

Press release

Lucerne, 28 May 2018

Crowdfunding in Switzerland at record high: CHF 375 million

The Swiss crowdfunding market has reached a record high volume of CHF 374.5 million in 2017, almost three times more than in the previous year. This has been revealed by the latest Crowdfunding Monitoring report issued by the Lucerne University of Applied Sciences and Arts. The financing of SMEs and investments in real estate are key drivers of the strong growth. The authors of the report are expecting a further marked increase to about CHF 1 billion this year. Compared to the more advanced markets in the United Kingdom and the United States, Switzerland is two to three years behind, but catching up rapidly.

Published by the Lucerne University of Applied Sciences and Arts, the annual Crowdfunding Monitoring report is already into its fifth year. The current report features record figures: CHF 374.5 million was brokered via crowdfunding platforms in 2017, almost three times more than in 2016 (CHF 100 million, +192%). Over the past eight years, more than half a billion Swiss francs have been brokered via this form of financing.

The major growth drivers in terms of volumes in recent years have been finance for SMEs via crowdlending, and investing in property via crowdinvesting. "Professional investors increasingly perceive crowdfunding as an interesting investment," says report author Andreas Dietrich. "We expect the Swiss crowdfunding market to break the billion franc mark at the end of the year."

High growth in all areas

Some 160,000 people backed crowdfunding projects in Switzerland in 2017. The Swiss crowdfunding market can be divided into four segments: reward- and donation-based crowdfunding, crowdinvesting, invoice trading, and crowdlending (see box for details). Crowdlending recorded the largest volume (CHF 186.7 million, +239% over the previous year), followed by crowdinvesting (CHF 135.2 million, +245%). Invoice trading generated CHF 23.5 million (+38%), while reward- and donation-based crowdfunding achieved a volume of CHF 29.1 million (+72%) (see illustration).

Over 1500 cultural and creative projects successfully funded

"The lower volumes recorded for reward- and donation-based crowdfunding do not mean that this segment is unimportant," says report author Andreas Dietrich. Since the segment primarily involves creative and cultural projects, the volumes of the campaigns tend to be small compared, for example, to real estate projects. But with over 1500 successfully financed campaigns in 2017 (+15% over the previous year), reward-based crowdfunding/crowddonating has continued to grow as a relevant source of funding. Arguably the highest-profile campaign in this segment in 2017 was that run by *Republik* magazine (CHF 3.5 million).

International perspective: Switzerland two to three years behind – but catching up

The Swiss crowdfunding market has grown significantly more rapidly than those of neighbouring countries since 2015 (see illustrations). With a per capita investment volume of CHF 45 (2016: CHF 15), Switzerland still lies two to three years behind leading crowdfunding markets such as the USA (2016: CHF 78) or the UK (2016: CHF 90) – but it is catching up fast: "The strong momentum provided by new platforms and alternative business models suggests that Switzerland is

catching up with highly developed crowdfunding countries such as the USA and the UK," says Andreas Dietrich.

Hidden concentration in the crowdfunding market

43 crowdfunding platforms were maintaining a physical presence in Switzerland as of the end of April 2018. Also in the market are several nondomestic platforms without an office in Switzerland. Despite the large number, each crowdfunding segment is dominated by a handful of major platforms. In the crowd lending and reward-based crowdfunding segments, for example, the six largest platforms each have a market share of 96 percent and 97 percent respectively. This concentration is expected to continue: "That said, small, innovative niche players will continue to survive in the market," says Andreas Dietrich.

Businesses and institutional investors discover crowdfunding

The involvement of larger businesses and institutional investors is becoming more prevalent across all areas of crowdfunding. In reward-based crowdfunding/crowddonating, for example, projects are increasingly being launched with the support of businesses. In crowdlending, crowdinvesting and invoice trading – segments of interest to investors – the proportion of institutional investors will increase significantly in future. This will have the effect of contributing significantly to the continued rapid growth in volume.

Crowdfunding goes blockchain

Two Swiss platforms have already announced their intention to launch innovative products based on blockchain technology in 2018. From spring 2018, Swisspeers is looking to transact loans between business and investors as "smart contracts" in the Ethereum blockchain and represent creditors' claims using tokens. Wemakeit is planning to launch a new crowdfunding platform that will be completely blockchain based. The report's authors are anticipating that blockchain technology will find other fields of application in the crowdfunding market in the coming years.

The *Crowdfunding Monitoring Switzerland* report is published on an annual basis by the Institute of Financial Services Zug IFZ (an institute of the Lucerne University of Applied Sciences and Arts) with raw data supplied by all crowdfunding platforms in Switzerland. The following platforms provided support in the form of data: 100-days, 3Circlefunding, Advanon, Cashare, Creditfolio, CreditGate24, creditworld, Crowdhouse, crowdli, Funders, GivenGain, Hyposcout, I believe in you, I care for you, ideenkicker.ch, Immoyou, Indiegogo, investiere, Kickstarter, Lend, Lendico, Lendora, Lokalhelden, Progettiamo, ProjektStarter, Splendit, Swisslending, Swisspeers, and wemakeit.

Download: The *Crowdfunding Monitoring Switzerland* can be downloaded [here](#).

Five forms of crowdfunding

Reward-based crowdfunding: typically used to raise funds for creative and cultural projects as well as those in the area of sports. Investors receive a product, artistic work or service for their contribution, e.g. a free copy of the book in the case of a book launch.

Donation-based crowdfunding: typically donations for social, charitable and cultural projects that are not linked to any consideration/reward.

Crowdinvesting: investments of equity or mezzanine capital in businesses (start-ups) or real estate. In return, investors receive a share of the profit.

Crowdlending: used by businesses and individuals to raise loans. In return, lenders receive interest payments, the level of which depends on the risk of the borrower.

Invoice trading: investors buy outstanding invoices from businesses for a discount. This allows businesses to bridge payment periods or free up liquid resources.

Crowdlending Survey 2018

At the beginning of May the Lucerne University of Applied Sciences and Arts in partnership with PwC Switzerland and the Swiss Marketplace Lending Association published a separate study on the Swiss crowdlending market showing the economic relevance of crowdlending in Switzerland and abroad. In addition, the study highlights the key challenges and problem areas – especially the lack of transparency – facing the crowdlending market. The Crowdlending Study 2018 is free and available in German and English [here](#).

Appendices:

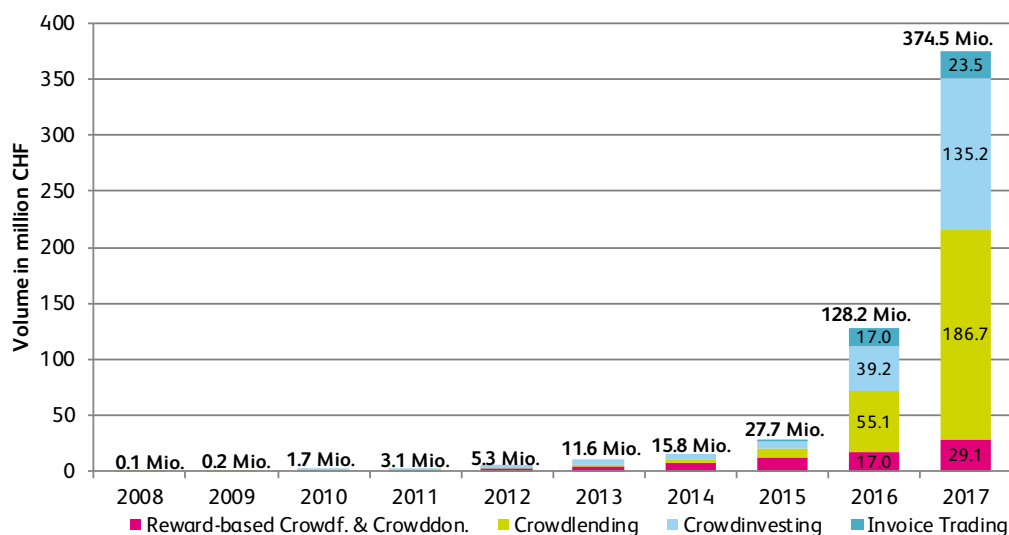
- Graph: progression of crowdfunding in Switzerland 2008 – 2017
- Tables: crowdfunding volumes and campaign numbers in Switzerland 2008 – 2017
- Graphs: international comparison of crowdfunding (volume per inhabitant)

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Crowdfunding in Switzerland 2008 – 2017 (successfully financed campaigns)

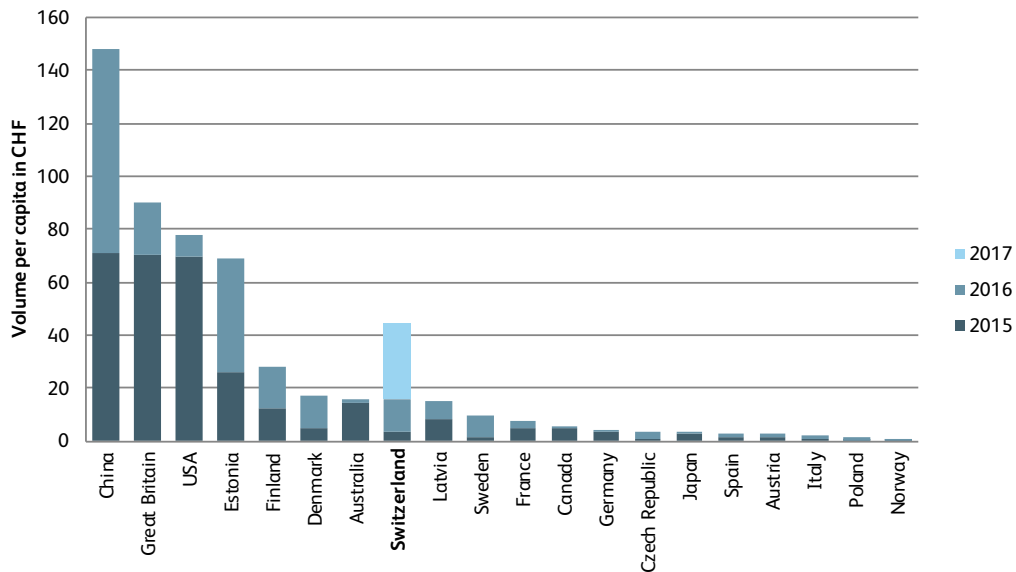


Crowdfunding volumes and campaigns in Switzerland 2008 – 2017

Campaign volumes disbursed in CHF million					
Year	Crowd-investing	Reward- & donation-based crowdfunding	Crowdlending	Invoice trading	Total
2008	0	0	0.1	0	0.1
2009	0	0	0.2	0	0.2
2010	0.4	0	1.3	0	1.7
2011	1.7	0.3	1.1	0	3.1
2012	1.9	2.5	0.9	0	5.3
2013	5.6	4.2	1.8	0	11.6
2014	4.6	7.7	3.5	0	15.8
2015	7.1	12.3	7.9	0.4	27.7
2016	39.2	17.0	55.1	17.0	128.2
2017	135.2	29.1	186.7	23.5	374.5
2008-2017	195.7	73.1	258.5	40.9	568.3

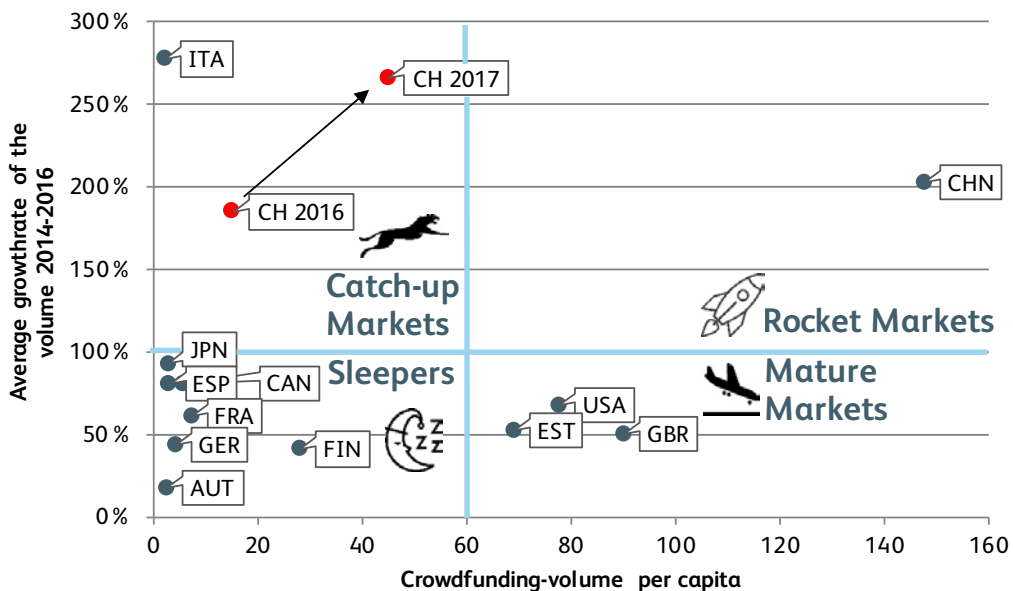
No. of campaigns					
Year	Crowd-investing	Reward- & donation-based crowdfunding	Crowdlending	Invoice trading	Total
2008	0	0	17	0	17
2009	0	0	28	0	28
2010	3	0	74	0	77
2011	6	15	85	0	106
2012	7	331	61	0	399
2013	10	594	116	0	720
2014	10	854	214	0	1,078
2015	17	1,059	266	n/a	1,342
2016	25	1,338	840	n/a	2,203
2017	42	1,536	2,086	n/a	5,113
2008-2017	120	4,668	3,787	n/a	11,083

International comparison of crowdfunding (volume per inhabitant)



Sources: Own data. International data was taken from University of Cambridge. Cultivating Growth. The 2nd Asia-Pacific Alternative Finance Industry Report; The Americas Alternative Finance Industry Report. Hitting Stride; Entrenching Innovation. The 4th UK Alternative Finance Industry Report; Expanding Horizons. The 3rd European Alternative Finance Industry Report.

International comparison of crowdfunding (average growth and volume per inhabitant)



Sources: see above

Lucerne University of Applied Sciences and Arts

The Lucerne University of Applied Sciences and Arts is the university of applied sciences of the six Central Swiss cantons and comprises the Lucerne Schools of Engineering and Architecture, Business, Information Technology, Social Work, Art and Design, and Music.

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