

Press release

Lucerne, May 27th, 2019

## **Swiss crowdfunding volume exceeds half a billion Swiss francs for the first time**

**CHF 516.6 million were raised via Swiss crowdfunding platforms in 2018. Compared to the previous year, the volume increased by a further 38 per cent. Switzerland has thus developed into one of the largest crowdfunding markets in continental Europe. This is shown by the results of the latest crowdfunding monitor from the Lucerne University of Applied Sciences and Arts.**

The Lucerne University of Applied Sciences and Arts' annual Crowdfunding Monitor has been published for the sixth time. The market volume rose to new record levels in 2018: 516.6 million Swiss francs were raised via Swiss crowdfunding platforms in 2018. In the previous year, the figure lay at CHF 374.5 million. Since the establishment of the first crowdfunding platform in Switzerland, projects worth almost CHF 1.1 billion have been financed with this alternative form of financing.

### **Growth remains high**

In 2017 large growth of 192% was still recorded. With an increase of 38%, though the expansion in 2018 is still high, it has declined significantly. The biggest growth drivers in 2018 were the financing of SMEs through marketplace lending and investments in real estate through equity-based crowdfunding.

Crowdfunding in Switzerland can be divided into four areas: reward- and donation-based crowdfunding, equity-based crowdfunding, invoice trading, and marketplace lending (crowdlending, see box for details). In the marketplace lending segment, loans amounting to 261.9 million Swiss francs (+40%) were financed. In equity-based crowdfunding, investments reached 204.9 million Swiss francs (+52%). In reward- and donation-based crowdfunding, projects were supported with over 25.6 million Swiss francs (-12%, see figure).

### **Crowdfunding is moving away from its original concept**

The original idea of crowdfunding was to fund a project by mobilising large numbers of people. The author of the study, Prof. Dr. Andreas Dietrich, points out that especially in marketplace lending many loans are no longer financed by a large number of investors but by a single professional investor. "This reduces the importance of private individuals. We can also see similar developments in the financing of start-ups in equity-based crowdfunding." The importance of professional investors will continue to grow in the future and can help the market as a whole to achieve further growth.

In the area of reward- and donation-based crowdfunding, the mobilisation of private individuals continues to be central. The projects are still predominantly financed by various private persons. "We expect, however, that more and more companies and foundations will cooperate with platforms in this sector in the future," says Dietrich.

### **Crowdsupporting is important for the sports and cultural sector**

The volume of reward- and donation-based crowdfunding declined slightly compared to the previous year. However, the number of campaigns grew by seven percent. The sports category is particularly popular, with a total of 568 projects financed by a total of 5.4 million Swiss francs. Social projects were supported with 3.1 million Swiss francs and music with 2.3 million Swiss francs. Projects with a commercial focus, in which crowdfunding is used as an advance sales

channel for products, were also very successful. The volume in this area amounted to 5.3 million Swiss francs.

### **Switzerland is one of the larger crowdfunding markets**

Looking at crowdfunding volumes per capita in an international comparison, Switzerland is one of the more relevant markets worldwide. Even in absolute numbers, the Swiss market - despite its comparatively small domestic market - has reached a considerable volume. It will be difficult to catch up with the leading markets in Great Britain and the USA. In continental Europe, however, Switzerland will continue to show comparatively high volumes. The crowdfunding volume per inhabitant in Switzerland is 61 francs (2017: 45 francs). In relative terms, this makes the Swiss market much larger than that of its neighbouring countries.

### **Outlook: Crowdfunding continues to grow**

For the year 2019, the study authors assume that the total volume will see continued growth in the double-digit percentage range. A total volume between CHF 700 and 900 million is expected. This volume will be distributed primarily among the existing platforms. At the moment, new platforms seem unlikely to enter the market.

The "Crowdfunding Monitor Switzerland" is conducted annually by the Institute for Financial Services Zug IFZ of the Lucerne University of Applied Sciences and Arts with the support of the Swiss crowdfunding platforms.

**Download:** The *Crowdfunding Monitor Switzerland* can be downloaded [here](#).

### **Five forms of crowdfunding**

**Reward-based crowdfunding:** typically used to raise funds for creative and cultural projects as well as those in the area of sports. Investors receive a product, artistic work, or service for their contribution, e.g. a free copy of the book in the case of a book launch.

**Donation-based crowdfunding:** typically donations for social, charitable, and cultural projects that are not linked to any consideration/reward.

**Equity-based crowdfunding:** investments of equity or mezzanine capital in businesses (start-ups) or real estate. In return, investors receive a share of the profit.

**Marketplace lending / crowdlending:** used by businesses and individuals to raise loans. In return, lenders receive interest payments, the level of which depends on the risk of the borrower.

**Invoice trading:** investors buy outstanding invoices from businesses at a discount. This allows businesses to bridge payment periods or free up liquid resources.

### **Appendices:**

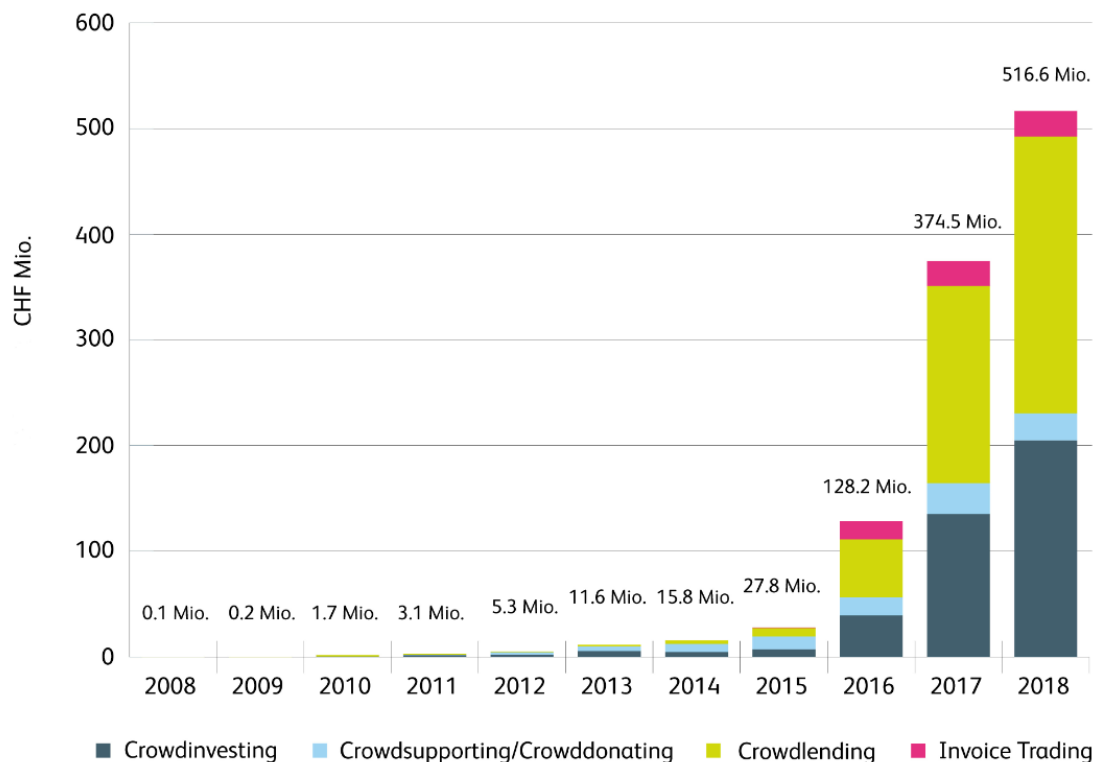
- Graph: crowdfunding volumes in Switzerland 2008 - 2018
- Tables: crowdfunding volumes and campaign numbers in Switzerland 2008 - 2018

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### Crowdfunding volumes in Switzerland 2008 - 2018 (successfully financed projects/campaigns, per year)



### Crowdfunding volumes and number of campaigns in Switzerland, 2008 - 2018

Number of campaigns					
Year	Equity-based crowdfunding	Reward- & donation-based crowdfunding	Crowdlending	Invoice Trading	Total
2008	0	0	17	0	17
2009	0	0	28	0	28
2010	3	0	74	0	77
2011	6	15	85	0	106
2012	7	331	61	0	399
2013	10	594	116	0	720
2014	10	854	214	0	1'078
2015	17	1'059	266	n/a	1'342
2016	25	1'338	840	n/a	2'203
2017	42	1'536	2'035	n/a	5'113
2018	87	1'644	3'290	1'500	6'521
<b>2008-2018</b>	<b>207</b>	<b>7'371</b>	<b>7'026</b>	<b>1'500</b>	<b>18'204</b>

Total volume (in CHF million)					
Year	Equity-based crowdfunding	Reward- & donation-based crowdfunding	Crowdlending	Invoice Trading	Total
2008	0	0	0.1	0	0.1
2009	0	0	0.2	0	0.2
2010	0.4	0	1.3	0	1.7
2011	1.7	0.3	1.1	0	3.1
2012	1.9	2.5	0.9	0	5.3
2013	5.6	4.2	1.8	0	11.6
2014	4.6	7.7	3.5	0	15.8
2015	7.1	12.3	7.9	0.4	27.7
2016	39.2	17.0	55.1	17.0	128.2
2017	135.2	29.1	186.7	23.5	374.5
2018	204.9	25.6	261.9	24.3	516.6
<b>2008-2018</b>	<b>400.6</b>	<b>98.7</b>	<b>520.5</b>	<b>65.2</b>	<b>1'084.9</b>

**Lucerne University of Applied Sciences and Arts**

The Lucerne University of Applied Sciences and Arts is the university of applied sciences of the six Central Swiss cantons and comprises the Lucerne Schools of Engineering and Architecture, Business, Information Technology, Social Work, Art and Design, and Music.

With some 6,200 students attending bachelor's and master's programmes and 4,600 attending continuing education and training programmes, more than 400 ongoing research projects and over 1,600 employees, it is the largest educational institution in the heart of Switzerland. [www.hslu.ch](http://www.hslu.ch)