



20/12/2018



**Investments in projects via crowdfunding have seen steady growth in Belgium, and it is expected that this trend will continue apace. This is the conclusion of a study conducted by the Financial Services and Markets Authority (FSMA).**

The study examines crowdfunding that involves investing in a project by means of a capital contribution or a loan. These two types of crowdfunding are regulated in Belgium by the FSMA. The study focuses on the period between January 2012 and December 2017 and covers the five most important crowdfunding platforms active on the Belgian market. These are *Lita.co*, *Ecco Nova*, *Look&Fin*, *Spreads* and *Bolero Crowdfunding*.

## **232 campaigns successfully financed**

The five platforms launched a total of 273 campaigns. Of those, 232 were successfully financed. 41 campaigns did not reach the defined target amount. The 232 successful campaigns raised a total of 40,025,000 euros. The platforms follow a very strict selection of projects that are eligible for financing. Of the nearly 17,389 projects proposed to the five platforms, only 273 survived the selection process.

## **Crowdfunding in constant growth**

Both the number of projects and the total sums collected have seen a steady increase. While in 2012 only three projects were financed, by 2017 the number had risen to 92 projects. The total amount collected in 2017 was roughly 20 million euros. The sharp increase in 2017 is probably linked to the relaxation of the prospectus rules. The tax exemption via the tax shelter introduced that year may also have played a part.

## **Investors are prudent**

Investors in projects via crowdfunding are generally prudent. On average, each campaign was financed by 100 different investors. The average amount per investor and per campaign was 2,871 euros. More than half the investors invested 500 euros or less per campaign, while less than 3 per cent of investors contributed more than 5000 euros.

## **Varying rate of return**

The debt financing campaigns yielded investors an average of 7.42 per cent. In the case of equity campaigns, there have so far been two collective exits from the capital. One of those yielded a significant return (100 per cent after deducting costs), while investors in the second case lost money (-4 per cent). Seven companies financed via equity campaigns went bankrupt.

## **Further growth expected**

Investments via crowdfunding are expected to continue to grow, partly as a result of the exemption from the prospectus obligation for projects of under 5 million euros. The tax relief introduced in 2017 via the tax shelter, which provides, among other things, for a tax deduction of up to 45 per cent for investments in micro-enterprises may also be a contributing factor. Nevertheless, crowdfunding remains a marginal source of financing in comparison with, for example, the 131 billion euros in bank loans extended to businesses in 2017.

The research report has been published in English and is available on [the website of the FSMA](https://www.fsma.be/en/news/crowdfunding-growing-steadily-belgium). The executive summary is also available in French and in Dutch.

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