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CROWDFUNDMATCH

REPORT ON CROWDFUNDING MARKETS IN PARTNER REGIONS



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INTRODUCTION

CROWDFUNDMATCH PROJECT

The project's overall objective is to improve regional development policy instruments by mainstreaming the combination of private resources collected through digital crowdfunding campaigns with ESIF funds.

Project specific objectives

- Policy learning and exchange of experiences for successfully matching crowdfunding and ESIF funds.
- Raising knowledge about crowdfunding and fund matching by exchanging good practices, implementing pilot projects, and creating good new practices.
- Improving digital literacy of public private institutions, and people related to utilising crowdfunding for business and regional development.

Key project activities

- *Partners' regional stakeholder teams are set up to identify, test, and assess the regional potentials of fund-matching.*
- *Crowdfunding market readiness analysis* information about the region's market readiness for a combination of crowdfunding and ESIF funds.
- *Pilot testing of fund-matching* examples in five more advanced partner regions.
- *PEER-to-PEER mentoring* in the field of fund-matching of less advanced partner regions.
- *Development of a common fund-matching scheme methodology.* The project will develop a common methodology, tested through five pilot projects and transnational peer-to-peer mentoring between partner regions.
- *Improvement of policy instruments* focusing on matching crowdfunding with ESIF funds.
- *Transnational policy experience sharing.* Information, knowledge, and experience will be shared on seven transnational and final project events among project partners and relevant regional stakeholders working in the field of crowdfunding and management of policy instruments.



SCOPE OF THE TASK AND METHODOLOGICAL APPROACH

Collecting data and information about national crowdfunding markets relates to the project's planned activities, "Exchange of experience"- EXCHANGING KNOWLEDGE ABOUT MARKET READINESS FOR FUND-MATCHING AMONG PROJECT PARTNER REGIONS.

The project's first-semester objective was to exchange knowledge about market readiness for combining crowdfunding and ESIF funds among partner regions. According to the readiness level, partner countries can be grouped into three groups: advanced countries that are well-positioned to accelerate their use of crowdfunding, moderately ready countries, and limited countries, where opportunities to undertake this combination have some limitations in the short term. The diverse economic and financial indicators and existing framework can influence the market readiness of partner regions to combine crowdfunding and ESIF, for example, the level of digitalisation, regulations and awareness among stakeholders.

Planned tasks were implemented in the following steps:

STEP	INVOLVED PROJECT PARTNERS & STAKEHOLDERS
Preparation of TEMPLATE to collect partner national data about their crowdfunding market	PP9 E-institute
1 1st regional meeting with stakeholders to discuss information about national crowdfunding markets	LP Marche, PP2 INVEGA , PP3 Extremadura, PP4 NW RDA, PP5 RCM, PP6 West Pomeranian Region, PP7 Province of Antwerp, PP8 Rom Utrecht and regional stakeholders
FINALIZATION of partner template reports	LP Marche, PP2 INVEGA , PP3 Extremadura, PP4 NW RDA, PP5 RCM, PP6 West Pomeranian Region, PP7 Province of Antwerp, PP8 Rom Utrecht
The 1-day transnational workshop is to exchange knowledge and experience among partner regions and to discuss key challenges related to market readiness for a combination of crowdfunding and ESIF funds and the potential benefits of a combination of crowdfunding and ESIF.	All project partners and regional stakeholders.
JOINT REPORT about partner country readiness.	After collecting final reports from PP and the implemented transnational workshop, the PP9 E-institute will prepare a JOINT REPORT.



STRUCTURE OF THE DOCUMENT

The document is structured into two content parts:

PART1: JOINT OVERVIEW

The first part of the document includes a common overview of economic indicators and crowdfunding data, which can contribute to the assessment of the fund-matching readiness of countries. An overview consists of all project partner countries and compares the countries.

Collected data and comparison presents the first step in learning and exchanging knowledge about crowdfunding. This basic information collected will be used and capitalised for the following planned activities in the project:

- developing common fund-matching scheme methodology,
- pilot project preparatory phase finalisation,
- peer to peer mentoring.

PART2: CROWDFUNDING MARKETS BY PARTNER COUNTRIES

The second part of the document includes information about crowdfunding markets by countries. Presentation for each country includes:

- overview of operating crowdfunding platforms
- overview of the national regulatory framework
- “PEST” analysis about crowdfunding development.



PART 1: JOINT OVERVIEW

1 PROJECT PARTNER COUNTRIES' ECONOMIC AND CROWDFUNDING DATA

Analysing countries' economic and crowdfunding data presents the first step in identifying project partners' countries' market readiness to use fund matching - to combine ESIF funds and crowdfunding successfully.

We use the methodological approach from the report "Unlocking the Crowdfunding Potential for the European Structural and Investment Funds" for the analysis.

1.1 Economic data

Collected economic data, which can help us to establish countries' market readiness, are the following:

- ✓ Real GDP per capita reflects economic activity and a country's development level.
- ✓ Financial literacy of citizens: citizens' knowledge level about their financial markets, citizens' behaviour and habits related to financial markets.
- ✓ Digital financial services used by citizens in partner countries.

1.1.1 Real GDP per capita of partner countries¹

The indicator is calculated as the ratio of real GDP to the average population of a specific year. GDP measures the value of the total final output of goods and services produced by an economy within a certain period. It includes goods and services that have markets (or could have markets) and products produced by general government and non-profit institutions.

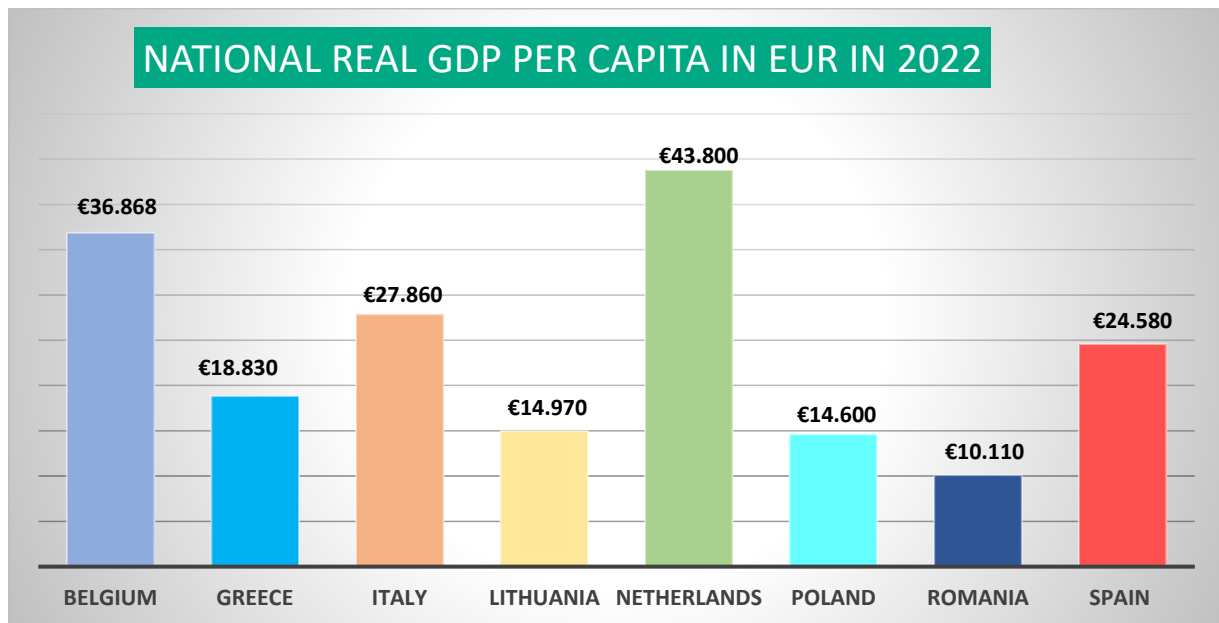
It is a measure of economic activity and is commonly used as a proxy for the development of a country's material living standards. However, it is not a complete measure of economic welfare. For example, GDP does not include most unpaid household work.

¹ EUROSTAT, The statistical office of the European Union. META DATA. Data Description. Explanation available: https://ec.europa.eu/eurostat/cache/metadata/en/sdg_08_10_esmsip2.htm



Neither does GDP consider economic activity's negative effects, like environmental degradation.

Figure 1: National real GDP per capita in EUR in 2022



In our group of partner countries, we can see that the Netherlands has the highest GDP per capita (43.800 €) and Romania the lowest (10.110 €). Analysing solely this economic indicator, we could conclude that the Netherlands, which has the highest economic capacity, could have the most developed crowdfunding market. Analysis of further crowdfunding data will provide more explicit evidence.

1.1.2 Financial literacy of citizens in partner countries

To analyse and compare the financial literacy of citizens in partner countries, we used the data from the survey, "Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU."²

For purposes of our analysis, the following data from the mentioned survey were examined and compared:

² Source: »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU". Survey requested by the European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union and coordinated by the Directorate-General for Communication. 2023.
Available at: <https://europa.eu/eurobarometer/surveys/detail/2953>



Financial knowledge score:³

The financial knowledge score is computed as the number of correct responses of citizens to the five financial questions:

Q1: Imagine that someone puts [€100] into a savings account with a guaranteed interest rate of 2% per year. They don't make any further payments into this account, and they don't withdraw any money. How much would be in the account at the end of five years once the interest payment is made?

Possible answers: More than €110/ Exactly €110/ Less than €110/Do not know.

Q2: Now imagine the following situation. You are going to be given a gift of [€1,000] in one year and, over that year, inflation stays at 2%. In one year's time, with the [€1,000], will you be able to buy?

Possible answers: less/the same amount/ More than you could buy today/Do not know.

Q3: If interest rates rise, what will typically happen to bond prices?

Possible answers: They will fall/stay the same/rise/ Do not know.

Q4: Which of the following is true? An investment with a higher return is likely to be?

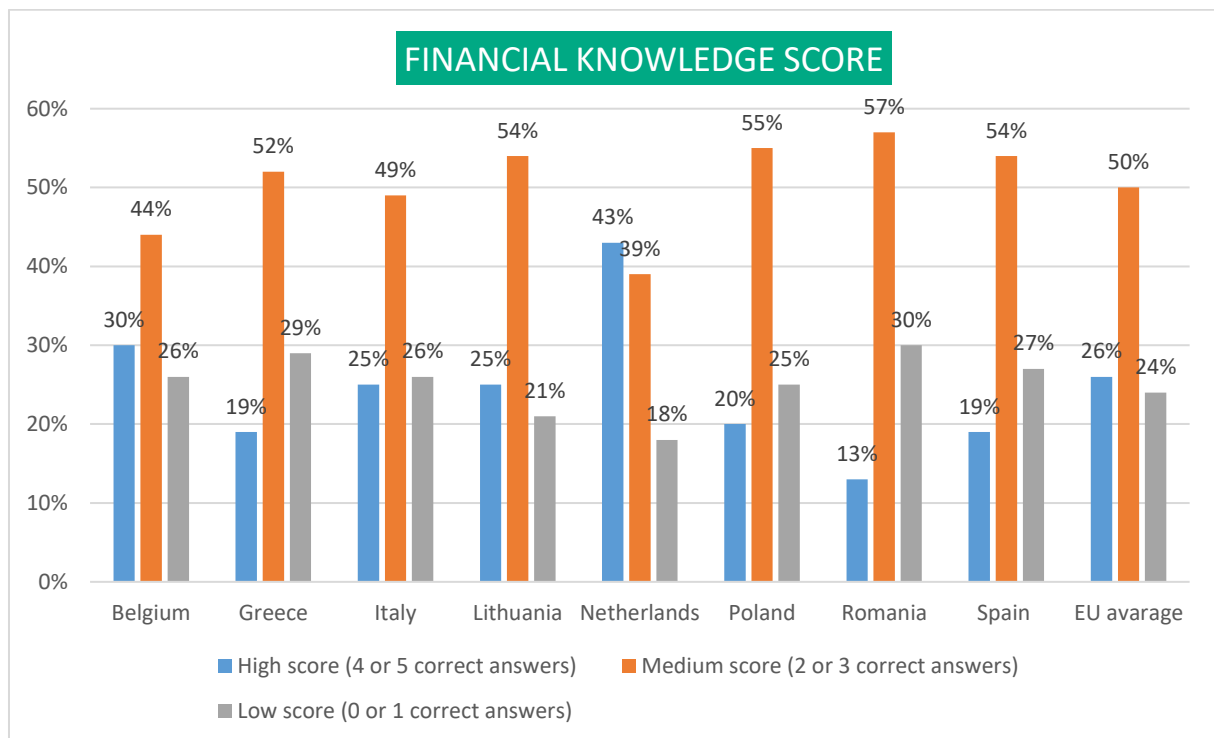
Possible answers: Riskier than an investment with a lower return/ As risky as an investment with a lower return/ Less risky an investment with a lower return/ Do not know.

- ✓ Citizens who answered correctly to 4 or 5 questions were given a high knowledge score.
- ✓ Citizens answering 2 or 3 questions correctly were given a medium knowledge score.
- ✓ Citizens answering 0 or 1 question correctly were given low knowledge score.

³ Source: »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU". Survey requested by the European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union and coordinated by the Directorate-General for Communication. 2023.
Available at: <https://europa.eu/eurobarometer/surveys/detail/2953>



Figure 2: Partner countries' citizen's financial knowledge score



Data from the survey show that 43% of citizens from the Netherlands and 30% of citizens from Belgium answered correctly to all or to 4 questions (high score), which indicates that citizens have very good basic financial knowledge. The percentage of citizens with very good financial knowledge in these two countries is also above the EU average. 25% of citizens from Italy and Lithuania were given high scores, which is very near the EU average.

In the group of analysed partner countries, the highest percentage of low scores, with citizens answering zero or only 1 question, was Romania (30%), followed by Greece (29%). A high percentage of citizens who responded only to one or zero questions remains high in all project partner countries. Raising basic financial knowledge and awareness should be on the policy agenda.



Financial behaviour score:⁴

The financial behaviour score is computed as a count of the number of “financially savvy” behaviours relating to choosing products, keeping track of expenses, and striving to achieve financial goals. The following statements were provided to citizens, and they had to answer to which level they agreed:

Statement 1: Before I buy something, I carefully consider whether I can afford it.

Possible answers: Completely agree/ Somewhat agree/Somewhat disagree/completely disagree/I do not know.

Statement 2: I keep track of and monitor my expenses.

Possible answers: Completely agree/ Somewhat agree/Somewhat disagree/completely disagree/I do not know.

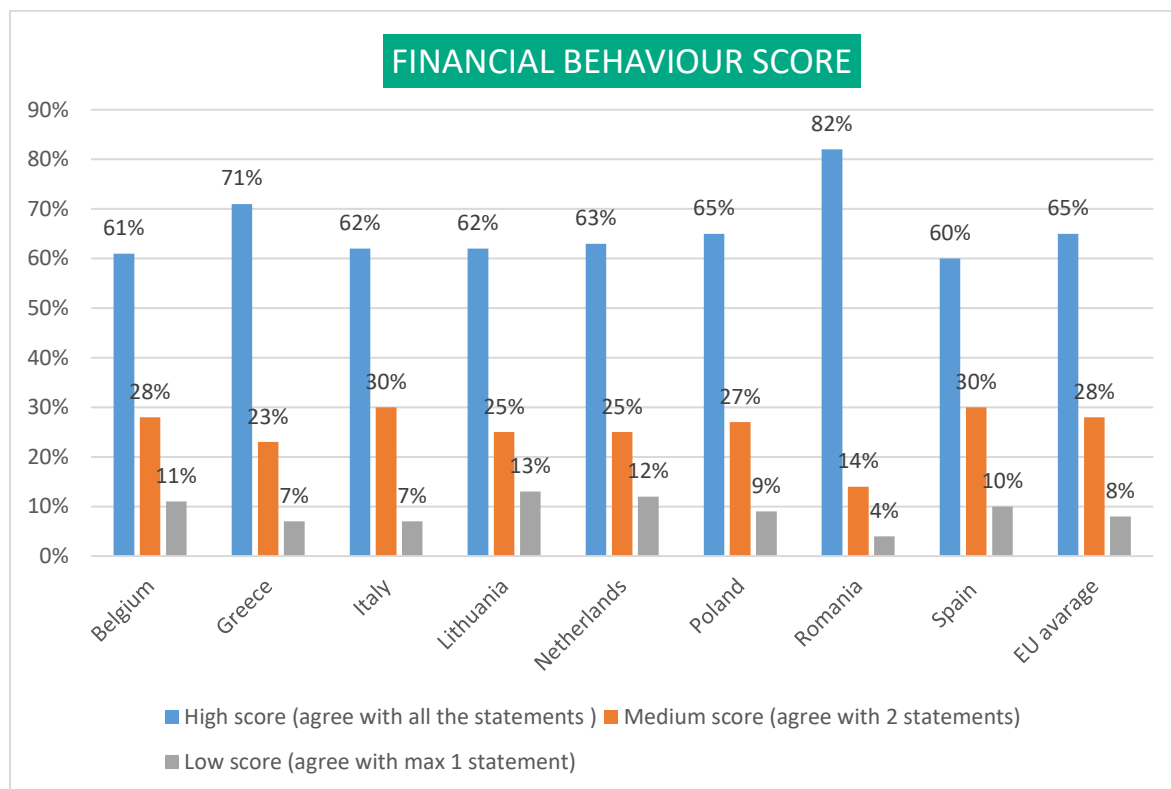
Statement 3: I set long-term financial goals and strive to achieve them.

Possible answers: Completely agree/ Somewhat agree/Somewhat disagree/completely disagree/I do not know.

⁴ Source: »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU“. Survey requested by the European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union and coordinated by the Directorate-General for Communication. 2023.
Available at: <https://europa.eu/eurobarometer/surveys/detail/2953>



Figure 3: Partner countries' citizen's financial behaviour



The data results show that 80% of citizens from Romania, 71% from Greece and 65% from Poland carefully consider what they can afford, monitor their finances and have long-term financial goals.

Financial literacy score⁵

Overall, financial literacy looks at two aspects:

- (1) Financial knowledge score (ranging from 0 to 5)
- (2) Financial behaviour score (ranging from 0 to 3)

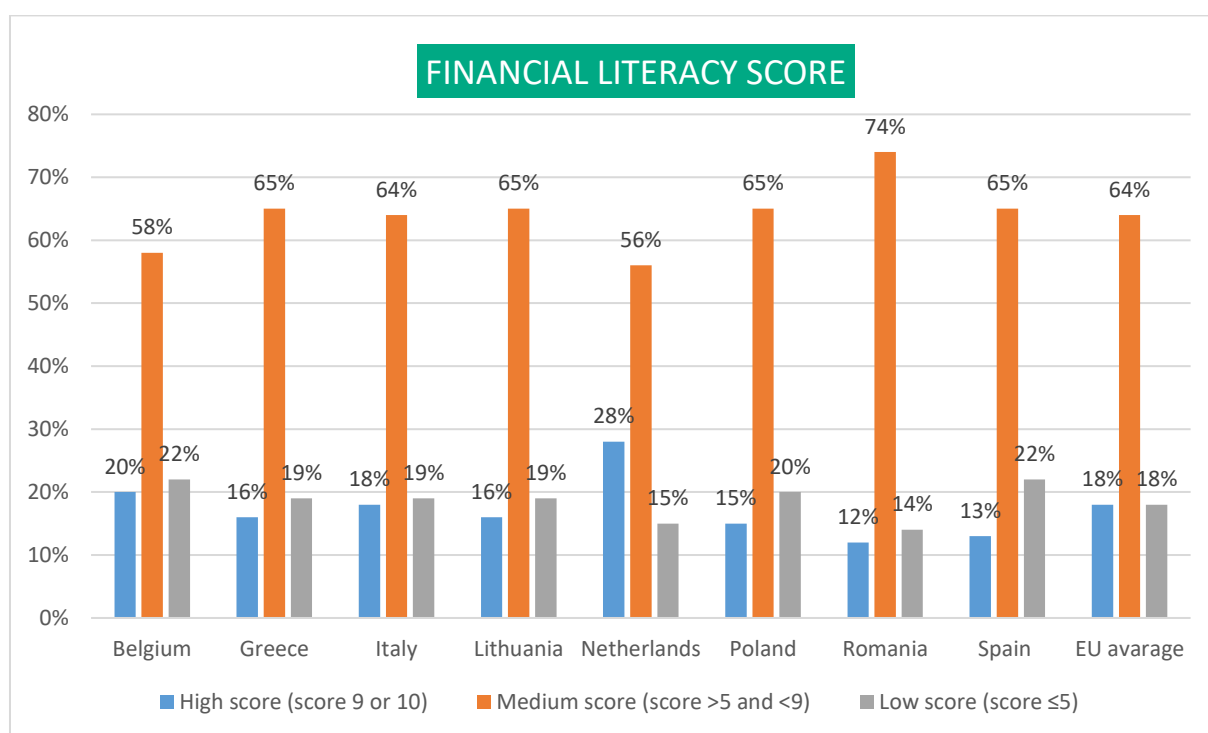
Financial knowledge and financial behaviour receive equal weight in the overall financial literacy score. To achieve this equal weighting, the financial behaviour score was rescaled to have a maximum value of 5. The overall financial literacy score is obtained as the sum of the two (rescaled) scores and ranges from 0 to 10.

⁵ Source: »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU“. Survey requested by the European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union and coordinated by the Directorate-General for Communication. 2023. Available at: <https://europa.eu/eurobarometer/surveys/detail/2953>



For the reporting, three categories have been created: (1) High score (score 9 or 10), (2) Medium score (score >5 and <9), and (3) Low score (score ≤5).

Figure 4: Partner countries' citizen's financial literacy score



Calculation of data shows the highest percentage of High Score -good financial literacy, were recorded among Dutch citizens (28%), followed by Belgium (20%) and Italian (18%) citizens.

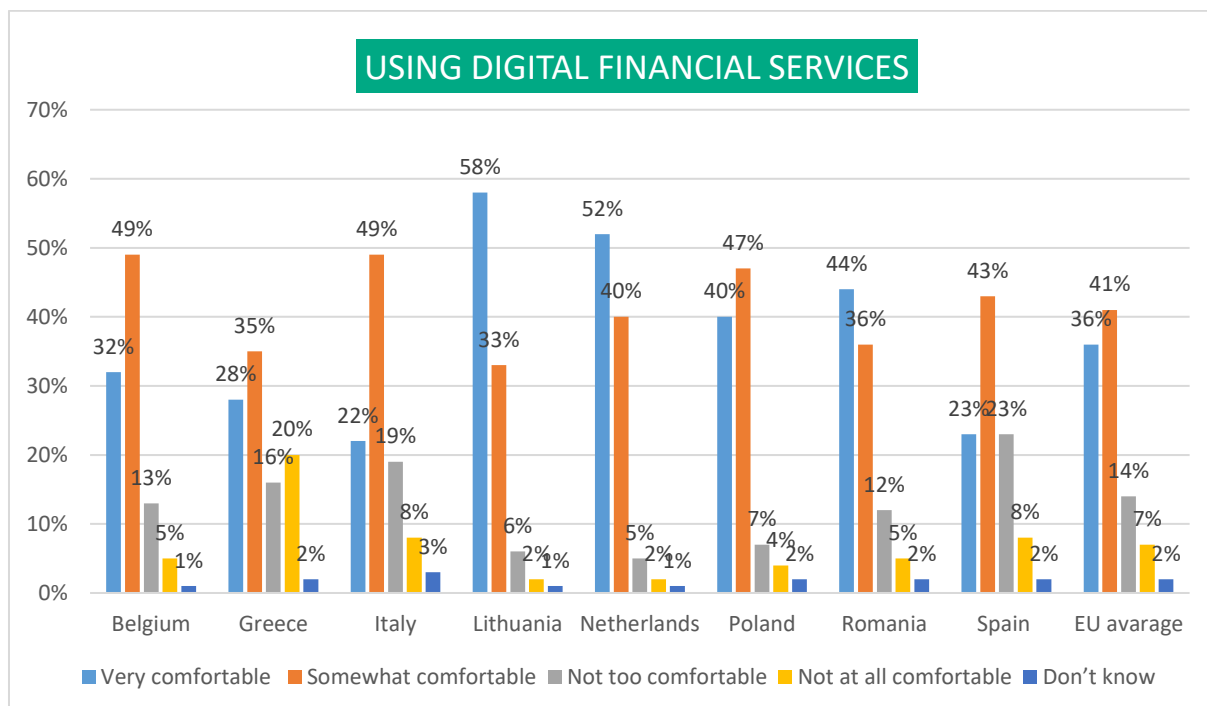
Using digital financial services⁶

In the survey of the »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU“, EU citizens were also asked the following question: How comfortable are you with using digital financial services, such as online banking or mobile payments?

⁶ Source: »Flash Eurobarometer 525. Monitoring the level of financial literacy in the EU“. Survey requested by the European Commission, Directorate-General for Financial Stability, Financial Services and Capital Markets Union and coordinated by the Directorate-General for Communication. 2023. Available at: <https://europa.eu/eurobarometer/surveys/detail/2953>



Figure 5: Using digital financial services



The analysis of the project partners' data shows that the highest percentage of citizens feeling » very comfortable«using digital financial services come from Lithuania (58%), followed by Dutch citizens (52%) and Romanian citizens (44%). Conversely, the highest percentage of citizens who are “Not at all comfortable” using digital financial services come from Greece (20%).

Since crowdfunding belongs to a group of digital alternative financial tools, citizens' habits of using digital financial services are relevant and influence the readiness to use crowdfunding as an alternative investment possibility.

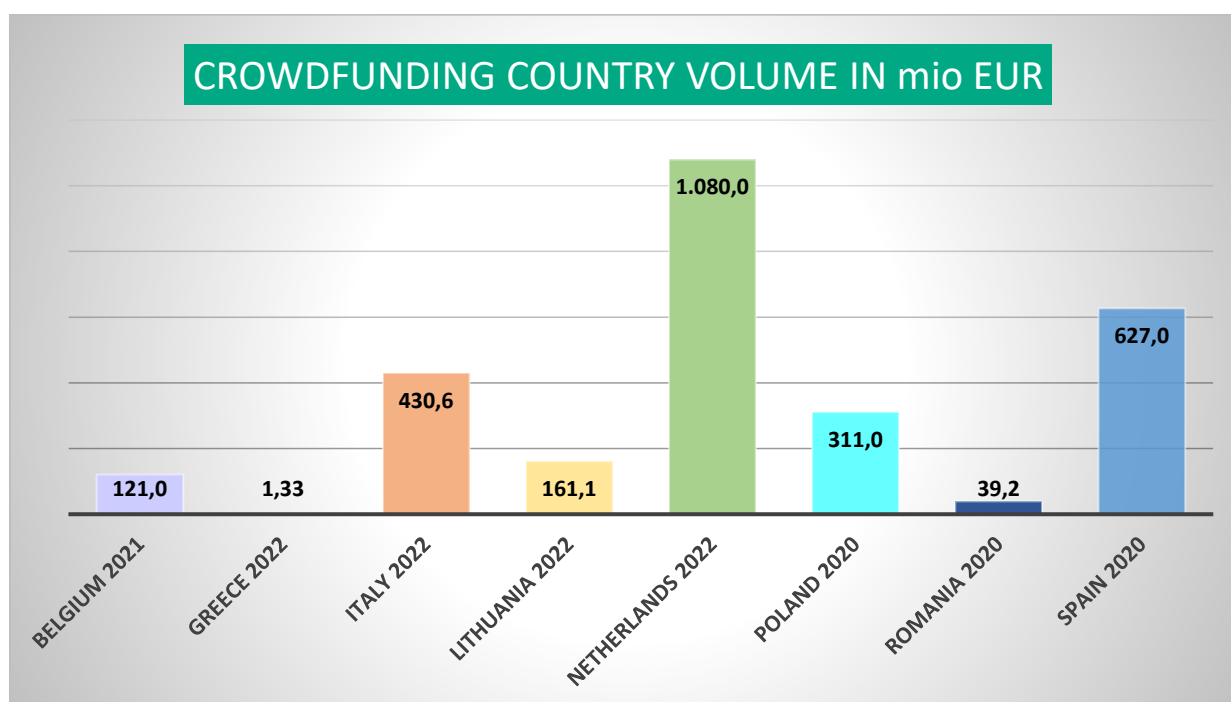


1.2 Crowdfunding data and crowdfunding platforms

Crowdfunding country volume⁷

We tried to assess the yearly country volume of raised crowdfunding funds for partner countries. In most countries, the identification of correct assessment is challenging. Investigation of available data sources showed that information could be quite different, and sometimes, it is not presented which crowdfunding models were included in the calculation of the yearly volume. The additional challenge is that some partner countries' last available volume assessments date back to 2020.

Figure 6: Crowdfunding country volume



From the data available, we can conclude that the Netherlands, Spain, and Italy have the highest volume of funds collected yearly.

⁷ Belgium: <https://1819.brussels/en/information-library/company-financing/financing-your-business-through-crowdfunding>

Greece: <https://www.statista.com/outlook/dmo/fintech/digital-capital-raising/crowdfunding/greece#transaction-value>

Italy: <https://www.osservatoriefi.it/efi/wp-content/uploads/2022/07/reportcrowd2022.pdf>

Lithuania: https://www.lb.lt/lt/apzvalgos-ir-leidiniai/category.39/series.3914?_cf_chl_tk=LI3FTy8iu4.q4JVmeYT2Adm2uL1FnG8tgy73g2Z0fZ8-1684922659-0-gaNycGzNDDs

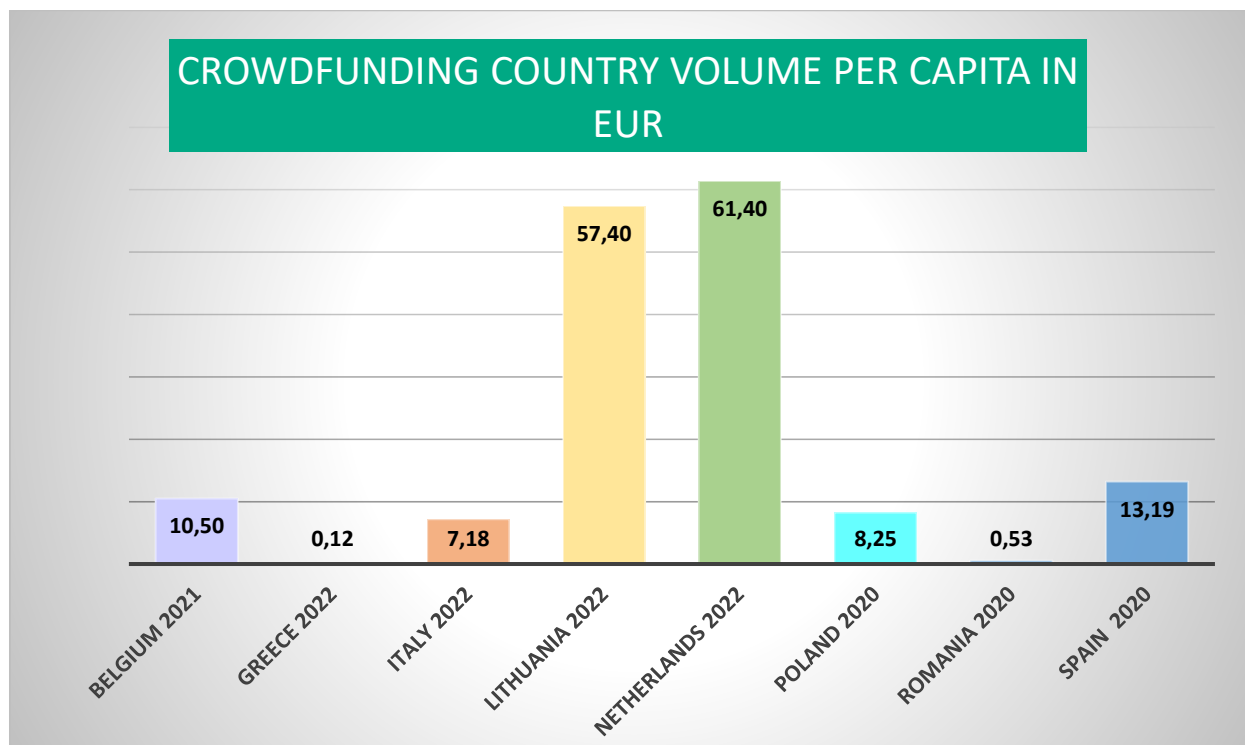
Netherlands: <https://www.crowdfundingcijfers.nl/crowdfunding-in-nederland-2022/>

Poland, Romania and Spain: <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/the-2nd-global-alternative-finance-market-benchmarking-report/>



Crowdfunding country volume per capita⁸

Figure 7: Crowdfunding country volume per capita



The crowdfunding country volume per capita shows that the highest volume per capita is in the Netherlands, with 61,40 EUR per resident, followed by Lithuania, with 57,40 EUR per resident and Belgium, with 10,50 € per resident.

⁸ DATA SOURCES

Belgium: <https://statbel.fgov.be/nl/nieuws/op-1-januari-2021-telde-de-wettelijke-belgische-bevolking-11521238-inwoners>

Greece: <https://www.statista.com/outlook/dmo/fintech/digital-capital-raising/crowdfunding/greece#transaction-value>

Italy: <https://www.osservatoriefi.it/efi/wp-content/uploads/2022/07/reportcrowd2022.pdf>

Lithuania (2022): https://www.lb.lt/lt/apzvalgos-ir-leidiniai/category.39/series.3914?_cf_chl_tk=Ll3FTy8iu4.q4JVmeYT2Adm2uL1FnG8tgy73g2Z0fZ8-1684922659-0-gaNycGzNDDs

Netherlands: <https://www.crowdfundingcijfers.nl/crowdfunding-in-nederland-2022/>

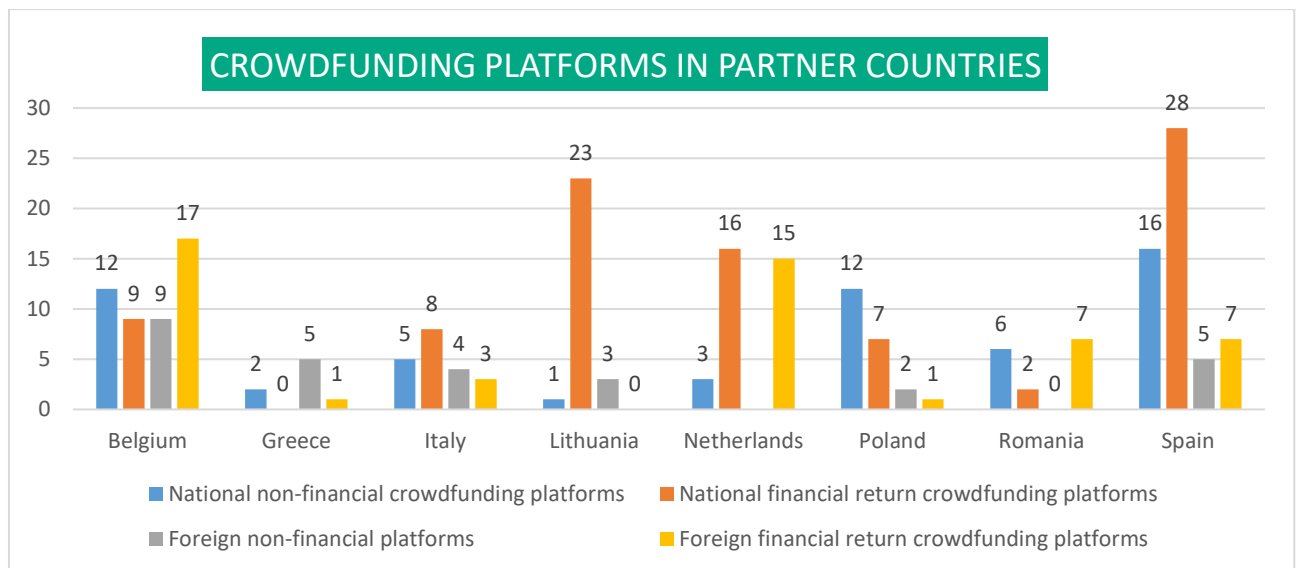
Poland, Romania, Spain: <https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/the-2nd-global-alternative-finance-market-benchmarking-report/>



Overview of the number and types of crowdfunding platforms

Even though the crowdfunding market is very vibrant and the information about the operating crowdfunding platforms is changing regularly, we analysed the existing crowdfunding platforms in partner countries. The number of working platforms is an essential signal about the level of crowdfunding market development.

Figure 8: Crowdfunding platforms in partner countries



We split crowdfunding platforms into four categories: national non-financial platforms, national financial return platforms, foreign non-financial platforms, and foreign financial return platforms.

Comparison among partner countries shows that in Spain, we have the highest number of national non-financial crowdfunding platforms (16) and national financial return crowdfunding platforms (28). However, Spain ranks third in the volume of funds collected per capita, as seen in Figure 7. On the other hand, Belgium, as the smallest country, has the highest number of foreign non-financial and financial return platforms.



PART2: CROWDFUNDING MARKETS BY PARTNER COUNTRIES

BELGIUM

1.1 Summary overview of the crowdfunding market


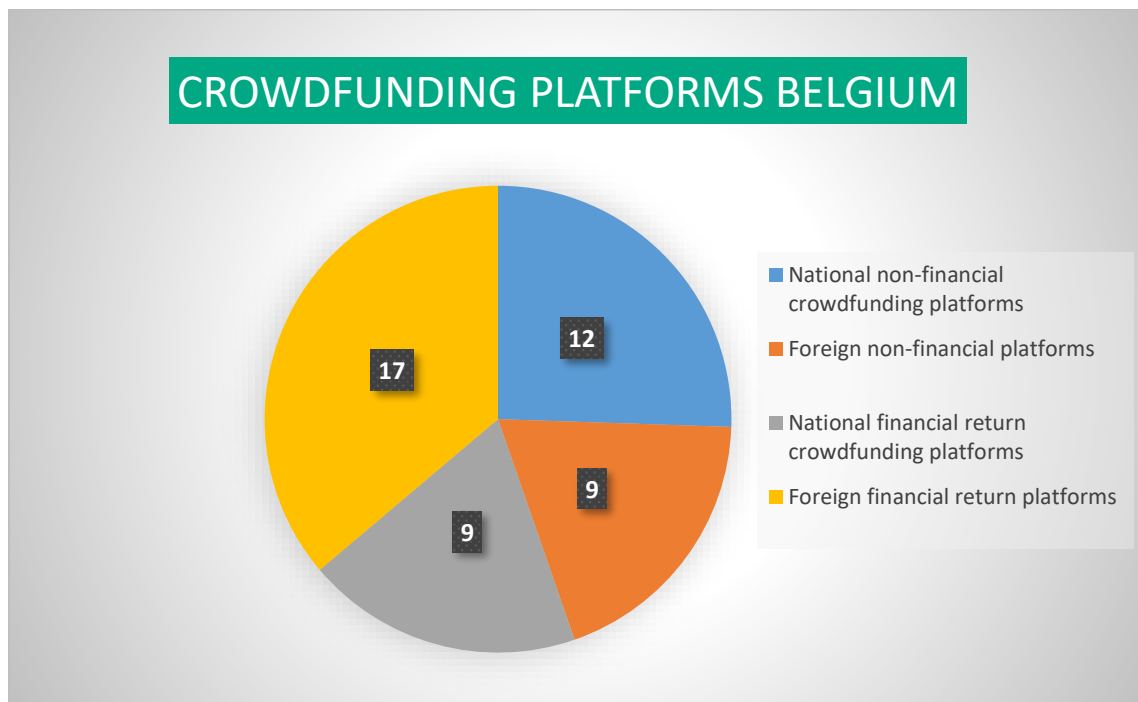
 DATA BELGIUM	
Crowdfunding volume	121. Mio EUR in 2021
Crowdfunding volume per capita	10,50 EUR in 2021
Number of operating platforms	47

Figure 9: Crowdfunding Platforms in Belgium





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Growfunding (reward-based)	https://www.growfunding.be/nl	Social economy, arts and culture, food and drink projects
2	Better (before: Gingo) (donation-based)	https://better-app.org/nl	Projects with a social cause
3	Ko-fi (reward-based)	https://ko-fi.com/	Projects of artists, writers and podcasters
4	Crowdfunding.gent (donation-based)	https://crowdfunding.gent/nl/	Socio-cultural and charity projects
5	Cilo: Crowdfunding des Initiatives LOcales de la Province de Namur (reward-based)	https://cilo.bep.be/	Short-chain food projects, Culture and events, Associations
6	Crowdgiving.be (donation-based)	https://www.crowdgiving.be/nl-NL	Donation-based social impact driven local projects
7	Crowdin (reward-based)	www.crowdin.be	Products and events
8	Cosmos-Kosmos	https://www.cosmos-kosmos.be/nl/	Actors & artists (film, television, theatre, dance, street art)
9	Kaira	https://kairafund.org	Innovative ideas to change systems towards more social and ecological justice.
10	Hello Crowd / Hello Bank (~Ulele) (reward-based)	https://www.hellobank.be/nl/ons-aanbod/financierien/crowdfunding	Enterprising, creative or solidarity projects with social support
11	Streekfonds West-Vlaanderen (reward based)	https://www.streekfonds.be/	Projects with a focus on opportunities, seeking children and young people, and supporting social organisations.
12	Streekfonds Oost-Vlaanderen (reward-based)	https://streekfondsoostvlaanderen.be/	Social projects, Non-profit organisations, associations

National financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Lita.co (1001Pact Impact Investments) (equity-based)	http://be.lita.co/	Responsible consumption, circular economy, renewable energy
2	BeeBonds (equity and lending based)	http://www.beebonds.com/	Real-estate projects
3	Bolero	https://crowdfunding.bolero.be/nl	SME's and company growth



	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
	(equity and lending based)		
4	Ecco Nova (lending based)	http://www.econova.com/	Renewable energy, real estate with high energy performance, sustainable SME's
5	Look & Fin (equity and lending based)	http://www.lookandfin.com/	Real estate
6	Spreds (equity and lending based)	http://www.spreds.com/	Growth of the companies
7	WinWinner (lending based)	https://www.winwinner.be/	SME starters & scale-ups: food, technology
8	Mozzeno (lending based)	https://www.mozzeno.com/nl/	Loans for individuals and SMEs
9	SoCrowd (lending based)	https://socrowd.be/	Social-cultural, ecology, well-being

Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Miimosa (reward-based)	https://www.miimosa.com/be	Projects for the agricultural and food transition
2	Gofund.me (donation-based)	https://www.gofundme.com/	Medical, memorial, emergency Nonprofit
3	Indiegogo (reward-based)	https://www.indiegogo.com/	Innovations in tech and design
4	Kickstarter (reward-based)	https://www.kickstarter.com/discover/countries/BE	Games, design, technology
5	KissKissBankBank (reward-based)	https://www.kisskissbankbank.com/	Cultural and entrepreneurial projects
6	Voordekunst (donation based)	https://www.voordekunst.nl/	Creative projects
7	Voorjebuurt (donation-based)	https://voorjebuurt.nl/nl/	Social and green neighbourhood initiatives
8	Patreon (reward-based)	https://www.patreon.com/	Creative and artistic projects
9	Petje af (reward-based)	https://petjeaf.com/	Creative and artistic projects

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Raizers (investing and lending)	http://www.raizers.com/	Real estate projects
2	Enerfip (investing)	https://fr.enerfip.eu/	Energy projects
3	Crowdcube Europe (investing)	https://www.crowdcube.eu/?country=ES	Support to start-ups



	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
4	Fundeen Platform, Sociedad Limitada (investing)	https://www.fundeen.com/	Renewable energy projects
5	Urbanitae Real Estate Platform (investing)	https://urbanitae.com	Real estate projects
6	CrowdedHero Latvia (equity)	https://crowdedhero.com/	Support to established companies
7	Crowdestate AS (investing)	https://crowdestate.eu/	Real estate projects
8	Estateguru OÜ (investing and lending)	https://estateguru.co/	Real estate projects
9	Hands-on BV (investing)	https://www.lendahand.com/en-EU	Support to projects in developing country
10	Oneplanetcrowd International (investing)	https://www.oneplanetcrowd.com/nl	Support to projects with environmental and social impact
11	Wefunder EU B.V (equity)	http://www.wefunder.com/	Support to start-ups
12	ZIB Beleggingsonderneming B.V (investing)	https://www.zibinvestments.nl/	Innovative investment projects
13	Invesdor GmbH (investing)	http://www.invesdor.com/	Support for sustainable investments
14	Seedblink Crowd S.A (equity)	https://seedblink.com/	Investments in tech-companies
15	Seedrs (investing and equity)	https://www.seedrs.com/	Support to different businesses
16	Wedogood (investing)	https://www.wedogood.co/en/	Support to companies
17	Mintos (lending and investing)	https://www.mintos.com/en	Investment in loans, Fractional Bonds, and ETFs



1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

On 7 October 2020, the European legislator adopted the 'Crowdfunding Regulation ([Regulation 2020/1503](#))'. This new Crowdfunding Regulation harmonises crowdfunding at the European level. It also replaces the [Belgian crowdfunding law](#) that introduced a legal framework for crowdfunding platforms offering financial crowdfunding. The laws of [23 February 2022](#) and [9 March 2022](#) contain several Belgian implementing measures for this Regulation.⁹

1.2.2 National regulatory framework for crowdfunding investors

Tax Shelter for start-ups encourages individuals with a tax advantage to invest in the capital of start-ups. This can be done directly but also via a crowdfunding platform.

Tax Shelter for scale-ups (growth companies) encourages individuals with a tax advantage to invest in the capital of existing companies. This can be done directly but also via a crowdfunding platform.¹⁰

Exemption from withholding tax on interest on loans (credit crowdfunding) encourages private individuals with a tax advantage to take out a loan to finance a crowdfunding project of a start-up company.¹¹

Tax reduction for donations:¹² tax reduction for donations is 45% of the amount of donation, if donation meets the following conditions: donation is 40 euro or more. Some donation-based platforms (for example Growfunding) are using this system.

With the **Win-Win loan**, the Flemish government encourages private individuals to provide subordinated loans to SMEs with a term of 5 to 10 years, up to an amount of € 300,000. The lender receives an annual tax credit of 2.5% for this and possibly a one-off tax credit of 40% if the borrower cannot repay the amount. You can also search for a

⁹ More info at <https://www.vlaio.be/nl/begeleiding-advies/financiering/mogelijke-financieringsbronnen/crowdfunding>

¹⁰ More details: <https://www.vlaio.be/nl/subsidies-financiering/subsidi databank/tax-shelter-voor-startende-ondernemingen>

¹¹ More details: <https://www.vlaio.be/nl/subsidies-financiering/subsidi databank/vrijstelling-van-roerende-voorheffing-op-interesten-van>

¹² Details available here: <https://financien.belgium.be/nl/particulieren/belastingvoordelen/giften#q2>



lender for a win-win loan via various crowdfunding platforms and enjoy the associated tax benefits. Examples: Look&Fin, Winwinner, Ecco Nova¹³.

Wallonia (a French-speaking part of Belgium) has the ‘prêt Coup de Pouce’: the Coup de Pouce loan is a financing solution for entrepreneurs struggling with subscribing to conventional loans in Wallonia. You have an idea and want to launch your activity, but you lack funding to start? Belgian financial institutions are reluctant to grant you a loan because you do not present them with enough guarantees. You can always apply for a loan from your loved ones, whether family or friends, through SOWALFIN. These individual loans are called “Coup de Pouce loans” when practised in Wallonia.¹⁴

In Brussels, there is the proxy loan: With this subordinated loan, entrepreneurs from the Brussels Region can now also appeal to private individuals to mobilise their savings by analogy with the Flemish win-win loan and the Walloon prêt coup de pouce.¹⁵

1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • For lending-based crowdfunding, there are several tax advantages: Tax shelter, Exemption from withholding tax, Win Win loans in Flanders, Coup de Pouce loans in Wallonia, and proxy loans in Brussels. • For donation-based crowdfunding platforms, it is possible to deliver certificates for tax deductibility of donations. For example, Growfunding does so with the help of the Koning Boudewijn Stichting (Foundation). • Political authorities could invest in financing data collection and scientific research on crowdfunding. <p>Economic</p> <ul style="list-style-type: none"> • Although with the rising interest rates, people could be more inclined to put their money in savings accounts or other fixed-income products, there is also a group of people who attach importance to a personal relationship with the projects in which they invest money and who also consciously opt for sustainable / impact entrepreneurs. • Although crowdfunding costs money for entrepreneurs, they sometimes choose crowdfunding instead of a regular bank for other strategic reasons
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¹³ More details: <https://www.vlaio.be/nl/subsidies-financiering/subsidiedatabank/winwinlening>

¹⁴ <https://mes-aides-financieres.be/finance/pret-coup-de-pouce/>

¹⁵ <https://www.winwinner.be/blog/winwinner-breidt-uit-naar-brussel-de-proxilening-maakt-zijn-debuut>



	<p>(building a relationship with the crowd, generating media attention, creating a positive image, etc.).</p> <p>Social</p> <ul style="list-style-type: none"> • Together with the choice for a personal relationship and sustainable / impact entrepreneurs, this group of people also like to participate in the projects in several ways (participation in decision-making, involvement in discussions about economic, social or ecological topics...). <p>Technological</p> <ul style="list-style-type: none"> • Crowdfunding platforms are an accessible way for entrepreneurs to raise capital.
<p>2. What aspects have proved to be (or maybe) relevant obstacles (barriers) to crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • There is too little confidence among entrepreneurs to use crowdfunding platforms to raise money, especially for equity and lending-based platforms. The regulations are still unclear. • There is a lack of comprehensive and recent/actual data about crowdfunding. These data are necessary so politicians can implement an informed policy to support and stimulate crowdfunding. <p>Economic</p> <ul style="list-style-type: none"> • With rising interest rates, people may be more inclined to put their money in savings accounts or other fixed-income products. • Collecting money via crowdfunding also costs money for the entrepreneur. Entrepreneurs generally choose regular banks, if possible. <p>Social</p> <ul style="list-style-type: none"> • There is a lack of knowledge about crowdfunding among the general public. <p>Technological</p> <ul style="list-style-type: none"> • Although Crowdfunding platforms are accessible, they require some effort to start a campaign.
<p>3. What aspects have proved to be (or maybe) relevant (drivers) to increase general awareness about crowdfunding as a business tool among SMEs?</p>	<p>Social</p> <ul style="list-style-type: none"> • Raising awareness with education.
<p>4. What aspects have proved to be (or maybe) relevant obstacles (barriers) to increasing general awareness about crowdfunding as a business tool among SMEs?</p>	<p>/</p>



<p>5. What aspects could be relevant drivers for developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</p>	<p>/</p>
<p>6. What aspects could be relevant obstacles to developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</p>	<p>/</p>



GREECE

1.1 Summary overview of the crowdfunding market


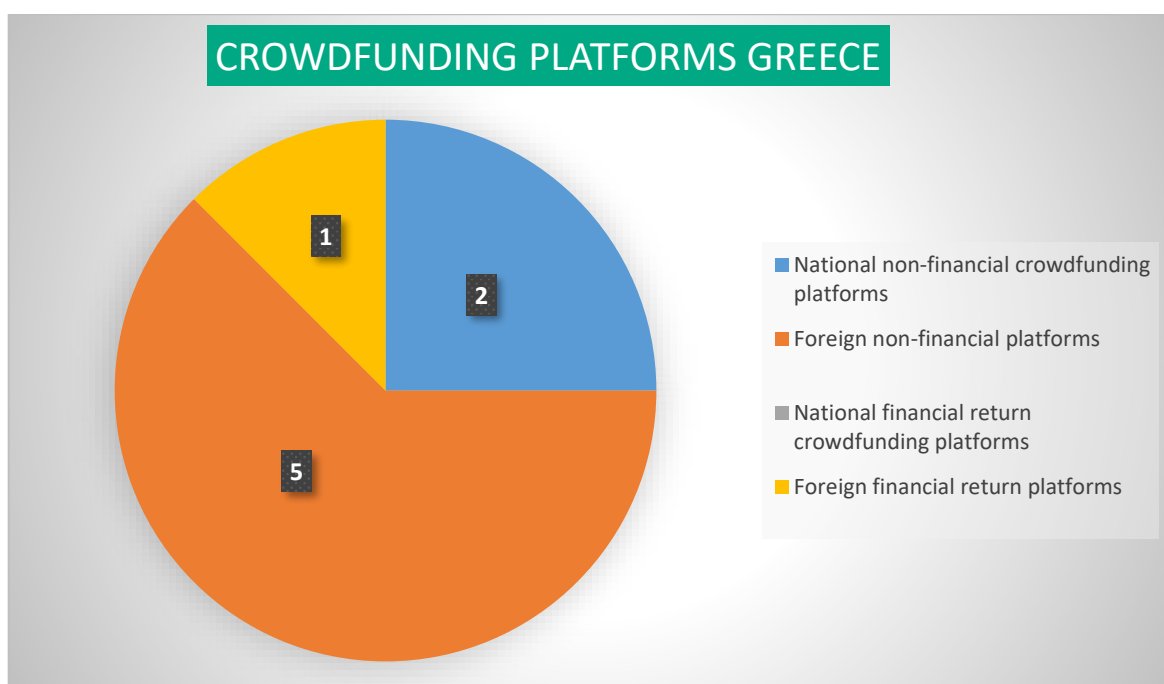
 DATA GREECE	
Crowdfunding volume	1,24 million EUR in 2022
Crowdfunding volume per capita	0,12 € in 2022
Number of operating platforms	8

Figure 10: Crowdfunding Platforms in Greece



National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	act4Greece (donation-based)	https://www.act4greece.gr/	Social projects
2	Give&fund (donation-based)	https://www.giveandfund.com	Projects for individuals, startups, NGOs and companies active in CSR initiatives.



Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Kickstarter (Reward-based)	https://www.kickstarter.com/	Games, design, technology
2	Indiegogo (Reward-based)	https://www.indiegogo.com/	Innovations in tech and design
3	Crowdfunder (donation-based)	https://www.crowdfunder.co.uk/	Charity and community projects
4	Patreon (donation-based)	https://www.patreon.com/	Creative and artistic projects
5	Bandcamp (reward-based)	https://bandcamp.com/	Music and artistic

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Mintos (investment-based)	https://www.mintos.com/en/	Investment in loans, Fractional Bonds, and ETFs

1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

The recent Law 4920/22 (articles 148-160) harmonised Greek with the European Regulation 2020/1503 on the crowdfunding of businesses. The regulation establishes a special prudential supervision regime for crowdfunding service providers, which supervises crowdfunding activity by granting a special permit to carry out its activity.

The new regulation attempts to create a framework of rules that establish minimum protection of the same quality for all European Union member states so that crowdfunding services are provided across borders. To this end, the particular license received by the providers of such services acts as a passport for their EU-level activity. Law 4920/22 points out that a company's organisational structure with a crowdfunding platform is subject to strict operating rules and a supervision system. The specifications that are set as a minimum basis for the operation of the business that is active in crowdfunding are determined with the assumption that this business will provide services cross-border.



According to experts, cross-border fundraising is not expected to be the norm since it is common for crowdfund raising to be pursued on a national scale. In this light, it might have been preferable to have provided for a more flexible regime, depending on the extent and complexity of the activities undertaken by the company.

Nevertheless, new regulation eases the operating costs of crowdfunding companies in the legislation of companies providing investment services. It adapts its service provision to the specific nature of the particular activity as a capital-raising mechanism.

Establishing prudential supervision strengthens confidence in the institution of participatory financing, which combines it with establishing a framework for the organisation of financing common to all European Union member states. Under these conditions, equity financing is also strengthened to raise funds from businesses and as a placement by investors looking to achieve a return on their savings.

1.2.2 National regulatory framework for crowdfunding investors

The Crowdfunding Regulation aims to address Greece's crowdfunding obstacles by providing an enhanced investor protection framework based on more precise rules on information disclosures and risk management, thus creating a unified crowdfunding market. Moreover, since Greece has limited alternative financial solutions for raising capital by SMEs and startups, the regulation is expected to support these companies. As part of supervisory tasks of Regulation (EU) 2020/1503, the competent authorities referred to in Article 147 of the harmonised Greek Law 4920/22 may:

- disclose or require from a crowdfunding service provider or a third party entrusted with the performance of such services to disclose any material information that may affect the provision of the crowdfunding service to ensure investors' protection or the smooth operation of the market,
- suspend or require a crowdfunding service provider to suspend the provision of crowdfunding services when the competent authorities consider that the status of the crowdfunding services is detrimental to the interests of investors

The competent authorities referred to in Article 151, when determining the type and level of administrative sanctions or other administrative measures referred to in Article 154, shall take into account all relevant circumstances, including, where appropriate, the impact of the infringement on the investors' interests.



1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<ul style="list-style-type: none"> • Political stability in recent years and political consensus in supporting entrepreneurship, creating a transparent legal framework. • In 2022, the national legislative framework for crowdfunding businesses harmonised with the European one. • The recent positive government fiscal results (lower public deficits, high cash reserves) and the high economic growth have given a great advantage, creating a positive atmosphere for the economy and decreasing the country's risk. • Innovation's early-stage fund-of-funds scheme has been boosting alternative funding.
<p>2. What aspects have proved to be (or maybe) relevant obstacles (barriers) to the crowdfunding market development in your country?</p>	<ul style="list-style-type: none"> • The small size of the market affects crowdfunding platforms' sustainability. • Innovation funding and other alternative tools have just been introduced (the last 5 years), and more systemic knowledge is needed, as well as good examples and references. • The financial crisis has lasted more than a decade, affecting the whole spectrum of financial tools and stability in decision-making. • Risk taking culture has long been accepted recently. • Limited participation in international activities and global value chains.
<p>3. What aspects have proved to be (or maybe) relevant (drivers) to increase general awareness about crowdfunding as a business tool among SMEs?</p>	<ul style="list-style-type: none"> • Altruism and charitable giving society, especially in times of despair and crisis, i.e., financial crisis when 25% of GDP was lost and unemployment was extremely high. • Fintech and other IT technologies are constantly in the news. • Startup and entrepreneurial ecosystems are becoming vibrant and attracting human and financial capital.
<p>4. What aspects have proved to be (or maybe) relevant obstacles (barriers) to increasing general awareness about crowdfunding as a business tool among SMEs?</p>	<ul style="list-style-type: none"> • There were limited success stories due to the market size; few successful projects with positive media coverage in media channels such as newspapers, radio, and TV. • The use of social media, although increasing, thematic areas such as crowdfunding/sourcing are not considered relevant. • Lack of promotion and visibility of crowdfunding policy in Greece.



<p>5. What aspects could be relevant drivers for developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</p>	<ul style="list-style-type: none"> • An e-service culture is building up massively. • The recent improvements in the regulatory framework have increased transparency and trust. • Advances in technologies and access to high-speed internet cover the whole country. • An increase in innovation ecosystem mechanisms like accelerators, hubs, open innovation competitions, co-working spaces and events boosting co-creation culture. • The increase of professionals in innovation funding could certainly increase investor & consumer confidence in crowdfunding through education and communication. • Entrepreneurial fear of risk is decreasing (existing regulatory and legal frameworks).
<p>6. What aspects could be relevant obstacles to developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</p>	<ul style="list-style-type: none"> • Pressure in public budgets hinders the implementation of policies other than those related to the leading citizens' needs. • Lack of trust is still (although decreasing) an issue in collaborations. • Harmonising legislation with the European framework has been delayed for years. • A Few existing local platforms. • Geostrategic issues in the area.

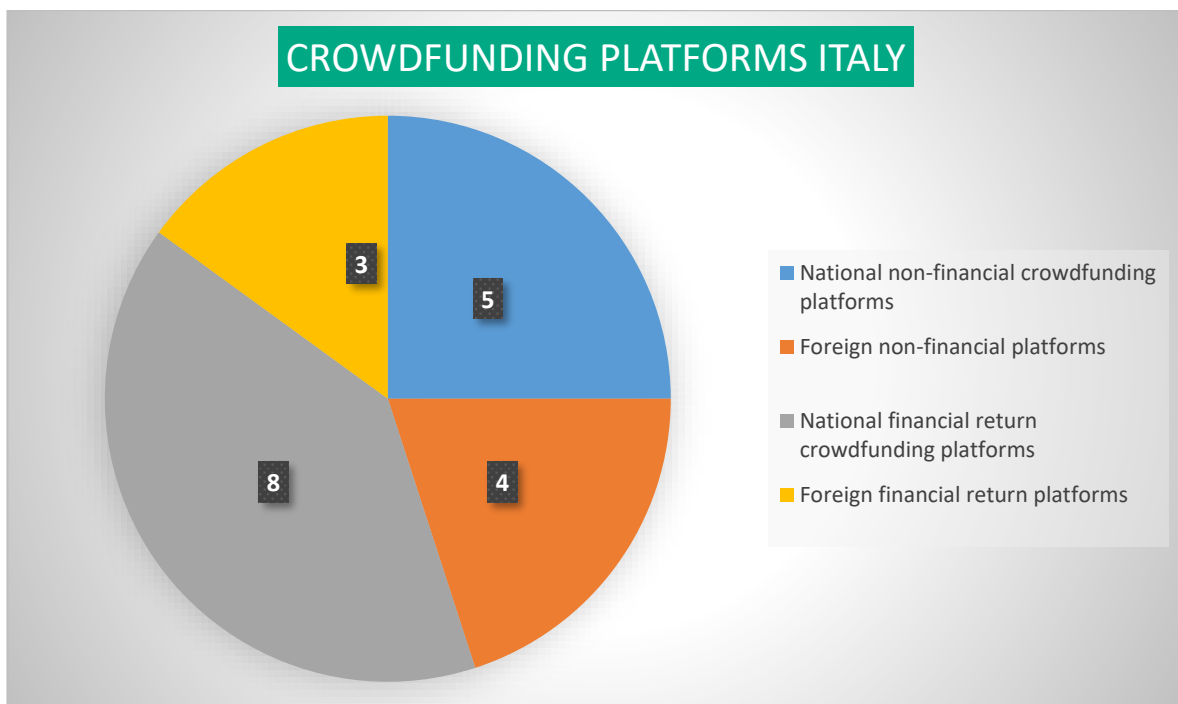


ITALY

1.1 Summary overview of the crowdfunding market

 DATA ITALY	
Crowdfunding volume	430,6 mio EUR in 2022
Crowdfunding volume per capita	7,18 EUR in 2022
Number of operating platforms	20

Figure 11: Crowdfunding platforms in Italy





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Forfunding (ISP) (donation-based)	https://www.linkiesta.it/2021/02/intesa-sanpaolo-crowdfunding-donazioni-for-funding/	Non-profit projects
2	Rete del dono (donation based)	https://www.retedelono.it/landing/come-funziona	Non-profit projects
3	Kendoo (reward-based)	https://www.kendoo.it/fondi/active/	Education, social
4	Produzioni dal basso (reward-based)	https://www.produzionidalbasso.com	Community, Social, Books, Movies
5	Eppela (reward-based)	https://www.eppela.com/	Culture & Environment

National Financial return crowdfunding platforms.

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Prestiamoci (Lending-based)	https://prestiamoci.it/	Individuals, social issues
2	Rendimento Etico (Lending-based)	https://www.rendimentoetico.it/	Real Estate
3	Soisy (Lending-based)	https://www.soisy.it/cosa-sono-gli-investimenti/	E-commerce platform
4	Opstart (Investment-based)	https://www.opstart.it/it/progetti	Green Economy – ICT – Fintech
5	CrowdFundMe (Investment-based)	https://www.crowdfundme.it/projects/	Fintech & alternative finance, E-commerce & wholesale, Technology, Products & Manufacturing
6	Walliance (Investment/lending-based)	https://www.walliance.it/projects	Real Estate
7	Mamacrowd (Investment-based)	https://mamacrowd.com/it/projects	Real Estate – Start-up & SMEs
8	Backtowork24 (ISP) (Investment-based)	https://www.backtowork24.com/equity-crowdfunding	IT – Biotech – Green economy



Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Kickstarter (Reward-based)	https://www.kickstarter.com/	Games, design, technology
2	Indiegogo (Reward-based)	https://www.indiegogo.com/	Innovations in tech and design
3	Ulule (Reward-based)	https://it.ulule.com/discover/?countries=IT&offset=0	Culture, Environment
4	Gamefound (Reward-based)	https://gamefound.com/it/	Gaming

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Walliance (Investment-based)	https://www.walliance.it	Real estate projects
2	Realty Bundles (Investment-based)	https://realtybundles.com/invest/il-en	Real estate projects
3	Scramble (Lending-based)	https://scrambleup.com	Food and beverage, Beauty and Hygiene, Baby goods

1.2 National regulatory framework related to the crowdfunding¹⁶

1.2.1 National regulatory framework for crowdfunding platform operators

On 9 March 2023, the Italian Government approved the Legislative Decree (the “Decree”) implementing Regulation (EU) 2020/1503 on crowdfunding service providers for business (the “Regulation”) in Italy, which amended specific provisions of the Italian Financial Act (Legislative Decree No. 58/1998, “IFA”). The Decree designates Consob as the Italian competent authority to deal with cross-border administrative cooperation with other EU competent authorities and ESMA and entrusts Consob with the power, subject to the opinion of the Bank of Italy, to grant and withdraw the authorisation to crowdfunding service providers for lending crowdfunding and for equity crowdfunding, except when the authorisation or the withdrawal falls within the competence of the Bank of Italy.

According to the Decree, Consob shall be the competent authority to ensure compliance with the obligations set out by the Regulation as to the matter of transparency and fairness, and Bank of Italy shall be the competent authority as regards:

¹⁶ The following text was extrapolated from <https://legaliastudio.it/en/crowdfunding-implementation-in-italy-of-the-eu-crowdfunding-regulation/>



- capital adequacy, containment of risk and equity investments, and related disclosures;
- corporate governance and general organisational and business continuity requirements;
- administrative and accounting organisation, internal controls, remuneration and incentive systems, risk management, including internal audit and outsourcing of operational functions;
- requirements of participants in the capital of the crowdfunding service provider holding at least 20% of the share capital or voting rights and requirements of the natural persons responsible for the management of the crowdfunding service provider;
- controls on project owners.

Regarding crowdfunding offers, subscriptions may be executed through approved intermediaries providing one or more investment services in the name and on behalf of the participants in the crowdfunding offer. In this case, within thirty days following the offer's closing, the approved intermediaries must file a certificate with the Companies' Register confirming that they are shareholders on behalf of third parties and bearing the cost thereof.

As a result, Consob and Bank of Italy shall provide for a simplified authorisation procedure for subjects that have been already authorised under national law before the date of entry into force of the Regulation, i.e. 9 November 2020 and as long as the requirements set out in Article 12 of the Regulation are met.

The Decree also introduces the administrative fine from EUR 500.00 to EUR 500,000.00, or up to 5% of turnover when this amount exceeds EUR 500,000.00, for crowdfunding service providers in breach of:

- requirements set out by the Regulation as referred to in Article 39(1) or by the related delegated acts and regulatory technical standards;
- national requirements for marketing communications that Consob will identify in its regulation.

As mentioned above, Consob is working – consultation closed on 17 March 2023 – on a draft regulation laying down implementing rules for the Legislative Decree on crowdfunding services for businesses to define some detailed elements of the European regulation. In particular, the draft Consob regulation that was put out in consultation regulates the following aspects:

- Procedure for granting and withdrawing authorisation;
- Definition of disclosure obligations for crowdfunding service providers;
- Definition of domestic regulations applicable to marketing communications (according to general criteria inspired by other financial sector regulations);



- Definition of additional obligations under the civil law regime.

1.2.2 National regulatory framework for crowdfunding investors

The Italian regulatory framework for crowdfunding investors is based on the same regulatory framework described in the previous paragraph.

1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<ul style="list-style-type: none"> • Considering that the disbursed amount in the first semester of 2022 decreased slightly for the first time in Italy in the last 2 and a half years, the main drivers could be changes in business models, products, and services to match new needs. Moreover, it could also be relevant to a specific and simultaneous public support of activities characterised by high social and, cultural and/or environmental impact (the most inclined to crowdfunding).
<p>2. What aspects have proved to be (or maybe) relevant obstacles (barriers) to the crowdfunding market development in your country?</p>	<ul style="list-style-type: none"> • The most relevant barriers could be rules on conflict of interest, deposit of funds, conditions relative to offers on the platform, and sanctions and preventive measures strengthened by Consob. Nevertheless, the lack of trust in new financial tools (for a traditional banking-driven financial market) can become a barrier.
<p>3. What aspects have proved to be (or maybe) relevant (drivers) to increase general awareness about crowdfunding as a business tool among SMEs?</p>	<ul style="list-style-type: none"> • The main driver may be social media and the promotion of best practices by crowdfunding platforms to reach a bigger audience.
<p>4. What aspects have proved to be (or maybe) relevant obstacles (barriers) to increasing general awareness about crowdfunding as a business tool among SMEs?</p>	<ul style="list-style-type: none"> • In Italy, the main barrier could be the cultural one related to a financial market (both for enterprises and persons) based mainly on traditional banking schemes.
<p>5. What aspects could be relevant drivers for developing cooperation between SMEs, policy institutions supporting innovative SMEs and</p>	<ul style="list-style-type: none"> • The main driver may be increased cybersecurity and government interventions in segments such as the inclusion of girls in fiscal stimulus packages, tax relief/subsidy, and sector-wide recapitalisation of equity injection schemes funded¹⁷.

¹⁷ CrowdfundindHub report 2021. Available: <https://www.crowdfundinghub.eu/wp-content/uploads/2021/09/CrowdfundingHub-Current-State-of-Crowdfunding-in-Europe-2021.pdf>



<i>crowdfunding platforms in fund-matching?</i>	
<i>6. What aspects could be relevant obstacles to developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</i>	<ul style="list-style-type: none">• Supervisor authority could set up regulation too close to traditional financial institutions (the same one for listed companies on the Italian Stock Exchange).



LITHUANIA

1.1 Summary overview of the crowdfunding market


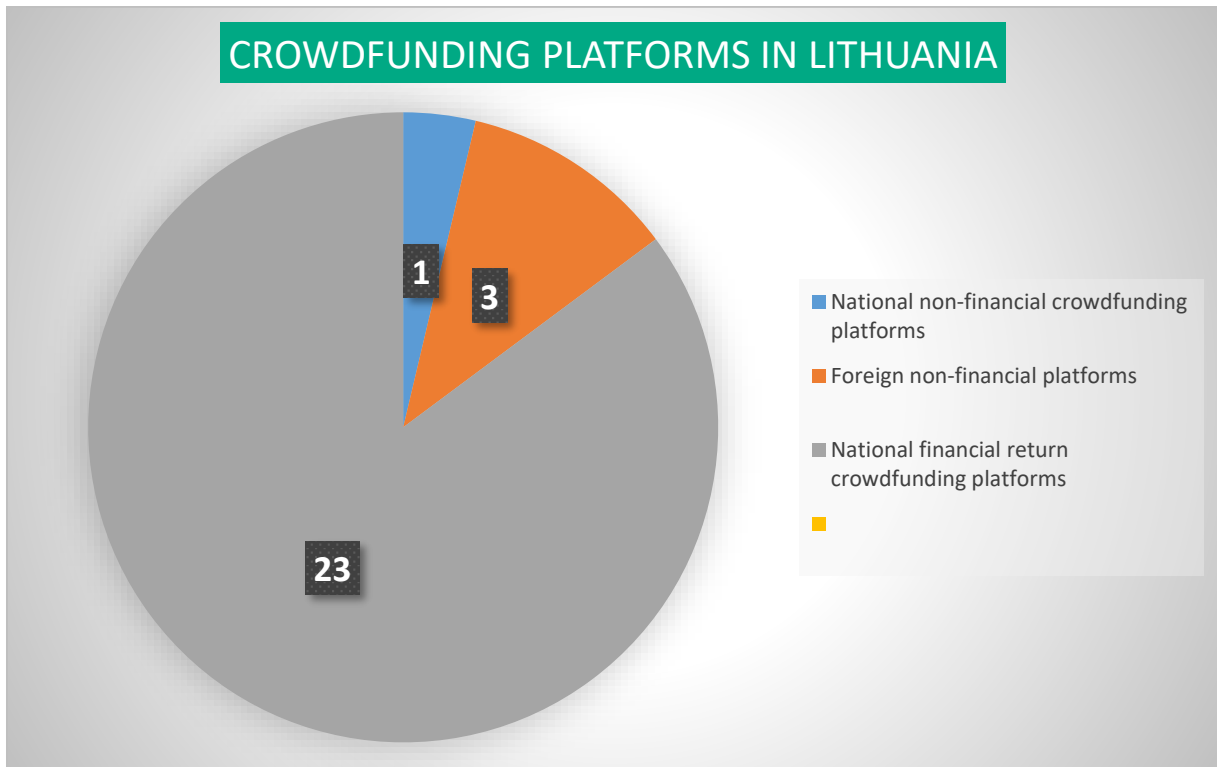
 Lithuania DATA LITHUANIA	
Crowdfunding volume	161,1 mio EUR in 2022
Crowdfunding volume per capita	57,40 EUR
Number of operating platforms	27

Figure 12: Crowdfunding platforms in Lithuania





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Contribute (donation-based)	https://contribute.com/	Different social and community projects

National Financial return crowdfunding platforms.

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	UAB "Finansų bitė verslui" (lending based)	https://www.finbee.lt/paskolos-verslui/	Peer-to-peer lending platform
2	Rontgen (UAB "Trečia diena") (lending based)	https://rontgen.lt/lt	Real Estate Debt
3	UAB Nordstreet (lending based)	https://nordstreet.com	Real Estate Debt
4	UAB "Bendras finansavimas" (Savy)	https://gosavy.com/	
5	UAB "Sutelktinio finansavimo platforma "Profitus" (lending based)	https://www.profitus.lt/	Real Estate Debt
6	UAB 8 Stars (lending based)	https://letsinvest.eu/	Real Estate Debt
7	UAB FMĮ, Myriad capital (investment-based)	https://myriadcapital.lt/	A platform for investment, stock and currency exchange trading.
8	UAB „ANDRUM Fund"	Not available	No data
9	UAB „Oz Finance"	Not available	No data
10	Estate Guru Lietuva, UAB (lending based)	https://estateguru.co/lt/	Real Estate Debt
11	UAB „Procentas" (lending based)	https://www.procentas.lt/	Loan platform
12	UAB „Crowdison"	Not available	No data
13	UAB Inrento (investment-based)	https://inrento.lt/	Rental Properties
14	UAB HEAVY FINANCE (investment-based)	https://heavyfinance.com/lt/	Agriculture and Farming
15	UAB "FinoMark" (lending based)	https://www.finomark.lt/	Small Business Debt
16	UAB CF Business LT	Not available	No data
17	UAB CF Real Estate LT	Not available	No data
18	UAB "Iban Online" (lending and investing)	https://www.ibanonline.lt/	Lending and investment platform
19	Multimplan, UAB	Not available	No data
20	UAB „HST KOMUNIKACIJOS" (lending based)	https://www.greitaskreditas.lt/	Loans
21	UAB FUNDYyou	Not available	No data



	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
22	UAB Crowdpear (lending and investing)	https://crowdpear.com/lt/	Real Estate Debt
23	EarthFi UAB	Not available	No data

Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Patreon (donation-based)	https://support.patreon.com/hc/en-us	Creative and artistic projects
2	Ko-Fi (donation-based)	https://ko-fi.com/	Creative and artistic projects
3	Buy me a coffee (donation-based)	https://www.buymeacoffee.com/	Creative and artistic projects

1.2 National regulatory framework related to the crowdfunding

The law on Crowdfunding of the Republic of Lithuania (the Law) is the primary legal act which regulates the activities of crowdfunding operators and the procedure for their inclusion in the public list of crowdfunding platform operators (CPO). The Law does not apply to crowdfunding based on non-financial considerations/incentives (donation and reward crowdfunding).

It should be noted that from the 10th of November, 2023, the Law will expire, and only the Crowdfunding Regulation¹⁸ will regulate the activities of crowdfunding operators. Crowdfunding Regulation harmonises the requirements for the operation and licensing of crowdfunding services providers across the European Union (EU), opening the possibility for our country's financial market participants to provide crowdfunding services in other EU countries and for CPOs of other EU countries to provide services in Lithuania.

After the 10th of November 2023, the CPOs included in the public list processed by the Bank of Lithuania will no longer be authorised to provide crowdfunding services. They will not have the right to offer the possibility to enter new financing transactions through the crowdfunding platforms administered by them. The CPOs intending to continue providing these services already per the Crowdfunding Regulation must submit to the Bank of Lithuania the documentation necessary for the relicensing procedure no later than 9 November this year.

¹⁸ Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937



The Bank of Lithuania has actively contributed to drafting the Crowdfunding Regulation, which is similar to the current regulation in Lithuania. To make the relicensing process smoother, the Bank of Lithuania has carried out a detailed analysis of information and prepared guidelines on simplified requirements for relicensing CPOs.

Nevertheless, considering that under the EU's new regulation, all current CSPs must receive an EU-level license to continue their services, one must wonder whether further, more detailed, and stricter regulations will not adversely affect the local market. This regulation introduced more detailed and strict requirements regarding project owner evaluation, investor assessment, provision of information to investors, and rules on messaging and loan portfolio management, as well as more comprehensive requirements for internal procedures and policies. All these differences mean that crowdfunding operators need to invest significant funds to improve their current systems and to initiate relicensing (although the regulation allows national supervisors to apply a simplified procedure). Under Lithuania's regulation, the threshold for the maximum amount gathered by one project owner is set at EUR 8 million, compared to only EUR 5 million in the EU's regulation – a reduction which can also be considered a negative change for the Lithuanian market.

1.2.1 National regulatory framework for crowdfunding platform operators

Only persons included in the Public List of CPOs maintained by the Bank of Lithuania (the List) shall be entitled to carry out the activities of the CPO and offer their services in Lithuania. It is illegal for other persons to offer and provide CPO services in Lithuania. Before entering a company into the List, the Bank of Lithuania shall assess whether the company is ready to carry out its activities to protect the interests of project financiers.

Requirements for obtaining a crowdfunding service provider's licence: Crowdfunding service providers and licensing procedures in Lithuania are governed by the Crowdfunding Regulation. A legal entity that intends to provide crowdfunding services must apply to the Bank of Lithuania for a crowdfunding service provider's licence.

When applying to the supervisory authority for inclusion in the Public List of CPOs, the operator must submit information related to members and managers (heads) of the platform operator, information on prudential requirements of the platform, a plan in case ongoing concerns and other documents. Generally, the supervisory authority decides on inclusion in the list within 30 business days. Operators included in the list will generally be considered financial advisory firms.

The Crowdfunding Regulation sets the requirements for crowdfunding service providers' activities, further specified in the draft regulatory technical standards published by the European Securities and Markets Authority (ESMA).



An application for authorisation as a crowdfunding service provider shall contain all the elements in Article 12(2) of the Crowdfunding Regulation¹⁹.

The applicant has drawn up an appropriate description of the internal rules preventing the applicant's shareholders, managers, employees or natural or legal persons controlled by those persons, as project owners, from using crowdfunding services offered by the applicant;

- The applicant must describe the procedures for handling customer complaints.

The documents submitted to the Bank of Lithuania shall substantiate the applicant's compliance with the requirements set out in the Crowdfunding Regulation and its readiness to provide crowdfunding services.

Prudential requirements and ratios

Under the Law, CPOs are subject to the following prudential requirements:

1. A person who wishes to be included in the Public List of CPOs or a CPO must comply with at least one of the following criteria during the entire period of its activities:
 1. its equity capital must reach the minimum amount specified in Article 7(2) of the Law, or
 2. it must possess a surety bond issued by an insurance company or a document of suretyship or guaranty issued by a financial institution for the minimum amount of EUR 100,000 per one funder's claim for compensation of losses and EUR 500,000 for all funder's claims for compensation of losses per year.
2. The equity capital of a CPO organised as a public or private limited liability company, the structure of which is established in the Republic of Lithuania Law on Companies, may not be less than the larger of the following amounts:
 1. EUR 40,000;
 2. The equity capital requirement was calculated pursuant to Article 7(3) of the law.
3. CPO must calculate the equity capital requirement at the end of each financial year. The equity capital requirement equals 0.2% of the amount granted as funding through the crowdfunding platform and not yet repaid to funders.
4. If a CPO that has a licence for the provision of other financial services issued by the supervisory authority, except for cases indicated in Article 7(4*) of the Law, provides the respective services and carries out its obligations in line with Article 7(1)(1) of the Law, its equity capital, calculated according to the requirements of legal acts regulating other licensed financial services, must not be less than the larger of the following amounts:
 1. EUR 40,000;

¹⁹ More details here: Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937



2. the equity capital requirement calculated pursuant to Article 7(3) of the Law;
3. capital requirements are calculated according to the requirements of legal acts regulating other licensed financial services.

**If a crowdfunding platform operator operates under a licence issued by the Republic of Lithuania Law on Payment Institutions or the Republic of Lithuania Law on Electronic Money and Electronic Money Institutions and carries out its obligations in line with Article 7(1)(1) of the Law, its equity capital must not be less than the larger of the amounts established in Article 7(4)(1 and 3) or (2 and 3) of the Law.*

5. The supervisory authority determines the procedure for providing information and documents evidencing compliance with the requirements in Article 7 of the Law.
6. The requirements laid down in Article 7 of the Law do not apply to credit institutions or providers of investment services licensed in the Republic of Lithuania or another Member State if they are licensed to provide brokerage services related to specific financing transactions and their prudential requirements laid down in Article 7 of the Law are assessed based on legal acts governing the activities of such financial market participants; the requirements set thereby must not be lower than the ones provided for in the Law.

Requirements for CPOs:

The CPO must publish general, specific and operational information on its website. The available information must include information relating to the company's services and the conditions of their provision, i.e.:

- information on the risks involved;
- a warning that the insurance cover provided for in the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania is not applicable;
- the rules for the assessment of the reliability of project owners and the management of conflicts of interest; the description of the use of the platform; the applicable fees;
- the rules for handling complaints, etc.

The purpose of the specific information is to disclose project-specific data to the financier:

- the purpose of the fundraising and the owner of the project;
- the amount of funds to be raised;
- the risks involved;
- the security measures to be applied, etc.
- Information published by the CPO on the number and amount of project applications, the amount of funds raised, the number of financiers, projects whose owners are in default, etc., constitutes performance information.



Admissibility assessment

The CPO must assess the acceptability of a particular type of transaction (lending or acquiring securities) to the financier before allowing the financier to enter into a transaction for the first time. For this purpose, information on the client's knowledge and experience of the specific type of transaction must be collected and assessed. If the CPO determines that a particular type of transaction is unacceptable to the financier, or if the financier refuses to provide the necessary information for the acceptability test, it must inform the financier of the risks involved.

Contract conclusion

The CPO must sign service contracts with funders and project owners before providing services. The contract with the funder may include provisions entitling the CPO to carry out, without a separate mandate, actions relating to representing the funder's interests, such as appearing before the courts, voting at general meetings of shareholders, etc.

Assessment of the credibility of project owners

The assessment of the credibility of project owners shall include an evaluation of the reputation of the project owner's managers and owners and the creditworthiness of the project owner. The reputation of the project owner's directors and owners is assessed according to criteria established by the CPO, and the legislation requires that the project owner is not convicted of serious property crimes, financial crimes, etc. In the absence of rules setting out uniform requirements applicable to all CPOs on the criteria for assessing credibility, market participants apply different methodologies of their design.

The assessment of creditworthiness must include an evaluation of the project owner's financial standing and ability to meet its financial obligations when due. The CPO also must ascertain whether the project owner is not subject to insolvency proceedings. The criteria for assessing creditworthiness are also not laid down in the legislation, which has led to different methodologies being applied by market players. It should be noted that the market has adopted a practice whereby CPOs assess not only the creditworthiness of project owners but also the prospects of the projects themselves and the collateral used in calculating and rating the creditworthiness of the project owner.

Collateral measures

Although there is no legal obligation to use collateral in crowdfunding projects, guarantees from persons related to the project owner or first mortgages on immovable property are often used. First mortgages on real estate are often used to secure the fulfilment of obligations when funds are raised to develop real estate projects. In the case of real estate mortgages, the CPO calculates an additional indicator - the ratio of the value



of the mortgaged property to the Loan-to-Value (LTV) of the project owner - which is considered when assessing the creditworthiness of the project owner. It should be noted that CPOs do not determine the value of the collateral themselves but usually use the values of the assets as reported by independent licensed valuers.

Advertising

The legislation outlines requirements for advertising the CPO's activities to protect funders' interests. The CPO's advertising must disclose a proportionate disclosure of the potential risks when promoting the potential benefits to the financier and project owner, i.e. the advertising of crowdfunding projects must not give the impression that the potential financier can expect to benefit without taking the risk. Among other requirements, the legislation also prohibits misleading advertising.

Object of funding

It is essential to note that when financing real estate projects, financiers provide funds to the company that develops the project but do not invest in the real estate or acquire any real estate claims.

Requirements for crowdfunding service providers wishing to provide services in other Member States of the European Union

To provide services in another Member State of the European Union (EU), a crowdfunding service provider holding a licence issued by the Bank of Lithuania must provide the following information to the Bank of Lithuania:

- a list of the Member States in which the crowdfunding service provider has notified its intention to provide crowdfunding services and specific services intended to be delivered in those Member States and covered by the Crowdfunding Regulation;
- identity data of natural and legal persons responsible for the provision of crowdfunding services in those Member States;
- the starting date of the intended provision of the crowdfunding services by the crowdfunding service provider;
- a list of any other activities provided by the crowdfunding service provider not covered by the Crowdfunding Regulation.

Upon receipt of this information, the Bank of Lithuania shall transmit it to the competent authority of the Member State in which the crowdfunding service provider intends to provide crowdfunding services and to ESMA and shall immediately inform the crowdfunding service provider thereof.

A crowdfunding service provider may start providing crowdfunding services in another EU Member State upon receipt of a notification from the Bank of Lithuania that the Member



State and ESMA have been informed of such intentions of the crowdfunding service provider or 15 calendar days after the notification of the information to the Bank of Lithuania.

1.2.2 National regulatory framework for crowdfunding investors

Following the Law, a crowdfunding investor – is a person (an individual or legal entity) who provides crowdfunding funds to the project owner.

During the assessment of the investor's eligibility to conclude the specific type of funding transaction, the CPO must request the investor to provide information on its knowledge and experience in investments in relation to the kind of anticipated funding transaction. The CPO should assess whether the investor is eligible to conclude the specific type of funding transaction based on the information received from the investor. If the assessment of the investor's eligibility to complete the specific type of funding transaction shows that the investor is not eligible to conclude the particular kind of funding transaction, the CPO must notify the investor thereof and must provide additional information on risks associated with investment, including details of the potential full or partial loss of the funds (capital) intended for financing the project, risk of the investor's failure to earn the expected profit, liquidity risk of funding, as well as other risks characterising crowdfunding by presenting their descriptions to the funder.

The detailed procedure for assessing the investor's eligibility to conclude the specific type of transaction is laid down by the supervisory authority – the Bank of Lithuania.

A CPO provides CPO's services to investors based on an agreement for CPO's services with investors.

The Law does not limit how much an investor can invest in one project.

An investor who believes that a CPO has violated its rights or legal interests has the right to apply to the court or the Bank of Lithuania by the procedure laid down in the Law on the Bank of Lithuania.



1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • Crowdfunding Regulation will open the door for investors and funding recipients to operate across borders, leading to more projects and investors. <p>Economic</p> <ul style="list-style-type: none"> • Large banks dominate in the Lithuanian market. Therefore, there is room for alternative investment sources to expand, at least on a theoretical level. However, there are many participants in the Lithuanian market, which is relatively small for further expansion. <p>Social</p> <ul style="list-style-type: none"> • There is a strong will to increase general financial literacy in Lithuania, which might affect crowdfunding popularity among young-mid-aged citizens.
<p>2. What aspects have proved to be (or maybe) relevant obstacles (barriers) to the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • Given that some crowdfunding platform operators will have to re-license to operate under the EU Crowdfunding Regulation, it is very likely that some of the participants will be ineligible, and the total number of platforms will decrease, which may affect the further growth of crowdfunding. • Existing tax issues, since foreign residents must pay tax in Lithuania (15%), then in her/his own country. They have the right to fill out an archaic form to claim refunds, but this is not done because of the extremely low volumes. <p>Economic</p> <ul style="list-style-type: none"> • Increasing interest rates on deposits discourage investors from participating in riskier investment alternatives (they are satisfied with deposit returns). There is not enough liquidity to invest in large-scale projects. Lithuania seems too small for foreign investors who want to invest 100 million EUR in the future because there are few projects. <p>Social</p> <ul style="list-style-type: none"> • There is low general financial literacy among people. The real estate sector, for which ESIF funds are not allocated, receives particular



	<p>interest. For example, residential real estate property is not financed through Crowdfunding loans Aviete²⁰ (“Raspberry” in English).</p>
<p>3. What aspects have proved to be (or maybe) relevant (drivers) to increase general awareness about crowdfunding as a business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Support and promotion of government institutions. <p>Economic</p> <ul style="list-style-type: none"> • Declining risk appetite of credit institutions, increased number of rejected applications. <p>Social</p> <ul style="list-style-type: none"> • Active role of the Crowdfunding Association. <p>Technological</p> <ul style="list-style-type: none"> • User-friendly platform and applications. Development of crowdfunding IT solutions in Lithuania (Blue EMI, Crowdsofts, Inrento), automating rating systems of credit institutions, and B2B access to national registries for verification purposes.
<p>4. What aspects have proved to be (or maybe) relevant obstacles (barriers) to increasing general awareness about crowdfunding as a business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Lithuania's critical attitude towards crypto companies among institutions. Specificities of the Companies Act and the Securities Act for equity crowdfunding. <p>Economic</p> <ul style="list-style-type: none"> • High interest rates. <p>Social</p> <ul style="list-style-type: none"> • Low financial literacy and conservative approaches toward financing.
<p>5. What aspects could be relevant drivers for developing cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • Governmental-owned institutions could play a more significant role in the Crowdfunding market since platforms are regulated and supervised and could serve as an alternative for banks intermediation.
<p>6. What aspects could be relevant obstacles to developing cooperation between SMEs, policy institutions</p>	<p>Political</p>

²⁰ Crowd funding loans Aviete (hereinafter referred to as “Aviete loans”) enable small and medium-sized enterprises to borrow through crowd funding platforms. Aviete loans are granted through crowd funding platforms. Crowd funding platform operators, which have signed cooperation agreement for the implementation of Aviete loans, will select those business projects which will be co-funded under the financial instrument Aviete. The number of crowd funding platform operators is not limited; therefore, contracts can be made during all the period of implementation and until all funds of the instrument are used.



supporting innovative SMEs and crowdfunding platforms in fund matching?

- Legal Acts in Lithuania prevent further market development (Securities ACT, conservative approach towards crypto markets).



NETHERLANDS

1.1 Summary overview of the crowdfunding market


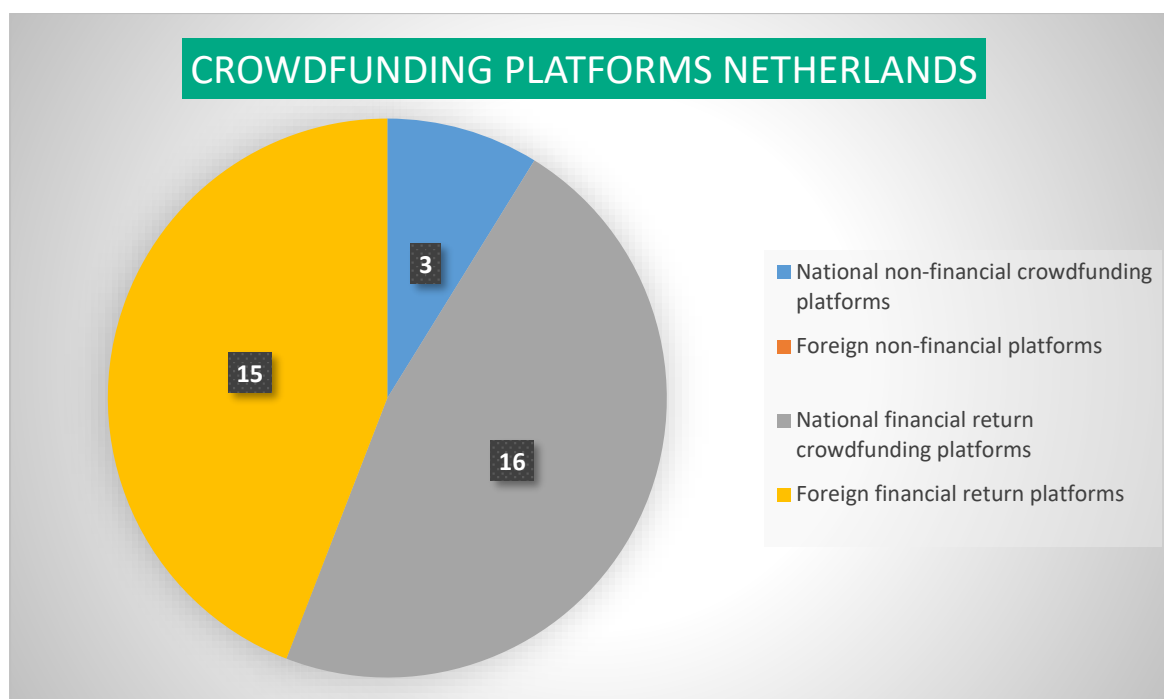
 DATA NETHERLANDS	
Crowdfunding volume	1080 Mio EUR
Crowdfunding volume per capita	61,40 EUR
Number of operating platforms	34

Figure 13: Crowdfunding platforms in the Netherlands



National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Voor de Kunst	https://www.voordekunst.nl/	All Art related
2	Kickstarter (Reward-based)	https://www.kickstarter.com/	Games, design, technology
3	Ulule (reward-based)	https://es.ulule.com/	Rewards focused on creative, health or solidarity projects, projects aware of sustainability, innovation, and respect for the environment and the ecosystem.



National Financial return crowdfunding platforms.

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	NI Investeert (equity/subordinated loans)	https://www.ninvesteert.nl/	Business financing for local entrepreneurs
2	Collin crowdfund (lending and investment)	https://www.collincrowdfund.nl/	Loans and investments for entrepreneurs
3	Lendahand (investment based)	https://www.lendahand.com/en	Supporting projects of SMEs with impact (fighting poverty)
4	Geld voor Elkaar (investment based)	https://www.geldvoorelkaar.nl/	Investments in SMEs
5	Kapitaal op Maat (lending and investment)	https://www.kapitaalopmaat.nl/	Investments in SMEs
6	Duurzaam investeren (investment based)	https://www.duurzaaminvesteren.nl/	Renewable Energy related investments (solar power, electrical cars, electrical equipment)
7	ZIB Investments (lending and investment)	https://www.zibinvestments.nl/	Investments in SMEs and real estate
8	Horeca Crowdfunding Nederland (investing)	https://horecacrowdfunding.nl/	Hospitality projects
9	Wefunder (investing)	https://wefunder.com/	Investments in start-ups
10	CrowdAboutNow (investing)	https://crowdaboutnow.nl/	Investments in growing companies
11	Broccoli (investing)	https://broccoli.eu/en	Supporting sustainable projects of SMEs
12	PlusPlus (investing)	https://plusplus.co/	Venture investing
13	NPEX (investing)	https://www.npex.nl/	Investments in SMEs
14	SamenInGeld (investing)	https://sameningeld.nl/	Investment in real estate
15	Waardevoorjegeld (investment and lending)	https://waardevoorjegeld.nl/	Investment in different projects
16	Mogelijk Vastgoedfinancieringen (lending)	https://www.mogelijk.nl/	Real estate financing for entrepreneurs

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	BeeBonds (equity and lending based)	https://www.beebonds.com/	Real-estate projects
2	Bricks	https://brx.exchange/	Real-estate projects



	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
	(equity and lending based)		
3	CROWDCUBE (equity based)	https://www.crowdcube.eu	All types of start-ups and scale-ups
4	Crowdestate (lending-based)	https://crowdestate.eu	Real-estate projects
5	Estateguru OÜ (investing and lending)	https://estateguru.co/	Real estate projects
6	ENERFIP (equity based)	https://fr.enerfip.eu	Projects supporting the energy transition via equity investments (bio-energy, biogas, photovoltaics, wind-powered, etc.).
7	FUNDEEN PLATFORM (lending and equity)	https://www.fundeen.com	Sustainable energy generation projects/ renewable energy
8	Invesdor DACH (investing)	https://www.invesdor.de	Investments in more sustainable and equitable economy
9	LookandFin (equity and lending based)	http://www.lookandfin.com/	Real estate
10	October (investment based)	https://nl.october.eu/	Financing for entrepreneurs
11	Raizers (real estate)	https://raizers.com/	French real estate crowdlending platform
12	Seedblink Crowd S.A (equity)	https://seedblink.com/	Investments in tech-companies
13	Seedrs (investing and equity)	https://www.seedrs.com/	Support to different businesses
14	CrowdedHero (equity)	https://crowdedhero.com/	Support to established companies
15	Urbanitae (real estate)	https://urbanitae.com/	Real estate crowdfunding platform in the form of rental projects, capital gains or equity.

1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

The Dutch regulatory framework has always been based on European regulation. In the development phase of the crowdfunding market European legislation was flexible. Dutch regulation left room for innovation by emerging platforms in this period. The reporting duties of platforms, for example, were lenient and the requirements to obtain a licence for a crowdfunding platform were also flexible.



Since the introduction of the new Crowdfunding directive the Dutch regulation follows this directive. To bridge the gap for existing platforms to adhere to the new demands of the directive, there has been a transition period. This will end on 10 November 2023. By this time the platforms will have to have obtained an ESCP license to be able to continue practising.

1.2.2 National regulatory framework for crowdfunding investors

Dutch regulation for crowdfunding investors is mainly geared towards protecting consumers who want to invest. Platforms must have a finance test in place for private investors which tests their knowledge about financial risks and healthy finance principles. These tests also contain advice about the spreading of risks and the maximum % of income that should be invested through Crowdfunding.

These rules apply for investments up to 100.000, - Euro. Above an amount of 100.000, - Euro an investor is considered to be of sufficient professional level that the financial risks can be assessed by the individual him/herself.

There are also several rules originating from Anti Money Laundering legislation for investors (they have to prove where the money comes from etc.).

1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • The Political commitment in the Netherlands to entrepreneurship and to creating the opportunity for finance for entrepreneurs. • The Political willingness to allow innovation during the development of crowdfunding ecosystems. Which meant flexible regulation for beginning platforms. • The Regulative burden for banks. Alternative finance providers are not banks. They do not hold private savings and bank accounts. This means there is a different, lighter regulative burden which gives them more opportunity to develop and finance where banks cannot due to this regulatory burden. <p>Economic</p> <ul style="list-style-type: none"> • The relatively high rate of loan rejections by banks, and the upscaling of loan sizes granted by banks. Small loan applications are not evaluated individually by banks but are handled by standardized methods, because otherwise the costs become too high. This creates a market opportunity for non-banking finance to grow in the Netherlands Alternative finance providers can
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	<p>invest more time into evaluating individual loan application. As they are niche players they can specialise in services.</p> <ul style="list-style-type: none"> • Low interest on savings accounts for consumers which means they look for other investment opportunities. • The demand of entrepreneurs for substantial investments because of their growing companies and innovation. <p>Social</p> <ul style="list-style-type: none"> • Social interest to invest directly into entrepreneurship and chose your own investments. Entrepreneurship is valued highly in the Netherlands. <p>Technical</p> <ul style="list-style-type: none"> • The development of technical platforms and communication tools which support the process of crowdfunding with larger crowds. • High penetration of online banking.
<p>2. <i>What are the aspects that have proved to be (or may be) relevant obstacles (barriers) to for the crowdfunding market development in your country?</i></p>	<p>The crowdfunding market in the Netherlands has developed very well up until now. Now the crowdfunding directive is in force some of the regulation is stricter. This could be a barrier but may also be helpful as it does mean a professionalisation of the market. There are more than 40 platforms in the Netherlands which is too many. Due to regulatory burden smaller platforms will have to merge or stop. This means the larger ones can grow and reach a long-term sustainable status.</p> <p>Political</p> <ul style="list-style-type: none"> • A political barrier has been the slow recognition by the government of crowdfunders as professional financiers. Because of this the access of crowdfunders to Dutch government programs, guarantees and such has been limited. This has been, and still is, a barrier for market development. • Covid has led to loans to entrepreneurs being provided by government programs and less economic activity. This meant some crowding out and generally less demand for loans by crowdfunding platforms. Comparing 2021 and 2022 however most platforms have been able to increase the amount of loans provided so it looks like this barrier has lessened. <p>Economic</p> <ul style="list-style-type: none"> • An economic barrier from the side of investors is that it is more difficult to spread risk in your own small loan portfolio, then when you invest through a bank. This means that default risks are higher for individual small investors when investing in crowdfunding. This can be a barrier to more investment by consumers.



	<ul style="list-style-type: none"> • One of the potential growth drivers for crowdfunding could be co-financing with banks. Banks cannot always finance the amount needed by the entrepreneur due to collateral requirements and other conditions. A crowdfunder may have other criteria (or time to assess small loans better) so extra financing could be possible if both parties finance together. However, the targets of account managers at banks are based on the total amount they finance through the bank and not the total provide to the entrepreneur, or the number of entrepreneurs helped successfully. This means that for the account managers co-financing is not interesting. As it often requires more work from their side. Thus, what could be a driver is actually a barrier. <p>Social</p> <ul style="list-style-type: none"> • A social barrier is that, even for Dutch consumers, participating in crowdfunding schemes is still relatively unknown. • Among start-up, or innovative, entrepreneurs crowdfunding is also not always well known and not always popular, as it means sharing your ideas and products with a larger group of people and maybe possible competitors. • Then there are a number of barriers concerning the information about crowdfunding. For example, which is the right platform for an entrepreneur. Which are trustworthy platforms and which platforms fit the entrepreneur's financial needs and which financial information is needed for a successful application. This information plays a role in different ways: <ol style="list-style-type: none"> 1. Entrepreneurs that do know about crowdfunding, do not always have all the information needed to be able to use crowdfunding. For example, what are the right platforms (trustworthy and product wise), how do I apply, and which information do I have to supply for a successful loan- application. 2. Financial advisors, who support entrepreneurs also do not always know enough about the platforms. Again, which are the suitable and/or trustworthy platforms and what financial information is needed to do a successful application. 3. Entrepreneurs may also lack the correct support to be able to do a complete correct application.
<p>3. What are the aspects that have proved to be (or may be)</p>	<ul style="list-style-type: none"> • A relevant driver for awareness has been the difficulty for Dutch entrepreneurs to realize enough funding



<p>relevant (drivers) to increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>from regular banks. Another one is the success stories of entrepreneur's who have become a big success after being (partly) funded with crowdfunding.</p> <ul style="list-style-type: none"> • Another driver has been the start of the Dutch branch association for Crowdfunding and the “Stichting Mkb financiering” (foundation for SME finance). The branch association provides numbers and results which helps the visibility of the sector. • The foundation has as its goal the development of the non-banking finance market in the Netherlands. It has developed among other things a quality label for non-banking financiers, which helps the visibility and access to the financial market. The foundation is also an advocate to let non-banking financiers use government programs. • More publicity for crowdfunding, how it works, and its success stories could be another good driver for further market development.
<p>4. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) increase general awareness about the use of crowdfunding as business tool among SMEs ?</p>	<p>We identify the following obstacles to increase general awareness about the use of crowdfunding among SME's. In general: incorrect (dated) information and expectations of crowdfunding. For example:</p> <ul style="list-style-type: none"> • Lack of awareness in the market about possibilities and existing parties who provide crowdfunding. • Lack of experience with crowdfunding. • Not enough knowledge about actual costs of crowdfunding compared to banking costs. • Bad publicity about crowdfunding financed projects folding and no comparison with risks and defaults of other investment opportunities.
<p>5. What are the aspects that could be relevant drivers for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching ?</p>	<p>The following could be relevant drivers for cooperation:</p> <ul style="list-style-type: none"> • Exchange of knowledge between parties about the possibilities and opportunities. • Making entrepreneurs aware of the possibilities of matching of regional funds and crowdfunding. • Developing a method to match processes of different parties involved (investment horizon, loan conditions, default procedures etc.). • Testing of cooperation and developing best practices.
<p>6. What are the aspects that could be relevant obstacles for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and</p>	<ul style="list-style-type: none"> • Regulation or policies which prohibits, or significantly reduces, the possibilities of co-funding with crowdfunding platforms for government organisations. For example, Rom Utrecht always invests with another party, a business angel, or venture capitalist. Is it allowed, and possible, to add a third party, the crowdfunding platform, to this?



crowdfunding platforms in the field of fund-matching?

- No, or not enough, information about the other party. For example, public bodies may be worried that there is not an investment manager at a crowdfunding platform who looks at applications as extensively as they do themselves.
- Reluctance by parties to work together.
- Lack of knowledge about each other's possibilities and obstacles.
- Difference in investment goals.
- Difference in processes, loan conditions, approach or time horizons.
- Differences in loan approval requirements.
- Differences in approach in case of defaults or late payments.

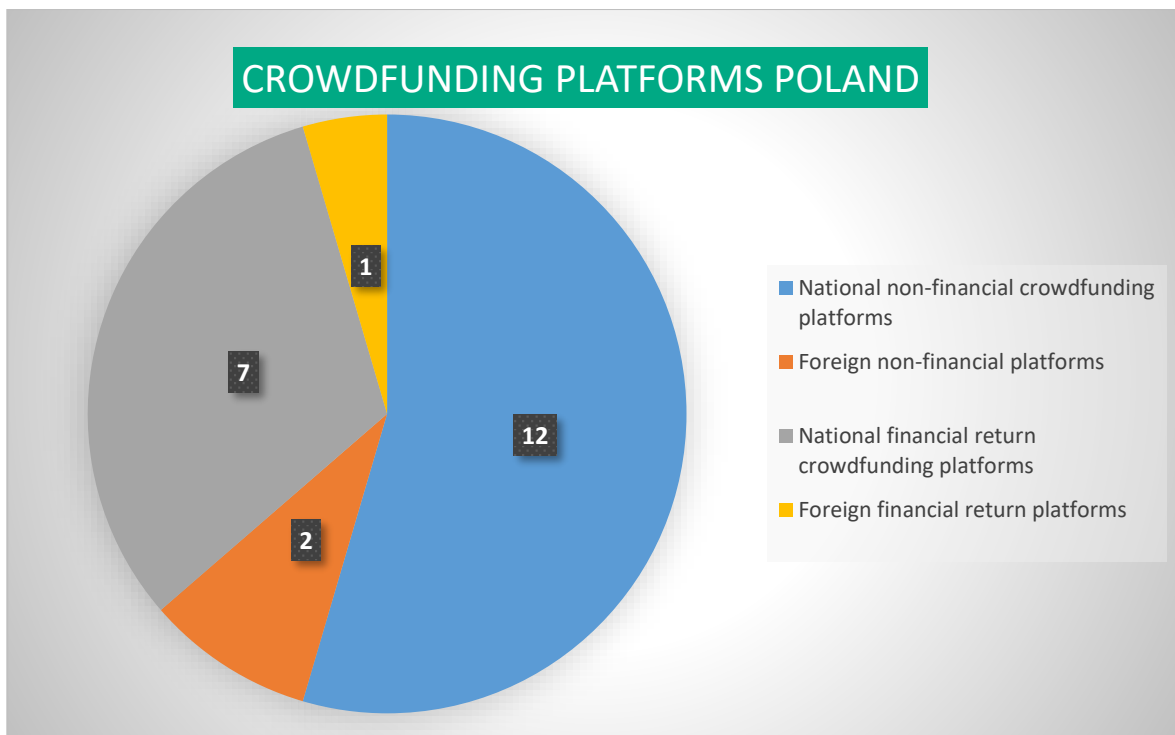


POLAND

1.1 Summary overview of the crowdfunding market

 Poland DATA POLAND	
Crowdfunding volume	311 mio EUR in 2020
Crowdfunding volume per capita	8,25 EUR
Number of operating platforms	22

Figure 14: Crowdfunding platforms in Poland





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Się pomaga (Donation-based)	https://siepomaga.pl	Medicine, health care, food
2	Zrzutka (Donation-based)	https://rzutka.pl	Sports, medicine, others
3	Ratujemy zwierzaki (Donation-based)	https://Ratujemyzwierzaki.pl	Animal maintenance, medicine
4	Pomagam (Donation-based)	https://pomagam.pl	Health care, building houses, food
5	Zbieram (Donation-based)	https://zbieram.pl	Medicine, health care, food
6	Chce pomagać (Donation-based)	https://chcepomagac.org	Health care, sports, food
7	Uda sie Donation-based	https://udasie.pl	Sports, medicine, others
8	Polak potrafi (Reward-based)	https://polakpotrafi.pl	No data, all idea
9	Wspieram (Reward-based)	https://wspieram.to	Games, application
10	Odpal projekt, (Reward-based)	https://odpalprojekt.pl	Culture and art
11	Zagram w to, (Reward-based)	https://zagramw.to	Board games
12	Mega tota (Reward-based)	https://megatotal.pl	Cultural projects

National Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Beesfund (Investment-based)	https://beesfund.com/	Craft spirits; Mobile application, e-commers; Food.
2	Crowdway (Investment-based)	https://www.crowdway.pl/	Craft spirits; Food; Clothing and accessories; Hemp industry.
3	CrowdConnect (Investment-based)	https://crowdconnect.pl/	Gaming; Mobile application, e-commers;
4	FindFunds (Investment-based)	https://findfunds.pl/	Gaming; Mobile application, e-commers;
5	Emiteo (Investment-based)	https://emiteo.pl/	Entertainment; Sport; Clothing and accessories;
6	Crowdy (Lending-based)	https://crowdy.pl/	No data
7	Crowder.PRO (Lending-based)	https://crowder.pro/	No data



Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Kickstarter (reward based)	https://www.kickstarter.com/	Games, design, technology
2	Indiegogo (reward based)	https://www.indiegogo.com/	Innovations in tech and design

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Mintos (lending and investing)	https://www.mintos.com/pl	Investment in loans, Fractional Bonds, and ETFs

1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

The crowdfunding market for business venture in Europe, and in Poland in particular, is regulated by the Regulation (EU) 2020/1503 of the European Parliament and of the Council of the European Union of 7 October 2020 on European providers of crowdfunding services for business ventures and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (hereinafter: the "Regulation").

In Poland, the Law of July 29, 2022 come into force on July 7, 2022 as an act for crowdfunding for business ventures and assistance to borrowers. This act implements it into the legal order the regulations on crowdfunding contained in Regulation (EU) 2020/1503 of the European Parliament and the Council of the European Union amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937. Under the Polish Act on crowdfunding for economic ventures and assistance, the Financial Supervision Commission (Komisja Nadzoru Finansowego – org.) has been given new powers to supervise and control the crowdfunding market. The act is crucial from the perspective of conducting crowdfunding activities, primarily because:

1. the act normalizes the obtaining of an appropriate permit from the Polish Financial Supervision Authority by crowdfunding platforms (until now it was not possible due to the lack of regulation at the national level),
2. the act introduces detailed rules for the supervision of the crowdfunding market in Poland.



It is assumed that the new regulations should contribute to greater transparency of the equity crowdfunding market in Poland and faster dynamics of its development.

Polish legal acts

- Law of July 7, 2022. On crowdfunding for economic ventures and assistance to borrowers - OJ. 2022 item 1488 as amended.
- Regulation of the Minister of Finance dated November 18, 2022. On the handling of documents related to the performance of certain activities related to crowdfunding services.
- Law of August 5, 2015. On the handling of complaints by financial market entities, on the Financial Ombudsman and on the Financial Education Fund - OJ. Of 2022. Item 187 as amended.
- Regulation of the Minister of Finance dated December 22, 2022. On the declaration of the fee for financing the activities of the Financial Ombudsman and its Office.
- Regulation of the Minister of Finance dated December 14, 2022. On fees to cover the costs of capital market supervision.
- Regulation of the Minister of Finance dated January 17, 2023. On measures and technical conditions for the transmission of certain information by entities supervised by the Financial Supervision Commission.

1.2.2 National regulatory framework for crowdfunding investors

Standardization procedures specific to crowdfunding in Poland depend on its nature.

The transfer of money without a return benefit/service is a typical example of donation crowdfunding and the provisions of the Civil Code (Kodeks Cywilny – org) mainly apply.

If, on the other hand, we are dealing with reward crowdfunding, where the person donating money gets a benefit/service in return then his payment is the price of the benefit and service and the additional provisions of the VAT Law will apply [Majewska, 2023].

In the case of lending crowdfunding, on the other hand, standardization procedures have been defined by Regulation (EU) 2020/1503 of the European Parliament and of the Council of the European Union of October 7, 2020 on European providers of crowdfunding services for business ventures and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (hereinafter: the "Regulation"), and the Law of July 7, 2022 on crowdfunding for business ventures and assistance to borrowers.



No-reward crowdfunding

If donation crowdfunding does not have the characteristics of a business, the procedures set forth by: Civil Code, Inheritance and Gift Tax Law, Personal Income Tax Law, Corporate Tax Law and VAT Law. Donation crowdfunding has all the characteristics legally defined as a donation. It is substantiated in Article 888 of the Civil Code, where "*by a donation contract, the donor undertakes to provide a gratuitous service to the recipient at the expense of his property*" and in Articles 889-902 of the Civil Code, which stipulate, among other things, the forms of donation, its revocation, the liability of the recipient and the donor, as well as the consequences of the so-called gross ingratitude of the recipient. According to the Civil Code, a donation does not have to be in the form of a written agreement or a notarial deed - its "fulfillment", i.e. the transfer of funds, is sufficient. The donation can be revoked, and the donor should support the donor if the donor falls into want - however, he can free himself from this responsibility by returning the donation.

Another important issue is the taxation of online collections, where funds received in the no-rewarding crowdfunding model are subject to inheritance and gift taxes. According to the so-called Deregulation Law amending, among other things, the Law on Inheritance and Donation Tax which came into force on July 1, 2023, the tax-free amounts were changed (Table below), differentiated in each tax group depending on whether the acquisition of taxable items took place from one or many persons. Significantly, the legislature has introduced the settlement of tax-free amounts on a five-year cycle, and these in turn will be calculated from July 1, 2023.

Inheritance and gift tax free amounts

TAX GROUP	FREE AMOUNT	
	IN THE CASE OF A SINGLE DONOR	IN THE CASE OF MULTIPLE DONORS
I (immediate family)	36,120 PLN	108,360 PLN
II (extended family)	27,090 PLN	81,270 PLN
III (unrelated individuals)	18,060 PLN	54,180 PLN

Source: own elaboration based on: Decree of the Minister of Finance from October 10, 2022 and the Law on Amending Laws to Eliminate Unnecessary Administrative and Legal Barriers from January 26, 2023.

According to this Table if the acquirer is a person included in the first tax group (immediate family, this includes: spouse, descendants (e.g. son, daughter, grandchildren, great-grandchildren), ascendants (e.g. mother, father, grandparents), stepson, son-in-law, stepdaughter, stepfather, stepmother and in-laws. Mother, father, grandparents), stepson, son-in-law, daughter-in-law, siblings, stepfather, stepmother and in-laws, the acquisition of property and property rights with a value exceeding the amount of PLN



36,120 from one person over a period of five years, and from several persons - PLN 108,360 will be exempt from inheritance and donation tax [money.pl, 2023].

In the case of a purchaser included in the second tax group, the acquisition of property and property rights worth PLN 27,090 from one person and PLN 81,270 in the case of acquisition from several persons will be subject to taxation (distant family, refers to: descendants of siblings, siblings of parents, descendants and spouses of stepchildren, spouses of siblings, siblings of spouses, spouses of spouses and spouses of other descendants (children, grandchildren, great-grandchildren).

On the other hand, if the acquirer is included in the third tax group (immediate family members and unrelated persons), then the limits will be PLN 18, 060 from one person and PLN 54,180 from multiple persons.

Under the so-called Deregulation Law, the taxation for excesses over the free amount has been changed.

Inheritance and gift tax rates for excess over the free amount

TAX GROUP	AMOUNT OF EXCESS OVER FREE ALLOWANCE		
	UP TO PLN 11,128	FROM PLN 11,128 UP TO 22 256 PLN	ABOVE PLN 22,256
I (immediate family)	3%	333.30 PLN and 5% of the surplus above 11,128 PLN	890,00 PLN and 7% of the surplus above 22 256 PLN
II (extended family)	7%	779.00 PLN and 9% of the surplus above 11,128 PLN	PLN 1,780.60 and 12% of the surplus above PLN 22,256
III (unrelated individuals)	12%	1,335.40 PLN and 16% of the surplus above 11,128 PLN	3,115.90 PLN and 20% of the surplus above 22 256 PLN

Source: own elaboration based on: Decree of the Minister of Finance dated October 10, 2022.

Reward crowdfunding

Reward crowdfunding assumes that in exchange for the donated funds, it is no longer the donor but the patron who receives a specific product/service from the beneficiary (e.g. an e-book, a book with a dedication, a specific travel souvenir, a personalized review of trade press, an advertisement for products or a company in a podcast, a logo placement on a blog, etc.). Thus, proceeds from crowdfunding sites should the beneficiaries be accounted for as sales and payments from patrons should then be treated as a price for goods/services and accounted for under business activities. The



price of goods/services - with statutory exceptions - should include VAT [Director of National Tax Information, 2020]. Importantly, the tax treatment of contributions received does not depend on the organizer of the collection having a registered business activity.

Lending crowdfunding

The lending crowdfunding market is regulated by Regulation (EU) 2020/1503 of the European Parliament and of the Council of the European Union of October 7, 2020 on European providers of crowdfunding services for business ventures and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (hereinafter: the "Regulation"), and the Law of July 7, 2022 on crowdfunding for business ventures and assistance to borrowers.

The regulation does not include in its scope crowdfunding services when the borrower is a consumer. In such a case, there is a risk of an obligation to adapt the Platform's activities under the regulations of the Consumer Credit Act. Thus, the owner of the Platform is subject to the rigor of the Consumer Credit Act and will entail the need to consider the provisions of the Act when developing the process of concluding a consumer credit agreement through the Platform.

It should be noted that lending crowdfunding services are not covered by the deposit guarantee scheme established pursuant to Directive 2014/49/EU of the European Parliament and of the Council of the European Union of April 16, 2014 on deposit guarantee schemes and the investor compensation scheme established pursuant to Directive 97/9/EC of the European Parliament and of the Council of the European Union of March 3, 1997 on investor compensation schemes. This means that an investor cannot count on the guarantee of protection of funds and can lose up to 100% of invested funds.

Poland, as a European Union member state, has a transition period until November 10, 2023, obliging it to implement the provisions of the Ordinance into national legal systems. Until the end of the transition period, Platform owners are required to obtain a permit from the Financial Supervision Commission to conduct the business of providing crowdfunding services. Upon the ineffective expiration of this deadline, the Platform's operations must be terminated outright. There is a penalty of up to €5 million for operating a Platform without the appropriate authorization.



1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • National regulation (including with tax system) supports crowdfunding (CF) • Effective implementation of European law CF. <p>Economic</p> <ul style="list-style-type: none"> • Increased use of CF by companies as an alternative source of finance. • Growing investment needs of SMEs. • Rapid development of the financial market. <p>Social</p> <ul style="list-style-type: none"> • Increased social needs. • Greater social acceptance of CF. • Growing popularity of social media. <p>Technological</p> <ul style="list-style-type: none"> • Popularization new technology in CF market. • Increased availability of CF trading tools. • Increased Ai in CF market.
<p>2. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) to for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • Permanent financial law changes. • Political instability. • Increase in administrative responsibilities and bureaucracy duties in CF sector. <p>Economic</p> <ul style="list-style-type: none"> • No financial needs by SME. • Low economic development • Increased bank lending to businesses. <p>Social</p> <ul style="list-style-type: none"> • Impoverishment of society and lower ability / willingness to invest. • Still relatively low knowledge and trust in alternative forms of financing. • Possible low or decreasing propensity to take investment risks from potential investors. • Relatively low level of economic and legal protection for individual/small investors. <p>Technological</p> <ul style="list-style-type: none"> • Relatively high threat of cybercrime in the context of the tools used to handle crowdfunding transactions. • Monopolization of the market of technology providers for CF. • Problems with maintaining market secrecy (stealing ideas).



<p>3. What are the aspects that have proved to be (or may be) relevant (drivers) to increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Political good climate for CF. • Integration of Polish law with EU law in the field of CF, including greater internationalization of CF investment implementation. • Introduction of changes in the law that facilitate the use of CF by SMEs. • Development of legal regulations for equity CF. <p>Economic</p> <ul style="list-style-type: none"> • Growing investment needs of SMEs. • Increasing market awareness of entrepreneurs in the field of alternative forms of investment. • Greater internationalization of CF. • Increase in the professionalization of CF market entities. • CF as a much cheaper alternative to the full/traditional path of raising capital (formalities / legal and operational representation). <p>Social</p> <ul style="list-style-type: none"> • Greater public awareness of alternative and modern forms of investment, including CF. • Greater sense of legal security for the implementation of CF investments in society. • Growing popularity of social media, greater ability to reach potential investors. • Increase in investor experience in society, including CF. <p>Technological</p> <ul style="list-style-type: none"> • increased availability of CF trading tools. • development of AI as a potential support for the functioning of technology for CF. • development of social media (tools) to simplify contact between CF participants. • potential development of decision-making tools for investors (e.g. search engines and comparison websites).
<p>4. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) increase general awareness about the use of crowdfunding as business tool among SMEs ?</p>	<p>Political</p> <ul style="list-style-type: none"> • Increase in administrative responsibilities and bureaucracy duties in SMEs sector. • Lack of incentives and tax exemptions. <p>Economic</p> <ul style="list-style-type: none"> • Predominance of large companies in investment expenditure, 44% of expenditure on tangible assets are borne by the SME, and 56% – by a large company. • Quite low innovativeness of SMEs, only about 20% implemented innovations.



	<ul style="list-style-type: none"> • Low share of enterprises cooperating in the field of innovation with other enterprises or other institutions • Very low share of SMEs' use of public aid for R&D works. <p>Social</p> <ul style="list-style-type: none"> • High percentage of self-employment among SMEs. • SMEs operate quite often as a subcontractor of larger companies strong identification of crowdfunding as a tool appropriate for donation and charity activities. <p>Technological</p> <ul style="list-style-type: none"> • SMEs in Poland are characterized by a high rate of Internet access, but the percentage of enterprises employing ICT specialists among SMEs is much lower in comparison to large enterprises. • SME sector ensures the development of digital competences of employees to a limited extent. Mainly due to a lack of needs in this area or financial resources.
<p>5. What are the aspects that could be relevant drivers for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • Higher involvement of institutions the stock exchange including. • Implementation of incentives and tax exemptions. • Public funds for social campaigns. <p>Economic</p> <ul style="list-style-type: none"> • The higher investors' protection, which now after new regulation is provided. • Information about returns and risks based on previous crowdfunding campaigns. • it would be win-win situation, potential increase in platforms' income, higher funds for SMEs, better performance for institution. <p>Social</p> <ul style="list-style-type: none"> • The pace and nature of urbanization, agglomeration and metropolisation. • Changes in population due to the influx of migrants. • Increasing digital competences and the need for young generations to function in the digital world. • Positive public opinion on crowdfunding tools for the benefit of the entire society. <p>Technological</p> <ul style="list-style-type: none"> • Increasingly digital skills of employees. • Easier technological access to crowdfunding platforms. • Higher financial security in the digital world. • Lower cost of access to information and financial technologies. • Higher level of use of digital public services.



<p>6. What are the aspects that could be relevant obstacles for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • Constant legal changes in the way of functioning. • Lack of legal solutions that will provide benefits and support for cooperation. • Lack of legal solutions to support the implemented innovative solutions. <p>Economic</p> <ul style="list-style-type: none"> • Lack of investment in the business economy. • Lack of public funds for campaigns and education in this area. • Too high tax burdens for this type of activity. • Economic crisis in the country. <p>Social</p> <ul style="list-style-type: none"> • Low level of digital competences in society. • Low involvement of people working in these institutions in cooperation. • Lack of trust between public institutions and private entrepreneurs. <p>Technological</p> <ul style="list-style-type: none"> • Low level of digital services provided by public institutions. • Lack of trust in digital technologies. • Low data security.
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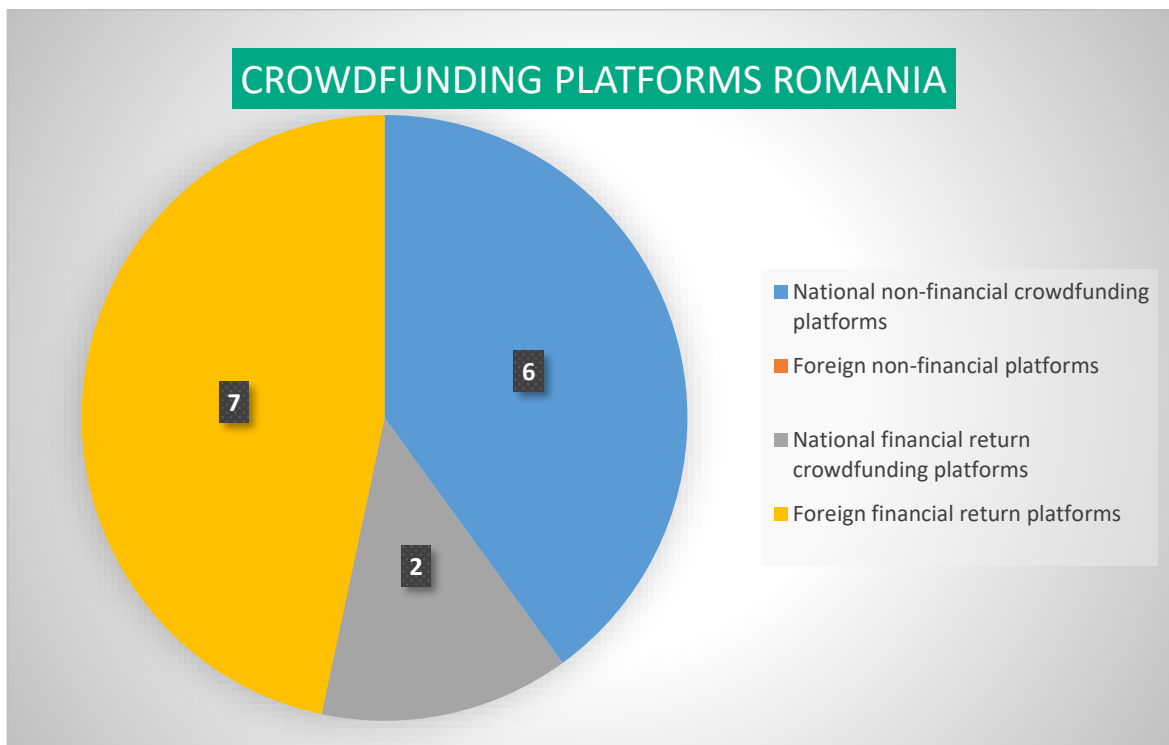


ROMANIA

1.1 Summary overview of the crowdfunding market

 DATA ROMANIA	
Crowdfunding volume	39,20 mio EUR
Crowdfunding volume per capita	0,53 EUR
Number of operating platforms	15

Figure 15: Crowdfunding platforms in Romania





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Sprijina (Donation-based and reward-based)	https://www.sprijina.ro/	Supporting all types/ fields of community projects: art, history, publishing, research, social entrepreneurship, humanitarian aid, etc.
2	Bursa Binelui by BCR (Donation-based)	https://www.bursabinelui.ro/BursaBinelui/	Supporting mostly social projects: social charitable events, medical support, animal charity donations, social entrepreneurship, humanitarian aid, education campaigns, awareness campaigns, etc.
3	Crestem Idei (Reward-based)	https://crestemidei.org/	Promotes projects that address innovative ideas having social impact (mostly promoted by NGOs)
4	Platforma Donatorilor (donation based)	https://platformadonatorilor.ro/	Open data platform dedicated to the non-profit sector in Romania, but also hosts donation-based projects promoted by NGOs
5	Speranta pentru Romania (donation based)	https://www.sperantapentruromania.ro/	Supporting humanitarian aid projects
6	GalantOm (donation based)	https://galantom.ro/	Supporting humanitarian aid projects and social causes.

National Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	SeedBlink (equity-based)	https://seedblink.com/	Investments in Technology / tech start-ups and scale-ups
2	Stock.Estate (Stockestate Crowdfunding S.R.L.) (lending-based)	https://www.stock.estate	Real-estate projects

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	CROWDCUBE (equity based)	https://www.crowdcube.eu	All types of start-ups and scale-ups
2	CrowdedHero (SIA 'CrowdedHero Latvia') (equity based)	https://crowdedhero.com	Start-ups / SMEs from all industries
3	ENERFIP (equity based)	https://fr.enerfip.eu	Projects supporting the energy transition via equity



	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
			investments (bio-energy, biogas, photovoltaics, wind-powered, etc.).
4	FUNDEEN PLATFORM, SL (lending and equity)	https://www.fundeen.com	Sustainable energy generation projects/ renewable energy
5	Wefunder , (Wefunder EU B.V.) (equity based)	https://wefunder.com	All types of start-ups and scale-ups
6	Crowdestate (lending-based)	https://crowdestate.eu	Real-estate projects
7	Estateguru , (Estateguru OÜ) (lending-based)	https://estateguru.co	Real-estate projects

1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

Before the adoption of the ECSP Regulation, crowdfunding regulatory framework remained under national legal regimes, resulting in large disparities in regulation (from detailed regulation to no regulation, to conflicting regulation among member states), having a negative effect on the cross-border flow of investments in the internal market, due to considerable differences among such national regulation. When the EU decided to regulate crowdfunding to contribute to the consolidation of the capitals' internal market, several fragmented national regimes for crowdfunding platforms existed. This is not the case of Romania, there was no previous regulatory measure, preceding the legal regime introduced by the ECSP Regulation. As such, the analysis in this section describes only the measures introduced by Law no. 244/2022 and concludes on crowdfunding activities that are left outside the scope of the legal regime from the ECSP Regulation (and additional implementing or delegated measures).

Law no. 244/2022 adopts the most important implementing measure required for the application of the ECSP Regulation framework, respectively the designation of the national Financial Supervisory Authority (ASF) as the Romanian competent authority for the authorization, regulation, supervision, and control of crowdfunding service providers which fall under the scope of the ECSP Regulation. As such, platforms which are authorised in Romania are required to undertake their financial-return intermediation activities under the supervision of the Financial Supervisory Authority (ASF). ASF is also the designated national authority for the performance of functions and tasks according



to Regulation (EU) 2020/1503 and is the single point of contact for cross-border administrative cooperation.

Authorization requirements for crowdfunding platforms are only those comprised in Regulation (EU) 2020/1503 and subsequent technical standards, the only details provided in Law no. 244/2022 refer to the studies, knowledge, competencies and experience under national law for the board members and other management bodies of the platform seeking authorization, and the corresponding dispute resolution mechanisms (by filing a complaint at Bucharest Appellate Court). Then, the national law provides the deadline for ASF to issue a decision while analysing the documentation for authorization submitted by potential platforms operators seeking authorization (3 months).

ASF is mandated to register all authorized platforms within its Registry at the date of issuing the authorization and ASF is the institution responsible for revoking the authorisation under conditions provided in Regulation (EU) 2020/1503; ASF notifies ESMA on all these procedures and corresponding acts. The platform operators are required by law to notify ASF on significant changes (accompanied by justifying documents) to the conditions that were relevant for obtaining the authorization, within 15 days from the occurrence of the change and ASF can formulate observations to these changes, observations that need to be satisfactorily implemented by the platform operator before they become applicable. Such significant changes are listed in the law (art. 10(2)): changing of the company name, its social headquarters, modifications of company governance procedures, as listed in the ECSP Regulation.

The law also stipulates that loans/ lending contracts, and real/ personal guarantees contracts submitted as guarantees for the return of the loan, concluded among the investors and project developers by the intermediation of the platform operator, represent enforceable titles. Also, the crowdfunding service providers are mandated to report to the Central of Credit Risks of the Romanian National Bank, and to consult the credit risk information comprised by this instrument.

Another section of the national law provides details on marketing communications and the obligations of crowdfunding services providers to store (in hard-copy or electronically), for a period of 2 years, all marketing communications. They are also required to provide to ASF, at its request, all marketing communications.

Finally, the national law for implementing Regulation (EU) 2020/1503 includes a chapter on accountability and sanctions. The Regulation stipulates that Member States, according to their national law, are required to empower the competent authority (in Romania, ASF) with the competencies and required attributes to impose administrative sanctions and to undertake other appropriate administrative actions that are 'effective, proportional and dissuasive' enough to ensure compliance with the Regulation. The law lists the



administrative offenses very similarly to Art. 39 of the Regulation, institutes the responsibility of legal persons (crowdfunding service provider and the project developer) and natural persons (members of their boards or other management structures), and establishes fines/ sanctions in line with the regulation: between the RON equivalent of 2.000 EUR to 500.000 EUR or up to 5% of the total annual business turnover for legal persons, and the RON equivalent of 1.000 EUR to 500.000 EUR or up to double the value of the benefit resulted from the illegal action for natural persons – found in breach of the list of administrative sanctions provided in the Regulation. As provided in the Regulation, the law establishes the list of complementary administrative sanctions that can be applied by ASF for breaches of the Regulation, either separately, or cumulatively with the administrative fines (these are not detailed here since they are the exact provisions from Regulation (EU) 2020/1503). Finally, the law institutes the criminal offense for the provision of crowdfunding services (in the meaning of the ECSP Regulation) without authorization; this is assimilated under national law to the criminal offense of conducting a profession or professional activity without the legal right to do so and is sanctioned under the national Criminal Code.

From the succinct analysis of the national law on crowdfunding we can conclude that it does not provide anything additional or even complementary to the provisions of the ECSP Regulation, it is only an implementing measure, adopting only the measure that the regulation explicitly requires from the member states.

A separate conclusion to be drawn refers to the scope of the existing legal framework (ECSP Regulation and the national implementing law) and the crowdfunding or alternative financing activities which are not covered by this legislation, and as such, in Romania, not regulated by specific crowdfunding measures:

– What is included under the scope of existing regulation – the activities of the crowdfunding service provider, who, without taking on any risk, operates a public digital platform to match prospective investors with project owners seeking funding through equity or loan agreements. In the terms of the Directive on markets in financial instruments (MiFID II), crowdfunding service providers are only allowed to offer services which consist in the reception and transmission of client orders, and the placement of transferable securities or admitted instruments for crowdfunding purposes without a firm commitment basis. As for lending-based crowdfunding platforms, they merely facilitate the conclusion by investors and project owners of loan agreements without the crowdfunding service provider at any moment acting as a creditor of the project owner/ they are not allowed to participate in offers on their platforms.

– What is excluded from the scope of existing regulation – crowdfunding service providers are prohibited from taking deposits or other repayable funds from the public, unless they



are also authorised as a credit institution; moreover, the ECSP license does not grant crowdfunding service providers the right to provide individual or collective asset management services.

From the alternative finance models included in the Cambridge Centre for Alternative Finance's reports, invoice financing (factoring) is not covered by the regulation, and neither is P2P consumer lending (for consumption purposes, under the scope of the Consumer Credit Directive), thus such models remain unregulated in Romania.

All crowdfunding models that fall outside the scope of the ECSP regulation, namely donation-based and reward-based crowdfunding platforms, continue to be operated in accordance with generally applicable EU and national laws on consumer protection, money laundering, provision of financial services, including payment services.

1.2.2 National regulatory framework for crowdfunding investors

As the ECSP Regulation focuses primarily on the activity of platforms, rather than the features of the underlying instrument being used, this resulted in the creation of a regulatory regime applicable to both lending-based and investment-based crowdfunding, despite the substantial differences in their risk-return profiles. In terms of risk management for investors, all the relevant provisions for the protection of investors are those found in Regulation (EU) 2020/1503. The Romanian law only details aspects on 'naming' the responsible parties, according to national law, and providing the legal basis for sanctions in case of non-compliance with the provisions of the regulation.

One such means of protecting the investor is the obligations related to the 'key investment information sheet', which the Romanian law states that is under the responsibility of the project owner or its board members / supervisory council. They are the responsible for the information included in the document, and consequently fall under the provisions of the Romanian Civil Code if information is misleading or inexact, or leaves out essential information that are necessary for investors when making the investment decision.

There are no other provisions in this law addressed to investors. There are no other specific national regulation addressing the rights or obligations of crowdfunding investors.



1.3 “PEST” analysis of crowdfunding development

<p>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • EU regulation is viewed as a facilitator for the CF market development, bringing clear obligations to platforms, transparency, safety for investors.²¹ • Romanian Financial Supervisory Authority (ASF) also underlines the opportunities offered by the crowdfunding regulation related to diversification of financial capital market and stimulation of innovation^{22,23}. <p>Economic</p> <ul style="list-style-type: none"> • “The National strategy for the development of the capital Market in Romania for the 2023-2026”, objectives and measure supporting development of CF market: ‘General objective 4: Promoting savings among individual investors/ natural persons, as well as increasing the participation of individual investors and the business environment in the capital market’. ‘General objective 7: Supporting digitization and innovation’. ‘General objective 3: Support the development and growth of the SME [capital] market’. • The creation of the Romanian Investment and Development Bank in 2022, entirely state-owned (Banca Română de Investiții și Dezvoltare) – according to Romanian authorities, the Bank, initially capitalized with 1,6 billion Euros, has as its central mission to ‘ensure access to finance, especially for small and medium-sized enterprises that are experiencing difficulties in obtaining a sufficient level of market support’. • Since 2015, the Bucharest Stock Exchange has launched an alternative/ multilateral trading system (commercially named AeRo), dedicated to ‘financing, growth and promotion of SMEs’, having two components, an equity segment and a corporate bond segment, with less demanding standards for issuers
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²¹ Nocash (Online financial forum), 11 August 2021, available at: <https://nocash.ro/ministerul-finantelor-a-lansat-un-proiect-de-lege-privind-finantarea-participativa-crowdfunding/>

²² Geroge Tuță, Financial Intelligence (news article), 29 June 2022, available at: <https://financialintelligence.ro/george-tuta-avem-o-lege-pentru-servicii-de-finantare-participativa-pentru-afaceri-crowdfunding/>

²³ Romanian Financial Supervisory Authority (ASF), Press release, 7 November 2022, available at: <https://www.asfromania.ro/ro/a/2585/a.s.f.-a-autorizat-prima-platforma-de-crowdfunding-din-romania>



	<p>compared to the main market. The specific measures to increase access and use of this alternative trading system by SMEs are taxes and tariffs reductions in order to support SMEs' access to capital.</p> <ul style="list-style-type: none"> • Experts mention as a driver the increased interest of social enterprises to self-finance their projects, and in this context the increased demand for crowdfunding to support innovative projects led by social enterprises. At the same time, non-financial crowdfunding presents too many fiscal barriers. <p>Social</p> <ul style="list-style-type: none"> • The level of financial inclusion in Romania reached 68% in mid-2022, which reflects progress made in the last decade, but, in 2021 was still 26% below the EU average.²⁴ However, since a significant positive trend is visible, we consider it a potential driver for crowdfunding market development. • On the social opportunities' side for market development, social trust in the business sector (People's perception on the entrepreneurial environment) can be identified as driver. • The Large-scale uptake of social networks has a potential to promote crowdfunding.
<p>2. <i>What are the aspects that have proved to be (or may be) relevant obstacles (barriers) to for the crowdfunding market development in your country?</i></p>	<p>Political</p> <ul style="list-style-type: none"> • Underdeveloped crowdfunding market due to absence of any regulation until the entry into force of the ECSP regulation. First law was adopted in July 2022.²⁵ • No explicit measures related to support of crowdfunding market, identified in "National strategy for the development of the capital Market in Romania for the 2023-2026". • Lack of technical support to crowdfunding platforms seeking authorization, although ASF declares the support to be available^{26, 27}. • Another national regulation was identified as barrier relate to equity crowdfunding models, The Romanian Law no. 31/1990 on commercial societies has very few references to the protection of the minority

²⁴ Barometrul RBL, 2022, available at: <https://www.rbls.ro/wp-content/uploads/2022/12/Barometrul-RBL-2022.pdf>

²⁵ Law no. 244 of July 20, 2022, on the establishment of measures to implement Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding services providers for business, and amending Regulation (EU) 2017/1129 and the Directive (EU) 2019/1937, available at: <https://legislatie.just.ro/Public/DetaliuDocument/257861>

²⁶ CECCAR Business Magazine, 24 August 2022, <https://www.ceccarbusinessmagazine.ro/asf-legea-crowdfunding-ului-a-intrat-in-vigoare-s16022/>

²⁷ Romanian Financial Supervisory Authority (ASF), Press release, 7 November 2022, available at: <https://www.asfromania.ro/ro/a/2585/a.s.f.-a-autorizat-prima-platforma-de-crowdfunding-din-romania>



	<p>shareholder', thus providing little incentive for potential individual investors to be interested in equity crowdfunding.</p> <ul style="list-style-type: none">• Lack of awareness among SMEs and investors of such financial solutions. The Romanian public, including business and institutions are not educated how EU regulations are applicable in Romania. <p>Economic</p> <ul style="list-style-type: none">• Modest degree of financial education among entrepreneurs, resulting in low level of financial intermediation and the inadequate level of companies' capitalization²⁸.• SMEs are heavily depending on loan based financing from banks, there is a need for education and awareness.• Private equity industry in Romania is still under development. Market development is heavily influenced by the income level and disposable income of the population, therefore the number of local investors in non-financial corporate bonds is very low (16%).• SMEs consider as the greatest business opportunity accessible to SMEs 'obtaining a grant form EU funds or national public funds' (51.37%), with no other alternative financing option being mentioned as opportunity for business development. <p>Social</p> <ul style="list-style-type: none">• Romanians have the lowest level of financial literacy in the EU, with only 8% of the population having elementary financial knowledge. This reflects a very reduced capacity of the population to adhere to new, innovative, digital investment tools, thus consisting in a significant barrier for large community involvement in crowdfunding projects.²⁹• Another social obstacle that could have an influence over the uptake of the crowdfunding in Romania could consist in the low level of digital education of the human capital.• Important obstacle is also lack of the investment and collaborative culture. <p>Technological</p> <ul style="list-style-type: none">• Low digitalization level and low level of digital public services in comparison to EU average, although
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²⁸ National Bank of Romania, 'Survey on the access to financing of non-financial companies in Romania', June 2023, available at: <https://www.bnr.ro/PublicationDocuments.aspx?icid=15748>, p. 16.

²⁹ Barometrul RBL, 2022, available at: <https://www.rbls.ro/wp-content/uploads/2022/12/Barometrul-RBL-2022.pdf>



	<p>connectivity is improving and political commitment for digital transformation is high.</p>
<p>3. What are the aspects that have proved to be (or may be) relevant (drivers) to increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Indirect promotion of financial education and awareness, increasing financial inclusion and increased level of banking of the population, increasing digital education and capacity for both SMEs and the public. <p>Social and Economic</p> <ul style="list-style-type: none"> • Increasing SMEs awareness about ‘the existing platforms and business accelerators’ from the professional environment (market practitioners, experts, professional associations). Promoting success stories as a result of crowdfunding. • Organization of meetings and roundtables with SMEs representatives’ and more involvement of professional associations as promoting vectors. <p>Technological</p> <ul style="list-style-type: none"> • Declared commitment of SMEs as management priorities for future actions, to increase digitalization of their activities.
<p>4. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>A serious obstacle to market development, ‘the reduced pipeline of entrepreneurs willing to use crowdfunding’, awareness raising of SMEs is the solution to increasing this pool of beneficiaries, for the benefit of both SMEs and investors.</p> <p>Political</p> <ul style="list-style-type: none"> • In terms of political factors influencing crowdfunding awareness, the legal framework and low priority of crowdfunding on the policy agenda are key factors. <p>Social and Economic</p> <ul style="list-style-type: none"> • Low level of awareness of SMEs, how to use crowdfunding as a business tool. • Low level of financial knowledge among entrepreneurs, including on alternative financial sources. • Low level of innovativeness of products/services among Romanian SMEs, which is required in the crowdfunding market in order to attract the potential supporters/investors. <p>Technological</p> <ul style="list-style-type: none"> • Low level of digitalization of SMEs and public authorities.
<p>5. What are the aspects that could be relevant drivers for the development of cooperation between SMEs, policy institutions supporting</p>	<p>Economic and Social</p> <ul style="list-style-type: none"> • Credibility of the platform administrator. • Focusing crowdfunding activities on a few key areas having high innovation potential. • Provision of fiscal incentives.



<p><i>innovative SMEs and crowdfunding platforms in the field of fund-matching?</i></p>	<ul style="list-style-type: none"> • High dependency and preference of SMEs for grants. • Implementation of pilot projects to develop working models.
<p>6. What are the aspects that could be relevant obstacles for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • Expected leading role from public institutions, to support cooperation and fund matching mechanisms. As such, main political factors are reported as barriers: lack of financial incentives for crowdfunding, high bureaucratization resulting from cooperation with public authorities and involving public funding.

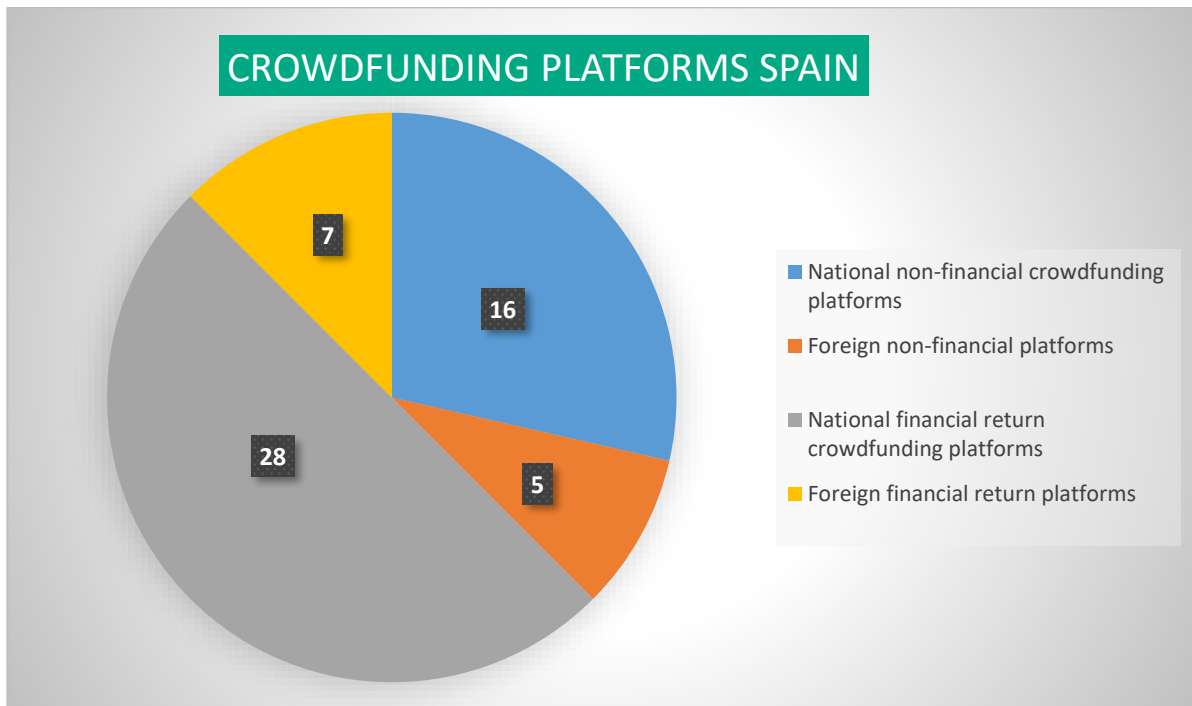


SPAIN

1.1 Summary overview of the crowdfunding market

 Spain	
DATA SPAIN	
Crowdfunding volume	627 mio EUR in 2020
Crowdfunding volume per capita	13,19 EUR
Number of operating platforms	56

Figure 16: Crowdfunding platforms in Spain





National Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	IHelp (donation)	https://www.ihelp.org.es/	Projects and solidarity challenges (education, inclusion and research for health improvements)
2	Kukumi (donation)	https://www.kukumiku.com/	Solidarity projects
3	Miaportación (donation)	https://miaportacion.org/	Projects for local social entities in areas as education, work insertion or mental health
4	Migranodearena.org (donation)	https://www.migranodearena.org/	Projects for individuals, companies and NGOs in sectors related to health, social insertion or international cooperation
5	Save the children (donation)	https://www.savethechildren.es/retos/retos-abiertos	Projects to improve children environment
6	Teaming (donation)	https://www.teaming.net/	Projects with a special focus on diseases, migrants or children
7	Tenerife solidario (donation)	https://www.crowdants.com/canal/tenerife-solidario	Platform that gathers other platforms to develop local crowdfunding campaigns to promote social entities
8	Goteo (reward-based)	https://www.goteo.org/	Cooperatives from the Social and Solidarity Economy and Social impact projects (linked with SDGs)
9	Lánzanos (reward-based)	https://www.lanzanos.com/	Projects from music, cinema, books, etc)
10	Verkami (reward-based)	https://www.verkami.com/	Special focus on cultural and creative projects
11	Fundación Triodos (reward-based)	https://www.fundaciontriodos.es/crowdfunding	A social banking institution for social and agricultural regeneration projects
12	Apontoque (reward-based)	https://www.apontoque.com	For sport projects (Andalusia region)
13	Crowdfunding de libros (reward-based)	https://crowdfundingdelibros.com/	Publishing books
14	Libros.com (reward-based)	https://libros.com/	Publishing books
15	Spaceman Project (reward-based)	https://www.spacemanproject.com/es	Publishing comics books
16	TotSuma (reward-based)	http://www.totsuma.cat/	Special focus on cultural, education, social and creative projects in Catalonia



National Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Adventures (Investment-based)	https://www.adventurees.com/	Crowdfunding platform that allows tokenisation. Fintech, startups and innovative business models.
2	BD Kapital (equity and lending)	https://bdkapital.es/home	Platform specialized in new technological developments and real estate projects especially in the Canary Islands.
3	Bizkaia Crowdfunding (Investment-based)	https://crowdfundingbizkaia.com/	Public Investment-based platform for projects located in Bizkaia; it aims at promoting local talent.
4	Capital Cell (Investment-based)	https://capitalcell.es/	Investment-based platform specialized in health and biotech companies.
5	Dozen Invest (Investment and lending)	https://dozeninvestments.com/	Investment crowdfunding platform and convertible loans in technology startups, seed and pre-IPO companies
6	Einicia Crowdfunding (Investment and lending)	https://www.einicia.es/	Investment-based and lending-based platform which connects companies with investors.
7	Fellow funders (Investment-based)	https://www.fellowfunders.es/	Investment-based platform with a focus in start-ups, scale-ups, and housing projects.
8	Flobers (Investment-based)	https://www.flobers.com/	Investment-based platform specialized in renewable energies.
9	Housers (Lending-based)	https://www.housers.com/es	Lending-based platform for the housing sector. It provides fixed rate with a first claim mortgage guarantee.
10	La Bolsa Social (Investment-based)	https://www.bolsasocial.com/	Positive impact Investment-based platform and sustainable loans to social companies.
11	Sego Finance (Investment-based)	https://www.segofinance.com	investments in equity, factoring for invoice advances, real estate investment in pension plans.
12	Startupxplore (Investment-based)	https://startupxplore.com/es	Investment-based platform specialized in tech start-ups and new companies.
13	Urbanitae (real estate)	https://urbanitae.com/	Real estate crowdfunding platform in the form of rental projects, capital gains or equity.
14	Wecify (real estate)	https://www.wecity.com/es/	Platform that links the real estate, financial and tech sector. It makes 3 types of investments: rental income, capital gains and interest.



15	Circulantis	https://circulantis.com/	Crowdfunding platform that provides companies with promissory note discounts and invoice advances (factoring)
16	Civislend (Lending based)	https://www.civislend.com/	Lending-based crowdfunding platform for housing projects
17	Colectual (Lending based)	https://colectual.com/contacto/	Lending-based crowdfunding platform in collective loans for SMEs, with an ethical perspective
18	Crowdcube (Investment-based)	https://www.crowdcube.eu/es-es/	Investment-based crowdfunding specialized in investing in innovative companies with a global impact
19	Ecrowd Invest (Investment-based)	https://www.ecrowdinvest.com/	Specialized in education, energy, mobility and food projects with a positive impact
20	Evenfi (investment based)	https://web.evenfi.com/	Investment-based crowdfunding specialized in business growth projects
21	Gedes Club (Lending-based)	https://www.gedesclub.es/	Lending-based crowdfunding platform which provides funding to companies in the medium and long term
22	iCrowdhouse (Lending-based)	https://www.icrowdhouse.com/	Lending-based platform through two types of loans: capital gains or rents
23	MyTripleA (Lending-based)	https://mytriplea.com/	Financing to companies such as factoring, loans and confirming for SMEs and large companies
24	October Spain (Lending-based)	https://es.october.eu/	Lending-based crowdfunding for European companies in sectors such as hotel industry, industry or professional services through renting or loans
25	Socilen (Lending-based)	https://socilen.com/#/home	Lending-based Crowdfunding platform that invests in real estate projects, loans to SMEs and renewable energies
26	StockCrowdIN (Lending-based)	https://www.stockcrowdin.com/in/	Lending-based Crowdfunding platform specialising in real estate developers, apart from real estate, food, logistics and industrial
27	Zank (Lending-based)	https://www.zank.com.es/	Lending-based Crowdfunding platform specialising in the financing of trading services
28	Fundeen (Lending and investment-based)	https://www.fundeen.com/	Lending-based and investment-based Crowdfunding platform specialized in renewable energy projects



Foreign Non-financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Indiegogo (reward-based)	https://www.indiegogo.com/	Innovations in tech and design
2	Ulule (reward-based)	https://es.ulule.com/	Crowdfunding platform (b2c) of rewards focused on creative, health or solidarity projects, supporting projects that are aware of sustainability, innovation, and respect for the environment and the ecosystem.
3	Kickstarter (reward-based)	https://www.kickstarter.com/?lang=es	Games, design, technology
4	GoFundMe (donation)	https://www.gofundme.com/es-es	Crowdfunding social projects
5	Kiva (donation)	https://www.kiva.org/	Crowdfunding donation platform to support charitable causes such as education, refugees, healthcare, etc.

Foreign Financial return crowdfunding platforms

	PLATFORM	WEBSITE	TYPE OF PROJECTS SUPPORTED
1	Funded by me (investment based)	https://www.fundedbyme.com/	Crowdfunding investment platform for entrepreneurs
2	Crowdestate (real estate)	https://crowdestate.eu/es	Estonian real estate crowdlending platform for ethical and sustainable real estate investment
3	Crowdedhero Latvia ltd (investment based)	https://crowdedhero.com/	Latvian platform, specialised in equity crowdfunding, aimed at investing in start-ups and experienced companies
4	Estateguru oü (real estate)	https://estateguru.co/	Estonian real estate crowdlending platform for real estate investment
5	Lendahand (lend-based)	https://www.lendahand.com/es-ES	Netherlands impact crowdlending platform for financing projects of entrepreneurs from developing countries
6	Raizers (real estate)	https://raizers.com/	French real estate crowdlending platform
7	SEEDBLINK (investment based)	https://seedblink.com/	Crowd equity platform for technology-based start-ups



1.2 National regulatory framework related to the crowdfunding

1.2.1 National regulatory framework for crowdfunding platform operators

The types of crowdfunding that are regulated by law are those referred to as financial return crowdfunding. It was first regulated in Law 5/2015, on the Promotion of Entrepreneurial Financing, which entered into force on 29 April, creating a specific legal framework for crowdfunding platforms involved in the intermediation of financing through loans, bonds, or equity participations. These platforms are now under the authorisation, supervision, inspection, and sanction of the Comisión Nacional del Mercado de Valores (CNMV), the securities market regulatory authority, with the participation of the Bank of Spain in the case of participatory financing through loans. Companies must meet certain administrative and financial requirements to be allowed to operate as crowdfunding platforms. In addition, the law limits the range of services that these platforms can offer. They are not allowed to offer investment advice or process payments (unless they apply for a licence as a hybrid payment institution).

By application of the Law, the services that the Participatory Financing Platforms can provide are the following:

- Reception, selection, and publication of participatory financing projects,
- Development, establishment, and operation of communication channels to facilitate contact between investors and promoters,
- Complementary services,
- Advice to promoters,
- Project analysis,
- Enabling remote communication channels,
- Contract models,
- Transmission of information to promoters on the evolution of the project,
- Judicial or extrajudicial claiming of credit rights,
- Formalisation of loan and share subscription contract.
- The Law also regulates the requirements that projects must meet,
- Aimed at a group of natural and legal persons who expect to obtain a return in money,
- Carried out by promoters applying for financing in their own name,
- The financing must be earmarked for a project of the promoter, which must be a business, training, or consumer project.

Equity crowdfunding platforms must be authorised and registered with the National Securities Market Commission (CNMV). This body safeguards the neutrality of platforms



in their intermediation between fund recipients and their investors. Their regulation straddles the line between listed markets and bank financing.

To address the fragmentation of the legal framework applicable to these platforms across the European Union and to ensure the proper functioning of the internal market for their services, Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European providers of equity crowdfunding services for companies was adopted, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 - hereinafter Regulation (EU) 2020/1503-, the entry into force of which has forced the national legislator to update the regulations applicable to Participatory Finance Platforms, introducing a new Title V in Law 5/2015 (arts. 46 to 56) through Law 18/2022, of 28 September, on the Creation and Growth of Companies (Law 18/2022, hereinafter), also known as the "Crea y Crece Law"³⁰.

The new Crea y Crece Law adapts Spanish legislation in this area, in line with Regulation 2020/1503, which unifies regulation at European level, so that crowdfunding platforms authorised and supervised in accordance with the Regulation can provide their services freely throughout the European Union.

For the implementation of this regulation, a transitional period has been created for crowdfunding service providers that are authorised and operate according to national regulations, until 10 November 2023, or until they are granted authorisation if they have already applied for it.

Since the entry into force of the Crea y Crece Law, platforms providing services in Spain must now comply with the European Regulation, and specifically with some of the main obligations it imposes for the provision of this type of services. These are some of its fundamental aspects:

- A single limit of EUR 5 million per project is set for all types of platforms. This limit can be exceeded if a prospectus is issued, although in this case, platforms may only offer such a project in their home Member State.
- It includes the possibility for crowdfunding service providers to offer an individualised loan portfolio management service, including the possibility to invest on behalf of investors. For this purpose, the investor will grant a mandate containing all the parameters of the service, which must be kept by the platform, together with all the loans in each portfolio, for at least three years from the maturity of the loans.
- Authorised platforms may offer their services throughout the EU.

³⁰ Crea y Crece Law which adapts Spanish legislation in this area, in line with Regulation 2020/1503 <https://www.boe.es/boe/dias/2022/09/29/pdfs/BOE-A-2022-15818.pdf>



- Possibility of individualised management of loan portfolios, they may invest on behalf of investors based on a mandate which must set out the characteristics of the services and investments to be made.
- Platforms can create a noticeboard where their investors show their interest in acquiring securities, loans or other instruments traded on the platform.
- Investor protection through an initial knowledge test, and a simulation of the investor's loss bearing capacity calculated as 10% of their net worth.
- A single individual investment limit per project is set for retail investors, which is set as the higher of €1,000 or 5% of wealth (excluding real estate and pension funds).
- Requirement of a key investment factsheet.
- Equity offers remain binding for the project promoter from the moment the equity offer is listed on the crowdfunding platform until its expiry date or the fulfilment of the funding target.
- The European rule differentiates between experienced and inexperienced investors and introduces some safeguards for the benefit of the latter: they have a pre-contractual cooling-off period of four calendar days and, if they intend to invest more than EUR 1,000 or an amount exceeding 5% of their net worth in a project, they will receive a risk warning and must expressly consent to the investment (arts. 21 and 22 Regulation (EU) 2020/1503).
- Regulation of potential conflicts of interest, establishing certain requirements regarding providers of equity finance services, their partners and their managers and employees, or any natural or legal person closely linked to them by a relationship of control.

In addition to national rules, European legislation introduces the possibility for some crowdfunding platforms to pool investors, for example in a limited liability company or other investment vehicle, which will be supervised by the competent authority. The attraction of this possibility lies in taxation, as investors will be able to pool their investments in such a vehicle and postpone paying tax until they sell the stake.

Platforms that obtain authorisation from the CNMV will be considered harmonised crowdfunding platforms and will be able to provide their services throughout the European Union. On the other hand, those platforms that are not harmonised, because they provide services to promoters who are consumers, or whose participatory financing offers exceed €5 million in a period of 12 months, will not enjoy this "European passport" and must carry out their activity in accordance with Spanish law, although this law also refers on this point to the obligations established in the Regulation.



1.2.2 National regulatory framework for crowdfunding investors

Same regulatory framework as for platforms.

1.3 “PEST” analysis of crowdfunding development

<p><i>1. Which aspects have been or could be significantly relevant (drivers) for the crowdfunding market development in your country?</i></p>	<p>Political:</p> <ul style="list-style-type: none"> The clear regulations establishing the regulatory framework for the crowdfunding market is essential for its development in Spain. Regulatory frameworks provide certainty and confidence that encourage participation and the growth of crowdfunding. Appropriate regulations also reflect transparency in the industry, as they can set requirements for projects on crowdfunding platforms, ensuring that investors have access to complete and accurate information before investing, thus contributing to informed decision-making. <p>Economic</p> <ul style="list-style-type: none"> A favourable economic situation provides willingness to invest in projects through crowdfunding platforms. When confidence in the economy is high, people are more willing to take financial risks. Likewise, a healthy economy may have better levels of liquidity and favour their investment in projects through crowdfunding. Also, in times of economic stability, people may look for different options to invest and diversify their portfolios, thus positioning crowdfunding as an attractive option. <p>Social</p> <ul style="list-style-type: none"> For all projects that use crowdfunding to finance themselves, it is essential to have a support community that represents an environment that is attentive to the development and execution of the project. The promotion of successful models that serve as a reference for other entrepreneurs. To have expert support in the management of fundraising campaigns for entrepreneurs and companies participating in accelerators, growth processes. <p>Technological</p> <ul style="list-style-type: none"> Technological advances have led to improved usability of platforms and user confidence in making
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	<p>contributions and investments. Security and data protection technologies have contributed to this.</p> <ul style="list-style-type: none"> • The ability of any user to develop audiovisual content has also improved, as it is a key attraction for project promoters, allowing them to present their projects in a more effective and attractive way and the possibility of improving their dissemination through the growing and widespread use of social networks, achieving a greater public impact of the campaigns.
<p>2. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) to for the crowdfunding market development in your country?</p>	<p>Political</p> <ul style="list-style-type: none"> • Lack of interest in the tool and lack of political courage of using this tool as a new ordinary way of reaching out to the public. The over-supply of grants and subsidies which, due to inertia, are usually a first step in the sources of funding. Grants should be further specialised so that complementarity with crowdfunding can be designed. • Difficulties in authorising the activity of platforms that want to operate in the country: excessive bureaucracy can discourage the creation of new platforms and limit the number of players in the national market. • The lack of government incentives such as tax incentives can reduce investment and donor participation in crowdfunding platforms. • Lack of political support and public commitment to the development of crowdfunding could slow its growth, making it less visible and attractive to promoters and investors. <p>Economic</p> <ul style="list-style-type: none"> • The loss of purchasing power in our country may have withdrawn many small investors from the market, although at the same time they are interested in making a return on their liquidity without risk. • Lack of initial capital and economic resources to face the costs of developing the campaigns as well as for the development of new products, prototypes. This financial difficulty can lead to stopping the campaigns or their development is not successful. • High-risk assumption of investments made through crowdfunding, when participating in investments in projects that are in initial development phases and with a high degree of innovation. • Lack of critical mass of investors and financiers of projects using crowdfunding that can generate competition between promoters to capture the



	<p>attention of the networks of investors or financiers that the platforms have identified.</p> <p>Social</p> <ul style="list-style-type: none"> • Little sense of community or social impact, which means that the project does not attract enough attention to reach the minimum budget. <p>Technological</p> <ul style="list-style-type: none"> • Cumbersome donation processes, system crashes, errors in the payment gateway that may affect the transaction.
<p>3. What are the aspects that have proved to be (or may be) relevant (drivers) to increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Greater use and knowledge of these tools. Include it within the Public Administration system, as another portal at the service of the citizen. • Leadership in the promotion so that it is applied transversally to public financing support services. • To generate informative programmes to explain to SMEs the operation and advantages of crowdfunding. • The Administration can also work on the generation of government crowdfunding platforms that provide SMEs with a safe way to access to collective financing, as specialized vertical platforms. • Promotion of match-funding programmes from the Administration where additional and complementary funds could be offered to projects and entrepreneurs so that they easier achieve the objective of their campaign. • Crowdfunding can contribute to the transparency of the Administration, since the funds or subsidies will be granted based on the development of real campaigns that the citizens can follow since their creation. <p>Economic</p> <ul style="list-style-type: none"> • Raise knowledge how to establish clear and realistic financing objectives to develop a financing campaign through crowdfunding in line with the financial needs of companies will be key to attracting the interest of investors and for the campaign to achieve sufficient relevance to be successful. <p>Social</p> <ul style="list-style-type: none"> • Raise knowledge that the project needs to have a good work base for the growth and attention of citizens, a good projection beyond the campaign, and good alliances of collaborators or similar entities, which give support and solidity to the projects. • The dissemination of success stories and “local” communities of both supported companies and



	<p>financiers through crowdfunding can generate critical mass for the new development of projects through crowdfunding.</p> <p>Technological</p> <ul style="list-style-type: none"> • Raising knowledge among SMEs, how to build the audience, presence on social media, quality website set up, using digital market tools to support the campaign.
<p>4. What are the aspects that have proved to be (or may be) relevant obstacles (barriers) increase general awareness about the use of crowdfunding as business tool among SMEs?</p>	<p>Political</p> <ul style="list-style-type: none"> • Little presence of crowdfunding in political strategies for financing SMEs. It is usually punctual, with a small size or anecdotal prominence. • Lack of public measures and policies that position crowdfunding as a standardized financing instrument for companies. • Lack of economic and fiscal incentives to carry out crowdfunding campaigns to finance or attract investment in companies. Having specific incentives or deductions for funds raised could be a differential value for companies to opt for this form of financing. <p>Economic</p> <ul style="list-style-type: none"> • SMEs/Start-ups lack of funds necessary for the proper development of the campaign. • SMEs are not always up to date on the different forms of financing available and tend to opt for more traditional options due to lack of knowledge of other alternative forms such as crowdfunding. • Normally crowdfunding campaigns need a certain amount of time to prepare and then develop, so if the need for financing is immediate, crowdfunding will not be a suitable instrument for the company, which will have to look for other faster and more accessible formulas. <p>Social</p> <ul style="list-style-type: none"> • Crowdfunding is a new instrument in the traditional financing market. Thus, companies are used to seek funding in the traditional one and do not consider crowdfunding. • The lack of connections and networks in the business community can make it difficult for SMEs to obtain support and dissemination for their crowdfunding campaigns, an essential part of the successful development of the campaigns. • The lack of real examples of SMEs that have been successful developing campaigns through crowdfunding can make it difficult for other companies to see it as a viable option.



	<p>Technological</p> <ul style="list-style-type: none"> • The lack of transparency and security in some market platforms. • The project promoter within the company must have extensive communication knowledge and carry out direct and effective communication throughout the entire campaign with all donors and investors who are interested in participating in it.
<p>5. What are the aspects that could be relevant drivers for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • The collaborative crowdfunding ecosystems is made up 3 key actors: SMEs, Public administration, and investors. There is a need to align a common strategy and action plan and establish a medium-term timeframe in which to measure progress on common objectives. • Seek synergies between government policies that aim to promote innovation in SMEs to generate synergies for their development by promoting their financing through crowdfunding. • Putting in place public services that support and advise projects that carry out campaigns through platforms can guarantee a greater number of campaigns carried out and that these become successful campaigns. <p>Economic</p> <ul style="list-style-type: none"> • Create co-investment formulas for strategic projects for the regions in which they generate impact. • Simplify and streamline the fundraising process, reducing complex regulations and promoting transparent and efficient practices. • Offer training programmes to SMEs to improve their capacity to present attractive projects on crowdfunding platforms. • Create systems for monitoring and evaluating the results achieved with campaigns showing the impact they generate to maximise their benefits. <p>Social</p> <ul style="list-style-type: none"> • Public institutions should promote citizen participation by improving the financial education of the population and thus facilitating a change of mentality towards more innovative financing formulas. • Political institutions can recognise and reward projects with a strong focus on positive impact, thus incentivising the use of this type of financing. • Encouraging local investment by encouraging investment in community projects through crowdfunding strengthens community building and the



	<p>creation of consumer networks that can drive them forward.</p> <ul style="list-style-type: none"> • Generate impact reports with data collection on job creation, local economic growth, and other relevant indicators for the community. • Generate awards or recognition from local governments for projects financed through crowdfunding that have an impact on the community, thus generating an incentive for SMEs to use this form of financing. <p>Technological</p> <ul style="list-style-type: none"> • The use of efficient and easy-to-use crowdfunding platforms is essential. SMEs must have easy access to present their projects, and investors must be able to participate in an intuitive way. • Political institutions can promote the development of high quality and accessible technology platforms.
<p>6. What are the aspects that could be relevant obstacles for the development of cooperation between SMEs, policy institutions supporting innovative SMEs and crowdfunding platforms in the field of fund-matching?</p>	<p>Political</p> <ul style="list-style-type: none"> • Administrative regulations are inefficient to support this tool, giving political and administrative uncertainty in its use. • Lack of vision on how crowdfunding can contribute to SME financing, identifying the role crowdfunding plays in the broader framework and what benefits it brings in the future. • The existence of complex investment crowdfunding regulations that may hinder its use, SMEs may face bureaucratic hurdles that slow down their fundraising process. • Frequent policy changes leading to frequent changes in regulations can create uncertainty for SMEs and investors. • Lack of commitment from political institutions to promote crowdfunding and match funding as a specific SME-specific funding formula. • Lack of coordination and collaboration between different institutions in charge of regulating crowdfunding can lead to regulatory conflicts, hindering the efficient use of crowdfunding. <p>Economic</p> <ul style="list-style-type: none"> • Crowdfunding scheme may not provide sufficient funding, and this reduces its attractiveness. • The existence of regulatory limits on investment, which set the amount an individual investor can contribute to a crowdfunding project, can make it difficult to raise funds, especially for larger projects.



	<p>Social</p> <ul style="list-style-type: none">• If political institutions do not adequately supervise crowdfunding or do not protect the rights of investors, this can lead to distrust in the system.
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