



Equity and debt-based crowdfunding in Belgium: Developments over the 2012 - 2017 period

19 December 2018

Contents

Executive Summary	3
Résumé.....	5
Samenvatting	6
Introduction	8
1. Data	10
1.1 Belgian crowdfunding platforms.....	10
1.2 Data set	11
1.3 Descriptive statistics.....	11
1.3.1 Investors.....	11
1.3.2 Projects.....	12
2. Analysis.....	12
2.1 Aggregated analysis.....	14
2.1.1 Number of projects	14
2.1.2 Amounts raised	15
2.2 Analysis of debt and equity characteristics.....	22
2.2.1 Equity.....	23
2.2.2 Debt.....	24
2.3 Analysis of campaign characteristics.....	27
2.3.1 Time needed to get financed	28
2.3.2 Number of investors.....	28
2.3.3 Investors' contribution.....	30
Conclusion.....	34

Executive Summary

The objective of this paper is to provide insight into the Belgian financial return-based crowdfunding landscape. It is based on a survey that the Financial Services and Markets Authority (FSMA) conducted of the five major platforms acting on the Belgian market. The platforms are: *Lita.co*, *Ecco Nova*, *Look&Fin*, *Spreads* and *Bolero Crowdfunding*. The paper analyzes the crowdfunding campaigns launched on those platforms during the period from January 2012 to December 2017.

This paper is divided into two main sections. The first section describes the data set collected and provides a description of the investors and the crowdfunding projects submitted to the five Belgian crowdfunding platforms under study.

The second section consists of an analysis of the characteristics of the successful crowdfunding campaigns launched since 2012. Throughout the analysis, we take particular interest in distinguishing campaigns based on two different dimensions: the type of campaign (equity or debt) and the category of campaign (public, private or mixed).

The main findings of this paper can be summarized as follows:

Campaigns

During the 2012-2017 period, 273 crowdfunding campaigns were launched. However, only 232 campaigns were funded, i.e. 41 failed to get financed. The 232 campaigns covered by this study raised €40,025,000 in total. Since the launch of the first campaigns, Belgian crowdfunding has grown steadily over time. In 2017, about €20 million was raised.

Although it is growing, the Belgian crowdfunding market must be put into perspective. Comparing the amounts raised in the Belgian crowdfunding market with the amounts of cash in regulated saving deposits (about €250,000 million in 2017), as well as with the volume of loans granted to companies by financial institutions (about €131,000 million in 2017), shows that crowdfunding is still a marginal form of investment and source of funding.

The majority of campaigns under analysis are debt campaigns (57% of the number of campaigns and 78% of the amounts raised).

While almost non-existent before 2015, private and mixed campaigns increased in number over the years, representing 43% of all crowdfunding campaigns launched in 2017. The amounts raised privately (private-only campaigns and the private part of mixed campaigns) account for 47% of the total amount raised through crowdfunding over the period covered (about €19 million out of €40 million). While the amounts raised publicly (public-only campaigns and the public part of mixed campaigns) grew steadily over time, the amounts raised privately had a recent boost, as a result of which the total amounts raised privately and publicly were more or less equal in 2016 and 2017.

For the majority of crowdfunding campaigns, the amount targeted was raised within 13 days or less. Relative to debt campaigns, equity campaigns needed more days on average to get funded (62 vs 13). Private campaigns took fewer days on average (14) to get financed than public campaigns (44).

Investors

Our analysis of the investors in the Belgian crowdfunding market is based on a subsample, since not all the platforms provided granular information. Our analysis nevertheless presents several findings that offer some insights into the investment behavior of the average Belgian crowdfunding investor.

The average campaign was financed by 100 different investors. Relative to equity campaigns, debt campaigns were funded by a higher number of investors (112 vs 95 on a per campaign basis). Private campaigns received funding from many fewer investors in comparison with public campaigns (18 vs 121).

Investors seem to have adopted a relatively cautious approach when investing in crowdfunding campaigns, regardless of the type and the category of campaign. The average amount invested per investor and per campaign is €2,870. More than 50% of the investors invested €500 or less on a per campaign basis. Less than 3% of the investors invested more than €5,000 per campaign.

The average debt campaign attracted a larger investment on a per investor basis, relative to its equity counterpart (€4,136 vs €2,388). In comparison with public campaigns, private campaigns attracted a larger investment per investor (€9,582 vs €1,119).

Performance

Debt campaigns offered an average yield-to-maturity (YTM) of 7.42%. Investors in private campaigns were rewarded with a higher YTM. 5 out of the 148 crowdlending campaigns under analysis defaulted. Before going into default, those 5 campaigns had raised €551,600 (i.e. 1.75% of the total amount raised through crowdlending).

At the time of collecting the data, 2 complete collective exits for equity campaigns had been organized. One provided a high return to its investors (100% net of fees), while the other one saw its investors lose money (-4%). 7 companies (representing 8 out of the 84 equity campaigns) went bankrupt. The bankruptcy cases represent an amount of €691,300 (i.e. 8.16% of the total amount raised by equity campaigns).

Résumé

La présente étude a pour objectif de donner un aperçu du paysage du crowdfunding en investissement (participation au capital et prêt) en Belgique. Elle se base sur une enquête que la Financial Services and Markets Authority (FSMA) a menée auprès des cinq principales plateformes de crowdfunding actives sur le marché belge. Ces plateformes sont : *Lita.co*, *Ecco Nova*, *Look&Fin*, *Spreds* et *Bolero Crowdfunding*. Cette étude porte sur les campagnes de crowdfunding organisées sur ces plateformes durant la période allant du mois de janvier 2012 au mois de décembre 2017.

L'étude est divisée en deux sections principales. La première section décrit les données qui ont été récoltées ; les investisseurs actifs sur les cinq plateformes en question ainsi que les différents projets de crowdfunding qui y ont été soumis sont décrits.

La deuxième section analyse les caractéristiques des campagnes de crowdfunding qui ont été lancées avec succès durant la période 2012-2017. Tout au long de cette analyse, nous distinguons les campagnes de crowdfunding sur base de 2 critères : leur type (financement par participation au capital ou par prêt) et leur catégorie (publique, privée ou mixte).

Les résultats principaux qui ressortent de cette étude sont les suivants :

Pour ce qui concerne les campagnes de crowdfunding

Entre 2012 et 2017, 273 campagnes de crowdfunding ont été lancées sur les cinq plateformes en question. Cependant, seulement 232 ont été financées avec succès ; cela signifie que 41 campagnes n'ont pas réussi à atteindre le montant qu'elles s'étaient fixé. Les 232 campagnes analysées ont levé au total un montant de € 40.025.000. Depuis les premières campagnes, le crowdfunding en Belgique croît de manière continue année après année. En 2017, environ € 20 millions ont été levés.

Bien que croissant, le marché du crowdfunding en Belgique doit être mis en perspective. En comparant les montants levés sur le marché du crowdfunding au montant des dépôts sur les comptes d'épargne réglementés (environ € 250.000 millions en 2017) ainsi qu'au volume des prêts accordés par les institutions financières aux entreprises (environ € 131.000 millions en 2017), il ressort que le crowdfunding représente une source de placement et de financement qui reste marginale.

La majorité des campagnes analysées sont des campagnes de crowdlending, c'est-à-dire de financement par endettement : 57% en nombre de campagnes et 78% en montants levés.

Bien que quasi inexistantes avant 2015, les campagnes privées et mixtes n'ont eu de cesse d'augmenter au point de représenter en 2017 43% des campagnes lancées. Les montants levés de manière privée (obtenus en additionnant les montants levés par les campagnes privées et les montants levés par la partie privée des campagnes mixtes) représentent 47% du montant total levé par le crowdfunding durant la période considérée (environ € 19 millions sur un total de € 40 millions). Alors que les montants levés publiquement (obtenus en additionnant les montants levés par les campagnes publiques et les montants levés par la partie publique des campagnes mixtes) ont augmenté de manière continue, les montants levés de manière privée ont connu ces dernières années une forte augmentation, de sorte que les montants levés de manière privée et publique ont été plus ou moins égaux en 2016 et 2017.

Pour la majorité des campagnes financées avec succès, les montants recherchés ont été levés en 13 jours ou moins. Comparées aux campagnes financées par endettement, les campagnes financées par participation au capital ont en moyenne eu besoin d'un plus grand nombre de jours pour être

financées (62 contre 13). Les campagnes privées ont quant à elles mis moins de temps avant d'être financées (14 jours en moyenne) que les campagnes publiques (44 jours en moyenne).

Pour ce qui concerne les investisseurs

Etant donné que nous ne disposons pas du même niveau de détail pour toutes les plateformes interrogées, notre analyse des investisseurs du marché du crowdfunding en Belgique se base sur un sous-échantillon. Néanmoins, l'analyse des données disponibles fournit plusieurs résultats qui apportent un éclairage sur le comportement financier de l'investisseur actif sur les plateformes de crowdfunding en Belgique.

En moyenne, une campagne a été financée par 100 investisseurs différents. En comparaison avec les campagnes financées par participation au capital, les campagnes financées par endettement ont en moyenne été soutenues par plus d'investisseurs (112 contre 95 par campagne). Les campagnes privées ont reçu un financement de la part d'un plus petit nombre d'investisseurs, comparativement aux campagnes publiques (18 contre 121 en moyenne par campagne).

Les investisseurs ont eu tendance à adopter un approche prudente quant à leur investissement dans le crowdfunding, et ce quel que soit le type ou la catégorie de campagne. Le montant moyen investi par investisseur et par campagne s'élève à € 2.871. Plus de 50% des investisseurs n'ont investi que €500 ou moins par campagne. Moins de 3% ont investi un montant supérieur à € 5.000 par campagne.

Les campagnes financées par endettement ont reçu une contribution moyenne par investisseur plus élevée que les campagnes financées par participation au capital (€ 4.136 contre € 2.388, par campagne et par investisseur). Comparativement aux campagnes publiques, les campagnes privées ont reçu une contribution moyenne par investisseur plus élevée (€ 9.582 contre € 1.119 par campagne et par investisseur).

Pour ce qui concerne la performance

Les campagnes financées par endettement ont octroyé en moyenne un taux de rendement à l'échéance (TRA) de 7,42% à leurs investisseurs. En moyenne, les investisseurs de campagnes privées ont joui d'un TRA supérieur au TRA des investisseurs de campagnes publiques. 5 des 148 campagnes financées par endettement ont fait défaut. Avant de faire défaut, ces campagnes avaient levé € 551.600 (soit 1,75% du montant total levé par endettement au cours de la période analysée).

Au moment de collecter les données, deux sorties collectives de capital dans le cadre de campagnes financées par participation au capital ont été organisées. L'une a permis aux investisseurs de dégager un rendement important (100% après déduction des frais) alors que l'autre a vu ses investisseurs perdre de l'argent (-4%). 7 entreprises (à l'initiative de 8 des 84 campagnes financées par participation au capital) ont fait faillite. Ces cas de faillite représentent un montant levé de € 691.300 (soit 8,16% du montant total levé par participation au capital au cours de la période analysée).

Samenvatting

Doelstelling van deze studie is inzicht te verschaffen in het Belgische landschap van crowdfunding met financiële tegenprestatie (kapitaaldeelname en lening). Uitgangspunt van de studie is een onderzoek van de Financial Services and Markets Authority (FSMA) bij de vijf belangrijkste crowdfundingplatformen die actief zijn op de Belgische markt, *Lita.co*, *Ecco Nova*, *Look&Fin*, *Spreds* en *Bolero Crowdfunding*. Deze studie analyseert de crowdfundingcampagnes die tussen januari 2012 en december 2017 op die platformen zijn gelanceerd.

De studie bestaat uit twee delen. Het eerste deel bevat een beschrijving van de verzamelde gegevens. Verder besteedt het aandacht aan de beleggers die actief zijn op die vijf crowdfundingplatformen, en aan de verschillende crowdfundingprojecten die aan die platformen zijn voorgelegd.

Het tweede deel analyseert de kenmerken van de succesvolle crowdfundingcampagnes die sinds 2012 zijn gelanceerd. In deze studie worden de crowdfundingcampagnes op basis van twee criteria onderscheiden: het type (financiering via kapitaaldeelname of via lening) en de categorie (publiek, privaat of gemengd).

De belangrijkste resultaten van deze studie kunnen als volgt worden samengevat:

Crowdfundingcampagnes

Tussen 2012 en 2017 zijn op de vijf voornoemde platformen 273 crowdfundingcampagnes gelanceerd. Slechts 232 daarvan konden met succes worden gefinancierd, terwijl bij 41 campagnes het vooropgestelde bedrag niet kon worden ingezameld. Bij de 232 crowdfundingcampagnes uit de studiegroep werd in totaal € 40.025.000 opgehaald. Sinds de lancering van de eerste campagnes is het fenomeen crowdfunding in België jaar na jaar gegroeid. In 2017 werd zo'n € 20 miljoen opgehaald.

Hoewel de Belgische crowdfundingmarkt groeit, moet zij toch in het juiste perspectief worden gezien. Als de op de Belgische crowdfundingmarkt opgehaalde bedragen worden vergeleken met de bedragen van de deposito's op de gereguleerde spaarrekeningen (zo'n € 250.000 miljoen in 2017) en met het volume van de leningen die de financiële instellingen aan de ondernemingen hebben toegestaan (zo'n € 131.000 miljoen in 2017), blijkt crowdfunding nog steeds een marginale beleggingsvorm en financieringsbron te zijn.

De meeste van de geanalyseerde campagnes zijn crowdlendingcampagnes (i.e. financiering via lening): 57% van het aantal campagnes en 78% van de opgehaalde bedragen.

Terwijl private en gemengde campagnes vóór 2015 haast niet bestonden, kenden zij sindsdien een gestage groei. In 2017 waren zij zelfs goed voor 43% van de gelanceerde campagnes. De privaat opgehaalde bedragen (i.e. de som van de bedragen opgehaald bij private campagnes en bij het private deel van gemengde campagnes) vertegenwoordigden 47% van het totaalbedrag dat in de betrokken periode via crowdfunding werd opgehaald (zo'n € 19 miljoen op een totaal van € 40 miljoen). Terwijl de publiek opgehaalde bedragen (i.e. de som van de bedragen opgehaald bij publieke campagnes en bij het publieke deel van gemengde campagnes) voortdurend zijn gestegen in de tijd, hebben de privaat opgehaalde bedragen de voorbije jaren een spectaculaire groei gekend. Als gevolg daarvan hebben de totale bedragen die publiek en privaat werden opgehaald, min of meer gelijke tred gehouden in 2016 en 2017.

Bij de meeste crowdfundingcampagnes werd het vooropgestelde bedrag in 13 dagen of minder opgehaald. Bij de via schulden gefinancierde campagnes waren minder dagen nodig om het vooropgestelde bedrag op te halen dan bij de via kapitaaldeelname gefinancierde campagnes (13 dagen tegenover 62). Private campagnes waren op hun beurt sneller gefinancierd (gemiddeld 14 dagen) dan publieke campagnes (gemiddeld 44 dagen).

Beleggers

Aangezien niet evenveel detailinformatie beschikbaar is voor alle geanalyseerde platformen, is onze analyse van de beleggers op de crowdfundingmarkt in België gebaseerd op een substeekproef. Toch levert de analyse van de beschikbare gegevens resultaten op die een duidelijk licht werpen op het financiële gedrag van de gemiddelde beleggers op de Belgisch crowdfundingmarkt.

Gemiddeld werd een campagne door 100 verschillende beleggers gefinancierd. In vergelijking met de via kapitaaldeelname gefinancierde campagnes werden de via schulden gefinancierde campagnes gemiddeld door meer beleggers gefinancierd (112 tegenover 95 per campagne). Private campagnes werden door minder beleggers gefinancierd dan publieke campagnes (gemiddeld 18 tegenover 121 per campagne).

De beleggers leken bij hun crowdfundingbeleggingen eerder voor een relatief voorzichtige benadering te opteren, ongeacht het type of de categorie van campagne. Het gemiddelde belegde bedrag per belegger en per campagne bedroeg € 2.871. Meer dan 50% van de beleggers belegden € 500 of minder per campagne, terwijl minder dan 3% van de beleggers meer dan €5.000 per campagne belegden.

Bij de via schulden gefinancierde campagnes belegden de beleggers gemiddeld een groter bedrag dan bij de via kapitaaldeelname gefinancierde campagnes (€ 4.136 tegenover € 2.388 per campagne en per belegger). In vergelijking met de publieke campagnes waren de private campagnes goed voor een hogere gemiddelde belegging per belegger (€ 9.582 tegenover € 1.119 per campagne en per belegger).

Rendement

De via schulden gefinancierde campagnes leverden de beleggers een gemiddeld actuariel rendement van 7,42% op. Gemiddeld ontvingen de beleggers bij private campagnes een hoger gemiddeld actuariel rendement dan de beleggers bij publieke campagnes. Vijf van de 148 van de via schulden gefinancierde campagnes zijn in *default* geraakt. Alvorens in *default* te raken, was bij die 5 campagnes €551.600 opgehaald (i.e. 1,75% van het totaalbedrag dat via schulden werd opgehaald).

Op het moment waarop de gegevens werden verzameld, zijn – bij de via kapitaaldeelname gefinancierde campagnes – twee collectieve uittredingen uit het kapitaal georganiseerd. Een daarvan heeft de beleggers een aanzienlijk rendement opgeleverd (100% na aftrek van de kosten), terwijl de beleggers in het andere geval geld verloren (-4%). Zeven ondernemingen (die 8 van de 84 via kapitaaldeelname gefinancierde campagnes vertegenwoordigden) zijn failliet gegaan. Die failliete ondernemingen hadden € 691.300 opgehaald (i.e. 8,16% van het totaalbedrag dat via kapitaaldeelname werd opgehaald).

Introduction

The phenomenon of crowdfunding has been known for several years now in Belgium. The European Commission defines the term as follows: *“Crowdfunding is an emerging alternative form of financing that connects those who can give, lend or invest money directly with those who need financing for a specific project. It usually refers to public online calls to contribute finance to specific projects.”*¹

A distinction has to be made between several forms of crowdfunding. These forms are: donation-based, reward-based and crowdfunding entailing a financial return for investors. Donation-based can be compared to philanthropy, as people donate without expecting any return (financial or otherwise). In reward-based crowdfunding, the funder receives a non-financial reward. The later form can be split into two categories: debt-based crowdfunding (often called “crowdlending”) and equity-based crowdfunding.

Crowdfunding that entails a financial return has gained ground in Belgium over the last few years, with a number of platforms providing crowdlending, equity-based crowdfunding or both. In line with a few other EU countries such as the United Kingdom, the Netherlands, France, Spain, Italy, etc.,² Belgium

¹ https://ec.europa.eu/info/business-economy-euro/growth-and-investment/financing-investment/crowdfunding_en

² See Impact assessment - SWD(2018)56/DOCUMENT-2018-31147: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a REGULATION OF THE EUROPEAN / FSMA

has decided to create a bespoke regime for crowdfunding with a financial return.³ This has resulted in the adoption of the Law of 18 December 2016, which entered into force on 1 February 2017.⁴ Since then, there have been two paths for crowdfunding platforms wishing to operate in Belgium: (i) standalone platforms need to get a licence from the Financial Services and Markets Authority (FSMA) or (ii) if a platform is part of a credit institution or an investment firm, it is required to notify the FSMA of its intention to carry out those activities. Both types of platforms need to respect a certain set of rules and both fall under the supervision of the FSMA.⁵

The amounts sought by project owners via crowdfunding campaigns are affected by the rules governing public offers. As a general rule, for the period covered in this study, a prospectus was required in Belgium for offers to the public where the amount to be raised was greater than or equal to €100,000. In April 2014, a first crowdfunding exemption was introduced: no prospectus was required for offers below €300,000, provided that each individual investor invests no more than €1,000. The Law of 18 December 2016 also introduced a new crowdfunding exemption: no prospectus is required for offers below €300,000, provided that each individual investor invests up to a maximum of €5,000 and that the offer is made through a platform under the supervision of the FSMA.⁶

The FSMA decided to conduct an analysis of the existing crowdfunding market in Belgium and to assess its characteristics in order to provide insight into the scale of the phenomenon. To this end, it carried out a survey in order to compile information from the five main crowdfunding platforms on the Belgian market.

This paper is divided into 2 main sections. The first section describes the data set used and provides a first general overview of the Belgian crowdfunding landscape: information on the investors' profile and the projects that have been submitted to the five platforms under investigation.

In the second section, we dive deeper into the analysis of the characteristics of the successful crowdfunding campaigns that constitute our sample. In particular, we analyze how crowdfunding evolved over time and distinguish crowdfunding campaigns based on two different dimensions: the type of campaign (equity or debt) and the category of campaign (public, private or mixed).

PARLIAMENT AND OF THE COUNCIL on European Crowdfunding Service Providers (ECSP) for Business. Available at https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2017-5288649_en

³ In the rest of this paper, the term “crowdfunding” refers to this particular form of crowdfunding.

⁴ Available at <https://www.fsma.be/fr/crowdfunding> (French) and <https://www.fsma.be/nl/crowdfunding-0> (Dutch).

⁵ For a summary of rules applying to platforms recognized by the FSMA, see the brochure available at https://www.fsma.be/sites/default/files/public/fsma_2017_03-5_fr_0.pdf (French) and https://www.fsma.be/sites/default/files/public/content/NL/circ/fsma_2017_03-5_nl.pdf (Dutch).

⁶ A new prospectus regime entered into force in July 2018 with the transposition of REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC. Since that time, no prospectus is required for offers below €5,000,000. An “information note” is, however, required in those cases, except for those offers below €500,000 and where each investor can invest a maximum of €5,000, in which case no document is required. More details can be found in the Law, available at: https://www.fsma.be/sites/default/files/public/content/wg/loi/2018-07-11_wet_loi.pdf.

1. Data

1.1 Belgian crowdfunding platforms

The Law of 18 December 2016 introduced a bespoke crowdfunding regime for platforms in Belgium. This regime applies only to crowdfunding entailing a financial return for investors. This specific form of crowdfunding can itself be broken down into two types: debt-based and equity-based crowdfunding. With debt-based crowdfunding (also known as crowdlending), funders lend money to a company and look for interest payments as well as the full repayment of the principal. With equity-based crowdfunding, funders invest in the capital of a company with a view to earning a portion of the profits made by the company funded through the crowdfunding campaign.⁷

The Law of 18 December 2016 entered into force on 1 February 2017. As of the launch of this study, 8 platforms had been recognized⁸ by the FSMA (either by receiving a licence or by notification): *Lita.co*, *Ecco Nova*, *Look&Fin*, *Participate*, *Spreds*,⁹ *Bolero Crowdfunding*, *Lendahand* and *Raizers*.

However, 3 of those platforms have not been selected to participate in the survey conducted by the FSMA: *Raizers*, *Participate* and *Lendahand*. *Raizers* have had no projects in Belgium (during the period covered by this study their main focus was on projects in France and Switzerland). *Lendahand* works as an impact investing crowdfunding platform, with projects in developing countries. Finally, *Participate* provides a medium for all types of crowdfunding as a “white label” and has so far only developed a platform for the City of Mechelen without financial return-based crowdfunding activities.

The present analysis thus focuses on the 5 most active platforms in the Belgian landscape, representing close to 100% of the market share (in terms of money raised).

Look&Fin and *Spreds* were the first platforms on the Belgian market. They have been launching campaigns since 2012. *Look&Fin* has to date been active exclusively in crowdlending. *Spreds* used to be focused mainly on equity-based crowdfunding, but has continuously increased its crowdlending activities and now offers both forms of financial return-based crowdfunding. *Bolero Crowdfunding* appeared at a later stage, with the first campaign launched in 2015 and with the particularity of being part of a regulated company.¹⁰ *Bolero Crowdfunding* is active in both crowdfunding types.

The emergence of two recent platforms, *Ecco Nova* and *Lita.co* (first campaigns launched respectively in 2016 and 2017), is evidence that the crowdfunding business model in Belgium is still evolving. Both players are active in niche markets, *Ecco Nova* in renewable energies and *Lita.co* in the social economy. At the time of collecting the data, *Ecco Nova* had launched crowdlending projects only, while *Lita.co* had proposed only one equity-based crowdfunding project.

⁷ For the purpose of this study, we have considered the economic objective of crowdfunding and not the legal form of the investment instruments in order to make the distinction between debt-based and equity-based crowdfunding. For instance, some platforms work with a financing vehicle interposed between the project owner and the investors. This vehicle typically raises money by issuing notes which are acquired by final investors; the amount raised through the notes is then invested in instruments (equity, bonds, etc.) which are issued by the project owner. Even if a note is considered as a debt instrument from a strictly legal point of view, we look at the underlying instrument issued by the project owner to determine whether it falls within debt- or equity-based crowdfunding. Please note also that funding through convertible loans is for the purpose of this study considered as debt-based crowdfunding.

⁸ Some other platforms may not fall under the legislation because of their legal structure. They are therefore out of scope of this paper.

⁹ Initially the platform was named *MyMicroInvest*. The name changed in the first half of 2018. See <https://www.fsma.be/nl/party/spreds>.

¹⁰ *Bolero Crowdfunding* was originally part of the investment firm KBC Securities and is now part of the credit institution KBC Bank.

1.2 Data set

In order to analyze the market in Belgium, we collected data from the 5 above-mentioned platforms by means of a questionnaire. The platforms answered the questionnaire on a voluntary basis. The historical data collected cover the period from 1 January 2012 (when the first crowdfunding projects were funded¹¹) until 31 January 2018. For the sake of convenience, we have decided to only take into account data up to 31 December 2017.

Three categories of data were requested. The first category comprises general information about the platform. Each surveyed platform was asked to provide the number of crowdfunding projects submitted to it over the relevant period. The submitted projects consist both of projects that were not selected by the platform to be presented to the public and those that were selected for a crowdfunding campaign. The second category of data consists of information on investors' profile. Each platform was asked to provide information about the number of its subscribers and investors as well as their geographic location, gender and age. The third category is made up of granular information on each crowdfunding campaign launched: Name of the project, whether it succeeded or failed, the amount raised, the type of financing (equity or debt), number of investors, investors' contribution to a campaign, etc.

1.3 Descriptive statistics

1.3.1 Investors

In this section, we present several characteristics of the subscribers and investors active on the crowdfunding platforms under analysis. Subscribers are individuals who subscribe to a crowdfunding platform without necessarily investing in a crowdfunding campaign. Investors are those who invest in crowdfunding campaigns.

We should mention at this stage that not all the platforms provided granular information regarding their subscribers and investors. Since our analysis concerns a subsample of investors only, the figures reported below should be viewed with caution. However, we are convinced that they provide some insights into the Belgian crowdfunding landscape.

The aggregated number of subscribers registered on the (subsample of) crowdfunding platforms under analysis is 67,493. The aggregated number of investors active on those platforms is 6,796. Those figures demonstrate that there is a huge difference between the number of subscribers and the number of investors. The reported figures are nevertheless subject to two caveats: (i) As previously mentioned, not all the platforms reported such data, which may lead to *underestimation*, and (ii) we are not able to take into account multiple counting across platforms, which may lead to *overestimation*.

Crowdfunding in Belgium remains mainly a local phenomenon. While the number of different countries in which investors are based ranges from 1 to 58 across platforms, the proportion of investors based in Belgium ranges from 92% to 100%. Moreover, the proportion of investors located in another EEA country ranges from 0% to 6%. Finally, the proportion of investors established outside the EEA varies from 0% to 2%.

With regard to gender, about 80% of the crowdfunding investors in our subsample are men, although the proportion of women varies significantly from platform to platform (from 8% to 86%).

¹¹ Crowdfunding was legal in Belgium before the entry into force of the bespoke regime on 1 February 2017, so several platforms had launched crowdfunding campaigns well before they were recognized.

As for age, on the majority of platforms, the 55+ category is the most highly represented among the investors. Our analysis suggests that about a third of the investors are older than 55. The data further shows that about half of the investors are 46 or older. Only about 5% of the investors are under 25. This finding suggests that, although crowdfunding is an online phenomenon, the key driver of participation tends to be the financial capacity of the investors rather than their digital savviness.

1.3.2 Projects

When a project is submitted to a platform, the platform must decide whether or not it should be proposed to investors. To this end the platform uses its own criteria and selection procedures. Once again, we did not receive data on the number of submitted projects from all the platforms. The reported figures are therefore based on estimations.

Our estimations suggest that about 17,389 projects were submitted to the 5 platforms under analysis. Out of those, only 273 successfully passed the selection process and resulted into a crowdfunding campaign. This gives a GO/NO-GO rate of about 1.6%. This figure indicates that it is far from easy for entrepreneurs to have their projects selected by a crowdfunding platform.

Moreover, not all projects proposed to investors were successful in raising funding. Indeed, 41 out of those 273 campaigns failed (i.e. about 15%). A project fails when its funding is unable to reach a pre-set threshold; in such cases, the investors are reimbursed. Of the 41 failures, 38 were equity projects and only 3 were debt projects (of which 2 were convertible loans). Those figures seem to suggest that more difficulties may arise when raising money through equity crowdfunding. This may be explained in part by the nature of equity projects, which are commonly perceived as more risky since investments are locked-in with no certainty or guaranteed timing of potential returns.¹²

As a result, we end up with a sample of 232 campaigns that were successfully financed on the Belgian crowdfunding market over the 2012-2017 period.

Those 232 campaigns were launched by 194 different organizations, which means that several organizations launched more than one crowdfunding campaign. The organizations in question launched successive rounds of funding. Some companies also made use of different platforms.

Our analysis shows that the number of successful campaigns per platform ranges from 1 to 116. In addition, the number of campaigns per investor varies from 1 to 7, although, for the majority of platforms, the average investor took part in between 1 and 2 campaigns.

2. Analysis

This section aims to analyze the characteristics of the 232 successful crowdfunding campaigns that constitute our sample. Our analysis can be divided into three parts.

First, we perform an aggregated analysis of the number of campaigns and the amounts raised by them across platforms and over time. We perform this aggregated analysis based on two different dimensions: the “type” of campaign and the “category” of campaign.

As regards the type, we distinguish between equity and debt campaigns. Please see [Section 1.1](#) for more information on this dimension. As for the category, we distinguish among public, private and mixed campaigns. Public campaigns are campaigns accessible to all investors on a crowdfunding platform. Private campaigns are organized on certain platforms and are open to a relatively small number of selected investors only. Mixed campaigns have features of both public and private campaigns and are organized in two phases. In the first phase, as with for private campaigns, mixed

¹² See also [Section 2.2](#) for more details.

campaigns are open to a limited number of selected investors that benefit from an exclusivity period. In the second phase, mixed campaigns are opened up to the public just as is the case with public campaigns. The amount raised in a mixed campaign is therefore made up of both a private and a public part. In order to be compliant with the prospectus legislation, the conditions of the public and private offers must be different (e.g., the interest rate or the maturity in the case of a debt instrument has to be different for the two parts).

Second, we split our sample between equity and debt campaigns and analyze several features. As for equity campaigns, we analyze tax incentive schemes, cases of bankruptcy, investors' exits and the returns in the cases where an exit took place. For debt campaigns, we examine the different types of loans, debt maturity, yield-to-maturity, tax regime and cases of default.

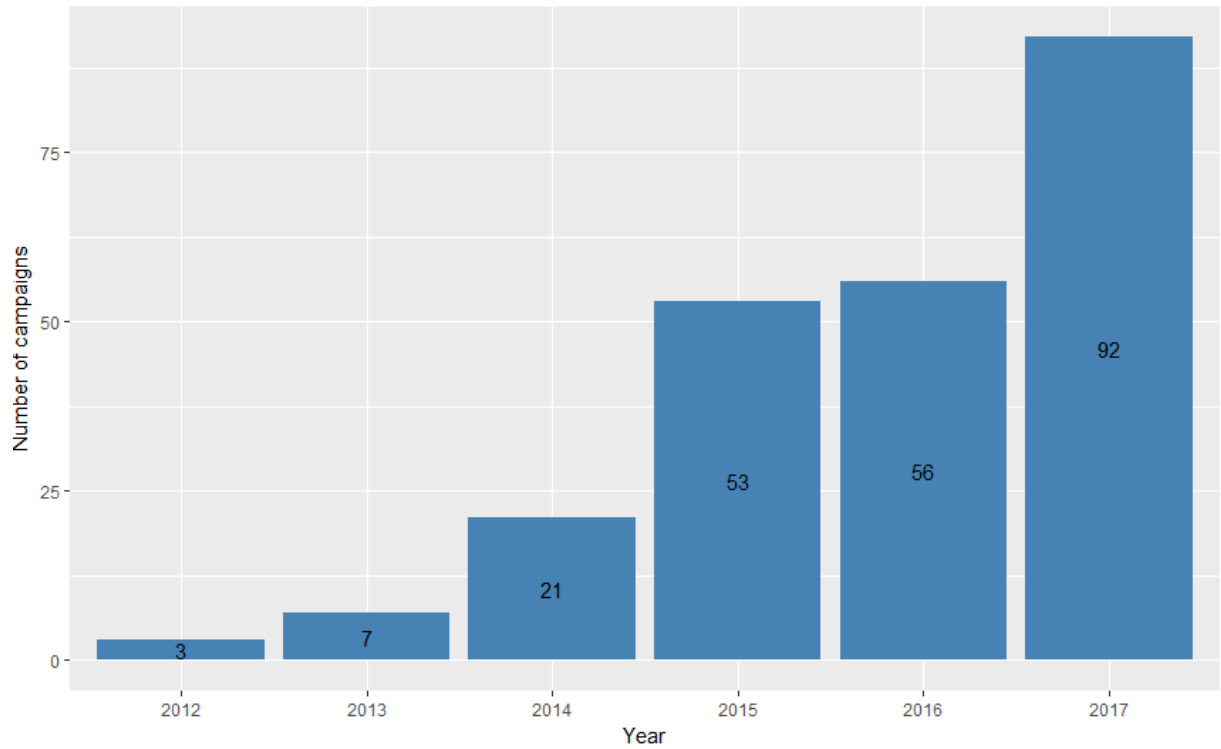
Finally, we analyze the extent to which several campaign characteristics (time needed to get financed, number of investors and investors' contribution) vary across crowdfunding types (equity/debt), categories (public/private/mixed) and over time.

2.1 Aggregated analysis

2.1.1 Number of projects

Figure 1 displays the changes in the number of successful campaigns over time. It shows an increase each year in the number of successful campaigns, rising from 3 in 2012 to 7 in 2013 then trebling the following year and increasing to 53 in 2015. After one year's stagnation, the number of successful campaigns rose by 64% in 2017.

Figure 1: Number of successful campaigns over time

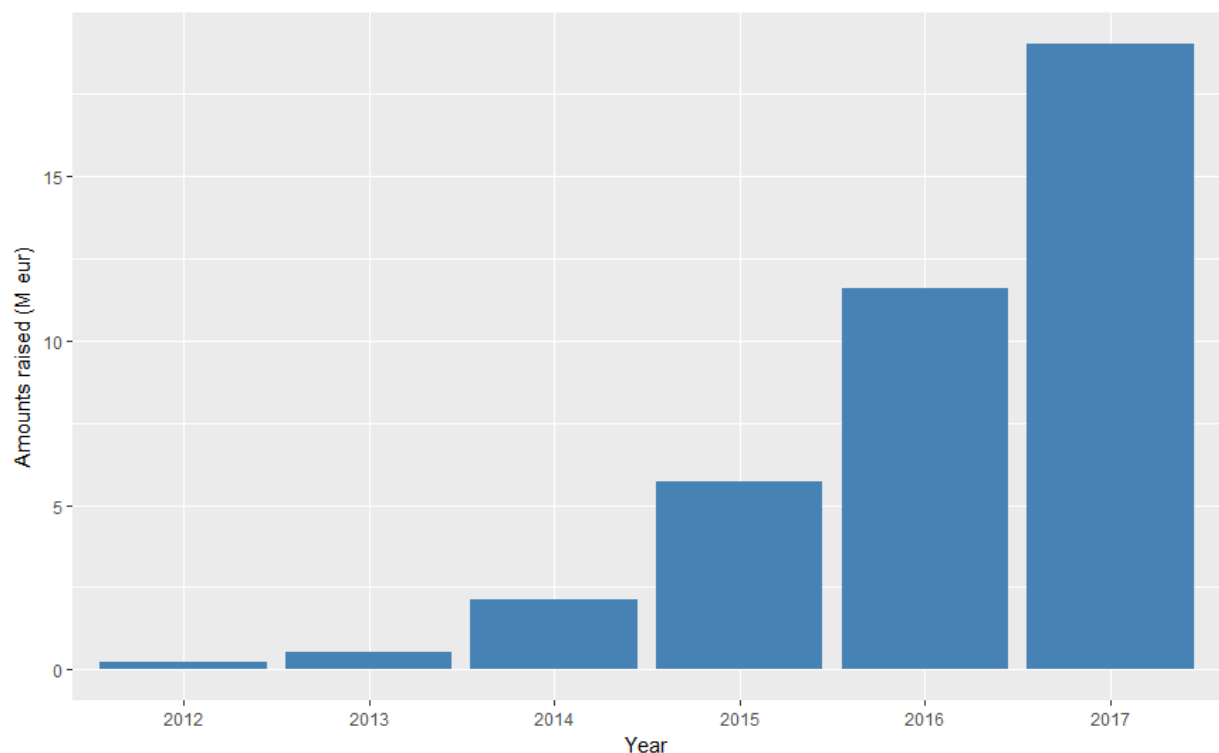


2.1.2 Amounts raised

In this section, we focus on the amount raised by those 232 campaigns. Since the first financial crowdfunding campaign, launched in 2012, €40,025,000 have been raised. We should mention that this amount includes the amounts raised by all types and all categories of campaigns.

Figure 2 shows changes in the amounts raised per year. This figure highlights that Belgian crowdfunding grew steadily over time. From 2016 to 2017 total amounts increased by 69%; the percentage was 93% in 2015-2016 and 182% the year before that. Almost half of the total amount, i.e. 48.9% (€19,573,102), was raised in 2017. While the amount raised in 2017 is in line with the growth observed during the previous years, the Belgian legislation put in place as from 1 February 2017 might have played a role. Even if all the platforms were not recognized on day one, the mere fact of being in the process of being recognized, or the fact that a legal framework had been established, could have created positive effects on the market. The new prospectus exemption introduced by the law – as explained in the introduction – might have had an effect too.

Figure 2: Amounts raised over time



Although it is growing, the Belgian crowdfunding market must be put into perspective. The “3rd European Alternative Finance Industry Report” of the Cambridge Center for Alternative Finance (University of Cambridge) provides some figures at the European level. Selecting from that report¹³ the forms of crowdfunding that are the most similar to what is available in Belgium provides a total of about €600 million raised in Europe (excl. UK) in 2016. The totals for the Netherlands and France

¹³ This report distinguishes many different forms of crowdfunding, ranging from “P2P consumer lending” to “balance sheet property lending” (see page 28 of the report). To make things comparable, we focus on the forms which are the most similar to crowdfunding as it is available in Belgium and understood in the present paper. We have thus selected “P2P business lending”, “Equity-based crowdfunding” and “Debt-based securities”.

Source: https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2018-02-ccaf-exp-horizons.pdf.

amount to about 170 million and 120 million respectively. Those figures are to be compared with approximately €12 million in our data set relative to Belgium for the same period.

The amounts raised in the Belgian crowdfunding market can be compared to the amounts of cash on saving deposits (about €250,000 million in 2017¹⁴) as well as the volume of loans granted to companies by financial institutions (about €131,000 million in 2017¹⁵). Those amounts highlight that crowdfunding in Belgium still has a long way ahead before being considered as a significant alternative source of funding.

The average amount raised per campaign during the period studied is around €172,522. The minimum amount raised for a campaign is €2,600¹⁶ and the maximum €1,750,000, while the median is €99,999. The fact that the median is just under €100,000 is in line with the prospectus legislation. During the period covered by this study, no prospectus was required for offers below that threshold. Since April 2014, offers below €300,000 no longer require a prospectus provided that certain other conditions are met (in particular, each investor can invest up to a maximum of €1,000, increased to €5,000 since February 2017). Nevertheless, seven crowdfunding campaigns were subject to a prospectus issuance.

¹⁴ Source: <http://stat.nbb.be/?lang=en&SubSessionId=7e2ed184-c361-4a08-9f49-c37d9bfecfba&themetreeid=-200>.

¹⁵ Source: <http://dashboard.febelfin.be/fr>.

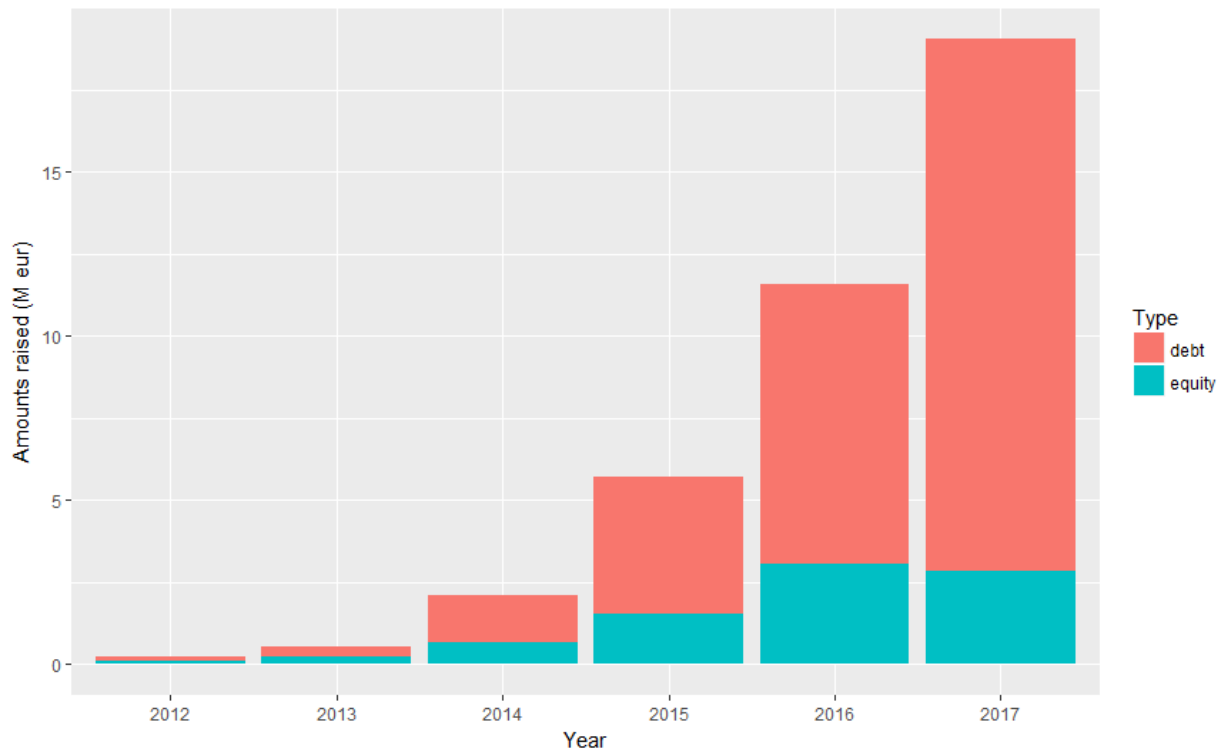
¹⁶ This figure is for a private campaign. The minimum amount raised by a public campaign is €30,000.

2.1.2.1 Debt vs. Equity campaigns

In this section, we make a distinction between the amount raised per debt and per equity campaign. Our sample consists of 148 debt projects and 84 equity projects. Out of the €40,025,000 raised, €31,549,484 was funded through debt and €8,475,516 through equity.

Figure 3 indicates that the recent growth of crowdfunding in Belgium has been supported mainly by crowdlending. Crowdfunding campaigns financed by debt increased by around 96% from 2016 to 2017, whereas for the same period equity-based crowdfunding decreased for the first time in terms of amount raised (by around 7%). Crowdlending increased over the years faster than equity crowdfunding. While it seems that equity crowdfunding is stagnating (even declining), crowdlending is continuing to expand.

Figure 3: Amounts raised over time per type



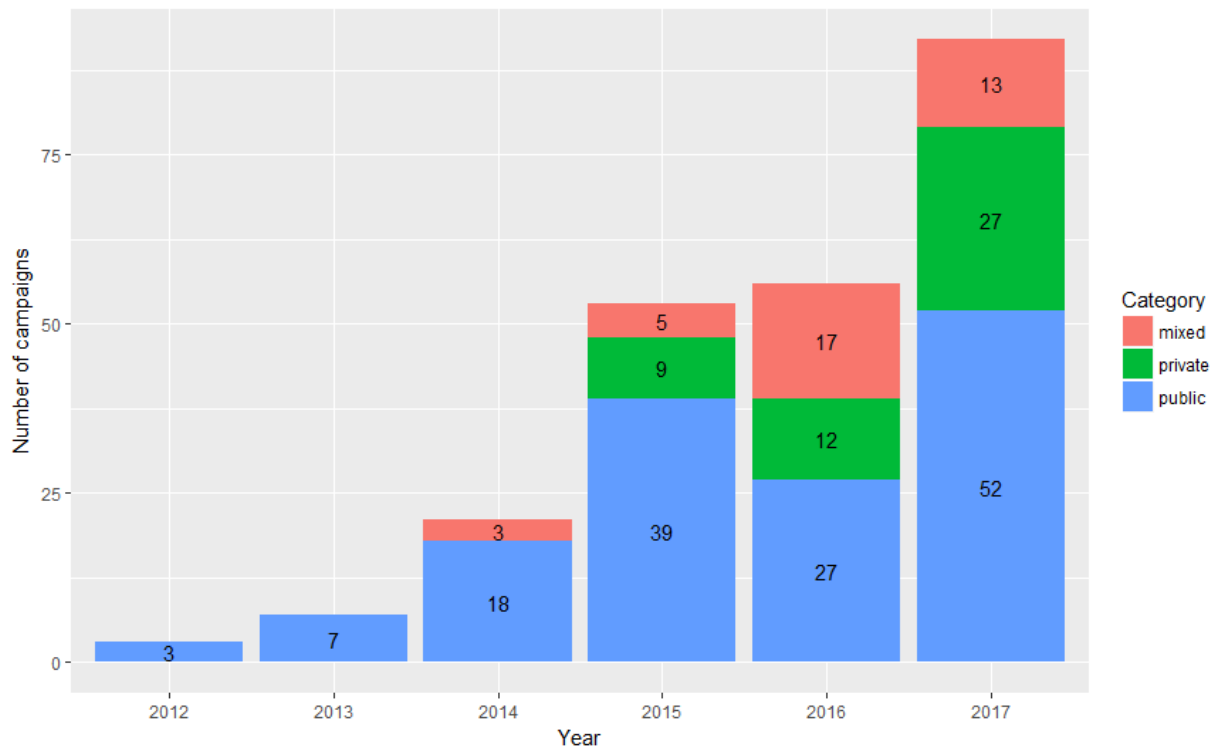
On a per campaign basis, our analysis shows that the average amount raised by debt (€213,172) is much higher than by equity (€100,899). A possible explanation is that projects funded through equity tend to be in their start-up phase and are seeking smaller amounts of money, while projects funded by debt are launched by more mature companies. The riskier nature of equity campaigns may also play an important role. Further analyses of the difference between equity and debt campaigns are presented in [Section 2.2](#).

2.1.2.2 Public, private and mixed campaigns

In this section, we distinguish campaigns based on their category. In our sample, 146 are public campaigns, 48 private-only and 38 are mixed.

Figure 4 shows that more and more projects were financed either privately or on a mixed basis. Before 2014, all the campaigns were public while in 2014, 3 were mixed. In 2015, about 26% of the campaigns were mixed or private only while in 2017 this percentage amounted to about 43%.

Figure 4: Number of successful campaigns over time per category



Over the 2012-2017 period, the amount raised by public campaigns was €17,226,209 while private campaigns and mixed campaigns raised €8,386,742 and €14,412,000 respectively. However, on a per campaign basis, private-only campaigns raised more than public campaigns (€174,724 vs €117,987). This finding suggests that even though private campaigns are open to fewer investors, they were able to raise more funds.¹⁷ €379,263 is the average amount raised by mixed campaigns.

If we split the amount raised by mixed campaigns between their private and public parts, private crowdfunding accounts for €18,837,437, which is 47.06% of the total amount of money raised through crowdfunding over 2012-2017. This number therefore reduces public crowdfunding to €21,187,563 only.

Defining crowdfunding is not an easy task. One may argue that crowdfunding organized privately is not exactly crowdfunding *per se* since the offers are private and are not addressed to the public, contradicting the genuine concept of “crowd”. If we consider public crowdfunding only and do not take into account funds raised privately, crowdfunding in Belgium is reduced by half (about €21 million out of €40 million). We should nevertheless mention that, in a great number of cases, private campaigns relied on investors that were part of the crowd initially and are members of the platform. We therefore highlight the importance of the definition used when considering crowdfunding in Belgium.

Figure 5 shows the amounts raised privately (private-only campaigns and the private part of mixed campaigns) and publicly (public-only campaigns and the public part of mixed campaigns) over the period covered. This figure provides evidence that while the amounts raised publicly (public-only campaigns and the public part of mixed campaigns) grew steadily over time, the amounts raised privately had a recent boost, as a result of which the total amounts raised privately and publicly were more or less equal in 2016 and 2017.

¹⁷ In [Section 2.3](#), we analyze more thoroughly the number of investors per campaign as well as their contributions across the different categories of campaigns.

Figure 5: Amounts raised privately and publicly over time

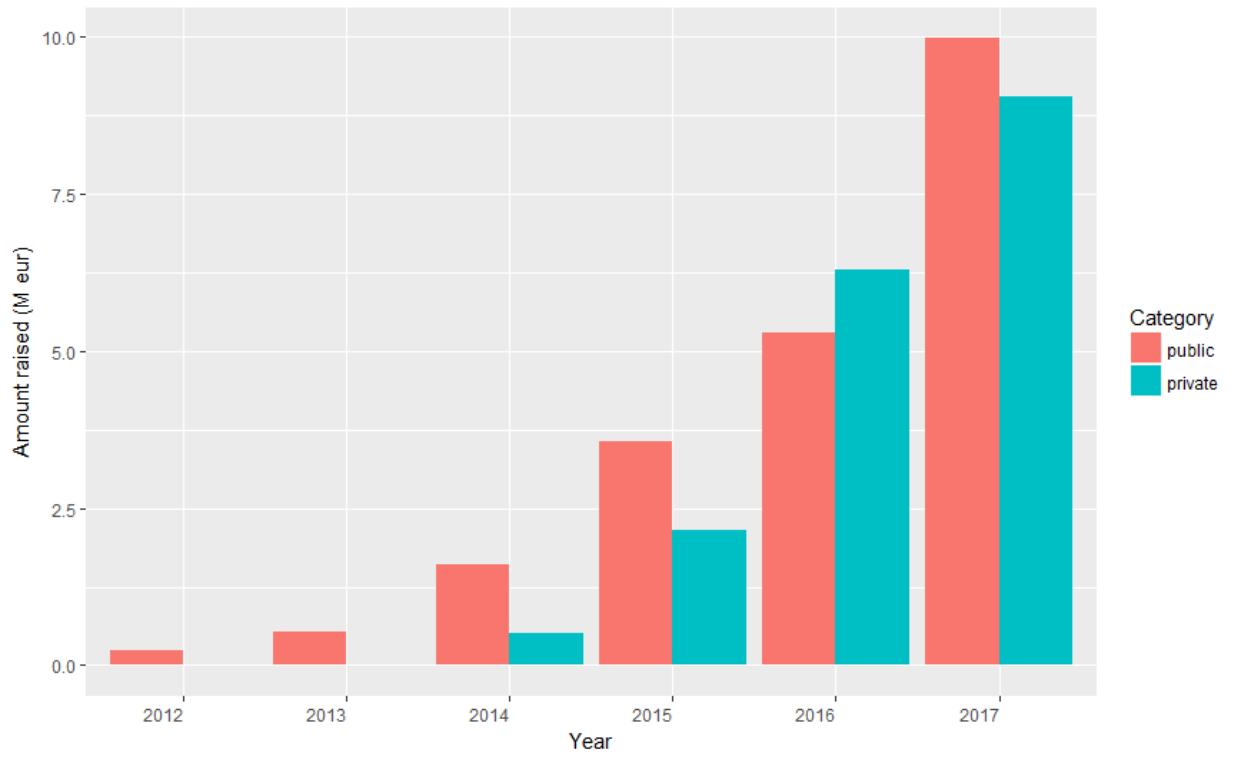
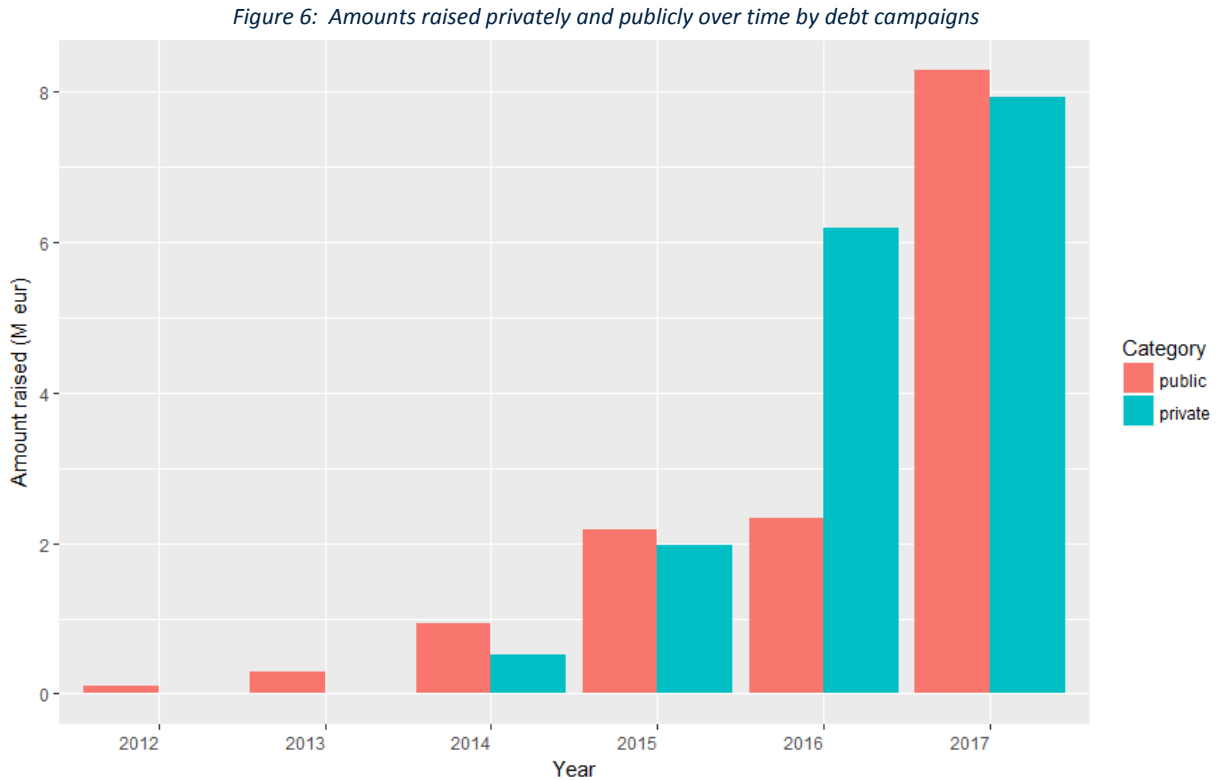


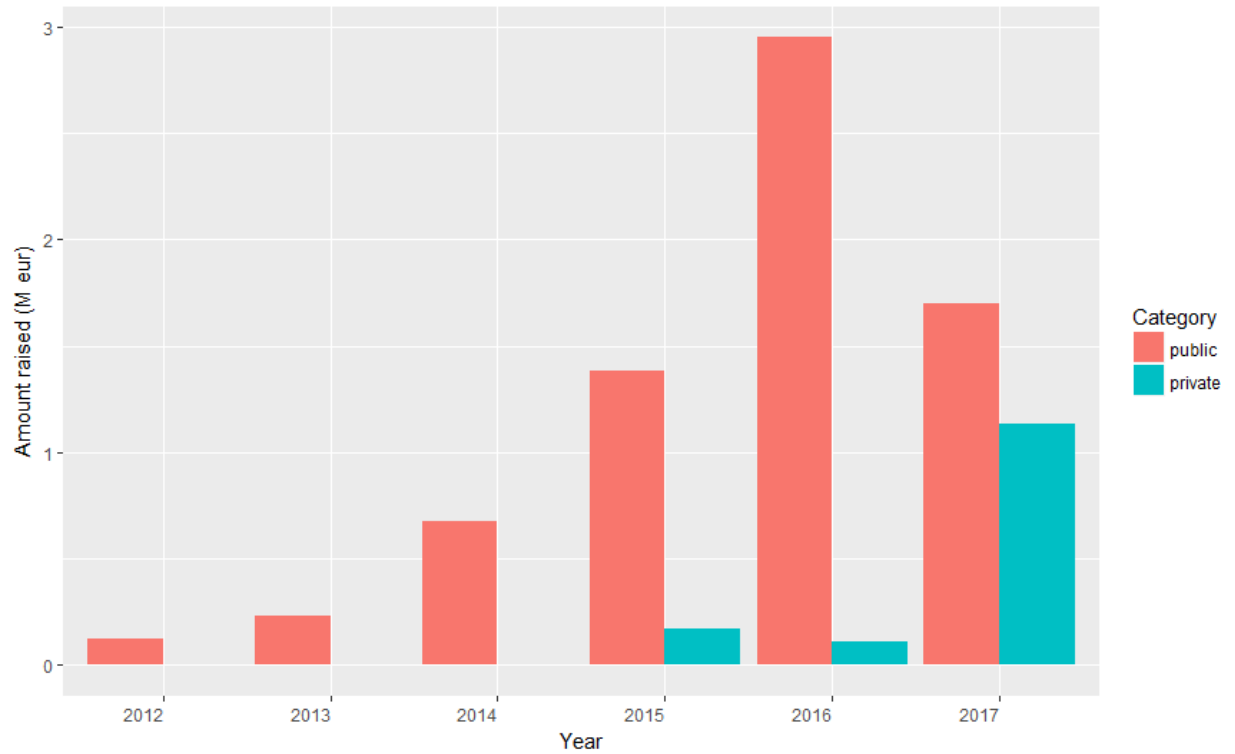
Figure 6 (7) shows the amounts raised privately and publicly over time by debt (equity) campaigns. Those figures give some insights into the pattern identified on Figure 5.

Figure 6 shows that the amounts raised privately and publicly by debt campaigns were almost equal in 2015. In 2016, the amounts raised privately were much higher than the amounts raised publicly (€6,183,000 vs. €2,337,247) but the solid growth in 2017 allowed public crowdfunding to exceed its private counterpart.



As for equity, Figure 7 shows that, after a steady growth from 2012 to 2016, the amounts raised publicly saw a steep decline between 2016 and 2017 (by 42%, from €2,947,778 to €1,695,768) while during the same period the amount raised privately increased remarkably.

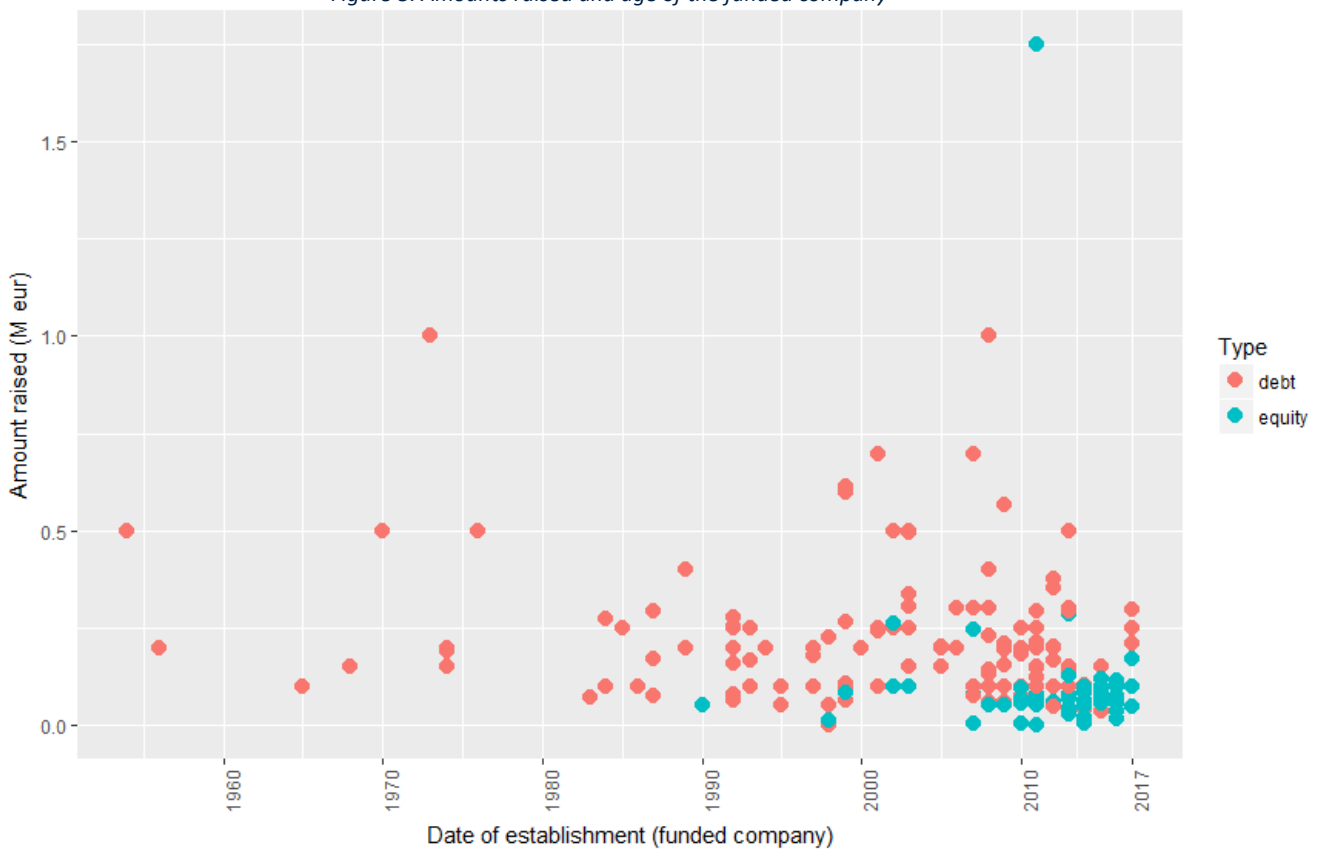
Figure 7: Amounts raised privately and publicly over time by equity campaigns



2.2 Analysis of debt and equity characteristics

Before investigating each crowdfunding characteristic in detail, it seems important to analyze the relationship between the profile of a company and the type of funding it looks for. In this perspective, Figure 8 reports the relationship between the date of establishment of the company making use of a crowdfunding campaign and the amounts raised by the campaign. The figure distinguishes, furthermore, between debt and equity campaigns. Figure 8 shows that younger companies tend to raise more funds through equity. In addition, Figure 8 provides evidence that relatively young companies are more likely to raise smaller amounts of funding, essentially by equity. This finding is further evidence that equity crowdfunding is riskier, since it is used principally by companies in their start-up phase. Besides giving access to capital, equity crowdfunding allows start-up companies to gain visibility through a marketing campaign that takes place on the crowdfunding platform. Young companies also benefit from tax incentive schemes, put in place by the Belgian government (see [Section 2.2.1](#) below on the “Tax Shelter”), that promote investment in start-ups, especially through equity crowdfunding.

Figure 8: Amounts raised and age of the funded company



2.2.1 Equity

This section focuses on the main features of equity crowdfunding in Belgium. The subsample consists of 84 crowdfunding campaigns.

The extension of the tax shelter regime as mentioned above¹⁸ applies to investments in the equity of start-ups through crowdfunding platforms. The regime provides that an individual investor can deduct from personal income taxes 30% (for SMEs¹⁹) or 45% (for micro-enterprises²⁰) of the sum invested in start-ups made through an authorized crowdfunding platform. The main conditions are the following:

- to be eligible for the deduction, a private investor may invest up to €100,000 per year;
- the start-up has to be no more than 4 years old;
- the amount invested by the private investor cannot be greater than 30% of the capital of the start-up;
- the private investor is required to hold the shares for a minimum of four years in its portfolio;
- the start-up can raise a maximum of €250,000 through the tax shelter system.

The data collected shows that no campaign operated through the 30% tax shelter regime for SMEs, but 24 campaigns did so through the 45% tax shelter regime, for an amount of €2,012,668. This is 23.75% of the total amounts raised through equity crowdfunding during the period studied. This represents 81.85% of the amounts raised through equity after the implementation of the regime in 2017. This figure may be considered evidence that the tax incentive scheme had an impact.

Seven companies (responsible for 8 of the 84 equity crowdfunding campaigns) had gone bankrupt or announced their liquidation at the time of collecting the data. Those cases represent a total amount of €691,300 of initial investment (8.16 % of the total). One company was founded in 2007 (investment completed in 2014), one in 2010 (investment completed in 2014), 4 in 2013 (all investments completed in 2015) and one in 2014 (investment completed in 2015).

Two projects had had a collective exit at the time of collecting the data (a third one was in progress). The first exit took place one year and 8 months after the initial investment and provided a high return to its investors (100% net of fees). The other one took place after two years and four months and saw its investors lose money (-4%).

¹⁸ See the Programme Law of 10 August 2015.

¹⁹ Defined in Article 15 of the Belgian Companies Code.

²⁰ Defined in Article 15/1 of the Belgian Companies Code.

Table 1 summarizes the state of the equity campaigns at the time of collecting the data.²¹

Table 1: Summary of equity campaigns

	Number of campaigns
Ongoing	73
Bankruptcy	8
Exit	3
Profit	1
Loss	1
In progress	1

These figures show that investors must be aware of the risks associated with equity-based crowdfunding. First, the risk of losing money is real: Of the two exits that took place, one provided a high return but the other one saw its investors lose money. This was in addition to the bankruptcy cases that currently represent 10% of the campaigns that were successfully funded. Second, investors face an important liquidity risk, as it may be difficult for them to exit. Early exit is even more problematic since more and more projects benefit from the tax shelter that discourages exit within 4 years of investments.

2.2.2 Debt

In this section, we focus on crowdlending characteristics. We therefore analyze the subsample of 148 crowdlending projects.

There are 3 main types of loans²² made through crowdlending in our data set: amortizing loans,²³ bullet loans²⁴ and convertible loans.²⁵ We added an “Other” category for some specific cases. Table 2 indicates that the vast majority of crowdlending was financed through amortizing loans (90% of the amounts raised). Bullet loans account for 6%, while convertible loans and others represent 1.6% and 2.4% respectively of the amounts raised.

Table 2: Types of loans for debt campaigns

	Number of campaigns	Amounts raised (k€)

²¹ As a reminder, data were collected as of 31 December 2017. Other cases of bankruptcy or collective exit may have taken place in the meantime.

²² As explained in Footnote 7, in this paper we focus on the economic rationale of the instruments rather than on their legal definition. The term “loan” can thus refer to an effective loan or to a bond.

²³ A loan where the principal is paid down over the life of the loan (that is, amortized) according to an amortization schedule.

²⁴ A loan where a payment of the entire principal of the loan, and sometimes the principal and interest, is due at the end of the loan term.

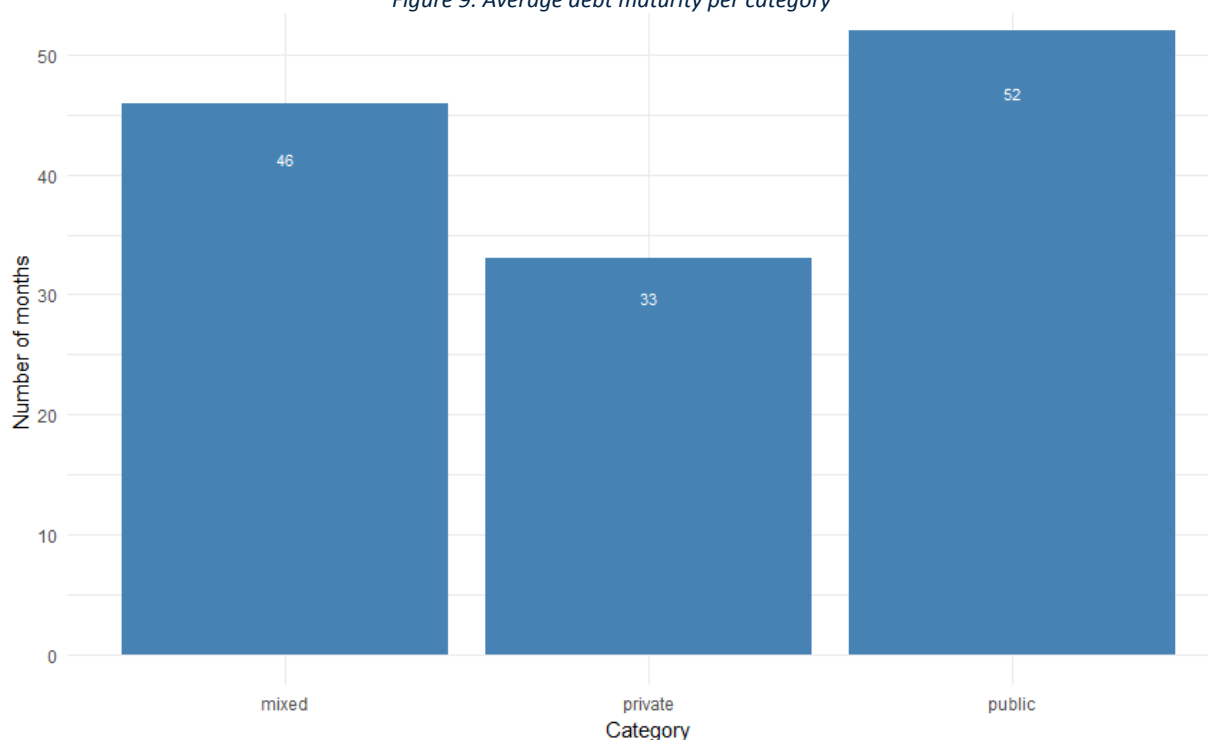
²⁵ A type of loan that the holder can convert into a specified number of shares of common stock in the issuing company or cash of equal value. It is a hybrid instrument with debt- and equity-like features.

Amortizing loan	126	28,548
Bullet loan	14	1,796
Convertible loan	5	516
Others	3	690

The maturity is the date at which the loan's principal comes due and must be repaid to lenders. The average maturity for the campaigns in our sample is 47.59 months (nearly four years). The minimum maturity observed in the sample is 12 months, and the maximum 121. When weighting the projects by the amounts raised, the average maturity becomes 45 months. In the results below, we always consider the weighted average maturity.

The weighted average maturity decreased from 72.5 months in 2013 to 45.8 months in 2017. This decrease can in part be explained by the growing amounts raised privately from 2015 onwards (see Figure 6). As indicated by Figure 9, projects that raise funds privately tend to have a shorter maturity.

Figure 9: Average debt maturity per category



We now analyze the yield-to-maturity (YTM), i.e. the total return anticipated on a loan if the loan is held until it matures, expressed as an annual rate with all the payments made as scheduled. The YTM varies from 0% to 20%²⁶ across all the different projects, with a median rate of 7.5% and average of 7.42%. When weighting projects by amounts raised, the average YTM becomes 7.25%. Over the years, the (weighted) average YTM did not vary significantly. It was at 7.63% in 2013, peaked at 7.96% in 2015 and decreased to 6.85% in 2017. When comparing private-only campaigns to public-only

²⁶ The highest and lowest YTM values (0% and 20%) were for two public projects launched in 2012. Both were financed through an amortizing loan. The first campaign in question raised €5,000, while the second raised €99,999. The first went into default.

campaigns, there is a difference in the YTM: 7.71% for the former vs 7% for the latter. It seems that private investors tend to be rewarded with a higher YTM.

As for the tax regime, investors in crowdlending (through an authorized platform) can be exempted from 30% withholding tax on interest from loans of up to the first bracket of €15,000. To be eligible for this scheme, the following conditions must be respected:

- the loan must have a maturity of at least 4 years;
- the loan must be invested in a start-up which is less than 4 years old;
- the loan cannot be used for refinancing.

This regime is an extension of the tax shelter for start-ups.²⁷ The extension entered into force on the same date as the crowdfunding regime, with the goal of promoting investment in crowdlending. This regime was used only once, for a project that raised €299,000. In comparison to equity-based crowdfunding, the tax scheme appears to have been less successful for crowdlending.

At the time of the answers to the questionnaire, 5 crowdlending campaigns had defaulted on their debt repayments. Those campaigns were financed by amortizing loans. The total amount raised for those projects was €551,600, representing 1.75% of the total amount raised through crowdlending.²⁸ The companies that defaulted on their debts were relatively young (with dates of establishment between 2007 and 2012). One campaign took place in 2012, two in 2015 and two in 2016. Even though the failure rate is lower for debt campaigns (5 out of 148 campaigns) than for equity campaigns (8 out of 84 campaigns), those figures show that investors should also be aware of the counterparty risk present in crowdlending.

²⁷ See the Programme Law of 10 August 2015.

²⁸ Nevertheless, the exact amount on which the project owner defaulted is not known. It is therefore impossible to compute an exact rate of return for investors and the exact default rate.

Table 3 summarizes the state of the debt campaigns at the time the data were collected.

Table 3: Summary of debt campaigns

	Number of campaigns
Matured (January 2018)	<i>10</i>
Ongoing	<i>133</i>
Default	<i>5</i>

2.3 Analysis of campaign characteristics

In this section, we examine the extent to which some campaign characteristics (time needed to get financed, number of investors and investors' contribution) vary across crowdfunding type (equity/debt), crowdfunding categories (public/private/mixed) and over time.

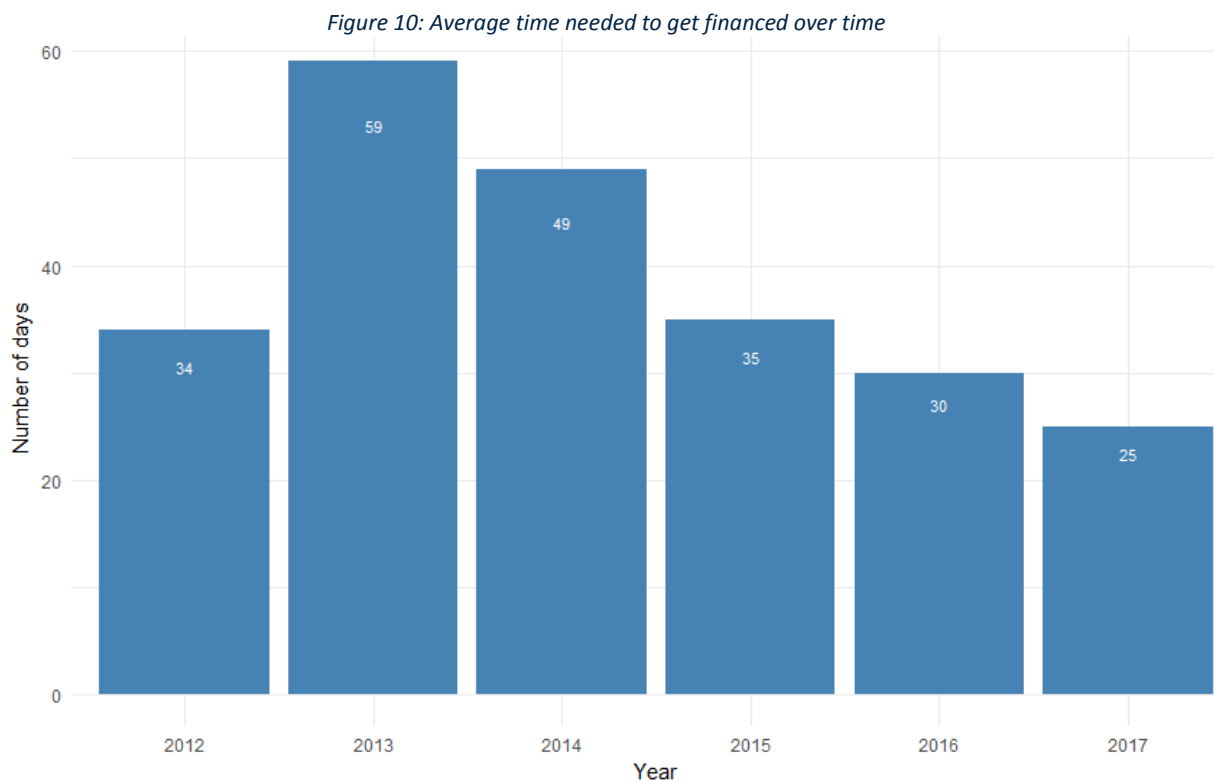
2.3.1 Time needed to get financed

Projects are available for funding on a crowdfunding platform for a limited amount of time. Usually a maximum number of days is set in advance. However, a campaign finishes earlier if the maximum amount sought by the project owner is reached before the end of the predetermined period. In the sample under study, a campaign needed one month on average to get financed, while 25% were funded within one day. The median number of days needed to fund a campaign is 13.

Figure 10 shows that the average time needed to fund a campaign diminished over the years. In 2013,²⁹ a successful project would stay on a platform around two months on average. In 2017, a project would spend only an average of 23 days on a platform. There is a high level of heterogeneity across the platforms regarding the time needed for a campaign to get financed. The average time needed to get financed ranges from 5 to 62 across platforms.

Equity campaigns needed more days on average to get funded than debt campaigns (62 vs 13). This suggests that when projects are riskier and the outcome of the investments are unknown or more volatile, they take longer to be funded.

Private campaigns needed on average 14 days to get financed while public campaigns took only 44 days.



2.3.2 Number of investors

This section focuses on the number of investors on a per campaign basis. We analyze a subsample of 116 campaigns, since not all the platforms provided such data. Of those campaigns, 32 are debt campaigns and 84 equity campaigns. As for the category, 24 are private campaigns and 92 public campaigns.

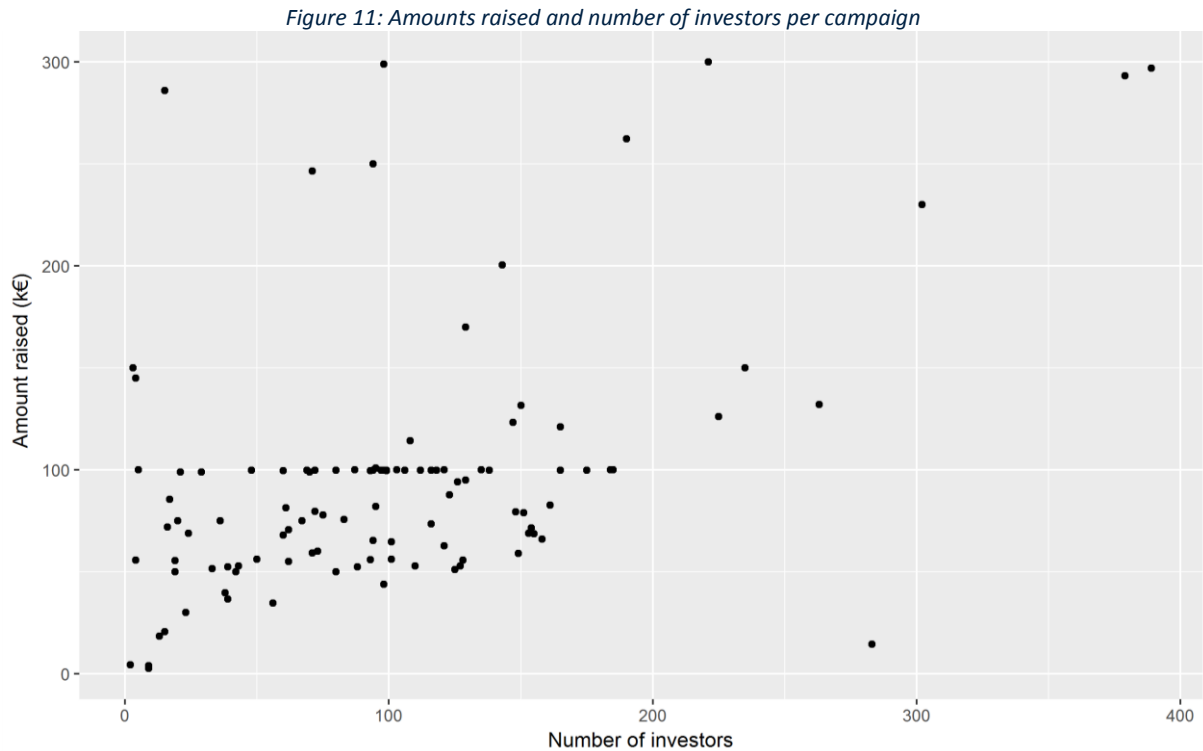
²⁹ Interpreting the (relatively low) average of 2012 may be difficult since only 3 campaigns were launched that year.

In our sample, a campaign was financed by an average of 100 different investors, while the median number of investors per campaign is 94. The campaign with the lowest number of investors gathered only two investors (this was a private campaign), whereas the campaign with the highest number of investors convinced 435 people.

The average number of investors for crowdlending campaigns is 112. The average number for equity crowdfunding is 95. The changes in the average number of investors over time between debt and equity campaigns were in inverse proportion. For crowdlending campaigns, the average number of investors rose from 72 in 2014 to 121 in 2017.³⁰ Equity crowdfunding saw a decline, with ups and downs, from 147 investors on average per campaign in 2012 to 118 investors in 2016. In 2017, this number decreased even further, to 50 investors. As expected, investors in private-only campaigns were more limited in number (18 investors on average). Conversely, the average public-only campaign attracted 121 different investors.

³⁰ There were no data available before 2014.

Figure 11 displays the relationship between the amount raised and the number of investors on a per campaign basis. The greater the amount of funding sought, the greater the number of investors needed. Another reason explaining this positive relation could come from the limitation imposed by the prospectus regime, under which investors can invest a maximum of €5,000 per campaign between €100,000 and €300,000 (regime without prospectus). Before the entry into force of the Belgian crowdfunding regime, this amount was set at €1,000. There is no difference in trends between debt and equity campaigns.



2.3.3 Investors' contribution

Platforms were requested to report, for each launched campaign, the average amount contributed per investor. Our analysis of the same sample of 116 campaigns shows that the average investor invested €2,870 per campaign. The maximum average contribution per investor amounts to €50,000 and applies to a private-only campaign.

The average investor in an equity campaign invested €2,388 per campaign, while for debt campaigns the average investment is €4,136. These figures suggest that investors contributed more money on average to crowdlending campaigns. In [Section 2.3.2](#), we showed that, relative to equity campaigns, crowdlending campaigns were able to attract a higher number of investors (112 vs 95). Those two results therefore allow us to explain why, on a per campaign basis, debt campaigns raised more money than equity campaigns (€213,172 vs €100,899, see [Section 2.1.2.1](#)). As already mentioned, a possible explanation may lie in the nature of equity crowdfunding, which may be perceived as more risky than crowdlending.

When distinguishing campaigns by category, our analysis suggests that private-only campaigns attracted a larger investment on a per investor basis (average of €9,582) than public-only campaigns (€1,119). Since private campaigns draw on a small number of investors for private placements, it is not surprising that the amounts invested on a per investor basis are larger. Indeed, some private campaigns are even organized specifically for business angels, which invest higher sums than public investors from crowdfunding platforms.

For each campaign, platforms were also asked to report the distribution of the investors participating in the campaign across 5 categories of contribution:

- Cat_A: < €100
- Cat_B: €101-€500
- Cat_C: €501-€1000
- Cat_D: €1,001-€5,000
- Cat_E: > €5,000

Figure 12 shows the number of investors across categories of contribution for the 116 campaigns under investigation. This figure shows that the majority of investors (about 59%) invested relatively small amounts (€500 or less) on a per campaign basis. Less than 3% of the investors invested more than €5,000 per campaign.

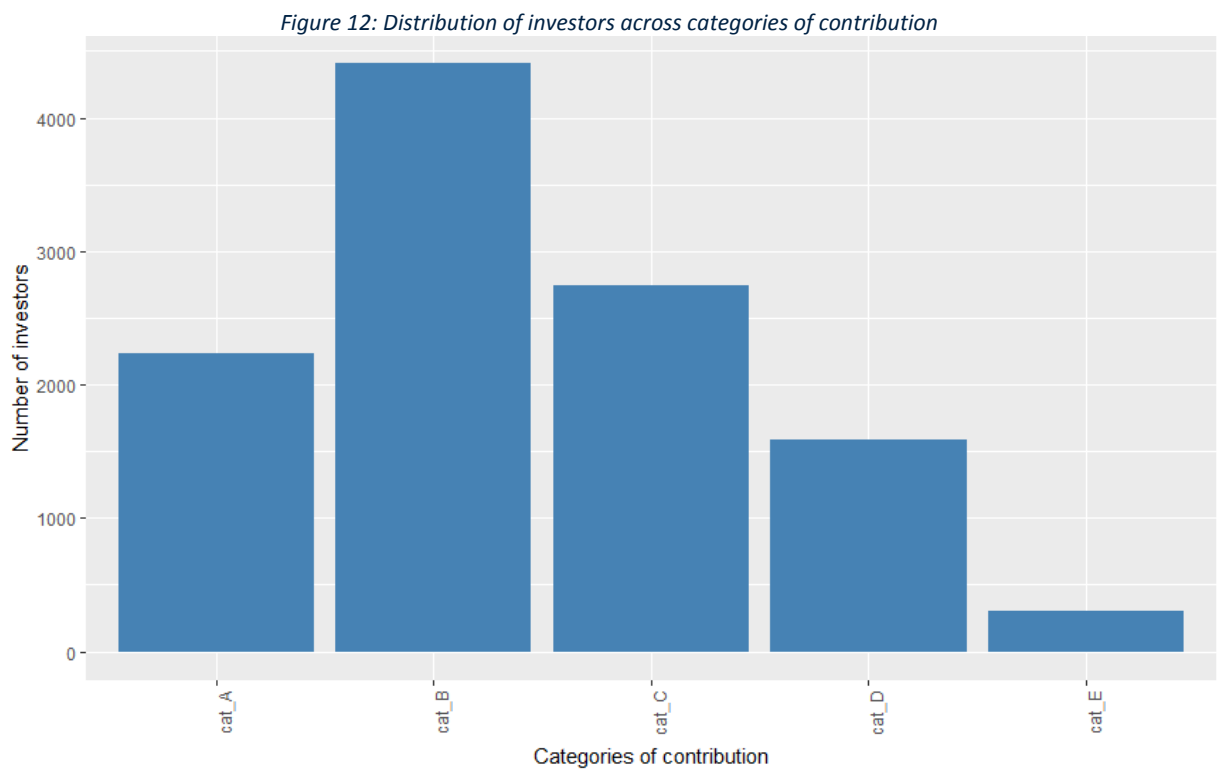


Figure 13 supplements this analysis by distinguishing campaigns by type. The proportion of investors in each category of contribution are computed on a per type basis. Figure 13 indicates that investors in debt campaigns invested more than in equity campaigns, a finding that is in line with our previous results. While about 60% of the investors in crowdlending invested €500 or more (Cat_C or higher) per campaign, this was the case for only 30% of the investors in equity campaigns. However, Figure 13 highlights a common finding for both types of campaigns: In general, investors seem to have been cautious in their investments, since a very low proportion of them falls within the last categories of contribution.

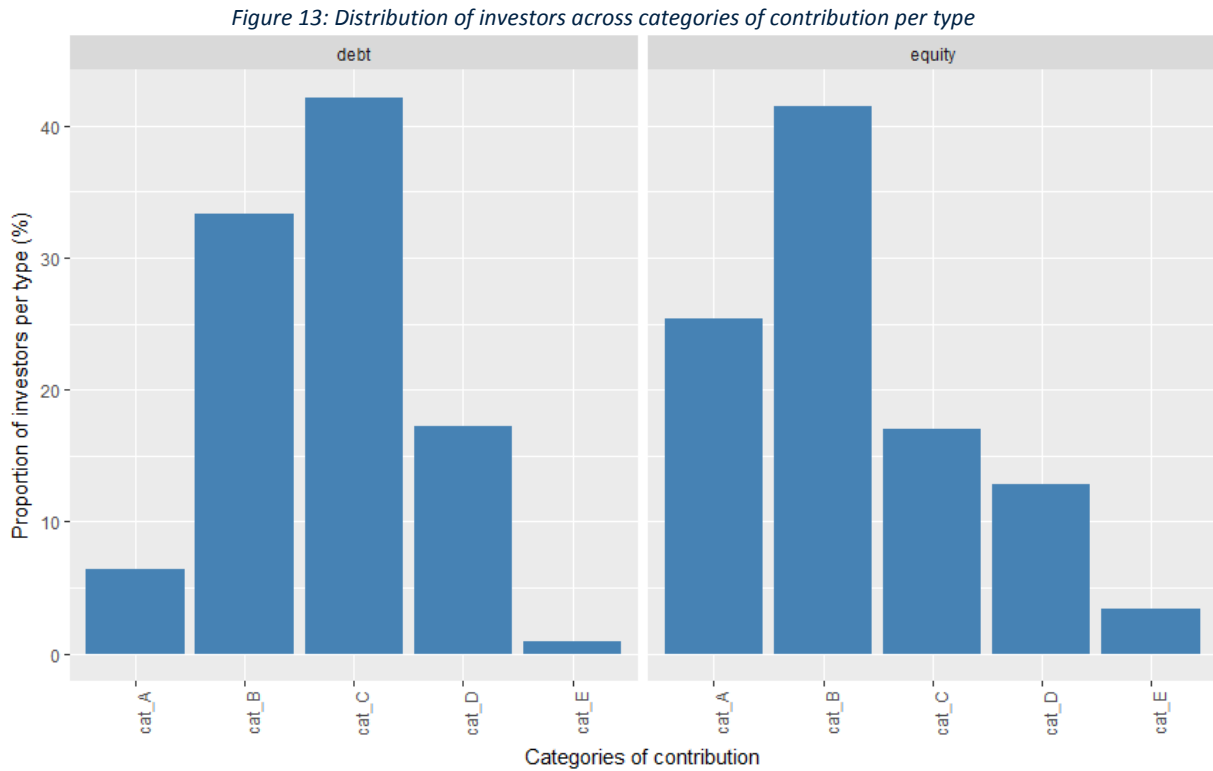
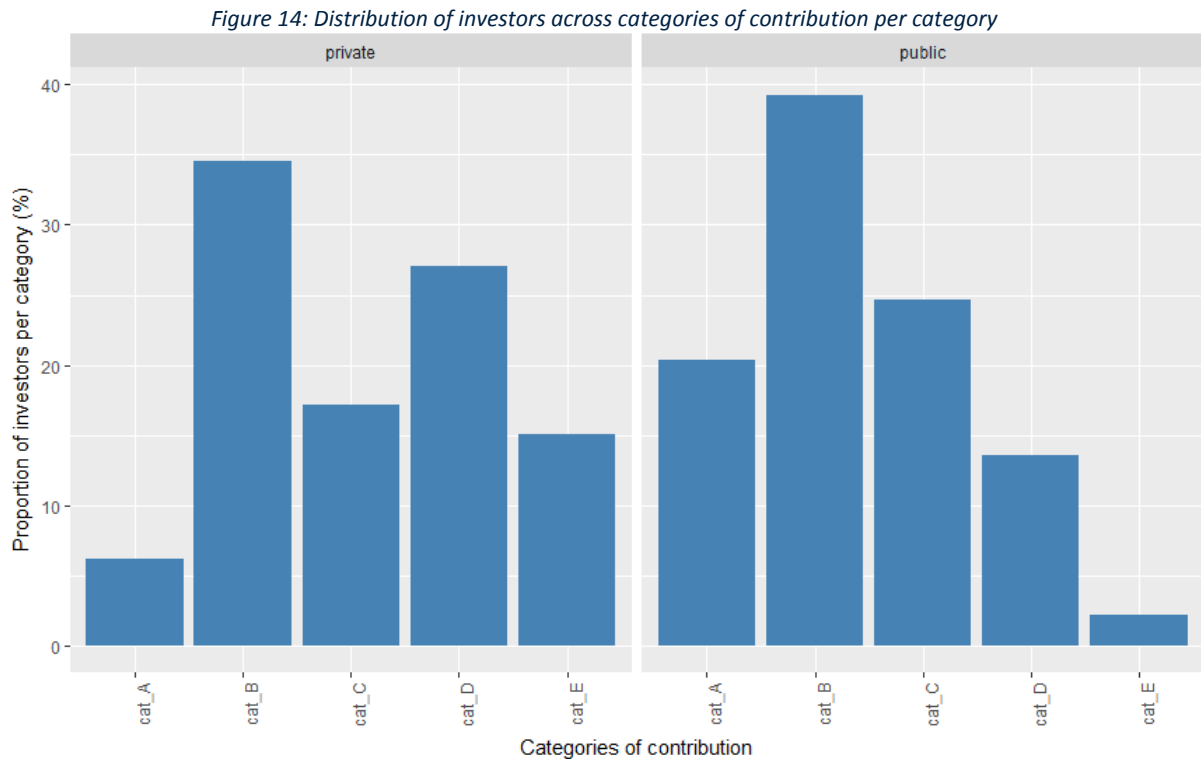


Figure 14 distinguishes campaigns based on their category. The proportion of investors that fall in each category of contribution are computed on a per category basis. Figure 14 shows that investors in private campaigns invested more than in public campaigns. This finding is still consistent with our previous results. About 40% of the investors in public campaigns invested €500 or more (Cat_C, Cat_D or Cat_E) per campaign, while 56% of the investors in private campaigns did likewise.



Conclusion

Based on a survey carried out by the Financial Services and Markets Authority (FSMA) of the five major platforms acting on the Belgian market, this paper provides insight into the Belgian financial return-based crowdfunding landscape.

The paper shows that this form of crowdfunding grew steadily over the 2012-2017 period, both in terms of the number of crowdfunding campaigns launched and in terms of the amounts raised. Between 2012 and 2017, 232 crowdfunding campaigns were successfully financed, raising €40,025,000 in total. In 2017, 92 campaigns were financed and €20 million were raised. Over the 2012-2017 period, crowdfunding experienced an average annual growth of about 100% in number of projects and about 140% in amounts raised.

Recent cases of successful crowdfunding campaigns that were publicly reported in the course of 2018 show that crowdfunding in Belgium is still growing. This is as expected, since the new prospectus legislation that entered into force in July 2018, with the transposition of the (EU) 2017/1129 Regulation, states that no prospectus is required for offers below €5,000,000. There is therefore some confidence that the observed trend will continue in the future. The FSMA might consider conducting other similar surveys in order to follow and report on the ongoing trends in the crowdfunding market.