



Institute of Financial Services Zug IFZ

# Crowdfunding Monitoring Switzerland 2014

[www.hslu.ch/crowdfunding](http://www.hslu.ch/crowdfunding)

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## Preface

Crowdfunding is an alternative form of financing. An important characteristic is the direct communication through the internet between the providers of capital and the fund raisers. Crowdfunding platforms use a large number of people who are willing to support a project with money. Depending on the type of crowdfunding, the compensation for such an investment can be either monetary (e.g. a share in the profits) or non-monetary (e.g. recognition in the case of a donation).

Even though the basic idea of raising money with the support of a large number of people is not new, the term crowdfunding as it is currently used is a relatively new phenomenon. In Switzerland, the first classic crowdfunding platform, Cashare, was established in 2008. Crowdfunding has been gaining in popularity in Switzerland ever since and the development of the figures mirrors the growing relevance of crowdfunding, as an alternative form of financing for young companies and an alternative to traditional consumer loans. Moreover, many social and cultural projects that would have failed without the support of a large number of supporters (the crowd) have been financed through crowdfunding.

To provide some insight into the Swiss crowdfunding market and increase transparency in this still new sector, the Institute of Financial Services Zug IFZ of the Lucerne University of Applied Sciences and Arts is publishing Switzerland's first crowdfunding monitoring. To start with, this paper defines and explains the term crowdfunding. It then charts and discusses the development of this market in Switzerland against a number of indicators. The data for this could be collected because all players in the Swiss crowdfunding market made their data available and permitted us to publish the data in aggregate form. Based on these analyses, the paper ends with several hypotheses for the crowdfunding market in 2014.

The crowdfunding volume of CHF 11.6 million (funded campaigns) in 2013 is still on a low level. However, the growth rates are impressive, both for the number of platforms and the volume of successfully funded campaigns. When comparing the relevance of crowdfunding in Switzerland to the volumes in the United Kingdom (CHF 1.38 billion) or North America (around CHF 3.3 billion), it is obvious that the Swiss market is still in an early stage. Nevertheless, we expect the crowdfunding market to play a more prominent role in the years to come, also in Switzerland.

This publication would have not been able without the work and support of various people. We would like to thank all the crowdfunding platforms for providing access to their data. Also, we would like to thank Swisscom for supporting the Crowdfunding Monitoring. The Institute of Financial Services and Swisscom will continue to cooperate in order to improve the crowdfunding market's transparency. We are very grateful to Sabrina Beckerbauer, research assistant, for editing the manuscript and supporting the project. Finally, we would like to thank the Lucerne University of Applied Sciences and Art for its financial support.



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## Authors

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Prof Dr Andreas Dietrich (1976) is lecturer, Project Leader, Head of the Master's Programme in Banking and Finance, and Head of the Competence Centre for Financial Services Management at the Institute of Financial Services Zug IFZ. He studied at the University of St. Gallen HSG where he also obtained his doctorate. While working on his doctorate, he was a Research Associate at the University of St. Gallen and spent a research year at DePaul University in Chicago with the financial support of the Swiss National Science Foundation. He has been with the IFZ since 2008.



### **Simon Amrein**

Simon Amrein (1985) has been a Research Assistant at the Institute of Financial Services Zug IFZ of the Lucerne University of Applied Sciences and Arts, Lucerne School of Business, since 2009. He holds a Bachelor of Science degree in Business Administration and a Master of Science in Banking and Finance from the Lucerne University of Applied Sciences and Arts. Simon Amrein also obtained a Master of Science in Economic History from the London School of Economics and Political Science.

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### **Institute of Financial Services Zug IFZ**

The Institute of Financial Services Zug IFZ of the Lucerne School of Business is the leading finance institute among the Swiss universities of applied sciences. The IFZ offers continuing and executive education and provides research and advisory services to the financial services sector. The IFZ's courses include, for example, bachelor's and master's degree programmes focusing on Banking and Finance, International Financial Management, or Real Estate Management. The IFZ also offers a large number of recognised executive education courses.

The Institute of Financial Services Zug IFZ regularly publishes studies and articles as well as the annual Retail Banking Switzerland study, one of the central reference works for the Swiss banking market. Every week, its Retail Banking Blog [www.hslu.ch/retailbanking](http://www.hslu.ch/retailbanking) reports on developments in the Swiss financial market, including trends in the crowdfunding market.

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### **Swisscom Enterprise Customers**

Swisscom supports the monitoring of crowdfunding activities in Switzerland by the Institute of Financial Services Zug IFZ with its Banking Trends & Innovation team (e-research). Since 2012 it has been observing and analysing trends in the digital ecosystem, anticipating their effects on the banking sector, and formulating recommendations for its clients. The banks are kept up to date with e-commerce trends and market developments by way of newsletters, deep dive studies, and quarterly reports.

## Key results

### Volume

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In Switzerland, **CHF 11.6 million** was collected through crowdfunding in 2013.

This is more than **twice the volume of 2012** (CHF 5.2 million).

The biggest growth rate from 2012 to 2013 was reported for crowdfinancing (+192 %, to a total of CHF 5.58m), followed by crowdlending (+109 %, to CHF 1.78m) and crowdsupporting/crowddonating (+68 %, to CHF 4.23m).

The **average volumes** for the successfully financed campaigns in 2013 were:

- Crowdfinancing: CHF 558,000
- Crowdlending: CHF 15,000
- Crowdsupporting/crowddonating: CHF 7,000

### Success rate

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In 2013, **720 campaigns** were funded out of a total of 1,125 campaigns launched, which results in a **success rate of 64%**. The success rate is highest for crowdlending, followed by crowdfinancing and crowdsupporting/crowddonating with 66 % and 60 %, respectively.

### The Swiss market in comparison

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**The Swiss market is in an early stage**, and currently there are only 14 active platforms in Switzerland. Twelve of these platforms have their registered office in Switzerland.

If the volume of funds raised through crowdfunding is compared to the funds raised in the relevant business fields – for example the venture capital market, charitable donations, or the consumer loan market – the crowdfunding model still only accounts for a very small market share. At the same time, however, this confirms that there is great potential for raising funds through crowdfunding.

### Outlook

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In 2014, we expect crowdfunding volumes in Switzerland to double on 2013 to CHF 24 million.

More players will enter the market in 2014.

## Crowdfunding – a definition

Crowdfunding is an alternative form of financing where many people come together to raise funds for cultural, social or commercial projects. Investors and fund raisers communicate through the internet, where a crowdfunding platform takes on the role of the intermediary. The intermediary receives a fee for the transaction. This commission is usually defined as a percentage of the amount that is raised. Depending on the form of crowdfunding, the investors receive monetary or non-monetary compensation.

There is still no standard and widely accepted definition for the term crowdfunding, mostly because it is a young field but also because the term is constantly developing. In the literature, the term crowdfunding is often classed as a sub-category of crowdsourcing.

The term crowdsourcing is a combination of the words crowd (a large number of people) and outsourcing. In the crowdsourcing context, the crowd represents the mass of internet users and can also be called “community”. Outsourcing refers to the practice of contracting certain tasks out to external sources. This can take place between private individuals and/or companies. The basic idea of crowdsourcing, therefore, is to arrange for a community to do certain tasks. Within a clearly defined framework (e.g. time-frame, conditions for participation, compensation), the community then generates added value of great diversity for the principal<sup>1</sup>. There are four different kinds of crowdsourcing, as shown in Figure 1 below. In an influential article published in 2006, Howe introduced the concepts of crowdcreation, crowdvoting and crowdwisdom<sup>2</sup>. These terms were later supplemented by the term crowdfunding, which focuses on the collection of money rather than the aggregation of knowledge, opinions, and creativity.

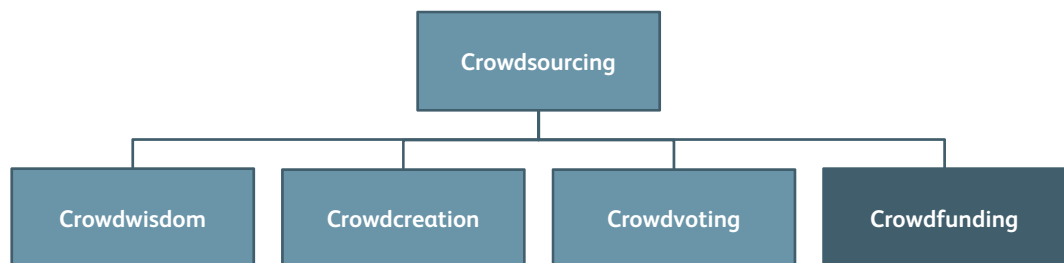


Figure 1: Overview of the term crowdsourcing (Kaltenbeck, 2011)

<sup>1</sup> Kaltenbeck, J. (2011). Crowdfunding und Social Payments. Berlin: epubli.

<sup>2</sup> Howe, J. (2006). The Rise of Crowdsourcing. Wired Magazine. Issue 14.06.

- **Crowdwisdom:** Crowdwisdom (swarm intelligence) uses the intelligence of a community. The crowd is asked to activate and reflect on their knowledge.
- **Crowdcreation:** The objective of crowdcreation is to use the creative potential of a crowd. The collected ideas of the masses are used, for example in the form of texts, audio files, or illustrations.
- **Crowdvoting:** With crowdvoting, the opinions and powers of judgement of the crowd are used to assess ideas or contents. The structured opinions derived from this process then serve as the basis for decisions by the crowd. Crowdvoting can therefore be used, for example, as a forecast tool.
- **Crowdfunding:** In crowdfunding, the two central elements are also the use of the internet and the crowd. In contrast to the above categories, however, the focus does not fall on the knowledge and creative potential of the crowd, but rather on the acquisition of capital for all types of projects. The money-raising phase is called a campaign.

### Definition of crowdfunding – compensation as decision criterion

With crowdfunding, the internet is used to attract as many potential investors as possible. We identify four different types of crowdfunding. The compensation exchanged between the fundraiser and the crowdfunder is the main criterion for the classification. The compensation can be of a monetary nature: the providers of capital receive a share of the company (crowdinvesting) or interest (crowdlending) on the capital that was provided. The compensation can, however, also be of a non-monetary nature (crowdsupporting: e.g. in the form of products, works of art, services or a meeting with an artist). Money can also be given without any direct and measurable consideration (crowddonating), in which case social or altruistic motives might be important. Such motives are also often very central in the case of crowdsupporting. Here the focus falls on supporting a specific idea, as it is very difficult to objectively measure the compensation in the form of goods or services and the value of the compensation measured in money terms often only represents a fraction of the investment. These four categories are shown in Figure 2:

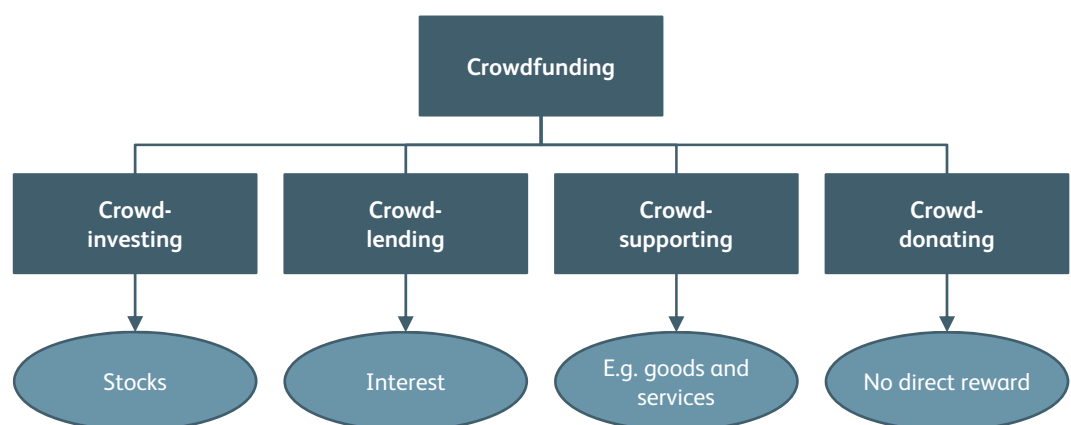


Figure 2: Forms of crowdfunding and compensation for the different crowdfunding categories

- **Crowddonating:** The contributions are simple donations that usually do not earn any direct measurable compensation. Examples include social, charitable and cultural projects. Crowddonating can also be used to raise funds for political campaigns. For crowddonating to be successful, it is imperative that an emotional bond be established and maintained between the providers of capital and the recipients.
- **Crowdsupporting:** The crowdsupporting category usually includes creative and cultural projects as well as sport projects. However, commercial projects can also be subsumed under this category. With this type of financing, the investor typically receives compensation in the form of products, works of art, or services. There are no limits to the creativity of the parties looking for funding.
- **Crowdinvesting:** Instead of financing a project, crowdinvesting focuses on acquiring a stake in a young company via equity or mezzanine capital. Crowdinvesting also offers investors with only limited amounts to invest the opportunity to support the growth of a young company. In return, these investors receive shares in the company. These are often silent partnerships where the investors only have limited voting rights.
- **Crowdlending:** Crowdlending mainly refers to the financing of companies or private individuals with loans (borrowed capital). These are also called peer-to-peer (P2P) loans. This form of borrowing capital was known as P2P lending even before crowdlending became a popular term. In return for their loan, lenders expect a risk-adjusted return on their investment.

As the data provided to us does not allow us to make a clear distinction between crowddonating and crowdsupporting, these two categories are treated as a single category in this paper.

## Crowdfunding market in Switzerland

In 2008, the first crowdfunding platform (Cashare) in Switzerland was established. Since then the market has seen strong growth. By the end of 2013 there were already 14 active crowdfunding platforms in Switzerland, of which 13 are included in this study (see Figure 3). Unfortunately no data is available for Indiegogo. Broken down to the three categories crowdsupporting/crowddonating, crowdinvesting and crowdlending, the following platforms are active in Switzerland:

- **Crowddonating/crowdsupporting:** 100-days, feinfunding, Ibelieveinyou, Indiegogo, Kickstarter, Moboo, ProjektStarter, Sosense, wemakeit.
- **Crowdinvesting:** investiere, 7Crowd, c-crowd.
- **Crowdlending:** Cashare (since 2013 also active in crowdsupporting), direct-lending.

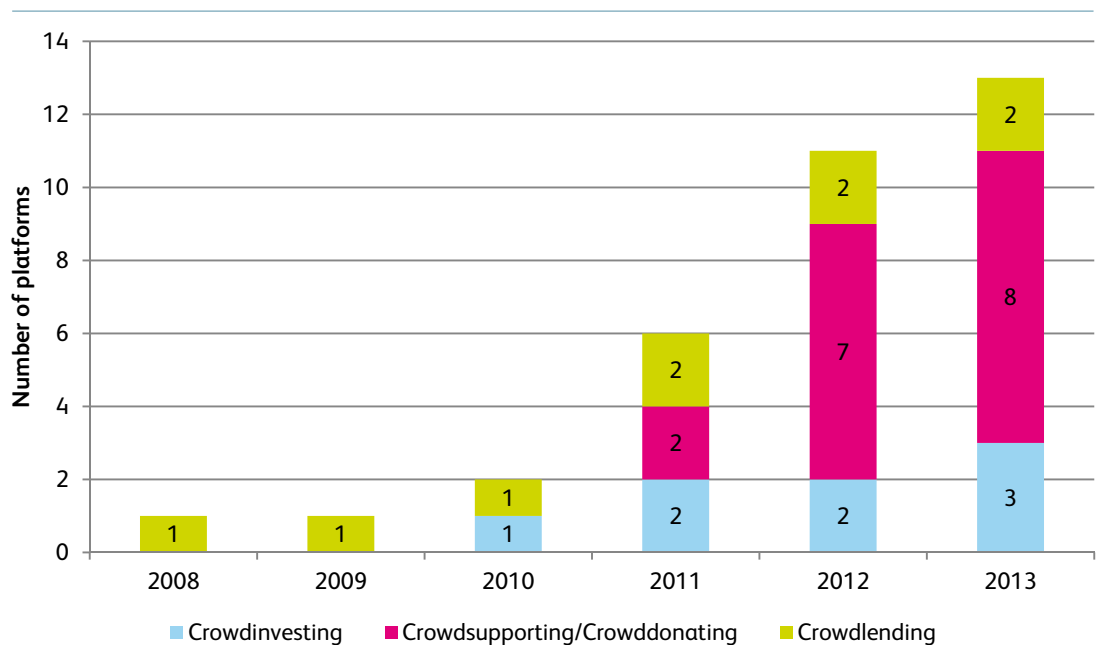


Figure 3: Number of crowdfunding platforms active in Switzerland (excluding Indiegogo)

### Data Collection

The Institute of Financial Services Zug IFZ of the Lucerne University of Applied Sciences and Arts surveyed the platforms active in Switzerland between February and April 2014. With the support of almost all platforms active in Switzerland, a comprehensive set of data could be gathered. This data was obtained from the following 13 platforms: 100-days, feinfunding, Ibelieveinyou, Kickstarter, Moboo, ProjektStarter, Sosense, wemakeit, investiere, 7Crowd, c-crowd, Cashare, and direct-lending. Only Indiegogo did not provide any data. International platforms that only sporadically launch campaigns in Switzerland such as crowdrise and RocketHub were also not included.

All 13 of the platforms included in the study can be assigned to either the crowddonating, crowdsupporting, crowdinvesting or crowdlending categories. However, as the data was not gathered at the level of the individual campaigns, a distinction between crowdsupporting and crowddonating cannot be made. This is because some crowdsupporting platforms give donors the option to waive any compensation, in which case the campaigns would have to be classed as crowddonating campaigns.

## Heterogeneous business models

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Most of the crowdfunding platforms active in Switzerland can be assigned to the four crowdfunding sub-groups presented above, even though the business models sometimes differ strongly within these groups. In the crowdfunding category, for example, there are huge differences between the business models of investiere and c-crowd. While c-crowd allows anybody to invest in a company, investiere operates more like a business angels club where only a qualified crowd may invest in companies. It is therefore not possible for anybody to invest, as investors are screened before being admitted to the group of investors. Minimum contributions also increase entry barriers for a wider public.

In the crowdsupporting category, some platforms are very specialised and focused, for example on art and culture (e.g. wemakeit), or sport (Ibelieveinyou).

It is not easy to categorise Sosense or feinfunding, who as professional service providers mainly offer their clients crowdfunding knowledge and technologies. Both providers develop crowdfunding platforms that are customized for specific client needs. This can be for individual companies or individual campaigns. As a service provider, feinfunding only offers “white label” platforms, while Sosense also publishes campaigns on its own website.

## Strong market growth in Switzerland – funding volumes have doubled

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Both the number and funding volume of successful campaigns<sup>3</sup> grew strongly in the past few years. In 2013, the funding volume increased fourfold on 2011 and more than doubled on 2012. However, at CHF 11.6 million, the absolute funding volume for 2013 is still relatively small (cf. Figure 4). The lion's share of this volume was generated in the crowdfunding and crowdsupporting/crowddonating categories. Although crowdlending reported lower funding volumes, its growth rate of 109% was very impressive. Crowdfunding saw the strongest growth in terms of volume (+192%), while crowdsupporting/crowddonating grew by 68% year-on-year in 2013.

<sup>3</sup> A successfully funded campaign is defined as a campaign where money is transferred from the investors to the borrower. Campaigns with a fixed target amount are only successful if this amount has been raised (all-or-nothing model). If no fixed target was defined but money was still transferred, the campaign is also classed as successful in our survey. The volumes given therefore only shed light on the amount of money that changed hands. The survey does not consider whether the funded campaign can actually be implemented as a successful project.

The number of successfully funded campaigns rose from 399 in 2012 to 720 campaigns in 2013. This represents an increase of 80 %. Crowdlending reported the biggest growth rate (+90 %). Crowdsupporting/crowddonating, which is the biggest category in campaign number terms, grew from 331 to 594 successfully funded campaigns (+79 %). Only 10 crowdinvesting campaigns were successfully funded in 2013, but they raised a funding volume of CHF 5.58 million (cf. Figure 5, next page). This ratio of number of campaigns to funding volume shows that there are big differences in the average funding volumes per campaign for the different forms of crowdfunding. In the crowdinvesting category, for example, 1 % of the campaigns accounted for 48 % of the total crowdfunding volume, resulting in an impressive average funding volume per campaign of CHF 558,000. At CHF 15,000, the average funding volume per crowdlending campaign is considerably lower, while the average volume for crowdsupporting/crowddonating campaigns is only CHF 7,000. A comparison with the average funding per campaign raised in Germany shows a marked similarity for crowdsupporting/crowddonating (CHF 7,150<sup>4</sup>). At CHF 300,000, the average funding volume for crowdinvesting is considerably lower in Germany<sup>5</sup>.

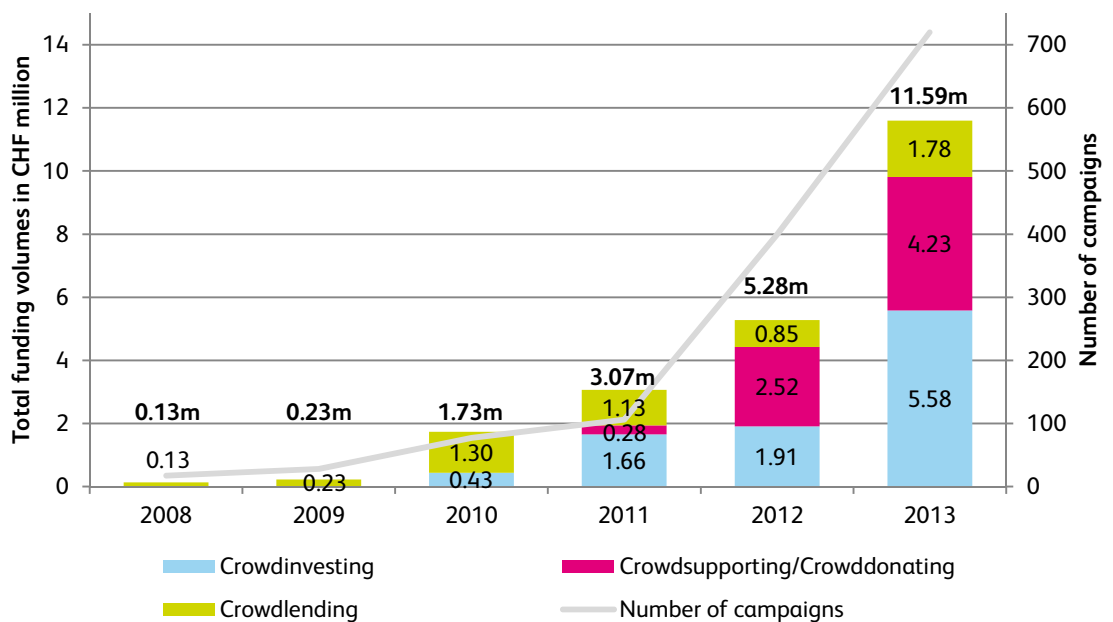


Figure 4: Development of successfully funded campaigns by funding volume and number 2008–2013

<sup>4</sup> EUR/CHF exchange rate on 31 December 2013: 1.23.

<sup>5</sup> Für-Gründer.de (2013). Crowdfunding und Crowdinvesting Monitor 2013.

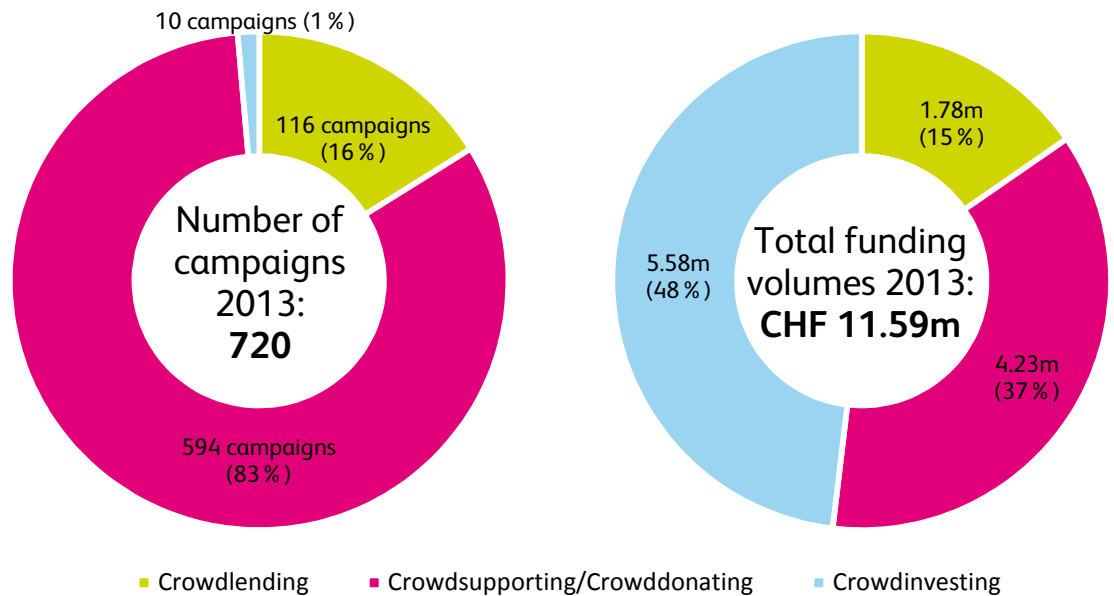


Figure 5: Number of successfully funded campaigns (left) and funding volumes (right) for 2013

### High growth rates but small market share

Although all crowdfunding categories boast very impressive growth rates, the absolute volumes are still small. The results for crowdfunding, for example, can be compared to the money raised from venture capital funds in Switzerland. This amounted to CHF 407.5 million in 2012 (European Private Equity & Venture Capital Association, 2013). Relatively speaking, therefore, the amounts raised through crowdfunding of CHF 1.91 million in 2012 and even CHF 5.58 million in 2013 are still very small.

If the volume raised through crowdfunding is compared to the total volume for the Swiss consumer loan market, the market share of the crowdfunding-model is also small: the crowdfunding volume of CHF 1.8 million is marginal compared to the total volume of CHF 7.5 billion<sup>6</sup> for the consumer loan market. What is interesting, however, is that the average amount of a consumer loan (CHF 17,700) is similar to the average volume in crowdfunding.

Compared to the total volumes for donations in Switzerland, crowddonating is also still negligibly small. While the ZEWO-certified organisations received donations totalling CHF 1.04 billion<sup>7</sup> in 2012, only CHF 2.52 million was raised through crowddonating and crowdsupporting.

<sup>6</sup> Association of Swiss Credit Banks and Financial Institutions VSKF (2013). Das vierte Jahr in Folge: Abnahme der Konsumkredite. Press release, 27 February 2014.

<sup>7</sup> ZEWO Foundation. Donation statistics 2012.

The fact that these volumes are still extremely low compared to the relevant markets confirms that the young crowdfunding market is not yet very important. On the other hand, the above figures also point towards the excellent growth potential of crowdfunding. It also seems that crowdfunding can be used as a very flexible instrument for raising funds, whether in the donations segment, for venture capital, or in the consumer loan market.

### **Funding ratios reflect business model**

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The funding ratios of campaigns are expressed as the ratio of the amount paid out compared to the pre-defined target amount<sup>8</sup>. For crowdsupporting/crowddonating, this ratio is consistently above 100 % (2013: 107 %), as the all-or-nothing principle generally applies to these forms of crowdfunding in Switzerland: the money that is raised is only paid out if the target amount is reached or exceeded. In the crowdsupporting/crowddonating category, 100-days, wemakeit, Ibelieveinyou, Kickstarter and Projekt-Starter follow this approach, while Moboo always pays out the money that is collected. Feinfunding and Sosense – who operate in the market more as service providers – have different and more flexible models, depending on the clients demands. Because in the crowdlending category (Cashare, direct-lending) the money can be paid out even if the target amount has not been reached, the funding ratio was 84 % for 2013. Although minimum amounts are often defined for the crowdfunding segment, different payout mechanisms are applied. The funding ratio of 67 % for crowdfunding is slightly less than for the other forms.

### **High success rates: campaigns in Switzerland are often funded successfully**

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In 2013, campaigns for a total amount of CHF 24.4 million were launched. CHF 11.6 million was successfully funded, which translates into a success rate of 47.5 %. The success rate is even higher if we consider the number of campaigns: a money transaction took place for 720 out of a total of 1,125 campaigns. This equals a success rate of 64 %. As money is paid out on crowdlending campaigns even if the target amount is not reached, the success rate here is 100 %. The success rate is 66 % for crowdfunding and 60 % for crowdsupporting/crowddonating. The figures changed very little compared to the previous year.

In an international comparison, these success rates are slightly above average. According to a study by massolution<sup>9</sup>, the global success rates in 2012 were 91 % for crowdlending, around 45 % for crowdfunding, almost 53 % for crowdsupporting, and 41 % for crowddonating.

<sup>8</sup> Funding ratio = amount paid out (without fees)/defined target amount for the campaign

<sup>9</sup> massolution (2013). 2013CF – The Crowdfunding Industry Report.

## Fee models applied by the platforms

The fee models applied by the different crowdfunding platforms differ considerably, depending on the business model and form of crowdfunding. The following table provides an overview of the individual fee models applied by the different crowdfunding platforms active in Switzerland.

	Platform	Payout model	Fee on amount paid out	Other fee models, further information
Crowdsupporting/Crowddonating	100-days	all-or-nothing	5 %	–
	feinfunding	various	–	Selection of different fixed-price packages, additional fee of 0–3 % (white label solution)
	Ibelieveinyou	all-or-nothing	9 % (5 % administrative fee/4 % payment transactions)	–
	Indiegogo	optional	–	Flexible target amount: target not reached, 9 % on amounts received; target reached, 4 % on amounts received Fixed target amount: 4 % on amounts
	Kickstarter	all-or-nothing	5 %	–
	Moboo	keep-it-all	10 %	–
	ProjektStarter	all-or-nothing	8 % (5 % for junior project)	–
	Sosense	various	10 %	–
	wemakeit	all-or-nothing	6 % commission, 4 % transaction fee	–
	Cashare (Crowd-supporting)	all-or-nothing	5 %	–
Crowdlending	Cashare (Crowd-lending)	keep-it-all	–	Borrower: Verification fee CHF 19; platform fee 0.75 % of the annual loan amount, compulsory life insurance, voluntary insurance for occupational disability/unemployment Lender: 0.75 % of the outstanding loan amount
	direct-lending	keep-it-all	–	Fixed price plus commission of 1–3 %
Crowdinvesting	7Crowd	all-or-nothing	5–10 %	–
	c-crowd.com	all-or-nothing	10 %	Entrepreneur defines amount of funding needed as well as minimum funding amount. As soon as the minimum funding amount is reached, the entrepreneur can end the subscription period and request that the payments are being executed. Use of market place CHF 250 (basic) or CHF 400 (premium) for three months.
	investiere	all-or-nothing	–	6.5 % commission on capital raised by investiere, paid by start-up; 4.5 % commission for investors, which is reinvested in the start-up by Verve Capital Partners.

Table 1: Overview of fee models

## International comparison

According to the massolution study, the global funding volume raised through crowdfunding in 2012 was around CHF 2.46 billion<sup>10</sup> (+81 % year-on-year)<sup>11</sup>. A total of 1.1 million campaigns were financed. Broken down by region, the lion's share of this volume can be attributed to North America (CHF 1.46 billion, +105 % year-on-year) and Europe (CHF 860 million, +65 %).

The United Kingdom accounts for the largest crowdfunding volume in Europe: at the end of 2012, the crowdfunding volume was around CHF 733 million.<sup>12</sup> In 2013, this increased to CHF 1.38 billion. The crowdlending platform Zopa is one of the most important platforms in the UK market. In 2013, Zopa alone raised an impressive amount of CHF 281 million.<sup>13</sup>

In Germany, the annual volumes are much lower than in the UK. The total crowdfunding volume raised in 2013 was CHF 30.8 million.<sup>14</sup> In the crowdinvesting segment, 66 campaigns with a volume of CHF 24.24 million were funded successfully. In the crowdsupporting and crowddonating segments, a total of 922 campaigns with a volume of CHF 6.6 million were funded successfully.<sup>15</sup>

Compared to Switzerland, crowdlending platforms are stronger represented in the UK and in North America. Together, the two largest peer-to-peer lending platforms in the US – Lending Club and Prosper – raised CHF 2.1 billion in 2013<sup>16</sup>. This accounts for a substantial share of the North American crowdfunding market, which is estimated at around CHF 3.3 billion.<sup>17</sup>

With a volume of CHF 11.6 million, the Swiss crowdfunding market is small in an international comparison, both in absolute figures as well as relative to the population and the country's economic output. If the crowdfunding volumes for the relevant regions or countries are expressed as a ratio of Gross Domestic Product (GDP) and population, the UK and North American markets are considerably more important than those in Germany and Switzerland. In 2013, CHF 21.80<sup>18</sup> per inhabitant was raised via crowdfunding in the UK. In North America, only about half this amount was raised, i.e. CHF 9.35 per inhabitant. These amounts are considerably lower for Germany and Switzerland. A similar picture emerges if we look at crowdfunding volumes as a ratio of GDP for the different countries.

	Crowdfunding volumes	
	per inhabitant in CHF	as % of GDP
Germany	0.40	0.001 %
Switzerland	1.45	0.002 %
North America	9.35	0.020 %
United Kingdom	21.80	0.058 %

Table 2: Crowdfunding volumes as a ratio of resident population and gross domestic product 2013

<sup>10</sup> USD/CHF exchange rate on 31 December 2012: 0.91.

<sup>11</sup> massolution estimates the global funding volume for 2013 at CHF 4.6 billion.

<sup>12</sup> GBP/CHF exchange rate on 31 December 2012: 1.49.

<sup>13</sup> Zopa (2014). About Zopa – Who we are. Online.

<sup>14</sup> EUR/CHF exchange rate on 31 December 2013: 1.23.

<sup>15</sup> Für-Gründer.de (2013). Crowdfunding und Crowdinvesting Monitor 2013.

<sup>16</sup> The Economist (2014). Peer-to-peer lending. Banking without banks. 01/03/2014, print edition.

<sup>17</sup> Estimate, as no concrete data for 2013 is available yet for the North American market.

<sup>18</sup> Sources: IMF World Economic Outlook (2014); massolution (2013); Collins, N., Swart, R., & Zhang, B. (2013); IFZ Crowdfunding Database. Estimate of crowdfunding volumes for the US in 2013: USD 3.3 billion

## Crowdfunding trends for 2014

Against the background of the above results, the following hypotheses are developed regarding the crowdfunding market in 2014:

### 1. The crowdfunding market is set to double in 2014

The total crowdfunding market will double from 2013 to 2014, both in terms of volume and the number of successfully funded campaigns, thereby continuing the trend – albeit at a higher level – of the past few years. Specifically, we expect that around **1,500 campaigns for a total of CHF 24 million** will be successfully funded in 2014. In terms of volume, crowdfunding and crowdlending will see the strongest growth in 2014, while crowddonating and crowdsupporting will enjoy the biggest growth with regard to the number of campaigns. We also expect these figures to double (from 594 financed campaigns in 2013 to more than 1,000).

### 2. The success rate of platform operators and campaign initiators will increase due to learning effects.

The success rate for the funding of campaigns is likely to increase slightly due to the following four determinants: firstly, the professionalism and knowledge of the platforms will continue to increase. Secondly, campaign initiators will benefit from learning effects. As far as the professionalisation of campaigns is concerned, the project initiators in particular still have much to learn. Thirdly, we expect the reach of these campaigns to increase, as people will become more aware of crowdfunding as a source of financing. And fourthly, we are likely to see successful initiators with an existing community to ask for another funding which increases the chances for success.

### 3. Regulation is likely to receive more attention.

There will be more focus on regulation. Until now, the Swiss Financial Market Supervisory Authority (FINMA) has entered into separate agreements on regulations and conditions with several crowdfunding providers. It can be assumed that this policy will be continued for as long as regulation of the crowdfunding model has not been standardised. The sector itself is likely to welcome clearly defined ground rules. However, given the size of the market, **crowdfunding is not yet important enough for the political agenda in Switzerland**. This will change quickly if the growth of the past few years continues.


### 4. The market is young – more competitors will enter the market.

The number of crowdfunding platforms in Switzerland has increased rapidly in the past few years. We expect this trend to continue in 2014 and that **new competitors with different business models will enter the market**. We not only expect the emergence of niche platforms that will focus on specific topics, but also see great potential for websites that are set up for a specific campaign only (e.g. for political campaigns). We also expect the first banks to become active in the crowdfunding market in 2014.


Generally speaking, the **barriers of entry are very low** for crowdfunding. The technology is cheap and available ready-made. The main difficulties faced by new platforms include the acquisition of the know-how required for successful operation and the need to reach critical mass. Even large Swiss platforms are currently still trying to operate their business in a manner that covers their costs. These platforms have to successfully master this early phase of business development if they wish to guarantee their long-term survival.


## Market participants

In the following, the platforms active in Switzerland are presented. All data and descriptions were provided by the platforms.


		<b>Name</b>	<b>wemakeit</b> www.wemakeit.net
		<b>Legal owner</b>	wemakeit.ch GmbH
<b>Managing Director</b>	CEO: Johannes Gees, Co-Manager: Rea Eggli	<b>Address</b>	Schöneeggstrasse 5, 8004 Zurich
<b>Other persons involved in the business</b>	Jürg Lehni	<b>E-mail</b>	office@wemakeit.net
<b>Year of establishment</b>	2012	<b>Telephone</b>	-
<b>Number of employees (FTEs)</b>	approx. 5	<b>Form</b>	Crowdsupporting
<b>Target market</b>	Switzerland and neighbouring countries (F/D/AT) / culture, creative industries, society, technology, social welfare		
<b>Short description of company</b>	wemakeit offers individuals, organisations and institutions the opportunity to finance creative projects or products in a short time and present these to its own community and an expanded target group in German, French and English. wemakeit.net consists of a charitable association through which the funding is routed and a GmbH (limited liability company) that handles business operations. The association is registered as a charitable organisation; contributions to projects and associations in Switzerland are generally tax-free.		
<b>Short description of business model</b>	Commission-based service		
<b>Fee model</b>	10% of target amount (6% commission, 4% transaction fee)		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		


<b>investiere</b> venture capital		<b>Name</b>	<b>investiere</b> www.investiere.ch
		<b>Legal owner</b>	Verve Capital Partners Ltd.
<b>Managing Director</b>	Steffen Wagner (CEO)	<b>Address</b>	Grafenastrasse 9, 6300 Zug
<b>Other persons involved in the business</b>	Julien Pache, Lukas Weber	<b>E-mail</b>	info@investiere.ch
<b>Year of establishment</b>	2010	<b>Telephone</b>	+41 44 380 29 35
<b>Number of employees (FTEs)</b>	8	<b>Form</b>	Crowdfunding
<b>Target market</b>	Switzerland / high-tech (excluding pharma), medtech, cleantech and ICT		
<b>Short description of company</b>	investiere is a community of around 4,000 investors and sector specialists who are interested in start-ups and describes itself as one of the leading online start-up investment platforms in Europe. Since 2010, more than 20 start-ups have used investiere. By using the platform, the community can identify promising investment opportunities. After accreditation by the investiere team, an investor can decide to invest directly in a specific start-up and become a shareholder.		
<b>Short description of business model</b>	investiere systematically brings private investors together with selected lead investors and institutional co-investors. investiere is operated by Verve Capital Partners Ltd. domiciled in Switzerland.		
<b>Fee model</b>	6.5% success-based commission paid by start-up; 4.5% commission for investors which is immediately reinvested in the start-up by Verve Capital Partners.		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		


		<b>Name</b>	<b>c-crowd</b> www.c-crowd.com
		<b>Legal owner</b>	c-crowd Ltd
<b>Managing Director</b>	Philipp Steinberger	<b>Address</b>	Luegislandstrasse 105, 8051 Zurich
<b>Other persons involved in the business</b>	M. Bernegger, O. Rappold, Ch. Laib, Centralway Holding	<b>E-mail</b>	ps@c-crowd.com
<b>Year of establishment</b>	2010 (platform started in April 2011)	<b>Telephone</b>	+41 43 300 80 20
<b>Number of employees (FTEs)</b>	1	<b>Form</b>	Crowdinvesting
<b>Target market</b>	Switzerland / no sector focus		
<b>Short description of company</b>	c-crowd.com is a Swiss online platform that brings entrepreneurs and investors together. c-crowd operates crowdfunding for Swiss public limited companies and also functions as a marketplace for Swiss and international entrepreneurs who cannot or do not want to do crowdfunding.		
<b>Short description of business model</b>	Commission-based Crowdfunding: 10 % of capital raised; Market place: CHF 250 (basic) or CHF 400 (premium), depending on functionality		
<b>Fee model</b>	10 % of target amount		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		


		<b>Name</b>	<b>ProjektStarter</b> www.projektstarter.ch
		<b>Legal owner</b>	Designatelier GmbH
<b>Managing Director</b>	Lukas Wullimann	<b>Address</b>	Weissensteinstrasse 72, 4515 Oberdorf
<b>Other persons involved in the business</b>	Sandra Oberoi, Martin Roth, Myriam Wullimann	<b>E-mail</b>	info@projektstarter.ch
<b>Year of establishment</b>	2011	<b>Telephone</b>	+41 32 622 07 07
<b>Number of employees (FTEs)</b>	1.05 (varies strongly)	<b>Form</b>	Crowdsupporting
<b>Target market</b>	Switzerland / creativity, juniors (people younger than 25)		
<b>Short description of company</b>	Platform for the documenting and funding of creative projects.		
<b>Short description of business model</b>	Support and exploitation of Swiss inventiveness		
<b>Fee model</b>	8 % of target amount, 5 % for junior projects		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		


		Name	Moboo www.moboo.ch
		Legal owner	Michel Grand
Managing Director	Michel Grand	Address	Ch. Des Rairettes 23, A41, 1997 Haute-Nendaz
Other persons involved in the business	-	E-mail	contact@moboo.ch
Year of establishment	2012	Telephone	-
Number of employees (FTEs)	1	Form	Crowdsupporting
Target market	Switzerland		
Short description of company	Moboo is a global crowdfunding platform for innovative projects. The platform focuses on local projects from French-speaking Switzerland.		
Short description of business model	Commission-based revenue from raising money for projects		
Fee model	10% of target amount		
Payout of funds	Keep it all		


		Name	100-DAYS www.100-Days.net
		Legal owner	100-DAYS GmbH
Managing Directors	Romano Strebel & Christian Klinner	Address	St. Jakobstrasse 54a, 8004 Zurich
Other persons involved in the business	None	E-mail	support@100-Days.net
Year of establishment	February 2012	Telephone	-
Number of employees (FTEs)	1	Form	Crowdsupporting / crowddonating
Target market	Switzerland / EU / crowdfunding for all		
Short description of company	100-DAYS is the only crowdfunding platform offering users a fully automated agency with manuals, tips and tricks. 100-DAYS offers the largest number of payment channels (incl. via text message), a social media cockpit, expert support (by telephone and e-mail), templates, tools and publicity in the Ron Orp community. Project initiators can also order free flyers for their projects.		
Short description of business model	Commission-based service		
Fee model	5% of target amount		
Payout of funds	If target amount is reached (all or nothing)		

		<b>Name</b>	<b>Cashare</b> www.cashare.ch
		<b>Legal owner</b>	Cashare AG
<b>Managing Director</b>	Michael Borter	<b>Address</b>	Bösch 65, 6331 Hünenberg
<b>Other persons involved in the business</b>	Roger Müller	<b>E-mail</b>	info@cashare.ch
<b>Year of establishment</b>	2008	<b>Telephone</b>	-
<b>Number of employees (FTEs)</b>	2	<b>Form</b>	Crowdlending and crowdsupporting
<b>Target market</b>	Switzerland		
<b>Short description of company</b>	Cashare is a platform offering alternative investment and financing opportunities via the crowd. This allows private individuals to give loans to one another within a secure framework. It is also possible to finance creative projects through crowdsupporting.		
<b>Short description of business model</b>	Cashare earns a fee on the referral of investment and financing opportunities.		
<b>Fee model</b>	Crowdlending: see fee model table; crowdsupporting 5 % of the amount raised		
<b>Payout of funds</b>	Crowdlending: Keep it all Crowdsupporting: If target amount is reached (all or nothing)		

		<b>Name</b>	<b>feinfunding</b> www.feinfunding.com
		<b>Legal owner</b>	Feinheit GmbH
<b>Managing Director</b>	Moritz Zumbühl	<b>Address</b>	Molkenstrasse 21, 8004 Zurich
<b>Other persons involved in the business</b>	Stefan Reinhard, Stephan Germann	<b>E-mail</b>	kontakt@feinheit.ch
<b>Year of establishment</b>	2006	<b>Telephone</b>	+41 55 511 35 41
<b>Number of employees (FTEs)</b>	26	<b>Form</b>	Crowdsupporting / crowddonating
<b>Target market</b>	German-speaking Switzerland / NGOs, start-ups, marketing for SMEs		
<b>Short description of company</b>	Feinheit is a digital agency domiciled in Zurich. Its portfolio ranges from simple websites to complex application development to cross-media campaigns. Feinfunding is a 'white label' provider.		
<b>Short description of business model</b>	Digital agency		
<b>Fee model</b>	Selection of different fixed-price packages, additional fee of 0-3 %		
<b>Payout of funds</b>	If target amount is reached. However, the project operators manage the platform themselves and can also enter payments manually.		

		<b>Name</b>	<b>sosense</b> www.sosense.org
		<b>Legal owner</b>	Socential Ltd.
<b>Managing Director</b>	Patrik Elsa	<b>Address</b>	Josefstrasse 59, 8005 Zurich
<b>Other persons involved in the business</b>	Linus Gabrielsson	<b>E-mail</b>	info@sosense.org
<b>Year of establishment</b>	2012	<b>Telephone</b>	+41 44 271 10 68
<b>Number of employees (FTEs)</b>	3 (and approx. 3 externals on a mandate basis)	<b>Form</b>	Crowddonating / crowdsupporting
<b>Target market</b>	Sosense operates platforms for (corporate) customers worldwide. Sosense.org itself focused on CH until end of 2013, from 2014 also DE, depending on the topic global.		
<b>Short description of company</b>	Sosense designs, develops and operates crowdfunding and corporate engagement platforms in collaboration with partners or on behalf of institutional clients. For example, individuals and companies can quickly and efficiently support sustainable social entrepreneurship initiatives through Sosense Impact (impact.sosense.org). Sosense Solutions offers advisory, technological and supporting services in the fields of crowdfunding and corporate engagement to institutional clients such as PwC or the Swiss street magazine Surprise.		
<b>Short description of business model</b>	Sosense designs, launches and operates crowdfunding and corporate engagement platforms for institutional clients and also operates its own platforms such as impact.sosense.org.		
<b>Fee model</b>	10 % of target amount		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		

		<b>Name</b>	<b>7Crowd</b> www.7crowd.ch
		<b>Legal owner</b>	7Crowd AG
<b>Managing Director</b>	Gregory Narmont	<b>Address</b>	Räffelstrasse 25, 8045 Zurich
<b>Other persons involved in the business</b>	-	<b>E-mail</b>	info@7crowd.ch
<b>Year of establishment</b>	June 2013	<b>Telephone</b>	+41 44 500 11 62
<b>Number of employees (FTEs)</b>	1	<b>Form</b>	Crowdinvesting
<b>Target market</b>	Schweiz / start-ups in all sectors		
<b>Short description of company</b>	7Crowd would like to use crowdfunding to offer Swiss start-ups another financing option.		
<b>Short description of business model</b>	Commission-based, commission of 10 % once the target amount is reached		
<b>Fee model</b>	10 % of target amount		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		

		<b>Name</b>	I believe in you www.ibelieveinyou.ch
		<b>Legal owner</b>	I believe in you GmbH
<b>Managing Directors</b>	Philipp Furrer, Mike Kurt, Fabian Kauter	<b>Address</b>	Kramgasse 5, 3011 Berne
<b>Other persons involved in the business</b>	-	<b>E-mail</b>	info@ibelieveinyou.ch
<b>Year of establishment</b>	2013 (platform started at the end of June 2013)	<b>Telephone</b>	+41 31 992 40 04
<b>Number of employees (FTEs)</b>	1.3	<b>Form</b>	Crowdsupporting
<b>Target market</b>	All of Switzerland / individual athletes, teams, amateur, popular or professional athletes, associations or event organisers		
<b>Short description of company</b>	I believe in you is the first crowdfunding platform that focuses exclusively on the funding of Swiss sport projects. In keeping with the motto 'from athletes - for the sport'.		
<b>Short description of business model</b>	IBIY finances itself through administrative fees and revenue from sponsors.		
<b>Fee model</b>	9 % of target amount (5 % administration, 4 % transaction fee)		
<b>Payout of funds</b>	If target amount is reached (all or nothing)		



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[www.hslu.ch/crowdfunding](http://www.hslu.ch/crowdfunding)