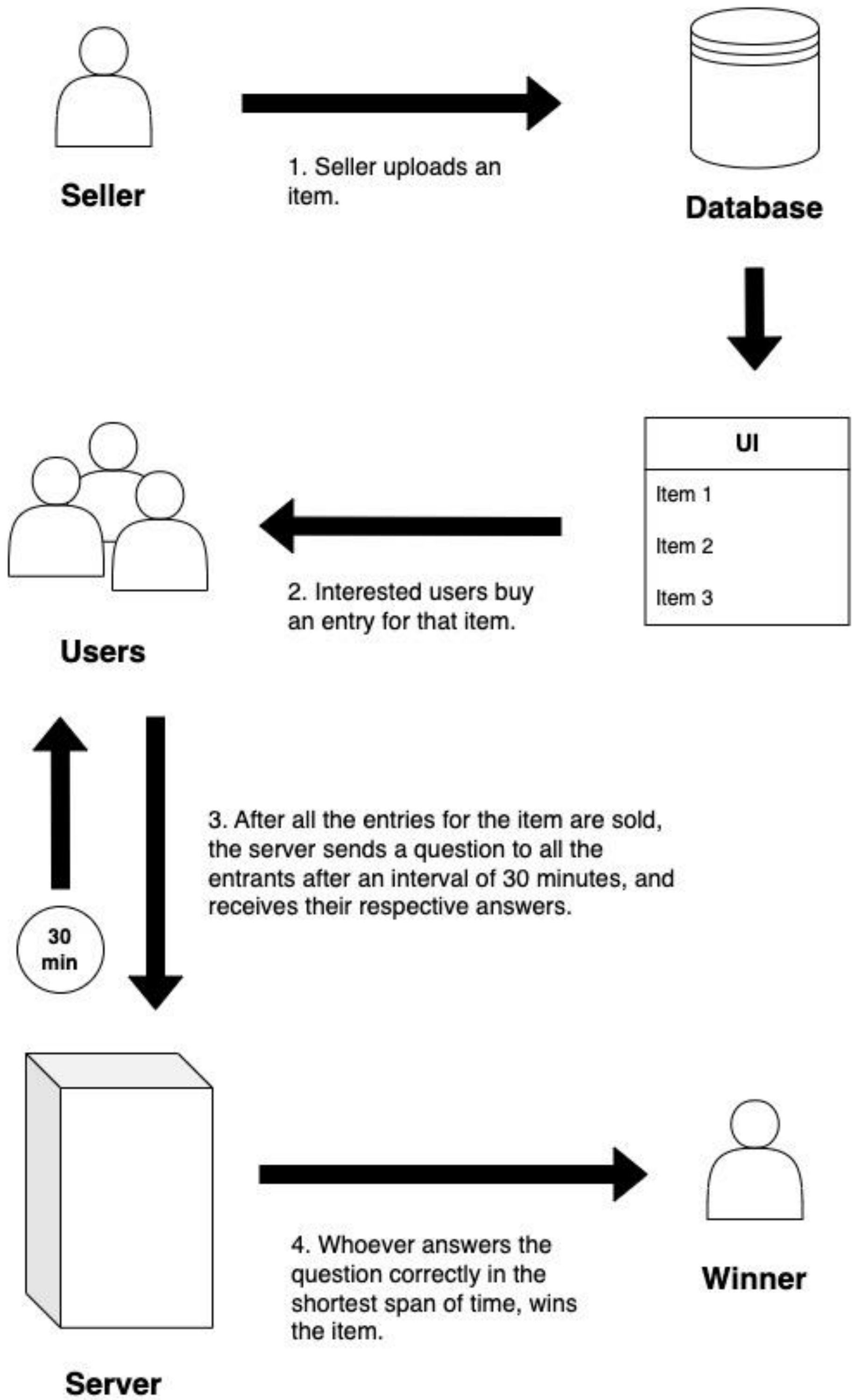

Seller
1. Seller uploads an item.
Database
UI
Item 1
Item 2
Item 3
Users
2. Interested users buy an entry for that item.
3. After all the entries for the item are sold, the server sends a question to all the entrants after an interval of 30 minutes, and receives their respective answers.
30 min
Server
4. Whoever answers the question correctly in the shortest span of time, wins the item.
Winner

Fig. 1

IV.
STATUS CODES

Qetalist maintains status codes for items to keep a track of what stage an item is at in the transaction. The following is a list of all the status codes and their description:

- **LISTED:** The item is listed on the platform and interested users can enter it's quiz.
- **DELISTED:** The platform has delisted the item after receiving 10 reports against it.
- **REMOVED:** The seller has removed the item from the platform.
- **FINISHED:** The sale of entries for the item has finished.
- **QUESTION SENT:** The question has been sent to all the entrants of the item.
- **WON:** A winner has been selected for the item.
- **DISPATCHED:** The seller has dispatched the item to the winner's address.
- **DELIVERED:** The item been delivered to the winner.
- **UNDELIVERED:** The winner has not received the item.
- **ACCEPTED:** The winner has received the item and has accepted it after finding it in a good condition.
- **REJECTED:** The item was delivered to the winner but they rejected it for not finding it in a satisfactory condition.
- **COMPLETED:** The item was accepted by the winner, and the seller has been paid for it.

V.
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 entrants 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.

VI.
POINTS

Every time a user buys an entry for an item, 20% of the entry fee is credited to the user in the form of points that can be redeemed later to enter quizzes for other items. One point is equivalent to one unit of the currency of the country the user specifies in their address while creating their account. This is done to make sure that even when a user does not win an item, they still get some value for the money they spent while buying an entry for that item.

VII.
REFUNDS

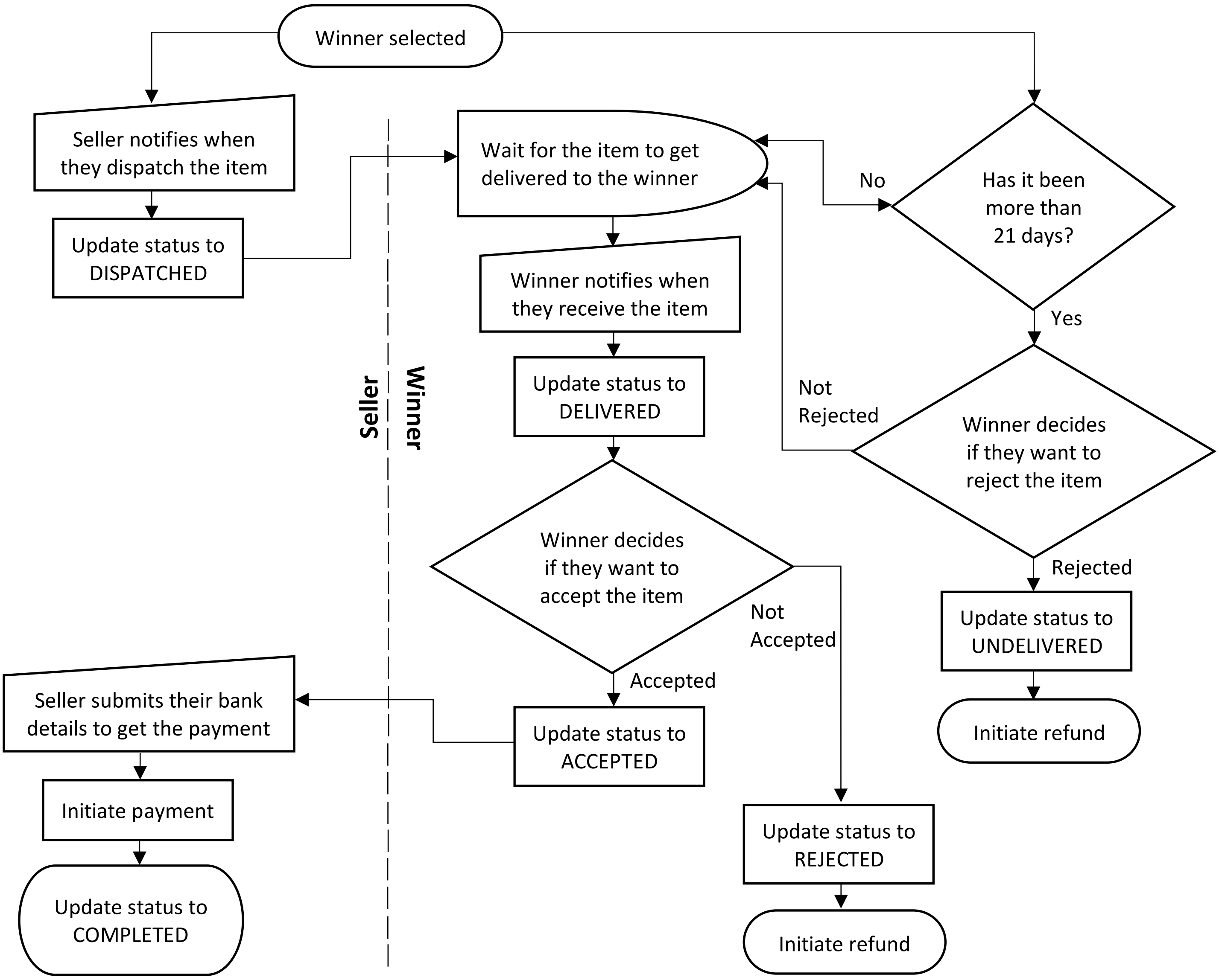
The entrants for an item can remove the item from their wishlist any time they want, and a refund will be initiated as soon as they do so. In case an item gets removed by the seller, gets delisted from the platform, doesn’t get delivered to the winner or gets rejected by them, the system automatically initiates a refund for all the entrants 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 its entry fee 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.

VIII.
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 entries and gets accepted by the winner, 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.

IX.
DELIVERY AND PAYMENT

After a winner has been selected, the seller is supposed to make sure the item gets delivered to the winner in a good condition within 21 days. Once the item gets delivered, and the winner accepts it, the seller gets paid. The following flowchart explains the whole process in detail:



X.
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

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.

XI. 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 entries that cost a fraction of the market value of the given item, in exchange for an opportunity 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.

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