

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

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/finance/general-policy/crowdfunding/index_en.htm#maincontentsec3)**

**[HTTP://EC.EUROPA.EU/TRANSPARENCY/REGEXPERT/INDEX.CFM
?DO=GROUPDETAIL.GROUPDETAIL&GROUPID=3130&LANG=EN](http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupdetail.groupdetail&groupid=3130&lang=en)**

THANK YOU FOR YOUR ATTENTION