



Institute of Financial Services Zug IFZ

Crowdfunding Monitoring Switzerland 2016

www.hslu.ch/crowdfunding

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We are grateful to the following platforms for supporting this study by providing data:



Key results

In 2015, **CHF 27.3 million (+73%)** was raised for **1,342 campaigns** in Switzerland,

Crowdlending posted the **highest growth** from 2014 to 2015 (**+127%, to CHF 7.9m**), followed by **reward-based crowdfunding and crowddonating (+60%, to CHF 12.3m)** and **crowdinvesting (+54%, to CHF 7.1m)**.

CHF 65 million was raised within **six years** through crowdfunding in Switzerland.

More than 90,000 people backed crowdfunding projects in Switzerland in 2015.

In the reward-based crowdfunding and crowddonating segment, 1,059 campaigns were funded in 2015 out of a total of 1,639 launched, This corresponds to a **success rate of 64.6 percent**.

Around **40 crowdfunding platforms** were operating in Switzerland as of the end of April 2016.

We are expecting **2016** to see at least a **doubling of sums raised** in the Swiss crowdfunding market – driven, in particular, by **lending to SMEs** and **real estate crowdfunding**.

In Switzerland, reward-based crowdfunding tends to be a **local phenomenon**: the median **distance** between project initiators and backers is just **12 kilometres**.

Foreword

Crowdfunding is an alternative way of raising capital that uses online platforms. The funds can be used for all kinds of projects, such as consumer loans, participating in a business start-up, acquiring a property or publishing a photo book. Although crowdfunding projects cover a wide range of genres, they all have one thing in common: generally a large number of people provide an amount that is often small to enable the project to be realised. Direct, internet-based communication between funders and fundraisers is a key element of all types of crowdfunding. As of the end of 2015, well above 30 platforms were operating in Switzerland, a figure that rose to 40 as of April 2016.

Although recent years have seen the Swiss crowdfunding market grow markedly, absolute volumes of funding remain at a low level. This was also the case in 2015: exactly in line with our expectations, the volume for that year rose from just under CHF 16 million to a little over CHF 27 million (last year's forecast was a volume between CHF 25 and 30 million). Compared to the nondomestic situation – especially that in the UK and USA – the relevance of crowdfunding as a means of raising finance remains relatively modest. It should also be noted, however, that the structure of the market, and with it the expectations of growth, has undergone fundamental change. On the one hand, this is the result of the arrival in the market or expansion of platforms focused on SME lending and real estate crowdfunding. Due to the high levels of funding required by these projects, we expect these platforms to boost the growth of crowdfunding in Switzerland. On the other hand, more established players such as 100days, Cashare, investiere and wemakeit are continuing their steady growth trajectories.

The Institute of Financial Services Zug IFZ of the Lucerne School of Business publishes this Crowdfunding Monitoring report annually with the support of Swisscom. The purpose of this publication is to illustrate crowdfunding trends in Switzerland, present the existing platforms and analyse the drivers of future trends. This should also serve to improve transparency in this still largely under-researched field.

We are reliant on the collaboration and goodwill of the crowdfunding platforms active in Switzerland for access to reliable data. The following platforms provided their data for the 2015 study (in alphabetical order): 100-days, Bee Invested, Cashare, c-crowd, CreditGate24, creditworld, Crowdhouse, Fengarion, Gemeinsam unterwegs, GivenGain, «ibelieveinyou», «icareforyou», International Create Challenge, investiere, Lend, Lions Funding Val Müstair, Masspurse, Miteinander erfolgreich, moBOo.ch, Progettiamo, Projektstarter, Raizers, Sosense, splendit, Startnext, Stoneclub, Swiss Starter, SwisSpeers, Wecan.Fund and wemakeit. We are very grateful to them for doing so. We are particularly grateful to the platforms wemakeit and 100-days: wemakeit made a large volume of data available for an in-depth analysis of crowdfunding campaigns, and both platforms helped with the dissemination of a questionnaire aimed at potential and existing backers of crowdfunding projects. A special vote of thanks is also due to our research associates Gökan Tercan, Cyrill Kilchoer, Christoph Duss, Reto Wernli and Christina Schellenberg.



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1 Objective and structure of the study

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The objective of this study is to illustrate and discuss the trends of the Swiss crowdfunding market with a focus on platforms that have offices in Switzerland and on crowdfunding campaigns involving projects in Switzerland. Publishing the market figures on an annual basis increases the transparency of the Swiss market – this has not yet been studied very closely, due, most likely, to its marginal size. The target readership of the Crowdfunding Monitoring report is not only experts, but also the general public: it aims to give the latter a clear overview of each funding option and each market participant.

These objectives are reflected in the structure of the study. It offers an introduction to the subject (Section 2) and describes the growth of the Swiss crowdfunding market since 2008 (Section 3). It also provides a number of new analyses, none of which have been conducted in Switzerland in this form: based on an analysis of all the projects conducted via the wemakeit platform between 2012 and 2015, Section 4 analyses characteristics of campaigns such as the geographical distance between project initiators and backers or the probability of success. Section 5 presents an analysis of potential and existing backers of crowdfunding campaigns. The distribution of the survey was supported by the platforms 100-days and wemakeit. Section 6 looks at crowdfunding and its tax implications – a topic that frequently raises questions amongst platforms as well as project initiators and their backers. Section 7 presents the annual comparison of the crowdfunding market in Switzerland with key markets abroad. The final section of the study ventures to suggest how the Swiss market might evolve over time. The appendix contains profiles of the Swiss platforms and various data.

2 Scope and definition

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Crowdfunding is a method of funding campaigns online where large numbers of people provide funds for cultural, social and commercial projects. Funders and those receiving funds communicate online and a crowdfunding platform takes on the role of intermediary. The intermediary receives a fee for the transaction. This referral commission is usually defined as a percentage of the amount that is raised. The funders receive monetary or non-monetary compensation depending on the type of crowdfunding. The term campaign will be used from now on for the funding phase of projects.

In the literature, the term crowdfunding is often classed as a sub-category of crowdsourcing, both notionally and conceptually. The term crowdsourcing is a combination of the words “crowd” and “outsourcing”. In the context of crowdsourcing, the crowd stands for Internet users, often also simply referred to as the community. The outsourcing process can take place between individuals and/or companies. Accordingly, the basic idea of crowdsourcing is when a community performs certain tasks. Within a clearly pre-defined framework (e.g. timeframe, conditions for participation, compensation), the community then adds value in a variety of ways for the principal.

There are four different types of crowdsourcing (see Figure 1). The term was essentially coined by journalist Jeff Howe, who illustrated the crowdsourcing process with various examples in an article in Wired Magazine and outlined three sub-categories: crowdcreation, crowdvoting and crowdwisdom (Howe, 2006). There is also a type of crowdsourcing called crowdfunding, which, as opposed to the other three categories, does not refer to the aggregation of knowledge, opinions and creativity, but to fundraising.

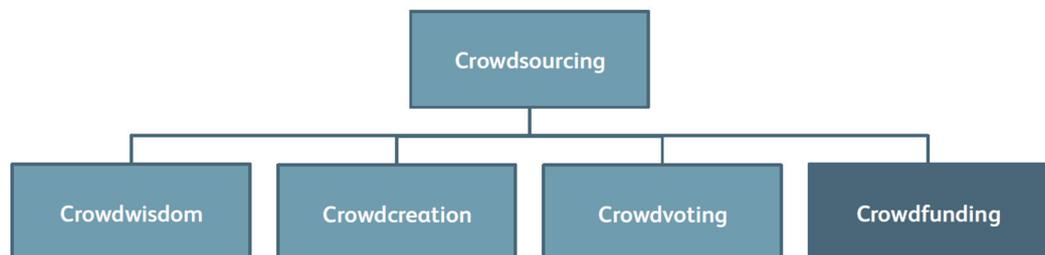


Figure 1: Overview of the term crowdsourcing (Kaltenbeck, 2011)

The four types of crowdsourcing can be distinguished as follows:

- **Crowdwisdom:** Crowdwisdom (swarm intelligence) makes use of the intelligence of a community. The crowd is asked to activate and reflect on their knowledge.
- **Crowdcreation:** The objective of crowdcreation is to make use of the creative potential of a crowd. The collected ideas of the crowd are used in the form of texts, audio files, illustrations and similar forms.

- **Crowdvoting:** Crowdvoting makes use of the opinions and judgement of the crowd to assess ideas or content. The opinions structured from this process then serve as the basis for decisions by the crowd. Crowdvoting can consequently be used as a forecasting tool.
- **Crowdfunding:** In crowdfunding, use of the Internet and the crowd are also key elements. However, in contrast to the above categories, the focus is not on the knowledge or creative potential of the crowd, but rather on raising funds for all types of projects. The fundraising phase is called a campaign.

2.1 Definition of crowdfunding – consideration as decision criterion

The term crowdfunding – defined as online fundraising for projects – can be divided into four categories. The main criterion for distinguishing different types of crowdfunding is the type of consideration received. The consideration can be of a monetary nature with funders receiving a stake in the company or a share in its profit (crowdinvesting) or interest income (crowdlending) on the capital provided. The consideration may also be of a non-monetary nature. The model referred to as “crowdsupporting” in Switzerland, which is often referred to in the English-speaking world as “reward-based crowdfunding”, falls under this category. Compensation under reward-based crowdfunding may take the form of products or services. Funding can also be provided without any direct and measurable consideration for the investment (crowddonating), in which case social or altruistic motives are influential. This is also often the case for reward-based crowdfunding where there is a strong focus on supporting a specific idea, as it is very difficult to objectively measure the consideration in the form of goods or services and the consideration often only represents a small part of the investment. These four categories are shown in Figure 2 and can be defined as follows:

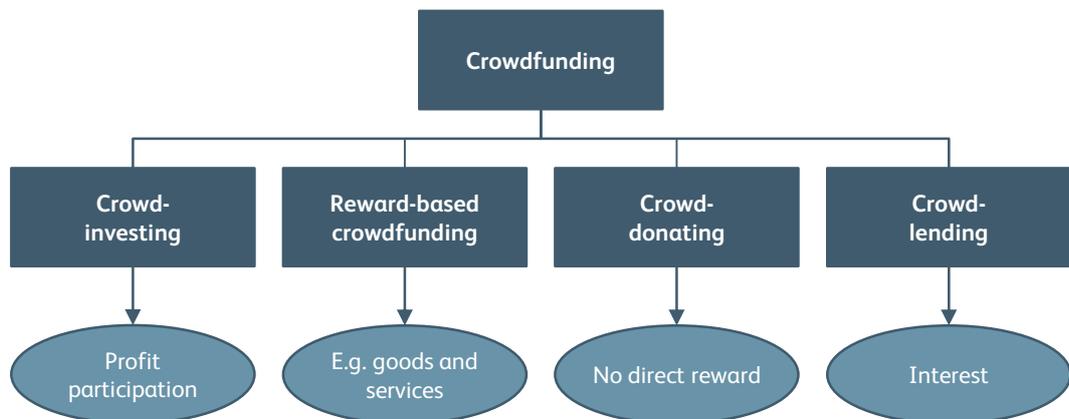


Figure 2: Types of crowdfunding and consideration for each crowdfunding category

- **Crowdinvesting:** Instead of funding a project, the purpose of crowdinvesting is to acquire a stake in a company via equity or mixed forms of equity and mezzanine capital. These companies are often in an early stage. Depending on the platform, crowdinvesting also provides funders who only have small amounts to invest with the opportunity to support start-ups in their growth phase. In return, these funders receive shares in the company, or a share in the profit of the company in the case of mezzanine funding. It should be noted that voting power is limited for many types of investments in this area in order to guarantee more freedom of decision for the management of the company. Apart from investing in a company, real estate crowdfunding is also considered as crowdinvesting, as investors become owners of a share in the real estate.

- **Crowdsupporting / reward-based Crowdfunding:** The reward-based crowdfunding category (referred to in Switzerland as crowdsupporting) often includes creative, cultural or commercial projects as well as sports projects. With this type of funding, the funder usually receives a one-off consideration in the form of products, works of art or services. There are no limits to the creativity of the founders seeking funding (e.g. invitations to events, special editions or pre-release access to a product).
- **Crowddonating:** The contributions made in crowddonating are simple donations that usually are not associated with any consideration. Examples include social, charitable and cultural projects. Crowddonating can also be used to raise funds for political campaigns.
- **Crowdlending:** Crowdlending mainly refers to loans for funding companies or individuals, which is consequently categorised as borrowed capital. Crowdlending is also known as peer-to-peer (P2P) or social lending. Lenders receive interest payments in return for their loan. The amount of the interest payments varies depending on the risk of the founder.

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

2.2 Motives for launching crowdfunding campaigns

Crowdfunding campaigns have both financial and non-financial advantages for project initiators seeking funds. On the one hand, the main (financial) motivation for a project initiator is generally the need for funding for a project, which is particularly prominent in crowdlending and crowdinvesting. In addition, commercial crowdfunding campaigns in the form of reward-based crowdfunding partially serve as an initial round of funding. For example, Pebble initially funded its smartwatch in 2012 via Kickstarter before the company received funding from venture capital investors in a second phase. Pebble later used Kickstarter as a marketplace for selling its third product generation “Pebble Time”. The platform was used as a de facto pre-sales channel in this case. This crowdfunding campaign reached over USD 20 million by April 2015.

On the other hand, crowdfunding also offers non-financial advantages. It enables companies or private founders to have a direct dialogue with their potential customers and receive immediate responses from them. As a result, crowdfunding campaigns are also well suited for customer recruitment and retention. A good project can also promote the image of a supplier or draw attention to an innovative project. The Swiss computer game Train Fever is an example of this, attracting a high level of attention with its campaigns. Another advantage of a crowdfunding campaign is that the initiators of a project can use successful campaigns to reveal that there is a market for their products or services (market test). And finally, crowdfunding can also find capital for good ideas which usually do not fit the model required by traditional investors. As a result, swarm intelligence can lead to recognition and support for trends and good ideas.

2.3 Motives for supporting crowdfunding campaigns

Backer motives can also be subdivided into financial and non-financial aspects which are largely dependent on the respective crowdfunding category. Backers almost exclusively pursue financial objectives in crowdinvesting and crowdlending. In return for their investment, backers of a project expect a risk-adjusted return on their investment consisting of interest payments and repayment of the loan amount (crowdlending) or of value appreciation and dividends from a stake (crowdinvesting). Crowdlending investments in particular are enjoying increasing popularity from investors, as this new investment class has recently produced an attractive risk-return profile. The motives of backers often go beyond financial motives when it comes to reward-based crowdfunding

and crowddonating. On the one hand, there may be a philanthropic incentive. For example, this may be the case in projects involving social, cultural or political causes. The consideration could be a simple “thank you” or the chance to meet the artist. On the other hand, many campaigns feature an incentive in the form of receiving a product. The advantage here could be the ability to receive a product at a better price, an earlier time or in a specially equipped version (Mollick, 2014). Given the fact that there are often no minimum investment amounts for crowdfunding or they are very low, some funds are ultimately contributed purely for the sake of fun or to make a political statement. “The buy nothing experiment” campaign in 2014 on Kickstarter is an example of this. A detailed analysis of motives to support crowdfunding campaigns can be found in Section 5.

3 Crowdfunding market in Switzerland

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Focused on crowdlending, the first crowdfunding platform to be launched in Switzerland was Cashare; the year was 2008. Since then the market has seen strong growth. The crowddonating platform GivenGain was launched in 2009, followed by the crowdinvesting platform investiere in 2010 and Switzerland's (at the moment) two biggest reward-based crowdfunding platforms 100-days and wemakeit in 2012. Around 40 crowdfunding platforms were maintaining a physical presence in Switzerland as of the end of April 2016. Also in the market are several nondomestic platforms without an office in Switzerland. Some of these are very significant for Switzerland, given that many large campaigns are run on them. Nondomestic platforms of relevance to Switzerland include Indiegogo, Kickstarter and – especially in the French-speaking west of the country – KissKissBankBank. All three are included in the study. The following platforms were active in Switzerland as of March 2016 (see box on the platforms included in the study):

- **Crowdinvesting:** Bee Invested, c-crowd, Companisto, Conda, Crowdhouse, investiere, Raizers, Stoneclub, Swiss-Crowd, Swiss Starter.
- **Reward-based crowdfunding / crowddonating:** 100-days, Fairfundr, Fengarion, Gemeinsam unterwegs (Raiffeisenbank NHS), GoHeidi, I believe in you, Indiegogo, International Create Challenge, Kickstarter, KissKissBankBank, LémaNéo, Lions Funding Val Müstair, lokalhelden.ch, Masspurse, Miteinander erfolgreich (Basellandschaftliche Kantonalbank), Moboo, Progettiamo, Projection, ProjektStarter, Startnext, Veolis (also operates in other categories), wemakeit.
- **Crowddonating:** GivenGain, I care for you, Sosense.
- **Crowdlending:** Cashare, CreditGate24, creditworld, Lend, splendit, swisspeers, Wecan.fund.

DonoBot and Feinfunding exited the market in 2015 (see Figure 3). Cashare left the reward-based crowdfunding market and now focuses exclusively on crowdlending. Crowdfunding newcomers included Raizers, Veolis, Wecan.fund, Startnext, CreditGate24, Bee Invested, Companisto, Lions Funding Val Müstair, Masspurse, I care for you, Crowdhouse and lokalhelden.ch. The first three months of 2016 witnessed the launch of further platforms, including creditworld, Lend.ch and swisspeers. There has been a net increase of 13 crowdfunding platforms since the end of 2014.

The study does not include the invoice financing platform Advanon, even though its business model includes features that bear similarities to crowdfunding. It means that data relating to the finance raised via that company has not been included.

3.1 Platforms and their business models

Most of the crowdfunding platforms operating in Switzerland come under the crowdfunding categories outlined above, i.e. crowdinvesting, crowdlending, reward-based crowdfunding and crowddonating. Some of the business models, however, differ strongly within these categories.

Crowdinvesting

The crowdinvesting category encompasses major differences between business models. Take investiere and c-crowd, for instance: while c-crowd allows anyone to provide funds, investiere operates more like a "business angels club" of qualified investors only. As a result, investments are not open to everyone, as investors are screened before being admitted. Minimum investing levels also thin out the crowd. investiere is by far the largest crowdinvesting platform for start-ups in Switzerland. Early 2016 also saw Raizers host a campaign for a major project valued at a little over CHF 1 million. Conda (from Austria) and Companisto (from Germany) are also looking to host campaigns in Switzerland.

Real estate crowdfunding is seen as another sub-category of crowdinvesting. In a first for Switzerland, the platform Crowdhouse was successfully used in 2015 to raise funds for the purchase of a property. As of April 2016 two further properties have been financed to the tune of CHF 4 million.

Reward-based crowdfunding and crowddonating

One feature of reward-based crowdfunding is the way platforms specialise in particular ways. wemakeit and 100-days, for instance, focus on culture and the creative industries, while 'I believe in you' is known for sport. All three platforms are now firm fixtures in the Swiss market, with a combined share of the reward-based crowdfunding market exceeding 60 percent. The platforms Miteinander erfolgreich and lokalhelden.ch (launched in 2016) are an example of banks entering the reward-based crowdfunding market (Basellandschaftliche Kantonbank and Raiffeisenbank respectively). Alongside them are numerous small platforms: some, like Progettiamo in Canton Ticino, with strong regional roots.

Amongst nondomestic players, Germany's largest reward-based crowdfunding platform Startnext is a noteworthy entrant to the Swiss market. Other nondomestic platforms including Indiegogo, Kickstarter and KissKissBankBank are also used for raising substantial amounts of Swiss reward-based crowdfunding finance.

GivenGain is a player in the crowddonating category that gained traction in the market some time ago; it has more of an international orientation. Launched late in 2015, another crowddonating platform is 'I care for you'.

Crowdlending

The crowdlending pioneer and market leader is Cashare. Focused until last year on the personal loans market, it has now branched out into raising finance for SMEs as well. Another important player in the market is CreditGate24, a platform also profiling itself in the personal loans and SME financing segments. Project initiators had success raising funds for crowdlending campaigns via yet another player, wecan.fund. Platform splendit, meanwhile, concentrates on raising funds for education and training. Amongst the crowdlending platforms launched in 2016 were Creditworld, Lend and swisspeers.

3.2 Strong market growth in Switzerland

Both the number of successfully funded campaigns¹ and the volume of funds raised have experienced strong growth in recent years. The volume has increased by a factor of almost nine in comparison with 2011. For 2015 the industry posted year-on-year growth of 73 percent to CHF 27.3 million across all crowdfunding categories (see Figure 4). Since Cashare's launch in 2008 as Switzerland's first crowdfunding platform, the industry has been used to raise CHF 65 million in funds for projects. However, such spectacular growth does not conceal the fact that the absolute amounts are still very low.

Having raised CHF 12.3 million in funds, the reward-based crowdfunding and crowddonating categories top the funding rankings for the second year running. Those two categories have also seen dramatic growth (60%). However, crowdlending experienced even higher growth (127%) in a market that now appears to be gradually gaining momentum. Crowdfunding witnessed a rise in funds raised of 54 percent, some of which is accounted for by the sub-category, real estate crowdfunding.

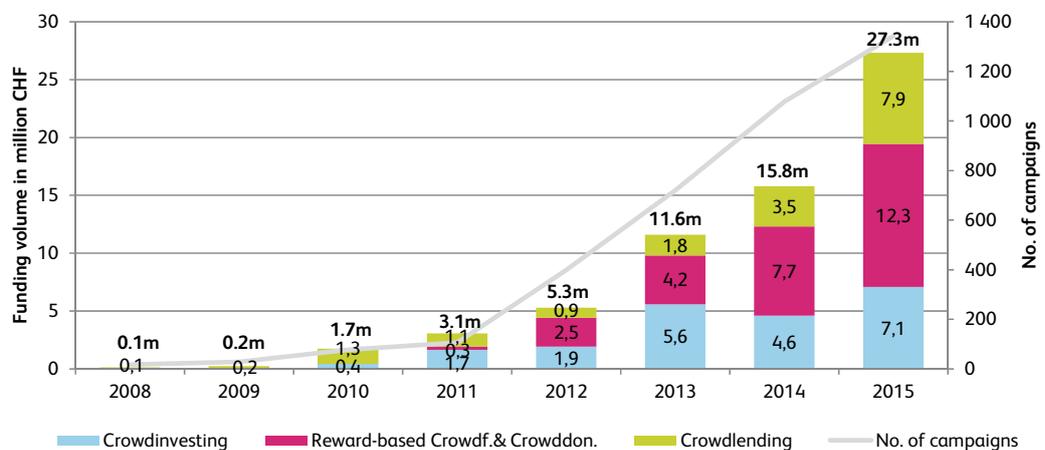


Figure 4: Trends in successfully funded campaigns by funding volume and number 2008-2015

¹ A campaign is considered "successfully funded" when the funds contributed by the backers are released to the project initiators. Campaigns with a fixed target amount are successful only if this amount has been reached (all-or-nothing model). Our study also deems the campaign successful if no fixed target amount is defined but funds are still raised and paid out. As a result, the amounts listed reveal only the amount of money that changed hands. The survey does not consider whether the funded campaign can actually be implemented as a successful project.

3.3 Reward-based crowdfunding / crowddonating

After being the largest crowdfunding categories in Switzerland in 2012 and 2014, reward-based crowdfunding and crowddonating once again topped the rankings in 2015. Their consistent high growth over the past five years is striking. After raising just CHF 300,000 in funds in 2011, this figure reached CHF 12.3 million in 2015. In all, 1,059 campaigns were successful in 2015 (previous year: 854 campaigns). Large numbers of projects were successfully funded, especially in technology, music, sport and the social realm. As a result, reward-based crowdfunding in Switzerland is well on its way to establishing itself as providing an alternative source of finance, particularly in culture and sport. That said, it should be noted that the amount raised in reward-based crowdfunding and crowddonating is still relatively low in absolute terms. By way of a reality check, some CHF 1.7 billion in donations was raised in Switzerland as a whole in 2014 (Zewo, online). Crowddonating's volumes are marginal by comparison. The same applies to comparisons with the amounts disbursed by the public purse for cultural purposes, which come to over CHF 2.7 billion (Bundesamt für Kultur, online).

For the second time, this study has looked at where the funds raised in the reward-based crowdfunding and crowddonating categories go. The sizes of the circles in Figure 5 reflect the amount raised by the successful campaigns. The colours reflect the number of campaigns. The figures are also itemised in Table 1.

Worth noting is the fact that reward-based crowdfunding and crowddonating are particularly well-established for projects in the realm of "technology, business and start-ups" (see Table 1): CHF 2.9 million in funds were raised for 49 projects in this area in 2015. "Music, concerts and festivals" (CHF 1.8 million) and "Sport and health"/"Society and social projects" (CHF 1.7 million) also attracted significant funding. It is no surprise that there is a tendency toward larger projects in "technology, business and start-ups", given that the amount of funding needed is often higher. This leads to a smaller number of campaigns in comparison to other categories. The funds raised for "culture and the creative industries"² as a whole amounted to an estimated CHF 5.5-6.0 million in 2015 (previous year: CHF 4.0-4.5 million).³

As can be seen in Table 1, wide variations exist amongst the activities in terms of averages raised by campaigns (from CHF 5,700 for "dance, theatre" to CHF 60,000 for "Technology, business and start-ups").⁴ The average sum raised per "music, concert, festivals" campaign was CHF 7,400; it was CHF 10,900 for "Society and social projects" and CHF 7,400 for "Sport and health". The average level of funding raised per campaign across all the platforms surveyed was CHF 11,700. The equivalent figure in Germany in 2015 was lower: EUR 8,064 (Für-Gründer, online). Worth noting is that the German reward-based crowdfunding market is roughly the same size as the Swiss one. Smaller in terms of levels of funding, but slightly larger in terms of numbers of campaigns, Germany in 2015 saw 1,213 projects funded to the tune of CHF 10.6 million⁵ overall, compared to Switzerland's 1,059 projects and CHF 12.3 million. The average amount contributed by a backer in 2015 was around CHF 140.

² "Culture and the creative industries" comprises the following activities: design; film, video; photography; games; paintings, pictures; media, books, literature; fashion; music, concert, festivals; dance, theatre; miscellaneous.

"Technology, business and start-ups" also includes numerous cultural/creative projects: we estimate the proportion to be between 25 and 50 percent.

³ The first quarter of 2016 also saw publication by the IFZ of the study "Crowdfunding in the Cultural Sphere" on behalf of the Swiss Federal Office of Culture and Pro Helvetia. The study is available under: www.hslu.ch/crowdfunding

⁴ These figures refer only to the platforms 100-days, Cashare, Fengarion, Gemeinsam unterwegs, GivenGain, I believe in you, I care for you, Indiegogo, Kickstarter, KissKissBankBank, Lions Funding Val Müstair, Miteinander erfolgreich, Moboo, Progettiamo, ProjektStarter, Sosense, Veolis and wemakeit, which provided us with detailed figures on the distribution of projects. These cover a large section, though not all, of the Swiss market.

⁵ In EUR 9.8 million (Für-Gründer.de, 2016), exchange rate on 31.12.2015: 1.0874

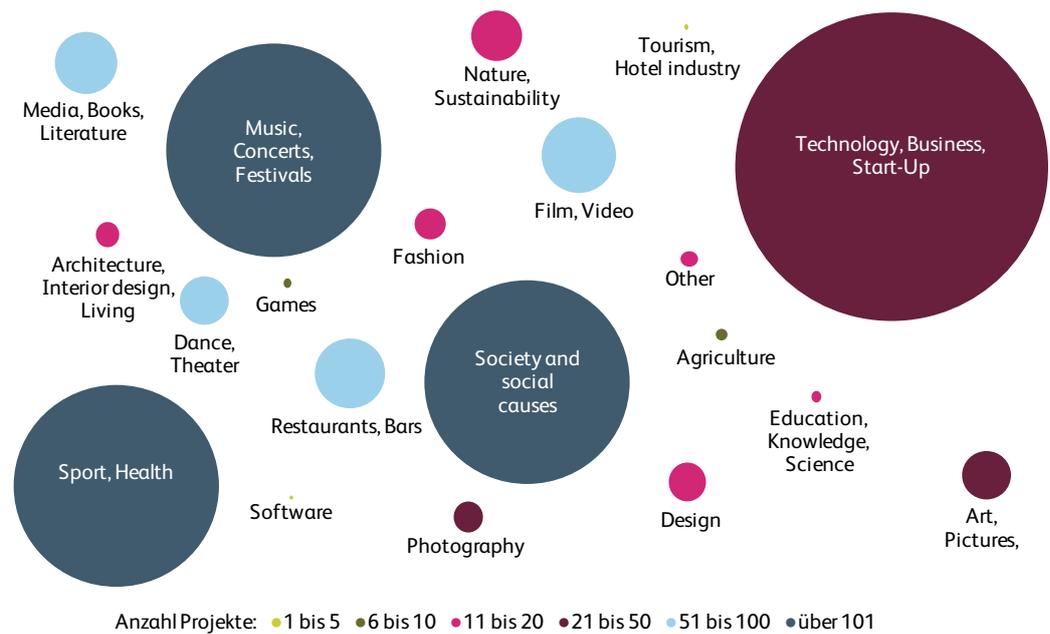


Figure 5: Verteilung von Crowdsupporting und Crowddonating nach Themen in Volumen (Grösse des Kreises) und Anzahl (Farbe)

Category	Volume in CHF			Number of projects			Ø campaign amount in CHF		
	2014	2015	Δabsolute	2014	2015	Δabsolute	2014	2015	Δabsolute
Agriculture	114,335	102,275	-12,060	4	8	4	28,584	12,386	-16,198
Architecture, Interior design, Living	208,641	182,587	-26,054	18	12	-6	11,591	14,741	3,150
Art, Pictures, Paintings	278,689	383,793	105,105	43	39	-4	6,481	9,785	3,304
Dance, Theater	262,523	399,008	136,485	53	70	17	4,953	5,685	732
Design	na	306,771	300,406	na	17	16	na	18,576	18,576
Education, Knowledge, Science	63,999	90,702	26,703	10	11	1	6,400	7,989	1,589
Fashion	155,585	300,808	145,223	14	12	-2	11,113	24,286	13,173
Film, Video	512,853	606,696	93,843	71	58	-13	7,223	10,496	3,273
Games	254,969	61,447	-193,522	5	8	3	50,994	7,442	-43,552
Media, Books, Literature	234,089	492,518	258,429	39	57	18	6,002	8,676	2,674
Music, Concerts, Festivals	1,478,267	1,759,798	281,531	216	238	22	6,844	7,381	537
Nature, Sustainability	71,032	409,523	338,491	13	18	5	5,464	23,339	17,875
Photography	168,700	234,248	65,548	29	27	-2	5,817	8,729	2,912
Restaurants, Bars	196,895	566,910	370,015	17	32	15	11,582	17,718	6,136
Society and social causes	1,338,418	1,682,845	344,426	131	154	23	10,217	10,942	725
Software	81,463	19,632	-61,830	2	3	1	40,731	6,340	-34,391
Sport, Health	733,330	1,686,880	953,550	128	228	100	5,729	7,395	1,666
Technology, Business, Start-Up	1,465,555	2,924,131	1,458,576	40	49	9	36,639	60,277	23,638
Tourism, Hotel industry	24,030	15,369	-8,661	2	1	-1	12,015	14,890	2,875
Other	75,454	121,827	46,373	19	17	-2	3,971	7,377	3,406

Table 1: Investments in reward-based crowdfunding and crowddonating by category

These figures show that the reward-based crowdfunding and crowddonating model is increasingly being used for raising funds for projects. A further indication of this is that around 88,000 contributions were made to reward-based crowdfunding and crowddonating projects in Switzerland in 2015 (2014: over 60,000 times). The implication is that large numbers of people came into contact with reward-based crowdfunding and crowddonating. Although the actual number may well be smaller than at first appears due to some people contributing to more than one campaign, there can be no denying that reward-based crowdfunding and crowddonating are attracting considerable interest. Backers and their motives are examined in greater detail in Section 0.

3.4 Crowdfunding

Three platforms were servicing Switzerland's crowdfunding market as of the end of 2015. They hosted 17 successful campaigns, compared to 10 in the previous year. The funds raised rose from CHF 4.6 million in 2014 to CHF 7.1 million.

Crowdfunding's success rate in 2015 was an exceedingly high 95 percent. This is also, in particular, an indication of careful project selection and professional project support on the part of said platforms. The market has potential for positive growth: by way of example, CHF 670 million was invested in start-ups in Switzerland in 2015 (Start-Up-Ticker, online).

The average amount raised for each of the 17 projects was CHF 416,000. This compares to CHF 460,000 for 10 projects in 2010. This figure is similar to platforms in Germany: its two biggest platforms raised an average of EUR 687,000 (Companisto) and EUR 435,000 (Seedmatch) per project, making the average value for all of Germany EUR 387,000 (Für-Gründer, online). The average amount contributed per backer in Switzerland was CHF 28,300 in 2015 (previous year: 23,400), which is significantly higher than for the other categories of crowdfunding.

3.5 Crowdlending

The crowdlending market has experienced the strongest year-on-year growth of all the crowdfunding categories. Funds raised rose from CHF 3.5 million to CHF 7.9 million, while the number of campaigns went up from 214 to 266. This implies growth in the average amount raised per campaign. The average amount raised per crowdlending campaign in 2015 was CHF 29,700 – substantially higher than the previous year's CHF 16,200. One of the reasons for this trend is the launch in Switzerland of SME credits in 2015, promoting much higher average levels of funding than is the case for consumer credits.

Backers of crowdlending campaigns contributed an average of CHF 1,930 (previous year: 1,120), which is markedly different from what was contributed in the other categories (reward-based crowdfunding, crowddonating and crowdfunding).

In spite its strong growth, the crowdlending market remains very much niche. Its volume of 7.9 million (inclusive of some SME credits) is extremely modest in comparison to the nearly CHF 3.9 billion handed out in new loans in Switzerland's consumer credit market in 2015 (Association of Swiss Credit Banks and Financial Institutions, online).

Generally speaking, it continues to be the case that the growth and funding of crowdlending platforms are severely constrained by Article 6 of Switzerland's Banking Ordinance and its prescribed limit of 20 backers per crowdfunding credit project. A lifting of this rule would doubtless support further growth.

3.6 Fee models

The fee models of each crowdfunding platform differ quite a lot, depending on the business model and type of crowdfunding. The following table provides an overview of the individual fee models of each crowdfunding platform active in Switzerland.

	Platform	Payout model	Fee charged on payout amount	Other fee models, additional information
Crowdfundinginvesting	Bee Invested	all-or-nothing	7 %	
	c-crowd	all-or-nothing	10 %	C-crowd offers also a marketplace in order to connect entrepreneurs with investors: Use of marketplace CHF 250 (basic) or CHF 400 (premium) for three months.
	Crowdhouse	all-or-nothing	3 %	-
	investiere	all-or-nothing	-	4% success-related commission on funds raised. 1.5-4% fee on investor side. Additional Carried Interest of 15% at an annualized return of minimum 5%.
	Raizers	-	-	Fundraiser, depending on the volume, maximum 10% Investor: maximum 5,5%
	Swiss Starter	all-or-nothing	8 %	-
Reward-based crowdfunding / Crowddonating	100-days	all-or-nothing	5 %	-
	Fengarion	keep-it-all	0 %	-
	Gemeinsam unterwegs	all-or-nothing	0 %	
	GivenGain	keep-it-all	5 %	-
	I believe in you	all-or-nothing	9 %	No fees for unsuccessful campaigns
	I care for you	all-or-nothing	10 %	6% commission, 4% transaction fees
	Indiegogo	optional	8 – 10 %	
	Kickstarter	all-or-nothing	8 %	5% commission, 3% transaction fees
	Lions Funding Val Müstair	all-or-nothing and keep-it-all	0 %	
	Masspurse	various	9 %	all-or-nothing, keep-it-all, or separate funding steps possible
	Miteinander erfolgreich	all-or-nothing	10 %	
	moBOo.ch	keep-it-all	10 %	-
	Progettiamo	all-or-nothing	0 %	-
	ProjektStarter	all-or-nothing	8 % (5 % for junior projects)	-
	Sosense	-	depends	Depending on contract with client (Corporate/NPO/others)
	Startnext	all-or-nothing	4 % transaction fee plus optional fee (voluntary)	Optional fee: minimum 1 %
wemakeit	all-or-nothing	10 %	4% transaction fees, 6% provision	

Crowdlending	Cashare	keep-it-all	-	Fees only if campaign is successful: 0.75 % p.a. for investor and borrower; minimum fee for private borrowers of CHF 50.- and CHF 300.- for SME. No fee in case of early repayment or assessment.
	CreditGate24	various	-	Borrowers: 0.8 % - 3.0 % (depending on amount and duration), minimum CHF 100. Investors pay 1 % on the monthly repayments (amortisation plus interest).
	creditworld	all-or-nothing	0.45 - 1.5 %	Depending on amount: 0.45-1.50 %, minimum 1'000 CHF
	Lend	all-or-nothing (mind. 80 % der Zielsumme)	0.75 % (borrower), 0.65 % (investor)	Investor: Fee of CHF 5 for identification check
	Miteinander erfolgreich	all-or-nothing	3 %	3 % on credit as well as CHF 50 for upload of the project. CHF 50 for investor if project was successfully funded
	splendit	all-or-nothing	-	Monthly fee of CHF 10 for students during duration of the credit. Investors: 2 %, one time payment at the beginning
	Swisspeers	all-or-nothing	-	0.5 % p.a. borrower; 0.25 % p.a. investor
	Wecan.Fund	all-or-nothing	1 - 7 %	-

Table 2: Overview of fee models

4 Characteristics of reward-based crowdfunding campaigns

Reto Wernli, Prof. Dr. Andreas Dietrich, Simon Amrein and Christoph Duss

Describing a "typical" or "average" reward-based crowdfunding campaign is not easy, since the projects involved are heterogeneous in the extreme and cover a wide range of categories ranging from music and games all the way to business. The funding amounts, durations and geographical scopes of the campaigns are correspondingly diverse. That said, the following analysis represents an attempt to identify some of the characteristics of these campaigns. It is based on individual campaign data provided by Switzerland's largest crowdfunding platform, wemakeit. The campaigns ran during the period February 2012 to April 2015. Wemakeit was the clear market leader in Switzerland in 2014 for both reward-based crowdfunding and crowddonating, which makes it the most important platform on the domestic market.

4.1 Data basis and descriptive statistics

The following statistical analysis is based on data provided by wemakeit, sourced from the 1,590 campaigns (of which 1,507 with geographical data) launched on the platform between February 2012 and April 2015. Wemakeit made the data available for scientific purposes in anonymised form, which means that it is impossible to identify the individual project initiators and their backers. What is known, however, are the places where the projects were based and the domiciliary towns and villages (by postcode) of 43,365 of the 65,913 backers.

Of the campaigns analysed, 71 percent achieved or exceeded their self-defined funding targets, which means they could be described as "successful".⁶ This figure is on the high side compared to other platforms in the domestic and nondomestic markets: major US-based platforms such as Kickstarter and Indiegogo have success rates of 39 and 33 percent respectively (Massolution, 2015, p. 63), while Swiss platform 100-days achieves 43 percent (Beier & Wagner, 2014, p. 3).

The largest amount raised by a campaign during the period under review was CHF 91,662. The median contribution, taking the campaigns as a whole, was CHF 5,340. The median duration for a campaign on wemakeit was 45 days. Total funds raised via the platform by successful campaigns during the period under review (February 2012 to April 2015) came to CHF 8.14 million.

Figure 6 shows the distribution of funding target attainments. More than one third (633) of the 1,590 campaigns analysed exhibited funding target attainments of between 100 and 110 percent. These campaigns thus achieved or just exceeded their funding targets.⁷ The funds raised by campaigns achieving in excess of 100 percent were released to the campaign initiators and were thus deemed successful. Half of the 465 (29%) unsuccessful campaigns raised no more than 10 percent of their funding targets. This suggests, albeit simplistically, that crowdfunding campaigns tend to either only just reach their funding targets or remain at a low level of target attainment.

⁶ Campaigns that had not concluded by the end of the period under review, April 2015, were excluded from the study.

⁷ The highest target attainment figure was 384 percent; for better illustration, we represent all those achieving 200 percent or more by a single bar.

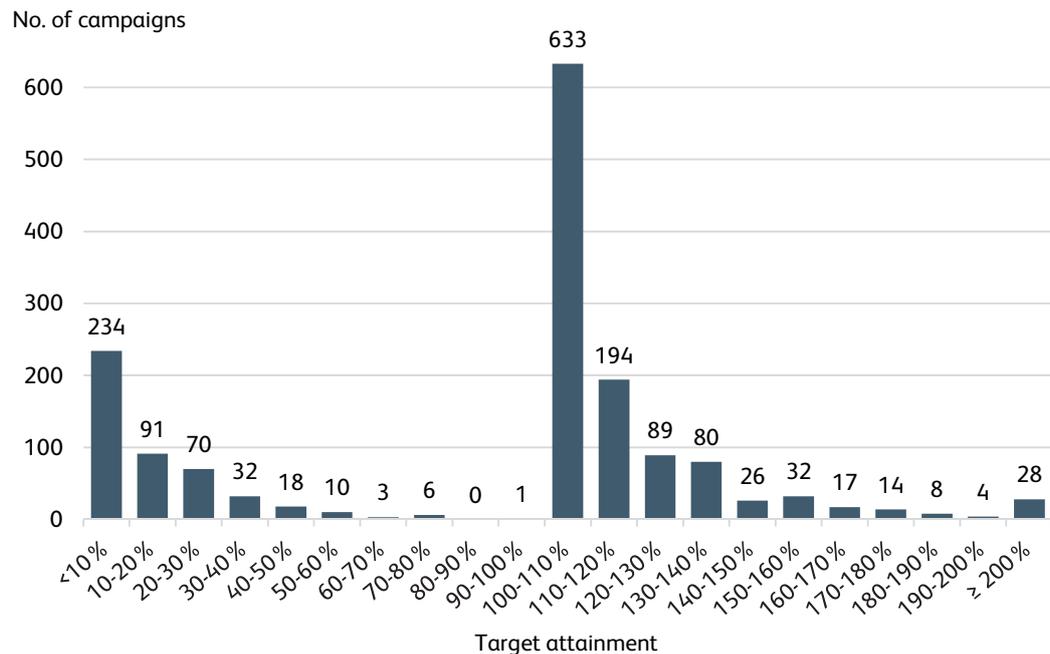


Figure 6: Frequency of funding target attainment (target attainment expressed as a ratio of the amount raised to the funding target)

The 1,590 campaigns received contributions from more than 65,000 backers, 64 percent or so of whom used the German-language website, 26 percent the French-language one and 10 percent the English-language one. The funds contributed varied greatly, ranging from CHF 1 to 14,500, the average being CHF 132 and the median CHF 60.

Of the total of CHF 8.14 million raised by backers, 41 percent was devoted to the category "Music, concerts, festivals". The three largest categories, which include also "Art, pictures, paintings" and "Film and video", received two thirds of all campaign funds raised.

4.2 Geographical aspects in Swiss cultural crowdfunding

The geographical proximity of the project initiators and their backers is also interesting. The median distance between them in successful campaigns in the two most popular categories ("Music, concerts, festivals" and "Art, pictures, paintings") was just 18 and 10 kilometres respectively. This strong geographical relationship (median distance less than 30 kilometres) is evident across every category with the exception of "Agriculture" and "Games". In this context, the question arises as to where most campaigns are launched and whether there are differences between urban and rural areas. Also of interest is where the backers live. The two following subsections focus exclusively on Switzerland and ignore projects and backers based abroad.

Geographical distribution of projects

Figure 7 shows the cumulative funds raised by successful campaigns launched via wemakeit for each municipality in Switzerland between February 2012 and April 2015.⁸ Top of the rankings of successfully funded campaigns was Zurich with cumulative funds of just under CHF 1.9 million. Basel (around CHF 782,000) and Bern (around CHF 669,000) came second and third. Amongst Switzerland's French-speaking towns, Lausanne and Geneva also broke the CHF 400,000 barrier.

The blue dots show the average campaign funds raised per head on a cantonal basis. The greatest "crowdfunding density" by far was in Canton Basel-Stadt, with more than CHF 4 raised in funding per resident (cumulative). Cantons Zurich and Graubünden were next in line with a little under half as much. The smallest number of campaigns launched was in Cantons Jura, Ticino and Schwyz. Their funds-raised-per-resident figures came to less than CHF 0.20. It should, however, be noted that Canton Basel-Stadt is almost exclusively urban in nature. Comparing it with cantons such as Graubünden or Zurich with their large tracts of rural areas is of limited usefulness.

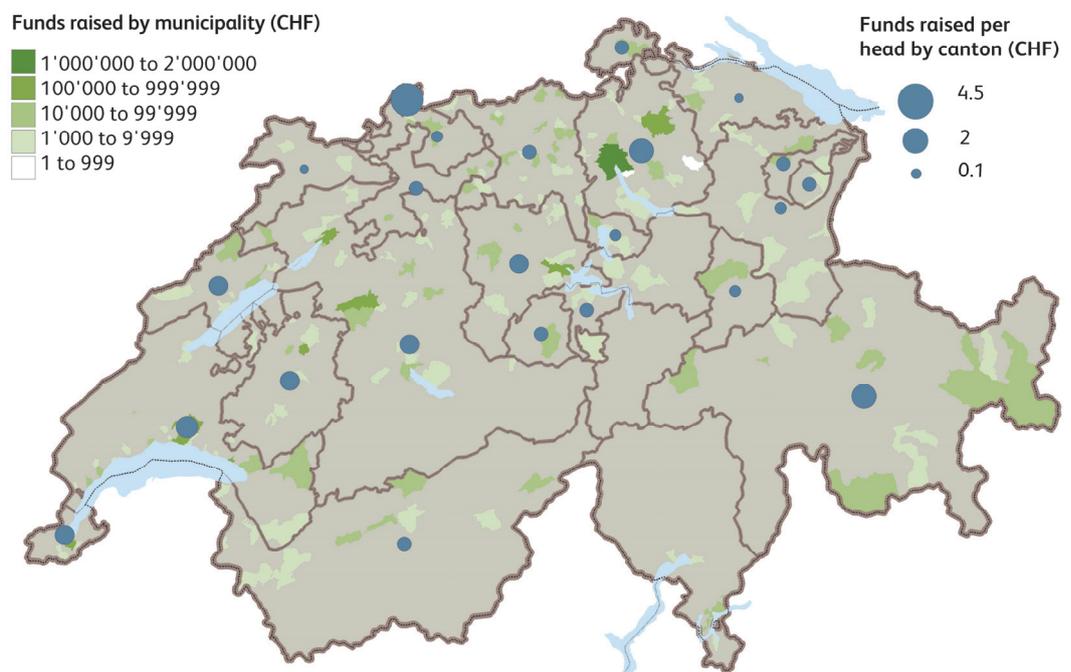


Figure 7: Campaign funds raised by project location (in absolute terms and per resident)

The analysis went a step further by examining whether crowdfunding was an urban phenomenon. "Urban" was taken to mean areas within 20 kilometres of a conurbation with at least 100,000 residents (BFS, online). This definition encompassed the areas around Zurich, Geneva, Basel, Bern, Lausanne, Lucerne, St. Gallen, Winterthur, Lugano, Baden-Brugg, Olten-Zofingen, Zug and Fribourg. Everywhere else was designated "rural" for the purposes of this analysis.

Almost three-quarters of all campaigns were launched in the regions defined as urban. As Table 3 shows, these achieved an average success rate of 76 percent, which is 10 percentage points higher than those launched in the rural regions. One possible reason for this is the higher potential offered by the proximity of backers: while funders and funded of urban campaigns exhibit a median distance between each other of 12 km, this figure rises to almost 40 km for rural campaigns. This

⁸ Some projects have more than one domicile. These got assigned to the first location mentioned.

appears to indicate that the success of a crowdfunding campaign is dependent on its location in a town or large conurbation.

	Success rate	Median distance	No. of campaigns
Urban	76 %	12 km	1'113
Rural	66 %	39 km	394

Table 3: Success rates and distances from backers by project location

Moreover, ignoring the campaign location factor for a moment, successful campaigns exhibit a median distance from backers that is almost eight kilometres less than unsuccessful campaigns. No causal link has been established at this time. A further factor, which the analysis was not able to address but which contributes greatly to the success of a campaign, is the latter's quality and attractiveness.

Geographical distribution of backers

A situation similar to that in respect of the funds raised applies to the backers, as Figure 8 shows. Just under 40 percent of campaign funds raised via wemakeit originated in the five conurbations Zurich, Basel, Bern, Lausanne and Geneva. Residents of Zurich conurbation contributed 17 percent of the overall funds raised.

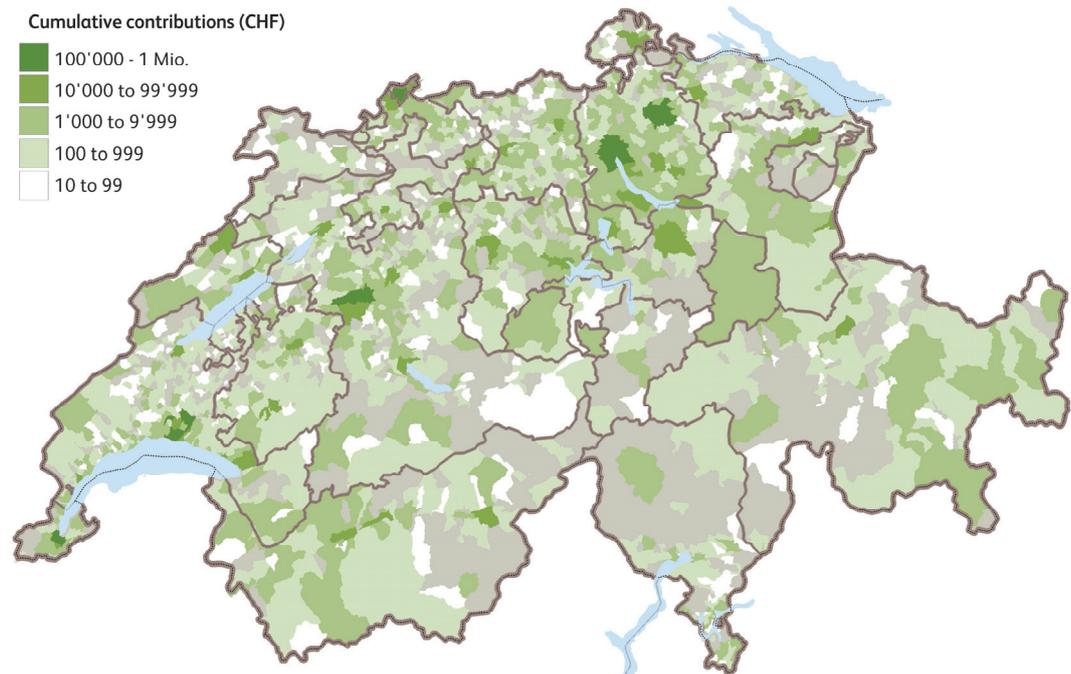


Figure 8: Funds raised by backers' municipality of domicile

This part of the analysis looked at how aware residents of various regions are of crowdfunding campaigns, and at the connectedness they feel with them. For that reason, the analysis took into consideration contributions made to campaigns that were unsuccessful and which therefore reverted to the backers. Of the 43,353 backers whose domiciles were known, 72 percent lived in what are defined as urban areas for the purposes of the analysis. The median contribution made by this cohort (CHF 60) was CHF 10 higher than those from rural areas (CHF 50). The difference in their distance from the projects they supported is striking: the median figure for backers domiciled in urban areas was eight kilometres; for rural residents it was 44 kilometres.

Also revealing is how the distances changed during the campaigns. The distance was lowest during the first third of the campaign period, indicating that backing was received primarily from those closest to it. The distance rose by about a third during the middle third of the campaign – possibly indicative of a rising awareness of the campaign. The longer the campaign's duration, the further the distance grew during this middle period. Funding during the final phase of the campaign appeared to revert to backers living closer to it.

A comparison of campaigns according to their success revealed a clear rise in the distance amongst campaigns that ultimately proved unsuccessful. This would indicate that success depends greatly on keeping support close to where the project initiates throughout the duration of the campaign.

4.3 Funding dynamics of campaigns

The distribution of campaigns by start month in relation to the probability of success showed a clear relationship between below-average success rates of around 66 percent and the months of May, July and August. The months of January to April and June showed the probability of success averaging at more than 10 percentage points higher. Amongst other aspects, this also correlates with the level of funding aimed at via the platform: campaigns launched early in the year with low funding targets enjoyed higher-than-average success rates. The month of June proved an exception: here, the second-highest level of funding aimed at was met with the highest average success rate. Crowdfunding suffers from a clear summer slump: campaigns launched in July and August had low funding targets matched by markedly low success rates. It is possible that project initiators anticipate the summer slump by deliberately avoiding those months.

The success of a crowdfunding campaign appears to be highly reliant on its initial few days, as Figure 9 shows. The 441 successful campaigns featuring a duration of 30 days raised on average more than 13 percent of their target in the first 24 hours and hit the 50 percent mark within the first week. On the other hand, the 154 unsuccessful campaigns raised just 3.4 percent of their target on the first day. The picture for 45-day campaigns was much the same, as demonstrated by the illustration on the right. Two factors catch the eye: with regard to their target attainment, successful campaigns tended to stand out from the rest from as early as the actual day of the launch. Secondly, generally fewer funds were raised during the middle third of campaigns. That said, the successful campaigns were able to generate increases in contributions during the final third.

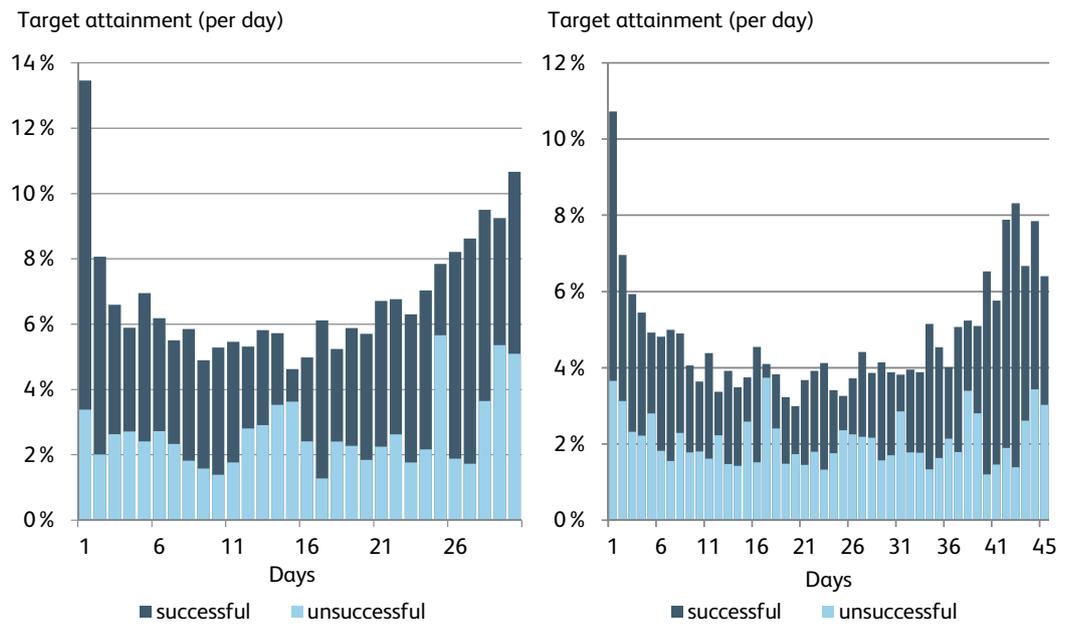


Figure 9: Target attainment per day by campaign duration

4.4 Determinants of success in crowdfunding campaigns

A crowdfunding campaign's probability of success depends, as discussed above, on a variety of factors. Even in the absence of clear causal links, certain useful conclusions can be drawn.

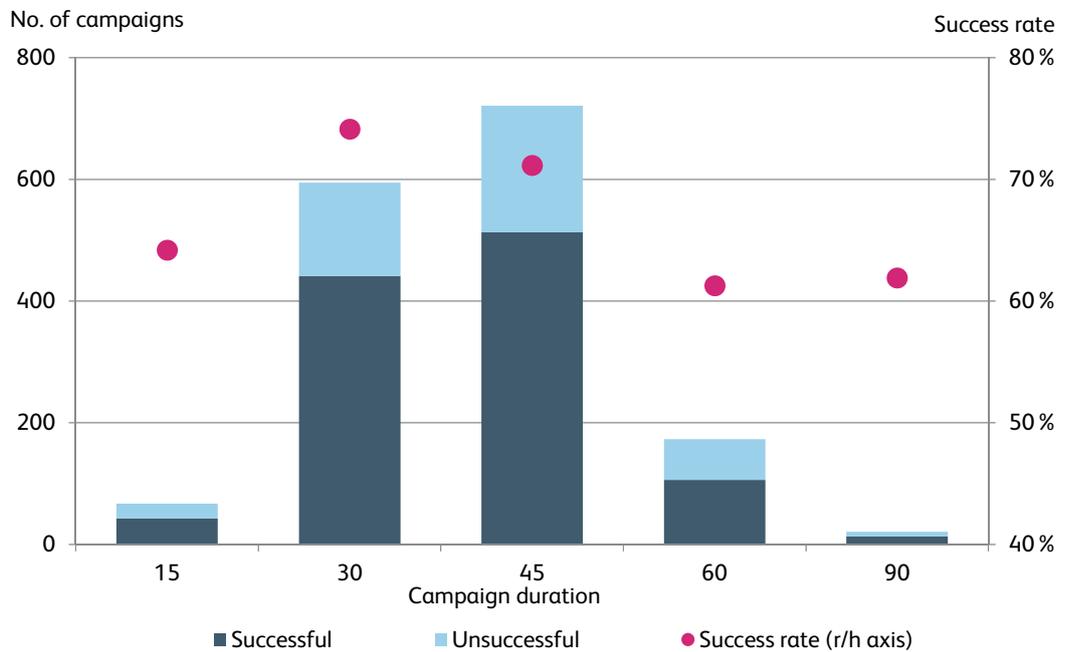


Figure 10: Number of campaigns and success rate by campaign duration (in days)

Project initiators are required to determine the duration of a crowdfunding campaign prior to its launch. An evaluation of the campaigns under review reveals that longer campaigns exhibited somewhat lower success rates. Figure 10 shows the number of campaigns launched by duration and the success rates via wemakeit.⁹ Most of the campaigns during the period under review were set to run 45 days. With a success rate of 74 percent, however, campaigns set to run 30 days (the second most popular duration) were most likely to be successful. Success rates were lower for campaigns set to run 60 days (61 %) and 90 days (62 %). Nevertheless, it would be an oversimplification to conclude that the duration of a campaign is the sole determinant of its success. One reason is that longer durations are generally favoured if the campaign's funding target is higher. The median funding target of 30-day campaigns was CHF 4,000, while that of 45-, 60- and 90-day campaigns was CHF 5,555, 7,648 and 11,000 respectively.

Number of languages	1	2	3	1-3
Success rate	70 %	73 %	77 %	71 %
Number of projects	1'152	333	105	1'590

Table 4: Success rate by number of languages in project description

Another way of boosting the probability of success appears to be the number of languages in which the project is described. Table 4 shows that projects described in three languages were on average the most successful. On the other hand, the data also indicate that relatively few initiators bother to present their projects in more than one language. Of the 105 campaigns conducted in French, English and German, 77 percent raised their target amount. Not least, this is due to the enhanced reach of multilingual campaigns, as well as to the hard work contributed by the initiators.

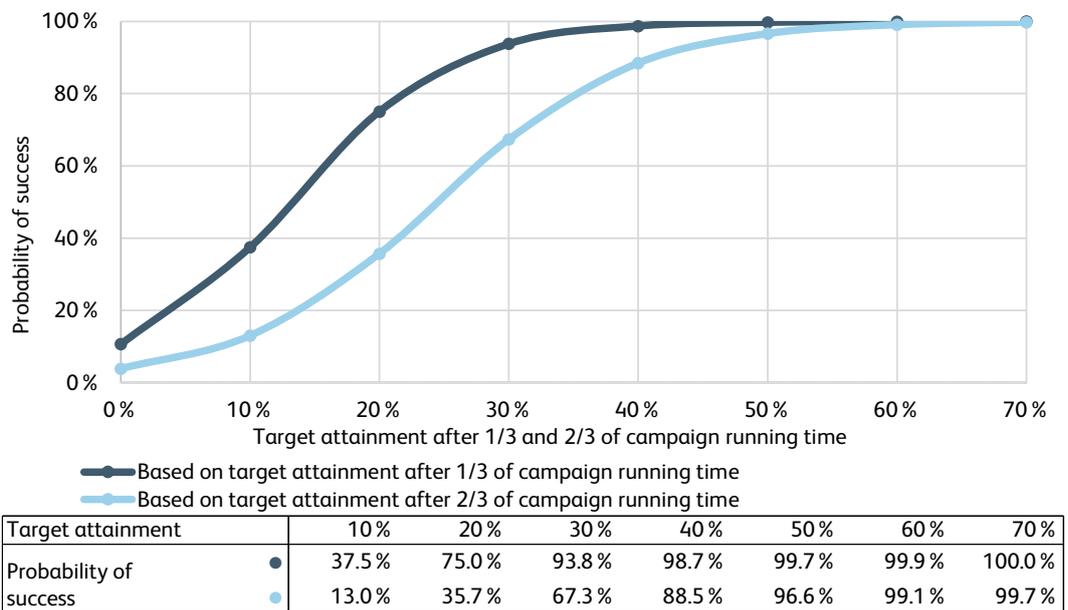


Figure 11: Predicting the probability of success

This analysis concludes by revisiting the relevance of funding dynamics versus the duration of the campaign. As discussed earlier, the first few days of a campaign appear to be critical in terms of determining its success in raising its funding target. This can form the basis for predicting the

⁹ This illustration ignores other durations if they were chosen by fewer than three campaigns (13 campaigns).

probability of success. The prediction looks at the funding target attainment percentage of a campaign after one-third and two-thirds of its running time. The dark blue line in Figure 11 shows the predicted chance of success based on the funding target attainment percentage after one-third of the running time, the light blue line the same after two-thirds of the running time. If a 30-day campaign raises just 10 percent of its funding target after 10 days, its chances of reaching its funding target after 30 days are only 40 percent. If, however, backers raise 30 percent of the funding target after just 10 days, the campaign has a 93 percent chance of achieving its aims. This underscores the importance of proactively mobilising backers during the early days of a campaign or even before its launch.

4.5 Conclusion

This analysis has examined a number of aspects concerning crowdfunding campaigns on the wemakeit platform. On the basis of the relatively high number of campaigns (1,590), it has been possible to deduce certain factors that are characteristic of reward-based crowdfunding in Switzerland:

Friends and family or local internet?

Worth noting are the very short distances between where the projects initiators and their backers live. Although the internet is barrier-free from a geographical standpoint, most projects have a strong local connection. The median distance between campaign initiators and backers is just 12 km for projects in urban areas.

All or nothing

Very few crowdfunding campaigns "only just" fail to reach their funding target. Of the campaigns under review, 85 percent of the unsuccessful ones raised less than 30 percent of their funding target; 50 percent failed to raise even 10 percent of their target.

Summer slump

Not only are fewer campaigns launched in the months of July and August, their success rates are historically around 10 percentage points lower than in the five best months (January to April and June).

„Launch hard or go home“!

The success of a crowdfunding campaign appears to be highly reliant on its initial few days. Successful campaigns with durations of 30 days exhibit a funding target attainment percentage within the initial 24 hours that is four times higher than unsuccessful campaigns (three times higher in the case of 45-day campaigns). Moreover, campaigns achieving a funding target attainment percentage of 40 percent within the first third of their running time go on to achieve success in 98.7 percent of cases.

5 Crowdfunding from the point of view of potential and existing backers

Prof. Dr. Andreas Dietrich, Patrick Köchli and Gökan Tercan

5.1 Introduction

The remarkable growth of crowdfunding in Switzerland has been discussed in the previous sections. In Switzerland, however, little is known of the backers¹⁰ – the people contributing the funds – and their personal motives and characteristics. While surveys of potential and existing backers have been conducted in Germany, France, Canada and the USA, no corresponding study has yet been carried out in Switzerland into public awareness of crowdfunding and motives for backing campaigns. The analysis presented here addresses this research lacuna by conducting the first examination of Swiss backers of crowdfunding projects. Alongside the preferences, needs and typical characteristics of backers, the analysis looked into what motivated them to take part and the importance to them of individual aspects of crowdfunding campaigns. Since their motives and considerations are bound to differ according to the crowdfunding category, a separate examination of the needs of backers across the various categories was conducted.

A sum of CHF 27.3 million or so was raised by 92,371 backers in 2015 (including double-counting, where a backer contributed to more than one campaign). The number of backers and their contributions per crowdfunding category differ greatly (see Table 5). In the case of reward-based crowdfunding and crowddonating campaigns, the focus is on large numbers of backers contributing modest individual amounts; by contrast, crowdlending and crowdinvesting campaigns tend to be funded by small numbers of backers, some of whom contribute sizeable amounts. The latter is also driven by the fact that the legislation governing crowdlending permits no more than 20 backers per campaign (Art. 6 of Switzerland's Banking Ordinance). As a rule, crowdinvesting involves average contributions that are extremely high, since the campaigns often concern start-ups or property ("real estate crowdfunding").

Category	No. of backers	Ø funding per backer	Ø no. of backers per campaign
Crowdfunding	92,371	CHF 295.55	69
Reward-based crowdfunding, crowddonating	88,033	CHF 140.25	83
Crowdlending	4,088	CHF 1,931.85	15
Crowdinvesting	250	CHF 28,332.20	15

Table 5: Number of backers and funding per category in 2015

¹⁰ No standardised term yet exists for those contributing funds to crowdfunding campaigns. A range of terms is currently in use, including backer, booster, investor and supporter. This analysis has opted for the term "backer", since it appears most apposite across all the crowdfunding categories. A backer is basically someone who provides funds, sponsorship or support. Taking our cue from the Oxford Dictionaries, our definition of a backer goes something like this: "Persons supporting crowdfunding campaigns financially and receiving a consideration in exchange, the nature of which depends on the category of crowdfunding". This definition has the advantage of not requiring reformulation for every category of crowdfunding. For the sake of completeness and accuracy, however, it should be noted that the terms "investor" (for crowdinvesting und crowdlending) and "donor" (for crowddonating) would be more appropriate.

5.2 A glance abroad

Before presenting the results of the Swiss survey, it would be instructive to outline the main findings of studies from Canada, the USA, Germany and France; these are, however, limited in terms of their representativeness.

As Figure 12 shows, awareness of crowdfunding in the countries under consideration differs greatly. While in Canada just under nine out of ten of those surveyed expressed familiarity with the concept of crowdfunding, that proportion falls to just under one in four in Germany and France (Funding Launchpad, Crowdfunding Informationsportal, Institut Think). The German survey showed not only that awareness of crowdfunding rises the longer people stay in education, but also that it is related to their professional activity: around 80 percent of students are aware of crowdfunding (Crowdfunding Informationsportal, online). As to what motivates people to back crowdfunding campaigns, participants in a US survey reported that financial aspects played an important role in their decision (Funding Launchpad, online). They also revealed that acquaintance with the project initiator(s) was a key driver.

Awareness of Crowdfunding in %

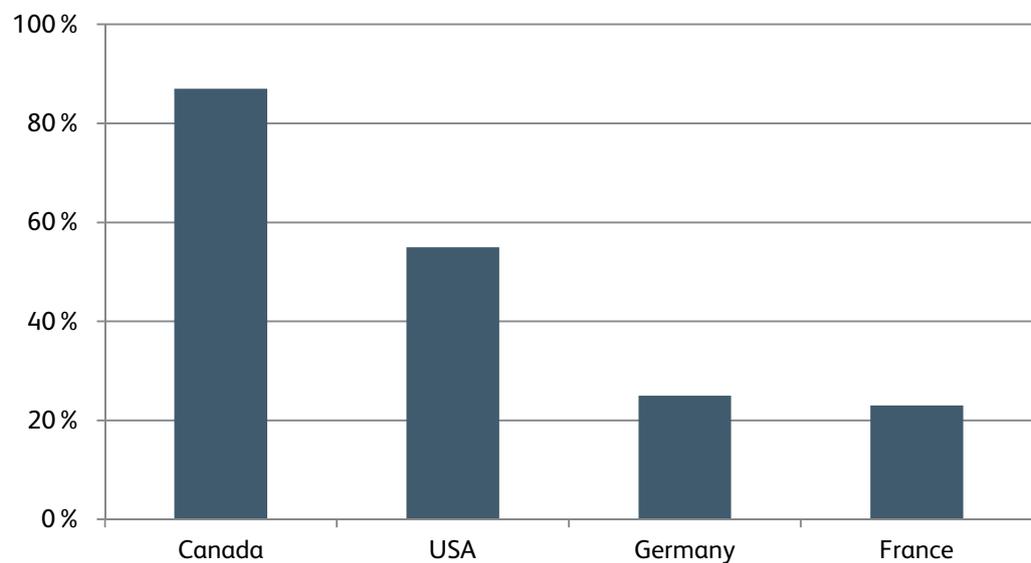


Figure 12: Awareness of and involvement in crowdfunding in various countries
(sources: Seeding Factory, Funding Launchpad, Crowdfunding Informationsportal, Institut Think)

It is safe to say that awareness and acceptance of crowdfunding in North America is more pronounced than in Europe. This can be seen from the funds contributed via crowdfunding: 2014 saw North America contribute the most in terms of worldwide crowdfunding (Massolution, 2015). On the whole, though, the results of the aforementioned surveys should be treated with caution, as the methods they employ vary and the samples are not representative; neither can the surveys be directly compared. That said, the results offer a number of interesting insights into the awareness of, and involvement in, crowdfunding in various countries.

5.3 Method and description of the sampling

An online questionnaire was created for the purpose of evaluating the motives of those backing crowdfunding campaigns in Switzerland; it went live midway through November 2015 and closed at the beginning of December. To maximise its effectiveness in terms of reaching the target group, help was sought and obtained from two Swiss crowdfunding platforms, 100-days and wemakeit. wemakeit provided a link to the questionnaire on its Facebook page, while 100-days emailed the link to backers of previous campaigns. This enabled a high number of respondents to be reached. It should be noted that there was a greater response from people backing reward-based crowdfunding projects, even though the questionnaire related to all four categories of crowdfunding.

The questionnaire link was opened by 657 people, 465 of whom actually completed the questionnaire. After eliminating some responses for inconsistency, the final cohort was reduced to 437. Moreover, some of the detailed evaluation is based on a smaller cohort of 406 respondents, as some failed to answer all the way to the end of the questionnaire. In addition, the analysis of the make-up of the backers is based on a further reduced cohort of 361 respondents: this one is restricted to potential backers, for whom crowdfunding is a familiar concept.

There were slightly more male than female respondents to the questionnaire (58%), and 87 percent of respondents were resident in Switzerland. Just under 54 percent were between 20 and 30 years old. Just over half (55%) were educated to tertiary level, and 21 percent worked in the finance sector. Given this information, it is clear that the sample cannot be said to be entirely representative. Nevertheless, the questionnaire offers useful pointers as to the motives and make-up of backers in the Swiss crowdfunding market.

Because the questionnaire link was made available to users of two of Switzerland's crowdfunding platforms, wemakeit and 100-days, it is implicit that the question regarding awareness of crowdfunding is strongly skewed. The outcome was that more than 83 percent of respondents knew what crowdfunding is and a further 10 percent said that they had heard of it. These figures cannot be compared with the nondomestic studies discussed earlier. A study recently conducted in Germany may well offer figures that are more representative of Switzerland. In that study, 52 percent of respondents had heard of crowdfunding, 27 percent of whom did not really know what it was (Crowdfunding Informationsportal, online).

5.4 Make-up of potential backers

The results in this section are taken from the responses of those 361 respondents who expressed awareness of crowdfunding.

Of these, 23 percent had already backed at least one crowdfunding campaign. Based on the overall cohort of 465 respondents, the figure is 18 percent. In view of the way the questionnaire was distributed via 100-days and wemakeit, these figures greatly exaggerate the actual level. If the figure of 92,371 backers in 2015 is extrapolated to the overall sum raised by crowdfunding in Switzerland since 2008 (approx. CHF 65 million), the outcome is just under 215,000 backers. In relation to the overall population of Switzerland (8.2 million as per 2014), the implication is that roughly 2.5 percent of the population has backed a crowdfunding campaign. Due to the double-counting issue, the figure should arguably be a little lower: somewhere between 2 and 2.5 percent.

Moreover, the following peculiarities were noted:

- Women expressing an awareness of crowdfunding were considerably more likely to back campaigns: of the female respondents, 36 percent said that they had provided backing one or more times, while the figure for men was just 16 percent. The figure for women reduces to just

under a quarter if all the respondents are taken into account, i.e. including those who had never heard of crowdfunding. The corresponding figure for men is 12 percent.

- Older respondents were considerably more likely to have backed a campaign than, for instance, "Generation Y" respondents born between 1980 and 1999. This may be due to the fact that although young people know what crowdfunding is, they tend to have less disposable income.
- The survey suggests that people who are aware of crowdfunding and live in conurbations are more likely to back a campaign than those in smaller towns or rural areas. Just 12 percent of respondents living in municipalities of up to 5,000 residents had ever backed a crowdfunding campaign, compared to 38 percent of respondents living in towns of 50,000-plus residents.

Reasons why potential backers have not yet backed a campaign

The questionnaire asked respondents who were aware of crowdfunding but had never backed a campaign for their reasons. Respondents could choose between six answers; multiple answers were permitted. It transpired that most respondents admitted to inertia when it came to finding appropriate crowdfunding campaigns. Other oft-quoted reasons were a lack of disposable income or a lack of suitable campaigns. Security concerns seem to have played a subordinate role in the responses: only nine respondents (5%) gave concerns about crowdfunding platform security as a reason not to back a campaign.

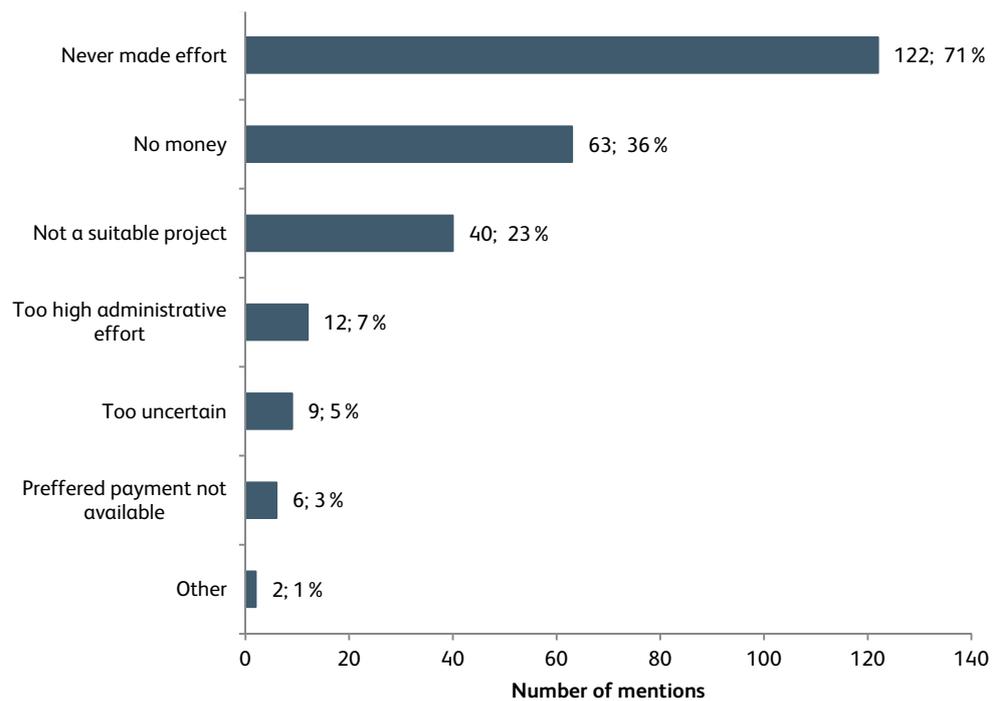


Figure 13: Reasons why potential backers have not yet backed a campaign

5.5 Structure of investments/contributions by backers

Number of projects backed

Of all the respondents who had ever backed a crowdfunding campaign, 40 percent had backed just one. While around one fifth of respondents said they had backed two campaigns to date, one eighth said they had backed three. A not inconsiderable quarter of respondents reported having backed more than three campaigns.

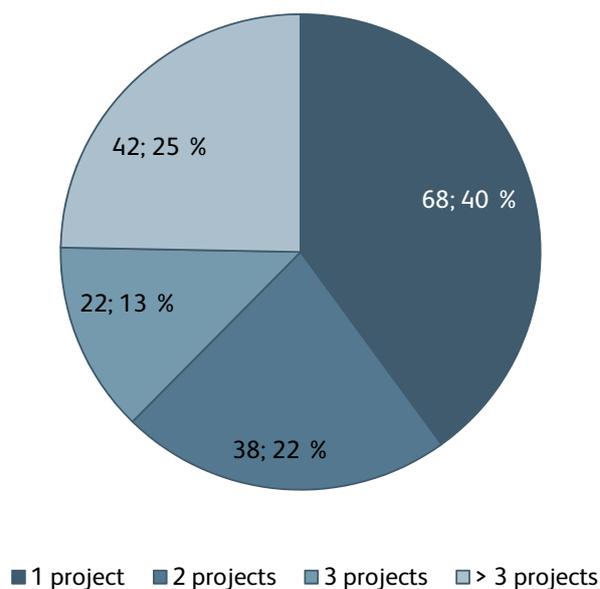


Figure 14: Number of projects supported per backer (n = 170)

These figures reveal that a large number of respondents backed a campaign once. They also indicate that six in every ten respondents backed a campaign more than once.

In a further step, the questionnaire asked those respondents who had never backed a campaign which crowdfunding category they would be most likely to consider backing. This revealed that interest was greatest in crowdfunding: 50 percent could imagine backing a campaign in this category. This was followed by reward-based crowdfunding (27%) and crowddonating (18%). Crowdlending, by contrast, proved somewhat less appealing. These results might indicate that although there exists a thirst for exciting crowdfunding campaigns, the market is currently still too small and the opportunities to invest are too few.

5.6 Needs and preferences of potential and existing backers

There follows an analysis of the needs and preferences of potential and existing backers. The analysis began by looking into the motives behind respondents' readiness to back a campaign. It then examined the importance of individual aspects of a crowdfunding campaign (e.g. project description, video, social media channels, etc.) from the viewpoint of a potential and existing backer.

Motives for backing a crowdfunding campaign

Respondents who had already backed at least one reward-based crowdfunding campaign said they did so largely for altruistic reasons: 96 percent of responding backers "agreed strongly" or "agreed" with the statement that they wanted to "show support for the recipient". Just under 85 percent expressed the opinion that "idealistic reasons" were important. The product in question was just as important, as was being acquainted with the campaign initiator: over 50 percent of respondents revealed that they had backed a campaign because they knew its initiator. Reserving the product or giving crowdfunding a try were subordinate to the aforementioned reasons.

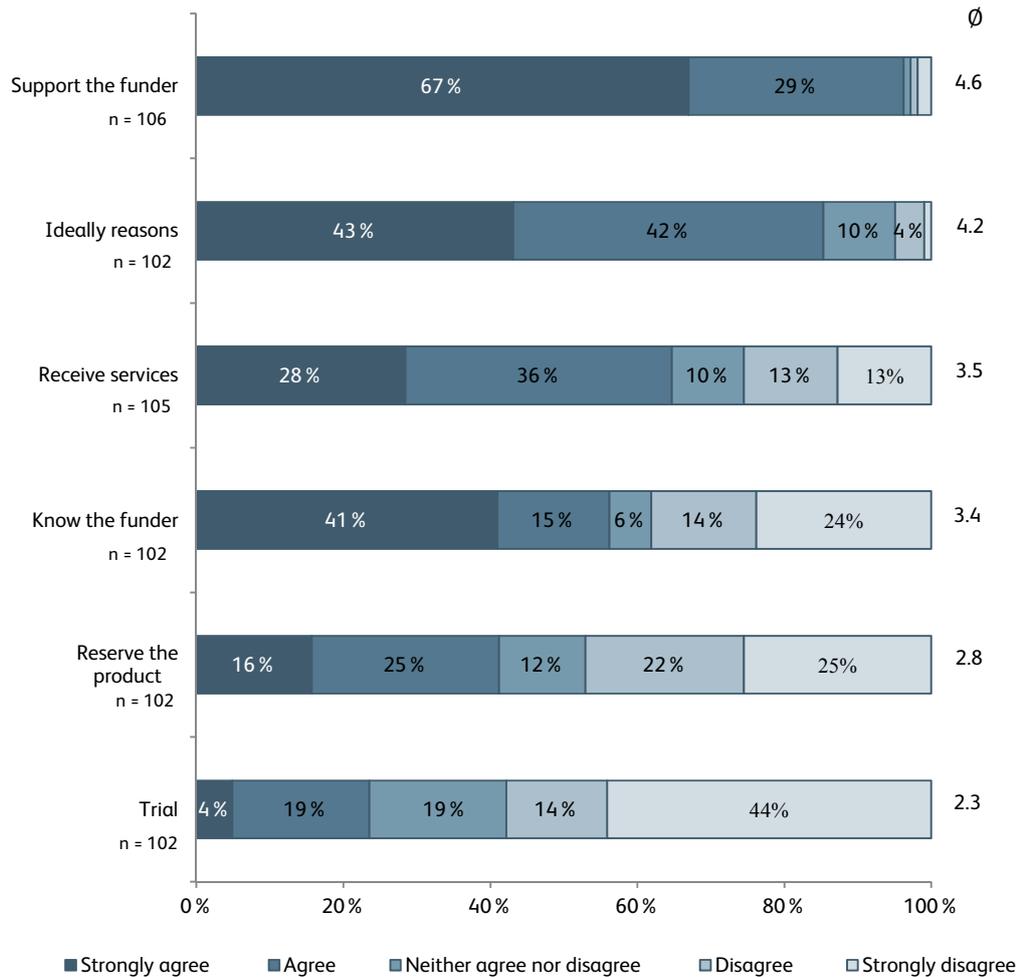


Figure 15: Motives for backing a crowddonating campaign (amongst respondents who have backed a crowdfunding campaign in the past)
(average figure on the right; Strongly agree = 5 / Agree = 4 / Neither agree nor disagree = 3 / Disagree = 2 / Strongly disagree = 1)

As expected, respondents focused on idealistic reasons when crowddonating (94% agreement). Acquaintance with the campaign initiator was a further key driver: 77 percent of respondents agreed with this aspect. The wish to give crowdfunding a try appears to have been of minimal importance: just six percent of respondents judged this to be of relevance.

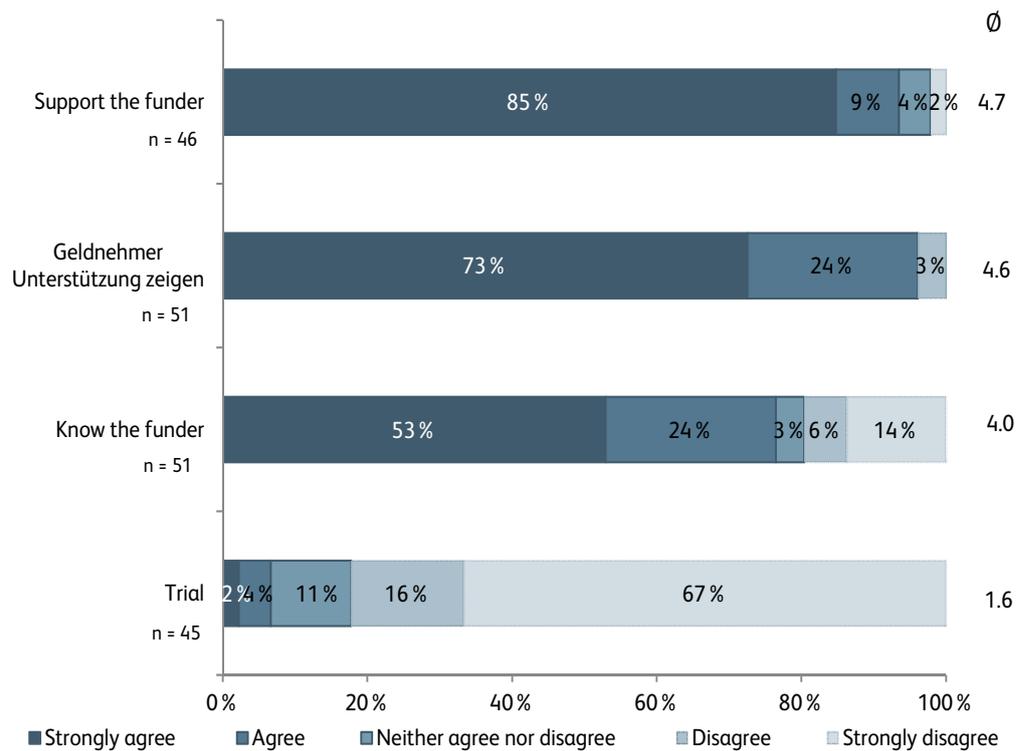


Figure 16: Motives for backing a crowddonating campaign (amongst respondents who have backed a crowdfunding campaign in the past)

(average figure on the right; Strongly agree = 5 / Agree = 4 / Neither agree nor disagree = 3 / Disagree = 2 / Strongly disagree = 1)

In contrast to reward-based crowdfunding and crowddonating, the main reasons for backing crowdlending and crowdinvesting projects were financial. Knowing the campaign initiator and the wish to showing support were of lesser importance. In the knowledge that backers view crowdlending and crowdinvesting predominantly as investment opportunities, one can understand why they prefer to judge them objectively based on financial data. Emotional and personal aspects were reported as playing only a subordinate role.

Distinguishing characteristics of a successful reward-based crowdfunding campaign

In a bid to assess the importance of individual aspects of a reward-based crowdfunding campaign, the respondents to the questionnaire were asked to rate a number of factors (e.g. campaign description, photos, videos, etc.) for relevance.

This revealed that the project description was deemed of primary importance. It was followed by the description of the project initiator and any acquaintance with the initiator. Availability of photo and video were ranked fourth and fifth for relevance. This is interesting, since it is often assumed that the first thing potential backers of a crowdfunding campaign want is a video, and that the text is purely ancillary. Clearly, what people would actually rather have is an informative project description.

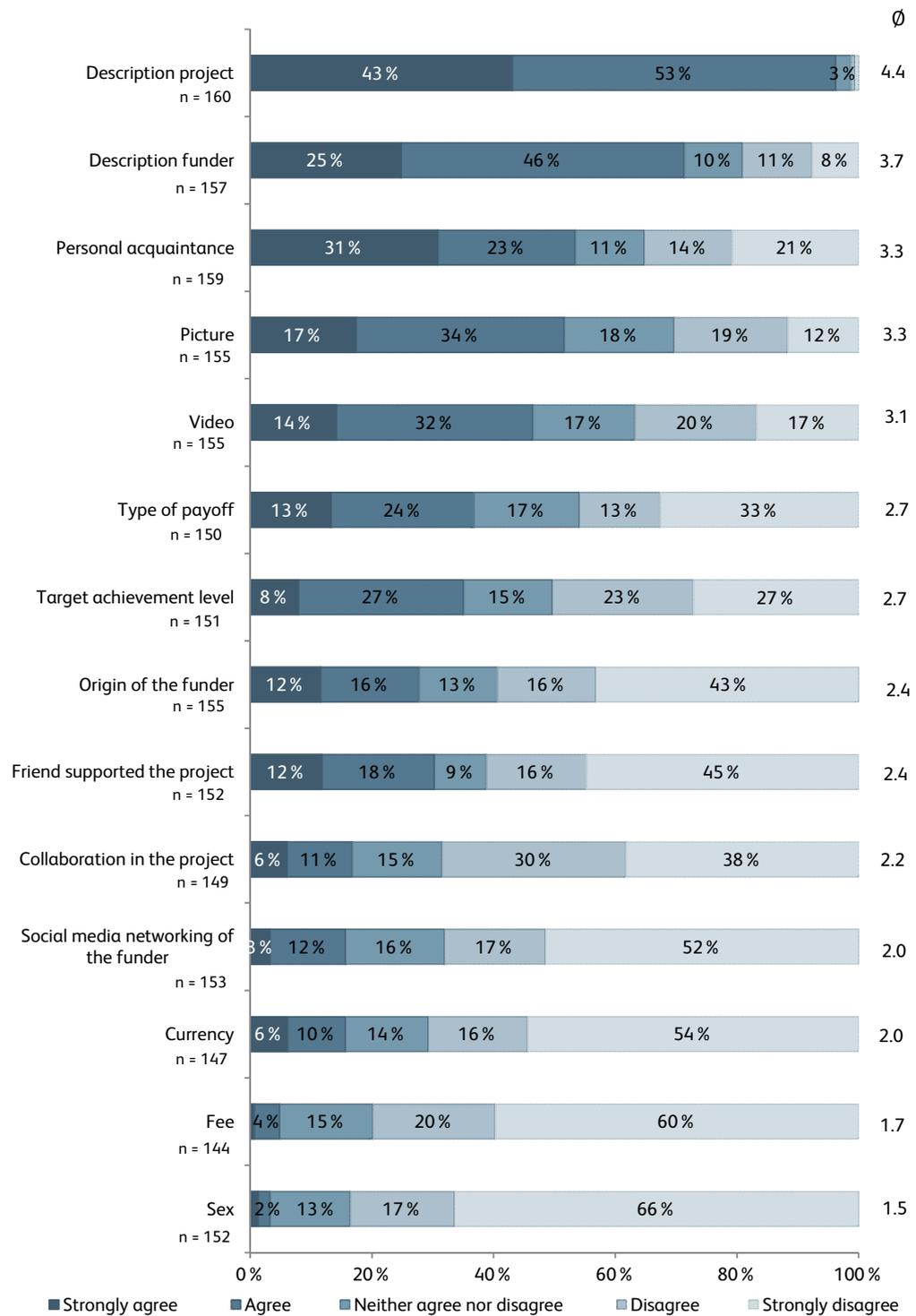


Figure 17: Importance of various aspects of a crowdfunding campaign (amongst respondents who have backed a crowdfunding campaign in the past)
(average figure on the right; Strongly agree = 5 / Agree = 4 / Neither agree nor disagree = 3 / Disagree = 2 / Strongly disagree = 1)

As can be seen above, the respondents to the questionnaire rated the description of the project as being of highest relevance by far (average 4.4 out of 5). Backers were most interested in knowing exactly what their funds were going to be used for: 81 percent of respondents for whom the description was important thought that this information was essential. Moreover, 70 percent of respondents for whom the description was important thought that a highly detailed project description was of central importance. Technical details and financial figures appeared to be of lesser importance, with the exception of projects in the crowdfunding and crowdlending categories.

The second most important aspect (average relevance 3.7) was a description of the funding recipient. 91 percent of respondents thought it important that the name of the funding recipient should be declared. A photo of the recipient and details of his/her place of residence were judged important by 57 and 51 percent of respondents respectively. The recipient's occupation, education/training and age were judged of lesser importance.

A separate analysis of the individual aspects on a per-crowdfunding category basis reveals that the importance they are accorded across the categories remains roughly similar: the variations are often very small. Only in the case of the photo, video, social media and funding target attainment figure could larger variations be observed between the categories. It was apparent that the addition of a photo in the reward-based crowdfunding category was deemed more important than in the crowddonating and crowdfunding categories. This makes sense, insofar as reward-based crowdfunding is often about acquiring a product: people want to see what they are getting for their money. As for the funding target attainment figure, this appears of greater importance to those backing crowdfunding and crowdlending campaigns than in the other two categories (reward-based crowdfunding and crowddonating): in view of the larger funding targets involved, it could be that backers accord the target attainment figure greater importance, seeing it as an indicator of the attractiveness of the investment opportunity.

5.7 Conclusion

The following findings can be derived from the questionnaire:

- Crowdfunding has witnessed considerable growth in recent years. Alongside this, public awareness of crowdfunding has grown in Switzerland; compared to the situation in North America, however, it could doubtless grow much further.
- Although awareness has grown, it is estimated that only between 2 and 2.5 percent of the Swiss population has ever backed a crowdfunding campaign.
- In our questionnaire, most of the respondents who were aware of crowdfunding but had never backed a campaign did not want to go to the trouble of finding a crowdfunding campaign they might want to back. It could well be that the backer's acquaintance with the project's initiator(s) helps overcome this "inertia": the findings show that over three-quarters (77%) of backers were acquainted with the initiator(s) of the project they were backing.
- Other oft-quoted reasons for not getting involved were a lack of disposable income or a lack of suitable projects.
- Women who expressed an awareness of crowdfunding backed campaigns considerably more frequently than men. Older respondents were considerably more likely to have backed a campaign than, for instance, "Generation Y" respondents. Moreover, the survey suggests that people who are aware of crowdfunding and live in conurbations are more likely to back a project than those in smaller towns or rural areas.

- It appears fairly likely that a backer will contribute to more than one project at a time or one after the other: 60 percent of respondents who said they backed a crowdfunding project had backed more than one.
- In contrast to reward-based crowdfunding and crowddonating, where the respondents' emphasis was on demonstrating support for the project, the main reasons for backing crowdlending and crowdinvesting projects were financial.
- Growth in awareness of crowdfunding is likely to lead to further evolution in the make-up of backers. While many backers could currently be defined as "friends and family" of the project initiators and/or "backers with altruistic motives", it can safely be assumed that other, more "professional" backers will gradually enter the marketplace. This will depend on the appearance of crowdfunding campaigns capable of attracting potential backers across all idealistic and financial aspects, depending on the category.

6 Crowdfunding and taxation

Thomas Linder

6.1 Introduction

Crowdfunding – i.e. raising money via online platforms – in Switzerland is still in its infancy. Although the individual forms of funding are essentially nothing new under civil law, many uncertainties remain under tax law. The main problem affecting not only those involved in the transactions (e.g. backers, recipients of the funds and brokerage platforms), but also the tax authorities, is a lack of relevant experience. Yet taxation represents a not insignificant transaction cost, which must be reflected in business plans and financial planning. It is therefore vital that anyone entering into a crowdfunding transaction should clarify the tax situation at the onset of the project.

This analysis offers a preliminary overview of possible problem areas and demarcation issues. It starts by outlining the various types of taxation of potential relevance to crowdfunding. It then discusses these in more detail in relation to the four main categories of crowdfunding. This overview should be seen as a pragmatic guide: not only does it make no claim to be complete, it also covers only Switzerland and does not touch on the nondomestic situation.

6.2 Types of taxation

Individual income tax and wealth tax

Individual income tax is levied on all recurring and non-recurring income of natural persons. Capital gains on the disposal of private movable assets are tax exempt. Wealth tax is levied on all the net assets of natural persons.

Corporate income tax and tax on capital

Corporate income tax is levied on the net profits of legal entities. Profits arising from the capital contributions of shareholders, membership subscriptions for clubs and associations, and transfers of assets to foundations are tax exempt¹¹. Furthermore, losses can be set off against profits for up to seven consecutive years. The net equity of legal entities is subject to tax on capital.

Legal entities having a public or charitable purpose are exempt from corporate income tax and tax on capital. Business purposes are not deemed charitable¹².

¹¹ See also the Federal Law on the Taxation of Legal Entities with Idealistic Aims, due to come into force on 1 January 2018. This law provides for a tax-free allowance of CHF 20,000 in taxable profit for legal entities with idealistic aims, subject to derogation provisions by the cantons.

¹² However, see also additional cantonal rules for start-ups, e.g. the "LJEDI" law in Canton Geneva that confers the status of "JEDI" on young companies developing innovations. The Swiss Federal Council is not in favour of measures of this nature at a federal level (see e.g. its report "Tax shortfalls arising from the exemption of start-up companies from tax" of 10 September 2013). The Federal Council prefers instead to support all companies by means of fiscal measures that promote research and development. Encouragingly, measures of this nature in support of R&D are now included in the parliamentary Corporate Tax Reform III discussions.

Gift tax

Gift tax is a (cantonal) levy on donations from one living person to another. It is levied on the beneficiary by the donor's canton of domicile at the time of the transaction. Generally speaking, beneficiaries such as spouses, direct descendants and legal entities exempt from corporate income tax (see section Corporate income tax and tax on capital) are exempt from gift tax, while other family members often benefit from tax-free allowances of one kind or another. Also exempt from tax are standard occasional gifts not exceeding a certain value (e.g. in Canton Zurich: CHF 5,000).

Value added tax

Anyone conducting business within Switzerland is subject to the value added tax (VAT) regime if the annual turnover arising from taxable activities (i.e. the supply of goods and services) in the country exceeds CHF 100,000. The income threshold for not-for-profit sports and cultural associations and charitable institutions is CHF 150,000. Tax liability is deemed to begin upon commencement of a new activity. Depending on the business conducted, however, it is also possible to register voluntarily for VAT.

The amount of tax due is arrived at by multiplying the consideration for a supply by the relevant rate (2.5% for e.g. food, medicines or printed matter; 3.8% for accommodation services; 8% for all other supplies). A number of statutory exemptions (with or without credit) to VAT exist. Also exempt from VAT is the exchange of non-consumable goods, such as land or money (including Bitcoin).

VAT-registered persons or entities can deduct the VAT they are charged by other persons or entities as input tax. They may not, however, deduct input tax for supplies which are tax-exempt without credit.

Stamp duty

Equity stamp tax of one percent is levied on the issuance and increase in par value of securities (i.e. shares or bonus and participation certificates) and other capital contributions of the shareholders in excess of the first CHF 1 million.

Security transfer tax is levied on transactions involving the transfer of taxable securities if one of the contracting parties or brokers is a securities dealer. The rate is 0.15 percent for domestic and 0.3 percent for nondomestic securities.

Withholding tax

A 35 percent withholding tax is levied on income arising from movable assets (principally dividends, interest on bonds and on savings accounts, but also deemed dividends to shareholders and related parties) and on lottery prizes. The tax is reimbursed to the recipient of the payment on which the tax has been levied in accordance with the law (or under double taxation agreements). Withholding tax is essentially designed to encourage taxpayers to declare their investment income and wealth properly.

Other types of taxation

Depending on the components of the transaction, other types of taxation (e.g. property tax, inheritance tax or entertainment tax) or even social security contributions may come into play. This analysis does not propose to discuss these further.

6.3 Brief evaluation of the various forms of crowdfunding from a taxation standpoint

Since the nature of the consideration for the delivery of the funds is a key factor when it comes to determining the tax consequences of a transaction, this analysis proposes to keep the pre-defined four categories of crowdfunding. It should be noted, however, that in reality crowdfunding offerings in the marketplace frequently exhibit a heterogeneous combination of these categories. This leads to problems of demarcation with a concomitant need for clarification.

Crowdinvesting

Crowdinvesting involves a backer contributing capital into a company in exchange for a share of its equity, i.e. shares or bonus and participation certificates. Mixed forms of equity and debt (e.g. profit participating loans) are also possible.

The following tax implications need to be taken into account when making equity investments:

- Contributing capital in the form of assets in exchange for securities attracts equity stamp tax of one percent if the market value of the contribution exceeds CHF 1 million in total; the repayment of the contribution to the backer is free of tax.
- Where the backer is a private individual, the equity investment attracts wealth tax at the current market value. In the absence of a market value, the valuation is conducted in accordance with Circular No. 28 of the Swiss Tax Conference: for the founding year and the period following the development phase, the valuation is generally based on the net asset value; after that, it is based on the net asset value and the earnings value. That said, if there has been a far-reaching arm's-length transfer of ownership between independent third parties, it is the purchase price that determines the market value.¹³
- Where the backer is a business, it can capitalise its equity investment at the acquisition price in its balance sheet, where they are declared at the carrying amount for the wealth or capital tax; in the event of a fall in value, appropriate write-downs may be tax-deductible.
- The marketing and brokerage fee charged by the platform is declared as a tax-relevant expense by the company and income by the platform; it attracts value added tax at eight percent.
- The company receiving the funds may not treat profit distributions as a tax-relevant deductible expense; a backer must declare the received distributions as an investment income that is (in part) taxable, but corporate backers may potentially apply the participation deduction; the distribution is liable to 35 percent withholding tax, which can potentially be reclaimed by the backer (encouragement of taxpayers to declare their investment income and wealth properly).
- If the domestic equity investment is sold through a securities dealer, the transaction is subject to securities transfer tax of 0.15 percent. Private individuals realise a tax-free private capital gain or loss (exception: indirect partial liquidation, transposition, professional securities dealer). In the remaining cases, the investor makes a taxable gain or loss (although corporations may potentially apply the participation deduction).

¹³ The same applies to prices paid by investors during financing rounds or capital increases. This can be highly problematic, in particular for the founders. If, during a second financing round, for instance, CHF 1 million is offered for a five percent stake, the tax authorities suddenly deem the remaining 95 percent to be worth CHF 19 million, even though the company is in all probability still posting losses: despite this, the founders will find themselves having to pay a correspondingly large amount in wealth tax. Canton Zurich has recently recognised this and disregards, wholly or in part, investor prices achieved during the first three to seven years (see official communication of 1 March 2016: https://www.steuern.ch/internet/finanzdirektion/ksta/de/aktuell/mitteilungen/amtsmitteilungen_2016/start-ups.html).

The rules on crowdlending additionally apply where mixed forms of equity and debt are present (see section Crowdlending). It should also be noted that disproportionately high interest payments to shareholders that are not in line with the market conditions are not deductible for tax purposes and are subject to 35 percent withholding tax, which amounts to a fiscal reclassification as a dividend, e.g. in the case of profit participating loans. Disproportionately high debt financing by shareholders may lead to a reclassification from debt to equity.

Unlike investing in a legal entity, if a private investor injects capital into a partnership, the profits as well as the losses are attributed to the investor as income arising from self-employed activity. Under civil law, such investors are also liable for the obligations of the partnership to the extent of their personal assets. That is why extreme care must be taken when making investments of this nature, particularly where the investor is unable to exert any direct influence on the business activities, e.g. as a silent partner.

Crowdlending

Crowdlending is where loans are granted that yield risk-based interest payments; the tax position is as follows:

- Interest payments in line with the market conditions needs to be declared as a deduction / expense by the debtor, and income by the lender; by law, deductions of interest on private debt are limited to the amount of the taxable investment income plus CHF 50,000.
- For the purposes of wealth tax and tax on capital, the loans must be declared as a debt by the debtor and a credit by the lender..
- In the case of disproportionately high interest payments to lenders that are not in line with the market conditions or disproportionately high debt financing by lenders (see section Crowdinvesting).
- Where funds are being provided by more than 10 lenders on the same terms or more than 20 lenders¹⁴ on different terms, withholding tax of 35 percent is levied on the interest payments, because of a fiscal reclassification of the loans as bonds.
- The marketing and brokerage fee charged by the platform should be declared as a tax-relevant expense by the debtor and income by the platform; the fee relating to the brokering of loans is value added tax-exempt without credit of input tax, but VAT at eight percent is levied on all other supplies.

Crowddonating

The provision of funds without consideration is termed crowddonating. The following needs noting:

- Donations and gifts of more than CHF 100 and up to 20 percent of the donors' taxable income made to Swiss tax-exempt legal entities by natural persons are tax deductible (federal tax; subject to derogation provisions by the cantons).
- Legal entities may also, in principle, make tax-deductible donations and gifts to Swiss tax-exempt legal entities of up to 20 percent of their taxable net profit (federal tax; subject to derogation provisions by the cantons). Other deductions are permitted only if demonstrably a business expense. On the other hand, payments not shown to be business-related are added back as deemed dividends and – if made by a corporation – are subject to withholding tax of 35 percent.
- At the receiving end, depending on the circumstances and ownership structure, donations and gifts are liable to either gift tax, individual income tax or corporate income tax, or a combination

¹⁴ Which, however, would require the recipient to hold a bank licence (see Art. 6 of the Banking Ordinance).

of all three; relevant exemption limits and tax exemptions must be observed (see section Corporate income tax and tax on capital and section Gift tax)¹⁵.

- Value added tax is not levied on donations as a matter of principle. It is permissible to acknowledge the donor (including any logo) in a neutral way, e.g. in programme notes or a CD booklet. If, however, any farther-reaching publicity is provided, e.g. in the form of advertising which could be deemed sponsorship, the contribution is no longer deemed crowddonating, but reward-based crowdfunding, which is taxable (see section Reward-based Crowdfunding).
- The marketing and brokerage fee charged by the platform should be declared as a tax-relevant expense by the recipient of the donation and income by the platform; it attracts value added tax at eight percent. However, publicity services for charitable institutions (e.g. free advertising on the platform) are deemed VAT-exempt supplies without credit of input tax.

Reward-based Crowdfunding

Reward-based crowdfunding is where backers receive something in exchange for their payment, generally a one-off consideration such as a product, work of art or service. The relevant tax situation is as follows:

- Businesses acting as backers declare their payments as expenses for goods or services or, depending on the circumstances, capitalise them.
- In general, private individuals acting as backers cannot deduct their payments for tax purposes.
- The party initiating the project declares the sale of products, works of art or services as tax-relevant income. Payments on account, suspensive conditions¹⁶ and other conditions¹⁷ must be correctly segregated for accounting purposes. Moreover, sales are liable to value added tax at the applicable rate (2.5, 3.8 or 8 percent, depending on the supply).
- The marketing and brokerage fee charged by the platform should be declared as a tax-relevant expense by the party initiating the project and income by the platform; it attracts value added tax at eight percent.

Ambiguities arise in the event of a lack of balance between the payment and the consideration. Backers often receive a T-shirt or something similar by way of thanks for their payment, rather than consideration in the true sense of the word. This gives rise to the following issue:

- Payments made without expectation of such thank-you gift in return are arguably donations with tax implications akin to those of crowddonating (see section Crowddonating). This presumes that the donation would have been made even in the absence of a gift. The gift should then be seen as a second donation back to the backer.
- This also applies to the value added tax situation: if the consideration offered takes the form of a small promotional gift valued at no more than CHF 5,000, it is deemed insignificant donation, provided that the backer's payment was made without expectation of the gift in return.

¹⁵ Although arm's-length donations of small amounts between independent third parties (e.g. up to CHF 5,000 in Canton Zurich) and donations to spouses, direct descendants and tax-exempt legal entities are generally deemed a gift, they are usually exempt from gift tax (beware of differing cantonal rules). In addition, where shareholders and related parties are involved, the situation is rendered more complicated by the need to observe rules governing hidden profit distributions and capital contributions.

¹⁶ For example, the development of a product starts only when a certain level of funding has been received; if this threshold is not reached, the contributions must be returned.

¹⁷ The amount donated has to be invested in a certain product.

6.4 Conclusion

No one likes paying taxes. However, the good news is that taxes generally become due only when capital flows into a project, revenues are generated, or a profit is earned. For start-ups, this means that at this time the first hurdle in the quest for success has already been cleared.

That said, the backers as well as the recipients of the funds must be clear about both the financial implications of a transaction, and their respective rights and obligations. The difficulty of crowdfunding is that the tax implications differ widely, depending on the form it takes. Moreover, countless combinations (including profit participating loans, reclassification of debt as equity, mixed donations, and so forth) and cross-border issues are possible, which further complicates matters.

Crowdfunding projects at the large / complex end of the spectrum would benefit from closer analysis to identify their exact circumstances and particularities. Furthermore, this would enable the tax implications to be discussed with the relevant authorities ahead of time, in order to avoid any unpleasant surprises down the road that could jeopardise the very existence of the project.

Above all, however, it is vital that the platforms conduct detailed analyses of the tax situations of all those involved in transactions; after all, as brokers between backers and recipients, they should be assuming a clarificatory role. All sides must be able to rely on the information presented on the platforms.

Last but not least, politicians should be considering generally simplifying the fiscal and regulatory landscape relating to crowdfunding. Tax breaks for risk capital investments (e.g. making capital contributions in start-ups tax-deductible and exempting such investment from wealth tax) would greatly benefit the investment climate in Switzerland. Other countries such as the UK and USA are way ahead of us in this respect. Canton Zurich's announcement in March 2016 of its intention to ease the wealth tax¹⁸ burden when evaluating start-ups is a first step in the right direction. Far more needs to be done, however.

¹⁸ See footnote 15.

7 Crowdfunding: an international comparison

Falk Kohlmann and Andreas Pages

In 2015, once again, wide variations in market trends are to be observed, both amongst nondomestic crowdfunding markets as well as in comparison with Switzerland. The UK, in particular, is a market where crowdfunding is increasingly becoming a relevant component of the financial system. Switzerland's crowdfunding market, by comparison, remains only marginally developed.

7.1 Comparison of the UK and Germany

The UK is by far the most developed crowdfunding market in Europe: in excess of 250,000 crowdfunding campaigns were backed by more than a million people in 2015 alone. The overall size of the market grew by over 160 percent between 2013 and 2014, and a further 84 percent between 2014 and 2015. In terms of funds raised, the figure for 2015 was CHF 4.7 billion¹⁹ (see Figure 18). Between 2014 and 2015 growth was strongest in the crowdfunding category, followed by crowdlending for SMEs. With almost CHF 2.1 billion in funds raised, the latter has carved out the largest niche in the UK's alternative finance market. As a share of total credit raised in the UK for SMEs, this means that almost 14 percent of it was raised through crowdfunding platforms in 2015. The crowdfunding situation is similar for start-ups, where more than 15 percent of the total invested in start-ups was raised through crowdfunding platforms.²⁰

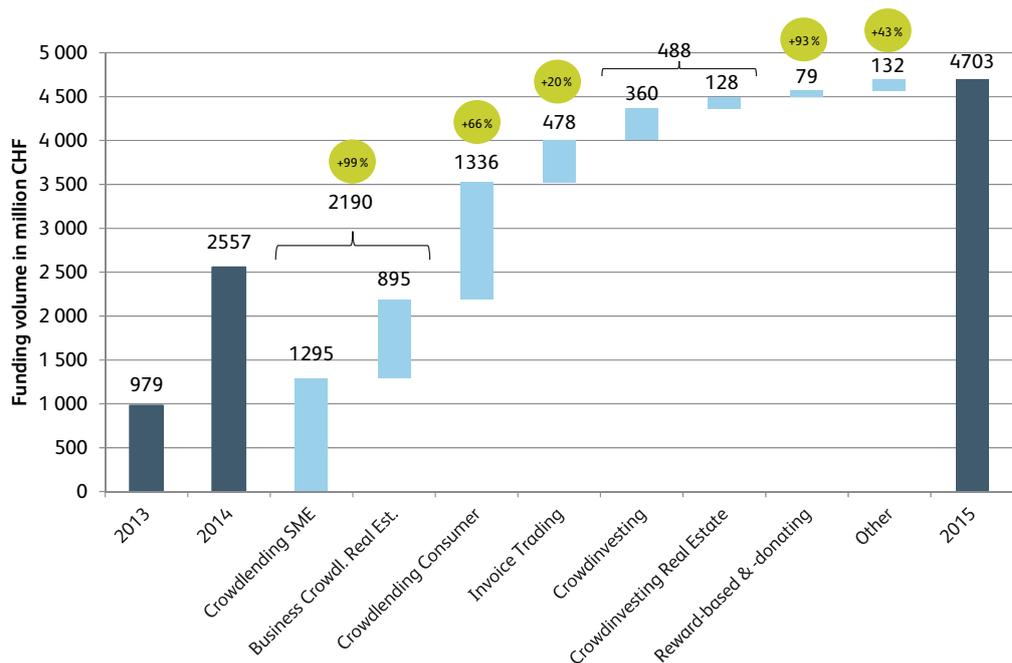


Figure 18: Crowdfunding trends in the UK 2013-2015 in CHF million
(source: 2015 UK Alternative Finance Industry Report, 2016)

¹⁹ GBP/CHF exchange rate 1.4697

²⁰ 2015 UK Alternative Finance Industry Report, 2016

While practically every category in the UK has witnessed a two-digit or more rise in growth, the situation in Germany is a somewhat different. Crowdlending grew strongly in 2015 to around CHF 72.5 million²¹ (+88% over the previous year). However, funds raised in the reward-based crowdfunding category grew only moderately to around CHF 10.5 million (+13%).

Alongside crowdlending, the other driver of growth in Germany's crowdfunding scene is real estate crowdfunding. The financing of properties through crowdfunding to the tune of CHF 40.5 million favoured growth in the crowdfunding category (+57%; Für-Gründer, online). Closer scrutiny of the crowdfunding figures reveals that property accounted for CHF 14.2 million. A further CHF 18.5 million flowed into start-ups. While on the subject, it is interesting to note that 2015 saw fewer start-ups funded, but the average amount raised per project rose. This contributed to the rise in overall funds raised through crowdfunding.

7.2 Maturity of crowdfunding markets in Europe

The various crowdfunding markets within Europe have developed at different speeds. However, the maturity of crowdfunding in a given market is determined by more than just quantities and financial amounts of transactions: the report "Current State of Crowdfunding in Europe", for instance, has based its "Alternative Finance Maturity Index" for 27 European countries on interviews with experts. Alongside the amounts raised, the 15 criteria evaluated include platform diversity, participation by banks, and crowdfunding regulation. See Figure 19 for a visual representation of these criteria. The fields with the darkest colours indicate the national markets that performed well in 2015 compared to the average index of all the countries. The light-coloured fields show those that were below par, due possibly to higher entry barriers or regulatory hurdles.

Tax incentives for start-up investments, for instance, are far from universal. Sustained growth requires collaboration between the platforms, as well as with other partners – banks included. Unsurprisingly, the analysis shows the most developed market to be that of the UK. Switzerland trails behind the Netherlands, France, Estonia, Germany, Austria, Spain and Finland to rank ninth.

²¹ Exchange rate as per 31.12.2015: EUR/CHF 1.0874

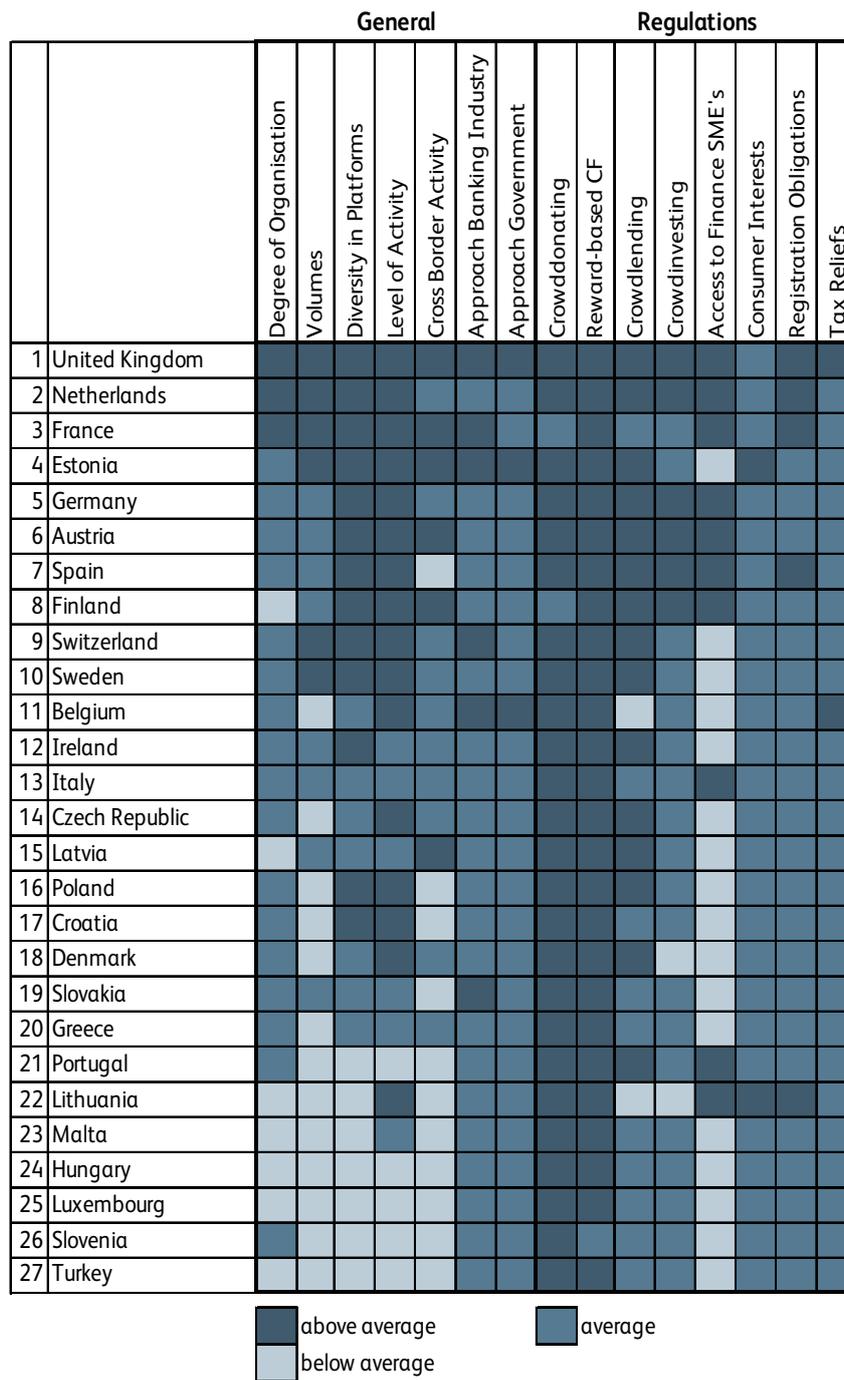


Figure 19: Alternative Finance Maturity Index
(Source: Crowdfundinghub.eu, online)

Amongst the crowdfunding markets, Estonia comes second only to the UK in terms of funds raised per inhabitant. The index also reveals that the crowdfunding categories in individual countries differ in size. A comparison of the Netherlands (ranked second in the Maturity Index) and France (third in the index) shows the former with a total raised of CHF 139 million in 2015 (crowddonating CHF 4.8 m, reward-based crowdfunding CHF 22.1 m, crowdlending CHF 107.5 m, crowdinvesting CHF 4.9 m). France, meanwhile, raised CHF 326 million in total (crowddonating mit CHF 9.0 m, reward-based crowdfunding CHF 45.6 m, crowdlending CHF 210.1 m, crowdinvesting CHF 54.5 m). Crowdinvesting in France, in other words, is substantially bigger.

On a funds raised per inhabitant basis, the figure for France across all categories is around CHF 5.1, while for the Netherlands it is CHF 8.3 (CrowdfundingHub, 2016). The figure for Switzerland in 2015 is CHF 3.3 (previous year: CHF 1.9).

7.3 Crowdlending and crowdinvesting worldwide as drivers of growth

In terms of finance raised through crowdfunding, the USA ranks top: 2015 saw a total of CHF 12.5 billion²² secured through campaigns. Examination of the structure of the US market reveals, like the UK, domination by crowdlending platforms. The platform raising the lion's share of the funds (CHF 8.4 billion in 2015, 4.4 billion in 2014) is Lending Club, which has been listed on the stock market since 2014. This shows it raising considerably more in funds than all of the crowdfunding categories in the UK put together (Statista, online).

Moreover, the make-up of investors is evolving. Generally speaking, it appears that institutional investors are becoming increasingly active on the crowdfunding front. In 2015, for example, they contributed no less than 33 percent of the funds raised via Lending Club (previous year: 28 %; Statista, online).

At the global level, the two crowdfunding categories crowdlending and crowdinvesting between them raised in the region of CHF 26 billion. The SME lending segment alone raised CHF 15.4 billion in 2015 (+140 %). The consumer lending segment in 2015 was roughly half the size of its SME equivalent, but it, too, grew strongly (+117 %; Statista, online).

Also worth noting is the buoyancy of Asia's crowdfunding market: SME lending has already reached USD 4.7 billion (+260 %). It could well be that the Asian crowdlending market, China in particular, will overtake the US in the not too distant future.

CHF million	Crowdlending: consumer credit	Crowdlending: SME-lending	Crowdinvesting
Europe	1'019	2'590	622
Asia	1'373	5'077	617
North America	4'820	7'676	1'050
Worldwide	8'728	15'492	2'311

Table 6: Comparison of funds raised across crowdfunding categories in key regions
(Quelle: Statista, 2015)

²² USD/CHF exchange rate on 31.12.2015: 1.001

7.4 Consolidation and differentiation in the markets

Parallel to the rise in the amounts being raised, the alternative finance market is showing early signs of consolidation and differentiation. Q4 2015 saw the UK's biggest SME lending platform Funding Circle acquire German crowdlending platform Zencap. The move included a change of name in Germany from Zencap to Funding Circle. Although it is too early to speak of full-blown consolidation at this stage, the acquisition can be seen as a further sign of the growing maturity of the alternative finance industry.

The tendency towards differentiation may be observed in the services offered, a process that started emerging in 2014. Examples of this are the appearance of aggregator-type sites such as InvestUp that allow backers to spread their investments over 20 or more platforms. Some of these aggregators (e.g. LendingRobot) determine the risk profiles of backers and take these into account.

A further example are professionalised marketing services, as offered by Kickstarter. The "affiliate programme" Kickbooster allows campaign initiators to run a referral programme during their crowdfunding campaign in the form of "boosters" – people incentivised to promote the campaign within their own networks.

7.5 Conclusion

International trends demonstrate continuing strong growth in transaction volumes (absolute and relative) across all categories of crowdfunding. Moreover, it can be seen that crowdfunding categories across the European markets vary in terms of their size. Another striking feature is the major role contributed by the SME lending segment to the high-value USA and UK markets. Also noteworthy is the offer by established platforms of new features and services in a bid to differentiate themselves from rivals and enhance their perceived value.

Compared to the situation abroad, the Swiss crowdfunding market is lagging behind in terms of development, notwithstanding the emergence in 2015 of new models and sub-categories. The trends analysed in other countries show how the Swiss market could develop. We are expecting it to grow strongly in 2016 – driven, in particular, by high-value campaigns in the SME lending and real estate crowdfunding segments.

The Swiss market, however, differs from others – especially the USA and UK – in two fundamental respects: the first is that the market in Switzerland is much smaller. While large non-domestic platforms can profit from economies of scale and work on optimising their business models, large platforms in Switzerland continue to face challenges in terms of identifying a business model capable of covering their costs. The second is the regulatory landscape, which varies greatly across the markets.

8 2016 crowdfunding going forward

Prof. Dr. Andreas Dietrich and Simon Amrein

In light of the above results, we draw the following conclusions regarding the development of the crowdfunding market in 2016:

Continuing strong growth

In 2014 we expected to see a doubling or thereabouts to CHF 25-30 million of total funds raised in 2015. This turned out to be the case, the actual amount being CHF 27.3 million. We are expecting 2016 to see a further acceleration in growth to over CHF 65 million. The reasons are as follows:

- **Crowdlending:** Crowdlending will experience an above-average surge in growth in comparison to other crowdfunding categories. One reason is the appearance of more platforms in 2015 and 2016. Another is the fact that SME lending will generate higher volumes in a segment that is still in its infancy: being markedly higher than those for private individuals, average contributions to an SME-related campaign help drive the overall volume upwards. That said, the legislation limiting the number of backers to 20 will continue to have a chilling effect in this area.
- **Crowdinvesting:** Growth of this category is difficult to estimate, given that one single project can have a major influence on its overall performance. That said, we are predicting continuing growth in the area of corporate finance. This rise in crowdinvesting volumes in 2016 will be driven mainly by real estate crowdfunding.
- **Crowddonating:** Last year we were expecting a rise in the number of large, better known organisations offering crowddonating opportunities, but this did not come to pass. However, we continue to view the potential of this market as very high and expect to see Swiss organisations with widely recognised brands entering and asserting themselves in the market.
- **Reward-based crowdfunding:** This category will continue to post strong growth on the back of the level of awareness from which it benefits in Switzerland. Reward-based crowdfunding in Switzerland will continue consolidating its position as a means of raising finance in the area of culture and the creative industries.

Expectation of further entrants to, and departures from, the market

- **Number of platforms to rise:** We are expecting to see further platforms launched in 2016. This will probably be accompanied by an increasing number of departures from the market. Some platforms will realise that reaching critical mass and covering costs is no easy matter. In this respect nondomestic platforms venturing into the Swiss market have the edge, since they are already of a certain size and possess the relevant know-how.
- **Banks increasingly interested in crowdlending and reward-based crowdfunding:** The number of banks launching their own platforms will rise, especially in the area of SME lending. Likewise, some banks will venture into the reward-based crowdfunding market. This will help them accumulate the necessary experience in terms of developing communities / "digital sponsorship" and project a modern image. Banks' investment in marketing will benefit the crowdfunding market as a whole.

General increase in awareness of crowdfunding

- We estimate that around two percent of people resident in Switzerland have backed a crowdfunding campaign. The last year alone saw more than 90,000 people involve themselves in the backing of campaigns. 2016 will see 120,000-150,000 people back a crowdfunding campaign. As a result of the increasing maturity of the market, rising professionalism of the platforms, advertising by new and existing market players, and continuing interest from the media, we expect crowdfunding in Switzerland to continue growing in popularity.

Although the internet knows no limits, reward-based crowdfunding remains a local phenomenon

- The analyses in this study have shown that the median distance between funder and funded in Switzerland is just 12 kilometres. This would indicate a focus on mobilising friends and family. The increase in awareness of reward-based crowdfunding is sure to lead to slightly greater distances, but no major changes. Although large internationally oriented campaigns will succeed in attracting nondomestic backers, by far the greatest number of reward-based crowdfunding offerings will remain a local phenomenon.

Regulation remains on the agenda

- **Long-running issue of regulation:** Regulation continues to be on the agenda for many of Switzerland's crowdfunding platforms. It is currently enforced mainly through individual rulings involving FINMA and the platforms. However, many platforms would prefer to see a level playing field in the form of an overarching, moderate legal framework capable of bringing legal certainty.
- **Crowdfunding legislation not on the cards:** The past year has seen progress made in relation to regulation: at the very least, constructive discussions have taken place. That said, it is unrealistic to expect any work to be done on crowdfunding legislation any time soon in view of the limited importance of the crowdfunding market as it stands. Instead, the granting of legal exemptions could help the market transition from its current nascent state to one of stronger dynamism.

Market participants

The following profiles were provided by the platforms featured.

		Name	100-DAYS www.100-days.net
		Legal owner	100-Days.net GmbH
Managing director	Romano Strebel and Christian Klinner	Address	St. Jakobstrasse 54a, 8004 Zurich
Founded in	2012	Email	support@100-days.net
Number of employees	1.2 (FTEs)	Telephone	-
Category	Reward-based crowdfunding and crowddonating	Funds released	When target amount is met
Target market	Switzerland, Gemany, France		
Brief profile	100-Days is a Swiss crowdfunding pioneer and leader in service and project campaigning in three languages D/E/F. Project initiators benefit from a user-friendly project dashboard, tools and widgets, an exclusive manual, all the usual payment channels and access to Ron Orp, Switzerland's most urban community. Other 100-Days services include basic and project workshops, plus campaigning concepts.		
Business model	Commission-based service		
Fee model	5% of target amount		
Social media & communications (as of end of March 2016)			
Facebook:	3,513 likes	Twitter:	44 followers
Mobile app/website	No		

		Name	Bee Invested https://www.beeinvested.ch/
		Legal owner	Bee Invested Partners Sàrl
Managing director	Hichame Metatla	Address	Route de Saint Julien, 184 A, Plan-les-Ouates
Founded in	2015	Email	contact@beeinvested.ch
Number of employees	3 (FTEs)	Telephone	078 961 05 49
Category	Crowdinvesting	Funds released	On reaching a defined threshold
Target market	Switzerland, start-ups, small innovative companies		
Brief profile	We want everyone to become a business angel. For us, the link between the private individual and business harbours immense potential in terms of sourcing capital. It also drives entrepreneurship and innovativeness.		
Business model	Commission-based service		
Fee model	7% of target amount		
Social media & communications (as of end of March 2016)			
Facebook:	232 likes	Twitter:	1,392 followers
Mobile app/website	No		

		Name	Cashare www.cashare.ch
		Legal owner	Cashare AG
Managing director	Michael Borter	Address	Bösch 65, 6331 Hünenberg
Founded in	2008	Email	support@cashare.ch
Number of employees	10 (FTEs)	Telephone	-
Category	Crowdlending	Funds released	Keep it all
Target market	Switzerland		
Brief profile	Cashare provides a platform for alternative investment and funding opportunities via the crowd for private individuals and SMEs.		
Business model	Crowdlending for private individuals – and SMEs since October 2015		
Fee model	Fees only if successful: 0.75 % p.a. per party. Min. fee for recipients: CHF 50.- (private individuals), CHF 300.- (SMEs). No fee in event of early repayments to backers or for credit checks.		
Social media & communications (as of end of March 2016)			
Facebook:	501 likes	Twitter:	125 followers
Mobile app/website	Yes		

		Name	c-crowd www.c-crowd.com
		Legal owner	c-crowd AG
Managing director	Philipp Steinberger	Address	Luegislandstr. 105, 8051 Zurich
Founded in	2010 (started in April 2011)	Email	ps@c-crowd.com
Number of employees	1 (FTEs)	Telephone	+41 43 300 80 20
Category	Crowdinvesting	Funds released	When target amount is met
Target market	Switzerland / no sector focus		
Brief profile	c-crowd is a Swiss online platform that brings together entrepreneurs and investors. It hosts crowdfunding campaigns for Swiss public limited companies (AG) and acts as a marketplace for Swiss and nondomestic entrepreneurs. Entrepreneurs and investors contact each other in the c-crowd marketplace and negotiate equity stakes. c-crowd is not involved in this process, it only provides the platform.		
Business model	Crowdfunding: 10 % of capital raised; Marketplace: CHF 250 (basic) or CHF 400 (premium), depending on functionality		
Fee model	10 % of target amount		
Social media & communications (as of end of March 2016)			
Facebook:	1,157 likes	Twitter:	1,436 followers
Mobile app/website	No		

 CreditGate24		Name	CreditGate24 www.creditgate24.com/
		Legal owner	-
Managing director	Board: Christoph M. Mueller, Founder & CEO Management Team: Teddy Amberg, Peter Baumli, Peter Schütz, Christoph R. Züllig	Address	Alemannenweg 6, 8803 Rüschlikon
Founded in	2015	Email	info@creditgate24.com
Number of employees	14 (FTEs)	Telephone	0844 365 247
Category	Crowdlending	Funds released	Various scenarios
Target market	Switzerland, microcredit, private loans		
Brief profile	CreditGate24 brings recipients and private/institutional investors together on its highly automated direct-lending platform. It also operates in the area of consumer/private loans for SMEs/self-employed.		
Business model	-		
Fee model	0.8 - 3 % for recipients, 1 % for investors		
Social media & communications (as of end of March 2016)			
Facebook:	136 likes	Twitter:	147 followers
Mobile app/website	Yes		

 creditworld		Name	creditworld www.creditworld.ch
		Legal owner	creditworld AG
Managing director	Kai Ren, Philipp Schneider	Address	Rüdigerstrasse 11, 8045 Zurich
Founded in	2016	Email	info@creditworld.ch
Number of employees	2 (FTEs)	Telephone	044 520 99 59
Category	Crowdlending	Funds released	
Target market	SMEs throughout Switzerland		
Brief profile	creditworld is Switzerland's first P2P platform specialising in raising finance for SMEs.		
Business model	Raising finance for Swiss SMEs from private individuals and professional investors.		
Fee model	Depending on the amount of the loan between 0.45 % and 1.50 % but minimum 1'000 CHF		
Social media & communications (as of end of March 2016)			
Facebook:	-	Twitter:	-
Mobile app/website	Yes		

		Name	Crowdhouse www.crowdhouse.ch
		Legal owner	Bricks & Bytes AG
Managing director	Robert Plantak, Ardian Gjeloshi	Address	Nidelbadstr. 2, 8038 Zurich
Founded in	2015	Email	info@crowdhouse.ch
Number of employees	6 (FTEs)	Telephone	044 377 60 60
Category	Crowdinvesting	Funds released	When target amount is met
Target market	Swiss German-speaking property market		
Brief profile	Crowdhouse is the first platform for investing online in existing Swiss investment properties with joint ownership entered in the Swiss Land Register. Minimum investment: CHF 25,000.-, annual yield 5-6%.		
Business model	Crowdhouse searches for properties, finds co-investors via the platform, conducts the negotiations with the banks providing mortgages and takes care of the purchase formalities and transfer of ownership with the notary and authorities.		
Fee model	3% of the property purchase price		
Social media & communications (as of end of March 2016)			
Facebook:	453 likes	Twitter:	162 followers
Mobile app/website	Yes		

		Name	Fengarion fengarion.org
		Legal owner	Georgios Topoulos
Managing director	Christine Do Phan	Address	78 Av. Vaudagne, 1217 Meyrin
Founded in	2010	Email	contact@fengarion.org
Number of employees	20 volunteers	Telephone	076 576 20 48
Category	Crowddonating	Funds released	Keep it all
Target market	The Fengarion platform encompasses the following areas: development, environment, health, human rights, culture. The Fengarion platform hosts not-for-profit organisations that are independent of the state, politics or religion. Most charitable organisations using Fengarion are based in Switzerland. Their projects relate to various countries in Europe (including Switzerland), Asia, Africa and South America.		
Brief profile	Fengarion is a registered charitable organisation domiciled in Meyrin, Canton Geneva.		
Business model	Fengarion is funded exclusively by its members. Fees are not levied on donations to projects. The funds raised through crowdfunding flow directly to the project initiators. All Fengarion does is administer the collection of donations.		
Fee model	0%		
Social media & communications (as of end of March 2016)			
Facebook:	308 likes	Twitter:	-
Mobile app/website	No		

		Name	Gemeinsam unterwegs gemeinsam-unterwegs.ch
		Legal owner	Raiffeisenbank Niederhelfenschwil Genossenschaft
Managing director	Kurt H. Bloch	Address	Neudorf 1, 9527 Niederhelfenschwil
Founded in	2014	Email	niederhelfenschwil@raiffeisen.ch
Number of employees	0.5 (FTEs)	Telephone	071 948 70 50
Category	Reward-based crowdfunding and crowddonating	Funds released	When target amount is met.
Target market	Switzerland		
Brief profile	Regional bank (part of the Raiffeisen Group)		
Business model	-		
Fee model	0%		
Social media & communications (as of end of March 2016)			
Facebook:	-	Twitter:	-
Mobile app/website	No		

		Name	GivenGain www.givengain.com
		Legal owner	GivenGain Foundation
Managing director	Johannes van Eeden	Address	Chalet La Renarde, Chemin des Râpes 25, 1884 Villars-sur-Ollon
Founded in	2001	Email	marc@givengain.com
Number of employees	5 (FTEs)	Telephone	-
Category	Crowddonating	Funds released	Keep it all
Target market	Worldwide (non-profit organisations and dedicated individuals)		
Brief profile	GivenGain was founded in July 2001. The company motto is: "it is more blessed to give than to receive". GivenGain offers not-for-profit organisations improved management, enhanced revenues, network set-up and maintenance, and help to create ideas that people can believe in.		
Business model	Donations for projects through GivenGain are administered within a certified "Non-Profit-Compliant" environment.		
Fee model	5%		
Social media & communications (as of end of March 2016)			
Facebook:	1,367 likes	Twitter:	6,590 followers
Mobile app/website	Yes		

		Name	I believe in you www.ibelieveinyou.ch
		Legal owner	Legal entity
Managing director	Mike Kurt	Address	Kramgasse 5, 3011 Bern
Founded in	2013	Email	info@ibelieveinyou.ch
Number of employees	7 (FTEs)	Telephone	+41 31 312 60 22
Category	Reward-based crowdfunding	Funds released	When target amount is met
Target market	Sport in Switzerland, and Austria with ibelieveinyou.at		
Brief profile	I believe in you is the first crowdfunding platform to focus wholly on the funding of Swiss sporting projects. I believe in you is open to everyone. Individual athletes, teams, recreational / amateur / elite athletes, clubs/associations and promoters can publicise and fund their projects via this new platform.		
Business model	IBIY is funded through administration fees and sponsors.		
Fee model	9 % of target amount (5 % administration, 4 % transaction fee)		
Social media & communications (as of end of March 2016)			
Facebook:	9,526 likes	Twitter:	648 followers
Mobile app/website	Yes		

		Name	I care for you www.icareforyou.ch
		Legal owner	I care for you Foundation
Managing director	Corinne Wissing	Address	Mainaustrasse 15, 8008 Zurich (office: Kramgasse 5, 3011 Bern)
Founded in	2015	Email	corinne.wissing@icareforyou.ch
Number of employees	1 (FTEs)	Telephone	031 312 60 24
Category	Reward-based crowdfunding	Funds released	When target amount is met
Target market	Social and humanitarian projects worldwide (organisations / private individuals in Switzerland)		
Brief profile	The I care for you platform is available to organisations and individuals looking to finance a social or humanitarian project in Switzerland or abroad. The organisation/individual initiating the project must be resident in Switzerland.		
Business model	ICFY is funded through administration fees.		
Fee model	10 % (6 % administration, 4 % transaction fee)		
Social media & communications (as of end of March 2016)			
Facebook:	599 likes	Twitter:	19 followers
Mobile app/website	No		

 investiere venture capital		Name	investiere www.investiere.ch
		Legal owner	Verve Capital Partners AG
Managing director	Steffen Wagner (CEO)	Address	Grafenaustrasse 9, 6300 Zug
Founded in	2010	Email	info@investiere.ch
Number of employees	11 (FTEs)	Telephone	+41 44 380 29 35
Category	Crowdfunding	Funds released	When target amount is met
Target market	Switzerland, Europe, high-tech (excluding pharma) and ICT		
Brief profile	<p>investiere is a community of 7,000 top investors and industry specialists interested in start-ups. It considers itself one of the leading online start-up investment platforms in Europe. Since 2010 more than 30 outstanding start-ups have used investiere to recruit private investors with relevant industry experience and networks. The community uses the platform to identify the most promising investment opportunities, which are then scrutinised by industry experts. They are then carefully checked and selected by the investiere team and its partners. After accreditation by the investiere team, investors can decide to invest directly in a specific start-up and become a shareholder with all statutory participation and proprietary rights. investiere offers a systematic way of bringing together private investors with select lead investors and institutional co-investors.</p>		
Business model	investiere offers a systematic way of bringing together private investors with select lead investors and institutional co-investors. investiere is operated by Verve Capital Partners AG, domiciled in Switzerland.		
Fee model	Start-ups pay 4 % success-based commission on funds raised through investiere; investors pay 4-1.5 % commission plus carried interest of 15 % on an annualised return of at least 5 %.		
Social media & communications (as of end of March 2016)			
Facebook:	395 likes	Twitter:	1,407 followers
Mobile app/website	Yes		

 LEND		Name	LEND www.lend.ch
		Legal owner	Switzerland AG
Managing director	Andy Siemers, Florian Kübler, Michel Lalive, Tom Stierli	Address	Promenadengasse 18, 8001 Zurich
Founded in	2016	Email	info@lend.ch
Number of employees	4 (FTEs)	Telephone	-
Category	Crowdlending	Funds released	-
Target market	Private loans, Switzerland		
Brief profile	Peer-to-peer lender in Switzerland		
Business model	-		
Fee model	Recipient: 0.75 % upfront, lender: 0.65 %		
Social media & communications (as of end of March 2016)			
Facebook:	-	Twitter:	-
Mobile app/website	Yes		

		Name	Lions Funding Val Müstair www.lions-funding-vm.ch
		Legal owner	Club Lions Val Müstair
Managing director	Plinio Meyer	Address	Hotel Münsterhof, 7537 Müstair
Founded in	2015	Email	info@muensterhof.ch
Number of employees	1 (FTEs)	Telephone	-
Category	Reward-based crowdfunding and crowddonating	Funds released	Keep it all or when target reached
Target market	Val Müstair		
Brief profile	Lions Club, promotion of Val Müstair as a business location		
Business model	-		
Fee model	0%		
Social media & communications (as of end of March 2016)			
Facebook:	-	Twitter:	-
Mobile app/website	No		

		Name	Masspurs www.masspurs.ch/
		Legal owner	Ideate GmbH
Managing director	Samuel Scheidegger	Address	Längackerstrasse 1 , 4532 Feldbrunnen
Founded in	2015	Email	samuel.scheidegger@ideate.ch
Number of employees	0 (FTEs)	Telephone	-
Category	Reward-based crowdfunding and crowddonating	Funds released	Various scenarios
Target market	Switzerland: creative, entrepreneurial, not-for-profit, personal, sport		
Brief profile	Platform operated by Ideate GmbH, a consulting company in the IT sector.		
Business model	Funded through fees: 9% of the target sum by way of transaction and administration fee.		
Fee model	9%		
Social media & communications (as of end of March 2016)			
Facebook:	36 likes	Twitter:	-
Mobile app/website	Yes		

		Name	miteinander erfolgreich www.miteinander-erfolgreich.ch/
		Legal owner	Basellandschaftliche Kantonalbank
Managing director	Atilla Sahin	Address	Rheinstrasse 7, 4410 Liestal
Founded in	2014	Email	support@miteinander-erfolgreich.ch
Number of employees	3	Telephone	061 925 94 94
Category	Reward-based crowdfunding and crowdlending	Funds released	All-or-nothing
Target market	German-speaking Switzerland		
Brief profile	Basellandschaftliche Kantonalbank sees itself as the leading bank in the canton. It became the first bank in Switzerland to launch its own crowdfunding platform in 2014.		
Business model	Reward-based crowdfunding and crowdlending		
Fee model	4 % transaction costs + 6 % commission/brokerage		
Social media & communications (as of end of March 2016)			
Facebook:	6,264 likes	Twitter:	1,703 followers
Mobile app/website	No		

		Name	Moboo www.moboo.ch
		Legal owner	Michel Grand
Managing director	Michel Grand	Address	Chemin des Rairettes 23, Haute-Nendaz
Founded in	2012	Email	contact@moboo.ch
Number of employees	1 (FTEs)	Telephone	-
Category	Reward-based crowdfunding	Funds released	Keep it all
Target market	French-speaking Switzerland		
Brief profile	A project that aims to help others.		
Business model	Bringing international attention to local projects.		
Fee model	10 % of target amount		
Social media & communications (as of end of March 2016)			
Facebook:	188 likes	Twitter:	149 followers
Mobile app/website	Yes		

		Name	Progettiamo www.progettiamo.ch
		Legal owner	Enti Regionali per lo Sviluppo del Canton Ticino (Locarnese e Vallemaggia, Bellinzonese e Valli, Luganese, Mendrisiotto e Basso Ceresio)
Managing director	Igor Franchini, Daisy Albertella, Roberta Angotti, Nicolò Mandozzi and Alan Sisini	Address	c/o ERS-LVM, C.P. 323, 6600 Locarno
Founded in	2014	Email	info@progettiamo.ch
Number of employees	1 (FTEs)	Telephone	-
Category	Reward-based crowdfunding	Funds released	When target amount is met
Target market	Ticino		
Brief profile	Progettiamo.ch is an institutional platform that supports projects in Canton Ticino with traditional fundraising and crowdfunding. The projects are supervised by regional project managers up to implementation.		
Business model	Public and private sponsors		
Fee model	0% of target amount		
Social media & communications (as of end of March 2016)			
Facebook:	1,504 likes	Twitter:	603 followers
Mobile app/website	No		

		Name	ProjektStarter www.projektstarter.ch
		Legal owner	Designatelier GmbH
Managing director	Lukas Wullimann	Address	Weissensteinstr. 81, 4500 Solothurn
Founded in	2011	Email	mail@projektstarter.ch
Number of employees	1.1 (FTEs)	Telephone	+41 32 622 07 07
Category	Reward-based crowdfunding	Funds released	When target amount is met
Target market	Switzerland, creativity, innovation, ideas, juniors		
Brief profile	Platform for documenting and funding creative projects.		
Business model	Development, promotion and organisation of products and project ideas		
Fee model	8% of target amount, 5% for junior projects		
Social media & communications (as of end of March 2016)			
Facebook:	2,626 likes	Twitter:	32 followers
Mobile app/website	Yes		

 <small>EQUITY CROWDFUNDING PLATFORM</small>		Name	Raizers www.raizers.com
		Legal owner	Maxime Pallain & Grégoire Linder
Managing director	Maxime Pallain & Grégoire Linder	Address	41 avenue du Mont d'Or, 1007 Lausanne
Founded in	2015	Email	contact@raizers.com
Number of employees	12 (FTEs)	Telephone	-
Category	Crowdinvesting and crowdlending	Funds released	Various scenarios
Target market	Switzerland, France		
Brief profile	Raizers is a crowdfunding platform specialising in equity and borrowed capital. It has a presence across all sectors.		
Business model	Every project is analysed and assessed for its potential in terms of funding success.		
Fee model	Fundraiser: Depends on volume, max 10 % Investors: Max. 5.5 %		
Social media & communications (as of end of March 2016)			
Facebook:	1,483 likes	Twitter:	1,515 followers
Mobile app/website	Yes		

		Name	sosense www.sosense.org
		Legal owner	Socentia AG
Managing director	Patrik Elsa	Address	Socentia AG, Sihlquai 131, 8005 Zurich
Founded in	2012	Email	hello@sosense.org
Number of employees	6 (FTEs)	Telephone	+41 43 255 92 92
Category	Crowddonating	Funds released	When target amount is met
Target market	Global, depending on the customer		
Brief profile	Crowddonating, as well as reward-based campaigns		
Business model	Sosense has since 2015 been focusing on creating tailored crowdfunding platforms for organisations and commercial enterprises, as well as e.g. crowd innovation campaigns with companies or not-for-profit organisations. Sosense concentrates on large commercial customers and international not-for-profit organisations, and thus more in the consultancy business.		
Fee model	Depending on client		
Social media & communications (as of end of March 2016)			
Facebook:	1,395 likes	Twitter:	227 followers
Mobile app/website	Yes		

		Name	Splendit www.splendit.ch
		Legal owner	Splendit AG
Managing director	Michel Lalive / Florian Kübler	Address	Arterstrasse 26, 8032 Zurich
Founded in	2014	Email	info@splendit.ch
Number of employees	1.2 (FTEs)	Telephone	-
Category	Crowdlending	Funds released	When target amount is met
Target market	Switzerland (planned: Europe)		
Brief profile	Splendit is a crowdlending platform for students.		
Business model	Crowdlending facilitator of student loans.		
Fee model	Monthly fee of CHF 10 for students during the term of the credit. Investors pay a single fee of 2% at stage of credit initiation.		
Social media & communications (as of end of March 2016)			
Facebook:	227 likes	Twitter:	85 followers
Mobile app/website	Yes		

		Name	Stoneclub www.stoneclub.ch
		Legal owner	Julien Grange
Managing director	Julien Grange	Address	-
Founded in	2014	Email	julien.grange@stoneclub.ch
Number of employees	-	Telephone	+41 (0)78 783 24 73
Category	Crowdinvesting	Funds released	When target amount is met
Target market	Real estate: Switzerland; investors: no geographical limits		
Brief profile	Stoneclub© is the first real estate crowdfunding platform that allows backers to invest amounts as low as CHF 100 in large numbers of properties across Switzerland.		
Business model	-		
Fee model	-		
Social media & communications (as of end of March 2016)			
Facebook:	-	Twitter:	-
Mobile app/website	No		

		Name	swisspeers www.swisspeers.ch	
		Legal owner	swisspeers AG	
Managing director	Alwin Meyer	Address	Bahnhofplatz 17, 8400 Winterthur	
Founded in	2016	Email	alwin.meyer@swisspeers.ch	
Number of employees	5 (FTEs)	Telephone	-	
Category	Crowdlending	Funds released	When target amount is met	
Target market	Switzerland, all industries			
Brief profile	<p>Swisspeers is an independent online platform that allows companies to source capital directly from investors without intermediaries such as financial institutes. This peer-to-peer funding model is a straightforward alternative to traditional bank loans and is completely transparent: the credit rating is a neutral process conducted by swisspeers in accordance with clear criteria, and the price is set by means of an auction in the investment market. Swisspeers also offers ancillary services surrounding the creation of investment and business plans.</p> <p>Swisspeers offers investors the chance to invest directly in SMEs and thus get around the investment crisis in Swiss franc fixed-rate transactions. This new alternative investment opportunity with its attractive yield/risk profile helps strengthen the Swiss business community.</p>			
Business model	<p>Switzerland: fee-based credit provider combined with support services for both parties. These cover the needs of lenders and borrowers alike from the word go and throughout the business relationship.</p> <p>International: franchising model.</p>			
Fee model	Borrower: 0.5 % p.a.; lender: 0.25 % p.a.			
Social media & communications (as of end of March 2016)				
Facebook:	139 likes	Twitter:	193 followers	
Mobile app/website	No			

		Name	Swiss Starter www.swiss-starter.ch	
		Legal owner	Swiss Starter Sagl/GmbH	
Managing director	Andrea Toscani / Andrea Boccaccio	Address	Via Greina 2, 6900 Lugano	
Founded in	2014	Email	info@swiss-starter.ch	
Number of employees	1 (FTEs)	Telephone	-	
Category	Crowdfunding	Funds released	When target amount is met	
Target market	Switzerland, internet, technology			
Brief profile	Small company headed by ERP consultants			
Business model	Equity finance combined with consultancy services for start-ups			
Fee model	8 %			
Social media & communications (as of end of March 2016)				
Facebook:	139 likes	Twitter:	193 followers	
Mobile app/website	Yes			

 Wecan.fund		Name	WeCan.Fund www.wecan.fund
		Legal owner	-
Managing director	Andrzej Nowak	Address	Fintech Factory - Avenue de la Praille, 50 - 1227 Carouge
Founded in	2015	Email	contact@wecan.fund
Number of employees	7 (FTEs)	Telephone	none
Category	Crowdlending	Funds released	Various scenarios
Target market	Europe, SME credit		
Brief profile	Wecan.fund is a crowdlending platform raising loans for SMEs.		
Business model	Wecan.fund serves as an intermediary for SME loans. Individuals may raise loans on the platform.		
Fee model	1 – 7 %		
Social media & communications (as of end of March 2016)			
Facebook:	384 likes	Twitter:	634 followers
Mobile app/website	Yes		

		Name	wemakeit www.wemakeit.com
		Legal owner	Verein Wemakeit.ch
Managing director	Melina Roshard	Address	Schöneeggstrasse 5, 8004 Zurich
Founded in	2012	Email	hello@wemakeit.com
Number of employees	6.2 (FTEs)	Telephone	-
Category	Reward-based crowdfunding	Funds released	When target amount is met
Target market	Culture, creative economy, technology, science, journalism, community, design, games, social sector, agriculture, start-ups, Switzerland and neighbouring countries (F/D/AT)		
Brief profile	wemakeit is the largest crowdfunding platform in Switzerland with one of the highest project success rates in the world. It offers project initiators the opportunity to fund projects or products within a short period of time, allowing them to present themselves to their own community and a wider public in three languages, D/F/E. Each campaign that goes online receives tailored advice from staff in our offices in Zurich, Lausanne, Berlin and Vienna. Other regional offices provide initiators with free consultations.		
Business model	6 % commission		
Fee model	10 % of target amount (6 % commission, 4 % transaction fee)		
Social media & communications (as of end of March 2016)			
Facebook:	16,509 likes	Twitter:	1,816 followers
Mobile app/website	Yes		

Appendix

Total funding volume in million CHF				
Year	Crowdinvesting	Reward-based crowdfunding / Crowddonating	Crowdlending	Total
2008	0	0	0.1	0.1
2009	0	0	0.2	0.2
2010	0.4	0	1.3	1.7
2011	1.7	0.3	1.1	3.1
2012	1.9	2.5	0.9	5.3
2013	5.6	4.2	1.8	11.6
2014	4.6	7.7	3.5	15.8
2015	7.1	12.3	7.9	27.3

Number of projects				
Year	Crowdinvesting	Reward-based crowdfunding / Crowddonating	Crowdlending	Total
2008	0	0	17	17
2009	0	0	28	28
2010	3	0	74	77
2011	6	15	85	106
2012	7	331	61	399
2013	10	594	116	720
2014	10	854	214	1'078
2015	17	1'059	266	1'342

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The Institute of Financial Services Zug IFZ of the Lucerne School of Business is the leading financial institute among the Swiss universities of applied sciences. The IFZ offers continuing and executive education and provides research and advisory services to financial experts from the corporate sector and specialists and managers from the financial sector. The IFZ's courses include bachelor and master of science degree programmes with a specialisation in banking and finance. The IFZ also offers a large number of recognised executive education courses, for example the CAS Digital Banking.

The Institute of Financial Services Zug IFZ regularly publishes studies and articles. This year, the IFZ also published the first study on financing culture via crowdfunding. Also in 2016, the institute published a study on Switzerland's fintech market. Please find an overview of our recent publications on our website www.hslu.ch/crowdfunding.

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Swisscom's "Banking Trends & Innovation" (e-foresight) team supports the Switzerland Crowdfunding Monitoring Report of the Institute of Financial Services Zug IFZ. The "Banking Trends & Innovation" Team has been observing and analysing trends in the digital ecosystem on behalf of its clients since 2012, anticipating their effects on the business areas of banks and making recommendations on this basis. Moreover, the swisscom team publishes frequent newsletters, deep dive studies and quarterly reports on e-commerce developments for banks.

We are grateful to the following platforms for supporting this study

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ISBN 978-3-906488-54-7