



Institute of Financial Services Zug IFZ

Crowdfunding Monitoring Switzerland 2015

www.hslu.ch/crowdfunding

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Table of contents

Preface	1
Key results	2
Objective and structure of the study	4
Scope and definition	5
Crowdfunding market in Switzerland	9
Special feature: Crowdlending in Switzerland	17
International trends	23
2015 crowdfunding forecasts	27
Market participants	29
Appendix	40
Authors	41

Preface

Crowdfunding is an alternative form of financing. This method of fundraising enables various kinds of projects to be funded via online platforms – from microloans for weddings and funding for a start-up to supporting a children’s book project or donating to a football club. In spite of these very different manifestations, crowdfunding projects have one thing in common: generally a large number of people provide an amount that is often small, enabling the project to be realised. Direct, Internet-based communication between funders and founders is a key element of all types of crowdfunding. Even though the basic idea of crowdfunding is no innovation and goes way back in time, the translation of the principle into the digital age and the emergence of the term is a rather new phenomenon. The first platform in Switzerland (*Cashare*) was founded in 2008.

A year ago, we noted here that crowdfunding in Switzerland was still in its infancy. The Swiss market still hasn’t come of age in 2014, in spite of growth numbers which seem spectacular at first glance. The 36% growth rate and the corresponding increase in volume from nearly CHF 12 million to around CHF 16 million are substantial at first glance. However, compared to other countries such as the US or the UK, the Swiss crowdfunding market is still lagging behind. Nevertheless, we were able to identify a strong increase in interest in crowdfunding from various stakeholder groups over the past year. As a result, more new platforms have entered the market, among them with *Basellandschaftliche Kantonalbank* the first bank.

The Institute of Financial Services Zug IFZ of the Lucerne School of Business publishes this Crowdfunding Monitoring report annually in cooperation with Swisscom. The purpose of this publication is to illustrate crowdfunding trends in Switzerland, present the existing platforms and analyse the drivers of future trends. This study should also serve to raise transparency in this largely under-researched field.

We are reliant on the collaboration and goodwill of the crowdfunding platforms active in Switzerland for access to reliable data. Fortunately, all the platforms once again provided their data for the present study. We would like to express our gratitude for this. We would also like to thank our research associates Gökan Tercan and Christoph Duss as well as the publication team of the Lucerne School of Business for their invaluable support.



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Key results

Volume

In 2014, **CHF 15.8 million** was raised for 1078 campaigns in Switzerland, which is a 36 % increase in volume in comparison to the past year (CHF 11.6 million).

Crowdlending posted the highest growth from 2013 to 2014 (+95 %), followed by reward-based crowdfunding & crowddonating (+82 %). Crowdinvesting suffered a slight decline (-18 %).

With a volume of CHF 7.7 million, reward-based crowdfunding & crowddonating is the largest crowdfunding segment (49 % of the market).

CHF 4.6 million was raised in the crowdinvesting segment for just ten projects.

The total value of consumer loans in the crowdlending segment was CHF 3.5 million.

Success rates

In the reward-based crowdfunding & crowddonating segment, **854 campaigns** were funded in 2014 out of a total of 1434 campaigns launched, which is equal to a **60% success rate**.

All crowdlending and crowdinvesting campaigns were funded, which is in particular a result of the platforms having carefully selected projects.

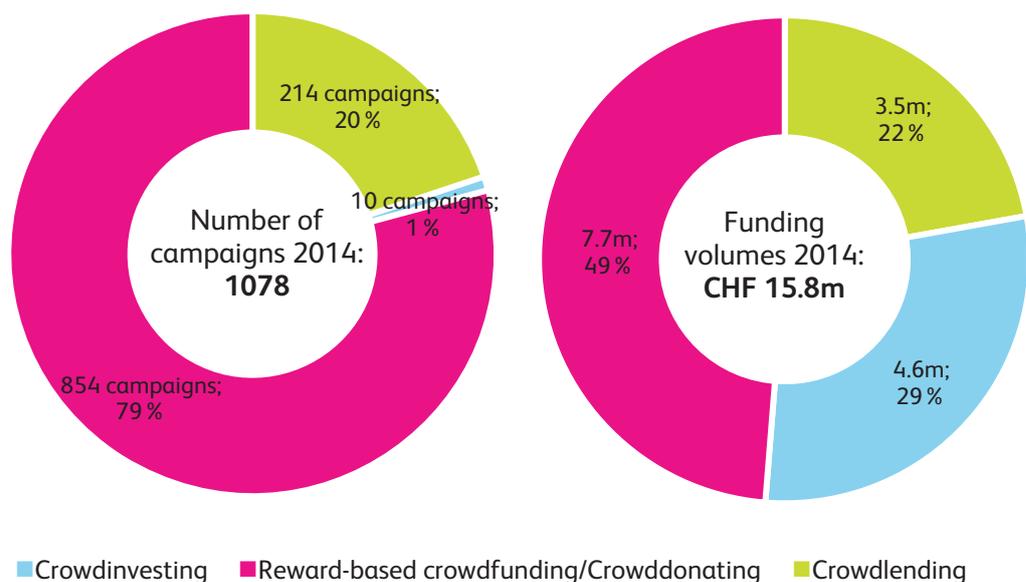


Figure 1: Number of campaigns and volume of successful campaigns in 2014 by crowdfunding category

The Swiss market in comparison

The Swiss market is still in a very early stage: There are currently 30 platforms with offices in Switzerland (as of April 2015). We counted a total of eleven market entries in 2014. More followed in Q1 2015. However, one platform exited the market (*7 Crowd*).

Measured by total funding volume per capita, the Swiss market is still in a very early stage of development in comparison to the crowdfunding markets in the UK and the US.

Future outlook

We expect market growth to remain strong in all crowdfunding segments from 2014 to 2015. However, growth spurts are mainly dependent on large platforms entering the market.

The long-term growth of crowdfunding is largely dependent on regulation. Moderate regulation tailored to the widely varying types of crowdfunding would lead to greater legal certainty and would be conducive to future growth.

Objective and structure of the study

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The objective of this study is to illustrate and discuss the trends of the young Swiss crowdfunding market with a focus on platforms that have offices in Switzerland and on crowdfunding campaigns involving projects in Switzerland. Annually publishing the market figures boosts the transparency of the Swiss market, which has not yet been studied very closely, probably in particular due to its still marginal size. The target audience of the Crowdfunding Monitoring report is not only experts, but also the general public. This publication aims to give the general public a clear overview of each funding option and each market participants.

These objectives are reflected in the structure of the study. The study illustrates the growth of the Swiss crowdfunding market since 2008 in conjunction with an introduction to the subject. We publish an analysis of all campaigns from 2008 to 2014 using data from crowdlending platform *Cashare*. We also compare the growth of Swiss crowdfunding with developments and trends in selected international markets. And finally we discuss how the Swiss market might develop in the future. The appendix includes profiles of all Swiss platforms and various data tables.

Scope and definition

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Crowdfunding is a method of funding campaigns online where large numbers of people provide funds for cultural, social and commercial projects. Funders and founders communicate over the Internet and a crowdfunding platform takes on the role of intermediary. The intermediary receives a fee for the transaction. This referral commission is usually defined as a percentage of the amount that is raised. The funders receive monetary or non-monetary compensation depending on the type of crowdfunding. The term campaign will be used from now on for the funding phase of projects.

In the literature, the term crowdfunding is often classed as a sub-category of crowdsourcing, both notionally and conceptually. The term crowdsourcing is a combination of the words “crowd” and “outsourcing”. In the context of crowdsourcing, the crowd stands for Internet users, often also simply referred to as the community. The outsourcing process can take place between individuals and/or companies. Accordingly, the basic idea of crowdsourcing is when a community performs certain tasks. Within a clearly pre-defined framework (e.g. timeframe, conditions for participation, compensation), the community then adds value in a variety of ways for the principal.¹

There are four different types of crowdsourcing (see Figure 2). The term was essentially coined by journalist Jeff Howe, who illustrated the crowdsourcing process with various examples in an article in Wired Magazine and outlined three sub-categories: crowdcreation, crowdvoting and crowdwisdom.² There is also a type of crowdsourcing called crowdfunding, which, as opposed to the other three categories, does not refer to the aggregation of knowledge, opinions and creativity, but to fundraising.

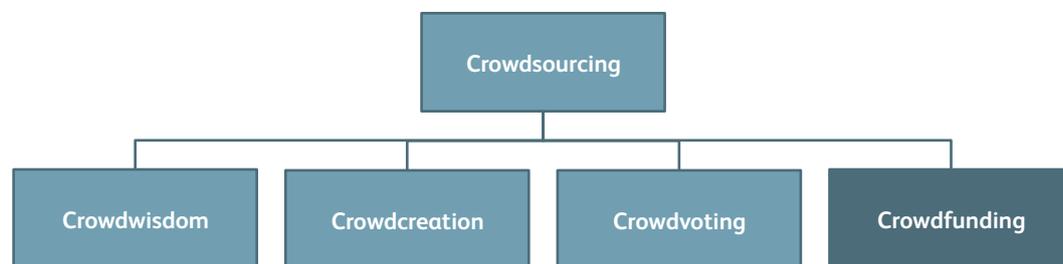


Figure 2: Overview of the term crowdsourcing (Kaltenbeck, 2011)

The four types of crowdsourcing can be distinguished as follows:

- **Crowdwisdom:** Crowdwisdom (swarm intelligence) makes use of the intelligence of a community. The crowd is asked to activate and reflect on their knowledge.
- **Crowdcreation:** The objective of crowdcreation is to make use of the creative potential of a crowd. The collected ideas of the crowd are used in the form of texts, audio files, illustrations and similar forms.
- **Crowdvoting:** Crowdvoting makes use of the opinions and judgement of the crowd to assess ideas or content. The opinions structured from this process then serve as the basis for decisions by the crowd. Crowdvoting can consequently be used as a forecasting tool.

¹ Kaltenbeck, J. (2011). Crowdfunding und Social Payments. Berlin: epubli.

² Howe, J. (2006). The Rise of Crowdsourcing. Wired Magazine. Issue 14.06.

- **Crowdfunding:** In crowdfunding, use of the Internet and the crowd are also key elements. However, in contrast to the above categories, the focus is not on the knowledge or creative potential of the crowd, but rather on raising funds for all types of projects. The fundraising phase is called a campaign.

Definition of crowdfunding – consideration as decision criterion

The term crowdfunding – defined as online fundraising for projects – can be divided into four categories. The main criterion for distinguishing different types of crowdfunding is the type of consideration received. The consideration can be of a monetary nature with funders receiving a stake in the company or a share in its profit (crowdinvesting) or interest income (crowdlending) on the capital provided. The consideration may also be of a non-monetary nature. The model referred to as “crowdsupporting” in Switzerland, which is often referred to in the English-speaking world as “reward-based crowdfunding”, falls under this category. Compensation under reward-based crowdfunding may take the form of products or services. Funding can also be provided without any direct and measurable consideration for the investment (crowddonating), in which case social or altruistic motives are influential. This is also often the case for reward-based crowdfunding where there is a strong focus on supporting a specific idea, as it is very difficult to objectively measure the consideration in the form of goods or services and the consideration often only represents a small part of the investment. These four categories are shown in Figure 3 and can be defined as follows:

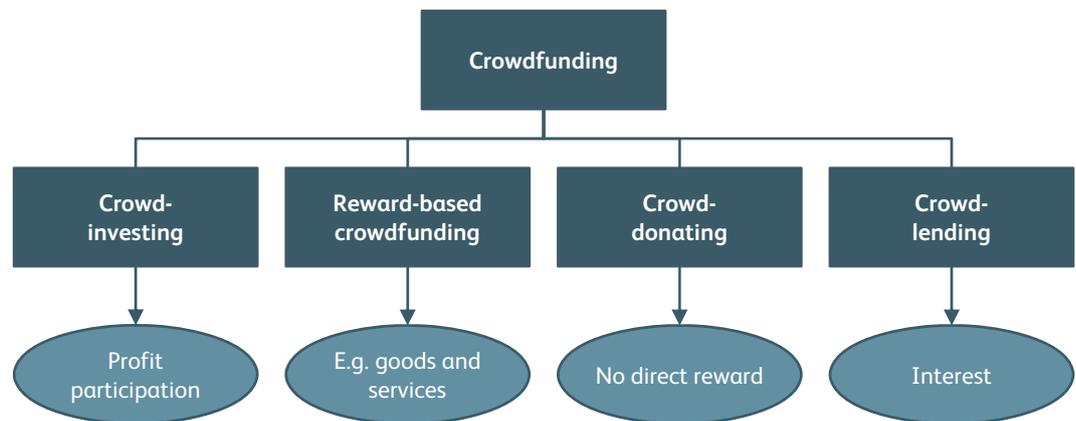


Figure 3: Types of crowdfunding and consideration for each crowdfunding category

- **Crowdinvesting:** Instead of funding a project, the purpose of crowdinvesting is to acquire a stake in a company via equity or mixed forms of equity and mezzanine capital. These companies are often in an early stage. Depending on the platform, crowdinvesting also provides funders who only have small amounts to invest with the opportunity to support start-ups in their growth phase. In return, these funders receive shares in the company, or a share in the profit of the company in the case of mezzanine funding. It should be noted that voting power is limited for many types of investments in this area in order to guarantee more freedom of decision for the management of the company.

- **Reward-based crowdfunding:** The reward-based crowdfunding category (referred to in Switzerland as crowdsupporting) often includes creative, cultural or commercial projects as well as sports projects. With this type of funding, the funder usually receives a one-off consideration in the form of products, works of art or services. There are no limits to the creativity of the founders seeking funding (e.g. invitations to events, special editions or pre-release access to a product).
- **Crowddonating:** The contributions made in crowddonating are simple donations that usually are not associated with any consideration. Examples include social, charitable and cultural projects. Crowddonating can also be used to raise funds for political campaigns.
- **Crowdlending:** Crowdlending mainly refers to loans for funding companies or individuals, which is consequently categorised as borrowed capital. Crowdlending is also known as peer-to-peer (P2P) or social lending. Lenders receive interest payments in return for their loan. The amount of the interest payments varies depending on the risk of the founder.

As the data provided to us does not allow us to make a clear distinction between crowddonating and reward-based crowdfunding, these two categories are treated as a single category in this study.

Founder motives for launching crowdfunding campaigns

Crowdfunding campaigns have both financial and non-financial advantages for founders. On the one hand, the main (financial) motivation for a founder is generally the need for funding for a project, which is particularly prominent in crowdlending and crowdinvesting. In addition, commercial crowdfunding campaigns in the form of reward-based crowdfunding partially serve as an initial round of funding. For example, Pebble initially funded its smartwatch in 2012 via *Kickstarter* before the company received funding from venture capital investors in a second phase. Pebble later used *Kickstarter* as a marketplace for selling its third product generation “Pebble Time”. The platform was used as a de facto pre-sales channel in this case. This crowdfunding campaign reached over USD 20 million by April 2015.

On the other hand, crowdfunding also offers non-financial advantages. It enables companies or private founders to have a direct dialogue with their potential customers and receive immediate responses from them. As a result, crowdfunding campaigns are also well suited for customer recruitment and retention. A good project can also promote the image of a supplier or draw attention to an innovative project. The Swiss computer game *Train Fever* is an example of this, attracting a high level of attention with its campaigns. Another advantage of a crowdfunding campaign is that the founders of a project can use successful campaigns to reveal that there is a market for their products or services (market test). And finally, crowdfunding can also find capital for good ideas which usually do not fit the model required by traditional investors. As a result, swarm intelligence can lead to recognition and support for trends and good ideas.

Funder motives for supporting crowdfunding campaigns

Supporter motives can also be subdivided into financial and non-financial aspects which are largely dependent on the respective crowdfunding category. Funders almost exclusively pursue financial objectives in crowdfunding and crowdlending. In return for their investment, funders of a project expect a risk-adjusted return on their investment consisting of interest payments and repayment of the loan amount (crowdlending) or of value appreciation and dividends from a stake (crowdinvesting). Crowdlending investments in particular are enjoying increasing popularity from investors, as this new investment class has recently produced an attractive risk-return profile. The motives of funders often go beyond financial motives when it comes to reward-based crowdfunding and crowddonating. On the one hand, there may be a philanthropic incentive.³ For example, this may be the case in projects involving social, cultural or political causes. The consideration could be a simple “thank you” or the chance to meet the artist. On the other hand, many campaigns feature an incentive in the form of receiving a product. The advantage here could be the ability to receive a product at a better price, an earlier time or in a specially equipped version.⁴ Given the fact that there are often no minimum investment amounts for crowdfunding or they are very low, some funds are ultimately contributed purely for the sake of fun or to make a political statement. “The buy nothing experiment” campaign in 2014 on *Kickstarter* is an example of this.

³ See for example Lambert and Schwenbacher (2010). An Empirical Analysis of Crowdfunding.

⁴ Mollick (2014). The dynamics of crowdfunding. *Journal of Business Venturing*.

Crowdfunding market in Switzerland

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The first crowdfunding platform in Switzerland, *Cashare*, was founded in 2008. Since then the market has seen strong growth. There are currently 30 platforms active in Switzerland with a physical office (as of April 2015). There are also several internationally oriented platforms without an office in Switzerland. Some of these platforms are very significant for Switzerland, given that many large campaigns are run on them. The major international platforms include *Indiegogo* and *Kickstarter*. Both of these platforms are included in the study. The following platforms were active in Switzerland as of April 2015 (see box on the platforms included in the study):

- **Crowdinvesting:** *Bee invested, c-crowd, Companisto, investiere, Raizers, Swiss-Crowd, Swiss Starter.*
- **Crowddonating & reward-based crowdfunding:** *100-days, Basellandschaftliche Kantonalbank (active since late 2014 with the platform miteinander-erfolgreich.ch), Conda, Donobot, Fairfundr, Feinfundring, Fengarion, GivenGain, GoHeidi, "I believe in you", Indiegogo, International Create Challenge, Kickstarter, LémaNéo, Moboo, Progettiamo, ProjektStarter, Sosense, Startnext, wemakeit.*
- **Crowdlending:** *Cashare (also active in reward-based crowdfunding), CreditGate24, direct-lending, Veolis (also active in other areas), Wecan.Fund.*

7 Crowd exited the market in 2014. *Bee Invested, Conda, DonoBot, Fairfundr, Fengarion, GoHeidi, International Create Challenge, LémaNéo, Progettiamo, Swiss-Crowd* and *Swiss Starter* are new market participants. Additional platforms entered the market in Q1 2015, such as the German reward-based crowdfunding platform *Startnext, Veolis* and *CreditGate24*, which is active in crowdlending (see Figure 4). *Companisto* is also planning to launch its first projects in Switzerland this year. Crowddonating platform *GivenGain*, which has been active for a while, was also included for the first time this year.

The study

Between February and April 2015, the Institute of Financial Services Zug IFZ of the Lucerne School of Business surveyed the platforms active in Switzerland. A comprehensive set of data was collected with the support of almost all of the platforms active in Switzerland. This data was obtained from the following 15 platforms: *100-days, GivenGain, "I believe in you", Indiegogo, International Create Challenge, Kickstarter, Moboo, Progettiamo, ProjektStarter, Sosense, wemakeit, investiere, c-crowd, Cashare* and *direct-lending*. International platforms which only very sporadically process campaigns from Switzerland are not included.

All 15 of the platforms included in the study can be categorised under crowddonating, reward-based crowdfunding, crowdinvesting or crowdlending categories. However, as the data was not collected at the level of individual campaigns, no distinction can be made between reward-based crowdfunding and crowddonating. The reason is that individual reward-based crowdfunding platforms provide the option to waive consideration. In such a case, a campaign would have to be categorised as crowddonating.

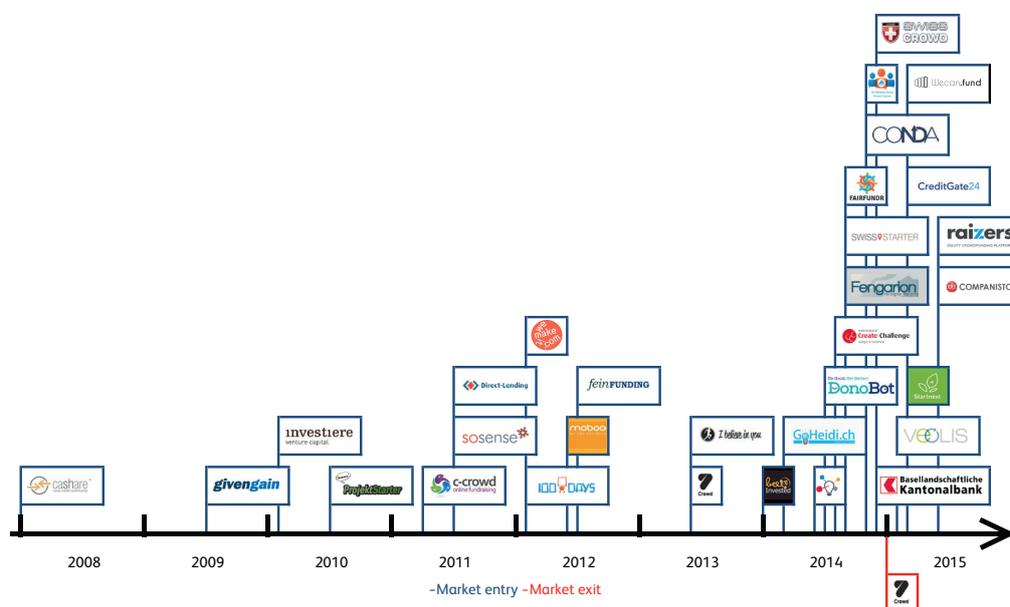


Figure 4: Crowdfunding platforms with projects launched in Switzerland

Heterogeneous business models

Most of the crowdfunding platforms active in Switzerland can be assigned to the crowdfunding sub-groups presented above, i.e. crowdfinancing, crowdlending, reward-based crowdfunding and crowddonating, even though the business models sometimes differ strongly within these groups. For example, in the crowdfinancing category there are huge differences between the business models of *investiere* and *c-crowd*. While *c-crowd* allows any investors to support a company, *investiere* operates more like a business angels club where only a qualified crowd may support the respective companies. As a result, investments are not open to everyone, as investors are screened before being admitted. Minimum contributions also thin out the crowd.

The clear specialisation of individual platforms in reward-based crowdfunding stands out. This includes a focus on art, culture or sports (“I believe in you”). *Veolis* also pursues a clear subject focus – sustainable energy. This platform started in March 2015 and has no specific orientation towards any type of crowdfunding. It is also noteworthy that two platforms were founded in 2014 with regional focus. While *LémaNéo* and *GoHeidi* focuses on the Lake Geneva Region, *Progettiamo* is a regional crowdfunding platform for promoting and developing projects in Ticino. The platform is also supported by the Canton of Ticino and its municipalities. Finally, with *Swiss-Crowd* the first real-estate platform went online and successful campaigns are expected to be completed this year.

The market for service providers for crowdfunding platforms also maintained traction in 2014. The company *Sosense* continues to develop and operate platforms for companies and organisations that are tailored to their specific needs. The market entry of *Swisscom* is significant and is considered a strong sign for the crowdfunding market. *Swisscom* is developing a crowdfunding platform on the basis of *wemakeit*'s technical platform which companies can use to start their own marketplace. *Basellandschaftliche Kantonbank* became *Swisscom*'s first client.

In addition to technology providers for platform operators, it would be desirable for the industry if more consultants for campaign founders would set up shop in Switzerland as well. If the crowdfunding market continues to grow in the coming years, a consulting industry could emerge and further professionalize the entire environment as in the international markets that have come further along in their development.

Strong market growth in Switzerland

Both the number of successfully funded campaigns⁵ and the volume of funds raised experienced a strong increase over the past few years. The volume increased more than five-fold in comparison to 2011. The industry posted year-on-year growth of 36 % to CHF 15.8 million across all crowdfunding categories (see Figure 5). However, these spectacular growth figures should not conceal the fact that the absolute amounts are still very low. With CHF 7.7 million in funds raised, reward-based crowdfunding & crowddonating is now larger than crowdfund investing, which was not the case the past year. Reward-based crowdfunding & crowddonating grew in volume by a considerable 82 %. Crowdlending experienced even higher growth rates, growing by 95 %. Crowdfund investing was down 18 % in volume.

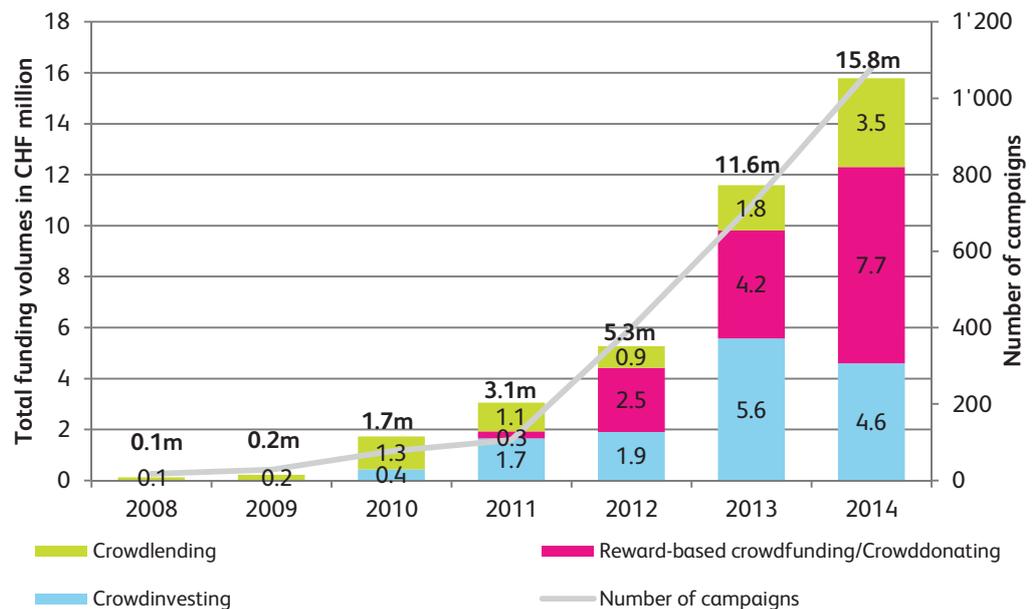


Figure 5: Successfully funded campaigns by funding volume and number of campaigns from 2008 to 2014.

⁵ A campaign is considered "successfully funded" when funds change hands from funder to founder. Campaigns with a fixed target amount are only successful if this amount has been reached (all-or-nothing model). If no fixed target amount was defined but funds are still raised, the campaign is also categorised as successful in our survey. As a result, the volumes listed only reveal the amount of money that changed hands. The survey does not consider whether the funded campaign can actually be implemented as a successful project.

Reward-based crowdfunding and crowddonating

After being the largest crowdfunding segment in 2012, reward-based crowdfunding & crowddonating was once again the largest crowdfunding segment in Switzerland in 2014. Its constant, high growth over the past four years is remarkable. After a mere CHF 300,000 in funds were raised in this segment in 2011, this figure reached CHF 7.7 million in 2014. A total of 854 funding campaigns were successful in 2014 (past year: 594 campaigns). A large number of projects were successfully funded, especially in technology, music, sports and social projects. As a result, reward-based crowdfunding is well on its way to establishing itself in culture and sports in Switzerland. However, it must be taken into account that the volumes of funds raised in reward-based crowdfunding and crowddonating are still relatively low in absolute values. For example, approximately CHF 1.7 billion was donated in Switzerland in 2013.⁶ The volumes of crowddonating are marginal by comparison. The same also goes for expenditure for cultural projects by the federal government (e.g. Pro Helvetia), the cantons and in particular private foundations.

This study has analysed the distribution of the amounts invested by various subcategories for the first time. The size of the circle in Figure 6 shows the number of successfully funded campaigns. We also categorise the number of successful campaigns using different colours.

It is noteworthy that crowdfunding is well-established in particular for projects in “Music, concerts and festivals” (see Table 1). CHF 1.5 million in funds were successfully raised for 216 projects in this category in 2014. “Technology, business and start-ups” (CHF 1.5 million) and “Society and social projects” (CHF 1.3 million) were also significant. It is no surprise that there was a tendency towards larger projects in “Technology, business and start-ups”, given that the amount of funding needed is higher. This led to a smaller number of campaigns in comparison to other categories. The “Sports and health” category generated over CHF 700,000 with 128 campaigns. This could be related to the strong position of the “*I believe in you*” platform in particular. This platform focuses exclusively on sports projects. It is also interesting to note that political forces in Switzerland have only rarely used the Internet for funding thus far. Switzerland has not come very far in this respect yet, especially in comparison to the US.

As it can be seen in Table 1, the average campaign amounts generated in each category vary greatly (between CHF 3,100 in the category “Other” and CHF 48,100 for “Software, games”).⁷ The average funding amount of a “Technology, business and start-up” campaign was CHF 36,600. This figure was CHF 6,800 for “Music, concerts and festivals” campaigns, while CHF 10,200 was raised for “Society & social projects” and an average of CHF 5,700 for “Sports and health”. The average funding volume of a project on all platforms studied was CHF 9,000. This value came in at a similar level in Germany in 2014 (EUR 8,200).⁸ The average investment amount of a funder was CHF 110,85 in 2014.⁹ These figures show that the reward-based crowdfunding and crowddonating model is meeting with increasingly widespread use. Another indication of this is that over 60,000 people provided funds for campaigns in Switzerland in the past year.¹⁰

⁶ Estimate by Stiftung Zewo. Spendenstatistik 2013 (online, 2015).

⁷ These figures refer only to the following platforms: 100-days, Cashare, GivenGain, “I believe in you”, Indiegogo, International Create Challenge, Kickstarter, Moboo, Progettiamo, Projektstarter, Sosense and wemakeit, which provided us with detailed figures on the distribution of projects. As a result, a large part of the Swiss market is however not fully covered.

⁸ Für-Gründer.de. Crowdfinanzierung in Deutschland (2014).

⁹ The campaign amount generated was placed in proportion to the funders for calculation purposes. Given that two of the smaller platforms did not provide any information on funders, the campaign amount of both of these platforms was subtracted from the total campaign amount generated.

¹⁰ People may have been counted twice here (people who have paid money for the same or multiple projects). Of a total of 12 platforms active in reward-based crowdfunding and crowddonating, only 10 have disclosed detailed figures on the number of supporters. The actual figures may therefore be slightly higher.

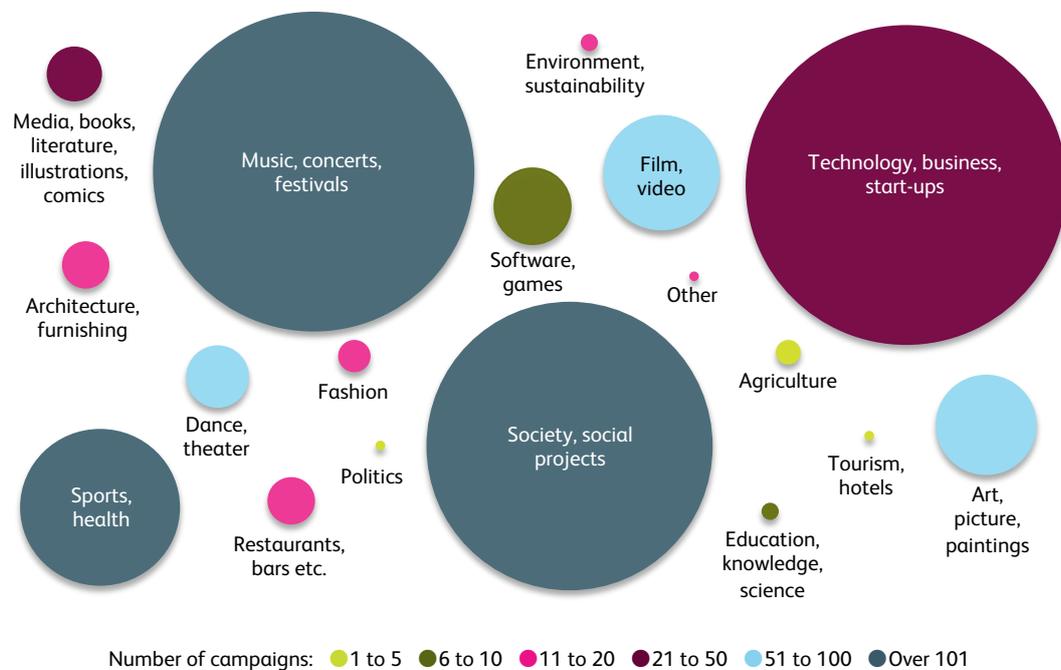


Figure 6: Distribution of reward-based crowdfunding and crowddonating by category in volumes (size of circle) and number (colour)

Ranking	Category	Total campaign amount generated	Number of projects	Average campaign amount generated
1.	Music, concerts, festivals	CHF 1,478,267	216	CHF 6,844
2.	Technology, business, start-ups	CHF 1,465,555	40	CHF 36,639
3.	Society, social projects	CHF 1,338,418	131	CHF 10,217
4.	Sports, health	CHF 733,330	128	CHF 5,729
5.	Film, video	CHF 512,853	71	CHF 7,223
6.	Art, pictures, paintings	CHF 447,388	72	CHF 6,214
7.	Software, games	CHF 336,432	7	CHF 48,062
8.	Dance, theatre	CHF 262,523	53	CHF 4,953
9.	Media, books, literature, illustration, comics	CHF 234,089	39	CHF 6,002
10.	Architecture, furnishing	CHF 208,641	18	CHF 11,591
11.	Restaurants, bars etc.	CHF 196,895	17	CHF 11,582
12.	Fashion	CHF 155,585	14	CHF 11,113
13.	Agriculture	CHF 114,335	4	CHF 28,584
14.	Environment, sustainability	CHF 71,032	13	CHF 5,464
15.	Education, knowledge, science	CHF 63,999	10	CHF 6,400
16.	Other	CHF 42,944	14	CHF 3,067
17.	Politics	CHF 32,510	5	CHF 6,502
18.	Tourism, hotels	CHF 24,030	2	CHF 12,015

Table 1: Investments in reward-based crowdfunding and crowddonating by category

Crowdinvesting

As of the end of 2014, the following platforms were active in the Swiss crowdinvesting market: *investiere*, *c-crowd*, *beeinvested*, *Swiss-Crowd* and *Swiss Starter*. As in the past year, a total of 10 campaigns were successful on the first two platforms. However, there was a decline in volume, which fell from CHF 5.6 million to CHF 4.6 million. But due to the very low number of projects, no great significance should be attached to this change in volume. The three remaining platform were already active by the end of 2014, but no financing campaigns were completed up until December 2014.

It is positive that all launched projects were realised. The target amounts set were exceeded by 4 % on average (equal to a 104 % success rate). This is also in particular an indication of careful project selection and professional project support on the part of said platforms. The market has potential for positive growth, as for example already CHF 457 million was invested in start-ups in Switzerland in 2014.¹¹

The average funding volume for the 10 funded projects is CHF 460,000. This value is slightly higher in comparison to the leading platforms in Germany. In 2014, the average funding volume for *Companisto* was EUR 368,000, and EUR 458,000 for *Seedmatch*. The average value for all of Germany is EUR 260,000.¹²

The average investment amount per investor in Switzerland is CHF 23,400, which is significantly higher than the other types of crowdfunding.

Crowdlending

The crowdlending market has experienced the strongest year-on-year growth of all crowdfunding segments. Its volume nearly doubled, increasing from CHF 1.8 million to CHF 3.5 million. The number of campaigns rose from 116 to 214, and all of them were successfully funded. The current challenge of crowdlending platforms is not finding funders. On the contrary, it is (more) difficult to get borrowers on the platforms.

Crowdlending campaign funders invested an average of CHF 1,100, which is substantially different from the figures in reward-based crowdfunding & crowddonating as well as in crowdinvesting.

The average campaign amount was CHF 16,200, which was slightly higher than in the past year (CHF 15,000). The average loan amount in crowdlending is very similar to the average consumer loan as of the end of 2014. The crowdlending market is, however, still niche market. Its volume of CHF 3.5 million is extremely small in comparison to the nearly CHF 3.9 billion in new loans in the consumer loan market in 2014.¹³

On the basis of the figures from *Cashare*, we were able to conduct a detailed analysis on the level of individual campaigns for the first time this year. The results of this study are presented in the next section.

¹¹ Start-up-Ticker.ch. Swiss Venture Capital Report (2015).

¹² Für-Gründer.de. Crowdfinanzierung in Deutschland (2014).

¹³ Verband Schweizerischer Kreditbanken und Finanzierungsinstitute VSKF, Zahlen und Fakten (online, 2015).

Platform fee models

The fee models of each crowdfunding platform differ quite a lot, depending on the business model and type of crowdfunding. The following table provides an overview of the individual fee models of each crowdfunding platform active in Switzerland.

	Platform	Payout model	Fee charged on payout amount	Other fee models, additional information
Crowdinvesting	c-crowd	all-or-nothing	10 %	Entrepreneur defines amount of funding needed and minimum funding amount. As soon as the minimum funding amount is reached, the entrepreneur can end the subscription period and draw the investments. Use of marketplace CHF 250 (basic) or CHF 400 (premium) for three months.
	Companisto	all-or-nothing	10 %	–
	investiere	all-or-nothing	–	6.5 % commission on capital raised via investiere, paid by start-up; 4.5 % commission for funders, which is reinvested in the start-up by Verve Capital Partners.
	Startnext	all-or-nothing	4 % transaction fee	Start-up fee: EUR 595
	Swiss-Crowd	diverse	5 %	–
Reward-based crowdfunding/crowddonating	100-days	all-or-nothing	5 %	–
	Basellandschaftliche Kantonalbank Crowdfunding	all-or-nothing	10 % (6 % commission, 4 % transaction cost)	No fees for unsuccessful projects
	Cashare (reward-based crowdfunding)	all-or-nothing	5 %	–
	Donobot	keep-it-all	5 %	–
	feinfunding	diverse	–	Selection of different fixed-price packages, additional fee of 0–3 % (white label solution)
	GivenGain	keep-it-all	2 %–5 %	Fees vary by type of subscription
	GoHeidi	diverse	9.5 %	–
	I believe in you	all-or-nothing	9 % (5 % administration fee, 4 % payment transactions)	No fees for unsuccessful projects
	Indiegogo	optional	4 % / 9 %	Flexible target amount: target not reached 9 % on amounts received, target reached 4 % on amounts received
	Indiegogo Life		0 %	Fixed target amount: target not reached 0 % on amounts received, target reached 4 % on amounts received
	International Create Challenge	keep-it-all	5 %	–
Kickstarter	all-or-nothing	8 % (5 % administrative fee, 3 % payment fee)	–	

Table 2: Overview of fee models

	Platform	Payment model	Fee charged on payment amount	Other fee models, additional information
Reward-based crowdfunding/ crowddonating	Moboo	keep-it-all	10 %	–
	Progettiamo	all-or-nothing	0 %	Public and private sponsors
	ProjektStarter	all-or-nothing	8 % (5 % for junior projects)	–
	Sosense	keep-it-all	10 %	–
	Startnext	all-or-nothing	10 % (6 % commission, 4 % transaction cost)	No fees for unsuccessful projects
	Wemakeit	all-or-nothing	6 % commission, 4 % transaction fee	–
Crowdlending	Cashare (Crowdlending)	keep-it-all	–	Borrowers: review fee CHF 19; platform fee 0.75 % of the annual loan amount, compulsory life insurance, voluntary insurance for occupational disability/unemployment; lenders: 0.75 % of the outstanding loan amount
	CreditGate24	diverse	0.8–2.8 %	1 % for investors
	direct-lending	keep-it-all	–	Fixed price plus commission of 1–3 %
	Veolis	all-or-nothing	Base fee (varies) + success fee (6.5 %)	–
	Wecan.fund	diverse	4 %	–

Table 2: Overview of fee models

Special feature: Crowdlending in Switzerland

Authors: Reto Wernli, Prof. Dr. Andreas Dietrich and Simon Amrein

Crowdlending has only been available to private borrowers so far. As a result, the market is in direct competition with the traditional consumer loan market. However, as presented in the preceding chapter, the crowdlending market in Switzerland is still in a very early stage of development. While the volume of new transactions in crowdlending was CHF 3.5 million, the volume of consumer loans taken out in 2014 was CHF 3.9 billion.¹⁴

This section of the study illustrates how the loans raised and the borrowers can be characterised. Our analyses are based on all of the loans raised via *Cashare* from 2008 to 2014. The data was provided to us in anonymised form. First, we will discuss *Cashare*'s business model in brief, followed by extracts from the analysis.

Cashare's business model

As a Swiss pioneer in crowdfunding, *Cashare* has been serving as an intermediary for loans (i.e. consumer loans or microloans) between private persons since 2008. Although the platform is not subject to the Consumer Credit Act (Konsumkreditgesetz), it follows the principles of the Act, such as a 15 % interest rate ceiling. Anti-money laundering standards are also taken into account. For example, all borrowers and lenders are required to submit a "Form A".¹⁵

After the borrower has submitted the application, *Cashare* conducts a credit check, which is done in the same way as at traditional banks using external data suppliers such as Credit Reform.¹⁶ According to *Cashare*, around 80 to 90 percent of loan requests are rejected. This is reflected positively in a low loan loss rate for the platform of around one percent.¹⁷ Loans are raised in an auction process where successfully assessed applications are published on the platform for a period of time chosen by the borrower. During this time, lenders submit their bids with an interest rate and amount, but the maximum interest rate determined by the applicant cannot be exceeded. After this period has ended, the lenders with the most competitive bids are selected. A maximum of 20 lenders may be included per application. This restriction is based on Swiss banking legislation (Bankenverordnung), which prescribes a banking license for borrowers with more than 20 depositors.¹⁸ However, *Cashare* does not operate as a bank, but, in its role as intermediary, takes responsibility for the credit check including ID verification and financial processing. The loan agreement is between the borrower and the lenders. As a result, the credit risk remains with the lenders at all times. Instalments (interest and repayment component) are due on a monthly basis. *Cashare*'s platform fee is 0.75 percent annually for each borrower based on the total loan amount, and for each lender based on the effective outstanding loan amount.

¹⁴ Verband Schweizerischer Kreditbanken und Finanzierungsinstitute VSKF, Zahlen und Fakten (online, 2015).

¹⁵ Form A is a written statement by the customer and serves to determine the beneficial owner of the assets.

¹⁶ One-time credit check fees of CHF 19 are charged.

¹⁷ Source: NZZ from 30/3/2015, Anleger wird zum Kreditspezialisten. By comparison, the default rate at Cembra Money bank was 1.8 percent in 2014 for debts more than 30 days overdue and 0.4 for bad debts.

¹⁸ In accordance with the definition in Art. 3a para. 2 of the Banking Ordinance (BankV), "anyone who receives more than 20 public deposits on an ongoing basis" is conducting business activities pursuant to the Banking Act (Bankengesetz).

Strong growth since 2012

Measured on the basis of the campaigns funded in 2014, crowdlending remains the smallest crowdfunding category in Switzerland, just as in the two preceding years. However, with growth doubling year-on-year, crowdlending posted the highest growth in 2014 of all types of crowdfunding in Switzerland. The low interest rates and the search for attractive returns on the part of investors may have had a positive effect on this success. In terms of debtors, the continuing high interest rates of leading microloan providers helped *Cashare* win market shares.

From a geographic perspective, crowdlending has not yet arrived in certain regions. Figure 7 shows the origin of the borrowers. The size of the circle reflects the amount of all loans taken out so far by the postal code of the debtors.

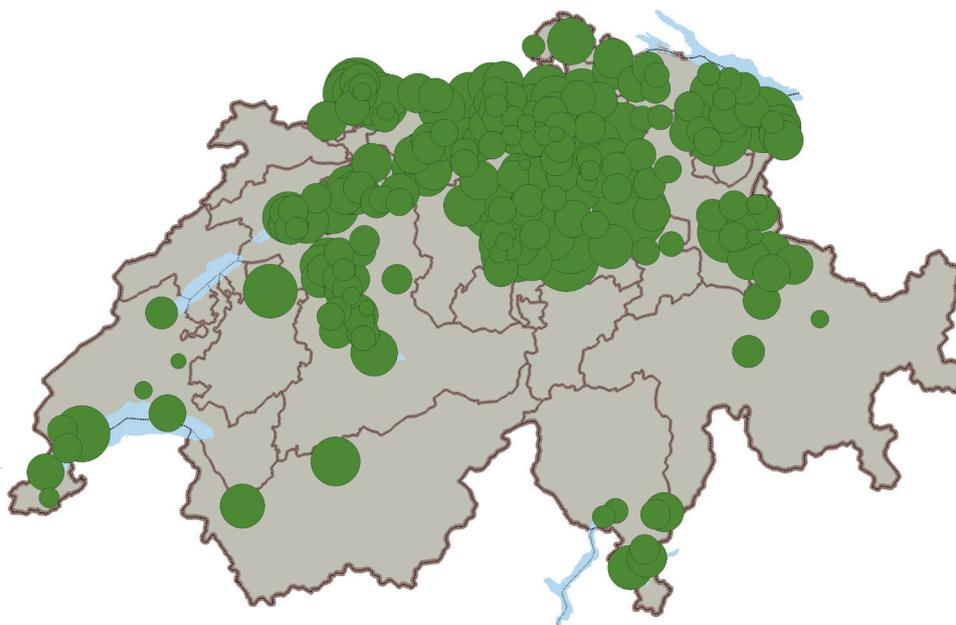


Figure 7: Loan amounts aggregated by postal code of borrower

The strong concentration in the regions of Basel, Zurich and in Central Switzerland is noteworthy. The cantons of Graubünden, Wallis, Geneva and Ticino are heavily under-represented. Residents of some primarily rural cantons have not become active as borrowers in crowdlending at all yet.

Loan profile

Some strong differences can be seen in the different population groups apart from merely regional differences. A typical borrower (about one fourth of the borrowers are female) can be characterised as follows:

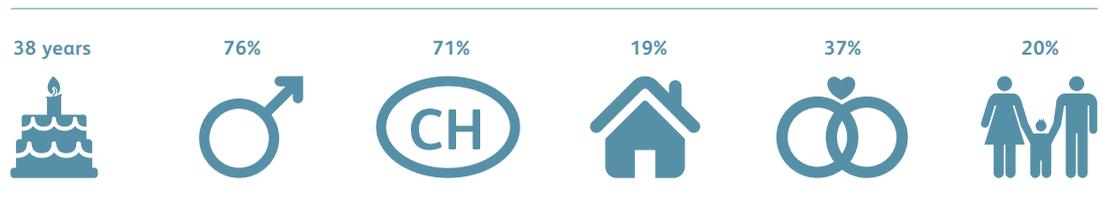


Figure 8: Profile of average borrower

The average borrower age is 38. One fifth had at least one child under the age of 16 at the time the loan was raised. At 37 percent, married people were proportionally under-represented, although they make up 54 percent of the permanent resident population.¹⁹ Homeowners (19 percent²⁰) and women (24 percent) are also under-represented. The distribution of nationalities is slightly more representative of the Swiss population. 71 percent of the borrowers were Swiss, while 29 percent of the borrowers were not in possession of a Swiss passport. The average proportion of the foreign-born resident population in Switzerland was 22 percent between 2008 and 2013.²¹

The age distribution of the borrowers leads to the conclusion that crowdlending is currently still primarily used by the tech-savvy Generation Y (see Figure 9). 60 percent of all loans raised since 2008 went to people under the age of 40. Only 4 percent of the borrowers for successful projects were over 60 years of age.

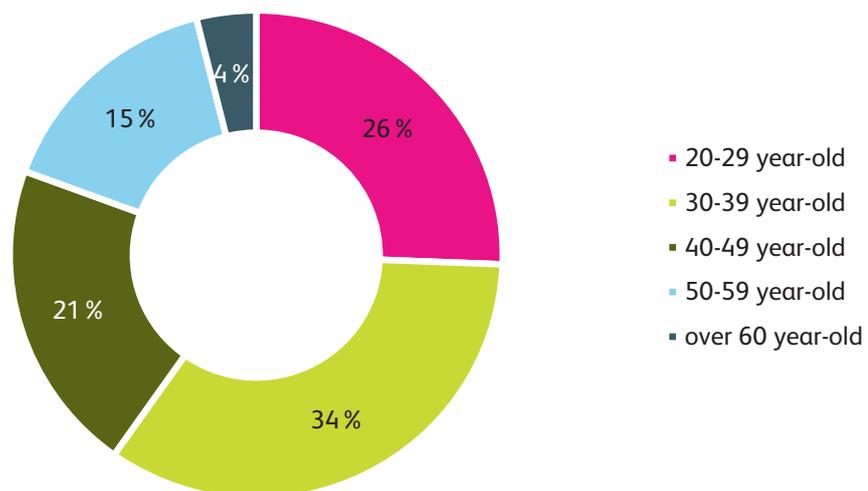


Figure 9: Number of loans by age category of borrower

¹⁹ Permanent resident population over 20 years of age. Source: Federal Statistical Office, Structure of the permanent resident population by canton.

²⁰ According to the Federal Housing Office (BWO), the homeowner ratio was 37.5%.

²¹ Source: Federal Statistical Office, Demographic balance of the permanent resident population by citizenship in 2013.

Breakdown of loan amounts and interest rates

A typical loan raised via *Cashare* over the past seven years can be described as follows:

- Loan amount: CHF 12,170
- Interest rate: 9.8 percent
- Term: 2.7 years

But how have these figures changed between 2008 and 2014? The rising confidence in *Cashare* and thus also crowdlending is not only reflected in the growth figures, but also in the ability to raise larger loan amounts. This not only promotes economies of scale for the platform with respect to one-off expenses for credit checks and settlement, but also boosts the appeal for borrowers. As a result, larger projects can be funded as well, which expands the group of potential borrowers.

The average of all loan amounts was CHF 4,129 in 2008 and CHF 3,465 in 2009. As shown by Figure 10, this figure has been over CHF 13,000 since 2011. It was around CHF 16,581 in 2014. Three-quarters of all successful projects had loan amounts of CHF 7,348 or more in the past year. It is noteworthy that more and more high loan amounts are being raised. The highest amount in 2014 was CHF 150,000.

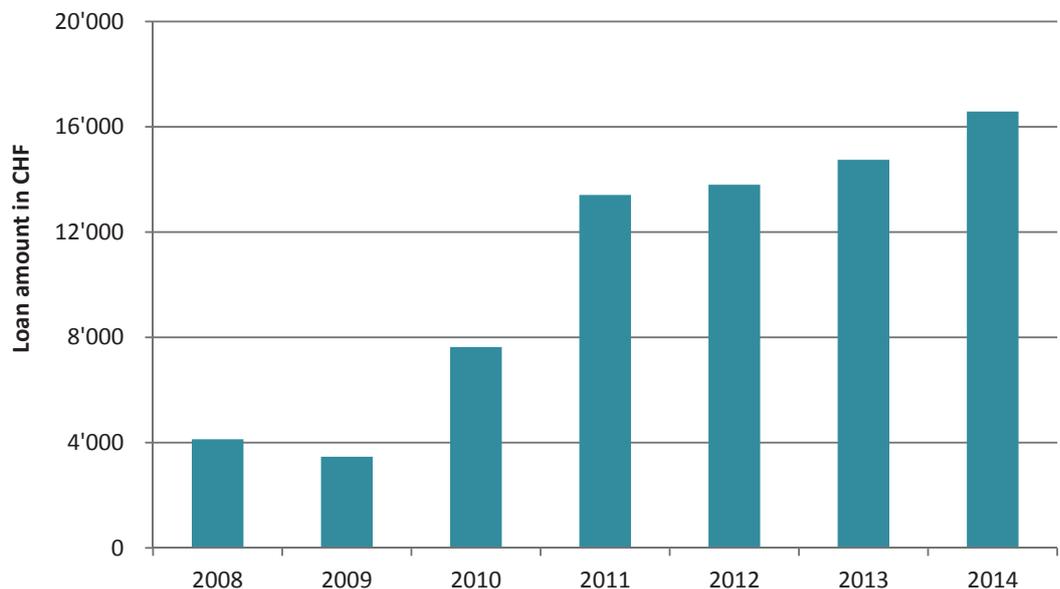


Figure 10: Average loan amount per completed project by year

Figure 11 shows changes in loan interest rates over the period from 2008 to 2014. Overall, it can be seen that interest rates have fallen over the past six years. The average interest rate decreased over this period from 12.5 to 8.9 percent. However, it should be taken into account that the average interest rate is dependent on factors such as the general interest rate level and the credit rating of the borrower.

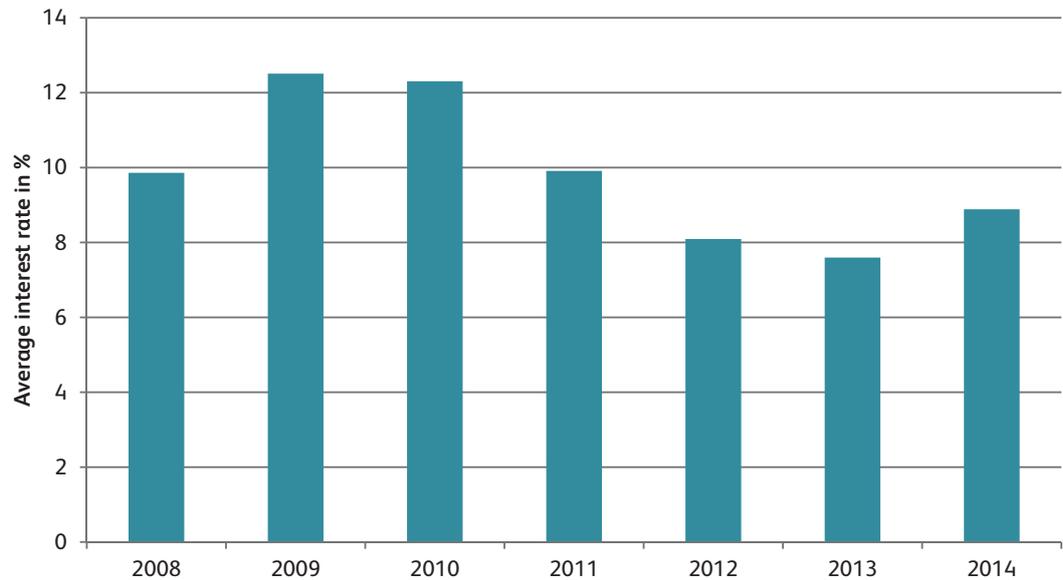


Figure 11: Average loan interest rate by year

It is also noteworthy that the interest rate dispersion has decreased. Half of the loans raised in 2014 were in an interest rate range between 7.7 and 9.9 percent, while the lowest rate was 3.5 percent. The average interest rate increased slightly year-on-year. However, the credit rating of borrowers decreased in consideration of the fact that net income was around 14 percent lower.

Factors influencing loan interest rates

Regression analyses were used to examine the different correlations in order to determine which factors are responsible for differences in interest rates. The key results are summarised in brief as follows:

- Borrowers living alone pay one percent lower interest rates than cohabitants or single parents.
- The age of the borrower has no significant impact on the interest rate.
- Borrowers that are homeowners pay 0.6 % less in interest than tenants.
- Swiss citizens also pay less interest in comparison to foreign nationals. The average difference is 0.5 percent.
- Women pay slightly higher interest rates. However, this is probably less due to gender-specific differences than to the fact that women had 30 percent lower net income in comparison to male borrowers in our data set.
- Significant differences were also found with regard to the characteristics of the loans. Longer terms bring up the interest rate by around half a percent per year of the term.

The regression analysis shows that borrower characteristics and loan characteristics influence the loan interest rates. This indicates that loans are raised in line with the risk-return principle.

Conclusion

The market for crowdlending (also known as P2P lending) is still in a very early stage in Switzerland. Foreign markets, in particular the US, the UK and Germany have come much further along than Switzerland. Our analyses also indicate that crowdlending is an interesting new investment class for investors due to the low default rates so far and the relatively high returns. This makes it no surprise that the number of potential lenders has increased a lot more than the number of borrowers over the past years. Certain loans are funded in almost no time as a result. The interest rates assessed in the auction have also decreased over the past years. The great potential that this market holds can be easily seen on examination of conditions abroad. As a result, it should be expected that *Cashare* will be able to continue its growth spurt and profit from future trends.

International trends

Authors: Prof. Dr. Andreas Dietrich, Simon Amrein and Dr. Falk Kohlmann

Crowdfunding has enjoyed great popularity in recent years not only in Switzerland, but also internationally. The concept of crowdfunding as a funding model is already well-established in particular in the US and the UK. The markets in both of these countries have accordingly come significantly further along in their growth than Switzerland. There are various factors indicative of this. For example, the volumes funded with the help of crowdfunding, both per inhabitant and in proportion to economic output, are substantially higher than in Switzerland.²² The emergence of a consulting industry for crowdfunding can already be seen in both of these markets as well, which is probably also related to the absolute size of the markets in particular. In addition, professional investors have increasingly participated in crowdfunding platforms on both of these markets over the past years. Lending Club became the first platform listed on the stock exchange in the US in December of last year. Moreover, some international platforms are showing how the core business can be complemented with additional functions and services (e.g. portfolio services for funders, insurance coverage, etc.). By comparison, the establishment of the core services of a crowdfunding marketplace is still at the forefront in Switzerland. And finally, there are now also significantly more examples internationally of established financial services providers (e.g. banks) which now either have developed their own crowdfunding platforms or collaborate with existing crowdfunding platforms.

In 2014, the worldwide volume of funds raised via crowdfunding was estimated at around CHF 14.8 billion (+167 % year-on-year).²³ Divided by regions, the largest share of the volume once again came from the North America (CHF 8.7 billion).²⁴ The Asian market overtook (according to a study by Massolution) Europe in the past year and is now the second-largest crowdfunding market at CHF 3.1 billion (+320 % year-on-year). The study of Wardrop et al. (2015), however, estimate the European market to be slightly larger at CHF 3.6 billion.²⁵ Therefore, a market size of between CHF 3.0 and 3.6 billion seems to be a realistic estimate.

Overview of the European market

According to Wardrop et al. (2015), the European market grew by 144 percent year-on-year. The market is expected to reach about CHF 8.5 billion²⁶ in 2015, which would be more than twice the value of the past year.

Within Europe, the crowdfunding market in the UK has the highest volume by far. CHF 2.8 billion was raised in 2014, which accounts for approximately 80 percent of the market in Europe (see Figure 12). This is due to the strong position of crowdlending providers such as Zopa, Ratesetter and Funding Circle. The market growth from 2013 and 2014 is also stronger in the UK (+168 %) than the rest of Europe (+83 %). It is of little surprise that the UK has the most crowdfunding platforms (65), followed by 34 platforms in Spain, France (33), Germany (31) and the Netherlands (31).

With the exception of Spain, these countries also hold the top spots in terms of transaction volume.

²² See Crowdfunding Monitoring Switzerland 2014 for size comparisons of markets taking into account gross domestic product and the number of inhabitants. In the UK, CHF 21.80 per inhabitant was funded via crowdfunding, in North America CHF 9.35.

²³ Massolution (2015). 2015CF – The Crowdfunding Industry Report. Exchange rate USD/CHF 0.9153

²⁴ According to estimates, approximately USD 4.3 million went to Lending Club alone (first three quarters USD 2.96 billion).

²⁵ Wardrop, R., Zhang, B., Rau, R., & Gray, M. (2015). Moving Mainstream – The European Alternative Finance Benchmarking Report. University of Cambridge.

²⁶ Exchange rate EUR/CHF 1.2146

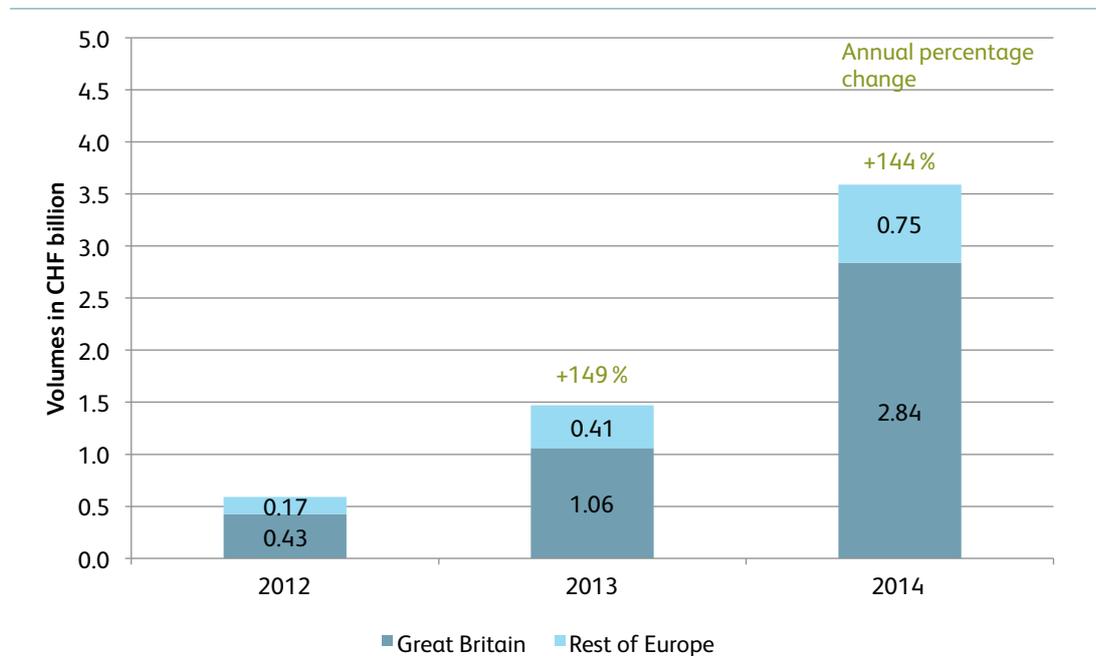


Figure 12: Size and growth of crowdfunding market in Europe (Source: Wardrop et. al., 2015)

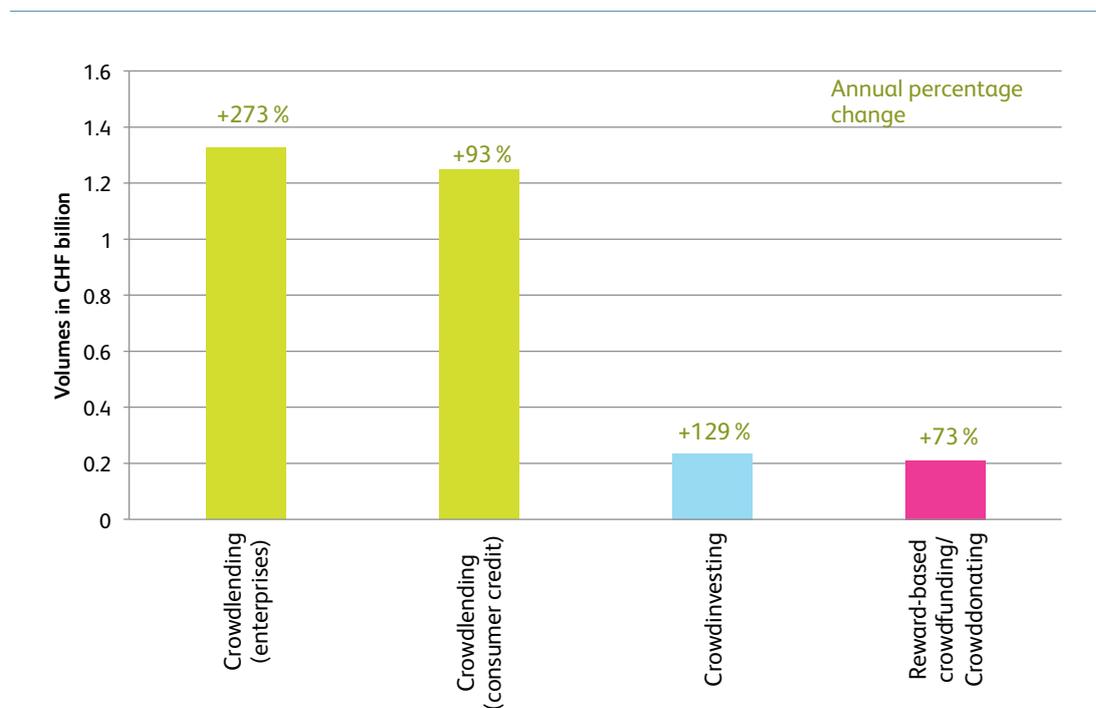


Figure 13: Volume of crowdfunding market in Europe by category (Source: Wardrop et. al., 2015)

Among 27 European markets studied, Switzerland comes in ninth place in terms of absolute volume (see Table 3). Switzerland is in ninth place with respect to funded volume per inhabitant. However, the rankings of other countries vary using this relative view. But from the point of view of absolute volume, France comes in second place after the UK, while a per capita measurement bumps France down to sixth place with a CHF 2.90 transaction volume per capita. With CHF 43.70 per capita, the UK's volume is twice as high as second-place Estonia (CHF 20.30 per inhabitant). The volume per capita in Switzerland is CHF 1.90 per inhabitant, which is similar to Germany (CHF 2.10 per inhabitant). The per capita funded crowdfunding volume of last year was CHF 1.45.

Overall, the European crowdfunding markets can be divided into three groups. While the UK, Estonia and

Countries	Volume in CHF million	Volume per inhabitant (in CHF)
UK	2'838,5	43,7
France	187,0	2,9
Germany	170,0	2,1
Sweden	130,0	13,2
The Netherlands	94,7	5,6
Spain	75,3	1,6
Estonia	26,7	20,3
Finland	20,6	3,8
Switzerland	15,8	1,9
Italy	10,0	0,1
Poland	4,9	0,1
Austria	4,4	0,5
Belgium	3,0	0,2
Denmark	3,0	0,5
The Czech Republic	2,4	0,2
Slovakia	1,2	0,2
Norway	1,2	0,2
Iceland	0,7	2,3

Table 3: Volume of funded crowdfunding campaigns in European countries measured in absolute figures and per inhabitant figures for 2014 (Sources: Wardrop et al., 2015; Statista, online, 2015)

Sweden already have fairly high per capita transaction volumes (> CHF 10.00 per capita), the volume per capita in a second group is only moderate (between CHF 1.00 and CHF 10.00). The second group comprises the Netherlands, Finland, France, Iceland, Germany, Switzerland and Spain. The transaction volume per capita in a third group is below CHF 0.50. This group includes Austria, Denmark, Belgium and Norway.

There are two aspects that stand out in particular upon examination of the trends for each crowdfunding category (see Figure 13).

- Positive growth rates can be seen for all types of crowdfunding. However, they have very different characteristics. It is noteworthy that SME crowdlending exhibited the highest percentage growth rate in 2014. As a result, this field now also has the highest volume expressed in absolute transaction volumes.
- There are major differences between countries with respect to each crowdfunding segment. While SME

crowdlending in countries such as the Netherlands and the UK have by far the largest share of volume (> 40 %), this segment is still in the growth phase in countries such as France or Germany and is currently still insignificant (<6 % of the volume of the entire crowdfunding market). This segment is currently non-existent in Switzerland.

New functions and services

While countries such as Switzerland are still in the development phase where the first established financial service providers are discovering crowdfunding, it can be seen in other countries that new functions and services are emerging around the core services (e.g. in the case of crowdlending, bringing together lenders and borrowers and rating borrowers). This includes autoinvest functions. InvestUp packages access to various crowdlending platforms and provides an autoinvest function. After compiling a short risk profile, InvestUp invests available funds in corresponding P2P and P2B loans from multiple platforms. Funds from repaid loans are automatically reinvested in new loans.

Another example of an additional function is the case of reward-based crowdfunding platform Indiegogo, which is testing optional insurance cover for unsuccessful projects. In return for a fee, funders can get cover for delayed product delivery, failed product development or fraud on the platform. Indiegogo also announced the opening of InDemand in January 2015. This tool, which was funded with CHF 2.3 million on Indiegogo, enables pre-orders for products to be registered in conjunction with campaigns. The final example of innovations is the case of Seedrs. The British crowdinvesting platform has been giving funders the opportunity to invest via convertible bonds since mid-2014. By purchasing a convertible bond, the funder provides the start-up with capital which it can convert into equity at a later point in time on preferential terms.

Conclusion

The international trends demonstrate strong growth in transaction volume (absolute and relative) across all areas of crowdfunding. It can be seen that the different categories of crowdfunding have different degrees of significance in the European markets. It is also noteworthy that established platforms are increasingly providing new functions and services. This expands the value creation chain and generates additional revenue. In addition, a platform with such services may be able to differentiate itself from its competitors.

In comparison to international markets, the Swiss crowdfunding market has not yet come very far in its development. The trends analysed in other countries show what direction the Swiss market could develop in. However, it should be noted that the Swiss market exhibits great differences particularly in comparison with the markets in the UK and the US. For one, the market in Switzerland is significantly smaller. While large platforms can profit from economies of scale in international markets and work on optimising their business models, large platforms in Switzerland are still working on the issue of how to employ their business model with at least their costs covered. Secondly, the legal conditions are different. While statutory frameworks have already been established in some international markets, there is no actual crowdfunding regulation in place in Switzerland.

2015 crowdfunding forecasts

Authors: Prof. Dr. Andreas Dietrich and Simon Amrein

In light of the above results, we make the following forecasts regarding the trend for the crowdfunding market in 2015:

1. Substantial growth of crowdfunding market in 2015

The total crowdfunding market will continue to grow significantly both in terms of volume and in terms of the number of successfully funded campaigns. We expect a volume for next year between CHF 25 and 30 million. The regulatory environment or the market entry of large companies/platforms could however have a massive influence on the market value that is difficult to estimate at this time, which is still marginal in absolute figures. We expect the following trends divided up between the four crowdfunding segments:

- **Crowdlending:** We forecast strong growth for this segment, given that we expect to see SME loans offered via crowdfunding platforms for the first time in Switzerland in 2015. The growth this year is largely dependent on when these loans will go online.
- **Crowddonating:** Collecting donations via the Internet will become a greater focus of non-profit organisations this year. We expect that the first large, well-known organisations will try out crowdfunding via the Internet this year, or at the latest by next year. We see great potential in this market.
- **Reward-based crowdfunding:** The success story of large, well-established platforms in Switzerland such as *100-days*, *wemakeit* and *"I believe in you"* will continue. This is also the case for large American platforms *Indiegogo* and *Kickstarter*, which have projects in Switzerland. We expect even higher recognition and another substantial growth spurt in this market as a result.
- **Crowdinvesting:** It is difficult to estimate the growth of this segment, given that one single project (often in the order of magnitude of CHF 400,000 to 500,000) can have a massive influence on the overall performance of the segment. However, we do expect growing dynamics in this market for corporate finance, in particular as a result of the entry of new market players.

2. Crowdfunding remains attractive – new players considering market entry

The number of platforms active in Switzerland will further increase in 2015 for the following reasons:

- **We still see great market potential:** If you compare the volumes on the consumer loan markets, venture capital markets and the donation volumes in Switzerland, it becomes abundantly clear that the market potential of crowdfunding has not come close to being exhausted yet. The international trends are also a strong indicator that the Swiss crowdfunding market is still in its infancy and substantial growth figures can be reached in the future.
- **Recognition continuing to grow in the population:** Funds were invested in a campaign more than 60,000 times over the past year. Due to the number of multiple donations, this cannot be translated into the exact number of people. It does however indicate that crowdfunding is becoming increasingly widespread. We estimate that recognition for crowdfunding will continue to increase.
- **Many niches have not yet been taken:** Although there are some established providers in Switzerland, there are still some niche areas that have not yet been taken. For example, this includes funding for corporate loans, a platform for foundations and joint investments in equities based on the investment opinion of the crowd.

- **Low entry barriers:** The appeal of entering the crowdfunding market is high, given the low entry barriers. The software for the platforms can be purchased cheaply and quickly.

However, we also expect that individual platforms will exit the market when they have been unable to establish themselves on the market. The low entry barriers make entering the market quick and easy. Successfully and in particular profitably operating a platform is however a great challenge.

3. Regulation could slow down market growth

Regulation is an ongoing issue for several Swiss crowdfunding platforms. Regulation is currently enforced mainly via individual rulings between FINMA and the platforms. However, many platforms would like to see a moderate legal framework and the associated legal certainty.

For potential regulation, it would be desirable if the partially fundamental differences in the business models were to be assessed in a differentiated matter, given that a standardised approach could cause substantial problems for certain platforms. In particular, the issue of who holds the money for the time until payment appears especially relevant and often is a topic of discussion between regulators and platforms.

If regulation in Switzerland is devised without taking into the account the regulatory environment abroad, not only could growth in the Swiss crowdfunding market decrease, but also there could be an increase in outsourcing of Swiss projects to foreign platforms. As a result, appropriate regulation is desirable for this market still in its infancy to be able to prosper. However, this seems fairly unrealistic this year given the current marginal significance of the crowdfunding market.

Market participants

The platforms active in Switzerland are presented in brief as follows. The descriptions were provided by the platforms.

		Name	100-DAYS www.100-Days.net
		Legal owner	100-DAYS GmbH
Managing directors	Romano Strelbel & Christian Klinner	Address	St. Jakobstrasse 54a, 8004 Zurich
Founded in	February 2012	Email	support@100-days.net
Number of employees	1.2 (FTEs)	Phone no.	-
Type	Reward-based crowdfunding/crowddonating	Payment model	When target amount is met
Target market	Switzerland – crowdfunding for all		
Short company description	100-DAYS sees itself as the only crowdfunding platform offering users a fully automated agency with manuals, tips and tricks. 100-DAYS provides the largest number of payment channels (incl. via text message), a social media cockpit, expert support (by telephone and email), templates, tools and publicity in the Ron Orp community. Project founders can also order free flyers for their projects.		
Business model	Commission-based service		
Fee model	5% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	2,951 likes	Twitter:	-
Mobile app/website	n/a		

		Name	Cashare www.cashare.ch
		Legal owner	Cashare AG
Managing director	Michael Borter	Address	Bösch 65, 6331 Hünenberg
Founded in	2008	Email	info@cashare.ch
Number of employees	4.3 (FTEs)	Phone no.	-
Type	Crowdlending and reward-based crowdfunding	Payment model	CL: Keep-it-all RBCF: When target amount is met
Target market	Switzerland		
Short company description	Cashare provides a platform for alternative investment and funding opportunities via the crowd, which allows individuals to give each other loans within a secure framework. Individuals are also given the opportunity to fund creative projects using reward-based crowdfunding.		
Business model	Cashare earns a fee on the referral of alternative investment and funding opportunities.		
Fee model	Crowdlending: see fee model table; reward-based crowdfunding 5% of the amount raised		
Social media & communications (as of end of January 2015)			
Facebook:	501 likes	Twitter:	125 followers
Mobile app/website	n/a		

		Name	c-crowd www.c-crowd.com
		Legal owner	c-crowd Ltd
Managing director	Philipp Steinberger	Address	Luegislandstr. 105, 8051 Zurich
Founded in	2010 (started in April 2011)	Email	ps@c-crowd.com
Number of employees	1 (FTE)	Phone no.	+41 43 300 80 20
Type	Crowdinvesting	Payment model	When target amount is met
Target market	Switzerland / no sector focus		
Short company description	c-crowd.com is a Swiss online platform that brings together entrepreneurs and investors. The platform provides crowdfunding for Swiss public limited companies (AG) and a marketplace for Swiss and international entrepreneurs that are unable or unwilling to use crowdfunding. Entrepreneurs and investors present themselves on the c-crowd marketplace, get in direct contact with each other and negotiate equity stakes. c-crowd is not involved in this process, it only provides the platform.		
Business model	Crowdfunding: 10% of capital raised; Marketplace: CHF 250 (basic) or CHF 400 (premium), depending on functionality		
Fee model	10% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	1,156 likes	Twitter:	1,341 followers
Mobile app/website	n/a		

		Name	Companisto GmbH https://www.companisto.com/de/
		Legal owner	David Rhotert, Tamo Zwinge
Managing director	David Rhotert, Tamo Zwinge	Address	Köpenickerstr. 154, D-10997 Berlin
Founded in	2014	Email	info@companisto.com
Number of employees	2 (FTE) in CH	Phone no.	+49 (0) 30 20 848 49 40
Type	Crowdinvesting	Payment model	When target amount is met
Target market	International		
Short company description	Companisto considers itself as the leading crowdinvesting platform in Germany. Investment projects are presented with detailed business plans, videos, and budgets. Moreover, investors are able to interact with project initiators.		
Business model	Companisto allows the funding of start-up companies and real estate projects.		
Fee model	10% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	25,885 likes	Twitter:	1,629 followers
Mobile app/website	n/a		

CreditGate24		Name	CreditGate24 www.creditgate24.com/
		Legal owner	hiQ solutions Ltd.
Managing director	Christoph M. Mueller	Address	Alemannenweg 6, 8803 Rüschiikon
Founded in	2014	Email	info@creditgate24.com
Number of employees	20 (FTEs)	Phone no.	0800 365 247
Type	Crowdlending	Payment model	diverse
Target market	Switzerland		
Short company description	Swiss public limited companies with Swiss private investors, operates in four countries.		
Business model	Operates a lending platform, complete processing of consumer/private loans or also loans for SMEs/self-employed		
Fee model	Flat rate of 0.8–2.8% for borrowers, 1% for investors		
Social media & communications (as of end of January 2015)			
Facebook:	-	Twitter:	15 followers
Mobile app/website	In development phase, mobile-optimised website available		

 Do Good. Get Better! DonoBot		Name	Verein DonoBot www.donobot.com/
		Legal owner	Members of the association
Managing director	Dr. Martina Muttker and João Monteiro	Address	Pfäffikerstr. 33, 88334 Schindellegi, CH
Founded in	June 2014	Email	info@donobot.com
Number of employees	0 (FTEs)	Phone no.	-
Type	Crowddonating	Payment model	Keep-it-all
Target market	Individuals and charities		
Short company description	DonoBot is an association that operates an online platform to collect donations for individuals and charities to relieve human suffering in Switzerland and abroad.		
Business model	Enables efficient collection, management and distribution of donations to individuals and charities via crowdfunding		
Fee model	5% of donation volume		
Social media & communications (as of end of January 2015)			
Facebook:	84 likes	Twitter:	72 followers
Mobile app/website	n/a		

		Name	GivenGain www.givengain.com
		Legal owner	GivenGain Foundation
Managing director	Johannes van Eeden	Address	Chalet La Renarde, Chemin des Râpes 25, 1884 Villars-sur-Ollon, Vaud
Founded in	2001	Email	marc@givengain.com
Number of employees	5 (FTEs)	Phone no.	-
Type	Crowddonating	Payment model	Keep-it-all
Target market	Worldwide (non-profit organisations and dedicated individuals)		
Short company description	GivenGain was founded in July 2001. The services provided by GivenGain facilitate increasing sales, building and maintaining your network and gaining support for ideas you believe in.		
Business model	All donations listed are reviewed comprehensively and are managed by the GivenGain Foundation, a non-profit organisation.		
Fee model	2–5%		
Social media & communications (as of end of January 2015)			
Facebook:	1,050 likes	Twitter:	4,848 followers
Mobile app/website	n/a		

		Name	GoHeidi www.goheidi.ch
		Legal owner	Claude Barras
Managing director	Claude Barras	Address	La Couta 17 - 1726 Farvagny
Founded in	2014	Email	claud.barras@suricate.ch
Number of employees	0 (FTEs)	Phone no.	+41 26 425 45 00
Type	Reward-based crowdfunding	Payment model	diverse (see short company description)
Target market	Switzerland		
Short company description	Project supporters can choose to be a sponsor (payment model: keep-it-all model) or a partner (payment model: when target amount is met).		
Business model	Our goal is to promote innovations in the crowdfunding market.		
Fee model	9.5% (transaction fee & margin)		
Social media & communications (as of end of January 2015)			
Facebook:	110 likes	Twitter:	-
Mobile app/website	n/a		

 I believe in you		Name	I believe in you www.ibeliveinyou.ch
		Legal owner	I believe in you GmbH
Managing director	Philipp Furrer, Mike Kurt, Fabian Kauter	Address	Kramgasse 5, 3011 Bern
Founded in	June 2013	Email	info@ibeliveinyou.ch
Number of employees	2.65 (FTEs)	Phone no.	+41 31 312 60 22
Type	Reward-based crowdfunding	Payment model	When target amount is met
Target market	Sports in Switzerland, and sports in Austria with ibeliveinyou.at		
Short company description	I believe in you (IBIY) specialises in funding sports projects. I believe in you is open to everyone. Individual athletes, teams, recreational athletes, amateur athletes, elite athletes, associations and promoters can publicise and fund their projects via this new platform.		
Business model	IBIY's operations are funded by administration fees and sponsors.		
Fee model	9% of target amount (5% administration, 4% transaction fee)		
Social media & communications (as of end of January 2015)			
Facebook:	2,372 likes	Twitter:	343 followers
Mobile app/website	n/a		

 International Create Challenge Martigny • Switzerland		Name	International Create Challenge (ICC) www.funding.idiap.ch
		Legal owner	Idiap Research Institute
Managing director	Dr. Foglia François	Address	Rue Marconi 19, 1920 Martigny
Founded in	August 2014	Email	francois.foglia@idiap.ch
Number of employees	0.1 (FTEs)	Phone no.	+41 31 312 60 22
Type	Reward-based crowdfunding	Payment model	Keep-it-all
Target market	Worldwide		
Short company description	Research institute		
Business model	Platform to secure the transparency of ICC		
Fee model	5% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	-	Twitter:	-
Mobile app/website	n/a		

 venture capital		Name	investiere www.investiere.ch
		Legal owner	Verve Capital Partners AG
Managing director	Steffen Wagner (CEO)	Address	Grafenastrasse 9, 6300 Zug
Founded in	2010	Email	info@investiere.ch
Number of employees	9 (FTEs)	Phone no.	+41 44 380 29 35
Type	Crowdinvesting	Payment model	When target amount is met.
Target market	Switzerland, Europe, high-tech (excluding pharma) and ICT		
Short company description	investiere is a community of 6,000 investors interested in start-ups. investiere considers itself one of the leading online start-up investment platforms in Europe. Over 20 start-ups have used investiere since 2010. The community identifies promising investment opportunities, which are also reviewed by industry experts. After accreditation by the investiere team, investors can decide to invest directly in a specific start-up and become a shareholder with all statutory participation and proprietary rights.		
Business model	investiere systematically brings together private investors with select lead investors and institutional co-investors.		
Fee model	6.5% success-based commission on funds raised; paid by the start-up; 4.5% success-based commission on funders are reinvested in the start-up.		
Social media & communications (as of end of January 2015)			
Facebook:	323 likes	Twitter:	1,111 followers
Mobile app/website	n/a		

		Name	miteinander erfolgreich www.miteinander-erfolgreich.ch/
		Legal owner	Basellandschaftliche Kantonalbank
Managing director	Atila Sahin	Address	Rheinstrasse 7, 4410 Liestal
Founded in	2014	Email	support@miteinander-erfolgreich.ch
Number of employees	3 (FTEs)	Phone no.	061 925 94 94
Type	Reward-based crowdfunding	Payment model	All-or-nothing
Target market	German-speaking Switzerland		
Short company description	Basellandschaftliche Kantonalbank sees itself as the leading bank in the canton. It became the first bank to launch its own crowdfunding platform in 2014.		
Business model	Reward-based crowdfunding		
Fee model	4% transaction cost + 6% commission		
Social media & communications (as of end of January 2015)			
Facebook:	5,421 likes	Twitter:	769 followers
Mobile app/website	n/a		

		Name	Moboo www.moboo.ch
		Legal owner	Michel Grand
Managing director	Michel Grand	Address	Ch. Des Rairettes 23, A41, 1997 Haute-Nendaz
Founded in	May 2012	Email	contact@moboo.ch
Number of employees	1 (FTEs)	Phone no.	-
Type	Reward-based crowdfunding	Payment model	Keep-it-all
Target market	Worldwide		
Short company description	A one-man project to help others.		
Business model	Bringing international attention to local projects.		
Fee model	10% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	143 likes	Twitter:	122 followers
Mobile app/website	n/a		

		Name	Progettiamo www.progettiamo.ch
		Legal owner	Enti Regionali per lo Sviluppo del Canton Ticino
Managing directors	Igor Franchini, Daisy Albertella, Roberta Angotti, Kathy Müller	Address	c/o ERS-LVM, C.P. 323, 6600 Locarno
Founded in	June 2014	Email	info@progettiamo.ch
Number of employees	1 (FTEs)	Phone no.	-
Type	Reward-based crowdfunding/crowddonating	Payment model	When target amount is met.
Target market	Ticino		
Short company description	The platform supports projects in Ticino (traditional fundraising & crowdfunding), which are supported by project managers until implementation.		
Business model	Public and private sponsors		
Fee model	0% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	1,141 likes	Twitter:	441 followers
Mobile app/website	n/a		

		Name	ProjektStarter www.projektstarter.ch
		Legal owner	Designatelier GmbH
Managing director	Lukas Wullimann	Address	Weissensteinstr. 81, 4500 Solothurn
Founded in	2011	Email	info@projektstarter.ch
Number of employees	4 (FTEs)	Phone no.	+41 32 622 07 07
Type	Reward-based crowdfunding	Payment model	When target amount is met
Target market	Switzerland / creativity, juniors (people under 25)		
Short company description	Platform for documenting and funding creative projects.		
Business model	Supporting and tapping Swiss inventiveness		
Fee model	8% of target amount, 5% for junior projects		
Social media & communications (as of end of January 2015)			
Facebook:	2468 likes	Twitter:	20 followers
Mobile app/website	Available		

		Name	sosense www.sosense.org
		Legal owner	Socential AG
Managing director	Patrik Elsa	Address	Josefstrasse 59, 8005 Zurich
Founded in	2012	Email	admin@sosense.org
Number of employees	6 (FTEs)	Phone no.	+41 43 255 92 92
Type	Crowddonating and crowdfunding on sub-platforms	Payment model	When target amount is met
Target market	Global, depending on the customer		
Short company description	Socential AG designs and operates niche crowdfunding and crowd engagement platforms for itself and its clients (e.g. PwC).		
Business model	10% via proprietary platform, additional set-up fees for company-specific or niche-specific platforms.		
Fee model	10% of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	1,415 likes	Twitter:	216 followers
Mobile app/website	n/a		

		Name	Startnext www.startnext.com/
		Legal owner	Denis Bartelt
Managing director	Denis Bartelt	Address	Ritterstraße 12-14, Hinterhof, Ladenbüro, Aufgang 6, 10969 Berlin
Founded in	2010	Email	info@startnext.com
Number of employees	10 (FTEs)	Phone no.	+49 30 609849460
Type	Reward-based crowdfunding, crowdinvesting	Payment model	All-or-nothing
Target market	Germany, Austria, Switzerland		
Short company description	Startnext is a crowdfunding community for creative and sustainable ideas in the German-speaking regions of Europe. Artists, creators, inventors and founders present their ideas on Startnext and fund them with direct support from many people.		
Business model	-		
Fee model	4% (Crowdinvesting start-up fee €595)		
Social media & communications (as of end of January 2015)			
Facebook:	44,308 likes	Twitter:	6,689 followers
Mobile app/website	n/a		

		Name	Swiss-Crowd www.swiss-crowd.ch
		Legal owner	Augusto Vecchi
Managing director	Augusto Vecchi	Address	Via Lucerna 6 - 6900 Lugano
Founded in	2013 (Online: December 2014)	Email	lugano@swiss-crowd.ch
Number of employees	3 (FTEs)	Phone no.	091 234 2591
Type	Crowdinvesting	Payment model	Diverse
Target market	Switzerland, Italy, USA, Asia, Russia etc.		
Short company description	Swiss Crowd SA is the first Swiss real estate crowdfunding platform.		
Business model	-		
Fee model	5 % of target amount		
Social media & communications (as of end of January 2015)			
Facebook:	2,210 likes	Twitter:	32 followers
Mobile app/website	n/a		

		Name	Veolis AG http://veolis.ch/de/
		Legal owner	-
Managing director	Jacques Billy, Anne-Claire Pliska	Address	PO Box 78, 8915 Hausen am Albis
Founded in	2013	Email	info@veolis.ch
Number of employees	2 (FTEs)	Phone no.	+41 44 585 35 35
Type	Crowddonating, crowdlending, crowdinvesting	Payment model	Diverse
Target market	Cleantech		
Short company description	All categories; Crowddonating, crowdlending, crowdinvesting		
Business model	Success fee & consultation fee		
Fee model	6.5% success fee		
Social media & communications (as of end of January 2015)			
Facebook:	570 likes	Twitter:	117 followers
Mobile app/website	n/a		

		Name	We can fund https://wecan.fund
		Legal owner	Partnership
Managing director	Dr. Vincent Pignon	Address	SPB 104903 Quai du Mont Blanc 33 CH 1201 Geneva
Founded in	2012	Email	contact@wecan.fund
Number of employees	5 (FTEs)	Phone no.	none
Type	Crowdlending	Payment model	Diverse
Target market	Switzerland		
Short company description	Wecan.fund is a crowdlending platform for raising SME loans.		
Business model	Wecan.fund serves as an intermediary for SME loans. Individuals may raise loans on the platform.		
Fee model	4% success-based commission		
Social media & communications (as of end of January 2015)			
Facebook:	> 30 likes	Twitter:	> 300 followers
Mobile app/website	n/a		

		Name	wemakeit www.wemakeit.net
		Legal owner	wemakeit.ch GmbH
Managing directors	Johannes Gees // other members: Rea Egli and Hannes Gassert	Address	Schöneggstrasse 5, 8004 Zurich
Founded in	2012	Email	hello@wemakeit.com
Number of employees	6.2 (FTEs)	Phone no.	none
Type	Reward-based crowdfunding	Payment model	When target amount is met
Target market	Switzerland, France, Germany, Austria / culture, technology, social affairs, games etc.		
Short company description	wemakeit considers itself the largest crowdfunding platform in Switzerland with one of the highest project success rates in the world. It gives project founders the opportunity to fund projects or products within a short period of time and the opportunity to present themselves to their own community in D/F/E. Each campaign that goes online receives individual tips and employees in our offices in Zurich, Lausanne, Berlin Vienna and other regional offices provide founders with free consultations.		
Business model	Commission-based service		
Fee model	10% of target amount (6% commission, 4% transaction fee)		
Social media & communications (as of end of January 2015)			
Facebook:	10,256 likes	Twitter:	1,108 followers
Mobile app/website	n/a		

Appendix

Campaign volumes paid in CHF million				
Year	Crowdinvesting	Reward-based crowdfunding/ Crowddonating	Crowdlending	Total
2008	0	0	0.1	0.1
2009	0	0	0.2	0.2
2010	0.4	0	1.3	1.7
2011	1.7	0.3	1.1	3.1
2012	1.9	2.5	0.9	5.3
2013	5.6	4.2	1.8	11.6
2014	4.6	7.7	3.5	15.8

Number of campaigns				
Year	Crowdinvesting	Reward-based crowdfunding/ Crowddonating	Crowdlending	Total
2008	0	0	17	17
2009	0	0	28	28
2010	3	0	74	77
2011	6	15	85	106
2012	7	331	61	399
2013	10	594	116	720
2014	10	854	214	1078

The following platforms are represented in the Crowdfunding Monitoring 2015:

Crowdinvesting: investiere, c-crowd	2
Reward-based crowdfunding/crowddonating: 100-days, GivenGain, "I believe in you", Indiegogo, International Create Challenge, Kickstarter, Moboo, Progettiamo, Projektstarter, Sosense, wemakeit	11
Crowdlending: Cashare (also active in reward-based crowdfunding since 2013), direct-lending	2
Total	15

Authors

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Prof Dr Andreas Dietrich (1976) is a lecturer, a project manager, the Program Director for the Master of Science in Banking and Finance and the Head of the Financial Services Management Competence Centre at the Institute of Financial Services Zug IFZ of the Lucerne School of Business. He studied at the University of St. Gallen where he also obtained his PhD. While working on his PhD, he was a research associate at the University of St. Gallen and also spent a research year at DePaul University in Chicago with the financial support of the Swiss National Science Foundation. He has been with the IFZ since 2008.

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Simon Amrein (1985) has been a research associate at the Institute of Financial Services Zug IFZ of the Lucerne School of Business since 2009. He studied business administration and obtained a master's degree in banking and finance from the Lucerne School of Business. Simon Amrein also has a Master of Science in Economic History from the London School of Economics and Political Science. He is currently a PhD researcher at the European University Institute (EUI) in Florence.

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Reto Wernli (1984) has been a research associate at the Institute of Financial Services Zug IFZ of the Lucerne School of Business since 2014. Before that, he worked for nine years in various divisions of Neue Aargauer Bank. He studied business administration at the Lucerne School of Business and holds a master's degree in economics from the University of Bern.

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Dr. Falk Kohlmann (1982) has been serving as the head of the Banking Trends & Innovation Think Tank (e-foresight) of the Swisscom Solution Center Banking since 2014, which assists both Swisscom and banks in digital banking and identifies & analyses trends and pinpoints their concrete impact. Before that he worked in management consulting at the Swisscom Solution Center Banking on various strategy and M&A projects. In 2010 he obtained his doctorate as part of the Competence Center Sourcing at the Universities of St. Gallen and Leipzig in business-oriented service architectures for banks.

Institute of Financial Services Zug IFZ

The Institute of Financial Services Zug IFZ of the Lucerne School of Business is the leading financial institute among the Swiss universities of applied sciences. The IFZ offers continuing and executive education and provides research and advisory services to financial experts from the corporate sector and specialists and managers from the financial sector. The IFZ's courses include bachelor and master of science degree programmes with a specialisation in banking and finance. The IFZ also offers a large number of recognised executive education courses.

The Institute of Financial Services Zug IFZ regularly publishes studies and articles as well as the annual "Retail Banking Switzerland" study, one of the central reference works for the Swiss banking market. Every week the IFZ Retail Banking Blog www.hslu.ch/retailbanking reports on trends in the Swiss financial market, including crowdfunding trends.

Swisscom Enterprise Customers

Swisscom's "Banking Trends & Innovation" (e-foresight) team supports the Switzerland Crowdfunding Monitoring Report of the Institute of Financial Services Zug IFZ. The "Banking Trends & Innovation" Team has been observing and analysing trends in the digital ecosystem on behalf of its clients since 2012, anticipating their effects on the business areas of banks and making recommendations on this basis.



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