



Media Release

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## **Swiss crowd-lending market grows to a total of 187 million Swiss francs**

**For the first time, the Lucerne University of Applied Sciences and Arts together with PwC and the Swiss Marketplace Lending Association have published a study of the Swiss crowd-lending market. The “Crowdlending Survey 2018” shows that in the past year the amount of loans allocated reached 186.7 million Swiss francs. In particular, institutional investors are discovering the market and contributing to its rapid growth. For the current year, the authors expect a significant increase again.**

Crowdlending describes the arrangement of loans between investors and borrowers via the internet. There is a difference between loans to private individuals (consumer crowdlending), enterprises (business crowdlending) and for property (real estate crowdlending).

For the first time, the Lucerne University of Applied Sciences and Arts together with PwC and the Swiss Marketplace Lending Association has examined the Swiss crowdlending market. By means of a survey and in-depth interviews, the amounts as well as the key challenges for the platforms were identified.

In 2015, 8.4 million Swiss francs were handled via crowdlending platforms, whereas in 2017 the amount was 186.7 million Swiss Francs (see graph below). The largest portion of the loans were made to small and medium sized enterprises (SMEs). The business crowdlending segment reached a total of 111.6 million Swiss francs in 2017, while consumer crowdlending was 52 million Swiss francs and real estate crowdlending was 23.1 million Swiss francs. By the end of 2017, there were 14 active crowd-lending platforms in Switzerland. For the current year, the study’s authors expect continuing high growth. The total for 2018 is estimated at 400 million to 500 million Swiss francs.

### **Institutional investors as a growth driver**

Professional investors such as asset managers, family offices, funds and wealthy individuals show a growing interest in the “crowdlending” asset class. The authors see institutional investors as a key growth driver for high lending volumes in the crowdlending market in the future. The platforms also see the involvement of institutional investors as a key challenge. The acquisition of borrowers is also of high importance.

### **Switzerland is lagging behind internationally**

Compared with well-developed crowdlending markets, such as the United Kingdom or the United States of America, the Swiss market lags behind by about three years. Nevertheless, the high growth figures indicate that Switzerland is slowly catching up. At the same time, the importance of crowdlending in Switzerland is higher than in all neighbouring countries: in Switzerland in 2017 about 27 Swiss francs per capita were invested in crowdlending (2016: approximately 7 francs).

### **Potential for improvement of regulation**

With the introduction of FinTech regulation in the summer of 2017, loans to companies may be financed by more than 20 persons. The repeal of this “rule of 20” in the business crowdlending segment was positively received by the platforms. In the consumer crowdlending segment, the “rule of 20” is still in place. From the point of view of the authors, the removal of this rule is key to the further development of the market central.

### **Reputation, awareness and transparency as important cornerstones**

The increase in awareness and a good reputation have a very high importance for the platforms examined. Platforms classify possible misconduct of individual platforms as a high risk that can have a large impact on the reputation of all. According to the study, a further increase in transparency is key to the development of the market. The Swiss crowdlending market is relatively non-transparent compared with more mature crowdlending markets. Key risk and return ratios are often not known. Against this background, the Swiss crowdlending platforms have announced the foundation of the Swiss Marketplace Lending Association (SMLA) (see below). It is expected that the increasing transparency driven by the SMLA will have a positive impact on the development of the market.

The Crowdlending Survey 2018 is available free of charge in German and English.

#### **Crowdfunding Monitoring 2018**

The Institute of Financial Services Zug (IFZ) of Lucerne University of Applied Sciences and Arts studies every year the crowdfunding market in Switzerland. This includes, in addition to crowdlending, the areas of reward- and donation-based crowdfunding, crowdinvesting, and invoice trading. The latest Crowdfunding Monitoring will be published at the end of May.

#### **The Swiss Marketplace Lending Association**

Various actors of the marketplace lending market have joined forces in the Swiss Marketplace Lending Association. The Lucerne University of Applied Sciences and Arts supports them with their expertise and in their management. The aim of this industry organisation is to increase transparency in the Swiss market and to develop further the crowdlending market and the ecosystem. In a code of conduct, the members undertake to comply with common standards as well as the joint publication of key indicators of risk and return relating to the asset class. Further information can be found at [www.lendingassociation.ch](http://www.lendingassociation.ch)

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### Development of crowdlending in Switzerland, 2012-2017

