

SUSTAINING MOMENTUM

THE 2ND EUROPEAN ALTERNATIVE FINANCE INDUSTRY REPORT



In Partnership with



Bryan Zhang Robert Wardrop

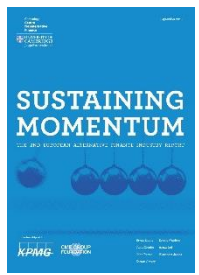
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John Burton Alexander James

Kieran Garvey

Highlights From The 2nd European Alternative Finance Industry Report

Tania Ziegler
Cambridge Centre For Alternative Finance



SUSTAINING MOMENTUM

The 2nd European Alternative Finance Industry Report

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**Centre
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 **UNIVERSITY OF
CAMBRIDGE**
Judge Business School

Analysis of Online Channels of Finance Outside of the Banking System

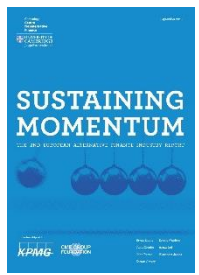
- 367 online platforms from across Europe (including UK)
- 273 online platforms from 31 European countries (excluding UK)
- Taxonomy of alternative finance: debt, equity, reward & donation-based online channels
- Excludes payments and information-only platforms

Five Month Research Project

- 15+ Researchers, 20 Research Partner Organizations

With the financial support of





Introduction

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What is Alternative Finance?

- Financial **instruments & channels** that emerge outside of the traditional finance system.
- Channels include crowdfunding, peer-to-peer lending & third-party payment systems.
- Instruments include SME mini-bonds, community shares offering and alternative currencies such as BitCoin.

What does the CCAF do?

The CCAF supports cutting-edge research to inform policy-making, industry practice, and academic thought leadership

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Finance**



Benchmarking Reports

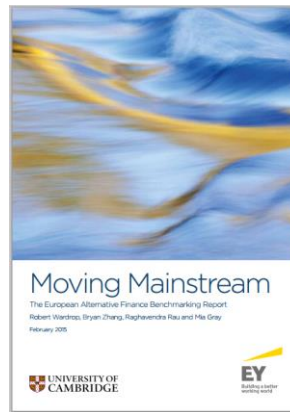
2013



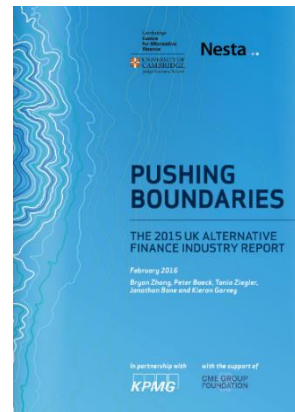
2014



2015



2016



2016



2016

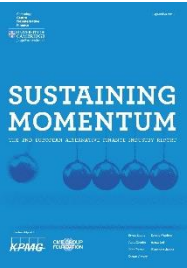


2016

Europe – September 2016

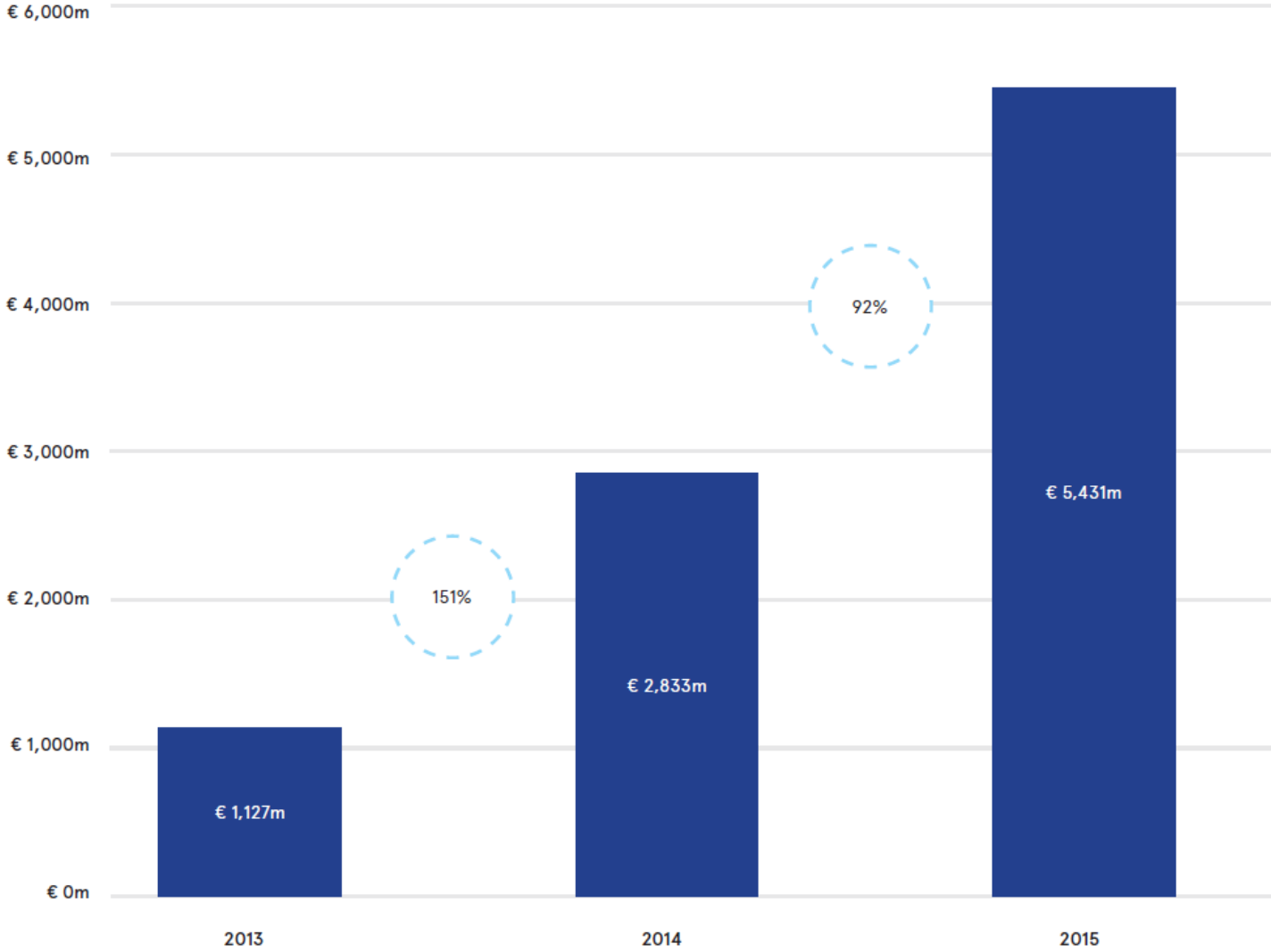


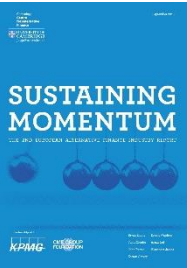
Cambridge Centre for Alternative Finance



European Online Alternative Finance Market Volumes 2013-2015

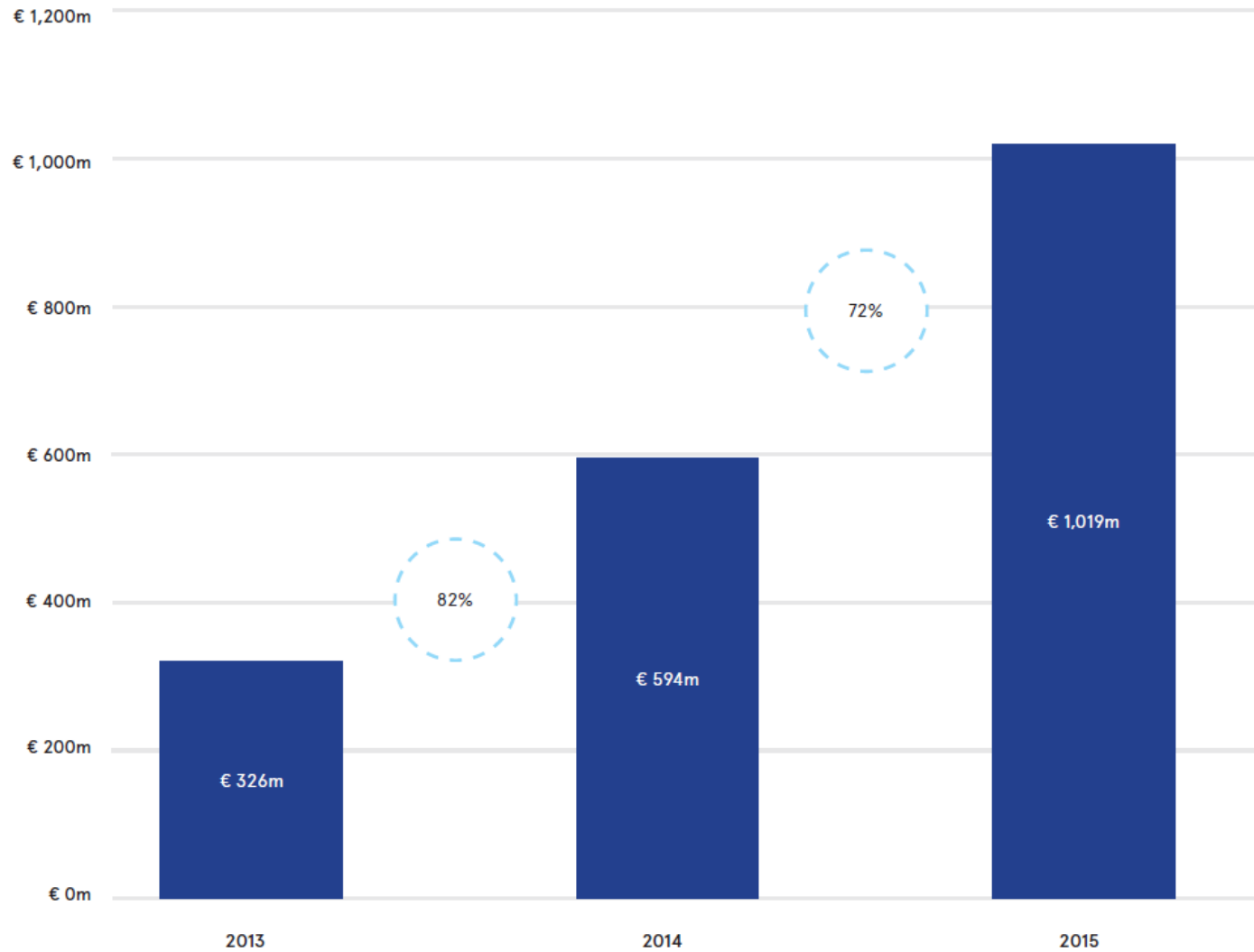
Including UK





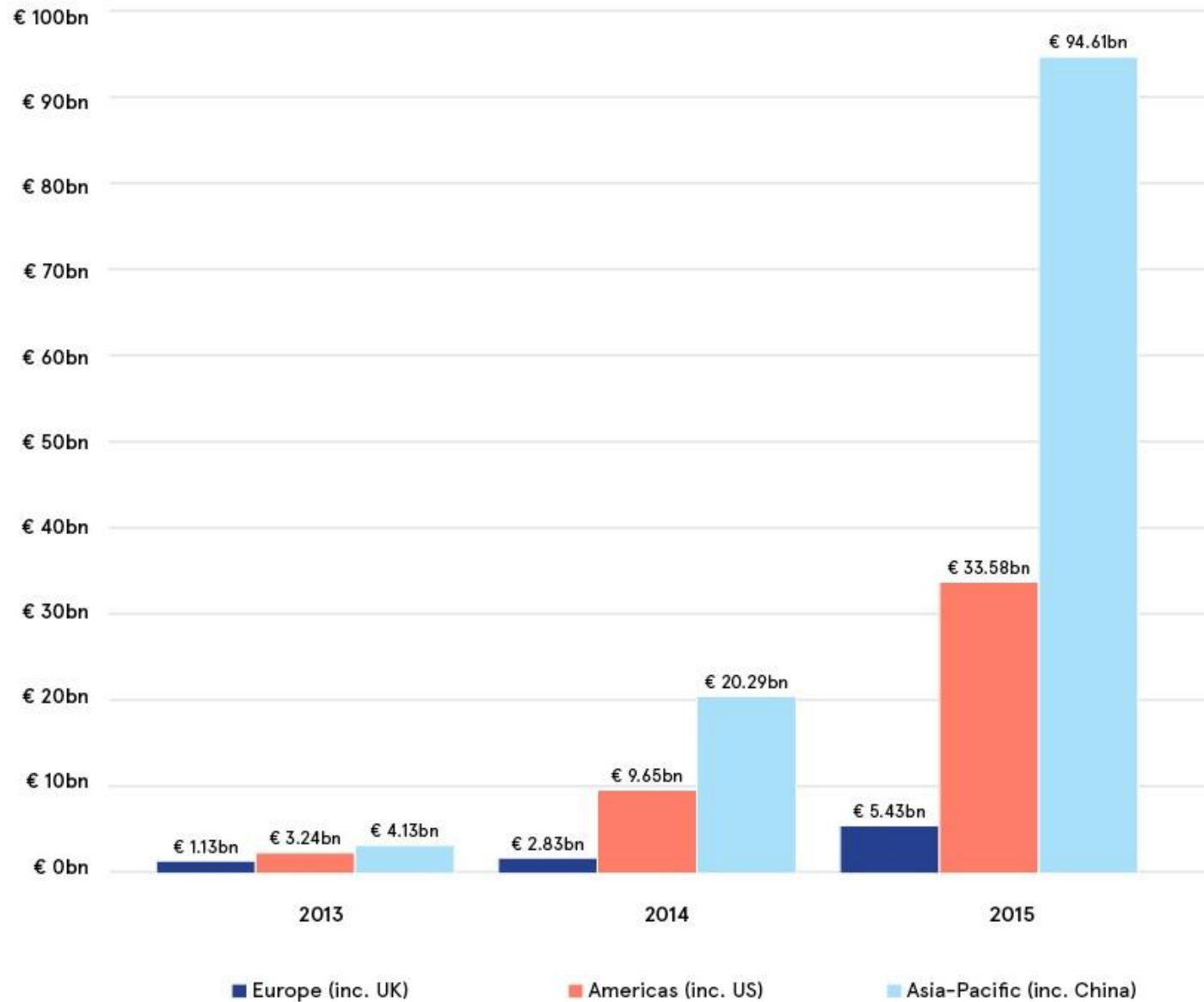
European Online Alternative Finance Market Volumes 2013-2015

Exc. UK



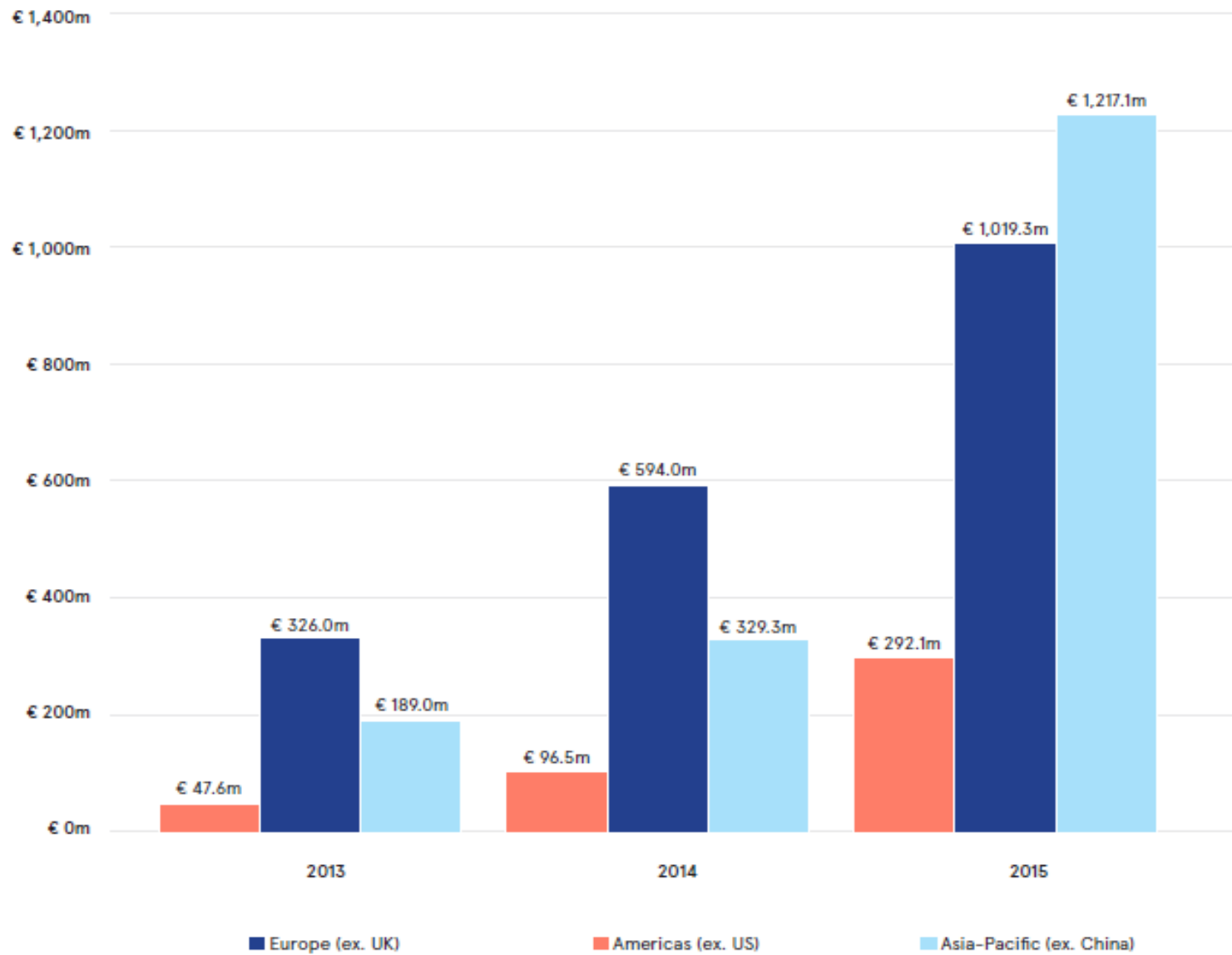


Total Alternative Finance Volume in Key Markets



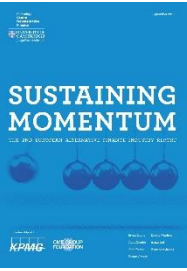


Total Alternative Finance Volume in Key Markets



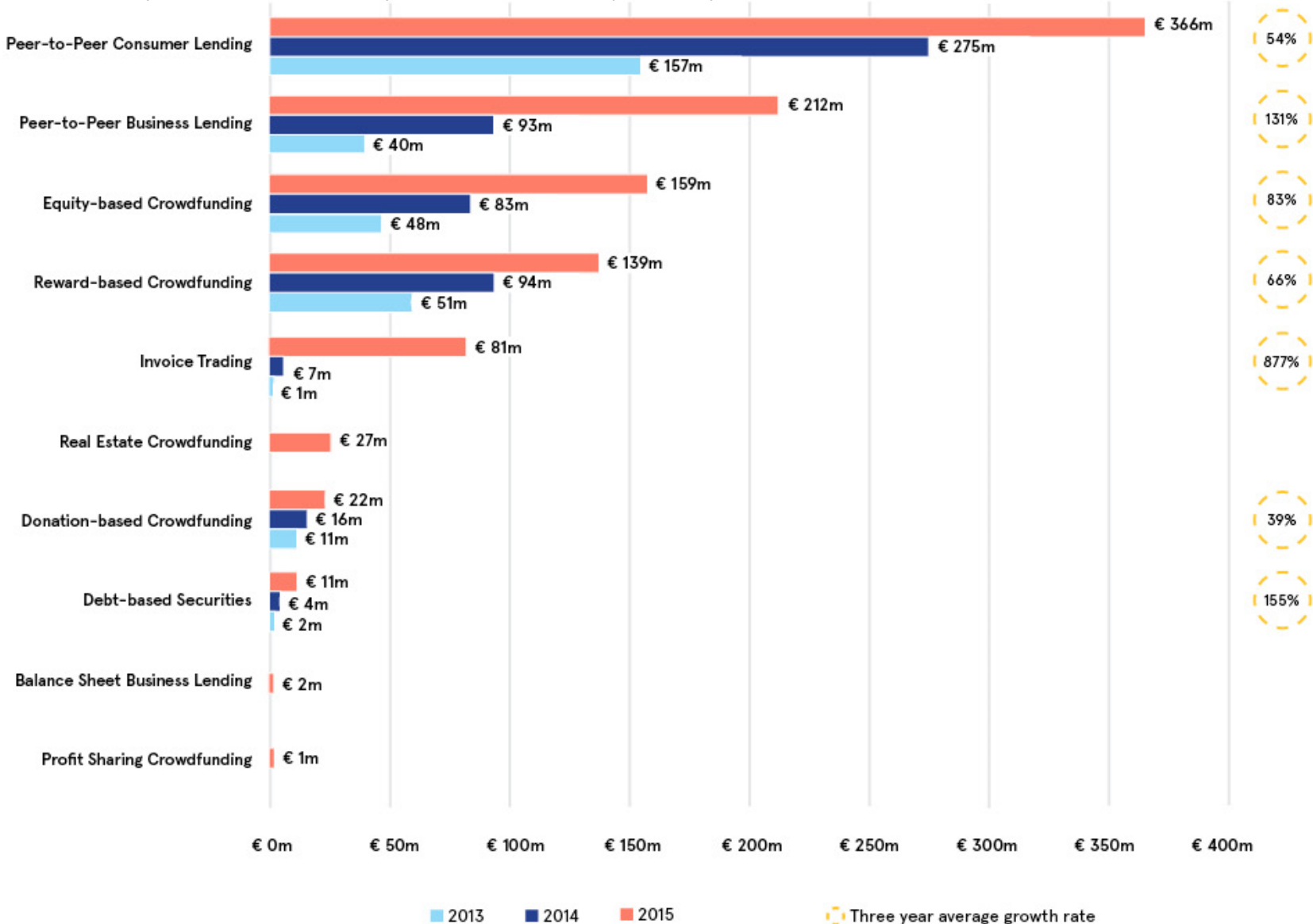
A Working Taxonomy of Online Alternative Finance Models

Alternative Finance Model	Definition	2015 Market Volume
Peer-to-Peer Consumer Lending	Individuals or institutional funders provide a loan to a consumer borrower.	€ 365.80m
Peer-to-Peer Business Lending	Individuals or institutional funders provide a loan to a business borrower.	€ 212.08m
Equity-based Crowdfunding	Individuals or institutional funders purchase equity issued by a company.	€ 159.32m
Reward-based Crowdfunding	Backers provide finance to individuals, projects or companies in exchange for non-monetary rewards or products.	€139.27m
Invoice Trading	Individuals or institutional funders purchase invoices or receivable notes from a business at a discount.	€ 80.59m
Real Estate Crowdfunding	Individuals or institutional funders provide equity or subordinated-debt financing for real estate.	€ 26.97m
Donation-based Crowdfunding	Donors provide funding to individuals, projects or companies based on philanthropic or civic motivations with no expectation of monetary or material return.	€ 21.71 m
Debt-based Securities	Individuals or institutional funders purchase debt-based securities, typically a bond or debenture at a fixed interest rate.	€ 10.73m
Balance Sheet Business Lending	The platform entity provides a loan directly to a business borrower.	€ 2.35m
Profit Sharing Crowdfunding	Individuals or institutions purchase securities from a company, such as shares or bonds, and share in the profits or royalties of the business.	€ 0.54m



Alternative Finance Volume by Model in Europe

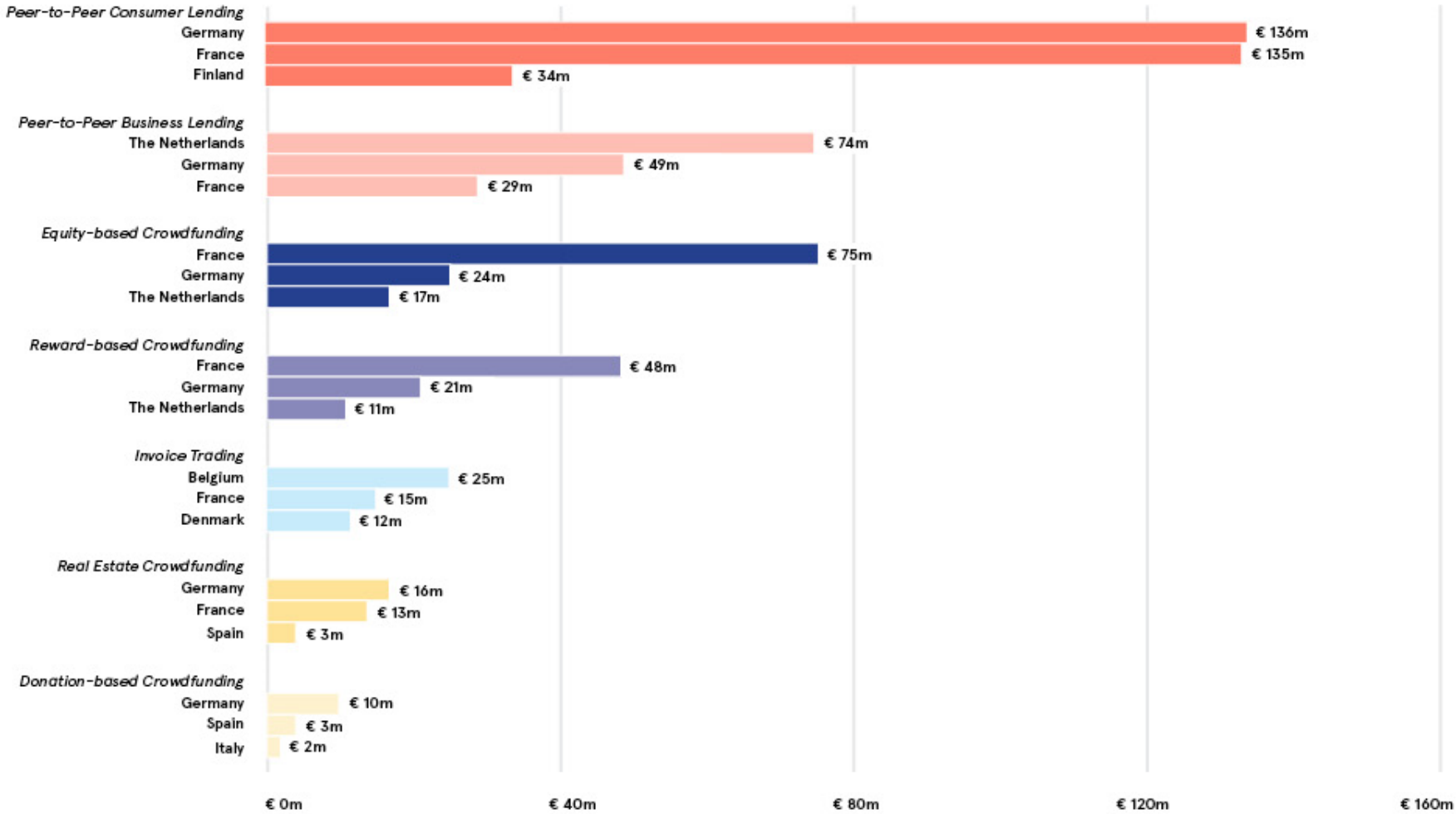
Volume by Model in Europe 2013-2015 (€ EUR)

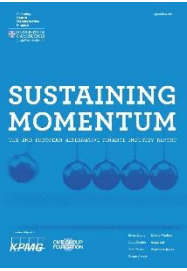




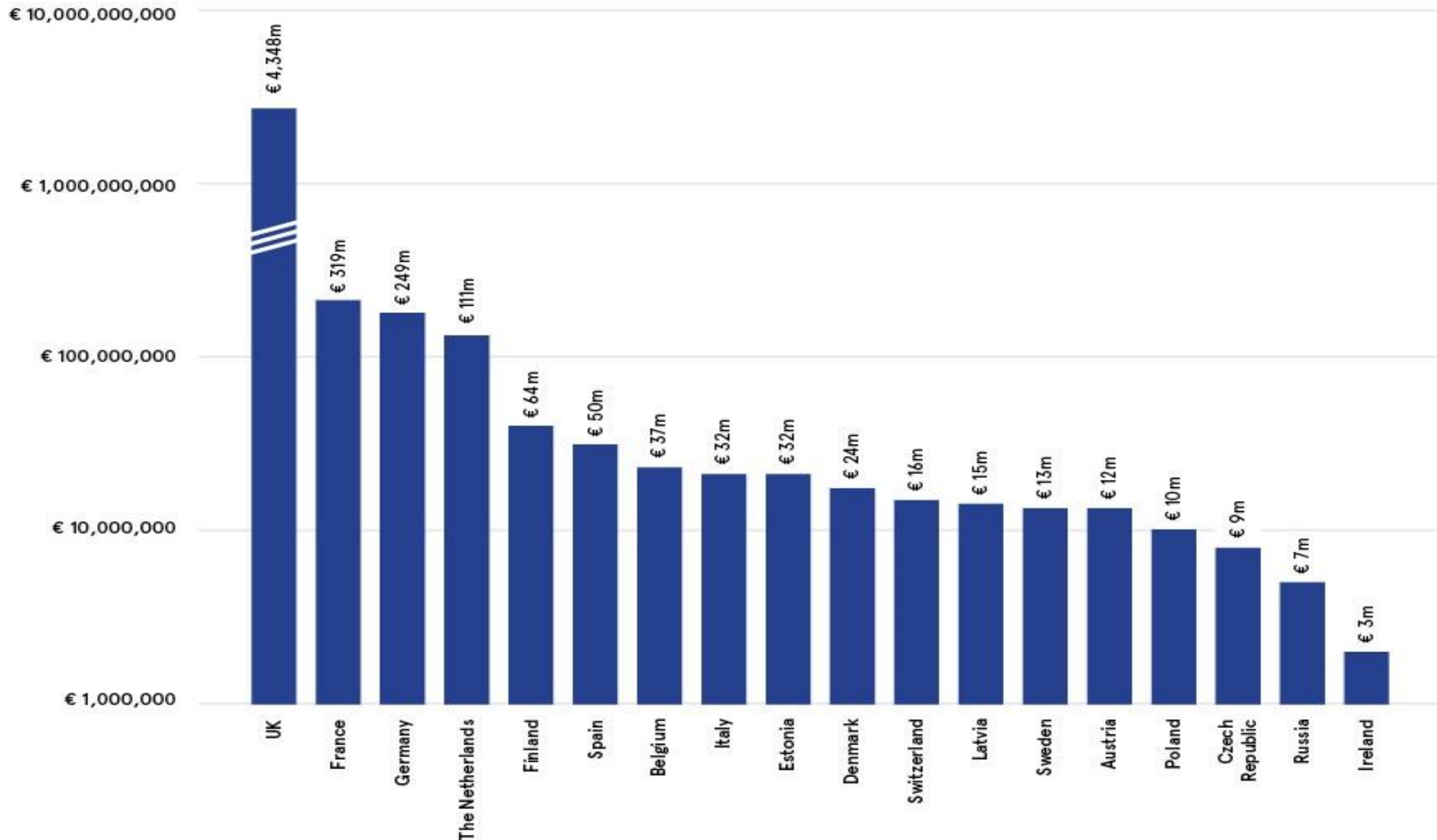
Alternative Finance Volume by Model in Europe

Alternative Finance Volume Comparison by Model and Country (excl. UK) 2015 (€ EUR)



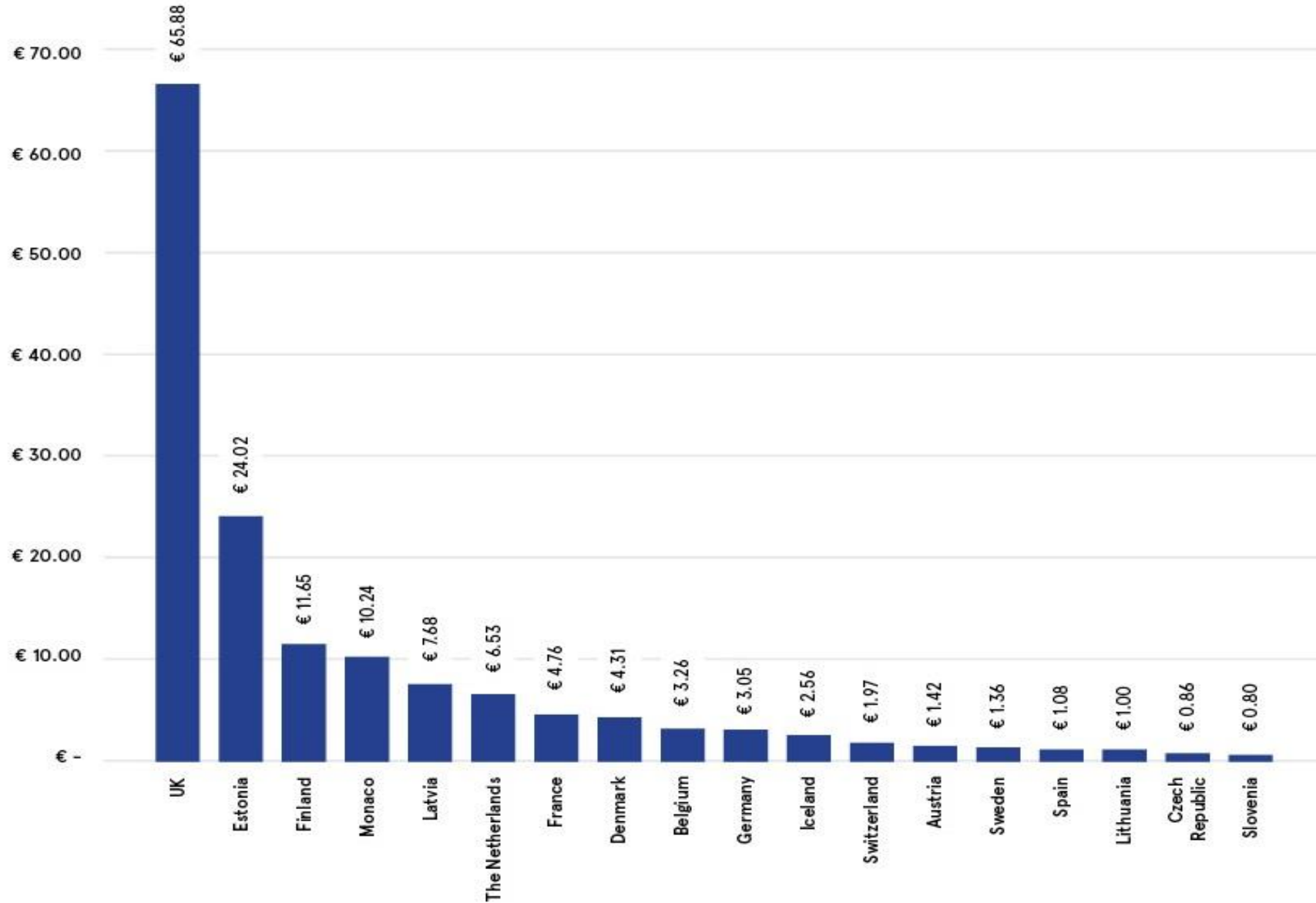


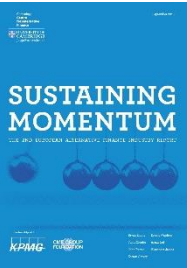
Market Volume by Country 2015 (€ EUR)



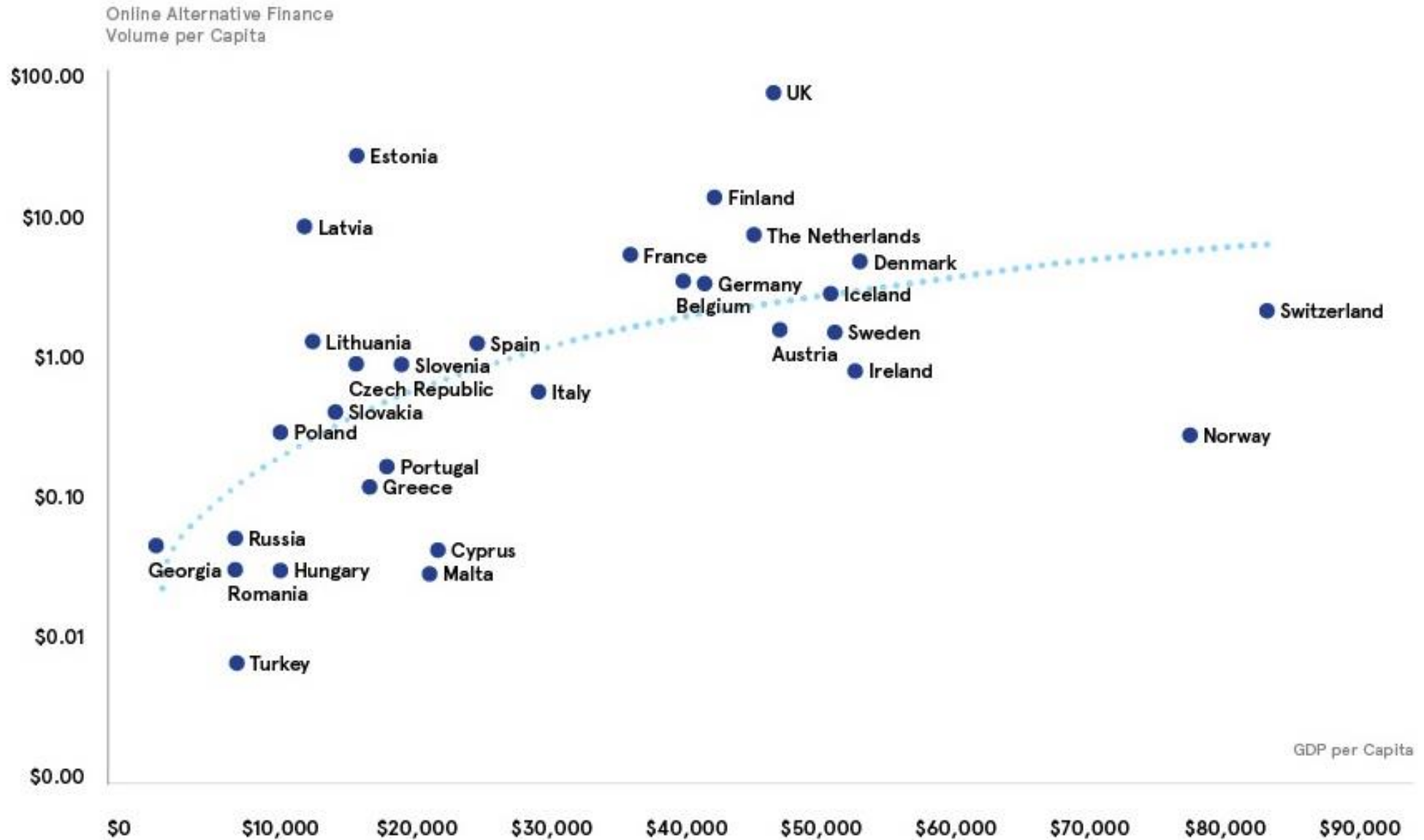


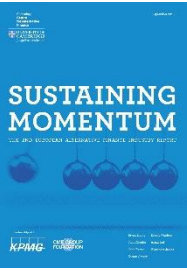
Market Volume Per Capita by Country



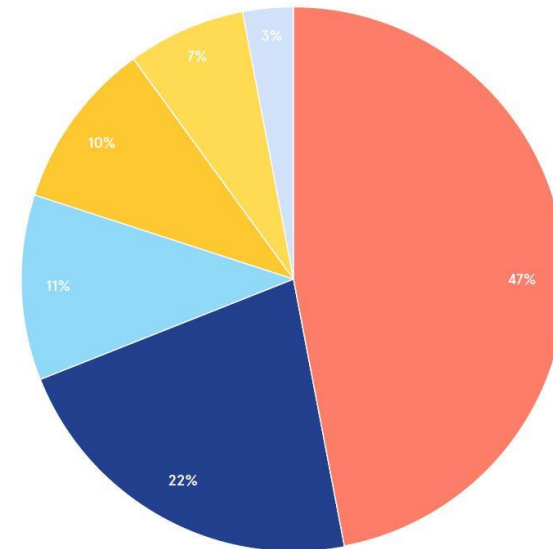
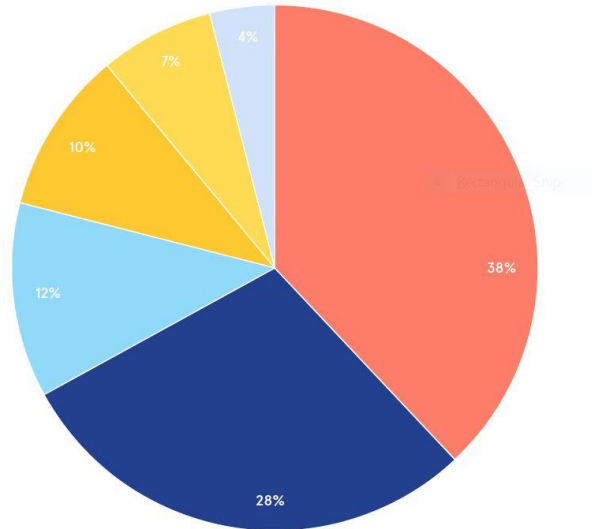


Market Volume Per Capita by Country





INDUSTRY PERCEPTIONS TOWARDS NATIONAL REGULATION



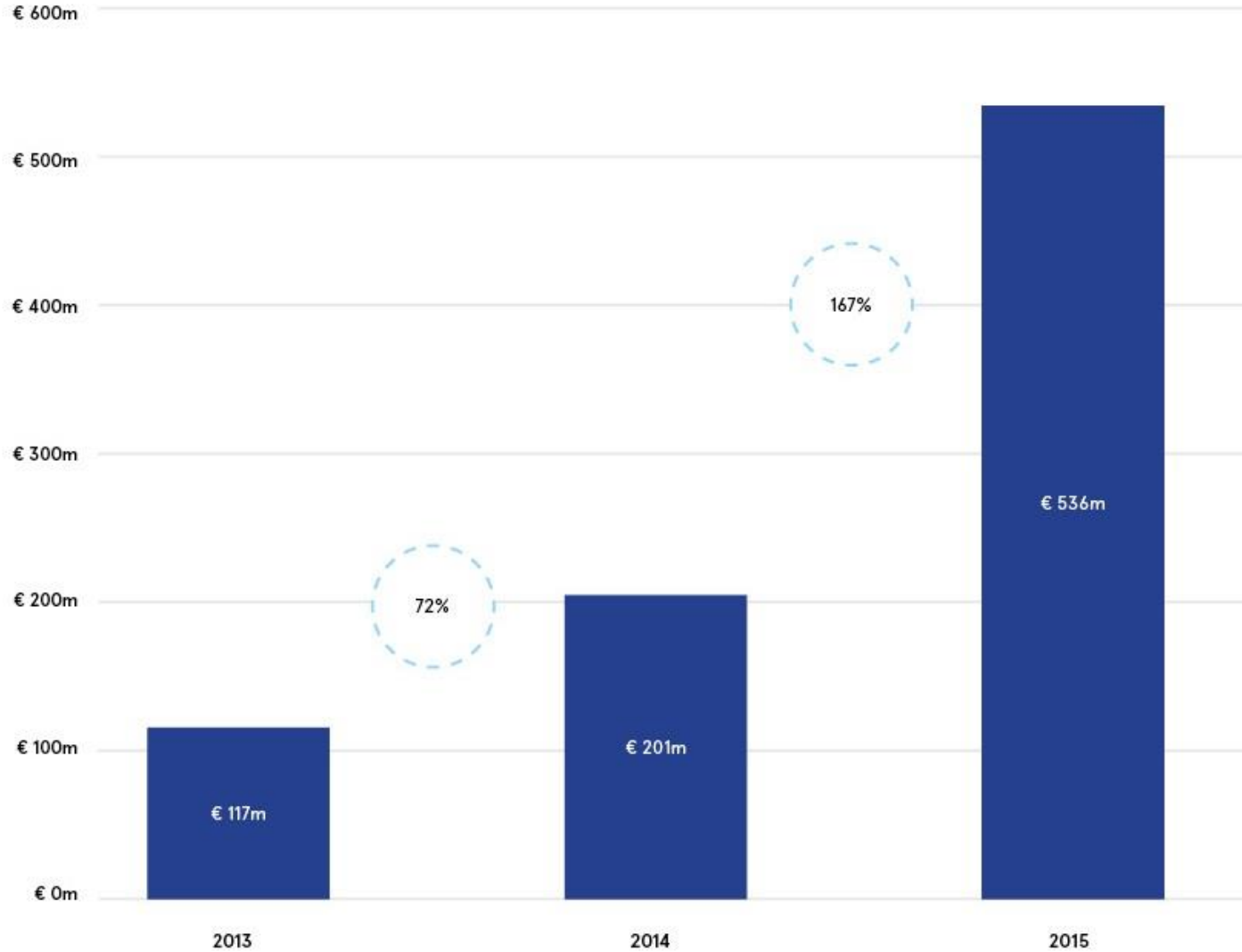
- Regulation is adequate and appropriate
- Regulation is excessive and too strict
- No Specific Regulation and is needed
- Regulation is inadequate and too relaxed

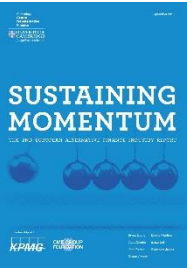
- No Specific Regulation and is not needed
- Alternative finance (including crowdfunding & P2P lending) is not currently legalized in my country



Vitality of Online Alternative Business Funding

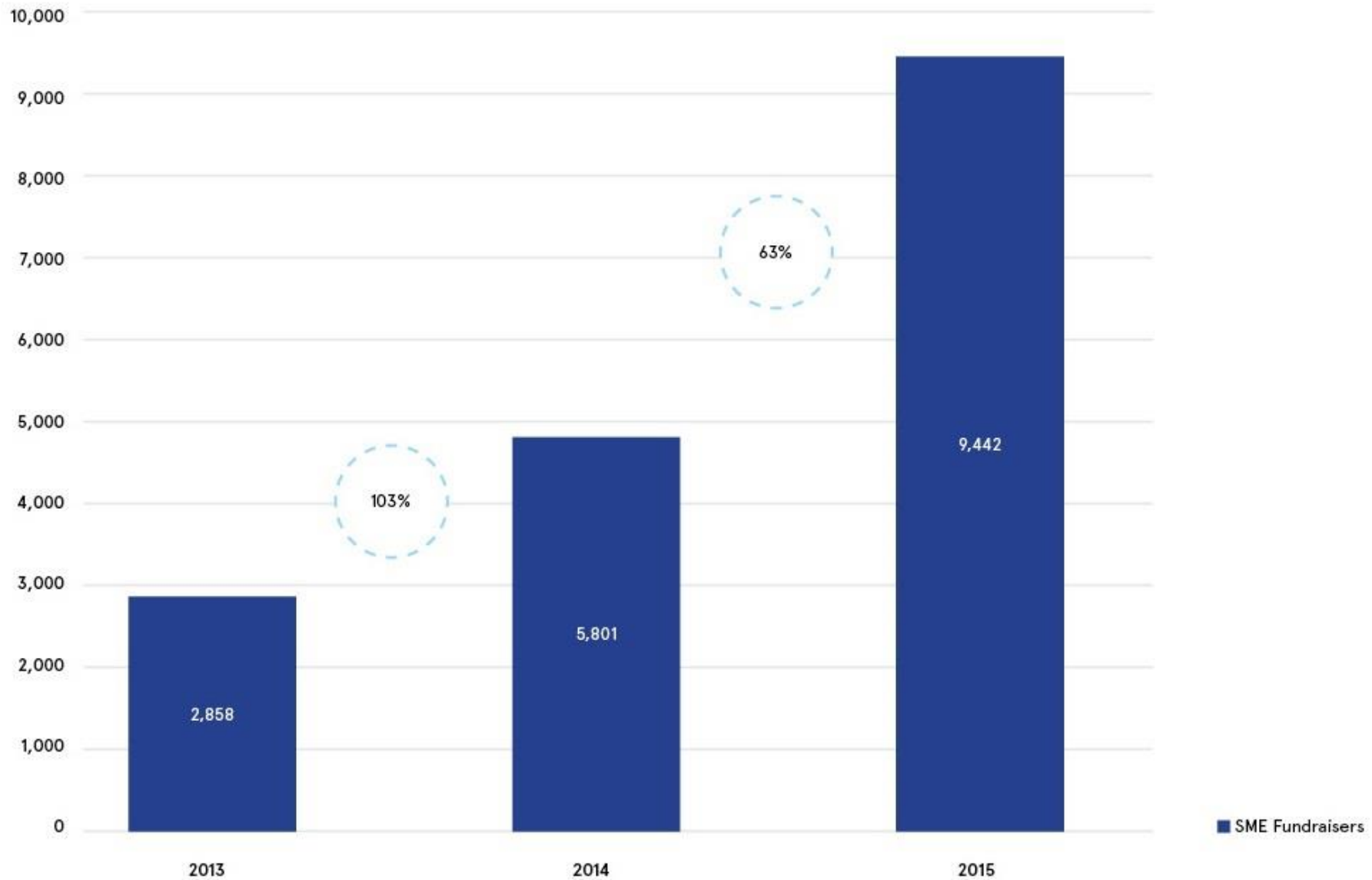
Total Online Alternative Business Funding Volumes (Exc. UK) 2013-2015

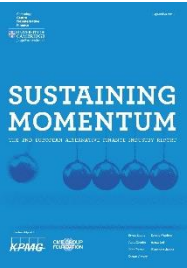




Validity of Online Alternative Business Funding

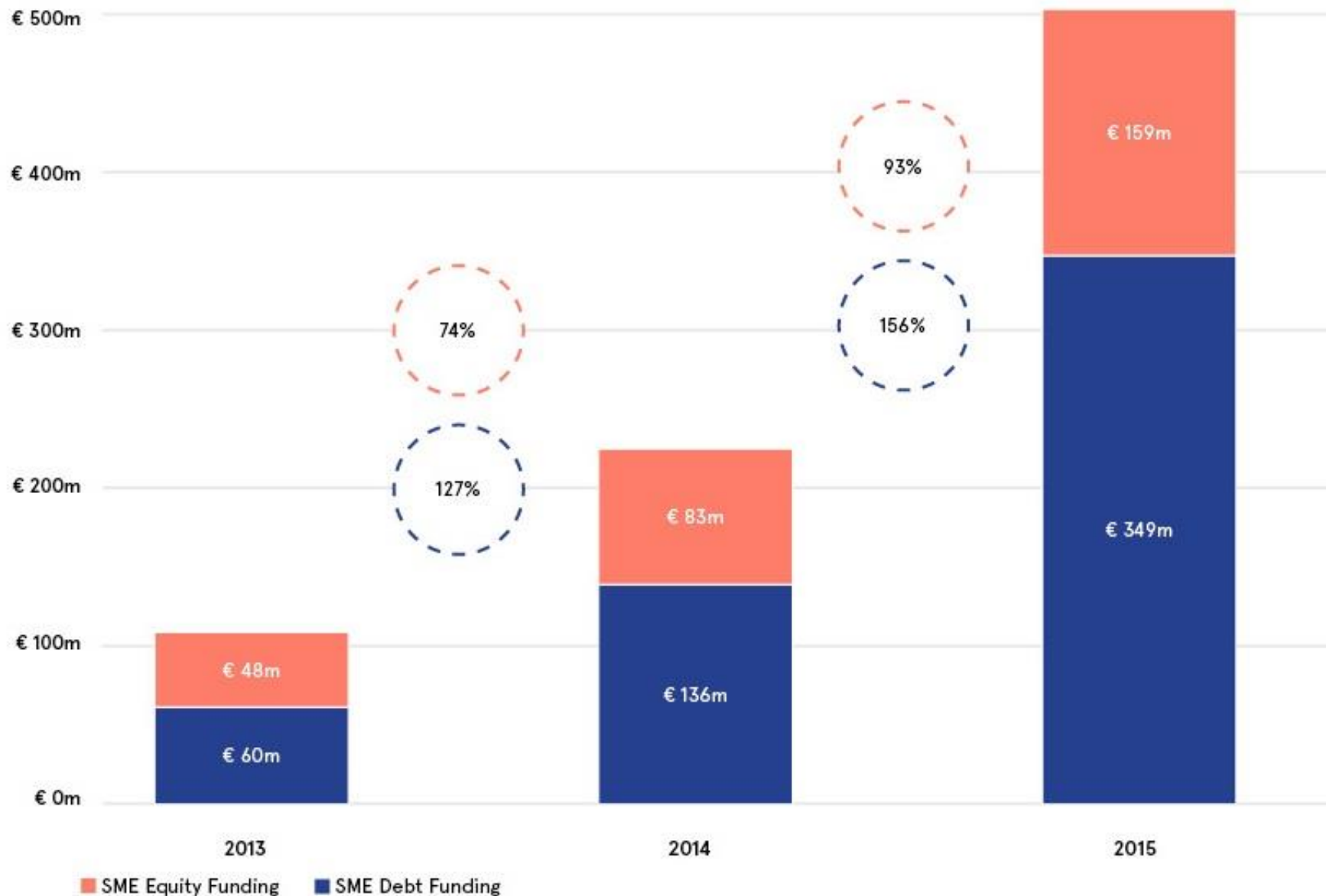
Number of European SMEs Raising Alternative Finance (Exc. UK) 2013-2015

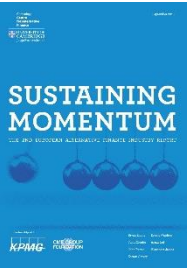




Validity of Online Alternative Business Funding

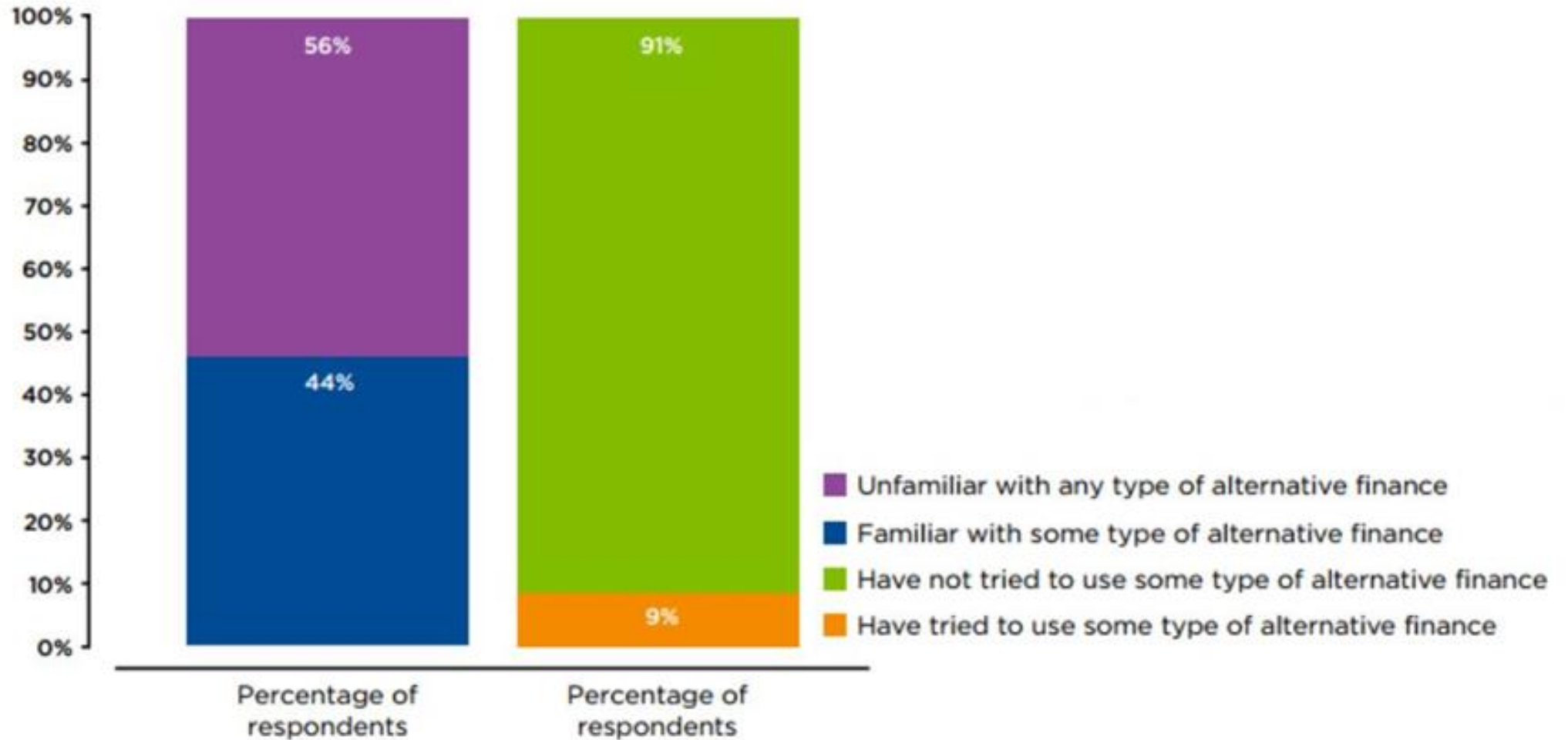
Debt vs Equity Online Alternative Business Finance 2013–2015

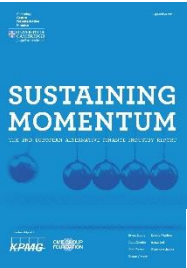




SME Awareness of Online Alternative Business Funding

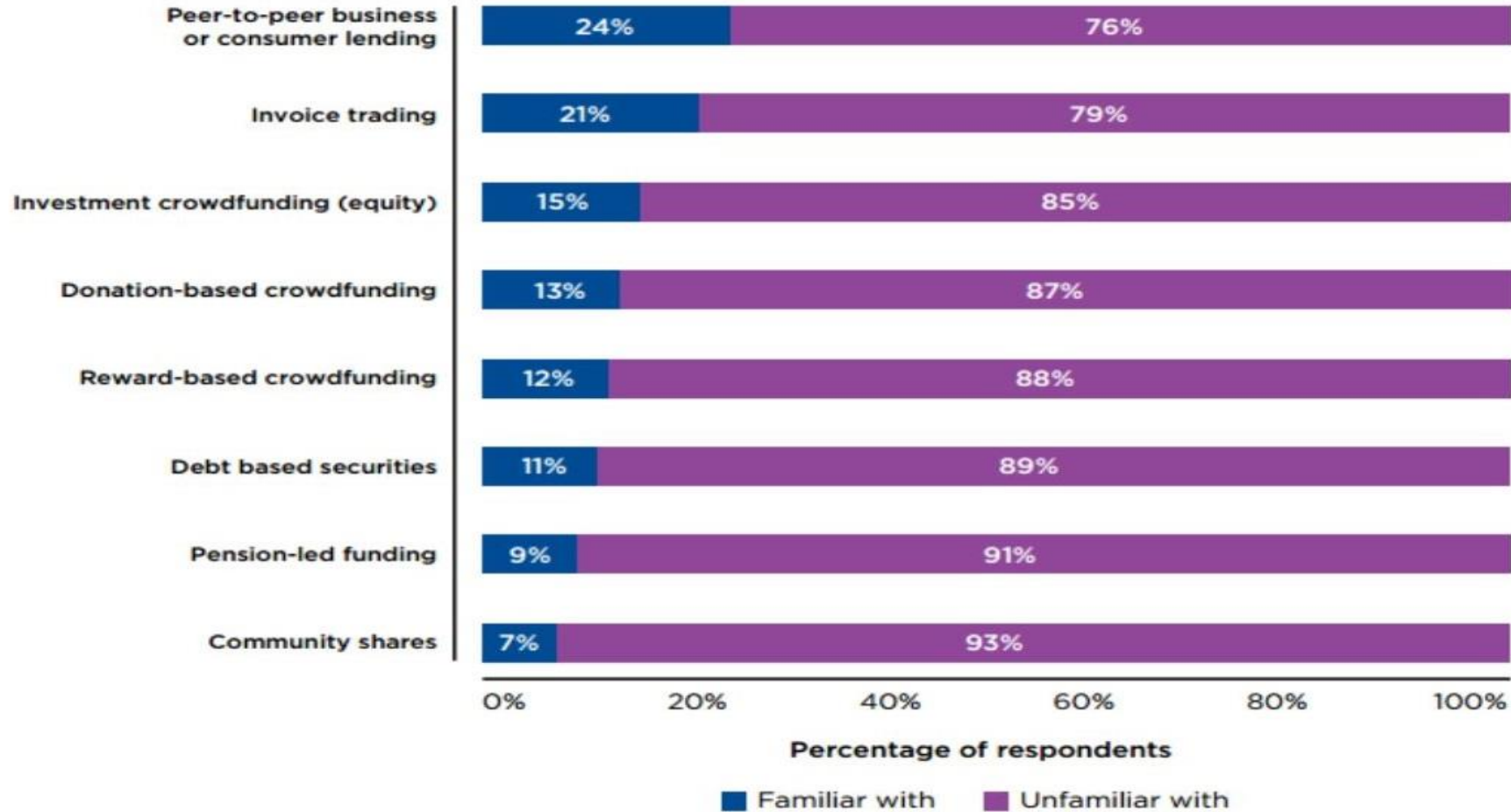
SME familiarity with alternative finance





SME Awareness of Online Alternative Business Funding

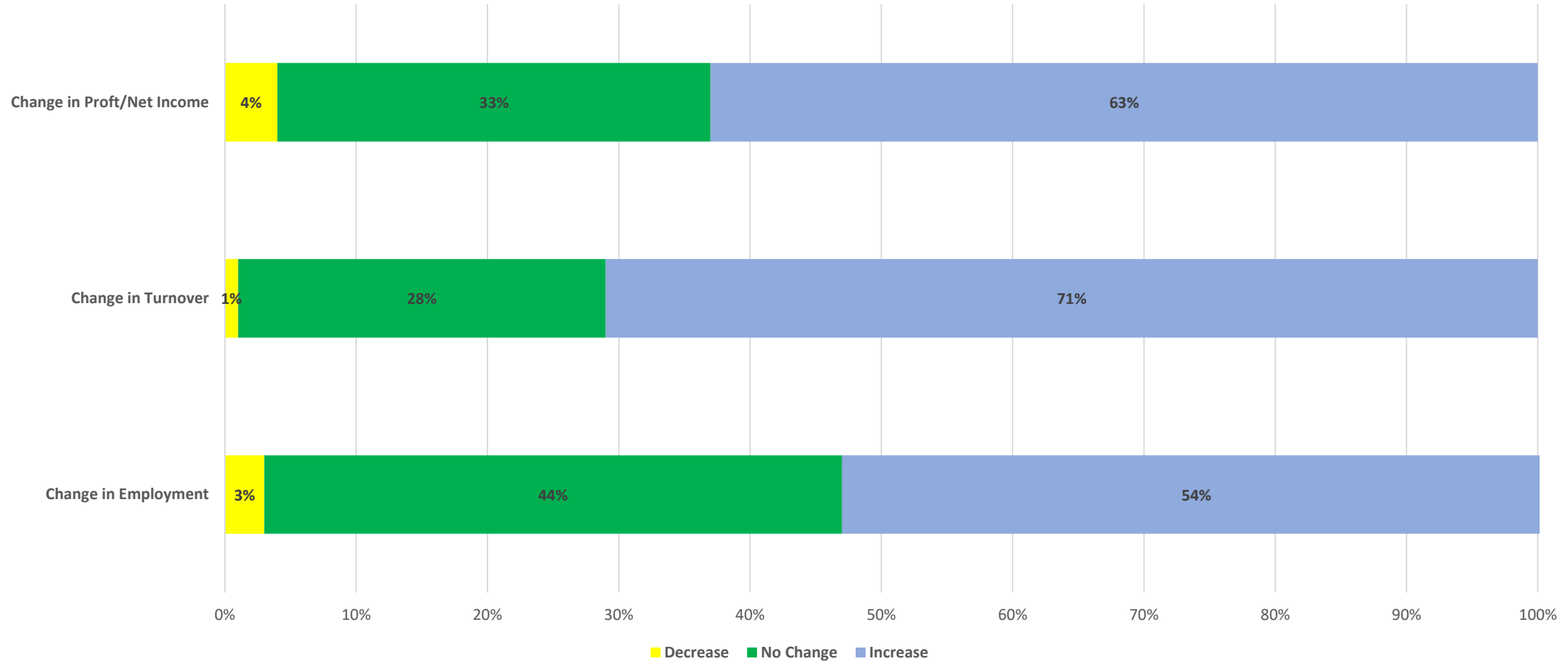
SME familiarity with different models





SME Awareness of Online Alternative Business Funding

Post-Funding Outcome - Lending Models



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