THE EUROPEAN CROWDFUNDING STAKEHOLDER FORUM (ECSF)

WORKSHOP ON CROWDFUNDING,
NATIONAL DOCUMENTATION CENTER
ATHENS, 16 FEBRUARY 2015
BEFORE THE ECSF?

- Workshop “Crowdfunding: Untapping its potential, reducing the risks” – 03.06.2013
- Public consultation “Crowdfunding in Europe? Exploring the added value of potential EU action” – 03.10.2013
- Communication on crowdfunding – 27.03.2014
- Call for applications – 16.05.2014
- An Expert Group called “European Crowdfunding Stakeholders Forum” (ECSF) has been set up – 25.06.2014
THE ECSF: MISSION AND TASKS

• Set up on June 26 2014
• MISSION
  • The group should assist the Commission in developing policies for crowdfunding to flourish while taking into account the interest of contributors.
• TASKS
  • helping the Commission to raise awareness,
  • provide information and design training modules for project owners;
  • providing expertise to the Commission in promoting transparency, exchange of best practices and certification;
  • providing advice to the Commission to explore the potential of establishing a "quality label" to build trust with users; and
  • identifying further issues that may need to be addressed
• Two meetings have already taken place (25.9.2014 and 3.11.2014)
• The third will take place on 4 March 2015
COMPOSITION

• The ECSF counts 40 members:
  • **15 Member State representatives** (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Netherlands, Poland, Spain, United Kingdom)

  • **25 representatives of the civil society.**
    • 4 representatives of consumers
    • 7 SMEs
    • 5 crowdfunding platforms
    • 4 financial institutions
    • 5 research institutions
MAIN SUBJECTS OF DISCUSSION SO FAR AND MAIN CONCLUSIONS (1)

• Market mapping
  • Real market size is unknown; only partial data is available
  • A data collection mechanism is key; however the context is still difficult to define (differences in definitions, terminology, regulation)

• Main issues per type
  • These vary among different types (from lack of culture of giving for the donation-based type to difficulties in pricing, exit options and secondary markets in equity-based, and concerns in due diligence and credit rating exercises in p2p)
  • An indicative list of main issues is available in the minutes of the 2nd Meeting

• How to promote crowdfunding
  • Awareness raising and educational campaigns vary
  • Awareness raising towards contributors should come first
  • EC is working on a guide to crowdfunding for SMEs
MAIN SUBJECTS OF DISCUSSION SO FAR AND MAIN CONCLUSIONS (2)

• The risks of crowdfunding
  • Platform failures: strong competition, poor choice of specialization or target market, low initial or on-going investment
  • Project failure (after funding): lack of managerial skills, poor business strategy, actual overfunding, potential fraud
  • Weak access to consumers’ complaints, since these are addressed to other organizations

• Codes of conduct
  • Codes of conducts do exist (FPF-France, P2P-UK, ECN)
  • Long way to a pan European code of crowdfunding
  • Best practices should not be in a code of conduct

• Quality label
  • Concerns about the name itself: “quality label” could give a false sense of security to users. “Transparency label” is better
  • Any transparency label should be voluntary, transparent, light, complemented with a database where contributors can check what the label means
  • An EU label is premature in the current complex regulatory environment
  • An EU view on the current applicable regulation is needed

FSUG Meeting, September 2014
RESEARCH IN PROGRESS

“Exploring the area of crowdfunding from users’ perspectives: Current situation and future prospects”

• Objectives
  • Exploring awareness about the crowdfunding industry in general
  • Exploring risk awareness for active users of crowdfunding

• Scope
  • focus on investors (not fundraisers) in platforms with financial returns (lending and equity).

• Data collection exercise
  • Contract with the EC, via the research funds available to the FSUG (a consultative body of the EC that represents the interest of users of financial services)
  • In-house analysis in the context of the ECSF
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MORE INFO HERE:
HTTP://EC.EUROPA.EU/FINANCE/GENERAL-POLICY/CROWDFUNDING/INDEX_EN.HTM#MAINCONTENTSEC3
HTTP://EC.EUROPA.EU/TRANSPARENCY/REGEEXPERT/INDEX.CFM?DO=GROUPDETAIL.GROUPDETAIL&GROUPID=3130&LANG=EN

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