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How to foster the development of Crowdfunding in Belgium?

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INTRODUCTION

i. Forward

Since the global economic crisis of 2008, there has been a growing interest for the mechanism of Crowdfunding. Indeed, the amplitude of this phenomenon has more than doubled yearly, all over the world. If we look more specifically at Europe, just in 2014, the volume raised by Crowdfunding reached a total of 2.957 billion euros, which represents a substantial growth of 144% compared to the previous year (Wardrop & al., 2015, p.12). If you pay a closer look to Belgium, even if it has been following an optimistic growth, it appears that it is lagging behind compared to its neighbouring countries (KPMG, 2014).

The goal of this thesis is to find possible ways to promote the growth of the Crowdfunding mechanism in Belgium so that it can catch up its delay compared to its neighbours. To do so, the aim is to first understand the reasons behind Belgium's delay and to find ways to turn things around. Secondly, I aim to determine the key success drivers of a Crowdfunding campaign in Belgium platforms in order to provide valuable recommendations to Belgium entrepreneurs who wish to try to raise funds using this mechanism.

ii. Methodology

First of all, it is important to understand that to organize the structure of this thesis, I adopted the funnel's approach and divided my research into 5 chapters.

a) Literature review

Crowdfunding began generating some interest only about six years ago. The phenomenon that was still in an embryonic state of development these last years, has recently started to be more evolved. Therefore the literature on the subject is still quite limited. Nevertheless there are more and more research being conducted on the subject and there is starting to be a solid understanding of this phenomenon. Before getting into the present state of development of Crowdfunding, I found that it was important to have a good understanding of the concept. That is why I have dedicated an entire first chapter to explain **what** Crowdfunding is, **where** and **when** it appeared, **who** are the actors involved and **what** are the risks and benefits of this new financial system. This first chapter will be essentially based on literature reviews combining existing papers and past research.

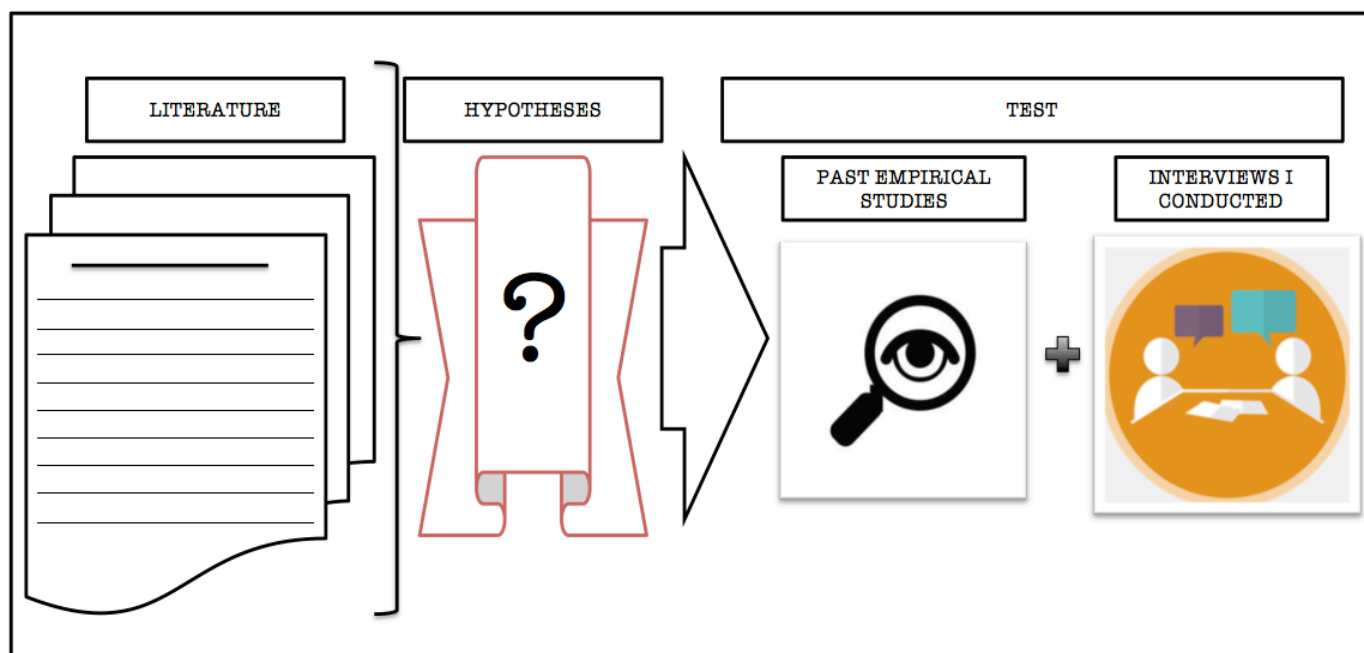
After having built a review about the phenomenon of Crowdfunding, I dedicated a second chapter to draw a picture of the current situation about Crowdfunding in a global scale and understand where this phenomenon is heading. There are several studies focusing on the evolution of Crowdfunding already, but it is difficult to draw a path from it, as different and sometimes contradictory findings have been found. The information gathering on this subject has not yet been assigned to a particular institution at global level. So far, the most reliable information about the subject in a global scale seems to be coming from Massolution Industry reports. I thus decided to rely particularly in documents that had drawn their conclusions and results from data provided by Massolution.

Finally, to end my literature review, I decided to focus my attention on the current situation of Crowdfunding in Europe. By building a clear picture of the European market, I considered that my forthcoming analysis on the Belgium situation would be more relevant. Till now, a lot of studies and reports have been published by big actors such as The World Bank, IOSCO or Massolution, but their

findings and result do not always match, which makes defining a benchmark for the European alternative finance market difficult. Without such a Benchmark it is difficult to deliver reliable information to European policy-makers and educate the public. Recently, to end this problem, the University of Cambridge along with EY decided to collect information from 255 European CF platforms in order to have a pan-European picture of CF. To assure the reliability of their data, the University of Cambridge worked with 14 research partners in Europe on this benchmarking study; This research aimed to capture 85-90% of all online platform-based alternative financing transactions in Europe. Due to the reliability of this study, I decided to particularly trust documents that had drawn their conclusions and results from data provided by the research conducted by the University of Cambridge along with EY (Wardrop & al., 2015). It is essential to look at the numbers more as a representation of the reality rather than the absolute reality. Another important aspect I want to mention is that when aggregated, the data can result on different outcomes as I used different sources. (A small detail: when reading this paper, you will notice several times that I wrote “CF”. By “CF”, I mean Crowdfunding).

b) Practical approach

I decided to divide the practical part of the research into 2 chapters. In the first chapter of my practical research I try to understand why Belgium has been lagging behind its neighbours in terms Crowdfunding (When I use the word Crowdfunding, I refer to Equity-based Crowdfunding and P2P business Lending-based Crowdfunding) and hope to find what can be done to turn things around. In the second chapter, I focus my analysis in the Belgium Crowdfunding platform MyMicroInvest, and aim to determine the key success drivers for a Crowdfunding campaign, in order to be able to provide valuable recommendations to Belgium entrepreneurs when trying to raise funds with this mechanism. In both chapters, I formulated hypothesis and I used a qualitative approach to test them. How? By combining past empirical studies with a series of interviews I conducted with different important stakeholders of the Belgium Crowdfunding sector.



c) Selection of respondents

After several direct calls and more than 20 e-mails, 7 people agreed to participate in my research.

So I managed to conduct seven interviews, each lasting between 25 minutes to 1 hour. At the beginning, my goal was to interview 2 people belonging to different Belgian Crowdfunding platforms, 3 or 4 entrepreneurs who had succeeded their Crowdfunding campaign, 3 or 4 that had not succeeded, and finally someone who worked at the FSMA. I have not in the end managed to speak to more than one entrepreneur whose campaign failed due to privacy issues, as MyMicroInvest would not provide any information regarding the non-successful campaigns conducted in their platform. I was nevertheless able to interview 3 types of actors:

Interviewee	Name	Status	Company / Organisation	Type of actor
A	Mr Christophe Bouchat	CEO & Co-founder	BooknBike	Entrepreneurs
B	Mr Guillaume Desclée	CMO & COO	MyMicroInvest	Crowdfunding Platform
C	Mr François Neu	Manager Partner & Co-founder	Enerdeal	Entrepreneur
D	Mr Christophe Majois	Economist Policy, International Relations and Market Infrastructure	FSMA	Regulator
E	Mr Dimitri Crelot	Manager & Co-founder	Goodideal	Entrepreneur
F	Mr Patrick Van Waeyenberge	CEO & Co-founder	Newsmonkey	Entrepreneur
G	Mr Thibaut De Brey	Business Analyst	MyMicroInvest	Crowdfunding Platform

Among the entrepreneurs I interviewed, I also made a selection to maximise the diversity of opinions and enhance the quality of my research. Indeed, I carefully selected projects that had a significantly different level of success in their campaigns. Therefore I interviewed:

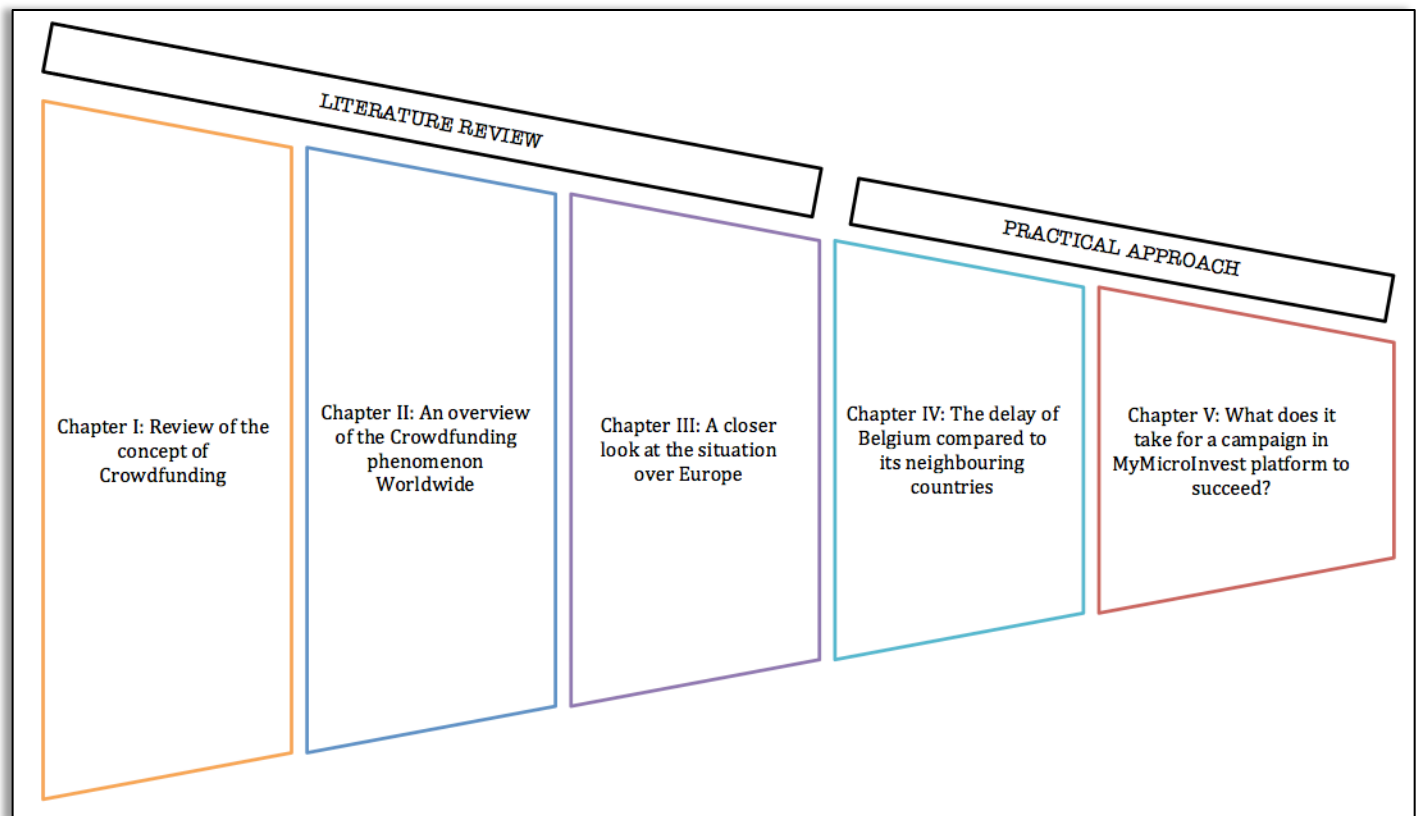
Interviewee	Percentage of funds collected over the targeted amount	Level of success
F	320%	Extreme success. Till now it is the most successful in MyMicroInvest.
C	160%	More than successful
A	111%	Successful
E	29%	Not successful

For each type of actor I built an interview guide to better adapt the questions to each interviewee. You can find the interview guide for the following in the appendix:

- Entrepreneurs (appendix 1)
- Crowdfunding Platforms (appendix 2)
- Regulators (appendix 3)

(All the transcriptions of the interviews are also in the appendix section)

To better visualize the organization and the approach used (funnel approach) for this paper, you can have a look at this representation:



iii. Limitations

Before jumping into the reading of this paper, I would like to clarify to the readers that this thesis possesses a series of limitations, which must be considered.

First of all, it is important to point out that till today there has not been yet a truly recognized benchmark institution providing data about Crowdfunding. Several serious studies have already been conducted, but the results and outcomes do not always match. And so, this raises the question about the accuracy and reliability of the data I used.

Also, Crowdfunding still is in an evolutionary state, and so features such as numerical data included about the phenomenon included in this paper may rapidly be out-dated by the time you read it.

With regard to the 5th chapter of this paper, conducting a qualitative analysis may not be the best method to approve with certainty what drives the success of a campaign in the MyMicroInvest platform. Instead a quantitative analysis would perhaps be more appropriate and indeed, that was my first instinct from the beginning; but several circumstances made it very difficult to pursue this method. The first problem was the limited size of the database I could build. MyMicroInvest is the

most developed Belgium Crowdfunding platform that has existed till now, which is why I chose it for my analysis. But as the phenomenon of Crowdfunding in Belgium still is relatively new, so far, the number of campaigns launched on this platform is still very small. Indeed, at the beginning of my study the platform had no more than 20 successful cases. In addition, MyMicroInvest only allows access to information on their platform about successful campaign and removes all trace regarding no-successful campaigns. And so these two constraints rendered impossible to build a relevant database from publicly available information. The only way I could conduct a quantitative analysis was by having access to more information. That is when I contacted MyMicroInvest. After explaining the purpose of my analysis, they initially gave me the permission to have access to their data, including data on campaigns that had not succeeded on raising the funds. And so, as soon as I had finished writing the literature review and build a database on the information publicly available on their platform, I contacted them again. But when I called them back, due to privacy issues they had changed their opinion and refused my request to access their database. As I could not risk wasting any more time, I had no chance but chose to change my analysis and adopted a qualitative approach. However, I should say that conducting a qualitative analysis also brought some benefits - the advantage was that I was able spot other important factor that would not be possible to spot by conducting a quantitative analysis. For instance, I was able to collect detailed information about how entrepreneurs prepared their campaign and was able to listen to the opinion of important actors of the Belgian Crowdfunding market, which cannot be obtained from numerical analysis.

Last but not least, I maintained contact with MyMicroInvest for my qualitative analysis and got to interview 2 persons from their team. But there still was one issue, and that was that I could not have access to the names of the entrepreneurs who failed their campaigns; again due to privacy issues, MyMicroInvest was not authorized to provide me with this information. I nevertheless managed to reach one entrepreneur that did not succeed his campaign in MyMicroInvest.

iv. Research motivation

The choice of this subject was driven by a combination of reasons. It all started when I first heard about Crowdfunding at the end of 2013. I remember that it was at the end of a conference, when a group of young students wanted to launch a business, and had decided to use this mechanism to raise funds. The concept immediately interested me and I decided to do a little investigation about this subject. That is when I realized that the mechanism of Crowdfunding was having a significant impact in the way our financial systems operate. I thought the fact that anyone could be part of the funding of a project was amazing and since then, my interest in the subject grown substantially. At the beginnings of 2014, I read an article that stated that the Crowdfunding phenomenon was not yet well established in Belgium, and intrigued by this fact, I decided to conduct further investigations on the subject realizing that it could make a great topic for a thesis.

LITERATURE REVIEW

Chapter I: Review of the concept of Crowdfunding

A. Contextualization

Just over seven years ago, the subprime crisis burst in North America. In a matter of days it extended all over the world and became a global financial crisis. Virtually overnight, small businesses and entrepreneurs were faced with a radical change of traditional financial systems, and had to undertake a major cut in their access to credit (Buysere & al., 2012, p.5).

Since then, banks have become more risk-averse and small business lending has dropped. If we take the example of Europe, “according the European Central Bank, the availability of bank loans and the bank’s willingness to lend to SMEs declined sharply after 2008 by 23% and 29% respectively. Over the same period, the value of the required collateral increased by 34% and interest rates increased by 54% for SMEs” (Gadja & Mason, 2013, p.11).

Even traditional risk takers, looking to fund new businesses opportunities and start-ups, significantly slowed their operations. Venture capitalists that were well known to be equity investors supporting pre-launch, launch and early stage development of businesses are now a days adopting more precautionary steps before embarking in new ventures. Even if some signs of recovery have started to emerge, in 2013 the total venture capital investments in Europe was still only half of the pre-crisis situation (OECD, 2014, p.22). At the same time, it has always been a problem for entrepreneurs at the very beginning of their initiatives to attract outside capital, given the lack of collateral, insufficient cash flow and the significant issue of information asymmetry (Cosh et al., 2009). So taking into account all the circumstances, entrepreneurial projects and small businesses are today struggling against an important funding gap (Ibrahim, 2015, p.106). This is a serious issue that cannot be taken easily. To emphasize the gravity of the problem, the European Commission stated,: “more than 99% of the businesses are SMEs. They provide two-out-of-three of private sector jobs and contribute to more than half of the total value-added created by businesses in the EU” (European Commission).

Unfortunately, after the crisis, it seems that recovery solutions and strategies offered by the authorities have been mostly focusing on fiscal policies and the banking system. But despite the poor assistance given to the entrepreneurial sector during this difficult period, there is still hope, as other initiatives have been taken elsewhere. According to the economist Joseph Schumpeter, economic crisis brings *gales of creative destruction*, as it stimulates the emergence of new forms of economic activity revolutionizing the ways we do business. Till now, the most visible reshaping solution regarding this issue seems to be Crowdfunding. This novel financial mechanism is replacing the role of traditional financing systems by filling-up the funding gap caused by the financial crisis (Buysere & al., 2012, pp. 5-8).

The idea is simple, to escape the problem of raising funds from a small group of professional investors, Crowdfunding allows you to instead, collect small amounts of money from a large audience, all this operated trough internet platforms (Belleflamme & Lambert, 2014, p.288). This alternative financial mechanism is today booming in Europe and North America, with projects reaching several millions of dollars. The concept is not new however; as it existed centuries before

the birth of the Internet. For instance, to build the Statue of Liberty, Joseph Pulitzer initiated a “Crowdfunding” campaign a long time ago via the New York World newspaper. He tried to collect funds (called the Pedestal Fund) with the goal of assembling the statue's base. The campaign successfully raised the funds from about 125,000 donors (Econosoc, 2014). So why did this phenomenon only gain success and importance these last years?

According to Mr Daniel Gorfine, Director of Financial Markets Policy at the Milken Institute, in order for an innovative disruption to have a real impact in the market place, three important elements are required (Milken Institute, 2013):

- A societal need or problem
- A new technology or process that can solve that problem
- A cultural willingness or receptivity to try something new

With Crowdfunding, these three elements are in place:

- *A societal need or problem:*

The problem has already been mentioned before. One of the first challenges faced by an individual developing an entrepreneurial project is to find funding. Asymmetries of information existing between the entrepreneur and potential investors/banks often lead to traditional financial investors considering the investment too risky. Indeed, the absence of collateral and liabilities prevents the creator to validate the quality of the project (Tarteret, 2014, p.4). Since the great recession, start-ups and small business have been struggling even more to access capital. Bank loan offers are declining sharply, and traditional early-stage equity investors are increasingly risk-averse. A large amount of small businesses and start-ups are needing to raise capital and are desperately using personal credit cards, home loans equity and personal & family savings to finance their growth.

- *In terms of technology, two fundamental elements can be pointed out when explaining Crowdfunding success (Wilson & Testoni, 2014):*

- With Internet, transaction costs are considerably lower. It makes possible to collect small sums from a large window of investors (called the “crowd”). Gathering a large number of small contributions can result in significant amounts of capital.
- The web makes possible a direct connection between potential funders and businesses seeking funds, without the need of an institutional intermediary. Crowdfunding platforms assume the role of the intermediary by facilitating the match between the two actors.

We can thus affirm that Crowdfunding owes a big part of his success to the evolution of Web 2.0 technologies. With this technology, it's much easier to develop platforms through the Internet that enable project initiators and contributors interactions (Giudici & al., 2012).

- *A cultural willingness or receptivity to try something new:*

Crowdfunding is actually part of a much broader concept called crowdsourcing. In fact before even Crowdfunding existed, crowdsourcing was already a success. Crowdsourcing is “*the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people and especially from the online community rather than from traditional employees or suppliers*” (Merriam-Webster Dictionary). The idea was already working; Crowdfunding just brought funding

into the equation.

The diversity of returns offered can also be mentioned as a factor of success of this new funding method. There are in fact different types of CF each one differing on the return. You can be compensated by a social returns, material returns and financial returns (lending or equity-based models) (Wilson & Testoni, 2014).

With the evolution of the Internet, it is not surprising to see people today supporting a project by investing on it through an online platform. *“Everything is online now – the way we connect with others, the way we shop, even some forms of education. We keep up with friends on Facebook we cannot see in person, buy light bulbs from Amazon rather than making a trip to the hardware store, and obtain an MBA at night from the comfort of our computers after the kids have gone to bed”* (Ibrahim, 2015, p.104). There is incredible receptivity around the world of online community. With Crowdfunding, everybody is able to be part of a project, to support a cause; this new system is leading to a democratization and decentralization of financial markets.

An interesting illustration of the potential and success of Crowdfunding is the case of the Pebble Technology. At the start of 2012, Pebble technology went see traditional funders such as venture capitalists to raise funds for their new project. The idea was to develop watches that would allow you to link and display information to your smartphones via Bluetooth. It could also function as cycling or running computers or even remote controls for playing music. The idea did not convince the traditional investors who decided to keep their money rather than invest in this project. But the Pebble team still was very excited with their new idea, and did not give up. Indeed in April 2012, they decided to search for an alternative solution to fund their project. They went see the well-known Kickstarter platform, one of the major crowdfunding platforms In United States, and tried to raise \$100,000 to fund their project. As shocking as it sounds, in less than 40 days, Pebble had already attracted more than 6800 backers and had raised more than 100 times more what they were seeking: \$10,266,845 (Traeger & al., 2013, p.208).

Crowdfunding (CF) seems to be an important evolution for the financial system. With the evolution of the Internet and the phenomenon of crowdsourcing, CF has gained traction and success in these last years. Till now, it presents itself as the most viable solution to fight the crisis for small businesses as traditional finance has been closing its doors to risky prospects. Now that we have seen the reason behind Crowdfunding’s birth, let us try to understand this concept more in depth.

B. Defining the concept of Crowdfunding

i. What is Crowdfunding?

Since the global financial crisis of 2007–2008, entrepreneurs and small businesses have been struggling to get funds from banks and traditional investors. An alternative solution was given birth few years ago: Crowdfunding. More and more entrepreneurs are today relying “on the Internet to directly seek financial help from the general public (the “crowd”) instead of approaching financial investors such as business angels, banks or venture capital funds” (Schwienbacher & Larralde, 2010, p.3).

The word was used for the first time in 2006 by Michael Sullivan on fundavlog (Zhang, 2012, p.6). Since then, this innovative concept has been increasingly raising interest all over the world (See Figure 1). Nevertheless, it still is a relatively new phenomenon, and as an industry, crowdfunding still

is in an evolutionary state. It was only about a decade ago, that the first crowdfunding platform was launched in the Internet (Buysere & all, 2012, p.9).



Figure 1: Evolution of search for the term “crowdfunding” in Google.
Source: <https://www.google.com/trends/> (Picture taken 17/07/2015)

ii. *How does this process work exactly?*

“As in any emergent field, the popular and academic conceptions of crowdfunding are in a state of evolution which makes complete definitions arbitrarily limiting” (Mollick, 2013, p.2). Through my research I found out that people tend to talk about crowdfunding in general, while it is a concept that regroups several different types of financing models (Wilson & Testoni, 2014). These constraints together make the task of defining crowdfunding difficult.

“Conversations on crowdfunding are hosted both in academic and practitioner press: scientific papers a couple of popular books, articles in newspapers and Web magazines” (Giudici & al, 2012, p.3). Even though, related literature peer-reviewed is still very limited, as the concept is emerging. I thus decided to mention Lambert and Schwienbacher’s definition of crowdfunding because of its academic acceptance as it is usually used by a large number of researchers. They define it as “an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes” (Schwienbacher & Larralde, 2010, p.4).

This first definition still gives an incomplete interpretation of the concept however, as it does not mention important information such as the fact that crowdfunding is applied to different areas and involves several types of actors. Another definition is suggested by Mollick (2013), which completes Lambert and Schwienbacher’s one: “Crowdfunding refers to the efforts by entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their venture by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries.” (Mollick, 2013, p.2)

Lambert and Schwienbacher do not specify a major aspect of CF, which is the fact that there is no standard financial intermediary between the investors and the entrepreneurs. They also do not

mention what purpose investors are supporting, which can be for-profit, cultural or even just social. Looking at these 2 different ways of addressing the concept shows that it's important to polish the definition, as there is progress in the research of the subject (Tarteret, 2014, p.8).

The concept of Crowdfunding literally means funding by the crowd and it relies on the power of the crowd. Gustave Le Bon argued that the real democratic progress was not to lower the elite to the crowd level, but instead, to bring up the crowd towards the elite. That is exactly what crowdfunding has been doing. Instead of raising money only from a limited number of professional investors (traditional financing instruments), it is now allowing everybody (the crowd) to be part of the funding process of new ventures (Germon & Maalaoui, 2014, p.1).

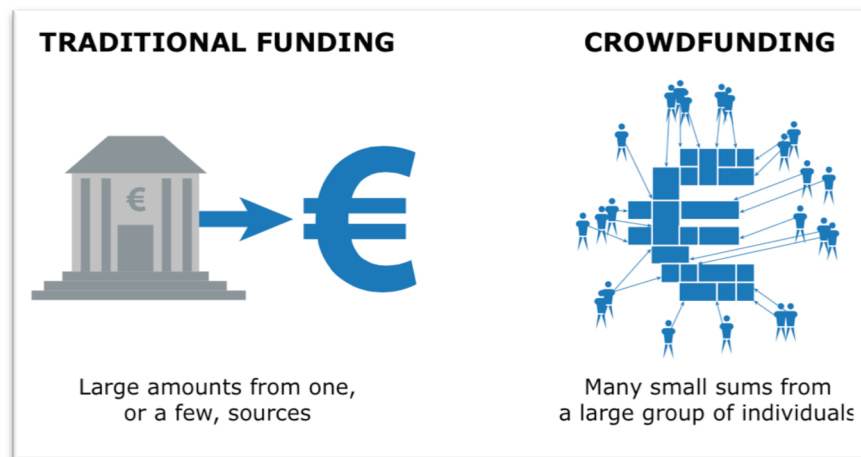


Figure 2: The difference between Crowdfunding and traditional financing;
Source : (European Commission, 2015)

Firstly, it is important to specify that CF involve a web platform. Through these platforms entrepreneurs and small businesses can introduce their ideas and explain why they need funds. Thanks to the Internet everyone can access the requests from such a business (posted in the platform) and become an investor. In return fundraisers are usually charged a fee by the platform if they succeed on reaching the targeted funding goal (European Commission, 2015). This alternative funding method is helping a lot of entrepreneurs to raise money for their projects. Indeed, with Internet platforms allowing the connection between businesses and people, if everybody contributes a small amount, the entrepreneurs generally succeed in obtaining the amount they were initially seeking. According to the crowdfunding platform Fundable, by the end of 2014 crowdfunding was estimated to add at least 270,000 jobs and inject more than \$65 milliard into the global economy (Crowdfundinsider, 2014).

As Griffin stated: “Crowdfunding is like posting a classified advertisement on a website with the difference that, through crowdfunding sites, entrepreneurs can also advertise a business concept and request for funding from the crowd” (Manchanda & Muralidharan, 2014, p.371). Projects are generally posted for a limited period of time in such a platform. The goal is to succeed on raising the targeted amount of money before an established deadline. When the deadline is reached, the campaign is over. Depending on the model applied, if the campaign did not succeed on reaching the target, there are platforms where backers get their money back and others where the project initiators, still get the money collected to realize their project.

It is also important to specify that there are several types of crowdfunding. In all of them, the crowd gives money; what alters is what people receive in return. Therefore, projects can range greatly in both goal and magnitude, from small artistic projects to entrepreneurs seeking hundreds of thousands of dollars in seed capital as an alternative to traditional venture capital investment. (Mollick, 2013, p.1).

We've seen a general definition of the concept; now let's look more in detail at the different types of crowdfunding.

iii. The different types of Crowdfunding

As already mentioned before, crowdfunding isn't a homogenous concept when it comes to the compensation for the investors. Several models of financing can be applied to compensate the money people invest in these new ventures and projects. We can divide it into several categories:

a) Non-financial returns models

- **Donation:** Donation-based crowdfunding is among the older CF models. People invest (in this specific case they donate) money for a project or a charity organizations, and don't expect any financial or material return. NGO's have been using this model to seek for donations for projects for over ten years. Unlike with traditional fundraising, the money collected is reserved to a specific project. In this case, individuals tend to be willing to donate higher amounts since they know that their money will be used on a very specific project (Buysere & al, 2012, p.10). The major motivation for the funders is the social return. It allows them to be part of a project that helps people for a good cause.
- **Reward:** Reward-based Crowdfunding has a close relationship to the donation model, as there is no financial return. But in this case individuals donate for a project or a business, which can be a non-charitable project, but still expecting something in return: a reward. The reward can take several forms; it can be a good or a service given at a later stage of the process (European Commission, 2015, p.16). It can be for instance a private concert performed by an artist in your house, if you help him with more than X dollars for the campaign he is launching to try to release a new album.
- **Pre-selling:** The resemblance with the reward-based model is that rather than a financial return; people are given a good or a service at a later stage of the process. In this case crowdfunding is used as an advance order of a product. This model helps selling a product before even its production. It can be a book, a film, a music album, a theatre performance, software and so on; It can be any type of product or service concept (Hemer, 2011, p.11). Generally the amount invested by the individuals is higher than the value of the product they are "pre-ordering". The reason why they are willing to pay more, can be for several personal causes: They really like the product or the project and want it to be realized regardless of whether they have to pay more than its value. For instance, if you are a fan of a music band, and the band is trying to raise funds in a crowdfunding platform to be able to release their next album; wouldn't you be willing to help them with a higher contribution than the price of the album? Not only you would feel that are helping a project that fascinates you, but at the end you would also receive the final product as a reward. In this case, the perception of the value can be much higher than the simple price of the album. Another key aspect of this model is that it allows the project creators to build a customer

network even before creating the product (European Commission 2015).

b) Financial return models

- **Equity:** Equity-based CF is used as an alternative funding tool for entrepreneurs and small business. When a company wants to attract an investment from a group of people, instead of funding by a business angel or another private investor, they try to raise funds from a large number of individuals posting their proposition in crowdfunding platforms. What differs most from the models seen before is the motivation of the funders; in this case they are primarily willing to invest to get a financial return. “Some funders are interested in investing in specific projects because they share their own personal values, are locally engaging, and or even because it could have certain impact or create jobs in their own community. Others have a real knowledge of the market and seek to bring funds and expertise to the success of the project” (Gadja & Mason, 2013, p.9).

What is attractive about this model is the fact that it allows anybody to be an investor. The minimal amounts requested to invest can be significantly small, which opens the doors to a wide audience of potential investors.

The return for investing “generally includes equity-like arrangements, offering the same payoff as equity, and where the “funder” is considered a creditor who has a contractual right to receive a payoff” (Buysere & al, 2012, p.11).

- **Lending:** Debt-based Crowdfunding has a similar structure to the traditional private market lending models. Instead of borrowing money from a bank, a company asks directly to a group of people. The major motivation for the funders is the financial return. The platforms tend to charge lenders a fee of 1-7.5% per loan. The annual rates can vary substantially. However, in general lenders receive interest going from 5 to 12% per year (Gadja & Mason, 2013, p.10).

The model is used by people or small businesses / entrepreneurs. Generally they choose CF rather than banks because it allows them to borrow money at a lower interest rate. Others choose CF because they can only offer fewer securities. Sometimes platforms give the possibility to lend to social projects with no interest being offered; it's a form of social lending. For instance, businesses in developing countries can receive micro financing without any interest being paid to the lending party (Buysere & al, 2012, pp.10-11).

C. The Roots of Crowdfunding

The task of defining the concept stays difficult, as it is in a continuous evolutionary state; each year new specialists in the field polish the definition. One can nevertheless distinguish 5 main models that can be categorized into two types of returns: financial and non-financial. Now that we have seen the definition of the concept, let us find out its roots.

Many are those who consider crowdfunding as a new phenomenon when in fact it has a long and rich background (Germon & Maalaoui, 2014). “*Crowdfunding is a new way to do something old. It uses the Internet to facilitate capital formation in much the same way that communities financed transactions as far back as 3000 B.C.*”. In fact before even the existence of financial organisms, rich families and rulers were used to provide loans to individuals and communities seeking to finance any type of business. The concept of interest rate was already used (Dresner, 2014, p.3).

As crowdfunding represents a complex group of different financial models, and contains several aspects of other concepts coming from different periods in history, it is very difficult to decide a date for the birth of this concept. We can nevertheless affirm that CF owns its birth to the convergence of two notions: “Crowdsourcing” and “Microfinance” (Vitale, 2013).

i. The power of the crowd: Crowdsourcing

The concept of CF is part of a bigger notion: Crowdsourcing. Kleemann et al. (2008) state that “*Crowdsourcing takes place when a profit oriented firm outsources specific tasks essential for the making or sale of its product to the general public (the crowd) in the form of an open call over the Internet, with the intention of animating individuals to make a [voluntary] contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm.*” In other words, it's a way for companies to create value by using its own consumers to work for free or for almost nothing. The term was used for the first time in an article written by Jeff Howe and Mark Robison for the Wired Magazine of June 2006 (Schwienbacher & Larralde 2010).

What made this concept so popular and successful was the development of Web 2.0. With this evolution of Internet, people were able to interconnect, contribute, help each other for various reasons, rather than just find information. Internet made crowdsourcing possible for everybody, and allowed to divide big tasks into small ones achievable by everybody. There is a ton of examples illustrating this phenomenon. The simple concept of Wikipedia is probably the biggest crowdsourcing event ever seen. Everybody is welcome to participate in the creation of the world's biggest web-encyclopedia. Another interesting illustration of crowdsourcing is when people give reviews of restaurants and hotels in web sites like TripAdvisor. It helps to give visibility and notoriety for a very little cost (Vitale, 2013).

ii. The financial aspect: Microfinance

Before the existence of CF, microfinance was already in existence, allowing the provision of financial services to people with low-income, people that didn't have access to finance from conventional channels as the households with medium and high income had (Vitale, 2013, p.3-4).

Considered as one of the most efficient tools to fight poverty, microfinance still is insufficient. Crowdfunding represents a major revolution in the area, appearing as a viable alternative at a very low cost. There is a close link between the two concepts, as both are financial models that can be seen as an alternative to bank loans and where funds can be collected in campaigns posted in the Internet. The major difference relies on the fact that microfinance doesn't necessarily need to collect small contributions from a large crowd of people (Germon & Maalaoui, 2014).

There are two major origins to the phenomenon of Crowdfunding: crowdsourcing and microfinance. The phenomenon seems to have started with musical projects and now it has spread over to many other sectors. Now, it would be interesting to know who are the important actors in this process and understand what really drives them to participate.

D. The 4 major players in the Crowdfunding market and their motivations to participate in the mechanism

i. Funders

A funder is defined as an “individual or organization financing a part or all a project's cost as a grant, investment, or loan” (www.businessdictionary.com). Crowdfunding attracts people willing to

help fund other people's projects. Some are interested simply because it corresponds to their own personal values, or because it could have a real impact in their communities. Others are investors that have a real knowledge of the market for the project and can add real value to it (Buysere & al, 2012, p.11). There are multiple types of funders, each one with different motivation, bringing them to participate in the CF mechanism. In this section I will try to categorize the different types of funders and explain what brings them to use Crowdfunding.

a) The different types of Funders

There're 3 types of returns when participating in the funding of a crowdfunding campaign: social return, financial return and material return. Depending on the context and the model of CF used, funders differ on the return they seek for (See Figure 3).

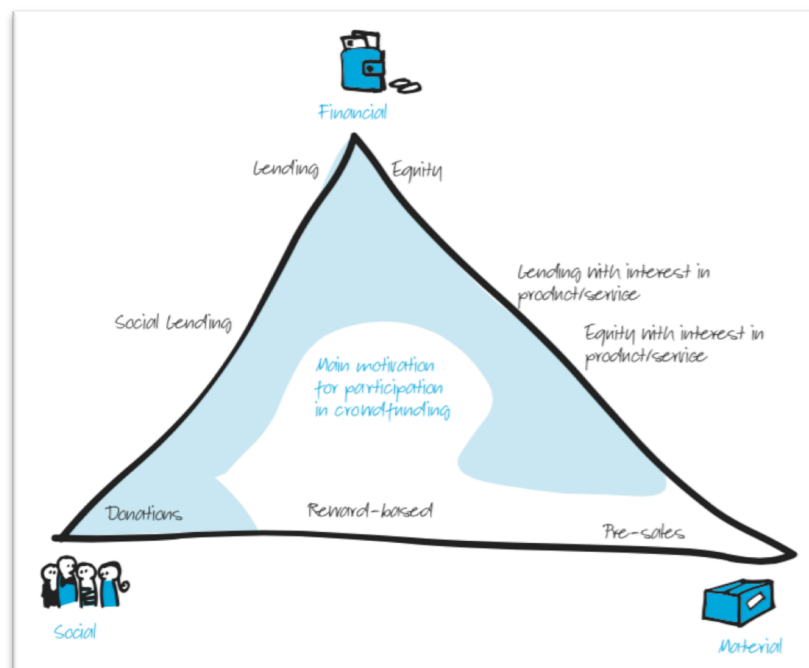


Figure 3: the different type of funders and their motivations.

Source: (Buysere et al., 2012, p.12)

- Funders of a Donation-based project: It is generally individuals that use CF platforms to help small businesses or humanitarian project by donating money. They contribute by giving money and act as philanthropists as they don't expect any financial or material return (Mollick, 2013, p.3). They generally look for nothing more than the realization of the project and consider that as the compensation for the money they donate. By participating in this type of project, funders can benefit socially or emotionally as they feel they are part of a socially important mission, or as "being among the pioneers of a new technology or business" (Hemer, 2011, p.14). In fact by donating money to a project funders are expressing their preferences and values. It also creates the feeling of being part of a community and so helps them create their own social identities (Tarteret, 2014, pp.18-19).
- Funders of a Reward-based project: In this model, funders generally have an emotional or social attachment to the project. They invest in it, because they identify themselves with the project or the people involved in it. Imagine your favorite filmmaker wants to produce a new movie and he

uses the CF mechanism to finance it. You as a fan, could be tempted to participate in the funding of this project. There are people who would be willing to donate important sums of money. Just by participating in the funding of the project, they would benefit socially or emotionally as they feel they are part of a project they admire. In addition to compensate their contribution, the project initiators can return the favor with a material/ immaterial reward. For instance, if you donate more than 10 000 dollars, the project initiators could nominate you as executive producer or invite you to meet the movie's cast.

- Funders of a Pre-selling-based project: In this case, funders are considered as early consumers and crowdfunding is used to finance a project by selling the product/service before its production. Why don't they wait till the good is produced to buy it at a lower price? As Belleflamme et al. (2013) state, in this specific type of crowdfunding, entrepreneurs can allow themselves to price discriminate the early consumers. Indeed, consumers wishing to pre-order the product (by the mean of crowdfunding) prefer to do it so to profit from community benefits and so to enjoy additional utility compared to regular consumers. That being said, in pre-selling crowdfunding funders are willing to pay more for the product than regular consumers. The decision of these consumers is also influenced by the emotional and social benefit triggered by the feeling of participating in the realization and financing of a project they identify themselves with. Funders of this type of CF are generally consumers that value the product more than its economic value, and really want to see the project being realized (Belleflamme et al., 2013, p.3). That allows project initiators sell their products at a higher price before even having produced the product (Hemer, 2011).
- Funders of a Lending-based project: Funders act as loan providers in this case. In return they generally expect an interest on the capital invested. Their goal can be purely financial, or also social by investing on a project they are interested in. In specific cases, such as microfinance loans, funders do not expect any financial return; instead they are just interested on the social impact of the project they are funding (Mollick, 2013).
- Funders of an Equity-based project: Finally, funders can be considered pure investors when it comes to financing a project. In this case, they can be compensated with shares of the ventures, dividends and voting rights (Hemer, 2011, p.14).

Before, talking about the project initiators, I would like to point out some characteristics of CF, that drag people to use CF rather than other traditional financial tools.

b) What makes CF better than other traditional financial tools?

If you are an investor, in addition to the social, material/immaterial and financial return discussed previously, there're multiple extra benefits when participating in crowdfunding project (Gadja & Mason, 2013):

- By investing in several projects and spreading your money into different platforms and industries, you can create a low-cost diversified portfolio.
- You can perform a due diligence and quick background checks on the projects and the team involved, just by using the public data available on the social media, comments or feedback posted on the CF platform.

- You can be an active investor and help the project owner by giving your opinion and commenting in the CF platform at any stage of the funding process
- Just by looking to the evolution of the funding process you can measure the market reaction. You can measure the product validation and understand if there is a real investment opportunity just by looking into the way the crowd acts. All this at no cost.

ii. Project initiators / owners

When using Crowdfunding, the founders aim to reach the campaign's financial goal. But besides that, it can be used for several other purposes. Crowdfunding allows project creators to make cost reductions, access large communities of potential customers, give validation of the product, receive feedback from the crowd, increase visibility and many other benefits. In this section, I will explain in detail each of these benefits:

- CF is above all a tool to collect funds: CF seems to be a cheap solution for founders that want to maximize their profit (Tarteret, 2014). In the case of debt based CF, getting a loan from CF can be quicker, and cheaper than using traditional methods such as a bank loan. (The fixed interest rates are generally lower) (Freedman & Nutting, 2015, p.4). In addition, everybody is allowed to participate and all of it can be done online, which simplifies the task.
- Tool to reach a large community of potential customers and create new business relations: Other than maximizing the profit, founders can benefit from several other aspects of CF. In contrast to the short-term relationships occurring in many online financial transactions, Crowdfunding platforms allows long-term relation between the funders and the project initiator (Geber & al, 2012). By posting your project in a CF platforms, founder are connecting to a large community of investors / donators / lenders who could be interested on the project. "This link is an essential first step towards marketing, customer loyalty, participation, and emotional attachment to the product" (Buysere & al 2012, p.13).
- Obtaining legitimacy and validation from the crowd: Just by contributing to your project, funders show a strong sign that your market approves your idea. By receiving open customer feedback, peer review systems and communicating with the crowd in the platforms, project initiators can easily check if there is a product, price and market validation (Gadja & Mason, 2013). CF is like a reality check, you can understand if people share the belief and value in your project/concept (European Commission, 2015, p.9). By validating the project, funders are not only evincing the success of your idea; In fact by giving a positive feedback, the crowd is also providing a remarkable boost of confidence which pushes project creators to expand their capabilities (Gerber & al., 2012).
- Improve your product: By posting their project in a platform, project creators receive valuable feedback at no cost (European Commission, 2015, p.9). Indeed, people investing in CF projects not only give funds, they also like to share their opinion about the project. This access to the crowd, gives you an all-new network of contacts / customers / investors who may have valuable expertise and insight for your project. Before even releasing your product to the public market place, you can gain feedback on the most critical parts of your project. This new mechanism should change the way we see the involvement of consumers and the financing services. The

funders are not only helping financing a project, they are also used as co-creators (Buysere & al, 2012, p.19). Instead of having a small group of professional investors, crowdfunding generally includes a large group of people, each investing a small amount. “As Lévy stated: “no one knows everything, everyone knows something,” and so knowledge becomes more important as communities share it” (Sannajust & al., 2014, p.6). This implies that a crowd can be seen as more efficient than a few equity investors alone, on providing solid feedback for the development of your product (Sannajust & al., 2014, p.12).

- Reduce the risk of your project: By sharing your project to a large crowd and using their feedback, project creators can adapt their products to the market expectations. In fact, founders can directly use the influence of the crowd to adjust the price and the product to demand before the product is released (Buysere & al., 2012, p.13). Moreover, in CF, funders can be seen as more than simple co-creators and validators of a project; they generally are also future consumers (Sannajust & al., 2014, pp.6-12). So when using Crowdfunding, you are reducing the risk involved with your project, as the crowd represents a network of possible future consumers, and provide you with useful insights about the existent demand for your product.
- Increase the visibility of the project: CF can be used as a powerful marketing tool. You can create a buzz, by using the social media related to the CF platforms as a way to share information with much bigger communities of potential consumers (Facebook, twitter...) (Tarteret, 2014, p.17).
Crowdfunding also allows for word-of-mouth marketing. Projects are generally funded by a large amount of small funders. As contributors want the success of it, some voluntarily share information and recommend the product to others (Econosoc, 2014).
- Keep control of the project: Instead of facing a small number of big and powerful investors willing to take some control on the project decisions, Crowdfunding gathers a large number of small contributors. This way, the founder keeps more control over the project, as the investors have relatively less power in the project decisions.
- Help with getting other forms of financing: Project owners, who experienced a successful Crowdfunding campaign for their first round of financing, have had easier access to further forms of financing. As the concept proved to be successful and had the approval of a platform and crowd, traditional investors such as business angels and venture capitalists can look at it as less risky, and so, feel more comfortable to invest on it (European Commission, 2015, p.9).

When using CF, it seems that the main interest for founders remains the financial aspect. However, this powerful instrument has shown that it's more than just a financial tool to project owners. In all its varieties, it's an unparalleled source of capital, loans, revenue and donations. This mechanism has a “real opportunity to apply leverage where all other traditional financial services fail” (Buysere & al., 2012, p.19). Crowdfunding is gaining importance and already seems to be a convincing alternative to the traditional financial models (Sannajust & al., 2014).

iii. Platforms

CF platforms are basically intermediaries that facilitate the connection between project creators and a crowd of potential funders (Hemer, 2011). These platforms tend to be web-based and they all operate with the same goal: gathering a large amount of small contributions to succeed on funding a

relatively large project (Bouaïss & Maque, 2015). They normally generate revenue by charging fundraisers a fee when their target amount is achieved (Gadja & Mason, 2013, p.10). Most of the time they only charge the entrepreneurs & businesses while contributors can have free use of the platform services. In fact, if any fee was charged in contributors side, this could significantly diminish attractiveness of Crowdfunding platform for potential investor and so logically in turn, decrease the interest of these platforms for entrepreneurs (Belleflamme & Lambert, 2014, p.293).

a) How does a project get to be funded in CF platform?

- First of all, online platforms receive applications from project creators who seek to publish their funding campaigns on the platform. Depending on the platform, some make a selection of the projects based on some criteria while others accept all ideas and publish them automatically (Buysere & al., 2012, p.16).
- After being accepted, the project owner is asked to set a funding goal over a limited period of time and elaborate some sort of campaign, to explain the project and attract a crowd to invest (Buysere & al., 2012, p.16).
- During the campaign period, as crowd invests, the project initiators should post updates in the platform to inform funders and the crowd, about the evolution of the process (Buysere & al., 2012, p.16).
- When the campaign period is over and if the funding goal is reached project creators receive the funds to develop their projects; but if the funding goal is not reached, depending on the platform type, some give back the money to the investors, while others let the project creators keep the funds collected (Buysere & al., 2012, p.16).
- After the investment phase, the platforms allow the communication between the funders and founders of the projects to continue (Buysere & al., 2012, p.16).

b) What differs between CF platforms?

CF platforms do not function all in the same way; there's in fact different ways of running a CF platforms as each has a different goal, method and philosophy. Before getting into all the differences, let us point out common points most of CF platforms share (Bouaïss & Maque, 2015, pp. 5-6):

- They all provide a format of presenting projects accessible to anyone who has Internet access.
- They allow a wide range of financial transactions to be processed, generally starting at a minimum of 5 or 10 \$ to medium sized investments, which enables broad participation.
- And finally, all platforms provide information about the project evolution (such as the cumulative amount raised to date) and can be used as a communication tool to enable the exchange of information between funders and founders.

A first and obvious way to distinguish between CF platforms is their targeted audience. Since there are different types of crowdfunding (such as Reward-based, Lending-Based, Donation-based and Equity-based), platforms can differ on the type or types of crowdfunding they are focused on. For

instance, platforms like MyMicroInvest are more focused on project of innovative and solid firms. They also solely operate with investors (equity-based CF) and lenders (debt-based CF). On the other hand there are also platforms such as Indiegogo who try to find individuals willing to fund all types of project by donating money (donation-based CF) or receiving a reward as a compensation (Reward-based CF) (Econosoc, 2014).

We can also differentiate platforms by looking into their model of raising the funds; there're two major models:

- The All or nothing model: also known as the threshold pledge model; in this platform a fund raising period is fixed before launching the campaign. At the end of the period if the campaign succeeded on collecting the minimal targeted amount of funding, the money goes to the project creators. If not, any of the funds raised goes to the project creators and the platform returns those to the contributors (Danmayr, 2013, p.90).
- Keep-it-all model: In this type of platform, whether or not the project succeeds on reaching the funding goal, the money is given to the project owners. In this case, when the owners calculate that the funds are insufficient for the project, they can decide to return the funds to the investors (Danmayr, 2013, p.90).

Crowdfunding platforms can also differ on their purpose. Some platforms focus on specific sectors such as ArtitShare share that is only interested on finding potential investors to fund projects involved in the art industry. While other platforms are more encompassing and accept all kinds of projects such as the well-known Kickstarter platform, which help fund a wide range of projects.

c) CF platforms: more than an intermediary

We have already mentioned the additional benefits that platforms can bring to funders and founders. It is obvious that they are more than simple intermediaries.

Some platforms (generally those dedicated to investments and loans of entrepreneurial projects) try to minimize the information asymmetry by carefully selecting projects and only taking on board the high quality ones. This is a way to certify quality and reliability, as it is a major concern for the investors and entrepreneurs to have a trusted intermediary (Belleflamme & Lambert, 2014, p.294).

There are other ways of addressing the problem of trustworthiness of projects. For instance, MyMicroInvest allows projects to be funded by the crowd together with professional venture capitalists. In this way, investors feel more confident about the project as professional investors are also willing to participate in the funding.

Platforms can also extend their activities and services to entrepreneurs and businesses. Some give advice, organize public relations, and so on (Hemer, 2011, p10). For instance, the Belgium platform MyMicroInvest, organizes live conferences where project owners can present their projects and be crowdfunded in live, in order to help project creators to maximize their visibility and optimize the chance of succeeding with their funding,

iv. *Regulators*

Why does crowdfunding needs regulations? What is the role of regulators in the crowdfunding process? I decided to include regulators as an important actor, because they can have a major impact on the use, development and growth of this phenomenon. Crowdfunding is a relatively new phenomenon and so regulations related to this mechanism are in an evolutionary state. It is important

to establish a solid regulatory framework in order to fight several important concerns crowdfunding raises. Let us list the various roles of regulators:

- Investors/Consumers protection: When participating in the funding of a project, investors are always exposed to several risks such as the risk of fraud or misleading advertising by entrepreneurs and platforms (Belleflamme & Lambert, 2014, p.289). By adopting rules to fight these risks, regulators increase the credibility and reliability of project creators and platforms. By doing so, investors can feel more confident when placing their money in a CF project, and so this could have a potential influence for the success of the mechanism.
- Entrepreneurs/ Project-creators protection: When entrepreneurs use crowdfunding to finance their projects, they are exposing their idea to the public. They are sharing personal data information on the Internet. In order to protect founders' ideas from being copied, regulators establish laws and regulations. In doing so, project creators can feel more confident when exposing their ideas in such platforms, and so this could also be a potential influence for the success of the mechanism (European Commission, 2015, p.10)
- Regulations concerning Financial instruments: Since crowdfunding can be used as a funding tool for small businesses in exchange of financial instruments (such as company shares); there is a need to establish rules to assure the legality and help improve the security of the crowdfunding mechanism. There have always been a lot of regulations regarding securities and financial instruments; but on the other hand, if regulators establish a too strong regulation and investors' protection, it might discourage small businesses' and entrepreneurs' initiatives. Regulation concerning equity-crowdfunding is therefore less strict than general regulation on Equity investments in general. Depending on the country, regulation changes; but generally it concerns the limitations of the maximum sums that can be invested in a CF project (Hornuf & Schwienbacher, 2015).

Now that we have understood the major players involved in this mechanism and their motivations to participate, it is also important to look at the downside of Crowdfunding.

E. Risks and disadvantages of this mechanism

We have seen all the advantages and motivations of using the crowdfunding, but there are downside too when participating in this process. Therefore, I decided to list all the risks involved and disadvantages of the mechanism I could find in the current literature:

i. Risks and Disadvantages for Project Owners / Entrepreneurs

- Amount of funds that can be raised is limited: One of the first disadvantages of crowdfunding is that there is a limitation on the maximum amount you can raise for a project. This limitation makes crowdfunding an unavailable tool for large projects needing more than the maximum amount allowed. For instance, in Belgium you can only raise no more than €100.000 (or €300.000 in case the amount per investor is limited to €1000) with crowdfunding if you don't want to perform a prospectus (KPMG, 2014, p.6).
- Uncertainty of outcome: Organizing a crowdfunding campaign takes a lot of time and effort (KPMG, 2014, p.6). Nothing guaranties that the Crowdfunding campaign will reach the target. If

you do not reach your funding goal, most of the time, the funds collected are given back to the investors. So there is the risk of not succeeding with the collecting of funds, even when putting a lot of hard work into it (European Commission, 2015, p.10).

- Exposing your intellectual property/ business idea to the general public: When launching a crowdfunding campaign your idea is posted online and anyone with Internet access can see it. Potential competitors or other businesses could easily copy it. (KPMG, 2014, p.6).
- Underestimating the cost of crowdfunding: CF takes-up a lot of time and resources. It is not a surprise that some underestimate the cost of it. For instance, in the case of equity-based CF, there are administrative costs that may increase with each new share issued and sometimes project owners do not have the capacity to deal with it (European Commission, 2015, p.10).
- Inadequate Financial Valuation and estimation: How do entrepreneurs decide the quantity of equity offered for the capital sought? Generally entrepreneurs are asked to set the values before even starting the campaign. It can be problematic as entrepreneurs are inexperienced and some parts of the business are rather difficult to estimate (such as the value of the intellectual property). This can lead to an over/under-valuation of the real value of the business (Buysere & al., 2012, p.15).
- Another common mistake is the estimation of capital needed for the project. Some inexperienced entrepreneurs calculate the capital needs themselves, whilst it would be preferable for professional to do it, as it needs to be precise and conform to reality. (Econosoc, 2014).
- It can have a reputational damage: When launching a CF campaign, there is a big chance that experienced investors are looking into your project. Pressure is exercised in project creators, as the project has been shared publicly and some people can be interested in investing on it. A lot of questions are asked and the project is analyzed in detail by a lot of people. Any small error or underpreparation will directly be reflected on the project creators and the project reputation (European Commission, 2015, p.10).
- Problem of Law-Breaking: As crowdfunding is still a recent phenomenon, the laws for the process are still confusing and evolving. If your knowledge of crowdfunding laws is not updated in a regular basis as a project creator, you could be breaking the law without knowing it (European Commission, 2015, p.11).
- Problems managing investors: When collecting funds from a CF platform, founders can expect a large audience of investors, each having their own questions, demands and expectations. If you do not know how to handle complains or understand the rights of your funders perfectly, it can cause many problems and loss of control over your business. You are faced with a large crowd of investors who have an impact in the firm and makes management more complex. Entrepreneurs have to make sure they are ready to be transparent and integrate the investors in their business (European Commission, 2015, p.11).
- Even after the funding period it is very important to maintain the contact with the investors, as they represent a reliable source of advice on different concerns such as the business strategies to adopt or even the product pricing. Managing a large number of investors, each in different geographical locations can be a very complex task (Buysere & al., 2012, p.16).

ii. Risks and Disadvantages for funders / investors

- Fraud and misleading information: Even if it is still rare, fraud represents the biggest fear for funders and is the most discussed issue in crowdfunding. Crowdfunding seems to be an easy target for fraudsters since the concept is very recent and regulatory framework is still in “construction” making it difficult to verify fraud (Gadja & Mason, 2013, p.7). *“There is thus an urgent need for the adoption of an appropriate regulatory framework concerning the sale of securities, as well as investor and consumer protection”* (Belleflamme & Lambert, 2014, p.289). The risk of fraud is increased with crowdfunding as the crowd has any direct contact with the founders or a real knowledge of the project beyond what is shown in the CF platform. The fact that the funder can be at a relatively far distance from the business, this can limit their ability to observe what is really happening (Buysere & al., 2012, p.15).
- Liquidity problem: Another important limitation of CF compared to traditional financial instruments is the question of liquidity. One day investors might want to sell their shares and new investors may want to invest on your project; but once the campaign is finished it remains very difficult for entrepreneurs and SMEs to find further funding possibilities (especially in the case of equity) or provide exit solutions for the initial Crowdfunders (Buysere & al., 2012, p.16).
- There’s high risks for investors: Investing on a CF project, is taking a lot of risks as there is no guarantee that you will see a return, or even receive your invested money back. In fact projects often fail, which can result on a total loss on of the investment (KPMG, 2014, p.6).
- Limited transparency: When the campaign is over and the funds delivered to the project owners, as the project evolves, it is very difficult for them to communicate everything and answer the questions of all the funders. Investors do not always get sufficient transparency on how the project is evolving and how the funds are being used (KPMG 2014, p.6).

A first sight, Crowdfunding brings a seductive aspect to finance. Anyone can contribute, everything is done on the Internet and often the projects are often innovative and captivating. But both funders and Entrepreneurs have to be careful to not getting carried away by their emotions as the mechanism incorporates significant risks and limitations.

F. Conclusion

After the 2008 economic breakdown, the financial market collapsed. Virtually overnight the small business and entrepreneurial sectors had to undergo a major cut to credit access. Indeed, traditional financial systems slowed their operations significantly and became more risk averse. Till now the most visible reshaping solution regarding this issue seems to be Crowdfunding. With the evolution of the Internet and the mechanism of crowdsourcing, this phenomenon gained power these last years.

Giving a complete definition of Crowdfunding is a complex task. Indeed, the concept still is in a continuous evolutionary state, incorporating several distinct actors and can be used for several distinct ends. One can nevertheless distinguish 5 main models that can be separated into two main categories of returns: financial and non-financial.

Many are those who consider Crowdfunding as a new phenomenon, when in fact it has a long and rich background. It owns its existence to two ancestors: Crowdsourcing and microfinance. This

mechanism that seems to have started as a way of helping musical projects getting funds, has now spread over plenty of sectors.

Regarding the main players in this process, there are 4. First of all, there are the funders: the ones willing to invest, pre-order a product or make a donation which depending on the CF model used, their motivations to participate in this process can vary widely. They are generally willing to contribute for several different reasons, which can be for a social, financial or material return. Then, there are the project creators seeking fund for their project/firm; they can also have plenty of other incentives to use Crowdfunding such as the access to a large community of potential future customers, the useful feedback from the crowd, and the potential visibility increase. And there are the platforms, which play a major role in the whole mechanism. Indeed, they are the ones that enable the bringing together of investors and the entrepreneurs. Last but not least, there are also the Regulators; whose main role is to establish a solid regulatory framework in order to fight the multiples issues Crowdfunding raises such as the asymmetry of information or the jurisdictional aspect of the financial instruments used.

At first sight, Crowdfunding seems to be a very seductive financial tool. Anyone can contribute, everything is done on the Internet and the projects are often innovative and captivating. But it's important for both funders and entrepreneurs to be careful of not getting carried away by their emotions, as the mechanism incorporates significant risks and limitations.

Now that we have a full understanding of what Crowdfunding really is, it would be interesting to have an idea of its expansion and understand its how it has spread over the world.

Chapter II: An overview of the Crowdfunding phenomenon Worldwide

Now that we have a better understanding of the concept and its major actors, I thought it would be interesting to provide a picture of its current situation in the world and understand where this phenomenon is heading to. There are several studies focused on the evolution of CF, but it is difficult to draw a path from them, as each has found different results. The information gathering on this subject has not yet been assigned to a particular institution at global level. So far, the most reliable information about the subject in a global scale seems to be coming from Massolution Industry reports. I have thus decided to rely in particularly documents that had drawn their conclusions and results from data provided by Massolution. It is therefore also important to look at the numbers more as a representation of the reality rather than the absolute reality. Another important aspect I want to mention is that, when aggregated, the data can result in different outcomes, as I used different sources.

A. A quick glance at the Crowdfunding evolution Worldwide

Crowdfunding is a powerful tool that can be used for several distinctive ends. It can be utilized by individuals wishing to collect no more than a few hundred euros to realize their artistic project, as it can be used to finance entrepreneurial ventures seeking more than half a million euros. The mechanism is today evolving into different sectors, and so it is being used for different purposes; that is why there is a considerable range of diversity among projects. Earlier this year, someone tried to bail out Greece from its debt to the IMF (International Monetary Fund), by posting a campaign in the well-known Indiegogo platforms seeking for 1.6 milliard euros. Even if the campaign did not succeed and only gathered several millions euros, it shows that CF is a strong tool that can be used to meet totally different needs (Indiegogo, 2015).

i. *The first steps of Crowdfunding*

It is important to recall that the concept first started running online just a few years ago. One of the first web-based CF platforms, ArtistShare, was launched in 2003 in the US. It started as a philanthropist plan to raise funds for artists; but it was only a matter of time for it to extend to other sectors and countries. In 2005, the first European Crowdfunding platform was launched in the UK: Zopa. This time, the goal of the platform was to enable peer-to-peer services, all by Internet: it was the birth of Lending-based CF. In 2006, an Equity-CF platform was born in Australia: ASSOB. We can clearly see that the initial concept aimed as a philanthropist plan was clearly expanding into different fields. Nowadays there are several hundreds (or thousands) platforms of CF all over the world, and 4 major models of CF can be distinguished: Donation, Reward (pre-selling incorporated), Lending and Equity (SpaceTec Capital Partners, 2014, p.8).

Since the financial crisis the importance of Crowdfunding has been growing substantially, especially in the US, the UK and in continental Europe; with amounts collected doubling or tripling each year. The CF concept rose in popularity during a period where alternative financing was seen as a viable solution to resist the repercussions of the crisis. It particularly, it helped to provide funds for SME's who were denied access to credit by traditional financial institutions after the crisis; this new funding method not only helped SME's to recover and carry on with their activities during the crisis and after-crisis situation, it also boosted the entrepreneurial industry, "*offering more diverse and transparent ways for consumers to invest or borrow money, fostering innovation, generating jobs and funding worthwhile social causes*" (Wardrop & al., 2015, p.9).

ii. *The recent evolution of the phenomenon*

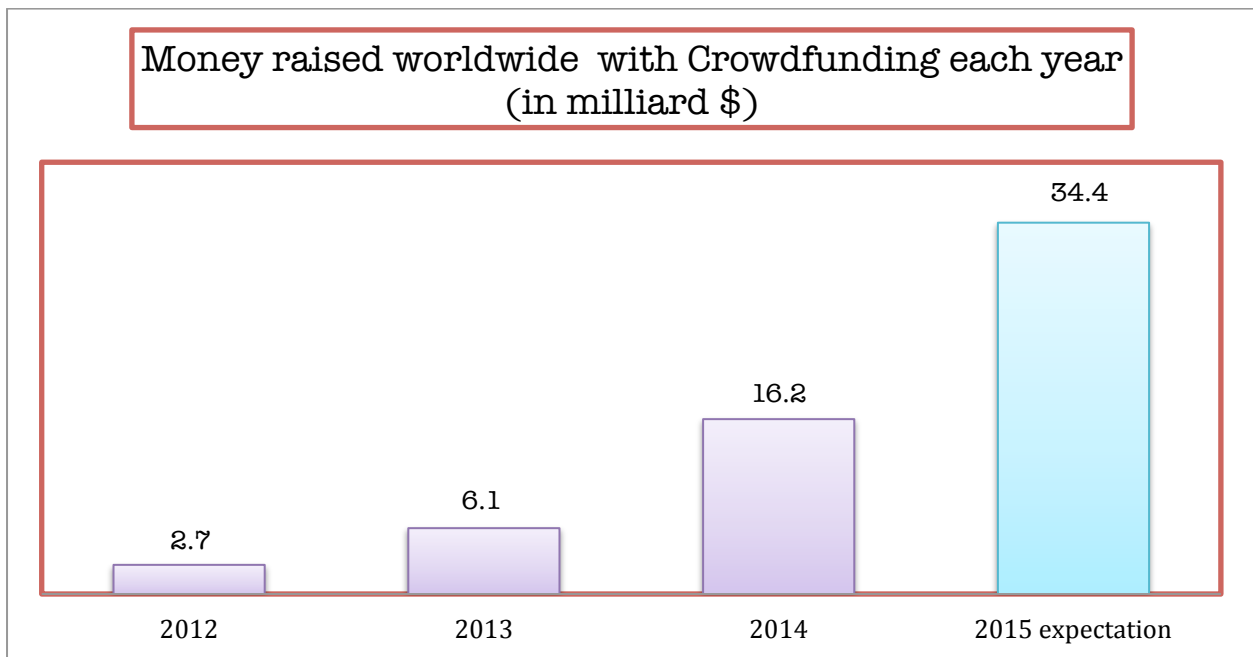


Fig 4: More than 100% Growth each year
Source: (Crowdsourcing.org, 2015) & (Espoti, 2013)

According to a Massolution Crowdfunding industry report (See Figure 4), just in the year **2012**, the Crowdfunding phenomenon was able to collect a total of 2.7 milliard dollars. But these numbers seem modest compared to what was been achieved in the years that followed. In **2013** CF grew 126% to reach a total of 6,1 milliard dollars. In **2014** CF growth accelerated further and raised a total of 16.2 milliard dollars, which is 167% growth compared to 2013. According to their previsions, in **2015** the numbers will climb to a total of 34.4 milliard dollars.

The phenomenon that emerged no more than a few years ago is growing exponentially over the world. It seems that it has the potential to be a viable and trustful alternative changing the traditional financial system. Some experts and supporters of this new financial mechanism have very optimistic previsions for its future; indeed, according to Forbes magazine expectations, in 2020 Crowdfunding will be a market close to reach an amount 1000 milliard dollars (Forbes, 2012).

Nevertheless it is important to realize that when looking at CF in a global scale there is still much ground to cover. Indeed if you compare Lending-based CF, to what the banking system provides to the non-financial sector, it's still represents less than 0,1% of it (Fedlman & al., 2014).

B. How Crowdfunding has spread all over the World

i. *A market initially dominated by the US and Europe*

During the first years following the birth of Crowdfunding, the phenomenon was pretty much limited to the North America and Europe. If you look back at **2011**, North America registered a total of 532 thousand successful campaigns, Europe had 654 thousand, while the rest of the world only accounted for 1 thousand campaigns, which represented less than 0,1% of the total amount (Massolution, 2012, p.18).

In **2012**, the market was dominated by North America who raised \$1.6 milliard, accounting for a total of 60% of all the funds collected; growing 105% compared to 2011. In second place came Europe accounting for 36% of all the funds collected, with a growth of 65% compared to 2011 (Fedlman & al., 2014).

North America together with Europe accounted for 96% of the global Crowdfunding market; it clearly shows that until then, the market structure did not really change (Lucertini, 2013, p.6). The rest of the world pictured as Asia, Africa, South America and Oceania raised together a little more than \$ 100 million, which accounted for no more than 4% of the total amount collected in 2012 (Fedlman & al., 2014).

ii. 2014: a big change in the market structure

2014 was a revolutionary year for the Crowdfunding market structure (See Figure 5). Indeed, the concept gained more success in Asia; thus, it had an unexpected growth of 320% compared to 2013, raising a total of 3.4 milliards. This was due to spectacular development in P2P lending markets in Asia, especially in China. Asia climbed-up the raking to take the second position after North America that piled-up a total of \$9.46 milliards in 2014 (a yearly growth rate of 145%). Finally, Europe ended-up in 3rd place with a total of \$3.26 milliards (Crowdsourcing.org, 2015).

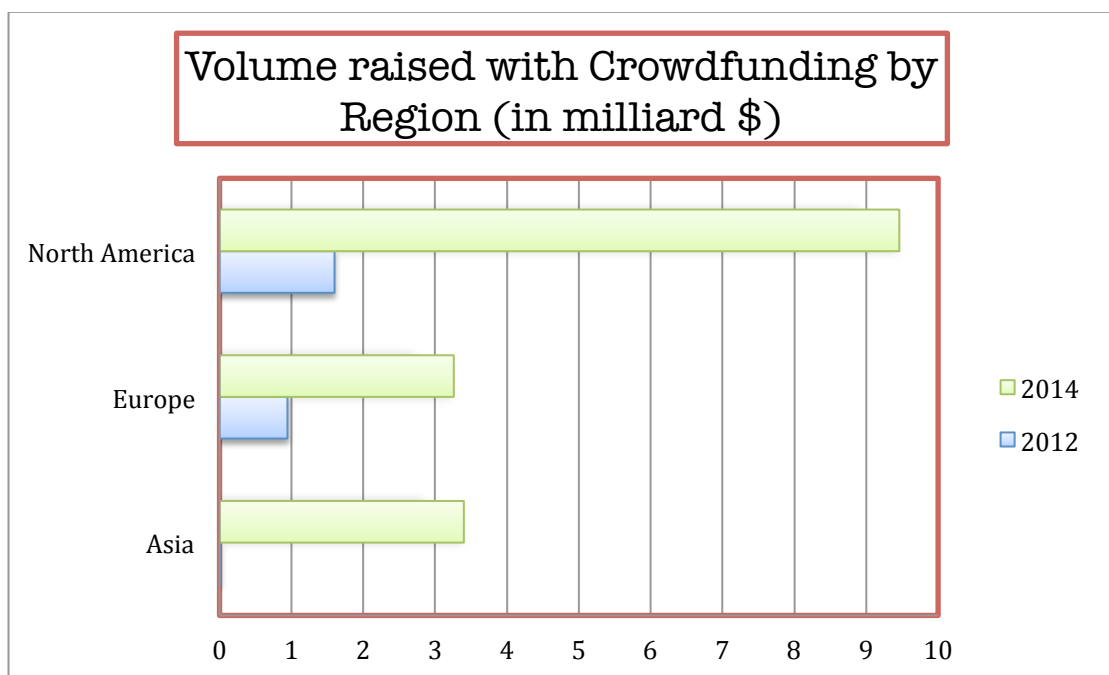


Fig 5: The market structure Changing
Source: (Crowdsourcing.org, 2015) & (Espoti, 2013)

When looking to these results, it is important to consider them more as indicative rather than absolute. Even if Massolution is seen as the reference for CF data over the past years in a global scale, it is very difficult to make an accurate estimation of the real numbers behind the CF phenomenon as there is a vast variety of CF models and it is still in an evolutionary state all over the world.

The Crowdfunding scene experienced a major evolution in 2014. Since its beginning, Europe and North America seem to have been the leaders of the market, but statistics show that this is not the case anymore. From the results provided by Massolution reports, we can conclude that Crowdfunding has grown into another level, we are no longer talking solely about Europe and North America; the

phenomenon is now spreading considerably all over the world. Asia has now taken the second position in the world's Crowdfunding market and some already forecast that pretty soon, they are going to steal North America's first place. According to a recent study by CLSA (a Hong Kong investment bank) the total Crowdfunding market size is going to reach \$90 milliards by 2025, with 51% coming from China (Deloitte, 2015, p.16).

C. Evolution of Crowdfunding models

The CF mechanism was initially used to fund creative, philanthropic, and social projects. Its potential was underestimated at the beginning but it was only matter of time for it to be used for other purposes and gain importance in other fields. With the global financial crisis, this mechanism has mainly awaked interest within the financial sector. Today we can distinguish 4 major models of Crowdfunding, each meeting different needs: Donation-based CF, Reward-based CF, Lending-based CF and Equity-based CF. However, there are other models that are gaining interest in the recent years such as Royalty-based CF.

i. *Data on the progress of multiple models*

Initially, the Donation-based model was the number 1 model in the market accounting for 460,4 million dollars in the year of **2010**. Next in the list, came the Lending-based model with 316,5 million dollars. Equity and Reward models were not really active with respectively 49,9 and 15,7 million dollars (Belleflamme & al., 2015, p.11).

In **2012**, Lending based CF reached first place with 1169,7 million dollars; after which came the Donation model with 979,3 million dollars. In third place came the Reward model with 383,3 million dollars. Finally, Equity-based CF was still not as active as the other models with a total of 115,7 million dollars (Belleflamme & al., 2015, p.11). But According to other researches, Massolution studies have been underestimating the importance of Equity-based CF. Indeed, a study conducted by IOSCO-OICV, gave a totally different view about Equity-based CF. According to them, it seem that this model reached 825 millions \$ in 2013 and 337 million \$ in 2012, which is the double the figure that Massolution had considered (Fedlman & al., 2014).

In **2014** the Lending model continued to take over other models accounting for a total of \$11,08 milliard, which represents an incredible growth of 223%. Equity-based Crowdfunding has also registered a surprising growth of 182% reaching \$1,1 milliard. Furthermore the Massolution study also found out that Royalty-based CF grew 336% to \$273 million dollars, while Donation and Reward-based CF only grew 45% and 84% respectively (Crowdfundinsider, 2015c).

Looking at the evolution of the entirety of CF models, it indicates that funds will be more equally allocated across the different models in the coming years (Market Wired, 2015).

ii. *What could possibly explain this recent expansion of the Equity model?*

When Crowdfunding was only used for cultural or solidary donation programs, the money involved was not representative of a big risk and so legislators did not felt the need of applying new regulations. But nowadays, investors are exchanging large sums of money through CF. We are no longer solely talking about funding small projects. Above all, the Equity-based CF is the model that involves the most risk. It is therefore essential to establish a solid regulatory framework to ensure the future of this model. Yet, establishing a juridical framework specific to CF takes time; this could explain the fact that Equity-based CF as only beginning to show solid results since 2014 as regulatory arrangements have only been applied recently (Fedlman & al., 2014).

D. Distribution across sectors: In 2014, Business and Entrepreneurship in the lead.

In **2012**, the major part of the funds went to campaigns related to Social causes, followed by Business and Entrepreneurship. Indeed CF is a mechanism that started to support creative projects such as music, fashion, films, rapidly grabbing the attention of social causes projects to also take donation-based CF form. Based on Massolution research, in 2012 the five most active segments of this market were in first place Social Causes with 27.4% of the total funds collected; then came Business and Entrepreneurship (16,9%); followed by Films & Performing Arts (11,9%), Music & Recording Arts (7,5%) and Energy & Environment (5.9%) (Gadja & Mason, 2013, p.6).

In **2014** Business and Entrepreneurship took first place with a total of 6.7 milliard \$ which represents 41,3% of the total funds collected; social causes went down in ranking taking 2nd place with a total of 3,06 milliard \$ (18,9 %); followed by Films & Performing Arts (1.97 milliard \$ for 12,13%), Real Estate (with 1.01 milliard dollars for 6,25%) and Music & Recording Arts (with 736 Millions \$ for 4,54%) (Crowdsourcing.org, 2015).

Till 2012, social causes remained the major driver of Crowdfunding campaigns but it did not take the entrepreneurial world long to gain importance and take on the first position (Crowdsourcing.org, 2015). Indeed over the last few years, CF has been seen as a viable and optimistic solution to the financial crisis and so the entrepreneurial and business sector did not hesitate to step in and use this mechanism. In 2014, 41,3% of all the money raised by CF in the world was used by small businesses and entrepreneurial projects. Being the N°1 sector to raise funds by CF, it reached a total of 6.7 milliard dollars in 2014 (Fedlman & al., 2014).

E. Distribution of CFPs
i. Worldwide

It is very difficult to estimate the exact amount of active CFPs (Crowdfunding platforms) around the world; various studies present different results. According to (in the) Massolution research, in April 2012 there was around 452 CFPs across the world (Massolution, 2012, p.13). Each year, new platforms are formed and some are abolished. The last annual crowdfunding industry reports released data gathered from 1,250 funding platforms worldwide, which means that the number of platforms has almost tripled since April 2012 (Crowdsourcing.org, 2015). In other hand, according to Ahès (a consulting company) the growth rate of platform creation has been decreasing since 2012, showing the CF market to have reach certain maturity (Ahès Consulting 2014).

The phenomenon of CF started in US; in the first years after its emergence, most of the activity was happening in the US. In 2010, the US had the largest number of CFPs across the world. In the meantime, numbers have increased enormously in Europe and by the end of 2014, Europe incorporated about 60% of CFPs worldwide, whilst North America accounted for 20%. With the strong development of this phenomenon in other regions of the world too and the operational ease that internet-based platforms enjoy in several countries “*one can speculate that in 2015 we are still in an early stage of industry development and market consolidation is going to kick in at some later point.*” (Belleflamme & al., 2015, p.10).

ii. Across models

At the beginning, most of the CFPs were donation based followed by the lending-based and the reward-based models. But rapidly, the number of reward-based CFPs started to grow strongly. By the end of 2014, reward-based CFPs were listed at number 1 accounting for no less than 40%, followed by donation-based platforms with 19,8% and lending-based platforms with 17,7% (Iizuka, 2014) (See Figure 6).

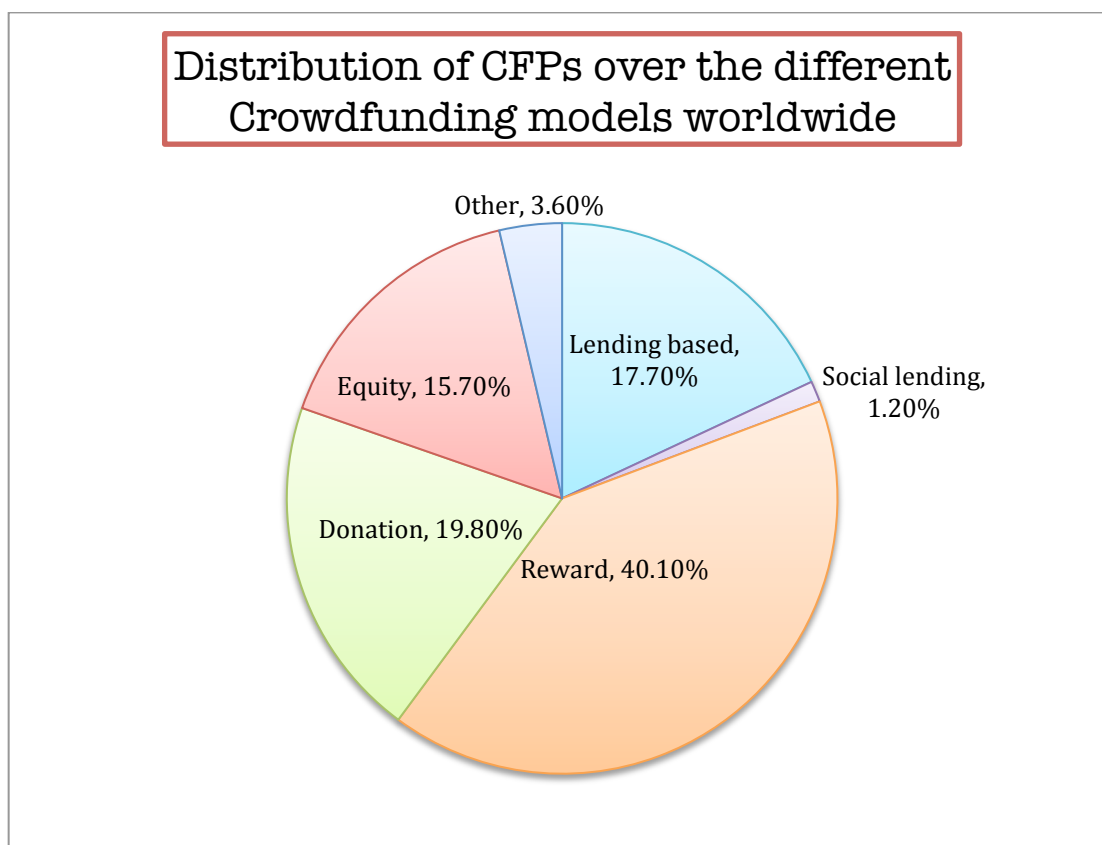


Fig 6: Distribution of CFPs across CF models worldwide in December 2014

Source: (Iizuka, 2014)

It is also important to notice that each model of CF is designed for totally different types of projects generally bringing different amounts of funds into play. Indeed, if we look at the average amount of money a campaign seeks depending on the CF model used, we can notice vast differences. For instance in 2012, campaigns for Equity-based projects reached an average of 190 000 \$ whilst donation-based projects only collected an average of 1 400 \$. That means that in 2012, one successful Equity-based campaign was equivalent to about 136 successful donation-based campaigns in terms of funds collected (Belleflamme & al., 2015, p.12).

F. Regulatory Situation Worldwide

i. Global picture

The CF phenomenon is growing all over the world; with some regions still at an embryonic stage, whilst others are already reaching serious progress. In an initial phase, when Crowdfunding was only used for cultural or solidary donation programs, the money involved was not representative of a big

risk and so legislators did not feel the need of applying regulations. But nowadays, in countries like USA, UK and China there are millions of investors exchanging large sums of money through CF. The mechanism is no longer only aiming to fund small projects, it is also being used to raise serious amount of money to back large businesses where there the risk involved should be taken into consideration (Fedlman & al., 2014).

There is an important financial activity emerging, which could be the future of business financing systems. In order to ensure a proper evolution of this system, establishing a jurisdictional framework specific to CF would only enhance a trustworthy development of it; and at least ensure some protection and transparency for Crowdfunders (which are not just professional investors, as Crowdfunding appeals to the « crowd ») (Fedlman & al., 2014).

Some countries are already planning to adopt and apply national regulations. It mostly concerns Equity-based Crowdfunding, as it is this model that generates the most risk for investors. Establishing a lucid and transparent legal framework for equity-based Crowdfunding can only support and stimulate the market. Presently, we can differentiate three main categories of maturity in terms of equity Crowdfunding regulation:

- *“Initial regulatory framework for equity-based Crowdfunding in Western European countries and several US states;*
- *Regulatory framework for equity-based Crowdfunding in preparation in Several European countries, US Federal laws, Australia and Eastern Asia;*
- *Limited or no adapted regulatory framework – Eastern Europe, Russia, Africa and South America.”* (SpaceTec Capital Partners, 2014, p.47).

Lets now take a look at the state of play of CF regulatory systems around the worlds major regions

ii. United States

The US is the largest Crowdfunding market in the world. CFPs such as Indiegogo are Kickstarter have a global notoriety and a dominant place in the worlds’ CF market. But in terms of Equity-based CF, Europe is the leading region, as US legislation does not yet allow issuing securities to the general public. Donation, reward and lending-models grew exponentially since the birth of the phenomenon but the access to equity platforms has only been available to high-net-worth individuals (SpaceTec Capital Partners, 2014, p.47).

In April 2012, president Obama signed the JOBS act, which was a first big step into developing a regulatory framework for Equity-based Crowdfunding. It was an exciting progress for Crowdfunding in US. The Securities and Exchange Commission (SEC) was put in charge of approving these regulations before January 2013, so that these laws could be applied; but the SEC fell behind on schedule and only published its proposed rules following a 10- month delay. It approved Title II of the JOBS Act, which only gives rights to invest to accredited investors (wealthier investors) leaving behind everyday citizens. Shortly afterwards the SEC came out with a proposition for Title III of the JOBS Act, which is the section of the law that could effectively redefine the “accredited investor status” and open Equity Crowdfunding for all US citizens and non-accredited investors. But since then, Title III rulings seem to be completely blocked. As the process has not made much progress at national level and delays have occurred, some states started adopting their own inter-state regulations rather than waiting for the SEC’s final regulatory implementation (SpaceTec Capital Partners, 2014, pp.47-48).

US citizens have been waiting a long time for Title III to be fully approved. It was only recently that the SEC published some exciting news. On the 25th March 2015, the SEC announced that it is going to adopt new rules; the IV known as “ Regulation A+” aims to facilitate smaller companies’ access to capital and provide investors with more investment choices. The amendments to the current rules will become effective 60 days after publication in the Federal Register. It has been nearly three years since the JOBS Act was passed, but we are finally seeing significant progress in the future of equity Crowdfunding in the US. These new regulations allow private companies to publicly seek and collect up to 50 million dollars within a 12-month period from non-accredited investors (US Securities and Exchange Commission, 2015).

This law is not totally new, but brings two major changes: Tier 1 stays the same as in Regulation A, but now instead of 5 million dollars, securities offerings can go up to \$20 million, in a 12-month period, (with not more than \$6 million in offers by selling security-holders that are affiliates of the issuer). “Regarding Tier 2, it will consist of securities offerings of up to \$50 million in a 12-month period, with not more than \$15 million in offers by selling security-holders that are affiliates of the issuer” (US Securities and Exchange Commission, 2015).

After this new implementation, Equity-Crowdfunding is expected to progress in US; it looks like a big step in the right direction has been taken; but some advancements are still expected by US citizens concerning the adoption of Title III of the JOBS act. Regulation A+ is in fact “*primarily suited towards later (growth) stage companies and does not fully deliver on the hope of democratized access to early stage capital*” (TechCrunch 2015)

iii. Europe

European Regulation regarding Equity-based CF is mostly led by the prospectus directive and MiFID (Markets in Financial Instruments Directive). Each member state has the authority to properly interpret these directives into national guidelines; but obviously there are differences across cultures and there are regulatory divergences between countries which render the European regulatory framework very fragmented. Some EU countries are starting to implement national regulations regarding specific forms of CF in order to stimulate their growth. But has there is regulatory deviations between countries, and it blocks CFPs wanting to operate cross-board (SpaceTec Capital Partners, 2014). I will examine the European regulatory situation in more in detail in the following chapter.

iv. Asia

The Asian market grew by 320% last year; it actually sits in second place after the US in terms of volume of funds raised by CF in 2014. Establishing a solid regulatory ground in Asian countries is a pressing necessity in order to give rise to a proper future of CF.

In China “*Equity-based Crowdfunding is closely associated with illegal fundraising and strictly scrutinized by the Chinese government, with heavy consequences for those deemed lawbreakers*” (Zhang & al., 2014, p.22). China is still seeking to examine how to approach the concept of Equity CF. The practice is currently considered illegal; this matter should be taken seriously as it could have a real economic impact in the country. According to the World Bank, China could be seeing a market reaching about 50 Milliard dollars by 2025 (The World Bank, 2013, p.43). Till now the law has been blocking the way of the evolution of CF in China, the equity model is expected to grow exponentially once a relevant regulation is approved (SpaceTec Capital Partners, 2014, p.51).

Japan and South Korea both perceive the potential of equity-based Crowdfunding. Both countries want to create a regulatory framework to stimulate Equity CF in their territories. In May 2014 Japan published a regulation proposition, which was due to be active from May 2015. At the end of 2013 in South Korea, 2 potential propositions for regulation had been conceived by the SME Department and the Financial Regulator for SMEs. Even if the government has not yet pronounced a final decision about such regulation, the country shows great support to the concept (SpaceTec Capital Partners, 2014, pp.51-52).

v. Australia

The Crowdfunding market in Australia is different from the majority of other countries. While generally, several equity-based CFPs partake the market, in Australia the market is almost fully dominated by one platform: ASSOB. The platform was created in 2005 and has raised about 140 million Australian dollars (EUR 100 million) since its birth, making it one of the largest equity Crowdfunding platforms in the world in terms of capital volume raised. Back then there was no given regulation for equity Crowdfunding in Australia. The platform followed rules submitted by the 2002 exemption ASIC Class Order (CO 02/273) (SpaceTec Capital Partners, 2014, p.49).

However, for a long time, Australia has been pressurized to adopt a specific regulatory framework concerning Equity CF. In May 2014, the Corporations and Market Advisory Committee (CAMAC) published a new legal regulation focused solely on equity Crowdfunding. This brought some progress to the Equity CF situation in Australia. For instance, before its implementation, campaigns were only allowed to have a maximum of 20 unaccredited investors to invest in a project. But with new regulations the limit of investors has been lifted, and so it has rendered Crowdfunding more opened to the general public in Australia. The new regulations contributed to open the market more to new incoming players and so stimulated the arrival of new CFPs in Australia (SpaceTec Capital Partners, 2014, pp.49-50).

vi. Middle East

In Middle East countries, Crowdfunding still is in an embryonic stage. There is a clear potential for future growth, thanks to an adequate legislative environment and cultural aspect. While issuing debt with interests is forbidden in the Islamic culture (which condemns the lending-based CF model), creating economic impact is appreciated, which could perfectly match the practice of Equity-based Crowdfunding. The current existing platforms have been working under general regulations for Venture Capital investments. Till now, there has been no elaboration of a legal framework for equity Crowdfunding in Middle East countries; but it is important to not underestimate the potential of this region which could become an important actor in the near future (SpaceTec Capital Partners, 2014, p.50-51).

vii. Quick overview of the regulatory situation Worldwide

REGION	USA	EUROPE	ASIA	AUSTRALIA	MIDDLE EAST
<u>ACTUAL REGULATORY SITUATION</u>	Initial regulatory framework for equity-based CF in place. At a national scale: JOBS Act & REC	Initial regulatory framework for equity-based CF in place. At an International scale: prospectus directive and MiFID. Member states have the authority to properly interpret these directives into national guidelines	Regulatory framework for equity-based CF in preparation	Initial regulatory framework for equity-based CF in place.	No adapted regulatory framework. The current existing platforms have been working under general regulations for Venture Capital investments.
<u>RECENT REGULATORY DEVELOPMENT</u>	25 March 2015: "Regulation A+" At national level delay occurred, some states started adopting their own inter-state regulations.	Differences across cultures cause regulatory divergences between countries: The EU regulatory framework is very fragmented.	- In China Equity-Based CF is illegal; They are still seeking to examine how to approach the concept. - Japan (has already) published a regulation proposition in May 2014, expected to be in action by May 2015. In South Korea 2 potential propositions of regulation have been conceived.	In May 2014, the Corporations and Market Advisory Committee (CAMAC) published a new legal regulation focused solely on equity CF.	None
<u>KEY ASPECTS</u>	After the adoption of Regulation A+, Equity-CF is expected to grow substantially in US;	EU currently the leading region in Equity-based CF. Regulatory deviations between countries are blocking CFPs to operate cross-board	The Asian market grew by 320% last year; According to the World Bank, China could be a 50 Millard market by 2025.	New regulation rendered CF more opened to the general public in Australia	In the Middle East, CF still is in an embryonic stage. M-E countries have the potential to become important actors in the future.

Fig 7: Picture of regulatory situation over the world

G. Conclusion and forecast for the future of Crowdfunding Worldwide

Since the financial crisis, the importance of CF has been growing substantially. In terms of active platforms, it seems that in 2014, we already exceeded its first thousand as the last annual Crowdfunding industry reports released by Massolution was based on data gathered for 1,250 funding platforms worldwide (Crowdsourcing.org, 2015). On the other hand, according to Ahès this number should start to stabilize as it seems that the growth rate of platform creation, has been decreasing since 2012 (Ahès Consulting, 2014, p.11).

The mechanism that was initially used to fund **creative, philanthropic, and social** projects is now spreading over plenty of other sectors. At the beginning, most of the CFPs were donation based followed by the lending-based and the reward-based models. But the number of reward-based CFPs started to grow strongly and rapidly since. By the end of 2014, reward-based were number 1 in the list accounting for no less than 40% of CFPs worldwide, followed by donation-based platforms with 19,8% and lending-based platforms with 17,7% (Ahès Consulting, 2014, p.2). Looking into the evolution of the whole of CF models, it indicates that funds should be more equally allocated across the different models in the coming years (Market Wired, 2015).

The year of 2014 was a revolutionary year in the Crowdfunding scene. Indeed since its beginning, Europe and North America seem to be the leaders of the market, but statistics show that this is not the case anymore. From the results provided by Massolution reports, we can conclude that Crowdfunding has grown into another proportion in 2014, we are no longer talking solely about Europe and North America; the phenomenon is now spreading considerably all over the world. Moreover, Asia has now taken the second position in the world's Crowdfunding market and some predict that it could steal the first place from North America pretty soon. Indeed, according to a recent study by CLSA (a Hong Kong investment bank), 51% of all Crowdfunding collected money will come from China (Deloitte, 2015, p.16).

Furthermore, till 2012, the social causes remained the major drivers of CF campaigns, **but it did not take long for the entrepreneurial world to gain importance and reach the first position** (Market Wired, 2015). Indeed **over the last few years, CF has been seen as a viable and optimistic solution to the financial crisis** and so the entrepreneurial and business sector did not hesitate to step into the Crowdfunding market. In 2014, 41,3% of all the money raised by CF in the world was used by small businesses and entrepreneurial projects. Being the N°1 sector in 2014, it reached a total of 6.7 milliard dollars in 2014 (Market Wired, 2015).

When Crowdfunding was only used for cultural or solidary donation programs, the money involved was not representative of a big risk and so legislators did not felt the need of applying new regulations. But nowadays, investors are exchanging large sums of money through CF. We are no longer solely talking about funding small projects. Above all, the equity-based CF is the model that involves the most risk. It's therefore essential to establish a solid regulatory framework to ensure the future of this model. Yet, establishing a juridical framework specific to CF takes time; this could explain the fact that Equity-based CF as only beginning to show solid results since 2014, when regulatory arrangements were applied (Fedlman & al., 2014).

Regarding the future of the Crowdfunding, this is very difficult to predict, as the phenomenon is still expanding and differently in the various regions of the World. Moreover, new platforms are being created every day, with new regulations being established in some countries. On top of which,

information gathering on the subject has not yet been assigned to a particular institution at global level. So far, the most reliable information about the subject in a global scale seems to be coming from Massolution Industry reports, but unfortunately their information is not publicly available. In their last report they predicted that the numbers would climb to a total of 34.4 milliard dollars in 2015. But once again, it is difficult to rely on predictions as unpredictable incidents can arise in this evolutionary state of Crowdfunding such the 320% growth in Asia last year. Others have a rather optimistic vision of the evolution of CF in the near future. Indeed Forbes magazine estimates that it will be a \$ 1000 milliard market in 2020 (Forbes 2012).

Looking into the recent development of the regulatory framework, strong growth could be assumed for the evolution of Equity CF in the US in the next few years, as they have recently adopted a new “Regulation A+”. In Europe, currently the leader of Equity-based CF, there is a need to establish a strong and equal regulatory framework for each member country, in order to allow cross-border operations and foster the growth of the concept. The Asian market currently stands in 2nd position after the US as it boomed in 2014; the concept has just started to be examined in China so further development should be expected on regulations.

In Australia a specific regulatory framework concerning Equity CF was adopted in May 2014, which rendered the market more opened to the general public. In the Middle East, the concept is still in an embryonic stage, but countries there have the potential to become important actors in the future. Finally, other regions of the world such as Africa have not shown great interest in the subject and so their future still is unpredictable (SpaceTec Capital Partners, 2014).

Chapter III: A closer look at the situation over Europe

In this chapter I will be describing more in detail what is the current state of development of Crowdfunding around Europe. I decided to describe the European situation with the ultimate goal of having a better understanding the environment around Belgium, before describing its position (following chapter). Indeed by building a clear picture of the European market, I thought my forthcoming analysis of the Belgium's situation would be more relevant.

Since the birth of CF, a lot of studies have been focusing on its evolution, but there still are very few scientific studies about CF in the key European countries. Till now, a lot of studies and reports have been published by big actors such as The World Bank, IOSCO or Massolution, but their previsions and result do not always match, which makes difficult to define a scientific benchmark for the European alternative finance market. Without it, it is difficult to deliver reliable information to European policy-makers and educate the public.

Recently, to end this problem, the University of Cambridge and EY decided to collect information from 255 lending European CF in order to build a pan-European picture of CF. To ensure reliability of their date, they worked with 14 research partners in Europe. This Benchmark research aimed capturing 85-90% of all alternative-financing web-platforms in Europe. In total, the survey 205 responses from platforms of 27 European countries and they combined it with 50 more survey responses they already had gathered from the UK (Wardrop & al., 2015).

I thus decided to rely especially in this study and documents that drawn their conclusions from it. It is important to look at the numbers more as a representation of the reality rather than the absolute reality. Another important aspect I want to mention is that when aggregated the data can result on different outcomes as I used different sources. (By "CF", I mean Crowdfunding)

A. The crisis impact in Europe and the importance of Crowdfunding

Access to finance remains one of the most pressing challenges small businesses are confronted today in Europe. In fact, after the 2008 subprime crisis, there was a major alteration in the global traditional financial system. Banks and other big actors change drastically their perception of risk. Virtually overnight, bank willingness to lend declined catastrophically and interest rates increased strongly (Gadja & Mason, 2013, p.11; Buysere & al., 2012, p.5). Even traditional risk takers such as venture capitalist became more risk averse and are nowadays adopting more precautions steps before embarking in new ventures. As a result, a large proportion of small businesses and entrepreneurs found themselves cut off from the access to credit (OECD, 2014, p.22).

This new financial alternative rapidly prospered in Europe after the global economic downturn and it's currently helping funding lot of small businesses and projects. According to Massolution estimations, only in the year of 2014, CF allowed to raise a significant amount of 3.7 billion dollars in Europe. A recent report, published by the University of Cambridge estimated that alternative financing had already helped financing an average amount of 10,000 European businesses in the last three years. Over the last couple of years it has been growing spectacularly. This could mean that in the near future, the financial sector could be facing a radical change, with Crowdfunding replacing a big part of the malfunctioning features of traditional financial systems (Wardrop & al., 2015).

B. Quick glance at the Crowdfunding market evolution in Europe

i. *An considerable evolution in recent years*

Crowdfunding as rapidly evolved these last years in Europe. Seen at the beginning as small market without a big impact in the financial system, nowadays CF is considered a serious and viable alternative for institutional investors. Indeed, in the last 3 years it has seen an average annual growth of 146% (LeFigaro.fr, 2015). Furthermore, in 2014, Europe was able to reach almost 3 milliard euros. Even if it's still far from reaching the numbers of North America, the growth progression is astonishing (LesEchos.fr, 2015).

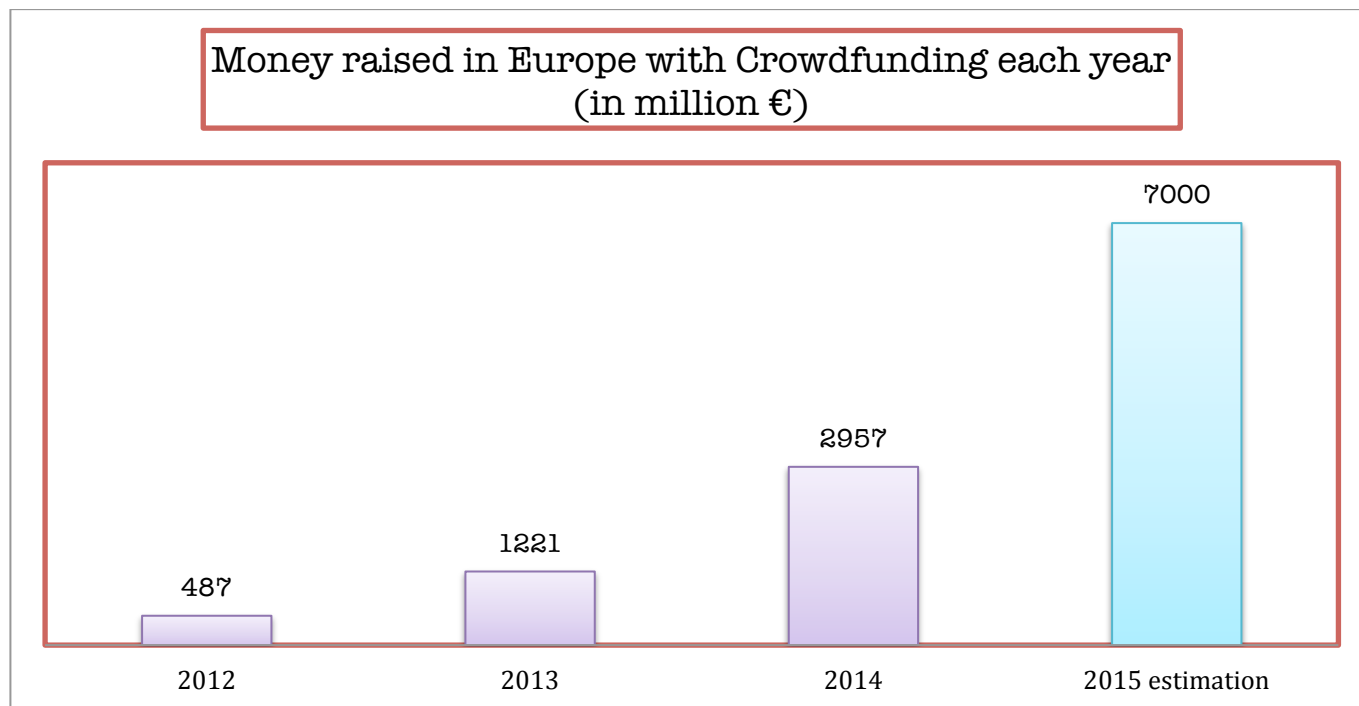


Fig 8: Source: (Wardrop & al., 2015).

Based on “*The European Alternative Finance Benchmarking Report*”, only in the year 2012 the Crowdfunding phenomenon was able to collect a total of 487 million euros. These numbers seem modest compared to what was achieved the years after. In 2013 CF in Europe grew 149% to reach a total of 1221 million euros. In 2014 growth rate stayed high, and CF collect an amount of 2957 millions euros. According to their previsions, in 2015 alternative financing in Europe will climb to reach 7000 million euros (Wardrop & al., 2015).

ii. *Evolution in terms of number of investors and project creators*

Wardrop & al. (2015) did their best to portray the current situation over Europe. According to their results, in 2014 more than 348,241 ventures succeed on being funded in Continental Europe (excludes UK). In 2012 and 2013, 206,704 and 75,583 were respectively the number of successful campaigns. This represents an average growth rate of 123%, but last year the rhythm slowed as the 2014 growth rate was only of 68%. In Continental Europe, the total number of active project backers reached 1.51 million in 2014 (In 2013 and 2012, 898,330 and 421,741 respectively). This represents an average growth rate of 91% in the last 3 years.

This development of online interaction and exchange between interested project backers (the crowd) & project initiators (businesses and individuals seeking funds) could partially explain this recent evolution of CF in Europe. But it is nevertheless very difficult to provide accurate data regarding this topic, as statistics are very likely to be overestimated due to double counting. However, even if these figures are likely to be inflated, they still show a positive evolution of the market both on the demand (project seeking for funds) and the supply side (number of available active funders). The market still seem to be far from maturing as each years the numbers in both sides is growing substantially (Wardrop & al., 2015).

C. How is Crowdfunding spread over Europe?

European countries started adopting Crowdfunding at different times; some quickly adopted the mechanism, while others were more conservative. It results that phenomenon is far from being homogeneously distributed over the continent. UK has always been by far the leading country and has contributed for a major part of the amounts collected by CF in Europe; but other European countries are also raising fast. Simply looking at the numbers, UK has registered a total of 2337 millions € in 2014, while all the other European countries together have only gathered 620 millions. This means that in 2014, UK represented around 79% of all the amounts collected with CF in Europe. With can thus make clear separation between the British activity and the Continental Europe (Wardrop & al., 2015).

i. *The British Activity*

Since the birth of phenomenon, UK was the first European country to adapt to this movement coming from US. Several factors helped the development of CF in UK, such as their culture familiar with dynamic investment and the fiscal incentives they already had that fostered the evolution of CF (Wardrop & al., 2015).

UK as until now his n°1 position far above the other European countries. This predominance can partly be explained by the fact that UK has always been stimulated by an adequate regulatory framework and had a supportive government since the early beginnings of the phenomenon. Platforms specialized in collecting credit for small businesses collected 998 millions euros in 2014, more than three times the results of 2013; P2P Lending also stayed strong gathering a total of 752 millions euros (LesEchos.fr, 2015).

If we gathered the 3 last years, alternative financing in UK has collected a total of 3,560 million euros to fund to British projects and businesses. According to “The European Alternative Finance Benchmarking Report”, only in the year 2012 UK was able to collect total of 350 million euros. In 2013 CF in UK grew by 150% and reach a total of 873 millions euros. In 2014 CF growth accelerated, it raised a total of 2337 million euros, which is a 168% growth compared 2013. According to their previsions, in 2015 the number will exceed 5700 million euros. In fact with the rising interest of institutional investor and the growing number of retail investor involved in this system, alternative financing will probably grow substantially in the coming years. Till now, UK managed to maintain a yearly growth rate of 168%.. Growing faster than the rest of Europe, UK went from owning 72% in 2013 to 79% of the CF European market in 2014 (Wardrop & al., 2015).

ii. *Continental Europe*

The rest of Europe is still far from the British results, with a total of 620 million euros raised in 2014. Countries such as France, Germany, Spain, Netherlands and the Nordic countries are gradually increasing their growth rate year by year. Excluding UK, EU grew 147% from 2012 to 2013, going

from 137 to 338 million euros. In 2014 it only grew 83%. Crowdfunding in the continental Europe still has contributed to fund a lot of small businesses and start-ups: They managed to help about 5800 project with about 201 millions euros in 2014. Based on Wardrop & al. (2015) analysis, these are the region registering the most positive results in Continental Europe (m€ = million euros):

- After UK, **France** comes in second place. In 2014, they raised a total of 154m€, mostly due to P2P lending. CF grew from 23m€ in 2012 to 76m€ in 2013 and 154m€ in 2014; the average growth rate in France is 167%
- In Third place comes **Germany** with 140m€: CF grew from 31m€ in 2012 to 65m€ in 2013 and 140m€ in 2014; the average growth rate in Germany is 113%.
- In the **Netherlands**, the online alternative finance market reached 78m€ in 2014, with a 70% growth rate compared the 46m€ collected in 2013;
- In **Spain** the market increased by 190% to register 29m€ in 2013. The year later it grew by 114% to reach 62m€ .
- Finally in the **Nordic Countries** the market almost tripled in 2013 reaching 94m. Between 2013 and 2014, the Nordic growth rate slowed down to 36% to reach a total of 128m.

iii. Raking countries in terms of performance

Another appropriate way of visualizing the performance of each country in terms of CF is to measure up and compare the total volume per capita across countries.

In this perspective, the Crowdfunding market structure is completely different. Indeed, when looking at the numbers like this, it emphasizes the northern European countries, while other countries that have a total volume collected rather imposing, when we make the per capita measure, they go down considerably in the ranking (See Figure 9). For instance, Estonia that is in 7th place in term of total volume take the 2nd position (with 16.7€ per capita) when computing per capita. Sweden doesn't change much going from 4th (funding a total of 22 million €) to 3rd position (with 10.9€ per capita) if we consider per capita. France and Germany that were in 2nd (funding a total of 154 million €) and 3rd position (funding a total of 140 million €) go down in the ranking respectively in 6th (with 2.4€ per capita) and 8th place (with 1.7 € per capita) when measuring per capita. Other countries such as Belgium remain equal in both rankings, in this case in 13th position (Wardrop & al., 2015).

On the other hand, UK remains comfortably in first place and compared to continental European countries, the gap is still considerably broad. In 2014, the amount invested per capita in UK is 36 euros. To give an idea of the magnitude of the gap, a resident in the UK is about 21 times more involved in CF than a German resident or 180 times more than a Belgian citizen (Wardrop & al., 2015).

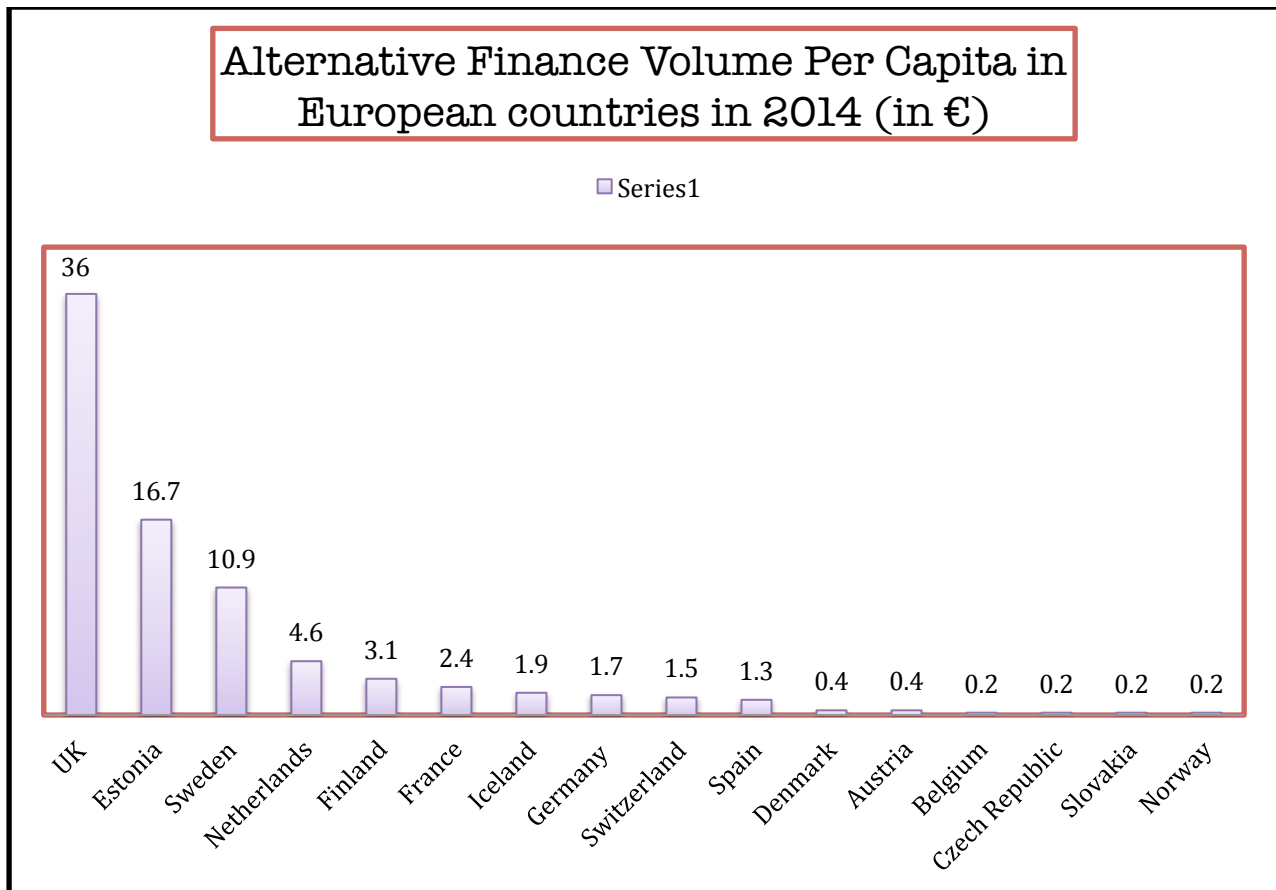


Fig 9: Source: (Wardrop & al., 2015).

D. Evolution of Crowdfunding models

In first place comes the **Lending-based** model with a strong leading position in Continental Europe (See Figure 10). We can distinguish two types of lending systems:

- P2P consumer-lending standing in first position in 2014 with 274.62 million euros collected. It looks like it always has been the dominant model. In the last 3 years it has seen an average growth of 113%; It went from 62.1m€ in 2012 to 157.1m€ in 2013 and 274.62m€ in 2014. This model competes with the banking sector, as it consists in providing loans to individual (rather seen as risky in banks eyes) at very attractive interest rates (generally more attractive than what is offered by banks) (Wardrop & al., 2015).
- Than there is P2P business-lending, which is mostly helping small businesses to evolve by providing funds from a wide group of online investors willing to lend money to risky projects for a certain interest rate. This model started slowly, in 2012 it accounted for 7.79m€; but the years after it has seen an incredible growth. Indeed, it registered an average growth of 272% these 3 last years, reaching 40m€ in 2013 and 93.1m€ in 2014. This model also competes with banks, as generally investors seem to be more flexible and accept more risk; the process of getting the loan also seems quicker and simpler than the banking system (Wardrop & al., 2015).

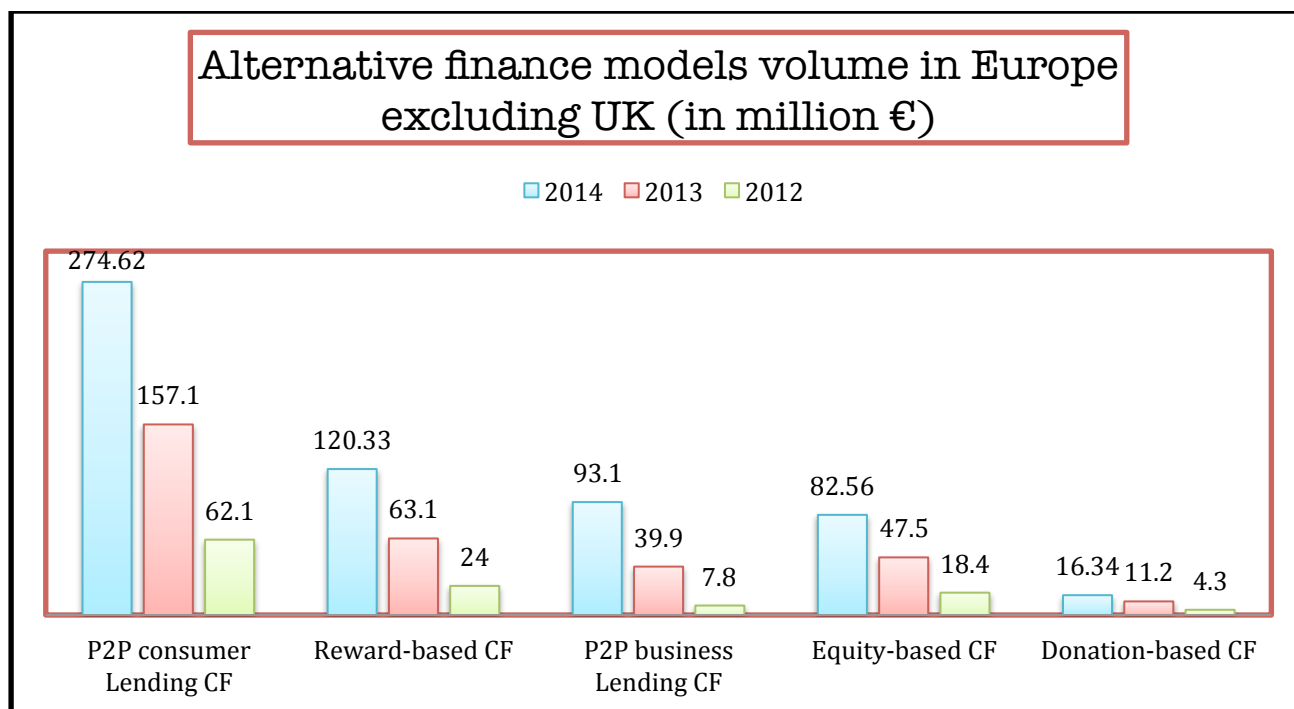


Fig 10: Source: (Wardrop & al., 2015).

After Come the **Reward-based** model. In the last 3 years it has grew 127% in average. This innovative way of funding projects and businesses saw a total of 24m€ in 2012; in 2013 & 2014 it increased to 63.18m€ and 120.33€ respectively. *“From aspiring entrepreneurs and creative artists to high-tech firms, SMEs and even multinational corporations, individuals and businesses can leverage this model to acquire early-stage investments, pre-sell products, obtain market validation and social proof, Crowdsource creative ideas, engage customers, forge partnerships and build communities.”* (Wardrop & al., 2015).

In third place comes **Equity-Based** Crowdfunding. Reaching 47.45m€ in 2013 and 82.56m€ in 2014, this model has seen an average growth of 116% in the last 3 years. Compared to the European early-stage investment market, these figures may seem meaningless. But as European countries are currently forging a solid regulatory framework specially dedicated to this model, it is expected to grow significantly in the coming years (Wardrop & al., 2015).

Finally comes the **Donation-based** CF. Even if standing in the 4th position, this model has seen a constant expansion, registering an annual average growth rate of 104% over the last 3 years. In 2014 it collected a total of 16.34m€ (Wardrop & al., 2015).

E. Quick look at the distribution CFPs across Europe

According to a recent study by Iizuka (2014), Europe stands as the number one market in terms of created CFPs. The study declares that 60% of the platforms are created in Europe and only 20% in North America.

In the European market (See Figure 11), in first place stands UK with more than 70 CFPs; than comes France with approximately 70 CFPs and in the third place Germany account for more than 50 CFPs (Belleflamme & al., 2015, p.11).

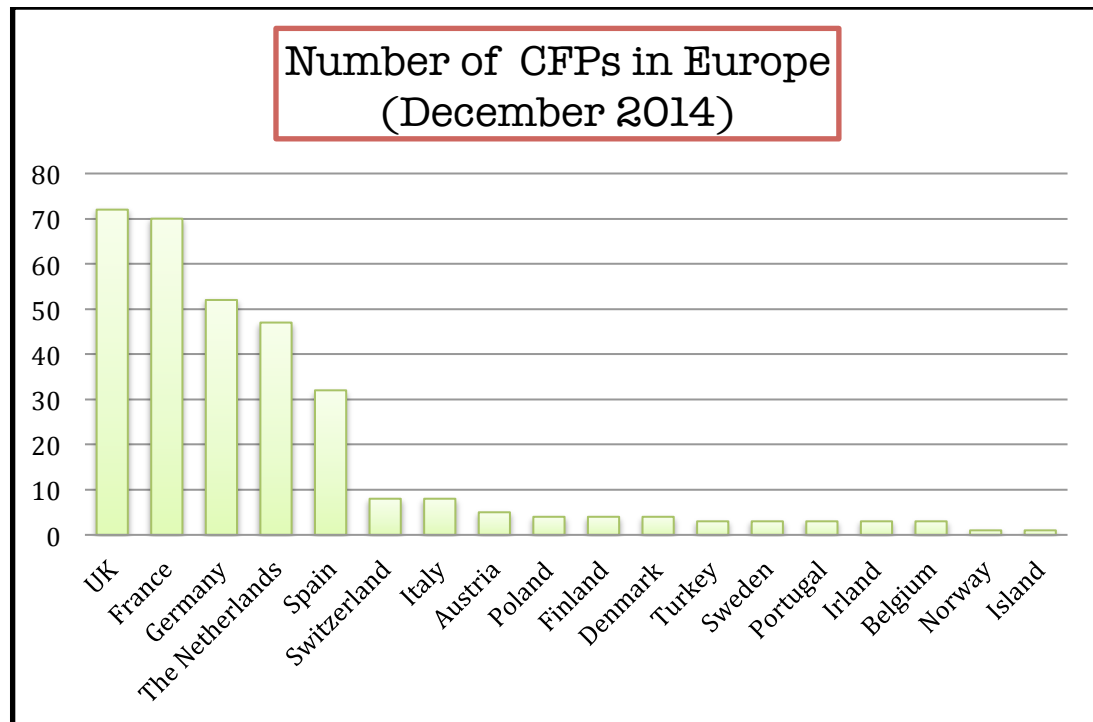


Fig 11: (Ahès Consulting 2014).

If we only focus on Equity-based CF, UK still is the leading country in Europe with an estimated amount of 50 CFPs. Germany and France also keep their place in the podium being 2nd and 3rd respectively in terms of number of Equity-based CFPs. The Northern Europe is driven by Sweden and Finland while in the Southern, Europe Italy and Spain hold the major share of CFPs. In Eastern Europe the number of CFPs is very narrow as CF activity still is very limited (SpaceTec Capital Partners, 2014).

F. Regulatory Situation in Europe

i. Quick understanding of the actual situation

Nowadays, Crowdfunding in Europe is primarily regulated by national guidelines. In fact, most of the CFPs operating in European countries try to escape European regulation due the high administrative and financial costs involved. This results in a fragmented European landscape, where countries are operating all at once, and establishing regulations in favour of national interest. The European Union failed on establishing a harmonized and common regulatory system for all EU countries. Consequently, these circumstances are impeding the CF to expand naturally cross-borders, as each country has its own regulations, generally mismatching its neighbours' regulatory requirements (SpaceTec Capital Partners, 2014). The vast majority of CFPs has therefore been operating solely in a national level, limiting the number of potential interested investor to a national landscape (Gadja & Mason, 2013). Recently, there have been some improvements and platforms are starting to expand their business outside national borders. For instance Invesdor, a platform based in Helsinki is the first platform to receive a MiFID-level license to operate their Crowdfunding services across all 31 EU and EEA countries. According to the recent report by the University of Cambridge and E&Y, they already possess 46% of the market in the Nordic region, and intend to become the largest cross-border funding platform for new ventures in Europe (Crowdfundinsider, 2015a).

In order to keep stimulating the growth of CF while keeping protection of the investors, several measures are being implemented at a EU level. Till now, Europe has been facing very limited cases

of fraud or infractions concerning non-financial CF models, as the wisdom of the crowd, and the public nature the phenomenon allows these models to be self-regulated; But for Equity-based models, there's an obvious need to improve the regulatory framework as it is evolving rapidly and it's essential to regulate the market in order to improve the transparency and surpass the differences between markets. Europe has to pay extra attention to the Equity-based Crowdfunding as it is the more complex model and it evolves serious risks for investors that have to be taken into account by regulators. It is essential to establish a strong EU framework especially dedicated to this CF model, in order to guarantee a thriving future of CF in Europe (SpaceTec Capital Partners, 2014).

ii. *The major players at a pan-European level*

The different models of CF require different regulations, as there is different level of risk between models.

“ The Anti-Money Laundering Directive and the Regulation on information on the payer accompanying transfers of funds aim at preventing money laundering and apply to Crowdfunding under the same conditions as for any other type of financial transaction. The Regulations on unitary patent protection aim at creating a more easily accessible patent across EU countries for those project owners who wish to protect their invention before disclosing it to the public. The E-commerce Directive facilitates market access across the EU for platforms and lays down liability rules of on-line intermediaries. The Directive on misleading and comparative advertising and the Directive on unfair commercial practices aim to protect consumers and ensure fair advertising practices. ” (European Commission, 2014, p.3).

There is EU regulation specific to financial-return CF models. *“These include the Prospectus Directive, the Payment Services Directive, MiFID, CRD IV, AIFMD, the Consumer Credit Directive, the Distance Marketing of Financial Services and the Regulations on Capital Requirements, European Venture Capital and European Social Entrepreneurship Funds. These instruments lay the foundations of a single market in financial services with a high level of investor protection across the EU. ”* (European Commission, 2014, p.3.)

Let us now understand more in detail the role of some of the major player at a European level:

- The payment and Service directive: Aims to improve cross-border transactions in the European soil by making the operations easier, more efficient and secure (SpaceTec Capital Partners, 2014).
- Prospectus directive: Its major role is to keep investors protected and foster market efficiency in the European landscape. It's in charge of regulating all public campaigns seeking funds. These directives allow UE members to adapt the regulations at a national level. It also provides an exemption for campaigns that do not exceeding the amount of 100 000€ for all the member states. It is nevertheless the responsibility of the member states to decided rules to applied when the amounts revolves around 100.000 and 5 million euros (SpaceTec Capital Partners, 2014).
- MiFID: It stands for Market in Financial Instruments Directive. Its goal is to ensure a competitive European financial market by building up a single market to protect investors involved in financial operations. It's important to clarify that these legislation are older than the phenomenon of Crowdfunding and some cases of CF are not within the applicability of these directives, which leaves the freedom to national authorities to apply their own regulations. As

there are different cultural aspects, national regulations tend to differ between countries, which leads to a fractured European regulative framework. Not being submitted to the MiFID regime, some platforms are therefore exempt from some essential regulation on the protection of investors (SpaceTec Capital Partners, 2014).

- UCITSD: It stands for Undertakings for Collective Investment in Transferable Securities Directive. These directives are only applicable for CFPs that operate by holding the money collected in an intermediate holding vehicle after the campaign turns out to be successful. For the rest of CFPs these restrictions are not valid (SpaceTec Capital Partners, 2014).
- AIFMD: It stands for Alternative Investment Fund Managers Directive and mainly affects professional investors. These directives are only applied for cases where the CF campaigns exceed several million euros. However, CF campaigns do not yet reach those levels of investment, so the AIFMD prepared a lighter regime designed for Crowdfunding where national authorities can also complement it with more severe rules (SpaceTec Capital Partners, 2014).
- Directive on Consumer Rights: *“aims at achieving a real business-to-consumer (B2C) internal market, striking the right balance between a high level of consumer protection and the competitiveness of enterprises”* (SpaceTec Capital Partners, 2014).

It seems that European authorities provide most of the regulations needed to establish a proper regulative framework for every member state. But most of these regulations leave in the hands of their member states the responsibility to adapt and translate it into national guidelines. But as there are major cultural differences across the countries, and it turns out that at a European level, the regulatory framework is fragmented. The major players at a pan-European level controlling equity-based Crowdfunding are the Prospectus Directive and MiFID (SpaceTec Capital Partners, 2014).

Currently, the major concern of Europe is to create a harmonized regulatory framework across the member states and concentrate on developing strong and unified regulations for Equity-based CF. Indeed that is essential to ensure a promising future of Crowdfunding in Europe (SpaceTec Capital Partners, 2014).

iii. Geographical view of national regulations across Europe

The Figure 12 sums up the efforts taken by member states in EU-28 to create a regulatory framework stimulating the development of Equity-CF.

If you look at Northern Europe: A major part of the Crowdfunding activity in the Northern Europe is not submitted to national regulations applicable for payment services and investment activities. In all Nordic countries, it seems that there is exemption of prospectus if campaigns do not exceed 1 million €.

In Eastern Europe, there is very little activity related to Crowdfunding in these countries and thus progress regarding CF regulation hasn't yet been seen in this region. *“Regarding public solicitation, Eastern European countries vary considerably, from very liberal regimes to very restrictive regimes. In Poland for instance, situations that do not fall under the EU Prospectus Directive are also exempted from the requirement to prepare, approve and publish a prospectus under national laws. In Slovakia, there is the possibility to use and register a country-specific but simplified prospectus for such offerings.”* (SpaceTec Capital Partners, 2014).

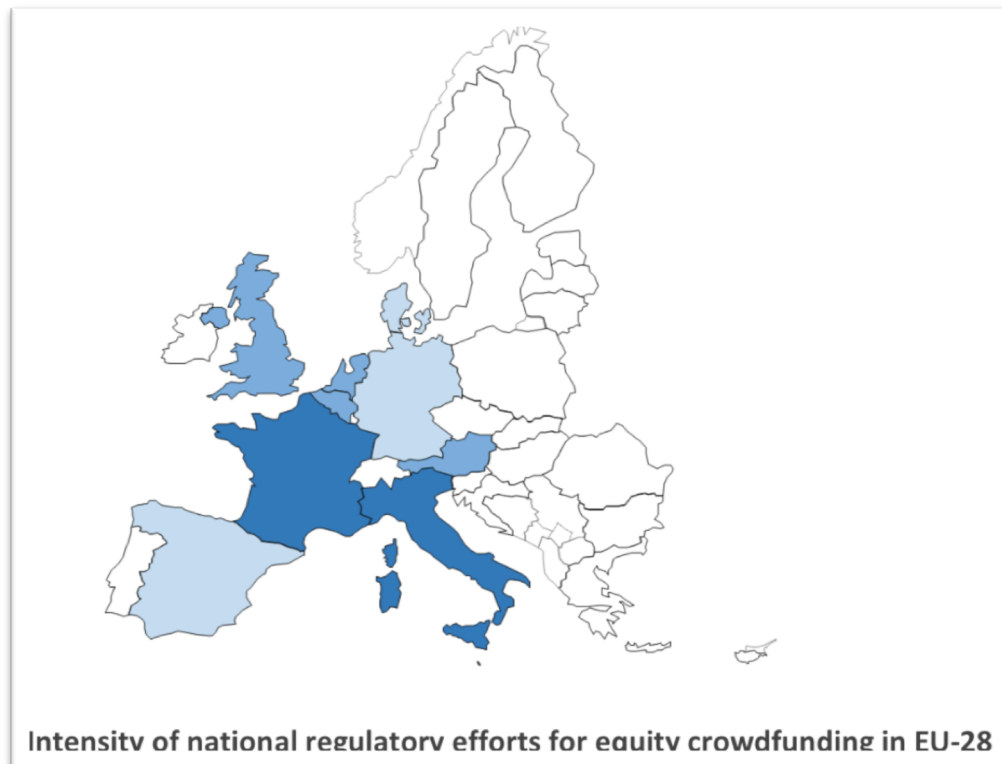


Fig 12: Source: Picture taken from report from SpaceTec Capital Partners (2014)

When looking at Figure 12, it appears that national regulations applicable to equity-based Crowdfunding differ widely across countries, which creates barrier for platforms to operate internationally. Most of the progress seems to be coming from Northern and Western Europe countries. The countries showing the more efforts seem to be Italy and France. They have been working for the past 2 years to establish a most adequate national regulatory framework. Germany and Spain are still working on preparing new regulations. Meanwhile countries such as UK and the Netherlands have financial authorities publishing policy guidelines to match the already existing regulation on equity-based Crowdfunding. (SpaceTec Capital Partners, 2014, p.46).

iv. An obvious need of stronger EU regulations

So far, we have identified two major problem regarding regulations of CF in Europe.

Firstly there is a lack of harmonization of regulations among member countries of the EU. This is mainly due to cultural difference between countries, and the fact that actors at a European level leave too much freedom to national Authorities. At this present moment the European *“Commission has not yet come up with any concrete legislative measure in this field, fearing that the benefits of establishing a harmonized single market for Crowdfunding may well be outweighed by the costs of the regulatory requirements”* (ECAS, 2014).

In second place, Europe needs to hurry building an uniform regulative framework specific Equity-CF model for all member countries of the EU; Equity-based CF is growing fast in Europe need to be monitored because of the risks associated to it. It is thus essential for Europe to surpass these 2 problems in order to stimulate future growth and allow CFPs to operate in different member countries. As time passes, and nothing is done at a European level, countries are adopting national legislation specific to CF that do not contribute to a harmonized framework (according to the ECN

report). Consequently that constitutes a wall for CFPs coming from outside of Europe, and renders operating cross-boarder difficult for European platforms (ECAS 2014).

But on the other hand, it's understandable that at European level no more measures are not being taken, since there isn't currently a clear and accurate vision of the phenomenon in Europe; to avoid rushing into decision that could have negative consequences, perhaps it would be more reasonable to first explore more deeply the European CF market to draw more concrete conclusions and then from that point, establish legislative measures (European Commission, 2014)

v. *Further recommendations to improve the regulatory framework in Europe*

First of all, as there is currently a lack of transparency for investor participating in Equity based CF; establishing a quality label could be an effective solution. It could be issued at a national/international level. In both cases it would increase transparency of the projects and so draw the attention of more individuals, as it would be seen as more secure and project would have more proof of quality (SpaceTec Capital Partners, 2014).

For the harmonization issue, before launching new legislatives measures, it would be wise to build a strong European CF industry association with the help of each member country. That could be the easiest way of collecting data about CF across Europe and establish a benchmark of the CF in Europe. With that information, decisions could be taken at a European level, based on accurate data (SpaceTec Capital Partners, 2014).

G. Conclusion & future trends for the European Crowdfunding Market

i. *Overview of the European situation*

After the crisis, Europe was among the more severely affected by the event, as 99% of the businesses and 67% of employment in Europe were based on SMEs. Consequently small businesses in Europe started to face a growing funding gap. Crowdfunding appeared as an essential solution for this matter. The phenomenon seems to have rapidly evolved these last years in Europe. Indeed, solely in the year of 2014 according to “*The European Alternative Finance Benchmarking Report*” growth rate stayed high, and CF collect an amount of 2957 millions euros. For 2015, Crowdfunding in Europe is estimated to reach 7000 million euros.

Even if previsions are quite optimistic, the phenomenon of Crowdfunding is far from being homogeneously distributed over Europe. In fact UK possessed about 79% of the Crowdfunding volumes in Europe in 2014, leaving no more than 21% of the activities for the all Continental Europe. France, Germany, the Netherlands seem to be the most actives in Continental Europe in terms of volumes raised. But if we look at the contribution per capita, the northern European countries also seem to be part of most active countries in the European Crowdfunding scene

In terms of CF models, the Lending-based model has a strong leading position in Continental Europe followed by Reward-based and Equity-based.

Looking at the regulatory situation, there is currently a lack of transparency for investor participating in Equity based CF; establishing a quality label could be an effective solution. It could be issued at a national/international level. In both cases it would increase transparency of the projects and so draw the attention of more individuals, as it would be seen as more secure and project would have more proof of quality. For the harmonization issue, before launching new legislatives measures, it would be beneficial to build a strong European CF industry association with the help of each

member country. That could be an easy way of collecting data about CF across Europe and establish a benchmark of the CF in Europe. With that information, decisions could be taken more easily at a European level (SpaceTec Capital Partners, 2014).

ii. Future trend for the European Crowdfunding market

Crowdfunding still is relatively young; the phenomenon is therefore expected to evolve in the coming years, which leads the market to face new trends:

a) As mentioned previously, platforms are starting to operate cross-border

Some CFPs are currently interested on expanding their businesses to a cross border level. For instance Invesdor, a Finnish CFPs, is the first European platform that was given the license by MiFID to expand the services across all 31 EU and EEA countries (Crowdfundinsider, 2015a). Another interesting illustrations of this trend, is the Sweden platform FundedByMe that has already operated several times cross-border. Indeed, has already raised campaigns outside Sweden; It has already operated in countries such as UK, Spain, Italy, the Netherlands, Malta, Estonia, Finland, Norway and Denmark (SpaceTec Capital Partners, 2014, p.9).

Nevertheless there are barriers to this movement as there's still strong differences between the regulations across EU Member State. When the issue will be totally overcome, CFPs in Europe are expected to follow this trend and so extend CF to another level in Europe as operating cross-border allows increasing the campaign influx and the number of potential investors interested in a project campaigns all over Europe (SpaceTec Capital Partners, 2014).

b) Specialization of smaller platforms

It's expected that some platforms will take leading position in the European landscape as cross-border operations is predicted; This been said, competition in Europe is expected to grow; and thus to deal with this evolution, the smaller platforms will become more specialized in order to maintain their attractiveness in the market (SpaceTec Capital Partners, 2014).

c) Equity CF and the business angels involvement

Equity CF can serve as a mean to involve Business angels more systematically in the funding process. Business Angels (BA) are currently a major source of financing for small businesses and start-ups in Europe. BA are know for bringing more than economical capital to new ventures; the generally have been operating in the targeted market and so can bring help to manage the business and provide a valuable network of contacts. With the recent development of CF, Business angel networks are starting to look at the CF mechanism as a possible way of organizing themselves.

Combining Equity Crowdfunding with the involvement of BA can be a very wise decision, as it increases the chance of success for the funded projects. This concept is already being used in some countries in Europe. For instance, MyMicroInvest is a Belgium Equity-CF platform where BA are the major investors and the crowd makes the rest of the funding. The investment is only concluded if the campaign was able to reach a certain amount by the Crowdinvestors (SpaceTec Capital Partners, 2014).

d) Directions being taken by Equity-based CF

The Equity-based Crowdfunding platforms are more and more diversified and it's moving into traditional market sectors. Indeed some existing industries are looking closely to this mechanism, as disintermediation can be seen as very beneficial. Indeed, some already starting to use this system to operate; thus *"the real estate industry has seen a surge in campaigns during the past year: several dedicated platforms were launched and real estate campaigns were created on the generalist platforms as well."* (SpaceTec Capital Partners, 2014).

e) Diversity of project is growing across all CF models

Gradually, as the years go by the diversity of projects continues to grow. Indeed, the CF seen as a democratization of traditional financial systems, allows all individuals to participate in a project or business funding process. The phenomenon is gaining public attention and people are starting to use this system to try to fund all types of project. This helps measuring the utility of it; see how far we can go with it and so testing the boundaries of the system. For instance, recently someone tried to raise \$1.6 milliard to help Greece bailing out from its debt. The argument used by the fundraiser was: *"€1.6bn is what the Greeks need. It might seem like a lot but it's only just over €3 from each European. That's about the same as half a pint in London. Or everyone in the EU just having a Feta and Olive salad for lunch"* (Indiegogo, 2015). Even if the project didn't succeed, posting campaigns like this, shows how far we can go with this system and so shows how powerful this tool can be

PRACTICAL APPROACH

Chapter IV: The delay of Belgium compared to its neighbouring countries

“Crowdfunding is a hot topic in Belgium these days. There are many articles being written on the subject in various newspapers and magazines, with more and more success stories making the headlines and Belgian policy makers are conducting significant research regarding the concept.” (KPMG, 2014, p.4).

It seems that Belgium had an interesting implication in the market in 2014. Indeed, news of the phenomenon is spreading around, as both media and researchers seem to be increasingly more attentive towards it. We are seeing people’s interest and awareness increase as there is more and more endeavour to spread knowledge about the phenomenon. Also, there have been some recent changes in the Belgium regulatory framework taken to stimulate the growth of the concept.

We have seen that both at international and European levels the phenomenon is growing fast; but what is the specific position of Belgium?

A. Picture of Belgium in the European market Crowdfunding

i. Insights about the Belgium Market

For this section, I relied mainly on the data provided by the recent study: “Crowdfunding in Belgium – 2014”, as it is the most recent study I found focusing specifically on the Belgium framework. According to this study, in 2014 Belgium raised more than € 2 million, which represents a growth of 80% compared to 2013 (See Figure 13 below) (KPMG, 2014, p.4).

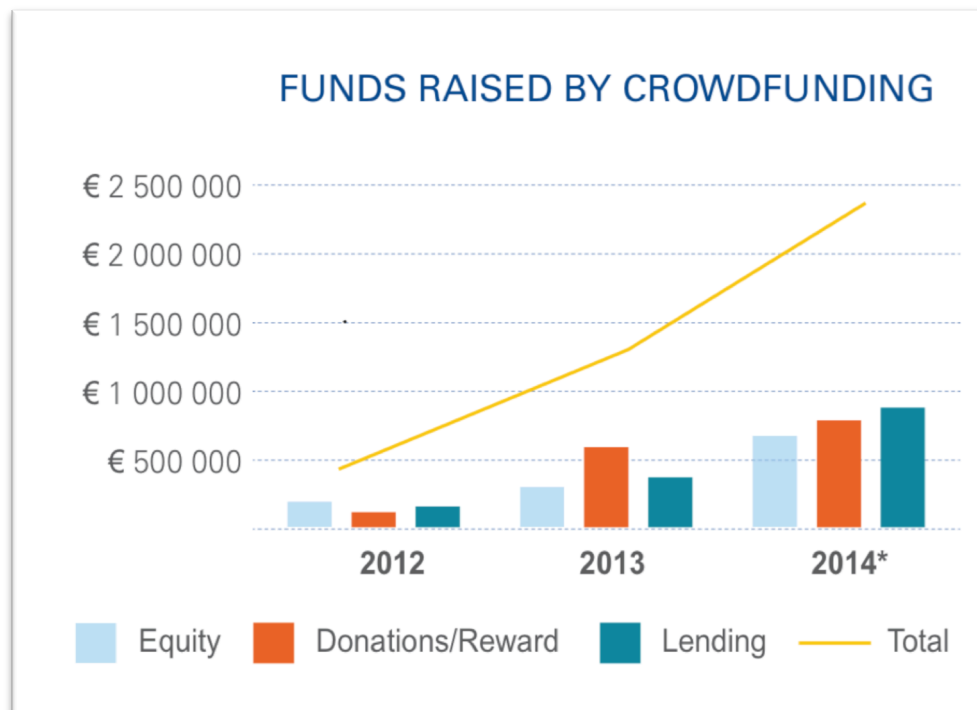


Figure 13: The evolution of Crowdfunding in Belgium by model; source: (KPMG, 2014).

In the year of 2014 they estimated that a total of 100 campaigns successfully raised funds through Crowdfunding, which compared to 2013 is more than 100% of growth rate.

By looking at Figure 13 we can deduce that there is an overall and very positive growth of the phenomenon in Belgium. Focusing on the evolution of each models, it seems that they all have a very resembling average growth rate, as in 2012 each category was under € 200 000 and in 2014 they all seem to have reached a level between 600.000€ and 900.000€. We can see that the lending model is for the moment the leading category in Belgium, but there are no clear signs of domination and so everything could change from one year to another.

So, everything seems fine when one only focuses in the Belgium framework. But what about its neighbouring countries? How is Belgium performing compared to them?

ii. *From an European perspective*

When zooming out to have look from a European perspective, one can quickly change thoughts on Belgium's performance. Indeed, even if Belgium is facing a considerable growth in the last few years, it is largely delayed compared to its surrounding countries (See Figure 14 below).

For this section, I mostly used data coming from a study published earlier: "*Moving Mainstream: The European Alternative Finance Benchmarking Report*" by the Cambridge University and the EY. Their work is the latest regarding Crowdfunding in Europe and it is the first to really consider a pan-European vision. I also choose to rely on their data, for the quality of the information provided as they have set a very high standard of data verification and aggregation, to ensure trustworthiness and relevance of their study.

Comparative Volume of Alternative Finance Transactions (2012-2014)

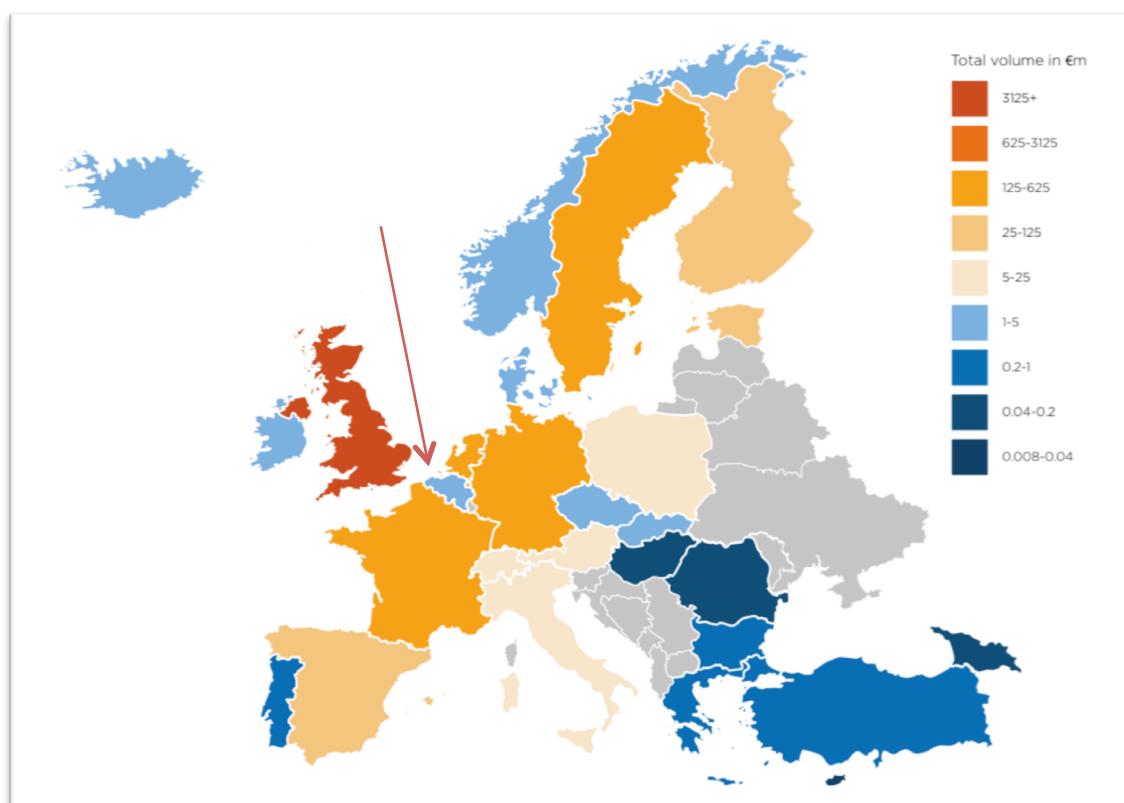


Figure 14: Belgium lost in the middle most dynamic countries in Europe. Source: (Wardrop & al., 2015).

When looking at Figure 14, it is pretty clear that Belgium is behind his neighbours. One could say Belgium looks lost in the middle of the most dynamic countries of the European CF market. Indeed, UK, France, Germany, the Netherlands, have all already contributed more than €100 million to €3000 million, whilst Belgium is among the group of countries that has only collected between 1 to 5

millions €.

In a more pan-European view, Belgium isn't so behind in the ranking. Both in terms of volume collected or amount invested per capita, Belgium remains in 13th position in the EU (See Figure 15):

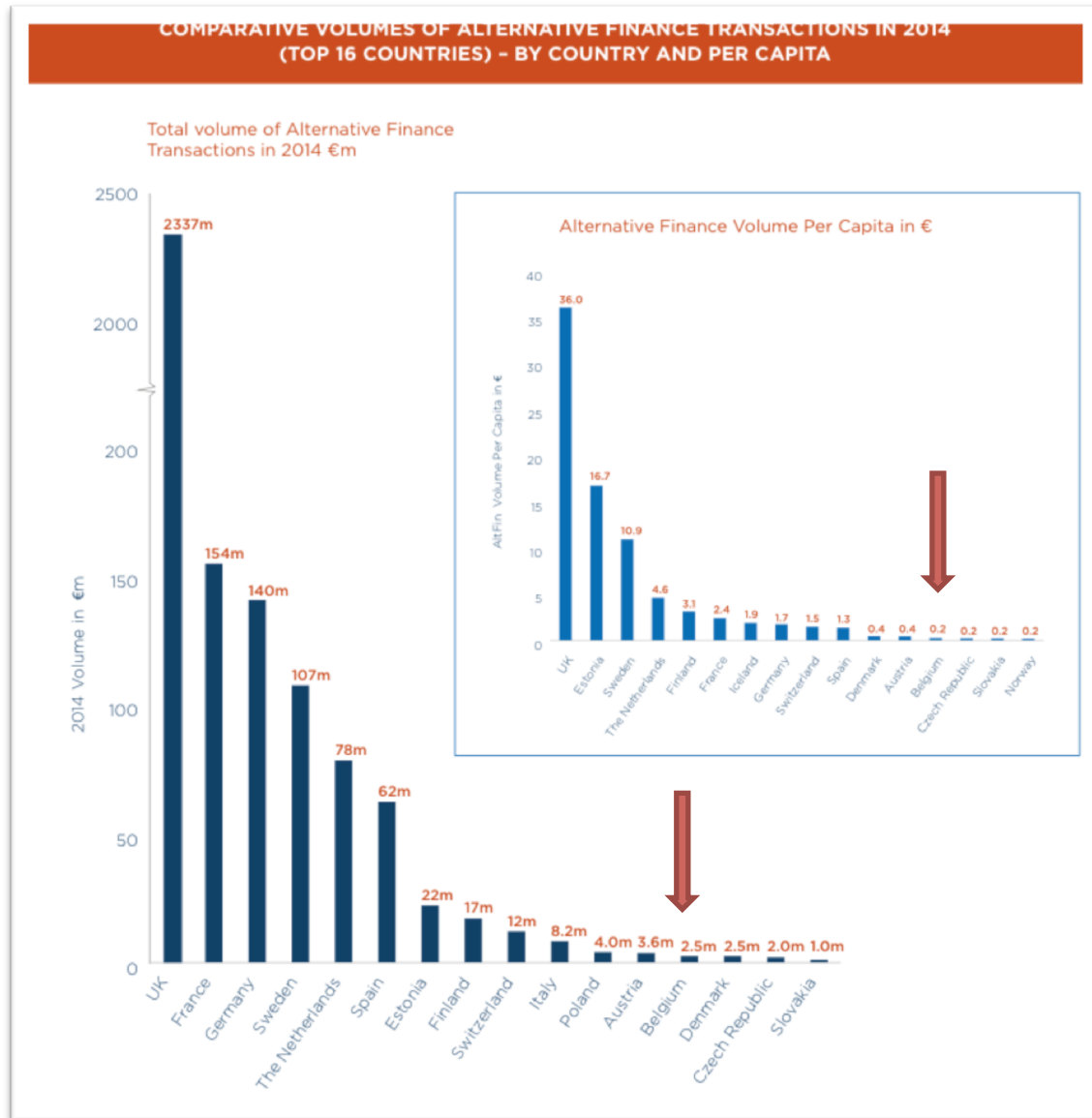


Figure 15: Belgium position in the European Crowdfunding market. Source: (Wardrop & al., 2015).

But again, even if a 13th position does not seem that bad, between the last and the first positions on the ranking, the gap is tremendous. Indeed if you look at the numbers (See Figure 15):

- The amount invested per capita in Belgium in 2014 (0,2 € per capita), (it) is 180 times lower than in UK (36 € per capita), 23 times lower than the Netherlands (4,6€ per capita), 12 times lower than France (2,4€ per capita), and even 6,5 times lower than Spain (wish stand not far from Belgium in 10th position).
- In terms of total amount raised by each country, the gap also remains considerably high between countries in the first and last positions of the ranking. Indeed in 2014 the total amount raised in Belgium (2,5 million €) is about 935 times lower than the UK (2337

million €), 62 times lower than France (154 million €), 56 lower than Germany (140 million €), and about 31 times lower than the Netherlands (78 million €).

Belgium is currently experiencing a positive and optimistic growth of the Crowdfunding phenomenon; but when you look around to its European neighbours, Belgium falls far behind.

iii. A focus on Crowdinvesting: Equity and P2P Business Lending-based Crowdfunding

When comparing the volumes raised by crowdfunding in each country it is very important to look more precisely at each crowdfunding model. In this chapter and as we want to focus mainly in crowdinvesting, it is important to compare the amount collected with Equity and P2P Business Lending based Crowdfunding models.

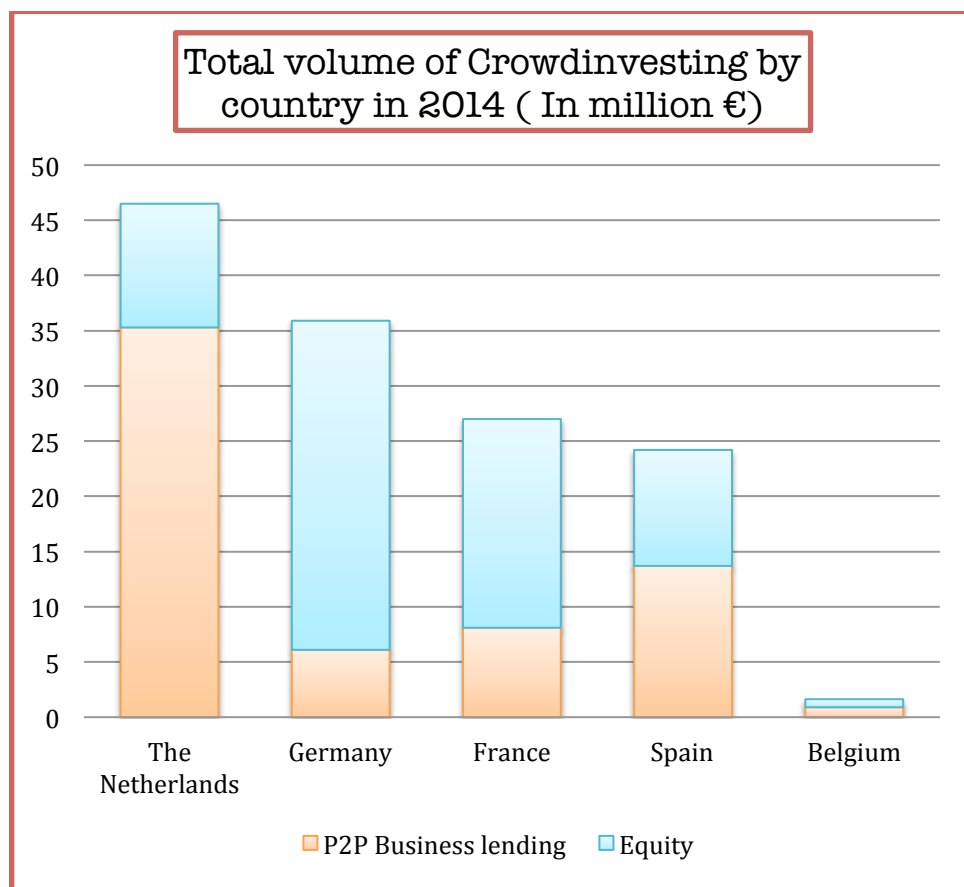


Figure 16: source: (Wardrop & al., 2015) & (KPMG, 2014)

If we look at Figure 16, one can say that even within the crowdinvesting models, the total volume raised in Belgium is still far behind from its neighbouring countries. But a more appropriate way to look at numbers would be comparing the total amount per capita with the size of a country's population into the equation. To set up Figure 17, I collected information from a recent report by Cambridge (Wardrop & al., 2015) and another by KPMG (KPMG, 2014) as both seem to agree on a total volume for Belgium Crowdfunding around 2.5 million € in 2014. I then looked at the population by country and divided the total amount of funds raised by crowdinvesting (Equity-based and P2P Business lending) by the total population of each country; this allows one to have a clearer picture of the volume of crowdinvesting per capita in each country.

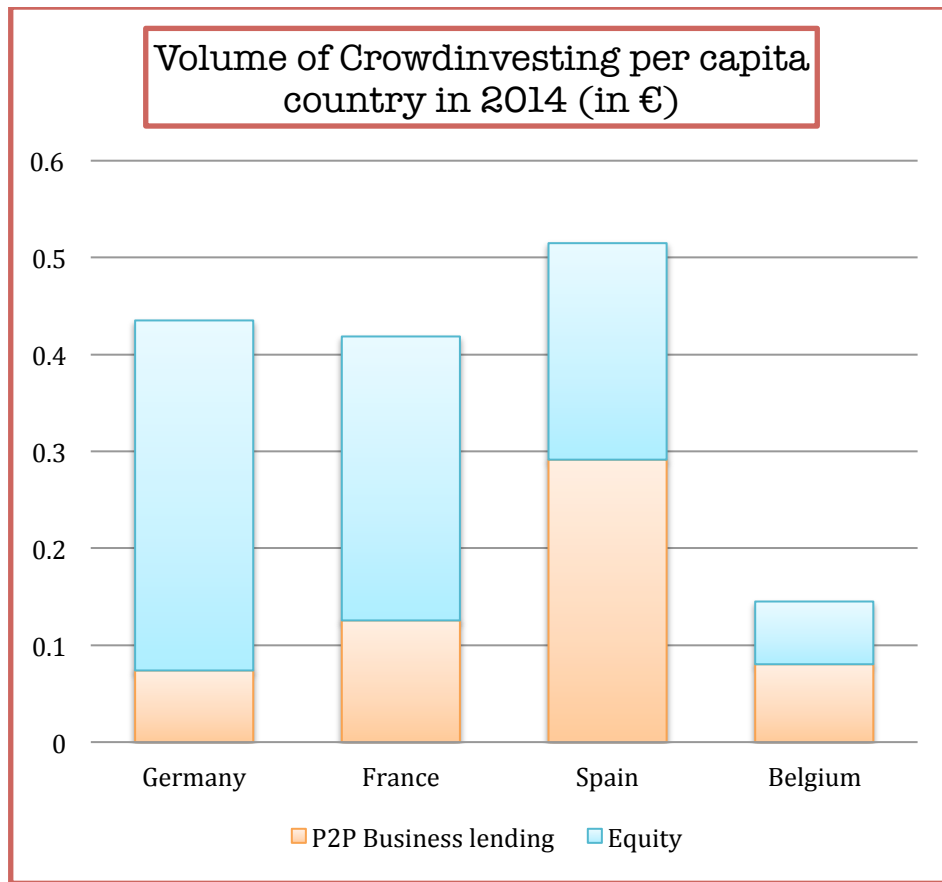


Figure 17: Source: (Wardrop & al., 2015) & (KPMG, 2014)

When looking at Figure 17, the substantial gap previously mentioned between Belgium and its neighbouring countries is actually not that big. Indeed, when looking more precisely at the level of crowdfunding in each country, it is true that the level in Belgium is still quite behind its neighbours, but not 12 times lower than France or 6,5 times lower than Spain (as mentioned previously).

When looking more precisely at crowdfunding, it seems that Belgium is still relatively behind its neighbours. Now that we have seen the situation, it would be interesting to understand the “why” behind it. If I manage to find out the reasons behind this issue, it would provide a valuable insight for Belgium actors in the crowdfunding market and so help them to reduce the gap and foster the growth of this mechanism in Belgium.

B. What could possibly explain the Belgium Situation?

After revising all the literature about this subject, I found out that there are 4 main types of factors that could explain the situation in Belgium (see Figure 18).

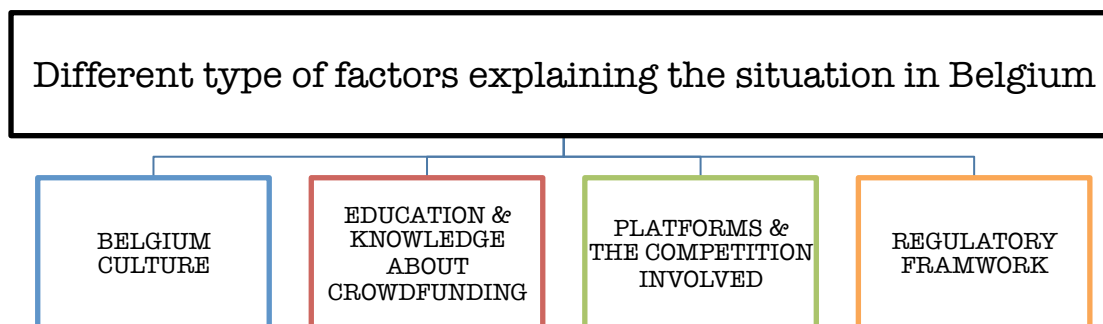


Figure 18: Different possible factors explaining the situation in Belgium

In the forthcoming sections, I will expose each of the facts that could possibly explain the situation in Belgium according to the literature read. Then, for each of them, I formulated an assumption. After that, to test their validity, I gathered the opinion of various actors I interviewed, based my analysis on recent studies about the subject and synthesized all the information to draw conclusions.

C. The Belgium Culture

i. *Are Belgians familiar with the practice of E-commerce? Does that affect the volume of Crowdfunding in the country?*

a) Theory

Looking at the differences across countries regarding e-commerce habits and the total volume raised by Crowdfunding, it seems that there's a link between these two features. Indeed the more a country's population is used to the concept of E-commerce, the more the amount collected by Crowdfunding seems to be important.

By looking into Figure 19 a) (below), it seems that the countries that are more familiar with the practice are the UK, France, Germany, the Netherlands and Finland. While South and East European countries are those less used to this practice.

Then if you look to Figure 19 b), the same exact logic follows. Indeed the countries that have a higher a volume of Crowdfunding are the UK, France, Germany, the Netherlands and Finland. While South and East European countries are those with a lower volume of CF.

By looking to this fact, one could concur that the degree of familiarity some people have when using e-commerce, would have a positive effect on the volume of Crowdfunding in a country. If we rely on this assumption, when looking the Figure 19 a), we can see that the Belgium population is relatively less familiar with e-commerce than its neighbouring countries; and we could therefore argue that part of the delay seen in the Belgium Crowdfunding market could be explained by its relatively low degree of familiarity with the concept of e-commerce. It would be interesting to ask important actors in Belgium if they agree with this argument.

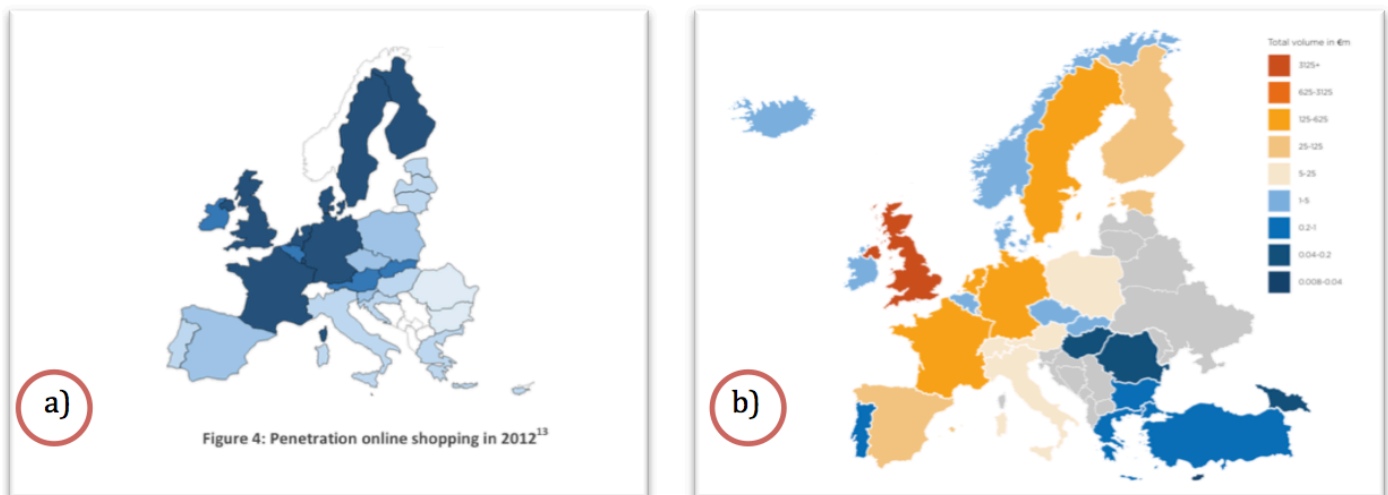


Figure 19: Degree of implantation of e-commerce in 2012 (a) and volume raised in each country with crowdfunding in 2014 (b)
Source: (Wardrop & al., 2015) & (KPMG, 2014)

I have therefore decided to formulate and test this hypothesis:

Hypothesis 1: The Belgium Culture is not especially familiar with the practice of E-commerce compared to its neighbouring countries and so does not show great trust and interest for the phenomenon of Crowdfunding.

b) Actors' opinion

Interviewee D agreed with this assumption and stated “ *E-commerce and Crowdfunding are somehow in the same field, and so there's a clear link between those 2 elements. If, according to the studies you are mentioning, people in Belgium are not that familiar with the concept of e-commerce, that could impact their willingness to use the mechanism of Crowdfunding. Indeed, if they are afraid of buying and paying for things by internet and don't really trust that system yet, I think that it is logical that they are somehow afraid of buying securities by internet too*”. But besides Interviewee D, no others were convinced about this link between E-commerce and Crowdfunding in Belgium. Some argue that Belgium was in fact not that far behind in terms of E-commerce, and others did not really think that it was the weak use of E-commerce that explained the Crowdfunding situation in Belgium. Indeed, according to Interviewee F it is not a question of degree of trust on the E-commerce system in Belgium: “*I think the main reason behind the poor use of e-commerce in Belgium it is mainly due to the fact that it is a small country; with retailers existing in every small town in Belgium. E-commerce is working on bigger countries because it takes you 1h to go to a shop while in Belgium everything you want to buy is located within 10 minutes from your home*”. And so the low use of E-commerce compared to other countries would not come from a question of lack of trust but rather by the fact that there is no real need of e-commerce in Belgium.

Even Interviewee D, who initially agreed with the assumption of lack of trust in E-commerce, clearly stated that even if there was a link this could not be “*a main element*”(D) explaining the situation in Belgium.

c) Conclusion

The recent study by SpaceTec Capital Partners (2014) states that: “*One of the main cultural factors influencing the uptake of all crowdfunding models in certain Member States is the degree of*

familiarity with e-commerce in general amongst the general public.” But gathering the opinion of several actors, this does not seem to be the case in Belgium. Some do not agree with the link between these two phenomenons, whilst others agree but see it as a minor factor. One reason explaining the poor use of E-commerce in Belgium could be the fact that people do not need this mechanism, rather than being a question of trusting the system. *“People in Belgium also buy their flight tickets on the Internet when they want to go travel. When they need it, they use E-commerce”*. Therefore we cannot endorse this first hypothesis, as literature and the opinion of the people on the field seem to be contradictory. Further investigations should be conducted at a national level, to better understand the real impact of E-commerce in Belgium.

ii. *Is there a strong demand and supply for seed financing in Belgium?*

a) Theory

In the recent study conducted by SpaceTec Capital Partners, they focus on a very interesting factor that I assumed to be essential for my research: the availability for entrepreneurial finance and demand for online investing in European countries. By availability for entrepreneurial finance they meant all type of financial services made available for innovative companies and projects such as Business Angels, Venture Capital, Bank loans and so on.

It goes without saying that the growth for Crowdinvesting in Belgium (related to Equity and lending-based Crowdfunding) is driven by the demand and supply of seed financing itself.

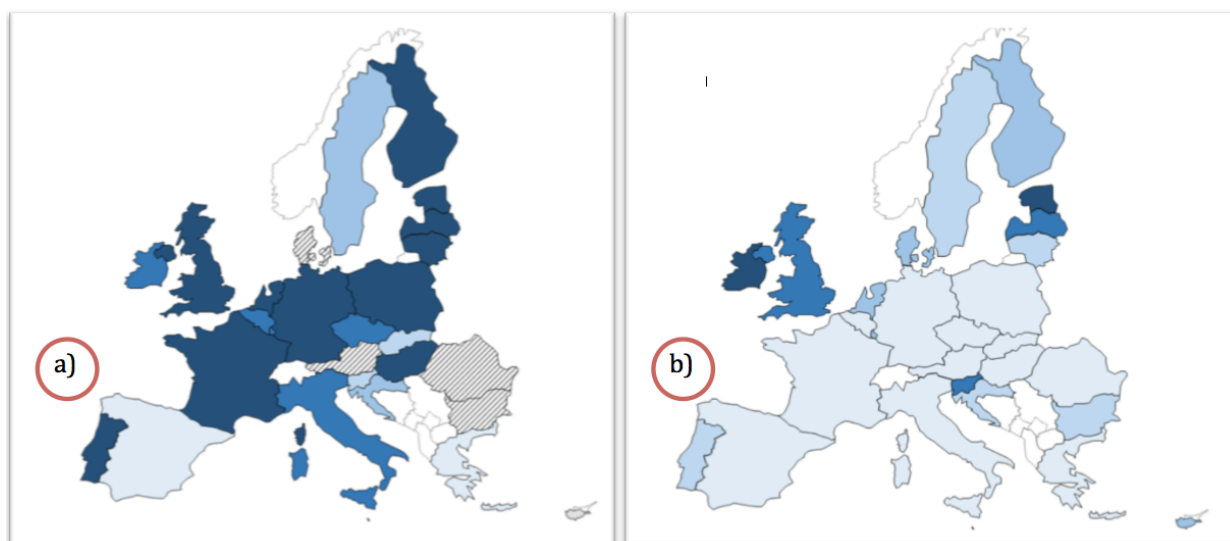


Figure 20: Availability of entrepreneurial finance (a) versus demand for online investing (b)

Source: SpaceTec Capital Partners (2014)

It would be interesting to know what the current actors of the Belgium CF market think about this subject. Looking at Figure 20, I formulated 2 assumptions:

Hypothesis 2: Belgium’s availability of entrepreneurial finance stays the lowest compared to its neighbouring countries and so we could deduct that the small offer of such services for entrepreneurs and small business is slowing down the growth Crowdinvesting in Belgium.

Hypothesis 3: Demand for seed financing is not yet very strong in Belgium, which could be a factor slowing down the development of Crowdfunding in Belgium.

b) On the supply side

According to the interviews, it seems that everybody agreed on the fact that supply for entrepreneurial finance is relatively weak in Belgium: *“There is a lot of money sitting in savings accounts in Belgium”* (C).

Indeed, the Belgian do not seem to like taking risks. *“People are more conservative in Belgium, so they tend to like less risk”* (F). It all depends in the country’s population. *“If we have a population that is very conservative, which tends to put money into a savings account and prefers not to invest it, it is normal that we do not see a lot of growth in the entrepreneurial sector. For me it is above all a cultural issue, Belgium people do not like to taking risks.”* (E).

c) What about the demand side?

In Belgium the demand is mostly coming from *“younger companies that have access to bank credit difficulties”* (B). But how is the demand compare to other countries?

Again, according to my Interviewees, there is also a issue in the demand side. Till now *“the demand for funding coming from corporate and new businesses, has been relatively limited”* (E). It can be explained by the fact that *“there are not many big Crowdfunding projects in Belgium. Whilst it is true that people are more conservative, but if there is no demand, it is logical that we do not see a lot of development on the offers side”* (F).

d) Conclusion

Looking at the answers provided by the interviewees, both *“parts of the equation can explain why”* Belgium is lagging behind; it is both *“a question on the demand side and on the offer side”*. (D).

To conclude, I would like to point out the argumentation used by Mr Thibaut de Briey, the business analyst at MyMicroInvest. In my opinion, he explained well the impact that Belgian culture has been having in the Crowdfunding development of the country: *“For me it is primarily a question of mind-set. For instance, the British are much more used to taking risks than the Belgians in general; they have always had a culture that is invested in young businesses. They have a much stronger entrepreneurial spirit, and so they are willing to take more risks and launch new projects. In the investors’ side, it is the same thing; they are more willing to invest in projects. In Belgium, we like to invest in a not-too-risky product and we always want to know the exact rate of return we might receive. In my opinion, this is the major factor that could explain Belgium’s delay. But I think markets evolve, as and mentalities can be educated. In Belgium it will probably take longer to educate the public, but I believe that we are in the right path and that we will grow significantly in the near future”* (G).

Based on the answers provided in my interviews and what the researches state, I decided to approve hypothesis 2 & 3. But, I consider that further investigations should be conducted in order to fully approve hypothesis 2. Indeed, it is very difficult to demonstrate that there is an actual a lack availability of entrepreneurial finance in Belgium because it is important to also consider the demand side. Now if you look a Figure 20 (above), Belgium seems to have less availability for entrepreneurs than its neighbouring countries. But on the other hand, it looks like *“there are not many people*

wanting to start a company and take risks”(D). And so “there are not many projects wanting to be financed by crowdfunding.”(F). Thus, one cannot say with full certainty that there is lack of availability of entrepreneurial finance in Belgium.

However, if the demand and offer stay relatively low, that certainly does not contribute for the progress of Crowdfunding in Belgium. On the demand side, Belgium could promote and emphasize the benefits brought by this mechanism, in order to incentivise more people to use it. On the supply side, the demand of the past years seems to be relatively calm, but the market is not yet fully exploited; some predict a quite promising future: “I think that there will be about 5 times more next year in terms of volumes. Probably 10 times in 2 years” (B). Therefore it is essential to be as developed as possible, so that on the day demands start knocking at the door, there is a system already well-established and ready to welcome every project and business. In order to this increase the offer, “we must give more incentives for people to invest in SMEs; and we must explain to them that by stimulating the new economy we are giving rise to innovation, and job creation; it could be extremely favourable for the growth of the Belgian economy.” (C)

From here I wonder: How much do Belgians know about this concept? In the next section, I will be focusing on this aspect.

D. Knowledge and Education about the phenomenon of Crowdfunding

We have previously seen that the conservative aspect of Belgium Culture could explain why there was a weak supply and demand for seed financing. People on both the entrepreneurs and investors sides, seem to be quite reluctant to take risks. But could it not also be due to a question of knowledge and education about the phenomenon of Crowdfunding?

a) Theory

According to Ronald Kleverlaan (The founder of CrowdfundingHub, the Dutch crowdfunding knowledge institute, advisor on CrowdInvesting for the European Commission and a Co-founder & Executive Board Member of the European Crowdfunding Network) there is a “major need to educate entrepreneurs, investors and other stakeholders in the industry to speed up the adoption process.” It also seems important to emphasize *transparency about risks*. Indeed, there is still “a lot of investors and entrepreneurs who are unsure of how to start using crowdfunding.” (Wardrop & al., 2015, p.30)

What is the situation in Belgium? Do people know about this market and the potential benefits it can bring? Maybe there is a weak knowledge and education regarding crowdfunding in Belgium, which could be one of the explanations why Belgium is lagging behind its neighbouring countries. That is why I decided to test this hypothesis:

Hypothesis 4: There is a weak knowledge and education regarding crowdfunding in Belgium. That could be one of the reasons for the Belgium delay.

The lack of knowledge could be coming from the potential investors’ side, as well as entrepreneurs’ side. Indeed, according a recent study: “Crowdfunding in Belgium – 2014”, its results show that one of the most important reasons for the Belgium delay compared to its neighbours is “the lack of knowledge regarding crowdfunding in Belgium: both at the investors’ (the crowd) and entrepreneurs’ side.” (KPMG 2014, p.9)

b) From the entrepreneurs' side

According to the study conducted by KPMG (2014), a big part of the entrepreneurs in Belgium do not see crowdfunding as a potential option to collect funds for their ideas and business. The major reasons behind this fact are that:

- They are not aware of its existence
- They consider it unrealistic
- They think it is too complicated
- They think that there is a very small chance of a campaign succeeding

Looking at the answers from the entrepreneurs I interviewed, they all found out about this mechanism by doing research on the Internet or by educating themselves about what was happening in the world economy.

According to the interviews I conducted, it seems that both entrepreneurs and active players in the Belgium Crowdfunding market agreed on the fact that until now, there has been limited information provided to Belgian entrepreneurs:

- Mr. Patrick Van Waeyenberge, Co-founder and Managing director of Newsmonkeys: *"I think people who want to create a company do not always know the existence of crowdfunding"* (F).
- Mr. Christophe Majois, Policy Economist who works in international Relations and Market Infrastructure at the Financial Services and Markets Authority (FSMA): *"I am not convinced that every entrepreneur is aware of this mechanism"* (D).

But on the other hand, some interviewees emphasized that this is not a problem to be solved by the government or an institution at a national level, but rather a problem that must be dealt by entrepreneurs themselves. Indeed, some point out that *"when someone wants to create a new project, he should look around him and do his job to find out about the existence of financing mechanisms. I mean everybody has to do his own homework as an entrepreneur"* (F).

Anyway, even if until now there has been poor information given to entrepreneurs about this phenomenon, the situation seems to be changing. Interviewee D pointed out that *"banks are developing relationships with crowdfunding platforms and the relationships also happen in the funding side, as banks talk about this option to entrepreneurs seeking funding, so that is one way I think that entrepreneurs are receiving information"*. Indeed this trend is already happening, in December 2014 the KBC bank launched its own crowdfunding platform (Boleros Crowdfunding).

And there are more and more active actors promoting this phenomenon. Indeed, initiatives such as *"the platform MyMicroInvest who are talking more about this phenomenon, it is offering more incentives for companies to use crowdfunding; not only start-ups but also companies that are already quite developed. I found it very interesting that PowerSkyEnergie, which was with us during the live session, were using Crowdfunding. They have more than 25 years of experience in their business, but they wanted to re-direct their business towards renewable energies and to do so, they decided to use crowdfunding. This shows that this concept is not limited to start-ups. And therefore this term can become an alternative for any company seeking funds rather than bank debt or direct investment by larger investors. Its adding flexibility to raise capital for all types of companies"* (E)

c) From the investors' and crowd's side

On the investors' and crowd's side and as the phenomenon is quite new, people are not yet completely convinced about the trustworthiness of the system. Others have not yet learned about the concept. And as the system involves a certain amount of risk, certain investors are not that attracted by the system.

According to the interviews I conducted, it seems that both entrepreneurs and active players in the Belgium Crowdfunding market agreed on the fact that until now, there has been limited information provided to the Belgian population:

- Mr Christophe Bouchat, Co-founder and CEO of BooknBike: *"I think the market needs to improve; there is little information in Belgium regarding this mechanism. Many people still do not know what Crowdfunding is; and sometimes you have to explain 2, 3 or 4 times before they are willing to invest even a small amount of 100 euros. I believe that there is still a lot to be discussed; once it is more assimilated by the public, it will go faster for entrepreneurs to realize their goals. "*
- Mr Guillaume Desclée, CMO & COO of the Belgian platform MyMicroInvest: *"there still are very few people who wake up in the morning and think about investing in some form of crowdfunding. The market still is very uneducated regarding this mechanism".*

But again, even if the public has been poorly informed about this phenomenon, it seems that the situation is changing; every interviewee seems to agree that in fact the situation is improving, the "crowd" is *"more and more aware about this new mechanism"* (D). The phenomenon of crowdfunding is *"increasingly talked about in the Belgium newspapers, there are more and more investors that know about it; and it is rising strongly. I find that the population is more and more aware"* (C).

d) Conclusion

We can thus validate hypothesis 4; it seems that both entrepreneurs and the Belgium population have been poorly informed about the mechanism of Crowdfunding, a fact which certainly did not contribute to foster the growth of Crowdfunding in the country, as Belgium culture also seems to be quite conservative and risk-averse. But recently the situation has been changing. The Belgium press seems to talk about it more. *Reports are starting to appear in the media, but it is often linked to a campaign that was successful like the case of Newsmonkey. However it is true that it is still a bit of a mystery, and it seems to me that there has not yet been a proper reporting on crowdfunding's major players in Belgium. We are not often invited to speak"* (G).

In addition, and now with banks starting to be more involved in the mechanism in Belgium, more people are being informed, both from the investors' and entrepreneurs' side. Also, with the impact of future successful stories, I believe that information regarding this phenomenon will spread and people will look at it with more interest. There is already a successful case in Belgium that generated some hype: Newsmonkey. Till now, it seems to be the most successful Belgium campaign launched on a Belgium platform; they succeed in raising 320% of their targeted goal. Cases like this one, should promote the use of this mechanism.

E. Platforms and the competition involved

i. Are-there enough platforms operating in Belgium?

a) Theory

According to SpaceTec Capital Partners (2014), the number of crowdfunding platforms could “influence the competition as well as the quality of the market indirectly”. Thus, I decided to make the assumption that the number of platforms in existence in Belgium is still too small, which is delaying the market to grow properly:

Hypothesis 5: There is low number of crowdfunding platforms in Belgium, which could be delaying the Belgium CF market to grow properly.

b) A relatively small number of platforms in Belgium

Nowadays it seems there are no more than 8 Belgium platforms active in the market; (KPMG, 2014, p.21) and according to my research, there are 4 main platforms in terms of crowdfunding:

- I found out that there are 2 major platforms dedicated to crowdfunding (related to Equity and Lending-Based CF) that have been operating for more than a year in Belgium. There is **MyMicroInvest** who works with the logic of co-investing; allowing people (the “crowd”) to invest in young innovative firms alongside professional investors. The platform was created in 2010 and has already raised almost 10 million € (combining Crowdfunding with professional investors such as Business Angels). Then there’s **Look&Fin** who are dedicated to small businesses by providing lending-based CF. This platform was launched in 2012 and was able to raise 350 000 € in its first 12 months for 4 firms (GoodMorningCrowdfunding, 2014).
- There are also 2 other platforms that were launched less than a year ago: “**Angel.me**’s” activity is still at an embryonic level, but it could be growing in the next few years; and a platform recently launched of the end of 2014 when the KBC bank decided to extend their business created “**Bolero Crowdfunding**”. They have just started to be active and have already funded a project have several others that still have not ended their funding period (Boleros Crowdfunding)
- Then there is “Socrowd”, but this is a social-lending platform that does not charge any interest on the loans provided; as well as “Crofun” that is a generalist platform but most of the projects seem to be based on reward-based crowdfunding and not so much in crowd-investing.

Is this enough activity? Is the number of available platforms enough to foster the growth of crowdfunding in BE?

If we look around Belgium, France had an estimated total of 70 platforms in 2014, the UK is the leader in Europe with more than 70, Germany has 52, the Netherlands 40 and Spain 42 (Ahès Consulting, 2014, pp.3-10). Alongside these countries, the numbers of CFPs in BE seems to be relatively low.

According to my interviewees, it seems that “*there still is a relatively weak number of platforms offering the possibility of using crowdfunding services in Belgium*” (B). However, it is important to consider that Belgium is a relatively small country; indeed “*we cannot have 50 platforms such as we see in other countries, because the Belgium’s market is relatively small*” (E).

But as Mr.Patrick Van Waeyenberge (Co-founder and Managing director of Newsmonkey) argued: “*the important aspect is not the number of platforms, but the number of quality and*

professional platforms. I think we could have more professional platforms but then again KBC bank just launch a platform “ Bolero Crowdfunding” that is very professional, I don’t know if we need more, but more would not be a bad thing as it would render the market more competitive and so platforms would have to improve their conditions.” Indeed, when looking to the number of platforms, it is important to focus on quality platforms rather than the overall number of platforms. Because it is more likely that the ones who will continue standing strong in the future, are the ones who provide a quality service. On the other hand even if the Belgium market is quite small, it seems that it yet fully exploited: *“I find that the Belgian market is still underdeveloped, there are not many platforms to choose from, and even I have a hard time finding a good platform”* (E).

c) Conclusion

Till now, 2 major crowdfunding platforms have been operating in Belgium: MyMicroInvest & LooknFin. In my opinion (because I really think it is difficult to clearly state if the number of platforms is or is not enough), the small number of professional platforms could be one of the factors explaining why Belgium has been lagging behind its neighbours. For a market that is growing more than 100% per year, it seems that if there were more platforms, the growth would be bigger. And having more platforms would also stimulate the competition and so platforms would have to improve their services and condition. So this could only be positive for the future of the Belgium Crowdfunding market. I thus decided that with the answers provided by the interviewees, the comparison with Belgium’s neighbouring countries and my opinion about the subject to validate the hypothesis 5, but further investigation should be conducted to really endorse this hypothesis.

However, in the last year, another 2 platforms of crowdfunding were launched (“Bolero Crowdfunding” & “angel.me”), and they seem to be quite professional, as one was launched by a bank and another by Bart Becks, the former CEO of Belgacom skynet who had already developed partnerships with strong firms such as GDF-Suez, Secorex and Truvo (LeSoir.be, 2014b). This can be a sign that the market was not yet exploited to its full potential. And now that there are these other active players, I think that the market can better respond to the demand of entrepreneurs, as competition is expected to increase platforms should provide better quality services.

Moreover, competition is not only coming from national players; indeed, platforms in Europe have already started to operate cross-border (and so install themselves) in other countries. However, this may cause some entrepreneurs to decide fund their projects elsewhere due to the greater success of this mechanism in other countries. It would be interesting to understand if this competition is helping foster the Belgium market or it stealing its potential. In the next section, I will be focusing on this aspect.

ii. *Is foreign competition stealing potential from the Belgium market?*

a) Theory

According to the study conducted by SpaceTec Capital Partners (2014), there are a growing number of platforms that have been operating cross-border since 2013. In the future, this trend is expected to grow and this could be the beginning of the internationalization of some major European platforms. Indeed, some platforms are already spreading their business to other countries.

On the other hand, in some countries, crowdfunding seems to be a success and some platforms are already getting some notoriety and leading the markets (nationally). In Europe, the UK is the leading country; but others like France, The Netherlands and Germany also seem to be growing really fast. In the middle of these countries, Belgium seems to be lagging behind. But with the fact

that there has been an evolution of the Crowdfunding phenomenon in other countries, and that some platforms are beginning to move beyond their national borders, wouldn't that be stealing the potential of the Belgian crowdfunding market?

To answer this question I decided to test this assumption:

Hypothesis 6: There are strong and attractive Crowdinvesting markets abroad. In addition, foreign platforms are starting to expand their business to Belgium; foreign markets and platforms could be stealing the potential of Crowdfunding in Belgium. And thus, this could be a reason why Belgium is falling behind its neighbouring countries.

b) The activity of foreign platforms in Belgium and their impact

Most of the Belgium CFPs operate with one specific CF model and type of business, or categories (such as music, comic books or smartphone apps etc....). As there is currently a tendency for European platforms to operate cross-border, it is obvious that there is an increasing interest of foreign CFPs to operate in the Belgium market; but as the Belgium platforms are mostly focused on niches, the impact of foreign platforms in the national CFPs should be limited. However, foreign platforms will probably squeeze more generalist platforms. (KPMG p.21) But this trend has only just started to show and until now it seems that the only foreign platform so far installed in Belgium, is reward-based "KissKissBankBank". Regarding crowdinvesting, it seems that the only platforms operating are Belgium platforms. Thus, I doubt that this could be a reason explaining the delay of Belgium.

From my interviewee's answers, there seems to be a general tendency to believe that the market will continue to be maintained by Belgian players. Indeed, even if crowdinvesting is internet based and it has started to be operated cross-borders "*crowdfunding still is something local; when you want to get money, you first want to get money in the region you are going to sell your product and it is the same for the investors, people prefer to be involved in projects that are close to them rather than with a project that originates from another country*"(D). And even if there is now this trend of operating cross-borders, there are some barriers to enter the Belgium market. Indeed, between countries the regulations vary, and Belgium possesses a particularly strict regulative framework. So to move to Belgium, foreign platforms have to adapt, respect and know perfectly how the Belgium regulations work; also "*in Belgium there are several languages which can make it harder for new entrants*" (E).

There is another way of looking at the situation. Indeed, according to Interviewee E, even if he states that there are strong barriers to entry in Belgium, he has a less optimistic future for Belgium platforms: "*my hunch is that in a few years there will be major players coming to set a foot in Belgium from France and Germany as well as other countries, and by their size and reputation they will take on the market. If the Belgium structure does not hurry to step-in with a strong foot into its neighbouring countries, I believe it's our neighbours who will take care of our market*"

In the case foreign platforms started to operate in Belgium, what would be the impact in Belgium economy? If foreign platforms installed themselves in Belgium, according to the interviewees that would positively impact the market rather than steal its potential. Indeed "*the more platforms we have in Belgium the better*" (F). If there is more platforms in Belgium it would "*make the market more competitive and thus more effective*" (E) as it would "*force platforms to improve their conditions and services*" (F) to maintain their competitive advantage.

c) Foreign markets could be attracting Belgium Entrepreneurs

Perhaps, instead of looking to what could be the influence of foreign platforms installing themselves in Belgium, we could ask ourselves if the Belgium entrepreneurs are interested in using the Belgium Crowdfunding market. Indeed, potential Belgium entrepreneurs could be going to foreign markets, as they can be more attractive. There is already concrete evidence that some Belgium entrepreneurs are concurrently leaving Belgium and seeking funds outside, as the foreign markets offer opportunities that are not yet achievable in Belgium. Indeed, just by looking at the Indiegogo and Kickstarter platforms based in the US, it seems that they have already welcomed about 200 and 100 Belgium campaigns respectively. (I went see in each of the web-platforms and counted the number of Belgian projects). The more recent case being of Kickstarter who recently hosted a campaign of Belgium entrepreneurs: "Slidenjoy". The idea behind is simple and innovative: to double or triple the number of computer screens of your laptop. The campaign was so successful that in less than 24h the project had already collected more than € 170,000 from the € 300,000 they were seeking to achieve (GoodMorningCrowdfunding, 2014). As I write now, the campaign is yet not over (18/07/15); they still have 21 days ahead of them and yet, they have already managed to exceed their initial goal of raising approximately € 390,000. (Kickstarter, 2015). Looking around the major crowdfunding platforms in Europe, it seems there are also Belgium entrepreneurs seeking funding in foreign markets. For instance, in September 2014 "Maily" successfully raised £352,270 in the well-known UK based platform (Seedrs, 2014). Maily is an iPad app for children from four years up to send their first emails. This initiative is the work of two young Belgium advertisers Tom Galle and Raphael Halberthal (LeVif, 2012). In addition, others initiatives have been taken to find potential investors over the Belgian borders, *"About thirty young Belgian companies active on the web go to the Irish capital ... in order to take on the pulse of trends, meet potential strategic partners and / or investors as well as attract the attention of specialized media"* (LeSoir.be, 2014a).

Furthermore, the Belgian market is quite small. According to the business analyst of MyMicroInvest, Mr de Briey, it is normal for Belgium entrepreneurs and young start-ups to look closely at foreign markets, as there is always this desire of expanding internationally. *"So it is obvious that these companies are crowdfunding their projects in foreign countries, as it is a good strategy to build international network. Now with the trend of platforms operating internationally, I think it is our role as Belgian platforms to become more international and offer the European market, investment in Belgium and abroad."* (G). And it seems that it is already the case for MyMicroInvest: *"We are also active in France, Germany, Holland and Spain"* (B).

Seeing successful campaigns and a larger & stronger markets in foreign countries, makes it much easier to understand why Belgium entrepreneurs are turning to other countries platforms and seeking funds in foreign markets. There seems to be a lot of opportunities abroad. This can also be a question of the visibility for the projects or young firms. Indeed, by choosing to use platforms such as Kickstarter, you are given access to a much broader network of potential customers; a lot more people will have access to your project due to the platform's notoriety, the large amount of markets in which the platform is already operational and the number of registered people in the platform. It will thus be much easier for entrepreneurs to build their network of customers potentially interested in their business.

d) Conclusion

We can conclude that foreign platforms activity in the Belgium market only started to appear very

recently; in addition, it seems that the only well-installed foreign platform is the reward-based CFPs “KissKissBankBank”. Thus one cannot argue that foreign platforms in Belgium are stealing the market of national platforms. And, even if in the near future, foreign platforms start to operate in the Belgium market it seems that it would likely have a positive impact in the market. Indeed, not only would the national market expand but it also would “*make the market more competitive and thus more effective*” (E) as it would “*force platforms to improve their conditions and services*” (F) to maintain their competitive advantage.

On the other hand, even if foreign platforms don’t install themselves in the Belgium market, sometimes it is the Belgium entrepreneurs that leave the country to seek funds in foreign markets. There is already concrete evidence that some Belgium entrepreneurs are currently leaving Belgium. Some successful campaigns have already collected funds in foreign markets. This competitive pressure exerted by foreign markets is likely to be stealing some opportunities that could have been funded in the Belgium market. I thus decided to approve hypothesis 6, as foreign markets are attracting Belgians to their countries, which could contribute to explain why Belgium is lagging behind. But, if we go deeper into this argumentation, one could say that the success of Belgium abroad could also help grow the Belgian market as it could be attracting the Belgium media’s attention and thus make the Belgium population aware of the existence of the mechanism. Indeed, some successful stories of Belgium Crowdfunding abroad have already drawn the attention of the Belgian press. We can give the example of “maily.com”, or “Slidenjoy” that deserved a place in Belgium press such as LeVif and RTBF respectively (RTBF, 2015 & LeVif.be, 2012).

Looking to these successful cases abroad made me curious to know more about the Belgian legislation regarding crowdfunding: is it beneficial for entrepreneurs? Does it give incentives for people to invest? In the next section, I will be focusing on this aspect.

F. The Regulatory framework in Belgium

a) Theory

As Mr Christophe Majois stated, “*what is true is that the regulatory framework decides what can and cannot be done*” (D). So having a strict regulation can impact the development of crowdfunding in a country. Both investors and entrepreneurs have rules to follow and those rules sometimes can incentivise entrepreneurs and firms to use Crowdfunding, or conversely, it can discourage them to use this mechanism. The same follows for investors. Now it seems that the Belgian crowdfunding market is weaker than its neighbours. Could it be due to the regulatory framework in Belgium? Is it too strict?

To further explore this question, I decided to test this assumption:

Hypothesis 7: Until now, the regulatory framework in Belgium has been too strict which has been slowing down the market development of Crowdfunding in Belgium.

Crowdfunding does not yet possess a specific legal regulatory framework neither in Europe nor in Belgium. It is therefore the national financial legislation that regulates these activities. Even if no specific framework exists, some countries are already alleviating their laws to support the phenomenon of CF. In Belgium it is the FSMA (Financial Services and Markets Authority) that regulates the crowdfunding activity (Prez & al., 2014).

It is important to specify that a big part of the growth of crowdfunding in Belgian's neighbouring countries it is due to P2P consumer Lending. Indeed only in 2014, the UK raised about 1000 million € with P2P consumer lending, in France P2P Consumer Lending represents 80 million € from the 154 million euros raised by crowdfunding in 2014. It seems that in neighbouring countries, the most successful model of crowdfunding has been P2P consumer lending; this could explain why in general crowdfunding in Belgium is lagging behind its neighbouring countries as *"this form of crowdfunding as taken a lot of importance in other countries and it is basically non-existent in Belgium because it is not permitted"* (D). But even if we take off P2P consumer lending, there is still a visible gap concerning crowdfunding between Belgium and its bordering counties. So let us have a look into how have legislations been working for investors and entrepreneurs?

b) How have legislations been working for entrepreneurs and firms seeking funds?

According to my interview it seems that both investors and people behind the MyMicroInvest platform consider that the FSMA is doing a very important job for the development of crowdfunding in Belgium: *"I think that the regulatory framework is adequate"* (B); *"I think that it is essential to protect investors as the FSMA does"* (E); *"I think that they are doing an important task and its is logical that they want to warn the public of the risk involved with investments"* (F); *"I think that in general the FSMA is doing a very good job"* (G).

On the entrepreneurs' side the most important rule to adopt is the *"the prospectus rules; it is decided at a European level that below 100 000 € you cannot request a prospectus; above 5 million € there is an obligation to publish a prospectus; and between 100 000 € and 5 million € it is the national authorities that decide if a project needs a prospectus or not. So between countries there are differences as there are some that don't specify that there is a need for prospectus above 5 million €"* (D). Until last year, every project above 100 000 € had to provide a prospectus in Belgium. There was a major change brought-in during 2014; with the maximum amount of capital allowed to be raised, without being subjected to a prospectus going from €100.000 to €300.000 (providing that there is a maximum contribution of €1.000 per investor). The prospectus is an obligation that discourages many entrepreneurs, as the cost of doing it works out at around € 10,000 and it has a validity of 12 months. Indeed this *"obligation to publish a prospectus is too heavy and costly for companies, especially when it is a young company supporting a project under development. They must prepare a document containing all the necessary and adequate information to enable investors to access and know about its financial position, its heritage, its prospects and so on."* (LexGo 2014).

But even if FSMA is doing a great task assuring that everything is being done legally, it seems that everybody agrees on the fact that Belgium regulation is quite strict and heavy for entrepreneurs, even after recent changes on the prospectus exemption. According to my interviewees, *"the regulatory environment in Belgium is important, strong, structured and constraining"* (B) and *"it is still too restrictive, even if the constraints have been loosened compared to last year. The administrative process is still too heavy for entrepreneurs "* (C); *"The legislations are also quite heavy for companies: you need a certain amount of capital and there are a lot of rules to respect and so on; the legislation is not in favour of "light companies"* (D).

Indeed, according to the CEO and Co-founder of Newsmonkey, Mr. Patrick Van Waeyenberge: *"just to prepare all we had to deliver from a legal point of view, it took us about 4 months (...) in Belgium for people who want use crowdfunding it is nearly the same amount of files you have to give to the government, as if you wanted to enter the stock market exchange. You have to provide more than 100 pages explaining your business model. I think that is not normal. And that is a major barrier for people to raise money"* (F).

It seems that the heavy legislative requirement for entrepreneurs and firms willing to use crowdfunding in Belgium, could be one of *“the major elements explaining the situation”*(D). Some suggest that *“easing the requirements of the legislations devoted to companies and entrepreneurs would certainly be a good way to stimulate the market development”* (G) of crowdfunding. It seems logical that *“if a country wants to do it, it has to make it easy for people to do it”* (F).

But it is also very important to find *“the right balance between the flexibility given to investors and the level of protection for investors”* (E). In a certain way it is positive for Belgium to maintain a strong regulatory framework; indeed *“if its spread well monitored, that is how it will enable crowdfunding to evolve properly through time”*(B).

c) What about legislation for investors and the “crowd”

Even if Belgian people seems to be quite reluctant to take risks, it looks like that till now, no major incentives have been given by the government and regulative authorities to encourage investment in young companies and entrepreneurial ventures. If we compare Belgium to its neighbouring countries *“there are policies encouraging this kind of investment in England; in France, there are tax deduction policies regarding the ISF when you invest in young companies; whilst in Belgium until today, policies motivating people to invest have not yet been adopted”* (G).

Till now there is nothing *“extremely exciting from an investors perspective... and there is a lot of money sitting in saving accounts in Belgium; we must find more incentives for people to invest in SMEs. Indeed it is the new economy that drives innovation and it is extremely favourable for growth and job creation.”* (C).

“However, the situation is changing” (G), an exciting a fiscal policy arrangement has been made very recently: “Start-up plan”. Indeed from the 1st of July 2015, whoever buys shares in the capital of a company via crowdfunding in Belgium, will be given a tax advantage in their personal income tax. Thus there will be:

- A tax reduction of to 45% in the amount invested for investments in micro-enterprises.
- A tax reduction of 30% in the amount invested for SMEs. Participatory capital

An investor cannot invest more than 100,000 euros / year through the tax shelter. And every investment cannot exceed more than 30% of the company's capital. If this level is exceeded, the tax reduction is limited to 30% of the company's capital.

Regarding business lending based crowdfunding, whoever invests in debt instruments via a crowdfunding platform ("credit crowdfunding") will benefit from a tax advantage in the form of an exemption withholding tax on interest of the first 15,000 euros loaned a year. It is also important to point out that these tax benefits are only valid for investments made via platforms approved by the FSMA (Digital Belgium, 2015).

This initiative intends to support and foster entrepreneurship and small businesses, as it plans to give a reduction in labour costs reduced through the introduction of a non-payment of the withholding tax system for start-ups. Thus, the start-ups will be exempt of paying a portion (20% or 10%) of the state withholding tax (Digital Belgium, 2015).

d) Conclusion

It seems that *“Compared to our neighbouring countries the Belgian regulations regarding*

crowdfunding can be considered rather strict. Although the main task of the regulation is to protect both the investor and entrepreneur in the entire investment lifecycle, it can restrict growth in some cases."(KPMG, 2014, p.9). We can conclude that, until now, the regulatory framework in Belgium has been a major retardant to the growth of crowdfunding in Belgium. And so I decided to approve hypothesis 7. In some way this can be seen as positive, because the Belgian regulative institutions are actually doing their best to ensure a safer future of crowdfunding. Indeed, by controlling the viability of the proposed projects, it is more likely that the project that succeeds in raising funds, will in the future respond to investors' expectations.

And just recently the Belgium government has updated its fiscal policies regarding investments in entrepreneurial projects and start-ups. The modifications aim to foster investment in young companies by giving fiscal incentives to investors. This is a promising piece of news for the future of the Belgian crowdfunding market.

However, even with all these modifications, some entrepreneurs still think that there has to be some major improvements in the regulatory requirements for entrepreneurs and small businesses alike: *"Even with all the recent modifications, it is still too complicated for entrepreneurs who want to start their businesses.... if a country wants to do it, it has to make it easy for the people to do it"* (F).

Until now, the European country that has put the more attention in improving its regulation to better-incorporate CF in their financial market seems to be France (Prez & al. 2014). Indeed, it seems to be the first UE country to develop a regulation that is specific to crowdfunding investments. Other countries like the UK, Italy and Germany, are also trying to improve their regulations regarding CF by updating already existing jurisdictions (Crowdfundinsider, 2015b). And Belgium also seems to be adopting exciting improvements. But perhaps following the example of France to build a legislative system specifically focused in crowdfunding, would be a good way of catching up for Belgium.

G. Results of the Analysis

To better visualize the results of the analysis, I have decided to build a table with all the tested hypothesis:

THE BELGIUM CULTURE
• Hypothesis 1: The Belgium Culture is not especially familiar with the practice of E-commerce and so does not show great trust and interest for the phenomenon of crowdfunding. ==> assumption not endorsed, need of further investigation • Hypothesis 2: Belgium's availability of entrepreneurial finance stays the lowest compared to its neighbouring countries and so we could deduct that the small offer of such services for entrepreneurs and small business is slowing down the growth crowdfunding in Belgium. ==> Hypothesis approved but further investigation would be wise • Hypothesis 3: Demand for seed financing is not yet very large in Belgium, which could be a factor slowing down the development of Crowdfunding in Belgium. ==> Hypothesis approved
EDUCATION & KNOWLEDGE ABOUT CROWDFUNDING
• Hypothesis 4: There is a weak knowledge and education regarding crowdfunding in Belgium. That could be one of the reasons for the Belgium delay. ==> Hypothesis approved
PLATFORMS & THE COMPETITION INVOLVED
• Hypothesis 5: There is low number of crowdfunding platforms in Belgium, which could be delaying the Belgium CF market to grow properly. ==> Hypothesis approved but further investigation would be wise • Hypothesis 6: There are strong and attractive Crowdfunding markets abroad. In addition, foreign platforms are starting to expand their business to Belgium; foreign markets and platforms could be stealing the potential of Crowdfunding in Belgium. And thus, this could be a reason why Belgium is falling behind its neighbouring countries. ==> Hypothesis approved
REGULATORY FRAMEWORK
• Hypothesis 7: Untill now, the regulatory framework in Belgium has been too strict which has been slowing down the market development of Crowdfunding in Belgium. ==> Hypothesis approved

Figure 21: Overview of the Analysis

Even if it is likely that there are other factors, I consider that with the information collected by this analysis, there is already a good chunk of information explaining why Belgium has been lagging behind its neighbours.

First of all it looks like it is primarily a question of culture and mind-set. Indeed, it seems that people in Belgium are quite conservative. Compared to its neighbouring countries, when it comes to

investing, Belgians are more risk-averse. The same goes for Belgian people's willingness to start a business and be independent. Indeed, in neighbouring countries such as the UK, people have a much stronger entrepreneurial spirit; they are far more used to take risks and launch new ventures and projects. So both parts of the equation seem to be an important explanation for the actual situation in Belgium. Both the demand and supply of seed financing for entrepreneurial ventures and small businesses are weak in Belgium compared to its neighbouring countries.

However, even if culture is an obstacle to foster the phenomenon of Crowdinvesting in Belgium, it seems that the market is not yet exploited to the most of its potential. Two key aspects can support this argumentation:

- There seems to be some lack of education and knowledge in Belgium about this mechanism. Both the entrepreneurs and the Belgium population are poorly informed about it, which certainly has not contributed to foster the growth of Crowdfunding in the country. It also looks like that there has not yet been any media reporting on crowdfunding's major players in Belgium.
- The legislative framework regarding crowdfunding in Belgium has until now been very preventive and constraining. Compared to its neighbouring countries, Belgium seems to be rather strict. And this is both for investors and small businesses and entrepreneurs. Indeed, until now very few incentives were offered for people to invest. Also, regulators seem to make it very complicated for entrepreneurs and small businesses to start their ventures and raise funds. Regarding, the prospectus exemption, it is not required to provide a prospectus if the amount raised does not exceed 300 000€. But between 100 000 € and 300 000€ this is only valid if the contribution per investor does not exceed 1000 €. As there is a big quantity of investors willing to invest more than 1000 €, if you are not willing to provide a prospectus, most of the projects are limited to the amount of 100 000 €. (KPMG, 2014)

Furthermore and until now, it seems there has only been 2 major crowdinvesting platforms operating in Belgium: MyMicroInvest & LooknFin. In my opinion, this small number of professional platforms could be one of the factors explaining why Belgium has been lagging behind its neighbours. (But it is really difficult to clearly state if the number of platforms is or is not enough, so further investigations should be conducted to really endorse this assumption). In any case, the amount seems rather small if we compare with other countries, even taking into account the differences in size of the population in each country. For a market that is growing more than 100% per year, it seems that if there were more platforms the growth would be bigger. And not only bigger, but by having more platforms it would stimulate more competition and so platforms would have to improve their services and conditions.

Last but not least, there is some evidence that Belgium entrepreneurs are leaving the country to seek funds in foreign markets. The competitive pressure exerted by neighbouring markets is likely to be stealing some opportunities, which could have been funded in the Belgium market.

Nevertheless, there is some good news and the situation in Belgium has been improving recently. Here is a list of such improvements regarding crowdfunding since 2014:

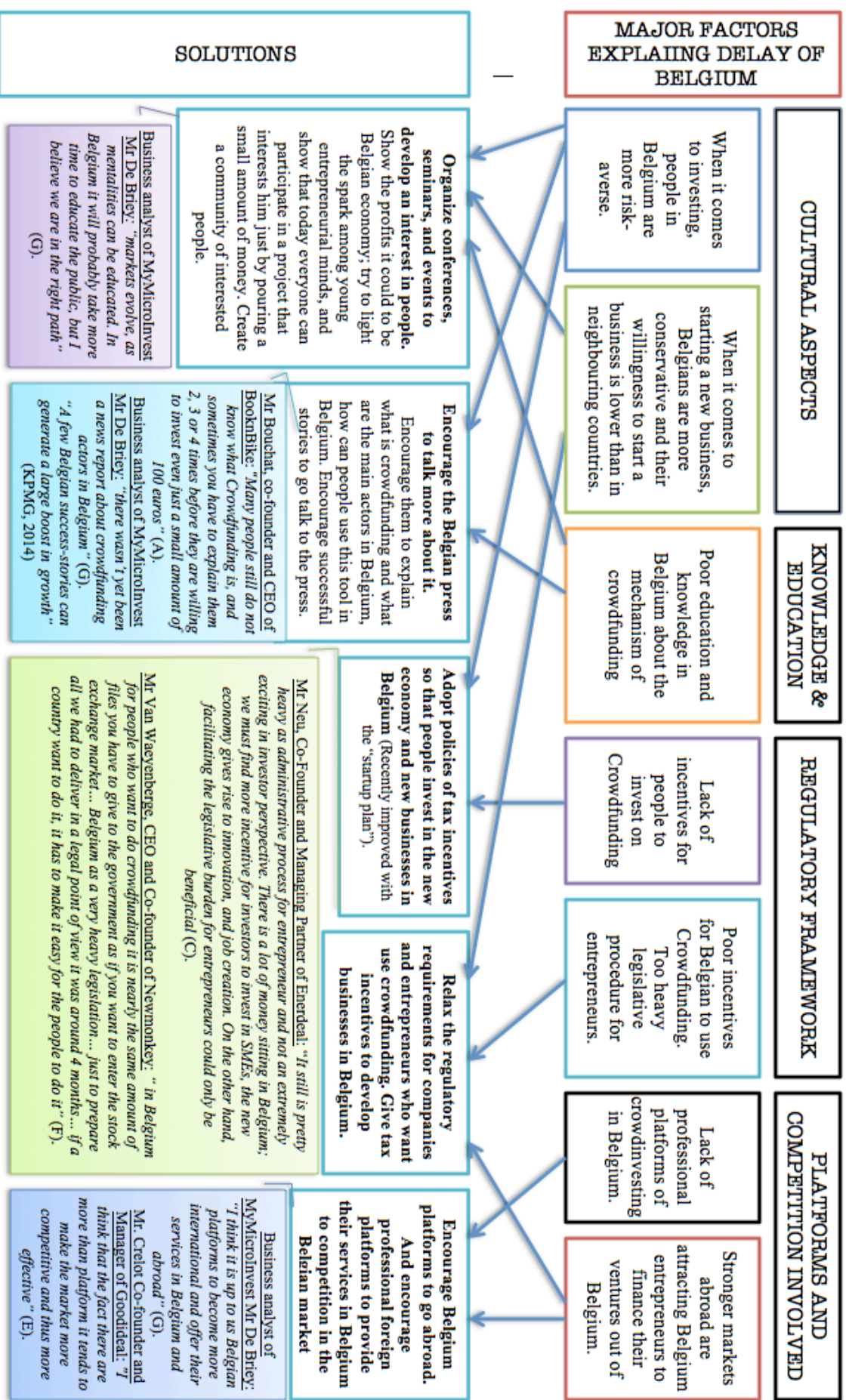
- The media is giving more attention to this phenomenon; indeed with successful stories of cases in Belgium and Belgian entrepreneurs abroad, we see more and more articles about Crowdfunding. For instance there is the case of Newsmonkey that generated hype in

Belgium and the successful campaigns such as “Mainly” or “Slidenjoy” that were realised abroad by Belgian entrepreneurs were given a place in the Belgium press such as LeVif and RTBF respectively.

- The number of professional crowdfunding platforms is increasing in Belgium: in the last year, another 2 platforms of crowdfunding were launched: Bolero Crowdfunding and angel.me. One was launched by a bank and another by Bart Becks, the former CEO of Belgacom skynet that had already developed partnerships with strong firms such as GDF-Suez, Securex and Truvo. (RTBF (2015) & LeVif.be (2012))
- Belgium platforms are starting to operate cross-borders. Indeed Mr Guillaume Desclée, the COO & CMO of MyMicroInvest states that: *“We are also active in France, Germany, Holland and Spain, so there really are no boundaries in Belgium”* (B).
- New fiscal policies have been adopted to encourage people to invest in start-ups and small businesses in Belgium. These laws have come into play since the 1st of July 2015 and they primarily involve cuts in the tax rates applied for individuals, who invest in small businesses and start-ups. (Digital Belgium, 2015).
- Now that KBC has launched its own platform and you *“see banks developing relationships with crowdfunding platforms”*, more people are being informed, both in the investors’ and entrepreneurs’ side. Indeed banks are also sharing information about this mechanism and *“talking about this option to entrepreneurs seeking funding”* (D).

Now that we have seen what are the possible reasons for the Belgium delay and that some improvements have been made, I think that it would be interesting to provide some advice to encourage Crowdfunding in Belgium. That is why I have created final a section where I have incorporated a representation of the several factors explaining why Belgium is lagging behind its neighbours and suggest some solutions that could help catching up in this delay. (The solutions suggested are based on the interviewees’ opinion, research about the subject but also in my personal opinion; it is important to understand that these are not all the measures that can be adopted, but just some advice).

H. Road to success of Crowdfunding in Belgium



Chapter V: What does it take for a campaign in MyMicroInvest platform to succeed?

In this chapter, I aim to understand what are the factors contributing to the success of a crowdfinancing campaign. I will specifically focus on the Belgium platform MyMicroInvest. In my analysis I will formulate some assumptions regarding the success factors of a crowdfinancing campaign. To test these assumptions, I will conduct a qualitative approach by combining several past empirical studies with interviews I have conducted (for further information about the methodology used here, I invite you to read the section “Methodology” in the Introduction of this paper).

A. An overview of the MyMicroInvest platform

Before looking at how to run a successful campaign in MyMicroInvest, let us see how the platform works. I have thus decided to base the information available about the platform to built two representations:

i. From an Investors' perspective

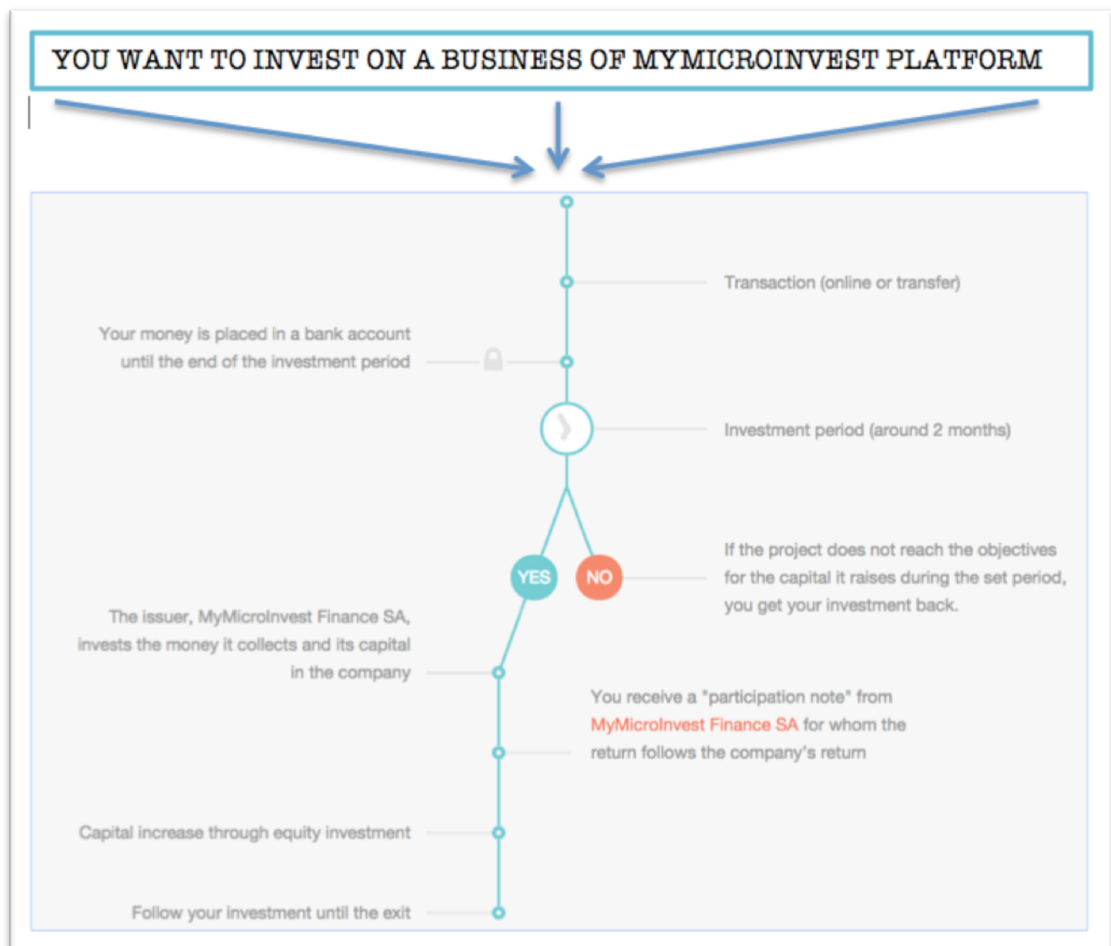


Figure 22: Investment process from the investors' perspective
Source: www.mymicroinvest.com/fr/about/transcation

ii. *From the Entrepreneurs' and Businesses' perspective*

It is important to specify that the platform works with an all-or-nothing model. So for a project to be financed it must at least succeed on raising an initial targeted amount. There provide two types of Crowdfunding: the lending-based model or the equity-based model.

It is important to point out that the platform also provides a service of co-investing; so part of the funding can come from the crowd and another part from a group of professional investors such as Business Angels. Let us have a look to this representation to better understand the different steps of financing a business in the Belgium platform, MyMicroInvest:

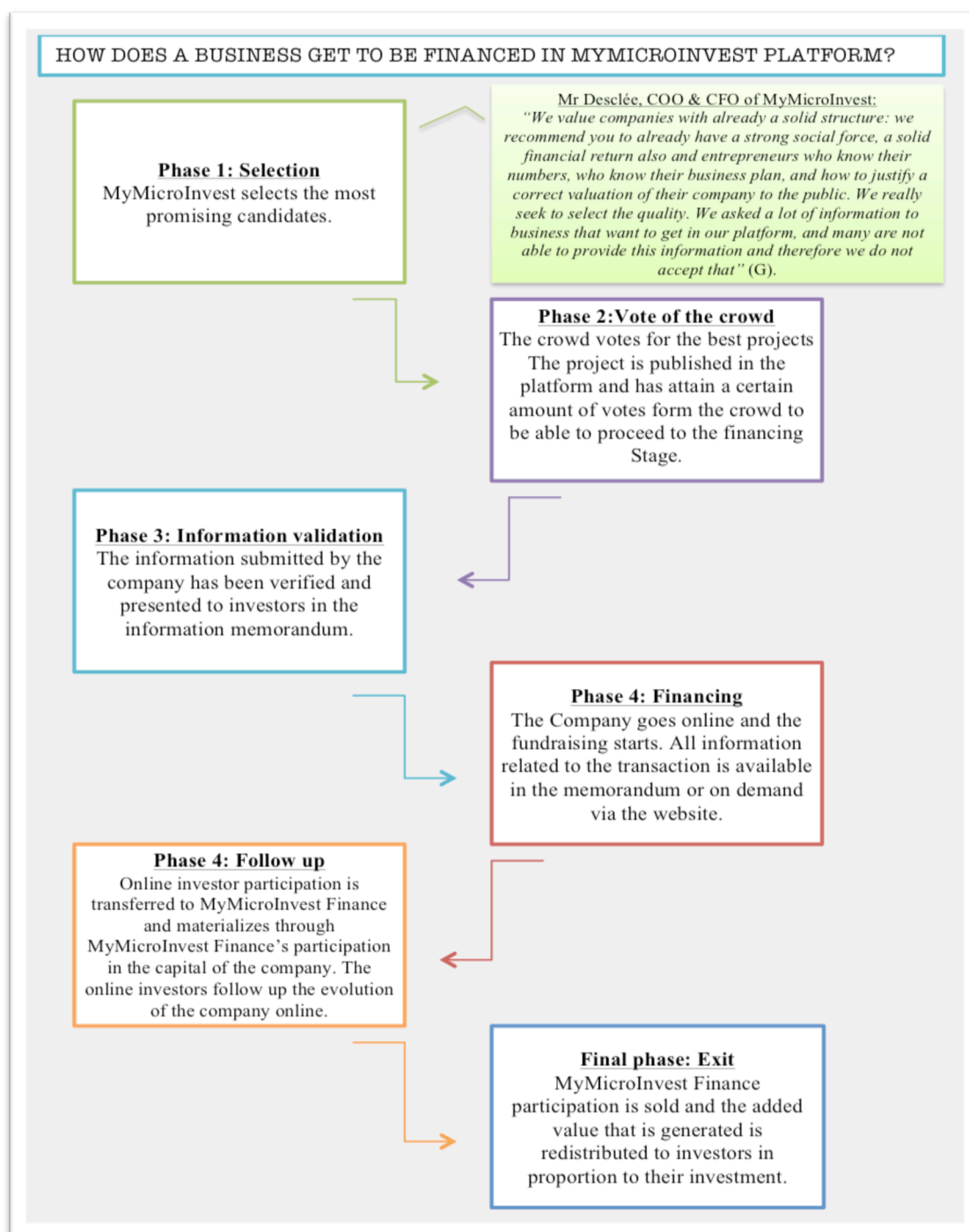


Figure 23: Investment process from the entrepreneurs' perspective
Source: Source: www.mymicroinvest.com/fr/about/crowd

B. What drives the success of a Crowdfunding campaign

In a perfectly efficient market, at any given time, all information should be equally and fully accessible to every market participant. Therefore the success of a campaign should depend on the quality of a project. However, quality is not perfectly perceivable and other factors other than the quality of a project itself have an influence in the funders' decision when investing in a project (Belleflamme & al., 2015). Sometimes, investors fall outside the rational scope and let their investment decision be taken by emotions (SpaceTec Capital Partners, 2014). And so information asymmetry together with irrational quality signals may also drive funders to decide whether or not to invest in a project (Mollick, 2013). These factors could be depreciating quality project that become less attractive due to factors other than quality. Therefore it is essential for campaign funders to understand these drivers, and to take them into account when trying to raise funds through crowdfunding. My goal in this chapter is to understand what drives the success of a crowdfunding campaign in the MyMicroInvest platform. To do so, I combined what **literature and scientific studies** have proven to be the drivers of a successful campaign, with the **opinion of entrepreneurs that ran their campaigns in the MyMicroInvest platform**, and **interviews with important actors of the MyMicroInvest platform**. I also completed my analysis by gathering information publicly available on the platform. Last but not least, to maximise the diversity of opinion among the entrepreneurs I interviewed, I decided to select projects that had different level of success in their campaigns by interviewing the following:

Name	Company	Status in Company	Percentage of funds collected over the targeted amount	Level of success
Mr Patrick Van Waeyenberge	Newsmonkey	CEO and Co-founder	320%	Extreme success. Till now it is the most successful in MyMicroInvest.
Mr François Neu	Enerdeal	Manager Partner and Co-founder	160%	More than successful
Mr Christophe Bouchat	BooknBike	CEO and Co-founder	111%	Successful
Mr Dimitri Crelot	Goodideal	Manager and Co-founder	29%	Not successful

After putting together all the information collected on the subject, I found that there are 5 major types of drivers that can influence the success of a campaign in the platform MyMicroInvest, other than the actual quality of the project (See Figure 24 below).

In this section I will explore each of these drivers and try to emit hypothesis; and I will test these hypothesis looking at empirical studies conducted on the subject, the opinion of important actors in the Belgium crowdfunding scene and several entrepreneurs that succeeded/failed their crowdfunding campaigns in Belgium. By providing useful insights about how prepare a campaign, how funders decide to invest and how to emphasize the quality of a project, my ultimate goal is to help quality projects to succeed in their crowdfunding campaign. Let us now look at those drivers.

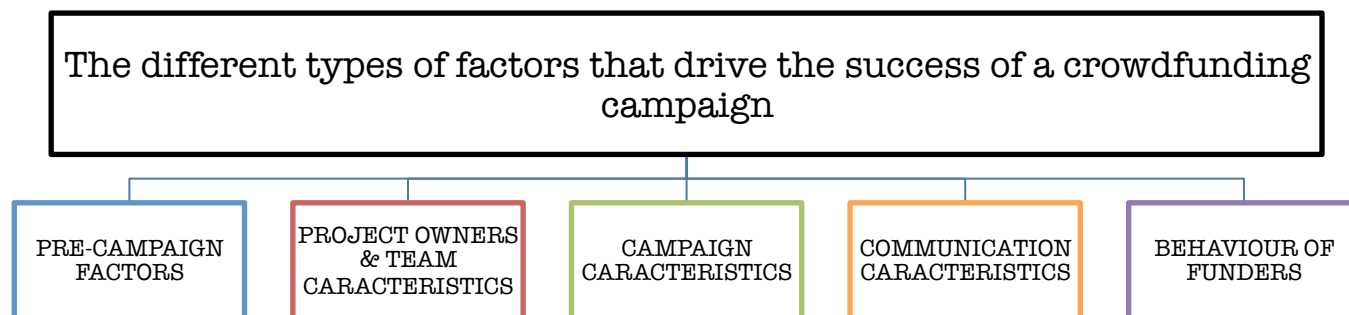


Figure 24: The different types of factors driving the success of a crowdfunding campaign

C. How to ensure success before launching your campaign?

In this section I aim to understand if it is possible for entrepreneurs and businesses to ensure success before even launching a campaign. So the goal here is to see if indeed that is possible and if that is the case, how to do it. That is why I have decided to formulate this first assumption and to test it afterwards against all the information gathered:

Hypothesis 1: There are several ways for entrepreneurs to increase the probability of reaching the funding goal before even having launched the crowdfunding campaign.

To answer to this question, my first instinct was to look at the literature and the research that had been conducted to see if there were already any studies that validate this hypothesis. But, at the end, I did not find many studies focusing on this particular feature at all. Indeed, research is often and mainly based on data that is available on crowdfunding platforms and so it is more often information that can help determine factors contributing to the success during the period of the campaign, and less on what can be done before the campaign. As I also conducted some interviews in my study, I was able to gather information that is not visible on the platform and that helped to answer this question. When conducting these interviews I could:

- On one hand, ask the entrepreneurs about their experience as fundraisers and find out what they did before the campaign and so uncover mistakes to be avoided and important steps not to be underestimated.
- On the other hand, with the answers provided by important actors in the MyMicroInvest platform, I was able to collect serious advice on how to be prepared before a campaign. Indeed, with their experience in this field of crowdfunding and the fact that they are constantly watching campaigns succeeding and failing, their opinion was very valuable.

So there are several ways for entrepreneurs to maximise the probability of success of their campaign before even launching it.

i. Important notes to think about before selecting Crowdfunding

With all the information gathered, I noticed that there are four aspects that can be useful before deciding to launch a crowdfunding campaign:

a) Is Crowdfunding the best solution for your project?

First of all, it is important to find out if crowdfunding is the best solution to finance your project. What is crowdfunding going to bring to your project?

Crowdfunding is nowadays the solution for a lot of entrepreneurs and businesses to find funding for their projects. But this mechanism only really makes sense when you have a particular reason behind it. If you use crowdfunding just to find funds it will be more difficult to convince the crowd to invest on your project. Indeed you have to convince your crowd, you have to give them a reason to invest in your business. As Mr de Briey (the Business analyst of MyMicroInvest) stated: *"It is essential to understand why you would use crowdfunding; what is the interest of crowdfunding in my project? I mean it's like everything in life, if you do not have a specific interest and clear objective when you do something you will have much less motivation to do it. And especially, if you use crowdfunding because it makes sense for your project, you will prepare it much better because you will anticipate what to do to achieve those objectives"* (G).

When looking how entrepreneurs answered the question: *"What motivated you to use Crowdfunding?"*, Mr de Briey's statement makes perfect sense. So let us consider the example of the company Newsmonkey, that until now, seems to be the most successful campaign ever on the MyMicroInvest platform. Mr Van Waeyenberge's answer was: *"In our case, the financial aspects weren't the major motivation; it was especially because we were creating a new brand and so we wanted since the beginning investors for a brand and this is why we did it with Crowdfunding (...) it was merely the idea to get a thousand participants rather than a general budget. Our goal was mainly to attain this number of participants, we thought it would be fantastic to find a thousand people that want to participate in the capital of the company"* (F). So Newsmonkey had a reason to use crowdfunding, they had a motivation other than the financial aspect; and that certainly was a strong starter to determine how to prepare the campaign and anticipate the right moves to reach their goals.

It looks that having a clear objective and interest before deciding to use crowdfunding can be useful. It is important to *"to have a clear goal (...) there as to be a reason to choose to have a load of investors. Crowdfunding is not a good solution for everyone (...) Sometimes it can be easier to fund money with private investors"* (F).

b) Save money to invest on your own project

When asking the question *"Do you have any advice for entrepreneurs before trying to start a crowdfunding campaign?"* to Mr Bouchat (CEO and Co-founder of BooknBike), he answered: *"The first advice I can give is: to put money aside during the phase where they are still trying to figure out 'the good idea' so that when things are ready, they can invest X thousands of euros in their own business. Because the more you bring to your project, the easier you will spread trust and so find the amount that is missing in the crowd or among investors"* (A). And so bringing your own funds into your project is a way of showing commitment and ambition, which can increase investors' trust in your project. This is a small detail, but details can make the difference; I found that it would be interesting to integrate this advice even if it is not a critical factor.

c) The theory of reciprocity

So far, I have focused on my interviews, but this time, it is an empirical study about the phenomenon of reciprocity in crowdfunding platforms, that will support my argumentation. Indeed,

Zvilichovsky & al. (2014) seem to be the first to study and focus on the effect of reciprocity in the likelihood of success of a crowdfunding campaign. In this research, they test several hypotheses about the project owners' experience as project backers. Its results show that "an owner's backing-history has a significant effect on financing outcomes; and that campaigns initiated by entrepreneurs who have previously supported others have higher success rates, attract more backers and collect more funds" (Zvilichovsky & al., 2014, p.1). Interview G pointed out a easier way to illustrate the logic behind the concept of reciprocity: *"If you greet me in the morning, I will also be inclined to say Hello to you in the evening; I think it can be helpful but it is not a major factor for the success of a campaign"*.

So, before launching a campaign, maybe the backing of other projects can be useful to attract more investors when it will be your turn to raise funds. Among the 4 entrepreneurs I interviewed, 2 out of the 3 that succeed on raising the funds stated that they had already backed other crowdfunding projects before, while the entrepreneurs that did not succeed on raising the funds had never backed other projects the form of crowdfunding. Again, this is only a detail and not a major driver but it is still interesting to notice.

d) Make sure to match MyMicroInvest exigencies

MyMicroInvest is a platform that is rather strict when it comes to selecting the businesses they decide to integrate in their platform. Indeed they really focus on promoting quality projects to ensure the protection of investors and make sure all regulatory requirements are respected. According to Mr Desclée (CMO and COO of MyMicroInvest), there has been more than 1000 requests in their platform this last year and so far they have financed less than 30 projects. Mr Desclée (B) also specified some features they value when selecting the businesses to integrate in their platform:

- Businesses with a solid structure
- Businesses with a strong social strength/ notoriety
- Businesses with a strong financial return
- Entrepreneurs who know how to justify their value, who have a clear business plan
- Entrepreneurs who are able to give a correct valuation of their company to the public
- We do not take-on business's that have just launched in our platform

In this first part we focused on some features regarding what can be done before deciding to use crowdfunding. The most important aspect seems to be the motivation that a business has when choosing Crowdfunding. Indeed if you have a clear objective, it is already a good starter to determine how to prepare your campaign and anticipate the right moves to reach your campaign's goals. As for the other aspects, alone they can look quite insignificant, but if we consider them all together, they may have a real impact.

ii. How to ensure your campaign will succeed in MyMicroInvest?

a) Key aspect: Anticipation and preparation to create conditions of success

When asking the interviewees what were the factors they considered more important to ensure the success of a campaign, "anticipation and preparation" were mentioned several times as the number one success factor. And indeed when looking at the answers provided by entrepreneurs to "How much time did it take for you to prepare your campaign?", it looks like there is a positive correlation between the time spent on preparing the campaign and the success of a campaign. The business that

didn't succeed the campaign was the one who devoted the least time for preparation: *"We did it really fast (...) in less than two weeks we had completed and validated all the documents we needed"*(E). Whilst looking to the answer provided by the businesses that succeeded their campaigns, it took them around four months to prepare everything before the campaign.

"It actually takes a lot of preparation, it is important not to underestimate that" (C); according to the interviewees answers, this looks like the main aspects required to ensure a correct preparation of a campaign are:

- *"Prepare the whole fundraising operation thoroughly so that the day the campaign is launched, the entrepreneurs **already have a very concrete plan of all the action they have to take to communicate the campaign**"* (B).
- *"You should try before even launching the campaign to **have already built an investor circle.**"* (B); *"If at the beginning you already have a good base that believes in your project, others will also believe in you more easily"* (C)
- *"It is important to **pre-validate your project** by people you know before the campaign, it can be useful to adapt and fix some aspects of your project and campaign"* (C).
- *"Before the campaign, it is necessary to **try to mobilize ones entire network of friends** to invest in the first second that the project appears online"* (B).
- *"You have to start working in advance, **it is important find out about the platform, and how they proceed during the campaign.** Because it can look very pretty from the outside and one can think that everything will go well"* (E).

We have seen that preparation is essential, but before preparing your campaign it is important to anticipate how you will do it. *"Anticipation is a key success factor; it allows you know how to prepare yourself for the fundraising campaign before you launch it"* (B). In the previous section, we mentioned that having a clear reason behind the use of crowdfunding was key to anticipate how to prepare the campaign. So, let us take a look to again to the case of Newsmonkey. Had they at least one reason behind the use of crowdfunding? : *"(...) It was merely the idea to get a thousand participants"* (F). Since they had a clear goal, they were able to anticipate how to prepare themselves to achieve this goal. How could they reach a thousand participants? Well, one way to do it is to look at the market and check out the potential group of people targeted by the service you want to provide: *"We were planning on targeting people between 18 and 38 years old"* (F). Since they knew who could be their potential customers, they wanted to allow them all to be part of funding process, so they could anticipate how to open the doors to all their potential consumers who wanted to invest: *"We though it was important to let young people to invest on our project, so we asked MyMicroInvest to allow smaller contributions because in their platform normally contributions start at 100€ and we asked them to lower it to 50€ because we wanted young people that are a target group for our business to also invest. And indeed that worked out because we had a large group of young people that contributed smaller amounts of 50€"* (F). The logic is simple: find reasons why you should use crowdfunding and anticipate actions before launching the campaign to maximize the likelihood of achieving those objectives.

Another interesting illustration is the case of Domobios: the anti-mite product. This company has also tried to raise funds to fund their project on the MyMicroInvest platform. They wanted to raise funds to commercialize their product. They wanted to sell an anti-mite kit to people allergic to it, through a network of pharmacies. How could they ensure the success of their campaign? *"If they manage to be financed by pharmacists and by people who are allergic to dust mites they have already won the campaign. For these people it's a win-win situation if the company grows; pharmacists will recommend the product to their customers and people allergic to dust mites will*

recommend the product to their friends who are allergic to dust mites. And that is how they managed to develop and pull enormous value from making a crowdfunding campaign: by getting to these specific communities of people. But these communities they did not know the firm or product. The communities were found by organizing and preparing for the campaign! It is essential to anticipate, and create conditions for success. Just like everything, any other presentation, a good report or a campaign, there is a need to plan a certain number of actions and then take the time to prepare for it” (G).

b) Don't underestimate the administrative burden required by the legislations

According to a recent study by KPMG a major reason explaining why Belgium is lagging behind its neighbouring countries, is the fact it has a strict regulation: “Compared to our neighbouring countries the Belgian regulations regarding crowdfunding can be considered rather strict” (KPMG, 2014).

When looking at the Interviewee opinions, it seems that there are a lot of requirements when someone wants to start a crowdfunding campaign, at least for entrepreneurs. As interviewee F stated: *“Belgium has very heavy legislation around this mechanism, so just to prepare all we had to deliver in a legal point of view, it took us around 4 months (...) in our case, we had to give a file of 120 pages to the FSMA to explain in detail everything about our project (...) it is nearly the same amount of files you have to give to the government, when you want to enter the stock exchange market.”*

It is really important therefore to make sure to give it plenty of time to prepare all the documents required by the FSMA before wanting to launch the campaign, because, if we do things at the last minute that could interfere with the precious time you have to prepare your campaign.

c) Make sure you have someone good at speaking to a large public

MyMicroInvest has a special way of promoting the projects they integrate in their platforms; indeed not only they provide a web-platform where everyone can invest, but they also organize live sessions of Crowdfunding to promote the campaigns. There is therefore the need to make a good impression and convince your crowd about your project when you present it live. And as Mr de Briey said, it is really important to have someone that knows how to speak to a large crowd. Even if *“your project isn't that innovative and the idea is not genius, if you have someone who knows how to structure clear messages to the crowd that gives confidence to your listeners, so your chances of succeeding are higher”* (F). There are already several studies that have been conducted to explain how to pitch to a crowd of potential investors. But as my major goal is not to explain how to present your business to investors, I am not going to give an insight into this subject. It is nevertheless significantly important for project creators to prepare and inform themselves about it, in order to maximise the succeeding chances of their presentations. This is really important as it is your chance to make a good impression about you, your team and your project, and if you fail on doing so, it might discourage people to invest on you.

iii. Conclusion

It appears that indeed there are several ways to increase the chances of succeeding your crowdfunding campaign before launching it. I have thus decided to validate the first hypothesis. It looks like the most important aspect is to by first understand the added value of using crowdfunding to fund your project, then set your goals to anticipate actions before launching your campaign and

take time to prepare in order to maximise the chance of succeeding. Also, it is important to not underestimate the legal requirements of choosing crowdfunding. Belgium possesses strict legislation regarding the subject and there are heavy administrative burdens to respect before launching a campaign. Another important aspect, is knowing how to pitch to a large public or potential investor. Indeed, MyMicroInvest platform allow its entrepreneurs to go through what we call “live Crowdfunding”, it is fundamental to give a good impression when presenting your team and your project. Last but not least, some other aspects, such as reciprocity alone can look quite insignificant, but if we consider them all together, they might contribute to the success of a campaign.

Now that we have seen some ways of entrepreneurs maximising the probability of success of their campaigns before launching them, it would be interesting to see if there are characteristics regarding the project owners and the team behind the campaign, which could influence the decision of people to invest on the project.

D. Project founders & team characteristics

i. The team's importance in the eyes of investors

Behind a project there is always people. The team is what will make a business work. And so by bringing funds into a company, investors are giving the responsibility for the team to manage their money, ensure that the business will work and provide a financial return. The team behind a project is thus essential to the success of a business. Therefore it goes without saying, that investors should be interested in the team behind a project, before deciding whether to invest or not. And so the team behind a project must certainly contribute to the success of a crowdfunding campaign. But, given that with crowdfunding everything happens on the Internet, there is no direct contact between the team and the potential investor. It would therefore be interesting to understand how does an investor analyse the quality of a team behind a campaign. Most of the time, the only material provided to investors allowing them to judge a team is what is available on the platform. When you go to the MyMicroInvest platform, the names of the people behind the projects are given, with a description of his/her professional background (See Figure 25), I decided to use a filter to not share information about the contact).



Figure 25: Information about the people behind a project on the MyMicroInvest platform

Source: MyMicroInvest platform

It would be interesting to understand two aspects: does the composition of the team influences the investment decision; and secondly, does the profile of the project team individual in the social and professional online networks, influence the investors decision? And if it is the case, how is it correlated? That is why I have decided to formulate this assumption:

Hypothesis 2: The profile of the project team individuals in the social and professional online networks influence the investor's decision.

Hypothesis 3: The campaign's team composition, past professional lives and experience as project creators, positively influences the funders the level of trust and therefore also the likelihood of succeeding in raising funds.

As for the social profile of a campaign founder it seems that indeed it has an impact. And according to several studies, it even seems to be a key factor. But where exactly is the correlation? Mollick (2013) conducted an empirical study based on data from the well-known Kickstarter platform and he found out that there is a direct link between the success of a campaign and the number of Facebook friends the campaign founder has. Indeed, the popularity of a founder seems to affect the likelihood of his campaign success. The more friends you have in Facebook, the better it seems to be for your campaign. Nevertheless, it seems better not to have a Facebook account rather than having only a few connections. One could infer that having a large number of connections allows you to expand your campaign, gain some notoriety and attract other people's attention. So by showing that you have a lot of friends gives a positive image about yourself; whilst having only a few, tends to negatively affect funders trust in the campaign's founder.

What about the team's composition? "The team's composition and their credentials play a role, especially for larger campaigns, as conveying trust is of the essence in any type of fundraising."

(SpaceTec Capital Partners, 2014, p.24). It seems obvious therefore that if you are planning on launching a project related to music, a team that has no background in the field of music industry or any past experience as project creators is less likely to succeed the campaign, compared to the same project but with a team that is already deeply involved in the sector and already has baggage as project creator. And as the Business Analyst of MyMicroInvest, Mr De Briey stated: *"In my opinion, the team composition not only can influence the investors decision but it has to. And especially, when you invest in this type of companies, young companies in particular; I have been an analyst for several years in a early-stage investment funds and the n°1 criteria of investment was the team (...) the team is significantly important; that doesn't mean the team has to have experience in this new profession, in (its) this new market, but experience is something that is valued; as well as the behaviour of team etc."* (G). When looking at the comments posted by potential investors in the several projects promoted in the MyMicroInvest platform, I found out that the number of founders can also have impact. Indeed a member of the investors' community in MyMicroInvest commented about this aspect about one project that had 6 co-founders: *"Could you detail the roles and responsibilities of 6 co-founders? This seems to me a too high number of founders and it can become a barrier to the development of the company. This type of problem increases proportionally with the number of founders:*

- *Workload and personal involvement*
- *Disagreement on important decisions (and etc.).*

How do you intend handle this? The cost of a separation between partners can also be very high: in time, energy and ... in lawyers" (www.mymicroinvest.com).

It also looks like the experience and background of founders can influence the decisions of investors. Indeed *"If the entrepreneur has already launched 5 companies and made 5 successes, it is obvious that it should be part of the story you tell investors; it is an element that helps to gain trust in the company"* (B); *"if people can see that you have experience on what you want to do, it is always better and of course people will endorse it more"* (F).

According to a SpaceTec Capital Partners report, the reaction from an active member in the investors' community of MyMicroInvest and the interviews I conducted, it seems that the composition of the team and their past experience could impact the decision of investors. A good way of transmitting trust to investors would be by providing a clear explanation of the added value of each founder in the team and emphasize the importance of each member's past experience.

I have thus decided to validate hypothesis 3, but further investigation could be conducted on the subject.

ii. *A team's professional background and social & personal network: can it help in succeeding the campaign?*

Now that we have seen that in the eyes of an investor, the online social life of a founder and its past experience can impact its willingness to invest, it would be interesting to understand if one can actually use its own social network and past experience to increase the likelihood of success of a campaign. In this section we are not only going to look at the social network but also the professional and personal network. And so the question here is: can the professional / social / personal network of a founder as well as his professional background, contribute to the success of the crowdfunding campaign? I have thus decided to emit this hypothesis:

Hypothesis 4: The professional, social and personal networks of a founder as well as his professional background can be useful to its crowdfunding campaign.

In the interviews I conducted, all 4 entrepreneurs strongly agreed that their networks were a critical factor to raise funds. But how exactly can they contribute?

a) Don't be afraid of engaging your family and close friends

"The entrepreneurial finance literature makes frequent reference to the role of family and friends (F&F) as an important source of capital for early stage ventures. Parker (2009) reports that 31% of start-ups' funds come from family and friends" (Agrawal & al., 2011, p.2).

When it comes to crowdfunding, friends and family (F&F) still seem to play an important role in the success of the campaign. All 4 entrepreneurs I interviewed agreed on the importance of F&F. *"It is very important because the first 30% of people who will invest in your project is people you know and who trust you; and once the first ones get involved, the others follow; so it is extremely important"*(C).

In addition, F&F are generally the first groups of people you will talk about your project and so they can be useful to pre-validate it and help you *"adapt and fix some aspect of your project and campaign"* (C). Finally, not only they can invest and help you pre-validate it, they can also promote it. *"Before the campaign, it is necessary to try to mobilize one's entire network of friends"* (B). Indeed, as crowdfunding is a mechanism where everybody is welcome to contribute, the more you talk about it around you, the more people will know about it. As F&F have an emotional attachment to you, they will want you to succeed, and so they could also contribute by spreading the word about it and so create word-of-mouth (WOM) marketing about your project and campaign. By using the help of your F&F, you could reach a larger audience. Indeed by encouraging your F&F to help you, not only you are using your network, but also their social and professional networks.

b) The use online social networks

When asking the question "what were for you the factors that led to success of your campaign?" to the entrepreneurs, Interviewee C answered: *"The implication of our contacts in social networks"*. Again, project creators cannot hesitate to share their project with other people. That is what crowdfunding means; it is all about trying to be financed by the crowd. Using their online social networks to promote their campaigns can only increase their visibility. Everybody is today somehow connected to an online social network. For instance, with social platforms such as Facebook, you can reach communities of people that could be strongly interested on your project. Let us give an example: imagine you are trying to raise funds for a "Bio / organic" sport energy drink your company just invented, but you do not have a background in the sports industry, neither in the organic drink/food industry. One way to foster the success of your campaign is by trying to get financed by people that have an interest on your product. And using social network can help. If you go look at Facebook, there are hundreds of online communities and shops related to sport and organic drinks, and if you share your campaign/project in these communities, you are directly talking to people who can have an interest in your idea. If we go back to the case of Domobios, how did they succeed on raising funds? According to the business analyst of MyMicroInvest they *"tried to get to be financed by pharmacists and by people who are allergic to dust mites. Why? Because these were the people who would have an interest in their product: "pharmacists will recommend the product to their customers and people allergic to dust mites will recommend the product to their friends who are allergic to dust mites."* (G). And so using social networks could be one way of reaching these potential communities.

c) Having a professional network related to your project can be useful for your campaign

When asking about their professional background to the entrepreneurs, they all had some sort of experience in the business they were raising money for, so I considered that it was an important aspect. Indeed one way of reaching these communities of potential investors is by using the professional connections you have in that business. And as Mr Patrick Van Waeyenberge, CEO and co-founder of Newsmonkey stated “*what majorly helped us to succeed was the professional network we had from previous jobs*”. (F)

iii. Conclusion

A Crowdfunding campaign is always limited in time, and so entrepreneurs have to use all the “tools” possible to convince a maximum amount of people to invest in them in order to reach the targeted funding goal before the campaign is over. In this section we have seen how one’s social network of friends, family and professional background can be helpful “tools” to contribute to the funding campaign; and so I decided to approve Hypothesis 4. Regarding Hypothesis 3, it seems that the composition of the team and their past experience could also have an impact on the decision of investors, but further investigation should be conducted on the subject to fully support this assumption. As for Hypothesis 2, it seems that empirical studies have already proven that the size of the funders social network can influence the decision of investing or not in a project: The more friends you have in Facebook, the better it seems to be for your campaign. Nevertheless it seems better not to have a Facebook account rather than have just a few connections. As for the team composition, it seems that the number of founders as well as the professional background could also influence the decision of investors, but further investigation should be conducted, as there is not yet any strong evidence about this fact. Now that we have seen how a team can impact on the success of a campaign, it would be interesting to understand how a team’s communication strategy influences the likelihood of success of a campaign.

E. Communication characteristics

When launching a crowdfunding campaign it is important to consider communication. Indeed, in order to convince someone to invest in your business you have to somehow be able to communicate about it. Since when using crowdfunding there is no direct contact between the investors and the project owners, how can one convince a crowd of people to invest in its project? I found that this to be a very interesting subject to study. According to literature, empirical researches in the subject and the opinion of my interviewees, I could distinguish 4 main communication aspects essential to the success of a campaign:

i. *Transparency and quality of the information about your business: Chose wisely the information you display.*

It is important to understand that when doing a crowdfunding campaign, one can only share limited information about the project. So, it is important to choose the information you decide to provide wisely, because it is with that information that you are going to convince people to invest in your business. And so the question is to understand what information an entrepreneur has to display in order to maximise the likelihood of success of his campaign? To further explore this subject, I decided to test this hypothesis:

Hypothesis 5: The deeper the description of your project and the clearer exposure of your project

objectives, the more likely your project will succeed in reaching the targeted goal.

Kosh & Siering (2015) have conducted an empirical study to determine what characterized successful crowdfunding campaigns. One of their findings was that project founders could increase the success of funding on crowdfunding platforms by using appropriate project descriptions. But how can one choose the information to display? A good way of starting is by understanding who is the public you are talking to. What type of investors are you dealing with? According to all my interviews answers, this is a very important factor. Looking at the literature and the answers provided in the interviews, we can distinguish two very different ways a person decides to invest in a project:

- On one side, there is the crowd that bases their decision on **emotions**. As surprising as it sounds, *“the time spent by a potential backer in reading the details of a crowdfunding campaign and subsequently deciding whether or not to contribute is only a matter of a few minutes”*(SpaceTec Capital Partners, 2014). This group of people is generally willing to invest smaller sums.
- In the other side, there is crowd of investors, people that are more interested in knowing if the company will succeed on having a worthy **financial return**. This investor is generally more difficult to convince, but if you can convince him, he is generally willing to invest more.

Now, in real life, investors do not base their decisions only on the pure financial aspect of your project or in pure emotional aspects. Generally, both are part of the decision process. Therefore it is essential to establish the right balance to satisfy these two aspects. *“It is obviously necessary to have a project that is relatively understandable for the crowd so that investors excluding friends and those who have not that emotional and personal approach, could be ready to invest in your company too. So it is important to build the success of your campaign on people who give an emotional value as much a financial value to your project”* (B). To find the right balance, information *“has to be attractive for its simplicity but also in terms of quality of content (...) it is important to emphasize that crowdfunding follows Pareto’s law; so there are 20% of people put in 80% of the amounts; and these people who put large amounts in are not people who invest under the influence of emotion. These are investors that analyse a project in depth and so they need quality information and consistency.”* When looking to the interviewees’ description of the information required, the words that come up are: *“clear”, “simple”, “quality”, “consistent”, “appealing”, “compelling”, “engaging”, “percussive”, “interesting”*. So when building the description of a project, entrepreneurs should look at these words and check if their descriptions match with these requirements. As Mr de Briey stated: *“Doing a campaign is like an act of consumption; when people invest in a crowdfunding campaign, it is as simple as that. You do not want to “buy a pig in a poke” as they say, you want to understand what you are investing in and therefore the more information that is clearly structured and well established, the bigger the investor's confidence and their willingness to invest will be increase”*. (G) Based in this argumentation, I decided to approve hypothesis 5.

ii. The forms used to display information

We just saw that choosing the information to display wisely is key to encourage funders to invest in your idea. But what about the way you display the information, does it have an influence in the decision of investors? There are several forms of displaying information, such as written form, video, graphical representation, etc. It would be interesting to understand if the form of displaying information has an impact in the success of a campaign, its is less the content you share but more the way you share it and if it is the case, how does it impact? That is why I decided to test this

assumption:

Hypotheses 6: the way of displaying the information (such as the provision of a video, graphical representations, or language used) has an important impact on the success of a campaign.

There are several of forms to displaying information:

a) The provision of a video

The video seems to be a significant driver of success for a crowdfunding campaign. And in MyMicroInvest, it seems they already value that aspect, as every campaign has a video published in the platform to promote the businesses. During the interviews I conducted, I asked everybody for their opinion on the impact the display of information in the success of a campaign has. Everyone agreed and pointed out that it was a really important aspect. They gave special attention to the importance of the quality of the video. Providing **quality videos** appears to be the most effective way to present a business and convince people to invest. Indeed *“between reading a text and watching a video, interested visitors seem to prefer watching a video, as it is more pleasing to the eye and requires less effort. In addition, when a video is provided, potential investors can see who the people behind the campaign really are and therefore create a personal opinion about the team involved in the project”*. Thus, a video that is well produced can impact the quality perception of the project for potential investors (Kosh & Siering, 2015). Providing videos also offer *“information that is more attractive from an aesthetic point of view”*(B). As the Business Analyst of MyMicroInvest Mr de Briey stated: *“a quality video is essential because these days, we have gotten used to learning about projects by watching videos. Its decreases the barrier between the real and non-real; we discover the people behind the project, we discover the environment, we understand the problem and the proposed solution etc. and so a video is important, but especially the fact that it is a quality video. We tend to say that we have one chance to make a good impression and that is exactly what a video is. It is your chance as a business to present your project and make a good starting impression. Your project can be the best in the world but it will not tempt people to participate, if it has a poor quality, the sound is not good and the speaker does not communicate very well, (...) Conversely, for a project that is not very innovative and if the idea in not genial, but you provide a quality video with clear and precise messages, that can increase the level of confidence among investors and so your chances of succeeding are higher.”* (G)

In the literature read, I found that this assumption had already been proved by several empirical studies. Indeed researchers such as Mollick, (2013) or Gerber & al. (2012) have already outlined the significant impact of a video in the success of a crowdfunding campaign.

b) The provision of graphical material

Another way to break the monotony of text is by using graphical material, as some aspects of a business can be difficult to explain only giving a written description. Providing graphical illustrations can thus improve the information transparency of your project. (Kosh & Siering 2015). For instance, information regarding an analysis made by the project team or the evolution of a certain trend, if represented graphically it may help interested investors to better see the overall picture and keep in mind the key features and facts the campaign wants to outline.

c) The language used

Last but not least, beyond visual aspects, there is also the quality of the language used to consider. Indeed, analysing the language used, one can forecast the likelihood of success of a campaign. Tanushree Mitra and Eric Gilbert conducted a very interesting research on this issue: “The Language that Gets People to Give: Phrases that Predict Success on Kickstarter. (Mitra & Gilbert, 2014). According to their findings there are word, phrases and expressions which signal whether a project will be crowdfunded. Indeed, by wisely using language, one can influence its readers.

Based on their analysis, Tanushree Mitra and Eric Gilbert found out that among 59 control variables and 20,391 phrases, the top 100 predictors of the likelihood of success is only comprised of phrases. For instance, it may seem obvious, but phrases refereeing the lucrative aspect of the campaign for potential backers such as “also receive two” “mention your”, “we can afford”, “pledged will” are positive predictors of successful funding (Mitra & Gilbert, 2014).

d) Conclusion

It looks like communication is another important aspect to consider for the success of a campaign. Not only the information you display but also the way you display it can have a considerable impact. It is like the “marketing package” (A) of a product. *“When you do dynamic presentation with illustrations and examples in front of an audience it changes from a monotonous presentation and engages people. It is the same when you present a project on a web page; the materials used, colours, and other graphic formats are elements that bring clarity and improves the understanding of information”* (G). And in my opinion if one manages to use the right tools to communicate and actually take time to create a good video, that shows commitment, professionalism and passion for what you do, which are 3 factors investors like to take into account in their investment decisions. With all we have analysed in this section, I think we can clearly validate hypothesis 6.

iii. Founders’ activity and interaction with members during campaign

We have already seen that the information you display about your project and the way you display it, has an impact in the success of your campaign. Nevertheless, if you only provide information at the launch of your campaign, you are only giving static information about your project to the potential investors. During a MyMicroInvest campaign there is a period of about 2 months, where people can decide whether they want to invest or not. And so during that period, the project is supposed to progress and the campaign’s team can update the information and communicate with interested parties. In other words, the team can be active and interact with potential investors during a campaign. It would be interesting to understand if this aspect can influence the decision of people to invest in the business. That is why I decided to test this assumption:

Hypothesis 7: building an active community, by posting regular updates on the campaign page and by responding to the feedback, suggestions and concerns raised by interested members of the community, is associated with greater success.

It seems indeed that active participation within the platform is also considered an essential driver of success for a campaign. After launching their campaign to build an active community, it is essential for project founders to remain active within the platform all along the campaign. (SpaceTec Capital Partners, 2014)

Several studies reveal that posting regular updates is directly related to a greater likelihood of the campaign succeeding. (Mollick, 2013). If you simply provide information at the start of the

campaign, you are not giving any progression feedback on your project to your potential investors. That could negatively affect your campaign, as potential investors must be convinced that your project will succeed and that everything is being properly done during the campaign period. One cannot remain passive when launching a campaign. In other words, in order to call up a considerable community of contributors, founders should continuously provide information during the campaign, whether it is by answering to visitors' questions, or provide updates about the project status and results. Also according to my interviewees this is a key factor for a campaign to succeed, *"the involvement of the team is the key to success n°1. It is necessary for the team to be proactive and they have to communicate. There is a rule that is important when you launch crowdfunding campaign: communicate, communicate and communicate. How do you want potential investors to be interested in your project and know about your campaign, if you do not speak with them? It is the same thing for any other company's marketing campaign to sell their products. People need to know about the product to consider buying it"* (G). As the CEO & co-founder of BooknBike stated: *"Lots of people still do not know Crowdfunding is all about, and sometimes you have to explain it 2, 3 or 4 times before they consider investing even a small amount of 100/500 euros."* (A). It is important to maintain a continuous and constant contact with the public and potential investors, and you have to post updates, trying to create a hype around it. Being active within the platform is also essential, for instance you can encourage people to ask questions and so create an active community around your project. Looking to the amount of questions and answers in the platforms of each of the 4 entrepreneurs' campaigns, there seems to be a positive relation between the degree of success and the level of activity in the "Q&A" section of a campaign. Indeed, the campaign that succeeded the most (320% of funds targeted) had a total of 58 posts in "Q&A"; the second had a total of 23 posts (60% of funds targeted); the third had 8 posts; and finally the campaign that did not succeed on raising the funds, had 0 posts.

It is therefore essential to be active during the campaign for two main reasons: to increase the visibility of your campaign and to be more convincing. By being active during a campaign and ensuring constant communication it shows that you are committed, that the project is progressing and people can better understand the project, so you increase the level of trust potential investors have in your project. A campaign is limited in time so it is important *"to concentrate efforts, energy and timing of communication"* (G) during that period. I thus decided to validate Hypothesis 7.

iv. Learn from the best: Take communication in your own hands

I decided to add this fourth section, because I considered essential some advice given by the CEO and Co-founder of Newsmonkey. Newsmonkey seems till today, to be the business that best succeeded in its funding campaign on a Belgium crowdfundering platform. Indeed, they managed to collect a total of 320% of the funds they were initially seeking for. According to his experience as a fundraiser, Mr Van Waeyenberge stated that in order to succeed a campaign the most important factor, is communication. He stated that what made them succeed was the way they communicated about their campaign. So what was their trick? According to Mr Van Waeyenberge you must *"take communication in our own hands and do not just leave it up to the platform to communicate (...) an important way to do business and not only in crowdfunding, is that if you want to communicate with a large public, you have to do it in a clear way with a limited number of messages, and I do not think a platform ever replace communication, it can only give a summary of what you are doing or want to do; but in our campaign we tried to go beyond the limits of the platforms."* (F). So, what did they do exactly?

- *“First we **made our own platform for communication, so we built our own website**, and we did not just use the site of the crowdfunding company; in that site we had more freedom to explain what we were really doing and then if people wanted to invest we sent them to the platform of MyMicroInvest; for us it was important to not stay within the limited format you have on the crowdfunding platform and to show what our business was about; and we thought that it was very important to deal with the communication ourselves.” (F).*
- *“**We went to the media (television and newspapers)** to talk about what we were planning to do” (F).*
- *At the beginning we initiated our communications with a powerful information release and launched our own platform which included a large counter, showing the figures: how many people had already invested in our project and how much money was already raised; so right from the very start, we made sure that people felt it was something interesting and successful (...) For example, we had a famous sports’ journalist that has more than 90000 followers in twitter that invested in our business, and so of course we mentioned it immediately in our social media and **created a certain hype around it**. When they see certain personalities people do it, I think that influences the general public to invest too” (F).*

To ensure a good communication about your campaign, it seems essential to go behind the boundaries of the crowdfunding platform. It is important to understand that the platform cannot replace the communication of your campaign, and it is up to the entrepreneurs to be active and anticipate how they are going to promote theirs. Mr Van Waeyenberge clearly states that the fact that they created their own website to promote their campaign, was a key element to the success. But they did not stop there, they also tried to increase the visibility of their campaign by going to the media such as Television and newspapers and then, they did what was possible to create a certain hype around it.

v. Conclusion

A Crowdfunding campaign is always limited in time, and so entrepreneurs have to excel in communicating about it to convince a maximum amount of people to invest, in order them reach the targeted funding goal before the campaign is over. In this section we have seen several aspects about communication that are key to ensure the success of a campaign. All the assumptions tested regarding communication were validate and in addition, thanks to the specific case of Newsmonkey, we could deduce that entrepreneurs have to take communication in their own hands as the platform cannot replace the communication of your campaign.

F. Campaign Characteristics

Before launching a campaign, the project owners have to decide on 2 features of their campaign: the amount of funds they want to seek and the duration of their campaigns. It would be interesting to understand if these two aspects can influence the likelihood of success of a campaign. I therefore decided to test these two hypotheses:

Hypothesis 8: The duration of a campaign has an influence on its success.

Hypothesis 9: The amount of funds targeted has an influence in the campaign’s success.

i. *The duration of the campaign*

According to several empirical studies, the duration of a campaign has an influence in the likelihood of its succeeding. It might seem contradictory at first glance, but researches indicate that a longer campaign is negatively correlated to the success of a campaign (Mollick, 2014)

The reason behind this affirmation comes from the fact that investors might see a longer campaign as a lack of confidence coming from the project founders. That said, the longer the campaign is, the more the level of trust of potential investors in the project is likely to be put into question (SpaceTec Capital Partners, 2014, p.25). To illustrate the situation, interviewee B states: *"Ideally the length should be short because time kills the momentum in both sides. On the entrepreneur's side, the longer the campaign the more he will feel comfortable with the time he has and so he will put a less concentrated effort to raise funds into the campaign. On the investors' side, it is the same, if he still has 200 days to decide if he wants to finance a company, he will have no incentive to invest that money today and will rather wait to see the evolution of the campaign before deciding to invest or not. The longer the duration of the campaign the less urgency there is to invest now, meanwhile potential investors can simply forget about it or take their time to think more on the issue, causing in turn in more questions about the business which may lead them to decide not to fund the project"*(B).

In the specific case of the MyMicroInvest platform, the campaigns take around 2 months; but shorter does not always mean better for every campaign. *"A short campaign generally leads entrepreneurs to concentrate efforts, energy and timing of the communication; but it also depends on the entrepreneurs, and it can be quite risky to do it in a short period of time for not so experienced entrepreneurs. Entrepreneurs who are more experienced may have a strong marketing background and know how to communicate such as Newsmonkey who did extremely well in their campaign. But there are those who are less experienced, and therefore, they have the so-called classical learning curve where they will make a number of mistakes at the beginning which is normal; there is always a time of adaptation and understanding of the mechanism of crowdfunding, how it works and how to ensure that one is providing a good message to investors"*(G). So for this second type of investor, doing a short campaign can perhaps be quite risky. So, there is a balance between experience and minimization of time that has to be taken into account. If you choose a shorter campaign it could positively impact your campaign but, you have to *"make sure that you have pre-planned it very well and you have a certain amount of people to invest in your business guaranteed before starting the campaign"* (E). In the case of Newsmonkey it was clear that they were ready and had experience; indeed they were able to collect *"80% in the first week and about 17% of the investors in week number 2"*(F).

I thus decided to approve the hypothesis that a shorter duration seems be more attractive for investors; but if you are not an experienced entrepreneur, extending the duration could be a good decision as it would allow you more space to correct initial mistakes.

ii. *Size of the targeted financial goal of the campaign*

Mollick's empirical study (2014) shows that the bigger the project-funding goal is, the less the campaign is likely to succeed on raising the funds. So the success of a campaign depends somehow on the amount sought by the campaign. It seems logical, *"if my goal is to raise € 500,000 it will be harder than seeking for € 50,000 euros, because I will need to mobilize more people"* (B). One can suppose that the more funding the project requires, the size and complexity of the project seems to be

of more importance, and thus the riskier the project is viewed by investors'. And so by being riskier, a greater level of confidence in the project is required and so the less likely your project will get investors.

iii. Conclusion

It seems that it has already been empirically proven that both the funding size and the duration of a campaign have an influence on its success. Thus, we can validate hypothesis 8 and 9. The correlation seems to be negative for both features; indeed the bigger the size and the duration the less likely the campaign will succeed. The interviewees' opinions seem to follow what those studies have proven. Nevertheless, when deciding the campaign's duration it is important to find a balance between experience and the duration of the campaign. Indeed, a project founder who has no experience in the field of marketing and project creation could need a longer campaign as he will most likely make some mistakes at the beginning of his campaign, so doing a very short campaign can also be risky in this type of situation.

G. Behaviour of Funder

Last but not least, it would be interesting to know if during a campaign an investor's decision can influence others' people decision to invest. Do people follow a "herding instinct" when it comes to decide if they invest or not in a crowdfunding campaign? The herd instinct is a psychological and social behaviour people tend to have: *"if a certain number of individuals make a decision, it becomes more likely that others will do the same"* (SpaceTec Capital Partners, 2014, p.26). The question here is: Could the success of a campaign depend on the herd instinct? If a certain number of individuals decide to invest in a project, does it become more likely that other investors will be interested in the same project and eventually invest in it?

That is why I decided to test this hypothesis:

Hypothesis 10: if a certain number of individuals decide to invest in a project, it becomes more likely that other investors will be interested in the project and eventually invest in it too.

It seems that empirical studies have already been conducted on this subject. Lee & Lee (2012) were among the first to study this phenomenon; and according to the results of their research, they found out that there's a strong evidence of herding in the public's decision when investing in crowdfunding projects. One could suggest that, the fact that people are investing in a project it means that they are confident about the success of it; and that could unconsciously increase others' level of trust in the project and so lead them to invest in it too. When launching their campaigns, entrepreneurs should consider this effect and focus all their efforts from the very start of their campaign to take advantage of this social behaviour. When looking at my interviewees' answers, everybody agreed that this is a real driver for the success of a campaign. Interviewee A even stated that the reason they didn't raise more money was because they did not benefit from this phenomenon: *"we didn't have the boom effect in the first days of our campaign; that is a clearly a lesson for next time; it is always better to take longer to prepare your campaign and encourage as many people as possible to invest from day one of your campaign because the more investors you have at the beginning, the easier it will be as others will follow"* (A).

It seems that there are 3 ways of profiting from this social behaviour when raising funds with crowdfunding: it is important to raise a maximum amount of funds during the first moments of your

campaign. But it is not only the amount you raise that counts, the number of investors can also be important, the more the better. And finally, not only the amount of money raised or the number of investors are important, but also who invested can count. Indeed as interviewee F stated: *Sometimes it is not the number or the amount already raised, it can be the person that invests; for example, we had for example a famous sports' journalist that has more than 90000 followers in twitter that invested in our business, and so of course we mentioned it immediately in our social media and created a certain hype around it. When they see certain personalities do it, I think that influences the general public to invest too*".

H. Discussion on the results of the Analysis

In this chapter, the main objective was to identify what are the factors that drive the success of a crowdfunding campaign, more specifically on the MyMicroInvest platform. To do so, I formulated some hypothesis and tested them with what empirical studies have come up with so far, as well as the interviews I have conducted. With these results I aim to give valuable information to future entrepreneurs who want to ensure the success of their crowdfunding campaign (more specifically on MyMicroInvest). By conducting a more qualitative analysis, the advantage was that I was able spot some important factors that would not be seen by leading an econometric analysis of data from a crowdfunding platform. For instance, I was able to collect detailed information about how entrepreneurs prepared their campaign and was able to listen to the opinion of important actors of the Belgian crowdfunding market, which cannot be obtained from numerical analysis. Nevertheless as some of the results provided by this analysis are only based from my interview answers, further research should be conducted to clearly prove the validity of some of the assumptions formulated.

Before thinking about using the crowdfunding mechanism it is really important to understand the logic behind this funding tool. Indeed, in order to truly profit from using crowdfunding, one should first understand the added value of its use and perceive the benefits it could bring to a project/business. By doing so, entrepreneurs can set goals and anticipate actions before launching the campaign to reach these goals. There are also other interesting factors that perhaps, when taken individually seem insignificant, but together they could have a real impact in the success of the campaign. For, instance, before asking a crowd for funds, if entrepreneurs had already invested their own money in their own project, that is powerful a way of showing commitment and ambition, which could increase investors' trust in the project. Furthermore, empirical studies have already proven that campaigns initiated by entrepreneurs who have previously supported others campaigns have higher success rates, attract more backers and collect more funds.

After taking into account all these clues, if entrepreneurs feel ready to use crowdfunding, there are still several aspects to consider before starting a campaign. First of all, it is essential to take time to prepare the campaign and not neglect the importance of it. As Belgium appears to have heavy legislation regarding crowdfunding, one cannot underestimate the administrative burden required. Most of the businesses on the MyMicroInvest platform present their projects during a live session of crowdfunding; so it is fundamental to have someone comfortable with talking with to a large public and be able to give a good initial impression when presenting the team and the project.

As a Crowdfunding campaign is limited in time, entrepreneurs have to use all the "tools" they have, to convince a maximum amount of people to invest in the limited time period of the campaign. We have seen that one's social network of friends, family and professional background can be helpful "tools" to contribute to a funding campaign. In the eyes of investors it seems that the

composition of the team behind the project as much as the number of friends in Facebook a project founder has, influences his investing decision. It also appears that by using their own networks such as F&F plus professional & social network, this can contribute to improve, promote and finance the campaign, and so it is crucial to explore these networks as much as possible.

Another crucial aspect to consider when planning a crowdfunding campaign is communication. Not only the information you display but also the way you display it can have a considerable impact. Crowdfunding can be seen as a consumption act, so both the quality and the aesthetic of information matter. Indeed *“when you present a project on a web page; the materials used, colours, and other graphic formats are elements that bring clarity and improves the understanding of information”* (G). It appears that the best communication tool to ensure the success of a campaign is a quality video. And in my opinion one should use the right tools and take time to create video that communicates commitment, professionalism and passion for what you do, which are the 3 factors potential investors are likely to take into account before making a decision. The level of implication of founders during the campaign period also seems to be positively related to the success of a campaign. It is indeed crucial to be active during the campaign both to increase the visibility of your campaign and to be more compelling. Indeed, by being active during a campaign and ensuring constant communication it shows that you are committed, that the project is progressing and people can better understand the project. A campaign is limited in time so it is important *“to concentrate efforts, energy and timing of communication”* (G) during that period. Thanks to the specific case of Newsmonkey, it seems important that entrepreneurs take communication into their own hands, as the platform cannot replace it. Therefore, establishing a specific platform for communication the campaign or seeking to build hype around the project by using mass media such as television are some of the instruments one can use to increase the probability of the campaign success.

Other aspects that seem to affect the likelihood of a campaign success are the size of the funding goal and duration of a campaign. The correlation seems to be negative for both features; indeed the bigger the size and the duration the less likely the campaign will succeed. Nevertheless, when deciding the campaign's duration it is important to find a balance between experience and the duration of the campaign. Indeed a project funder that has no experience in the field of marketing and project creation could need more time, as he will most likely make some mistakes at the beginning of his campaign. And so doing a very short campaign can be risky in this kind of situation.

Last but not least, it seems that there is a strong evidence of herding in people's decision when investing in crowdfunding projects. And so, if a certain number of individuals decide to invest in the project, it becomes more likely that other investors will be interested in the same project and eventually invest on it too. Therefore when launching a campaign, entrepreneurs should consider this effect and focus all their efforts on it, from the very start of the campaign, in order to take advantage of this social behaviour.

Now that we have seen what are the several factors that could help an entrepreneur to succeed is campaign in MyMicroInvest, I decided to built a final section to better vizualise the results of this analysis and providevaluable insight for future entrepreneurs willing to use Crowdfunding.

I. The road to succeed a Campaign in MyMicroInvest

i. Before starting a campaign

CREATE CONDITIONS OF SUCCESS BEFORE EVEN LAUNCHING YOUR CAMPAIGN

BEFORE EVEN THINKING ABOUT LAUNCHING A CAMPAIGN

BEFORE LAUNCHING THE CAMPAIGN

1. What can Crowdfunding going to bring to my project? What do I aim with Crowdfunding?

2. When your goal is set: Anticipation. What can I do to achieve those objectives?

3. Preparation: After having set a clear goal and anticipated possible actions, Entrepreneurs already have a good starting point to determine how to prepare their Campaigns..

Crowdfunding is nowadays the solution for a lot of entrepreneurs and businesses to find funding for their projects. But this mechanism only really makes sense when you have a particular reason behind it. If you use crowdfunding just to find funds it will be more difficult to convince the crowd to invest on your project. It is essential to understand why you would use crowdfunding. What is the interest of crowdfunding in my project? If you do so you will better prepare your campaign, as you will anticipate what to do to achieve those objectives.

Other aspects that can be taken into account before thinking of launching a campaign:

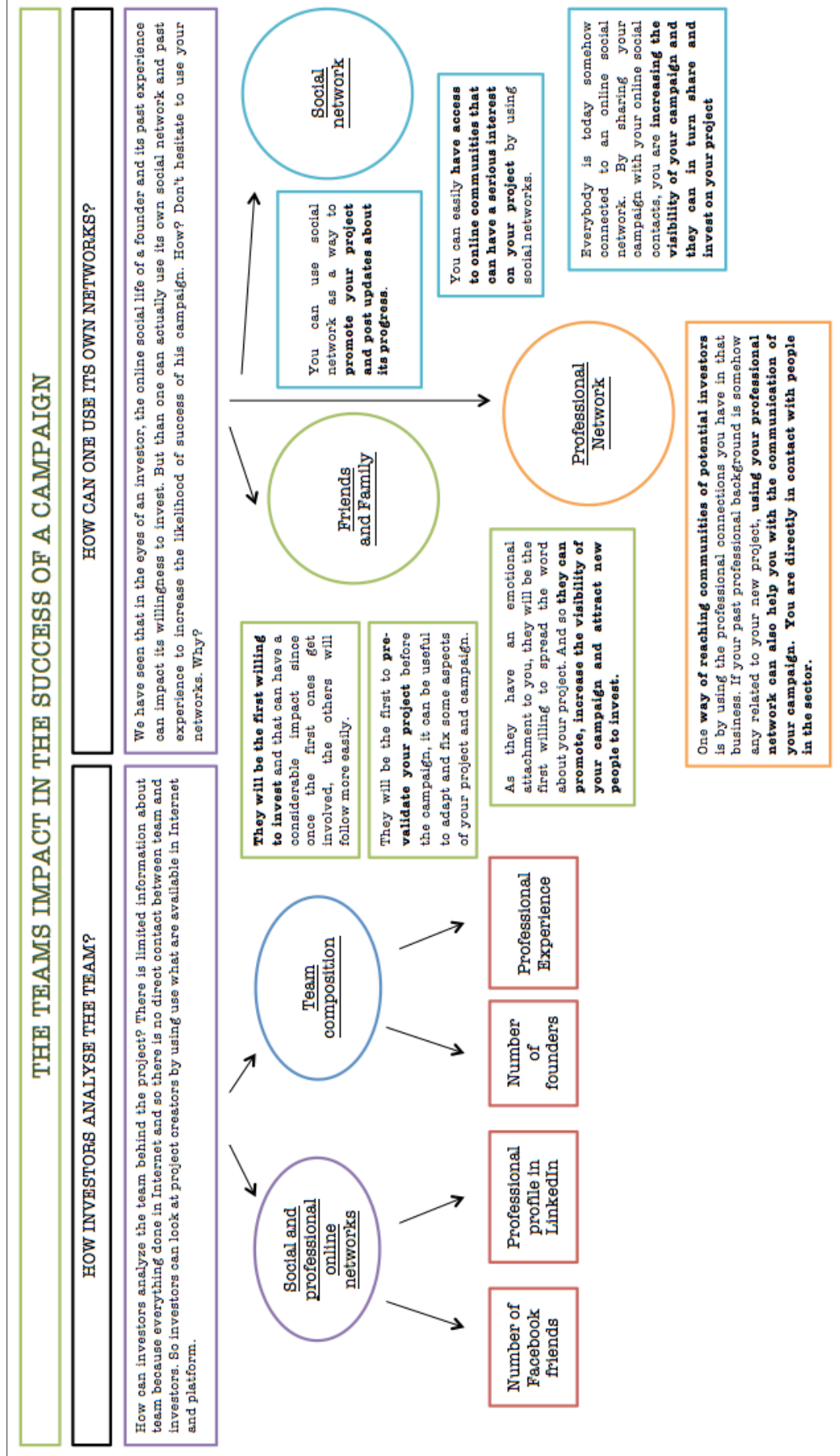
- **Make sure you match MyMicroInvest exigencies**
- **Theory of reciprocity:** Empirical studies have already proven that project creators that had already backed other Crowdfunding projects before their campaigns have higher chances of succeeding their campaign theirs. Among the 4 entrepreneurs I interviewed, 2 out of the 3 that succeed on raising the funds stated that they had already backed other Crowdfunding projects before, while the entrepreneurs that did not succeed on raising the funds had never backed other projects the form of Crowdfunding.
- Before using crowdfunding, the more you already brought to your project, the easier you will spread trust and so find the amount that is missing in the crowd or among investors. Indeed **bringing your own funds into your project is a way of showing commitment and ambition, which can increase investors' trust in your project.**

Anticipation is a key success factor: it allows you know how to prepare yourself for the fundraising campaign before you launch it. In the previous section, we mentioned that having a clear reason behind the use of crowdfunding was key to anticipate how to prepare the campaign. The logic is simple: find reasons why you should use crowdfunding and anticipate actions before launching the campaign to maximize the likelihood of achieving those objectives. It is essential to anticipate, and create conditions for success. Just like everything, any presentation, a good report or a campaign, there is a need to plan a certain number of actions and then take the time to prepare for it.

Preparing a crowdfunding campaign take a lot of time. Here are some of the main aspects to take into account when preparing a campaign:

- **Built concrete plan of all the action you will take to communicate the campaign.**
- **Have already built early circle of investor.**
- **Pre-validate your project** by people you know before launching the campaign, it can be useful to adapt and fix some aspects of your project and campaign.
- **Mobilize founders' entire network of friends.**
- **Important to not underestimate** the administrative burden required by the legislations: Belgium seems to have a quite heavy legislation regarding crowdfunding
- MyMicroInvest platform organises Live Crowdfunding sessions for entrepreneurs to promote their campaigns; it is therefore important to **have that you have someone who knows how to pitch to a large public or potential**
- Take time to prepare your campaign: **4 months seems to be appropriate**
- **Choose wisely the campaign duration:** A shorter campaign appears to be positively correlated to the success of a campaign. Nevertheless it is important to find a balance between minimizing the campaign's duration and experience of entrepreneurs. Indeed, a project founder who has no experience in the field of marketing and project creation could need a longer campaign as he will most likely make some mistakes at the beginning of his campaign, so doing a very short campaign can also be risky in this type of situation.
- The presence of **herding instinct** in Crowdfunding: One person's decision to invest can influence others' investment decision. It appears that having a large number of investors at the beginning of a campaign attracts more easily other investors and so contributes to the success of a campaign. : When launching their campaigns, entrepreneurs should focus all their efforts before the campaign to attract a maximum of investors in the beginning of the campaign and so to take advantage of this social behaviour.

ii. During the campaign: The Team



iii. *During the Campaign: Communication*

HOW TO COMMUNICATE ABOUT THE PROJECT?



HOW TO COMMUNICATE AND ENSURE BOTH EMOTIONAL AND FINANCIAL VALUE TO INVESTORS?

1. Chose wisely the information you display:

"Doing a campaign is like an act of consumption; when people invest in a crowdfunding campaign, it is as simple as that. You do not want to 'buy a pig in a poke' as they say, you want to understand what you are investing in and therefore the more information that is clearly structured and well established, the bigger the investor's confidence and their willingness to invest will be increase".(G)

It is important find the right balance, information ***"has to be attractive for its simplicity but also in terms of quality of content (...)"*** It is important to emphasize that crowdfunding follows Pareto's law; so there are 80% of people put in 80% of the amounts; and these people who put large amounts in are not people who invest under the influence of emotion. These are investors that analyse a project in depth and so they need quality information and consistency."

Your information should be: "clear", "simple", "quality", "consistent", "appealing", "compelling", "engaging", "persuasive", "interesting".

2. Chose wisely the forms used to display information:

N°1: Providing **quality videos** appears to be the most effective way to present a business and convince people to invest. It is more pleasing to the eye and requires less effort than reading. In addition, when a video is provided, potential investors can see who the people behind the campaign really are and therefore create a personal opinion about the team involved in the project"

N°2: **Graphical material**: Another way to break the monotony of text is by using graphical material as some aspects of a business can be difficult to explain only giving a written description. Providing graphical illustrations can thus improve the information transparency of your project.

N°3 beyond visual aspects, there is also **the language used**. There are word, phrases and expressions which signal whether a project will be crowdfunding. Indeed, by wisely using language, one can influence its readers.

3. Be constantly active in the platform and do not stop communicating:

If you simply provide information at the start of the campaign, you are not giving any progression feedback on your project to your potential investors. That could negatively affect your campaign, as potential investors must be convinced that your project will succeed and that everything is being properly done during the campaign period. One cannot remain passive when launching a campaign. In other words, in order to call up a considerable community of contributors, founders should **continuously provide information during the campaign**, whether it is by **answering to visitors' questions**, or **provide updates about the project status and results**.

It is therefore essential to be active during the campaign for two main reasons: to **increase the visibility** of your campaign and to be more convincing. By being active during a campaign and ensuring constant communication it shows that you are committed, that the project is progressing and people can better understand the project, so you **increase the level of trust** potential investors have in your project.

4. Go beyond the limits of the platform and take communication in your own hands:

To ensure a good communication about your campaign, it seems essential to go behind the boundaries of the crowdfunding platform. It is important to understand that **the platform cannot replace the communication of your campaign**, and it is up to the entrepreneurs to be active and anticipate how they are going to promote theirs. What can you do?

N°1 **create your own web-platform just for your campaign**.

N°2 **Go talk to the media** about your project and campaign.

N°3 **Try creating a certain hype around it**.

CONCLUSION

Crowdfunding is today more than ever a crucial tool for entrepreneurs and small business to find funds as the 2008 crisis resulted in violent cut in their access to credit. Since then, this phenomenon seems to be growing at unprecedented rates worldwide. In Belgium, the phenomenon looks like it has been following an optimistic progression, but when zooming out to have look from a European perspective, one can quickly notice Belgium is lagging behind its neighbouring countries.

As the main purpose of this paper was to foster the growth of Crowdfunding in Belgium, it was essential to first understand the reasons explaining the situation in Belgium. To do so, we began by reviewing the literature about the extent of this phenomenon worldwide and then we paid more attention to the situation over Europe. After having understood the extent of the phenomenon, we focused on the Belgium market. We looked for reasons explaining its delay by conducting a qualitative analysis based past empirical studies and a series of interviews conducted with different important stakeholders of the Belgium Crowdfunding sector.

After understanding why Belgium is lagging, we conducted a second qualitative analysis focused on MyMicroInvest platform to determine what makes a crowdfunding campaign succeed on raising funds. With this information, our goal was to provide valuable advices to Belgian entrepreneurs who want to use crowdfunding.

i. The expansion of the phenomenon worldwide and the situation over Europe

2014 was a revolutionary year in the Crowdfunding scene. Indeed, we are no longer talking solely about Europe and North America as the phenomenon is now spreading considerably all over the world. Only in 2014, Crowdfunding raised an estimated total of 16.2 milliard dollars. Looking into the recent development of the regulatory framework, a strong growth could be assumed for the of Equity CF model in the US. Indeed has really recently adopted the new “Regulation A+” regarding Equity CF. The Asian market currently stands in 2nd position in the world’s Crowdfunding market and some predict that it could steal the first place from North America pretty soon. Further development should be expected as regulations about the subject are starting to be examined in China. In Australia a specific regulatory framework concerning Equity CF was adopted in May 2014, which rendered the market more opened to the general public. In the Middle East, the concept still is in an embryonic stage, but it has the potential to become an important actor in the near future. In other regions of the world such as Africa haven’t yet shown great interest in the subject and so their future still is unpredictable.

Europe is currently leader of Equity-based CF. In 2014 it raised a total of 2957 millions euros with Crowdfunding but even if growth has been optimistic the phenomenon is far from being homogeneously distributed over the continent. Indeed, UK possessed about 79% of the crowdfunding volumes in Europe in, leaving no more than 21% of the activities for the all Continental Europe. France, Germany, the Netherlands seem to be the most actives in Continental Europe in terms of volumes raised. But if we look at the contribution per capita, the northern European countries also seem to be part of major European players. Looking at the regulatory situation, there is currently a lack of transparency for investor participating in Equity based CF. establishing a quality label could be an effective solution. European regulatory framework is nowadays fragmente; to face this matter, before launching new legislatives measures, it would be appropriate to build a strong European crowdfunding Institution with the help of each member country. That could be an easy way of collecting data about crowdfunding across Europe and

establish a benchmark for the European CF market. With that information, decisions could be taken more easily at a European level.

From the most recent research, we could understand that several new trends are appearing in the European market. The more important trend seems to be that platforms are starting to operate cross-border and so competition is expected to grow. This should lead the dominant platforms to grow significantly and the weaker generalist platforms to disappear. Regarding more local and small platforms, they are expected to become more specialized in order to maintain their competitive advantage.

ii. Why Belgium is lagging behind? How can we fix that?

Today, Europe's population is stagnating and we already reached very high levels of productivity. So the only way to encourage today economic growth is innovation. We must therefore give value to the new economy and stimulate the creation of new businesses. That is why the crowdfunding plays a crucial role in today's European economy, and Belgium has to encourage its development. It appears that the Belgium delay is essentially due to a question of culture and mind-set. Indeed it seems that people in Belgium are quite conservative when it comes to taking risks. In one side, when it comes to investing, Belgians are more risk-averse. And on the other side, Belgium doesn't seem to have a very strong entrepreneurial spirit. If we look to the neighbouring countries such as UK, people's willingness to start a business seems to be much stronger, and people also seem to be far more used to take investment risks. So both parts of the equation contribute to explain the actual situation in Belgium. Both the demand and supply of seed financing for entrepreneurial ventures and small businesses are weak in Belgium compared to the neighbouring countries.

However, even if culture is an obstacle, it appears that in Belgium the market has not been exploited to its full potential and there has not really been a lot of initiatives to encourage the development of the phenomenon. First of all, it appears in Belgium that there is a lack of education and knowledge about this mechanism. Both entrepreneurs and Belgium population have been poorly informed about it. The media's attention has also been quite poor and it looks like there hasn't yet been media reporting on crowdfunding's major players in Belgium. Secondly, the legislative framework in Belgium regarding crowdfunding has been till now very restrictive and constraining. Compared to its neighbouring countries, Belgium seems to be rather strict. And this is both for investors and the small businesses & entrepreneurs. Indeed, till today very few incentives have been given for people to invest. Also, regulators seem to make it very complicated for entrepreneurs and small businesses to start their ventures and raise funds. Regarding, the prospectus exemption, it is not required to provide a prospectus if the amount raised does not exceed 300 000€. But between 100 000 € and 300 000€ this exemption is only valid if the contribution per investor does not exceed 1000 €. As there is a big portion of investors willing to invest more than 1000 €, if you are not willing to provide a prospectus, most of the project are limited to the amount of 100 000 €.

Furthermore, neighbouring crowdfunding markets have been evolving fast and Belgium has not been making it easier for entrepreneurs to start their ventures and raise funds. Consequently, there is already some evidence that Belgium entrepreneurs are leaving the country to seek funds in foreign markets. And so the competitive pressure exerted by neighbouring markets is likely to be stealing some opportunities that could have been funded in the Belgium market.

Last but not least it seems that Belgiums has rather small number of platforms compared to other countries, even taking in account the differences in the size of the population in each country. For a market that is growing more than 100% per year, it seems that if there were more platforms the growth would be bigger. And not only bigger but by having more platforms it would allow to stimulate competition, and so platforms would have to improve their services and condition.

We can now better understand the Belgium situation, but this year, it has been changing positively. Indeed, the Belgian market is becoming more and more suitable for crowdfunding mechanism. As regards regulations, new fiscal policies have been adopted to encourage people to invest in start-ups and small businesses in Belgium. These laws started to function since the 1st of July 2015 and they primarily involve cuts in the tax rates applied for individuals who invest in small businesses and start-ups. Secondly, the media seems to be giving more and more attention to this phenomenon; indeed with successful stories in Belgium (the case of Newsmonkey) and Belgian entrepreneurs abroad (The case of Mainly or Slidenjoy), we see interest increasing and more articles about Crowdfunding in Belgium. Last but not least, In this last year there seem two more professional crowdinvesting campaign were launched which is expected to render the market more competitive and now that KBC launch its own platforms, more people are being informed about the phenomenon, both in the investors' and entrepreneurs' side.

Even if the situation is improving, it is a big challenge for Belgium to catch up with its neighbouring countries. Therefore some other measures can be taken. Regarding the cultural barrier in Belgium, as Mr De Brieux stated: *"markets evolve, as mentalities can be educated. In Belgium it will probably take more time to educate the public"*. One way to educate the crowd and raise awareness is by simply organizing more events related to the phenomenon such as conferences or seminars. To encourage the Belgian press to talk more about it, successful cases should go tell about their campaigns to the press more frequently. As for the regulatory framework, even with the recent update, entrepreneurs still consider the administrative burden required too heavy. Regulators could ponder on the possibility of lighten this procedure to encourage more entrepreneurs to use this mechanism. This could also be a way to stop Belgium entrepreneurs leaving the country to find funds abroad. Even if the Belgium market is growing with the launch of 2 new crowdinvesting platforms, Belgium CFPs should also consider starting to operate cross border in order to face competition coming from other big platforms that are already adopting this practice.

iii. How to succeed a Crowdfunding campaign in MyMicroInvest platform

To stimulate the growth of the phenomenon in Belgium we decided to determine the success factors of a campaign so that entrepreneurs could be able to maximize their chance to succeed. So what advice can you give them? When doing a crowdfunding campaign entrepreneurs only have one chance to succeed; and so it is important to take into account each and every factor that can contribute to the success of the campaign. Based on our analysis, it decided to point out some of the main aspects entrepreneurs consider before and during their crowdfunding campaigns:

Phase 1: Create conditions of success before starting your campaign

In order to truly profit from the use of crowdfunding, one should first understand the added value of its use and **perceive the benefits it could bring to its project/business**. After understanding why to use crowdfunding comes the question of how to proceed? Once the entrepreneur answered these questions he can **anticipate actions** to maximise the likelihood of reaching the goals initially set. By doing so, the entrepreneur is able to visualise how to **prepare his campaign**. It is essential to **take time to prepare** the campaign and not neglect the importance of it. As Belgium appears to have a heavy legislation regarding crowdfunding, one cannot underestimate the administrative burden required. During the preparation, regardless the goals set, some important matters should always be considered:

- MyMicroInvest allows entrepreneurs to present their projects during a live session of

crowdfunding; therefore it is fundamental to have **someone experienced and comfortable talking to large crowds** to ensure you give a good starting impression when presenting your team and your project.

- It is important before the campaign to **pre-validate your project** by people you know, it can be useful to adapt and fix some aspect of your project and campaign.

- It is fundamental to have **built a circle of investor as soon as possible**. There is a strong evidence of herding in people's decision when investing in crowdfunding projects. And so the more investors there is at the beginning of the campaign, the more likely that other investors will be interested in the project and eventually invest on it. Therefore entrepreneurs should consider this effect and focus all their efforts even before the beginning of their campaign to take advantage of this social behaviour.

- Before the campaign, it is necessary **trying to mobilize ones entire network of friends & family**. They can indeed be useful to promote the campaign and invest in it since the first second appears project appears online.

- Last but not least, before launching a campaign the entrepreneur has to decide the funding goal and the duration of his campaign. These two should be carefully decided as they can also affect the likelihood of the campaign's success. **The bigger the size and the duration the less likely the campaign will succeed**. Nevertheless, when deciding the campaign's duration it is important to find a balance between experience and the duration of the campaign. Indeed a project funder that has never had any experience in the field of marketing and project creation could be needing more time during the campaign as he will likely make some mistakes at the beginning of his campaign. And so doing a very short campaign can be risky in this kind of situation.

Phase 2: Team's implication and communication during the campaign

A Crowdfunding campaign is limited in time, and so entrepreneurs have to use all the "tools" they have, to convince a maximum amount of people to invest in the limited time period of the campaign. We have seen that one's social network, friends, family and professional background can be helpful "tools" to contribute to a funding campaign. But communication and team's implication seem to be the major drivers of success during the period of the campaign. So how should entrepreneurs communicate?

Regarding the communication in the platform, it appears that investors are influence by both the quality of the information and the way the information is displayed. As for the information displayed, **the decision of an investor is rarely purely emotional or financial**. Generally both aspects are part of their decision process. Therefore it is essential to establish the right balance to satisfy these two aspects.

As for the way the information is displayed, crowdfunding can be seen as a consumption act, both the quality and the aesthetic of information matter. It appears that the best communication tool to ensure the success of a campaign is a **quality video**. Pictures and graphical representations also seem to be good tools to break the monotony of the text. And in my opinion if one manages to use the right tools to communicate and actually take time to create a good video, that shows commitment, professionalism and passion for what you do, which are 3 factors investors like to take into account in their investments decision.

The level of implication of founders during the campaign period also seems to be positively related to the success of a campaign. It is indeed crucial to be active during the campaign both to increase the visibility of your campaign and to be more compelling. Indeed, by being active during campaign and ensuring constant communication it shows that you are committed, that the project is progressing and so people can better understand the project. **Posting updates and creating an active**

community in the platform (example: by answering question in platform) are elements essential to maintaining interest in the project.

Last but not least, It looks like to ensure a good communication about your campaign it is essential to go behind the boundaries of the crowdfunding platform. It is important to understand **that the platform cannot replace the communication of your campaign**, and it is up to the entrepreneurs to be active and anticipate how they are going to promote theirs. One way to do it is to **create a website 100% dedicated to the campaign** and post regularly and more freely information about the evolution of your project. You can also increase visibility and create hype around your campaign by **using the media such as Television and newspapers to promote your project**.

iv. Further reflection

Now that we have seen what can be done, the previsions for Belgium will depend on how the matters discussed on this paper will evolve in the near future. In a short term, both literature and the opinion of the interviewees seem to agree that crowdfunding is going to continue to grow at a fast rate. But when it comes to the long term it is very difficult to provide a single answer, as opinions are very miscellaneous. Some have very optimistic predictions while other remain quite suspicious for the future of this financial system. Nowadays, investors are exchanging large sums of money through this mechanism. But it is important to understand that theses investments involves significant risks. Crowdfunding is a very recent phenomenon it is very difficult to predict the future of it, as we haven't yet seen the financial outcomes of the projects involved. The future of it will depend on the first outcomes. But the problem is that there are going to be firm that will go bankrupt because we are mainly talking about start-ups, and between 60 to 80% of start-ups fail. So how is the market going to react to the first big failures of crowdfunding?

Another element aroused my curiosity. As Interviewee E stated: *it's interesting to see that your investors are often people who invest in all projects. So they do not select a project that they like; they just put some money on every project and think that there must be at least one that will bring them a big return. And I find it a shame because in this kind of project, crowdfunding should be more an emotional decision; people should participate in a project because they want to belong to it and by putting 100 or 200€, they know that it is not their contribution that will make a difference but the power of the crowd together. I think people should invest in a project that interests them because at the end one of the great interest of crowdfunding for these companies after the financial aspect, is the marketing side (...) the person who has a little bit everywhere, it does not have any this interest in your project and he will not talk about it around him; he is just placing his money and see profitability and so there is not the emotional side crucial to helped the company.*". Furthermore, now with the new platform launched by KBC Bank and the fact that the other crowdfunding platforms are building strong partnership with the banking sector, banks are talking more about it to investors and entrepreneurs. This could be leading the crowdfunding phenomenon to professional investors (not really passionate investors, merely looking to obtain a good return in their investments), rather than the crowd. From here I wonder: Is this the best way to use the mechanism? It is true that the banking system has been helping crowdfunding to grow in Belgium, but is not the whole point of crowdfunding to attract a crowd of passionate people? Is not the power of the crowd what makes crowdfunding an interesting tool?

v. Final words

I hope this research and analysis gave valuable insight on the actual situation of Crowdfunding in

Belgium allowing us to understand what has been slowing Belgium compared to its neighbours. With this information, I hope to have given relevant information for anyone interested in the subject and wanting to understand the feasible solutions Belgium has to overcome its delay.

In addition with my analysis conducted on how to succeed a campaign in MyMicroInvest, I hope I could provide valuable information on how entrepreneurs should conduct their crowdfunding campaigns in order to maximize their chances of succeeding.

To end this paper, I would like somehow, ironically speaking, to thank the crisis and the fact the financial market failed during that period. I think it was time for the market to become more accessible to the general public. I find that this democratization of the financial sector only brings good for our societies; indeed anyone can now be a part of projects that are important to them by funding these projects. At the same time, I think it is finally possible for people who have the entrepreneurial spirit to launch their ideas and dreams, as they are no longer solely facing professional investors who only seek the purely return side the thing; Everyone can participate, and many do so because the ideas fascinate them. And at the end of the day they only putted at stake a considerable small amount of their money. I wonder: who wouldn't take small risk to reach something amazing?

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APPENDIX

I. Appendix 1: Interview guide for entrepreneurs / project founders

Theme	Hypotheses to test	Questions asked
<i>I: Interviewee's Presentation</i>		
- Contact name: - Company/project name: - Position in the Company: - Fund-raising: Failed (less than 100% of target) / successful (between 100% & 140% of target) / More than successful (between 140 & 200% of target) / Extreme success (more than 200% of target)		
<i>II: Introducing the topic: The Crowdfunding phenomenon in Belgium</i>		
<i>Introducing the goal of the survey</i>	“With this questionnaire I aim to: First of all, help future entrepreneurs using the MyMicroInvest platform to succeed on raising the funds with their campaign. And then, I would like to understand the reasons behind the delay of Belgium crowdfunding scene compared to its neighbouring countries. With the information collected I would try to understand what could possibly foster the phenomenon of Crowdfunding in Belgium. Before going into deep in the subject I would like to ask you 2/3 questions about your opinion regarding the Crowdfunding situation in Belgium. I should point out that there are no wrong answers. I will let you talk freely; I will only try to guide the discussion without any influencing.”	1. What's your Opinion about the actual situation of crowdfunding in Belgium? Do you think this mechanism is well installed in Belgium? 2. What benefits do you consider crowdfunding is bringing to the Belgium financial market? 3. Why do you think entrepreneurs in Belgium are choosing crowdfunding instead of more traditional investment Systems (such as banks etc...)?
<i>Opinion about crowdfunding in Belgium</i>		
<i>III: What drive the success of a Crowdfunding Campaign?</i>		
<i>Transition to part III of the survey</i>	“This part of the survey will mainly focus on your experience as a fundraiser in the platform MyMicroInvest”	
<i>Introduction to part III</i>		1. How and when did you find out about the existence of Crowdfunding?
<i>Pre-campaign factors</i>	H1: Hypothesis 1: There are several ways for entrepreneurs to increase the probability of reaching the funding goal before even	2. What motivated you to use this mechanism besides the financial aspect? 3. How did you decided about the amount you wanted to raise? Did you went

	having launched the crowdfunding campaign.	see a professional or did made a deep analysis? 4. How much time did it take for you to prepare your campaign? 5. Why did you choose the platform MyMicroInvest; did you went see other platforms before choosing MyMicroInvest
<i>Project founders / owners characteristics</i>	H2: The profile of the project team individuals in the social and professional online networks influence the investor's decision. H3: The campaign's team past professional lives and experience as project creators, positively influences the funders the level of trust and therefore also the likelihood of succeeding in raising funds. H4: professional background can be useful to its crowdfunding campaign.	6. Do you consider that your social network (size of your social network friend in Facebook / number of like in Facebook page of your business/ LinkedIn connections etc.) and personal network (Family, close friends etc.) had an influence in the success/failure of your project campaigns to raise funds? 7. Have you ever been involved before as project creator? If Yes/No, do you think it help you in your campaign? 8. Before starting your campaign, you already had professional experience in the field of campaign you have launched? 9. Do you think the composition of the team behind the campaign impact the decision of investors? 10. Have you ever been involved as an investor in a crowdfunding campaign? 11. The current literature confirms that "The deeper the description of your project and the clearest the exposure of your project objectives the more likely your project will succeed in reaching the targeted goal." Do you agree with this statement? Why?
<i>Communication Characteristics</i>	H5: The deeper the description of your project and the clearer exposure of your project objectives, the more likely your project will succeed in reaching the targeted goal. H6: the way of displaying the information (such as the provision of a video, graphical representations, or language used) has an important impact on the success of a campaign. H7: building an active community, by posting regular updates on the campaign page and by responding to the feedback, suggestions and concerns raised by interested members of the community, is associated with greater success. H8: The duration of a campaign has an influence on its success. H9: The amount of funds targeted has an influence in the campaign's success.	12. The quality of the display it self (such as the provision of a video, graphical representations, or language used) has also has very important influence in the likelihood for a campaign to succeed on reaching the funding goal targeted. Do you agree with this statement? For you what communication aspect attracted the more your investors? 13. During your campaign were you active in the platform? Did you post updates? Did you answer questions raised by interested members in the platform? Did you felt it help creating more trust in your project? Do you think it was important for the success of your campaign? 14. Do you think that the length of a campaign has an impact in the likelihood of success of a campaign? Literature argues that the longer the duration of a campaign, the less likely it would to succeed. 15. Literature argues that bigger the financial goal of a campaign, the less
<i>Campaign's characteristics</i>		

		likely it is to succeed .Do you agree with this statement?
<i>Funders behaviour</i>	H10: if a certain number of individuals decide to invest in a project, it becomes more likely that other investors will be interested in the project and eventually invest in it too.	16. During your campaign were you active in the platform? Did you post updates? Did you answer questions raised by interested members in the platform? Did you felt it help creating more trust in your project? Do you think it was important for the success of your campaign? 17. Do you think that the decision of a funder to invest in a campaign has an influence in others potential's funders decision to invest? Why? 18. More precisely do you agree with the thought that "the amount of early investors during a campaign has an impact on the other potential future contributors level of trust in the project and so, has influence in the likelihood for a campaign to succeed on reaching the funding goal targeted"? Why? Do you think it was the case in your campaign? 19. Looking back, what are the factors you consider that mostly affected positively/negatively your campaign and allowed you to reach an impressive success of 320%? 20. Do you have any advice for entrepreneur before trying to launch a Crowdfunding campaign? Important steps and element you cannot miss? Error to avoid? 21. Do you plan on using this mechanism in the future ? why ?
<i>Conclusion</i>		
<i>IV: What can possibly explain the delay of Belgium compared to its neighbouring countries</i>		
<i>Transition to part IV of the survey</i>	This part of the survey will mainly focus on trying to understand why there's a delay in Belgium crowdfunding market compared to its neighbouring countries and what could possibly help fostering the phenomenon of Crowdfunding in Belgium.	
<i>Belgium Culture</i>	H1: The Belgium Culture is not especially familiar with the practice of E-commerce and so does not show great trust and interest for the phenomenon of crowdfunding.	1. Do you believe that there could be a possible relationship between the degree of familiarity of population to use e-commerce and use crowdfunding?

<i>Belgium Culture</i>	H2: Belgium's availability of entrepreneurial finance stays the lowest compared to its neighbouring countries and so we could deduct that the small offer of such services for entrepreneurs and small business is slowing down the growth crowdinvesting in Belgium. H3: Demand for seed financing is not yet very large in Belgium, which could be a factor slowing down the development of Crowdinvesting in Belgium.	2. Do you think that there is a big demand for seed financing in Belgium? 3. What about the offer for this type of financing? Do you think it is adequate for the present demand?
<i>Education and Knowledge concerning the phenomenon of CF in Belgium</i>	H4: There is a weak knowledge and education regarding crowdinvesting in Belgium. That could be one of the reasons for the Belgium delay.	4. Do you think, in general people in Belgium now about this phenomenon? do you think there is enough education about crowdinvesting phenomenon in Belgium? 5. Do you think that the Belgian entrepreneurs are fully aware of the potential of the mechanism of crowdinvesting in Belgium?
<i>Market development and competition involved</i>	H5: There is low number of crowdinvesting platforms in Belgium, which could be delaying the Belgium CF market to grow properly.	6. Do you think the number of active platforms has an impact in the development of crowdinvesting in Belgium? If so, do you think that it's enough there are enough to promote the growth of crowdinvesting in Belgium?
<i>Market development and competition involved</i>	H6: There are strong and attractive Crowdinvesting markets abroad. In addition, foreign platforms are starting to expand their business to Belgium; foreign markets and platforms could be stealing the potential of Crowdinvesting in Belgium. And thus, this could be a reason why Belgium is falling behind its neighbouring countries.	7. There is a strong market outside Belgium. Platforms in other countries could be stealing the potential of Belgian crowdinvesting market. What do you think about that? Or contrariwise is this helping the Belgian market?
<i>Belgium regulatory framework</i>	H7: Untill now, the regulatory framework in Belgium has been too strict which has been slowing down the market development of Crowdinvesting in Belgium.	8. Do you think the actual crowdinvesting regulatory framework is adequate to promote growth in Belgium? Don't you think it's too strict? Why?
<i>Conclusion</i>		9. Of all the factors mentioned: what is the one or those you consider to be the major factors explaining the delay of Belgium compared to its neighbouring countries? 10. Is-there any other factor that I did not mentioned that you consider important? 11. Do you have a recommendation for platforms / regulatory authorities that could help the phenomenon of crowdinvesting to grow in Belgium? 12. What are your predictions for the future of crowdinvesting in Belgium?

II. Appendix 2: Interview guide for person working at FSMA

Theme	Hypotheses to test	Questions asked
<i>I: Interviewee's Presentation</i>		
• <i>Contact name:</i> • <i>Professional Occupation:</i>		
<i>II: Introducing the topic: The Crowdfunding phenomenon in Belgium</i>		
<i>Introducing the goal of the survey</i>	“With this questionnaire I aim to understand the reasons behind the delay of Belgium crowdfunding scene compared to its neighbouring countries. With the information collected I would try to understand what could possibly foster the phenomenon of Crowdfunding in Belgium. Before going into deep in the subject I would like to ask you 2/3 questions about your opinion regarding the Crowdfunding situation in Belgium. I should point out that there are no wrong answers. I will let you talk freely; I will only try to guide the discussion without any influencing.”	
<i>Opinion about crowdfunding in Belgium</i>		1. What's your Opinion about the actual situation of crowdfunding in Belgium? Do you think this mechanism is well installed in Belgium? 2. What benefits do you consider crowdfunding is bringing to the Belgium financial market? 3. Why do you think entrepreneurs in Belgium are choosing crowdfunding instead of more traditional investment Systems (such as banks etc....)?
<i>III: What can possibly explain the delay of Belgium compared to its neighbouring countries</i>		
<i>Transition to part III of the survey</i>	This part of the survey will mainly focus on trying to understand why there's a delay in Belgium crowdfunding market compared to its neighbouring countries and what could possibly help fostering the phenomenon of Crowdfunding in Belgium.	
<i>IV: What can possibly explain the delay of Belgium compared to its neighbouring countries</i>		
<i>Belgium Culture</i>	H1: The Belgium Culture is not especially familiar with the practice of E-commerce and so does not show great trust and interest for the phenomenon of crowdfunding.	1. Do you believe that there could be a possible relationship between the degree of familiarity of population to use e-commerce and use crowdfunding?

<i>Belgium Culture</i>	H2: Belgium's availability of entrepreneurial finance stays the lowest compared to its neighbouring countries and so we could deduct that the small offer of such services for entrepreneurs and small business is slowing down the growth crowdinvesting in Belgium. H3: Demand for seed financing is not yet very large in Belgium, which could be a factor slowing down the development of Crowdinvesting in Belgium.	2. Do you think that there's find that there is a big demand for the seed financing in Belgium? 3. What about the offer for this type of financing? Do you think it is adequate for the present demand?
<i>Education and Knowledge concerning the phenomenon of CF in Belgium</i>	H4: There is a weak knowledge and education regarding crowdinvesting in Belgium. That could be one of the reasons for the Belgium delay.	4. Do you think, in general people in Belgium now about this phenomenon? Do you think there is enough education about crowdinvesting phenomenon in Belgium? 5. Do you think that the Belgian entrepreneurs are fully aware of the potential of the mechanism of crowdinvesting in Belgium?
<i>Market development and competition involved</i>	H5: There is low number of crowdinvesting platforms in Belgium, which could be delaying the Belgium CF market to grow properly.	6. Do you think the number of active platforms has an impact in the development of crowdinvesting in Belgium? If so, do you think that it's enough there are enough to promote the growth of crowdinvesting in Belgium?
<i>Market development and competition involved</i>	H6: There are strong and attractive Crowdinvesting markets abroad. In addition, foreign platforms are starting to expand their business to Belgium; foreign markets and platforms could be stealing the potential of Crowdinvesting in Belgium. And thus, this could be a reason why Belgium is falling behind its neighbouring countries.	7. There is a strong market outside Belgium. Platforms in other countries could be stealing the potential of Belgian crowdinvesting market. What do you think about that? Or contrariwise is this helping the Belgian market?
<i>Belgium regulatory framework</i>	H7: Until now, the regulatory framework in Belgium has been too strict which has been slowing down the market development of Crowdinvesting in Belgium.	8. Do you think the actual crowdinvesting regulatory framework is adequate to promote growth in Belgium? Don't you think it's too strict? Why? 9. Is FSMA planning on updating soon the regulatory framework regarding Crowdinvesting?
<i>Conclusion</i>		10. Of all the factors mentioned; What is the one or those you consider to be the major factors explaining the delay of Belgium compared to its neighbouring countries? 11. Do you have a recommendation for platforms and entrepreneurs that could help the phenomenon of crowdinvesting to grow in Belgium? 12. What are your predictions for the future of crowdinvesting in Belgium?

III. Appendix 3: Interview guide for MyMicroInvest

Theme	Hypotheses to test	Questions asked
I: Interviewee's Presentation		
• <i>Contact name:</i> • <i>Platform's name:</i> • <i>Position in the Company:</i>		
II: <i>Introducing the topic: The Crowdfunding phenomenon in Belgium</i>		
<i>Introducing the goal of the survey</i>	“With this questionnaire I aim to: First of all, help future entrepreneurs using the MyMicroInvest platform to succeed on raising the funds with their campaign. And then, I would like to understand the reasons behind the delay of Belgium crowdfunding scene compared to its neighbouring countries. With the information collected I would try to understand what could possibly foster the phenomenon of Crowdfunding in Belgium. Before going into deep in the subject I would like to ask you 2/3 questions about your opinion regarding the Crowdfunding situation in Belgium. I should point out that there are no wrong answers. I will let you talk freely; I will only try to guide the discussion without any influencing.”	1. What's your Opinion about the actual situation of crowdfunding in Belgium? Do you think this mechanism is well installed in Belgium? 2. What benefits do you consider crowdfunding is bringing to the Belgium financial market? 3. Why do you think entrepreneurs in Belgium are choosing crowdfunding instead of more traditional investment Systems (such as banks etc....)?
<i>Opinion about crowdfunding in Belgium</i>		
III: <i>What drive the success of a Crowdfunding Campaign?</i>		
<i>Transition to part III of the survey</i>	“This part of the survey will mainly focus on your experience working in a crowdfunding platform”	

<i>Introduction to part III</i>	I formulated several hypothesis based on recent research and what literature consider to be the main factors of a campaign. 1. Can you give your opinion for each of the hypothesis I formulated? Say if you agree with it and than mention how important each factor is for the success of the campaign according to your experience?	
<i>Pre-campaign factors</i>	H1: There are several ways for entrepreneurs to increase the probability of reaching the funding goal before even having launched the crowdfunding campaign.	
<i>Project founders / owners characteristics</i>	H2: The profile of the project team individuals in the social and professional online networks influence the investor's decision. H3: The campaign's team past professional lives and experience as project creators, positively influences the funders the level of trust and therefore also the likelihood of succeeding in raising funds. H4: professional background can be useful to its crowdfunding campaign.	
<i>Communication Characteristics</i>	H5: The deeper the description of your project and the clearer exposure of your project objectives, the more likely your project will succeed in reaching the targeted goal.	
	H6: the way of displaying the information (such as the provision of a video, graphical representations, or language used) has an important impact on the success of a campaign.	
<i>Campaign's characteristics</i>	H7: building an active community, by posting regular updates on the campaign page and by responding to the feedback, suggestions and concerns raised by interested members of the community, is associated with greater success.	
	H8: The duration of a campaign has an influence on its success. H9: The amount of funds targeted has an influence in the campaign's success.	

<i>Funders behaviour</i>	H10: if a certain number of individuals decide to invest in a project, it becomes more likely that other investors will be interested in the project and eventually invest in it too.	
<i>Conclusion</i>		- Is there anything else you think is key to success? - Do you have any advice for entrepreneur before trying to launch a campaign in your platform? Important steps and element you cannot miss? Errors to avoid?
<i>IV: What can possibly explain the delay of Belgium compared to its neighbouring countries</i>		
<i>Transition to part IV of the survey</i>	This part of the survey will mainly focus on trying to understand why there's a delay in Belgium crowdfunding market compared to its neighbouring countries and what could possibly help fostering the phenomenon of Crowdfunding in Belgium.	
<i>Belgium Culture</i>	H1: The Belgium Culture is not especially familiar with the practice of E-commerce and so does not show great trust and interest for the phenomenon of crowdfunding.	- According to a recent study conducted by KPMG Belgium is heavily lagging behind compared to his neighboring countries. Do you agree with this statement? Why? - Do you believe that there could be a possible relationship between the degree of familiarity of population to use e-commerce and use crowdfunding?
<i>Belgium Culture</i>	H2: Belgium's availability of entrepreneurial finance stays the lowest compared to its neighbouring countries and so we could deduct that the small offer of such services for entrepreneurs and small business is slowing down the growth crowdinvesting in Belgium. H3: Demand for seed financing is not yet very large in Belgium, which could be a factor slowing down the development of Crowdfunding in Belgium.	- Do you think that there is a big demand for seed financing in Belgium? - What about the offer for this type of financing? Do you think it is adequate for the present demand? - What about your platform? Do you have a lot of Demand coming from entrepreneurs? Do it tend to grow with the years?
<i>Education and Knowledge concerning the phenomenon of CF in Belgium</i>	H4: There still is a major lack of knowledge and education regarding crowdfunding in Belgium: both at the investors' and entrepreneurs' side. And that explain largely the delay of Belgium.	- Do you think, in general people in Belgium now about this phenomenon? Do you think there is enough education about crowdfunding phenomenon in Belgium? - Do you think that the Belgian entrepreneurs are fully aware of the potential

			of the mechanism of crowdfunding in Belgium?
<i>Market development and competition involved</i>	H5: There is low number of crowdinvesting platforms in Belgium, which could be delaying the Belgium CF market to grow properly.		8. Do you think the number of active platforms has an impact in the development of crowdfunding in Belgium? If so, do you think that it's enough there are enough to promote the growth of crowdfunding in Belgium?
<i>Market development and competition involved</i>	H6: There are strong and attractive Crowdinvesting markets abroad. In addition, foreign platforms are starting to expand their business to Belgium; foreign markets and platforms could be stealing the potential of Crowdfunding in Belgium. And thus, this could be a reason why Belgium is falling behind its neighbouring countries.		9. There is a strong market outside Belgium. Platforms in other countries could be stealing the potential of Belgian crowdfunding market. What do you think about that? Or contrariwise is this helping the Belgian market?
<i>Belgium regulatory framework</i>	H7: Untill now, the regulatory framework in Belgium has been too strict which has been slowing down the market development of Crowdfunding in Belgium.		10. Do you think the actual crowdfunding regulatory framework is adequate to promote growth in Belgium? Don't you think it's too strict? Why?
<i>Conclusion</i>			11. Do you have a recommendation for platforms / regulatory authorities that could help the phenomenon of crowdfunding to grow in Belgium? 12. What are your predictions for the future of crowdfunding in Belgium?

IV. Appendix 4: Interview A

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: Christophe Bouchat

Company's name: BooknBike SPRL

Status in the Company: CEO and co-Founder of BooknBike

Crowdfunding Campaign: Successful

PART II: Crowdfunding situation in Belgium

1. Quelle est votre opinion par rapport à la situation actuelle du Crowdfunding en Belgique? Est ce que vous pensez que ce mécanisme est déjà bien installé dans le marché Belge?

“Je pense que ça évolue, ça évolue de mois en mois dans la bonne direction. Je n'ai pas fait une analyse comparative par rapport à la situation des autres pays en Europe ou dans le monde. J'ai l'impression d'après ce que je vois qu'on a un peu de retard, mais bon, ce n'est pas très grave; mieux vaut tard que jamais et je trouve que c'est une bonne chose que cela existe déjà en Belgique.”

2. Quels sont d'après vous les bénéfices majeurs qu'apporte ce mécanisme au marché Belge? Et pourquoi croyez vous que des entrepreneurs en Belgique sont entrain de choisir le CF plutôt que de se référer à des outils financiers plus traditionnels tel que le prêt bancaire“?

“Je trouve que c'est une question de prise de risque. Quand on s'adresse à des banques, ils veulent souvent des garanties que nous n'avons pas envie de donner en temps qu'entrepreneurs. Ce n'est pas très évident de mettre notre maison en garantie, on n'a pas toujours envie de faire cela, surtout pour le côté familial des choses. En ce qui me concerne, je préfère partager les risques avec des candidats investisseurs qui ont envie de prendre une certaine part de risque mais avec une possibilité de return plus élevé si les choses se passent bien.”

PART III: Your experience with Crowdfunding

1. Comment / Quand avez-vous appris de l'existence du concept de crowdfunding?

“Surtout par Internet et les journaux. Je suis dans le net depuis une vingtaine d'années donc j'utilise beaucoup ce moyen pour m'informer sur l'actualité. C'est aussi comme ça que j'ai appris de l'existence de la plateforme MyMicroInvest”

2. Qu'est-ce qui vous a poussé à utiliser le crowdfunding pour financer votre projet? Était-ce seulement pour les avantages financiers?

« On a trouvé que ça pourrait être bénéfique pour notre business. Le crowdfunding à un grand avantage pour les entrepreneurs; En effet, après la levée de capitaux, il vaut mieux avoir une centaine de petits investisseurs à 1000 euros chacun plutôt que d'avoir 1 seul grand investisseur, parce que les 100 personnes vont pouvoir relayer l'information, nous ouvrir des portes, et nous aider à rendre nos produits et services plus visibles; C'est donc la force du groupe, la force de la communauté ».

3. Combien de temps avez-vous pris pour préparer votre campagne avant de la lancer?

« Pour moi, cela est un peu le côté négatif de la chose. Cela prend encore aujourd'hui beaucoup trop de temps ; cela requiert un très très gros travail. Au total, à mon avis, il y a bien eu 4 mois de préparation et puis 2 mois d'investissement pour la levée de capitaux »

4. Pourquoi avez-vous décidé de choisir la plateforme MyMicroInvest ?

« Surtout parce que j'ai confiance en eux. C'est aussi une question d'image ; se sont des professionnels »

5. Pensez-vous que certains aspects pourraient être améliorés afin de favoriser la réussite de projet?

« Non, je trouve que ce n'est pas au niveau de la plateforme qu'il faut s'améliorer je crois que c'est le marché qui doit s'améliorer ; il y a peu d'information par rapport à ce mécanisme en Belgique. Beaucoup de gens ne connaissent pas encore ce que c'est le Crowdfunding, et il faut parfois leur expliquer 2, 3 ou 4 fois avant qu'ils aient la volonté d'investir même juste une petite somme de 100/500 euros. Je trouve qu'il faut encore en parler beaucoup ; une fois que ça sera plus assimilé par le grand public ça ira plus vite pour les entrepreneurs de réaliser leurs objectifs. »

6. Pensez-vous que votre réseau social (taille de votre ami de réseau social dans Facebook / nombre de likes dans la page Facebook de votre entreprise / connexions LinkedIn, etc.) et de réseau personnel (famille, amis proches, etc.) a eu une influence dans le succès de vos campagnes de projet pour lever des fonds?

« Oui, oui bien sûr, cela a contribué fortement. Ce n'est pas uniquement le réseau de MyMicroInvest et leurs membres présents qui ont contribué au succès de la campagne. En fait MyMicroInvest forme un réseau et nous le met à notre disposition ; c'est à nous de l'utiliser et faire le boulot. Et c'est avec notre boulot qu'on arrive à attirer des investisseurs. Et une grosse partie vient d'amis, d'amis des amis, des connaissances et des gens de notre communauté, en ce qui nous concerne, des gens passionnés de VTT. »

7. Avez-vous déjà été impliqué avant en tant que créateur de projet? Si oui, trouvez-vous que cela a aidé au succès de votre collecte?

« Oui, c'est déjà ma 3ème société, je suis déjà habitué à faire ça. Mais c'est la première fois que je fais du crowdfunding, cela n'existait pas avant. Je pense que le fait d'avoir déjà de l'expérience dans le domaine rassure une certaine partie des investisseurs potentiels ».

8. Avez vous déjà été impliqué en tant qu'investisseur dans une campagne de crowdfunding ?

« Oui, j'ai déjà investi simplement quelques centaines d'euro dans un projet. Je trouve sa reste quand même important, on pourrait dire que les petites rivières font les grands océans et donc en participant je contribue à ce que d'autre entreprises réussissent à réaliser leurs projets ».

9. La littérature fait valoir que plus la durée d'une campagne est grande, moins elle a de chance de réussir. Êtes-vous d'accord avec cet argument? Pourquoi?

« Je trouve que l'impact est assez faible finalement ; entre 2 ou 3 mois de campagne je trouve que sa change pas grand chose »

10. La littérature fait valoir que plus l'objectif financier d'une campagne est grande moins elle a de chance de réussir. Êtes-vous d'accord avec cet argument? Pourquoi?

« Alors, je trouve qu'il est plus facile de lever 50 milles euros que de lever 100 milles euros, mais a contrario il sera plus facile de lever 100 milles euros avec un bon projet que d'essayé de lever 50 milles euros avec un mauvais projet »

11. La littérature actuelle confirme que « Plus le projet est décrit en profondeur dans la plateforme et vous de exposés clairement les objectifs du projet le plus probable que votre projet va réussir à atteindre l'objectif visé." Êtes-vous d'accord avec cette déclaration? Pourquoi?

« Oui toute à fait, c'est le côté marketing de la chose ; même si tout est décrit dans un document de 100 pages, le memorandum, les gents ne lisent pas ça. Ils ont tendance à regarder les résumés, les vidéos et donc c'est là que le message doit être percutant »

12. Littérature fait valoir que la façon dont l'information est affichée sur une plateforme (comme par exemple utiliser une vidéo, des représentations graphiques et le langage utilisé) a un impact important dans la probabilité pour une campagne de réussir. Êtes-vous d'accord avec cette déclaration?

« Oui, Oui ; ça c'est sûr, il y a le côté « emballage marketing » qui est important. C'est très important bien sûr »

13. Au cours de votre campagne avez-vous été actif dans la plateforme? Avez-vous postez des mises à jour? Avez-vous répondu aux questions soulevées par les membres intéressés de la plate-forme?

« Oui, on a eu une série de question posé sur la plateforme et on a essayé de répondre le plus vite possible. En ce qui concerne la mise à jour de notre projet, sa continue car on fait une levée de capitaux mixte avec des business angels. Il y a la partie crowdfunding qui est déjà finie, et maintenant on à encore 6 mois derrière pour finaliser les négociations avec les Business angels. »

14. Est-ce que vous vous rappelez si au début, dans les premiers jours de votre campagne vous aviez déjà réussi à réunir une bonne quantité de fonds investisseurs ?

« Oui et non; c'est à dire qu'on a eu quelques uns tous les jours, mais on a pas eu l'effet de boom dès les premiers jours, et donc ça c'est un peu la leçon pour la prochaine fois ; Je trouve qu'il vaut mieux prendre un mois de plus dans la phase préparatoire pour déjà avertir tous tes contacts que la campagne va être ouverte à telle date ; et à ce moment là les incité à investir dès les premiers jours. Je trouve qu'il y a un phénomène de suiveurs, plus on a des investisseurs, plus il est facile de trouver les suivants. »

15. Pensez-vous que la décision d'un individu à investir dans une campagne a une influence sur la décision d'autres investisseurs potentiels à investir? Pourquoi? (Déjà répondu dans question précédente, mais rajoute commentaire)

« Je trouve que l'influence ne vient pas que du montant investie mais aussi du nombre d'investisseurs qui ont déjà investis ». Il faut que le pourcentage de l'objectif

16. Plus précisément, êtes-vous d'accord avec l'idée que le montant des premiers investisseurs lors d'une campagne a un impact sur l'autre niveau de potentiel de futurs contributeurs de confiance dans le projet et ainsi, a une influence sur la probabilité d'une campagne pour réussir en atteignant l'objectif de financement ciblé "? Pourquoi? Pensez-vous que ce fut le cas dans votre campagne? (Déjà répondu, réponse dans question 14, mais rajoute commentaire)

« Il faut qu'un pourcentage de l'objectif soit atteint le plus vite possible dans les premiers jours. Cela contribue à ce que l'objectif soit réalisé rapidement et ensuite éventuellement le dépasser car il y a toujours une fourchette »

17. D'après tout ce qui a été dit, quels sont pour vous le ou les facteurs les plus importants pour la réussite d'une campagne?

« La communication, la préparation et encore pour le moment dans le cas de notre projet, il est encore très important d'expliquer 2, 3 voir 4 fois à la même personne ce que c'est le crowdfunding et en quoi consiste votre projet et c'est seulement après plusieurs répétitions que les gents passent à l'acte. Ca c'est un peu le problème des premières sociétés qui utilise ce marché là car il n'est pas encore très mature ; il devrait être plus facile. »

18. Avez-vous des conseils pour les entrepreneurs avant d'essayer de lancer une campagne de crowdfunding? Des étapes à ne pas manquer? Les erreurs à éviter?

« Le premier conseil que je peut donner à des futurs entrepreneurs qui ont l'âme d'entrepreneurs en eux, c'est pendant la phase où il sont encore dans le développement de la bonne idée, c'est de mettre de l'argent de côté et le jour ils sont prêt et ils trouvent que la bonne idée est arrivé ils auront déjà mis X milliers d'euros de côté et ils pourront l'investir dans la société. Je trouve qu'au plus on apporte, le plus sa donne de la confiance dans le projets et au plus il est facile d'aller en chercher le complément dans le crowd ou chez les investisseurs. C'est vraiment mon conseil : épargner pour devenir entrepreneur un jour »

19. Envisagez-vous réutiliser le crowdfunding dans le futur? Si oui / non pour quelles raisons?

« Oui bien sûr, moi j'envisage faire ça pour tous mes projets maintenant ; ça c'est sûr. Même si il y a encore du progrès qui doit être fait dans le secteur et que cela demande

beaucoup de temps de préparation, une fois que vous avez déjà participé au phénomène, il devient tout de suite plus facile de savoir ce qui est nécessaire. Je suis également convaincu que les plateformes tels que MyMicroInvest vont pouvoir améliorer leur façon de fonctionner rendre leur processus plus efficace, rapide et simple pour les entrepreneurs. Même si il reste aussi la partie légale à respecter, cela devrait devenir de plus en plus facile dans les années qui viennent. »

V. Appendix 5: Interview B

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: Guillaume Desclée

Platform's name: MyMicroInvest

Status in the Company: CMO & COO of MyMicroInvest

PART II: Crowdfunding situation in Belgium

1. Quelle est votre opinion par rapport à la situation actuelle du Crowdfunding en Belgique? Est ce que vous pensez que ce mécanisme est déjà bien installé dans le marché Belge?

« Alors, c'est le début, c'est comme partout dans le monde, ça commence à se développer. Les débuts sont bons, mais encore marginaux par rapport au potentiel qu'on verra dans quelques années. La situation c'est quoi ? C'est quelques millions de fonds levés en Belgique. Maintenant il y a le plan Start-up qui se met en place qui va vraiment encore pousser le développement du Crowdfunding en Capitale et en Equity au niveau du pays, le nombre de plateformes est entrain d'augmenter, donc l'avenir est assez beau pour le Crowdfunding en Belgique. »

2. Quels sont d'après vous les bénéfices majeurs qu'apporte ce mécanisme de marché en Belgique? Et pourquoi croyez vous que des entrepreneurs en Belgique sont entrain de choisir le CF plutôt que de se tourner vers des outils financiers plus traditionnels tel que le prêt bancaire“?

« Pour les investisseurs, c'est une expérience d'investissement tout à fait différente. Le crowdfunding amène des aspects beaucoup plus concrets, beaucoup plus philosophiques que des placements financés en banque ou en bourse. Ça offre aussi un type de rendement tout à fait différent, c.à.d. que le Crowdfunding en Capitale c'est du capital risque, c'est un nouvel actif pour des privées et les d'autres entreprises aussi. »

PART III: Facteurs qui expliquent le retard de la Belgique comparé à ses pays voisins Européens

3. Selon la littérature "La Belgique est en retard par rapport à ses pays voisins". Êtes-vous d'accord avec cette déclaration? Pourquoi? (Expliquez brièvement)

« Par rapport au voisin oui peut-être. Donc Hollande, France, Allemagne. Par rapport au chiffre du monde entier non, puisque la Belgique reste je crois dans le top10 (ou pas loin) des pays du Crowdfunding dans le monde; mais c'est essentiellement dû au fait que les pays voisin à on des législations différentes et surtout des incitant fiscaux qui poussent les gents à utiliser vachement le crowdfunding. Et cela sa change, car des incitant fiscaux sont entrain d'être d'être mis en place en Belgique et alors on va pouvoir se rattraper par rapport aux pays voisins. »

4. La littérature tend à dire que le support de la finance entrepreneuriale Belgique reste plutôt faible. Êtes-vous d'accord avec cela? (Expliquez brièvement) Pensez-vous que cela puisse affecter le développement de CF en Belgique?

« Mais ce n'est pas que en Belgique, c'est un peu partout dans le monde, c'est ce qu'on appelle l'equity gap ; c'est genre d'entreprise sont synonyme de risque et il n'y a pas beaucoup d'investisseurs qui sont prêt à y mettre de l'argent »

5. La littérature tend également à dire que la demande d'investissement en ligne en Belgique ne semble pas être très grande; vous d'accord avec cette déclaration? Pourquoi? Pensez-vous que cela puisse affecter le développement de CF en Belgique?

« Oui; oui, je trouve qu'il y a une demande globale qui vient surtout d'entreprise plus jeune, des entreprises qui ont des difficultés d'accès au crédit bancaires. Cela les amènes a donner de plus en plus de valeur au mécanisme du crowdfunding. »

6. En ce qui concerne votre plateforme vous avez beaucoup de demande ? Environ combien ? Est-ce quelle la tendance à croître avec le temps ?

« Oui, oui, il y en a beaucoup, énormément. On a eu plus de mille dossier en 1 an et demi. Et cela temps à croître dans le temps. »

7. Pensez-vous, en général, il y a assez d'éducation sur le phénomène de crowdfunding en Belgique?

« Non, alors ça c'est un problème majeur. C'est assez nouveau donc il y a vraiment extrêmement peu de gents qui se réveillent le matin en se disant qu'ils vont investir sur certaine forme de crowdfunding. Le marché est très très peu éduqué ; ils se réveillent de petite à petit et je vois maintenant ne fussent la recherche du mot clé « Crowdfunding » explose littéralement. Donc cela est un reflet de la croissance de la notoriété de ce mécanisme et cela indique bien que l'intérêt des gens se réveille. Même si c'est encore marginal, sa augmente ; c'est vraiment les premiers pas vers une progression grandissante du phénomène.

8. Il y a un marché de crowdfunding fort en dehors de la Belgique. Des Plates-formes dans d'autres pays pourraient être en train de voler le potentiel du marché belge crowdfunding. Quelle en ait est votre opinion?

« Oui, oui bien sûr; c'est déjà le cas d'ailleurs avec des plateformes françaises comme Kisskissbankbank qui est dans les premières au niveau européen à arriver en Belgique. Nous aussi on est aussi actif en France, l'Allemagne, l'Hollande et l'Espagne, donc il n'y a pas vraiment de frontière au niveau de la Belgique. C'était partit initialement d'initiative locale et maintenant sa se repend et se globalise et donc il y a de moins en moins de frontières

physique. »

9. Pensez-vous que le nombre de plates-formes actives a un impact dans le développement de crowdfunding en Belgique? Si oui, pensez-vous qu'il y en a en assez en Belgique pour favoriser la croissance de crowdfunding?

« Oui bien sûr ; il y a encore relativement peu d'offre de CF en Belgique ».

10. Pensez-vous que le cadre réglementaire crowdfunding réelle est adapté pour favoriser la croissance en Belgique? Pourquoi? Qu'est ce qui pourrait être amélioré d'après vous?

« Je crois que le cadre réglementaire est bien fait ; il est là pour protéger l'épargnant et donc il doit absolument être encadré parce que si il ne l'est pas, ça serait au détriment de l'investisseur et n'importe qui pourrait demain essayer de rentrer dans le crowdfunding et de proposer n'importe quoi aux gens et les tromper complètement. Donc le contexte réglementaire en Belgique il est important, fort, structuré et contraignant ; mais tant mieux, il faut qu'il le reste parce que c'est comme ça qu'il va permettre au crowdfunding d'évoluer de manière correcte dans le temps car ça sera encadré. Je trouve il est fort, mais il nous empêche pas de fonctionner. Je trouve qu'ils sont entrain bien faire les choses, ils ont énormément déjà appris et éduqué le marché du crowdfunding en Belgique ; à l'heure actuelle ils sont entrain de s'adapter et mettre des règles fluides pour le développement du CF en Belgique et pour les entrepreneurs et pour les investisseurs. »

11. Quelles sont vos prévisions pour l'avenir de crowdfunding en Belgique?

« Je crois qu'on sera environ 5 fois l'année prochaine dans les volumes. Probablement 10 fois dans 2 ans. Ça s'explique d'une part les plateformes comme nous sommes entrain d'augmenter considérablement nos volumes; on les triple aisément chaque année, même plus que ça; Et le nombre de demandes vont augmenter de plus en plus, il y aura de plus en plus d'acteurs qui voudront lever des fonds avec ce mécanisme. J'ai absolument aucun souci à dire que les chiffres vont faire 5 fois en 2015 et 10 fois pour 2016. »

PART IV: Qu'est-ce qui conduit au succès d'une campagne de crowdfunding?

12. En me basant dans la littérature, j'ai déduit plusieurs hypothèses en ce qui concerne les plusieurs facteurs qui pourraient avoir une influence sur le succès d'une campagne. D'après votre expérience je veux savoir si vous êtes d'accord avec ces affirmations expliquer pourquoi et donner un degré d'importance :

Hypothesis 1: Platforms have different ways of operating, a different network of backers, different way of displaying information, etc. Having said that, the success of a campaign depends somehow in the choice of platform to use by the campaign owner/founder, as one platform can better suit to the needs of a project/business than the others.

« Oui je suis d'accord; Pour notre plateforme, on veut inciter à venir des entreprises, pas des projets, des entreprises qui cherchent un financement en capital ou de prêt. Il faut que la société soit quand-même solide; nous on valorise beaucoup cela; n'importe qui ne peut pas

lever des fonds dans notre plateforme; il faut déjà avoir une force social solide, une rentabilité financière également solide et des entrepreneurs qui connaissent bien leurs chiffres, qui connaissent leur plan de développement, business plan et qui savent faire justifier une valorisation correcte de leur entreprise auprès du public; nous on ne finance pas les projets qui viennent de se lancer, on cherche vraiment à sélectionner la qualité; Dites-vous qu'on a vu plus de 1000 dossier et on en a finance moins de 30 jusqu'à présent. Nous on demande beaucoup d'information aux entreprise qui veulent se lancer sur notre plateformeet beaucoup ne sont pas capables de nous fournir ces informations et donc on accepte pas cela. »

Hypothesis 2: a platform's receptivity to the demand of funders in terms of information transparency positively affects the likelihood of success of a campaign, as funder's trust in the project increases because they are provided information with they want.

Hypothesis 3: a platform's receptivity to the demand of fundraisers in terms of information displayed positively affects the likelihood of success of a campaign, as fundraisers have more flexibility to mention the information they consider essential for potential investors.

Hypothesis 4: a strong personal and social network is positively related to the likelihood of a project to be successful.

« Oui c'est important. Mais dit toi que la majorité des critiques qu'on reçoit dans notre plateforme c'est que souvent les entrepreneurs s'attendent à ce que à partir du moment ou leur projet et mis dans MyMicroInvest et donc voila le financement va se faire tout seul. C'est souvent des gents qui n'ont pas bien compris le concept du crowdfunding et qui en attendent beaucoup trop de nous. Nous on a déjà clairement un réseau mis en place et on le met à la disposition des investisseurs, mais ce n'est pas au plateformes de convaincre les gens à investir dans la société, c'est aux entrepreneurs d'utiliser correctement ce réseau et leur propre réseau social et personnel pour convaincre le public d'investir dans leur société ; Et surtout trop souvent, les entrepreneurs ont l'impression que lorsqu'ils ont réussi de se faire introduire dans la plateforme de MyMicroInvest que c'est déjà gagné d'avance. Et une reproche qu'ils peuvent nous faire, c'est qu'il faut beaucoup travailler, même étant déjà sur la plateforme pour réussir l'investissement et nous on essaye tout le temps qu'on les voit d'insister sur cet aspect là. »

Hypothesis 5: Degree of Relation between the campaign's team past professional live and the project campaign, influences positively the level of trust of funders and so the likelihood of succeeding in raising funds.

« Oui, c'est le deuxième élément dans la décision d'investissement des investisseurs; d'abord c'est le contexte, deux: c'est l'équipe et trois c'est le marché, donc c'est évidemment très important. Cela peut aussi avoir un impact des les premier jours la période d'investissement d'une campagne; quand si il y a un fort taux d'investisseur ou une somme importante déjà investi initialement, cela à tendance à donner plus de confiance à des futurs potentiels investisseurs. »

Hypothesis 6: The founder's past experience as a funder or project creator increases the likelihood of succeeding in raising funds

« Si un entrepreneurs a déjà lance 5 boîtes et à fait 5 succès, c'est évident que sa fait partie de l'histoire que vous racontez aux investisseurs; c'est donc un élément qui aide à adhérer confiance et à investir dans la société. »

Hypothesis 7: Projects initiated by owners who have backed other projects will have a higher likelihood of succeeding in raising the stated goal.

« Oui Oui bien sûr. Et surtout si vous avez déjà un projet qui a été finance par du crowdfunding car on a déjà une base importante de gens qui connaissent votre projet et qui croient dans votre idée car si le projet marche, évidemment c'est un élément qui est fondamentale. Et on le voit que toutes les sociétés qui on fait un 2eme tour de financement et que le premier ai eu du succès ils ont eu beaucoup plus de facilités à refinancer leur projet. »

Hypothesis 8: the quality of the display itself (such as the provision of a video, graphical representations, or language used) has very important influence in the likelihood for a campaign to succeed on reaching the funding goal targeted.

Hypothesis 9: The deeper the description of your project and the clearest the exposure of your project objectives, the more likely your project will succeed in reaching the targeted goal.

« Ah oui, bien sûr. Déjà le crowdfunding à un réseau de distribution notamment via les réseaux sociaux. Et pour essayer de engager les gents par ces réseaux sociaux il faut un processus qui soit continue et adapté a cela. Notamment la vidéo est un élément extrêmement important; une vidéo qui permette d'expliquer de manière claire un concept. Si elle est bien faite elle peut fortement inciter en peu de seconde l'envie d'y adhérer et participer c'est un élément clé dans le succès d'une campagne. Et il est important que l'information soit attirante d'un point de vue esthétique et de simplicité d'accès mais aussi l'information en terme de qualité du contenu. Je dirais en soit, quand les investisseurs mettent pas plus de 100 euros, à la limite sa peut ne les affecte pas autant. Mais il faut savoir que dans le crowdfunding il y a la loi de Pareto qui agit, 20% des gens mettent 80% des montants; et ces gens la qui mettent des grand montant ce ne sont pas des gents qui investisse trop sous le coup de l'émotion, c'est des gents qui analyse en profondeur le projet et il leur faut des informations de qualité et cohérente»

Hypothesis 10: building an active community, by posting regular updates on their campaign page and by responding to the feedback, suggestions and concerns raised by interested members of the community is associated with greater success.

« Je suis tout à fait d'accord. Ce qu'il y a c'est que il faut essayer avant même le lancement de la campagne avoir déjà construit un cercle d'investisseur. Et au moment de la campagne, il faut essayer à tout pris de motiver les gens qui ont déjà investi à devenir ambassadeur, on peut même pousser l'affaire en contactant leur propre réseaux et c'est là qu'on atteint le 2ieme cercle, ce qui est super important et difficile à mettre en place. Pour pouvoir le faire et pour que cela se passe dans les meilleurs des conditions, il faut communiquer de façon constante et permanente à tout les gens qui ont intérêt à investir dans la société pendant la durée de la campagne; il faut leur demander de continuer à soutenir le projet, en incitant leur propre réseau à leur tour d'investir dans la société. Ensuite, après le financement il est capital, crucial de continuer à nourrir l'information au près de la communauté d'investisseur car c'est à ce moment là que le mécanisme du crowdfunding fait tout sont sens; Alors ce qu'il peut être fait c'est d'inciter la participation d'un maximum de

personnes dans le développement du projet, en leur demandant des conseils, en leur demandant d'agir et de vendre leur produit en n'en parlant autour d'eux, il faut maintenir un contact constant avec les investisseurs.»

Hypothesis 11: The duration of a campaign has a negative influence in the project's success.

« La durée idéalement elle doit être courte parce que le temps tue le momentum. Autant du côté du l'entrepreneur, lui il aura tendance à se dire qu'il aura plus de temps pour mobiliser et donc il ne pas en effort constant au cour de la lever les fonds. On sent aussi du côté des investisseurs aussi, si moi il me reste 200 jours pour décider si je veux financer une société, j'aurai aucune motivation à mettre de l'argent aujourd'hui, ils iront plutôt attendre pour voir l'évolution de la campagne pour voir se que sa donne; et souvent on peut simplement l'oublier ou on a plus de temps de réfléchir et de se décider et donc on se pose plus de questions qui peuvent nous amener à ne plus vouloir financer le projet. »

Hypothesis 12: Increasing goal size is negatively associated with success.

« Oui évidemment; si mon objectif est de lever € 500,000 il sera plus difficile que de lever € 50,000 euros. Parce qu'il faut mobiliser beaucoup de gens »

Hypothesis 13: successful campaigns become even more attractive and successful due to the herd instinct: if a certain number of individuals decide to invest in the project, it becomes more likely that others investors will be interested in the project and eventually invest on it.

Hypothesis 14: The amount of early investors during a campaign has an impact on the other potential future contributors level of trust in the project and so has influence in the likelihood for a campaign to succeed on reaching the funding goal targeted

« Oui, bien sûr, il y a cet effet boule de neige c'est évident; et donc on voit une accélération des projet au niveau de leur financement dès lors qu'ils s'approchent du maximum ou qu'ils sont proche de la phase du délais du financement. »

13. Is there anything else you think is key to success?

« La clé numéro 1 c'est l'anticipation pour pouvoir préparer la campagne de financement avant que celle-ci soit lance et de pouvoir construire tout un réseau de communication en avance. Apres pour moi: c'est la capacité à créer un réseau d'investisseurs proche, donc un réseau propre mobilisé au financement de votre projet. Il faut évidemment avoir un projet qui soit relativement compréhensible pour la foule pour que les investisseurs hors amie et qui n'ont pas un cette approche émotionnelle ou personnelle vis à vis de l'entrepreneur puisse le retrouver dans l'entreprise. C'est important de pouvoir construire une victoire de votre lever de fond et d'obtenir une valeur émotionnelle autant qu'une valeur financière »

14. Do you have any advice for entrepreneur before trying to launch a campaign in your platform? Important steps and element you cannot miss? Errors to avoid?

« Préparer à fond tout l'opération de levée de fond, pour que le jour où la campagne est lancée, l'entrepreneur ait déjà un plan extrêmement concret de toutes les actions qu'il va effectuer pour communiquer la campagne; et que même il est déjà en amont, qu'il est déjà mobilisé tout son réseau d'amis et proche pour investir à la première seconde que sont projet apparaît en ligne ».

VI. Appendix 6: Interview C

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: François Neu

Company's name: Enerdeal

Status in the Company: Co-Founder and Managing Partner of Enerdeal

Crowdfunding Campaign: More than Successful (160% of targeted funds collected)

PART II: Your experience with Crowdfunding

1. Comment / Quand avez-vous appris de l'existence du concept de crowdfunding?

« On cherchais à lever de l'argent, 100 mille € à peu près, si on lit un peu se qu'il se passe dans le monde, on trouve dans la presse, on peut voir que le phénomène du crowdfunding est déjà connu; On s'est dit que sa serait une belle opportunité pour avoir de la notoriété et trouvé de l'argent d'une manière peut être un peu plus élevé qu'au travers de grand investisseurs qui sont plus contraignants. »

2. Qu'est ce qui vous a poussé utiliser le crowdfunding pour financer votre projet? (A part la question financière)

« Le fait que se soit assez innovant et que sa donne de la visibilité. »

3. Pourquoi avais vous décidé de choisir la plateforme MyMicroInvest et pas une autre ? Avez vous avant fait une analyse des plusieurs possibilités ?

« Oui, en effet, avant de choisir, on a regarder un peu autour on a vu environ 3 plateformes ; et MyMicroInvest semblait être la plateforme qui apportait le plus de professionnalisme dans leur démarche »

4. Comment avez vous choisit le montant que vous vouliez lever?

« On cherchait en fait entre 50 et 100 mille € et le plafond légal était de 100 mille €, donc on a décidé de mettre comme objectif minimum 50 mille euro. On est arrivé à 80 mille donc c'était conforme à nos attentes »

5. Combien de temps avez-vous pris pour préparer votre campagne avant de la lancer?

« Sa demande effectivement beaucoup de préparation, il ne faut surtout pas sous-estimer cela. C'était assez rigoureux comme procès, mais on avait été prévenues. »

6. Envisagez-vous ré-utiliser le crowdfunding dans le futur? Si oui / non pour quelles raisons?

« On y pense, ce n'est pas encore certain ; en tout cas, ça a eu des succès mais c'est un peu limité aussi parce que on peut lever environ 200 mille € ou un peu plus, et pour des projets plus grands c'est pas encore assez. »

7. Pensez vous que le degré de réceptivité d'une plateforme par rapport aux demandes des investisseurs et entrepreneurs peut avoir un impact sur le succès des campagnes ?

« Je trouve qu'il est surtout important quelle réponse aux besoins des entrepreneurs; après les investisseurs eux ne sont pas à la recherche active de solutions pour investir leur argent, c'est à la plateforme d'aller chercher des investisseurs et à les pousser »

8. Pensez-vous que vos réseau social (taille de votre ami de réseau social dans Facebook / nombre de comme dans la page Facebook de votre entreprise / connexions LinkedIn, etc.) et de réseau personnel (famille, amis proches, etc.) a eu une influence dans le succès de vos campagnes de projet pour lever des fonds?

« Certainement, c'est critique ; c'est très important car les premiers 30% des gens qui vont investir dans votre projet c'est des gens que vous connaissez et qui ont confiance en vous ; Et une fois que les premiers en mettent, les autres suivent ; donc c'est extrêmement important ».

9. Avant de lancer votre campagne, aviez-vous déjà une expérience professionnelle dans le domaine de la campagne que vous avez lancé?

« Oui, tout à fait ; cela fait environ 5 ans que je suis dans ce domaine »

10. Avez-vous déjà été impliqué avant en tant que créateur de projet? Si oui, trouvé que cela a aidé au succès de votre collecte?

« Oui, j'ai déjà été impliqué dans la création d'autres projets, mais c'est la première fois que j'utilise le crowdfunding ».

11. Pensez vous que la composition de l'équipe derrière la campagne impacte la décision des investisseurs ?

« Je ne suis pas très convaincu que ça ait un effet critique, je trouve que leurs décisions est généralement plus émotionnelles et je trouve qu'il est rare que les investisseurs aillent jusqu'à quantifier le nombre de personnes derrière la boîte. »

12. Littérature fait valoir que plus la durée d'une campagne est grande, moins elle a de chance de réussir .Êtes-vous d'accord avec cet argument? Pourquoi?

« Oui, je partage ce point de vue que la durée doit être le plus court possible, il faut essayer de minimiser la durée »

13. Avez vous déjà été impliqué en tant qu'investisseur dans une campagne de crowdfunding ?

« Non pas encore »

14. La littérature fait valoir que la façon dont l'information est affichée sur une plateforme (comme par exemple utiliser une vidéo, des représentations graphiques et le langage utilisé) a un impact important dans la réussite d'une campagne. Êtes-vous d'accord avec cette déclaration?

« Je trouve que cela a un impact très fort sur les décisions d'investir ; il est très important de donner la vie à votre information en fournissant des vidéos, des images, du concret. »

15. La littérature confirme que plus le projet est décrit en profondeur dans la plateforme et vous expose clairement les objectifs du projet, le plus probable que votre projet va réussir à atteindre l'objectif visé." Êtes-vous d'accord avec cette déclaration? Pourquoi?

« Je trouve cela évident, c'est normal »

16. Au cours de votre campagne, avez-vous été actif dans la plateforme? Avez-vous posté des mises à jour? Avez-vous répondu aux questions soulevées par les membres intéressés de la plateforme?

« Tout à fait ; cela est impératif d'être actif et montrer le progrès du projet aux potentiels investisseurs ; il faut montrer que c'est vivant, qu'il y a des gens derrière et qu'on est vraiment intéressé, cela incite les gens à investir »

17. Pensez-vous que la décision d'un individu à investir dans une campagne a une influence sur la décision d'autres investisseurs potentiels à investir? Pourquoi?

« Certainement, oui c'est l'effet du troupeau, si on voit que les autres investissent cela réveille notre intérêt pour cela ».

18. Est-ce que vous vous rappelez si au début, dans les premiers jours de votre campagne, vous aviez déjà réussi à réunir une bonne quantité de fonds investisseurs ?

« Alors, nous n'avons pas eu cet effet au début, on a eu des investisseurs mais pas cet effet de masse ; c'est plutôt à la fin qu'on a eu cet effet avec des gens qui relançaient »

19. D'après tout ce qui a été dit, quels sont pour vous les ou les facteurs qui ont mené au succès de votre campagne ?

« L'activité de relance de nos contacts sur les réseaux sociaux, la clarté de notre vidéo et la base d'investisseurs qui est mise à notre disposition par les organisateurs du crowdfunding. »

20. Avez-vous des conseils pour les entrepreneurs avant d'essayer de lancer une campagne de crowdfunding? Des étapes à ne pas manquer? Les erreurs à éviter?

« Il est important d'avant de vouloir lancer votre campagne de pré-valider votre projet par des personnes que vous connaissez, cela permet d'adapter et corriger certaines aspect de votre projet et campagne ; puis il est essentiel de convaincre une certaine portion d'investisseur à investir dedans avant de lancer la campagne ; si au début on a déjà une bonne base qui y croit, les autres croiront aussi plus facilement »

PART III: Facteurs qui explique le retard de la Belgique comparé à ses pays voisins Européens

1. Croyez vous que le degré de familiarité d'une population par rapport au concept d'e-commerce, est une influence sur le marché du Crowdfunding ?

« Non, je ne vois pas vraiment le lien, non »

2. Pensez-vous qu'il y a assez d'éducation par rapport au phénomène de Crowdfunding en Belgique ?

« On en parle de plus en plus dans les journaux, il y a de plus en plus d'investisseurs actuellement qui savent se que c'est; sa monte encore en puissance ; Je trouve que la population en est de plus en plus au courant et qu'on arrive déjà à un niveau suffisant »

3. Est-ce que vous croyez qu'il y a déjà assez de plateformes en Belgique?

« Du côté francophone je trouve qu'ils sont déjà assez actifs, il n'y a pas aussi de place pour beaucoup plus; je trouve qu'il y a aussi déjà la présence de plateformes européennes et internationales, donc je trouve que c'est déjà assez suffisant et qu'il n'y pas beaucoup plus de place pour de nouvelles plateformes.»

4. Qu'en pensez vous des régulations actuelles sur le crowdfunding en Belgique?

« Je trouve quelles restent encore un peu trop contraignante, même si les contraintes on été relevées par rapport à l'an dernier. C'est assez lourd comme processus administratif d'un point de vue d'entrepreneur et pas extrêmement excitant d'un point de vue d'investisseur; simplifier cela pourrait être bénéfique »

5. Avez-vous des conseils pour des acteurs important en Belgique en se qui concerne le Crowdfunding?

« Il y a beaucoup d'argent qui dort en Belgique; il faut trouver plus d'incitatifs pour les investisseurs à investir dans des PME, la nouvelle économie suscite l'innovation, et création d'emplois; je trouve que c'est extrêmement favorable pour la croissance et la création d'emplois. Tout se qui peut faciliter le développement du crowdfunding et l'accompagner ne pourrait être que positif pour l'économie Belge. Donc la facilitation administrative, des incitant fiscaux pour les investisseurs, tout cela serais des bonnes choses. »

VII. Appendix 7: Interview D

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries. Before starting the interview, Christophe Majois specified that he would speak based on his personal experience and opinion, and that he would not speak on the behalf of the FSMA institution.

Part I: Interviewee's Presentation

Contact's Name: Christophe Majois

Professional Occupation: Economist Policy, International Relations and Market Infrastructure at Financial Services and Markets Authority (FSMA)

Part II: Introducing the topic: The Crowdfunding phenomenon in Belgium

1. What's your Opinion about the actual situation of crowdfunding in Belgium? (Good / Bad) Why? Do you think this mechanism is well installed in Belgium?

"That is an interesting question! First of all, what I would like to say is, when you mention Crowdfunding, I hope you are mentioning Financial Crowdfunding, as you know there is several types of crowdfunding and here in the FSMA we are mainly financial crowdfunding, because reward-based and financial based Crowdfunding are two completely different things. It's difficult for me to have an opinion about how the Belgium crowdfunding market is behaving because in this initial phase we are mainly looking at what happens and then we are reacting as regulators. But we don't have a specific opinion about either the market is good or not. Our job is to make sure all the rules and laws are clearly applied and to control and see if everything is being respected"

2. What benefits do you consider crowdfunding is bringing (Explain briefly) to the Belgium financial market?

"Well, I think we have to see the benefits of crowdfunding in a long term. And if it is successful in a long term it can both benefit for project owner and investors. For project owners it can be beneficial as now a days entrepreneurs have difficulties on finding capital at the beginning of their project, and this could be seen as a new source of capital. In the other side if you look at investors, up to now it has been difficult for them to invest in this type of "asset class" if I can say so; somehow this is a new type of asset available to them. So these I think are the benefits of crowdfunding, but I hope these benefits will appear in the future because we are in an initial phase and if for instance we see that all these projects funded by crowdfunding fail we can no longer talk about benefits for investors. So that is why I would be quite cautious when talking about benefits"

3. Why are people in Belgium choosing CF instead of more traditional investment systems (such as banks etc.)?

“ I think first of all, some of those people are choosing crowdfunding because they have difficulties raising capital elsewhere; and this is somehow not a choice, this is a new opportunity for them. But of course, this represents a risk for investors because maybe those projects cannot find funding because they are very risky and there are some problems behind. So I would first argue that this isn't really a choice for many project but more as new opportunity and reason to use crowdfunding. Another scenario is: you have an idea and you don't really know if it is good or bad; and somehow telling the crowd about your it could be a good starting point to have a valuable feedback on your idea. So you don't only get funding, you can also gain some feedback about the merits of your project or product. This is the social aspect of crowdfunding and it can be very interesting to use the “wisdom of the crowd”. But again, we have to be very careful to look at the risk aspect of exposing your idea publicly, you are giving insight about your project and its can be useful for your competitors. So it's very important to find the right balance between these two aspects.”

PART II: Factors explaining why Belgium is lagging behind compared to his European neighboring countries

1. Do you think that there's find that there is a big demand for the seed financing in Belgium?

2. What about the offer for this type of financing? Do you think it is adequate for the present demand?

“First of all, I think its is very important to be cautious when using the word “lagging behind”; That is probably true but when you want to compare two countries you have to look at the total amount raised in each country and compare it to the population on each of those countries. Second point is that there are different forms of crowdfunding; even within financial crowdfunding there are several forms as well. And I would like to emphasize the fact that when using financial crowdfunding, it is really really important to look at the form is been used. Indeed when you compare Belgium with other countries such as England and France, those countries possess a big share of their volume from Peer To Peer lending crowdfunding; this is a form of crowdfunding, but most of the time it is not the funding of companies, its for people, consumers; These form of crowdfunding as taken a lot of importance in other countries and it is basically inexistent in Belgium because it is not allowed. So when comparing the figures it is very important to see if you included peer to peer lending in the equation. And maybe if you do not include peer-to-peer lending figures will not be so low in Belgium compared to other countries. So I would like you to be cautious when looking at that statement. So looking more precisely to peer to business lending crowdfunding and equity crowdfunding for companies, it is likely that Belgium is lagging behind; but than what would be the reason. I think the reasons are several. First of all I think is a question on the demand side and the offer side. Indeed we often read in the Belgium newspapers that there's not that many people how are starting companies and that want to be independent; maybe that is somehow the culture in Belgium. I don't think that is the onlu reason but it could be one of the reasons, the fact that there is not much people wanting to start a company and take risks. And them on the demand side for securities; I think once again, my impression is that there is weak demand for securities; Indeed in Belgium many people are quite cautious in their investments; people in Belgium like to have security with their money, so most of the time they like to let their money in their savings account and do

not tend to invest a lot of money in risky investments. So I think those two parts of the equation can explain why. And finally what is true but also in other countries is that legislation require for crowdfunding platforms you have to be registered to provide that financial service; and those legislations are also quite heavy for companies and you need a certain amount of capital and there are a lot of rules to respect and so one; Legislation is not very in favour of light companies. So for me, these are the major element explaining the situation. You see in some countries that legislations are starting to evolve and maybe things will also evolve in Belgium in the future.”

3. Do you believe that there could be a possible relationship between the degree of familiarity of population to use e-commerce and use crowdfunding?

“Indeed, e-commerce and crowdfunding are somehow in the “same field”. If, according to the studies you are mentioning, people in Belgium are not that familiar with the concept of e-commerce, if they are afraid of buying things in internet, use payment in internet and don’t really trust that system yet, I think indeed that it is logical that they are somehow afraid buying securities in internet. And so there is a clear link between those 2 elements, I’m quite sure of that could impact their willingness to use the mechanism of crowdfunding.”

4. Do you think, in general people in Belgium know about this phenomenon? Do you think there is enough education about crowdfunding phenomenon in Belgium?

“Very difficult question; to be honest I cannot say because somehow I’m biased as I work in that field, so people around me generally know about the phenomenon. When you look to financial news papers you can find some articles about crowdfunding, but this is biased because it is not necessarily what people in Belgium read; If you take other types of press to be honest I don’t know if there is a lot of articles about that in the media; I think I cannot answer that question because I am biased by my own work. The best way to find out about that would be by doing a survey.”

5. Do you think that the Belgian entrepreneurs are fully aware of the potential of the mechanism of crowdfunding in Belgium?

“I think there are more and more aware about this new mechanism and one of the reasons is that in Belgium, you see banks developing relationships with crowdfunding platforms and the relationships also happen in the funding side as banks also talk about this option to entrepreneurs seeking funding. I think in the future it will be more and more connected to the banking sector; and so that is one way I think entrepreneurs are receiving information. Another reason is the fact that authorities are starting to promote crowdfunding, so entrepreneurs are starting to see that there is this new way of getting funding. I think there’s still some awareness to be created but I believe that in the close future I guess the phenomenon will be more present.”

6. There is a strong market outside Belgium and platforms are starting to operate cross-border. Platforms in other countries could be stealing the potential of Belgian crowdfunding market. What do you think about that? Or contrariwise is this helping the Belgian market?

“I think Belgium platforms are operating in Internet and they know that national borders are disappearing and they now that there are competitors coming from other countries; that could somehow help them to defend themselves against competition because they have to

develop new ideas and be strong to maintain their position in the market. But I would like to emphasize that even if crowdfunding is based in internet and operates cross-boarder my impression is that crowdfunding still is something local; when you want to get money, you first want to get money in the region you are going to sell your product and the same for the investors side, people prefer to be involved in projects that are close to them, rather than a project that is coming from another countries. And so I think somehow it will stay local, and so when you are a local platform, I think you have this advantage compared to foreign platforms.

Also, I think as long as foreign platforms are doing a “good job”, it is a positive thing for the Belgium Market. When I say “good job”, I mean as long as platforms are trying to select quality projects in their platforms, as long as investors can easily follow their investments and as long as there are clear rules followed by platforms.”

7. Do you think the number of active platforms has an impact in the development of crowdfunding in Belgium? If so, do you think that it's enough there are enough to promote the growth of crowdfunding in Belgium?

“I don’t really know for sure; in my opinion theirs is not a lot of platforms; I think somehow there’s an equilibrium that has been achieved right now and it will evolve in the future, but I cannot answer with certainty to this question”

8. Do you think the actual crowdfunding regulatory framework is adequate to promote growth in Belgium? Don’t you fear it’s too strict? Why?

“Of course I will never say that the regulation is too strict as a regulator. What I can say is that regulations have been as somehow been developed in the time there was no internet and at that time, it was not that easy to select projects and make money transfers in a couple of minutes/hours so somehow it is not particularly built for crowdfunding. One the other side, legislations have been developed to protect investors and I think it is important to have rules to protect investors. And so maybe some things could be developed so that requirements for the platforms could be a little bit lighter; but it will always be very important to get rules for investors, about information for investors, about the riskiness of the securities or the platforms, these rules would always be essential and need to be there.

Concerning the prospectus rules, it is decided at a European level that below 100 000 € you cannot request a prospectus; above 5 million€ there’s an obligation to publish a prospectus; and between 100 000€ and 5 million € it’s the national authorities to decide a project needs a prospectus or not. So between countries there are differences as there are some that don’t specify that there is a need of prospectus above 5 million € and than you have like Belgium countries who regulate that. In Belgium last year we increased the level to 300 000 €; But basically that is a political decision, and so if at some point a party decides that they want to promote small offers in crowdfunding, they can decide to raise the bar; that is a political decision, and we are here to enforce that”

9. Is FSMA planning on updating soon the regulatory framework regarding Crowdfunding?

“A new law is going to be released soon in Belgium: the “Tax shelter”. This rule should be soon released or I don’t now if it as already been released this week. What is written in this

law is that there are going to be crowdfunding platforms licenses by the FSMA; it still has to be developed and it will concern specific status for crowdfunding platforms; I cannot say precisely when these laws will appear, but it will come."

10. From all the factors quoted; what is the one(s) you consider having a greater impact in Belgium Crowdfunding market?

"What is true is that the regulatory framework decides what can and cannot be done. The regulation as they are now, if they weren't here I think that we would probably have more platforms than what really exist in Belgium; I think It is important to think about the number of platforms. But On the other hand the argumentation about the demand and offer side it is really important to consider; even if there would be more platforms, you would also need entrepreneurs to develop projects and people wanting to invest on those projects. And for the competition form outside and the relation with E-commerce are not the main elements. For me the more important is the number of investors, the number of entrepreneurs and the regulatory framework."

11. Do you have any recommendation for platforms and entrepreneurs that could help the Crowdfunding phenomenon grow in Belgium?

"I have no specific answer, I can say that I am just curious to see what will happen in the next few months"

12. What are your previsions for the future of Crowdfunding in Belgium?

"I guess it will growth. It is always growing more than 100% each year; the think is if there is an accident in this market one day, a big accident it could cool down the market, not that it would stop but people would have a different perspective on what crowdfunding really is. I mean there are going to be firm that will go bankrupt because we are talking about start-ups, and between 60 to 80% of start-ups fail. So what I am curious to see what will happen within 3, 4, 5 years from now. I am talking here about equity; so when will we see the first results. And I think that will mainly determine how crowdfunding will evolve in the future. Another thing is that I think we will see more and more relationships with banks and crowdfunding platforms and so this could be a way to professionalize the crowdfunding platforms. And regarding peer-to-peer lending, even if it is not allowed in Belgium, I already read some couple of articles from foreign countries talking about some kind of bubble regarding peer-to-peer lending, so lets be cautious. Again I could be biased as a regulator, but I really think people should be cautious, because everybody is talking loud about this concept and people have also to consider the risks about this mechanism"

VIII. Appendix 8: Interview E

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: Dimitri Crelot

Company's name: Goodideal

Status in the Company: Co-founder and Manager of Goodideal

Crowdfunding Campaign: not successful

PART III: Your experience with Crowdfunding

1. Comment / Quand avez-vous appris de l'existence du concept de crowdfunding?

“Je ne sais pas exactement comment j'ai appris sur le concept, en tout cas c'est quelque chose qu'on voit sur internet et qui s'est développé assez fort récemment aux Etats-Unis ; donc toute entreprise qui cherche des fonds, si elle s'informe correctement, elle fini par tomber sur ce type de concept sur internet

2. Comment avez-vous décidé du montant que vous vouliez lever ? Avez fait une analyse, ou vous avez recruté un professionnel pour cela ?

« Moi je suis CFO dans une autre start-up et donc je fait les business plan moi même. Après notre concept à nous, la vitesse de développement est directement liée au fonds qu'on va pouvoir lever puisque ça dépend fort du marketing et de notre base commerciale donc plus on a de l'argent, plus on peut faire de la publicité, plus on peut engager de vendeur et donc plus vite on ira. Et ensuite, un autre critère selon moi c'était quelle niveau de funding on pouvait atteindre; Donc on aurait pu demander 800 mille ou 1 million mais en fait on est limité par des contraintes légales donc via le crowdfunding on ne pouvait que lever jusqu'à 100 000€ sinon on passait à une autre procédure qui demandait de rentrer plusieurs documents à la FSMA qui sont assez lourd et long à développer; Donc nous on s'en est tenu à max 99 900€ pour ne pas dépasser cette limite. Et bon, il y aussi le fait que je trouve que pour une première levée de fonds avec un business plan pour arriver à un montant de 100 000€ c'était déjà pas mal. En parallèle, on cherchait aussi des investisseurs qui pouvaient éventuellement en mettre plus. Je ne suis pas passé par une société pour valider mes comptes, mais j'ai utilisé les méthodes de valorisation d'un côté de MyMicroInvest et d'un autre côté des méthodes que j'ai déjà employé en tant qu'ingénieur commercial dans d'autres businesses. Et que à la fin ce qui était rassurant, c'est que les 2 méthodes que j'ai utilisées m'ont données des résultats assez similaires. »

3. Combien de temps avez-vous pris pour préparer votre campagne avant de la

lancer?

« On a été très rapide, parce que MyMicroInvest était assez pressé qu'on rentre dans leur système car ils allaient faire un live crowdfunding deux semaines plus tard. Donc je crois que ça n'a pas duré beaucoup ; en moins de 2 semaines on avait rempli tous les documents et validé ce qu'il fallait. Mais bon normalement ça prend plus de temps, ça peut aller jusqu'à plus de 6 semaines; d'ailleurs d'autre société qui était avec nous entrain de faire leur campagnes on pris plus de temps ; on était je crois environ 5 sociétés et finalement on était que 3 qui ont fait le live car les 2 autres ont laissé tomber car elles voulaient prendre plus de temps pour préparer leur campagne »

4. Pourquoi avez-vous décidé de choisir la plateforme MyMicroInvest ?

« En j'ai un peu regardé partout, j'ai aussi rempli un autre formulaire en ligne pour un autre groupe mais ils n'ont jamais répondu. Bien sûr qu'à ce moment là je n'étais pas prêt à remplir n'importe quel formulaire de n'importe quelle plateforme. MyMicroInvest a réagi le plus vite parmi celles que j'ai postulé. »

5. Pensez-vous que certains aspects pourraient être améliorés afin de favoriser la réussite de projet?

« Visiblement ils travaillent sur un nouveau site internet, et je trouve qu'il n'est pas très bien construit; en fait si on analyse leur site internet qui est en place je trouve qu'il y a beaucoup d'aspects négatifs qui ne favorisent pas un bon référencement de leur plateforme. Par exemple, ils publient les profils sous forme d'images, ce qui fait qu'un moteur google ne peut pas aller lire ce qu'il y a dedans; donc leur référencement n'est vraiment pas adapté ; la navigation dans leur plateforme n'est pas non plus idéale. Je trouve que c'est encore assez amateur par rapport à ce qu'ils essaient d'atteindre comme résultats, donc je trouve qu'ils ont pas mal de travail à faire de ce côté là. »

6. Pensez vous que le degré de réceptivité d'une plateforme par rapport aux demandes des investisseurs et entrepreneurs peut avoir un impact sur le succès des campagnes? D'après votre expérience ils ont une bonne réceptivité?

« Je trouve que c'est un point important. En fait ce qu'il se passe c'est qu'il y a de l'information disponible, mais je trouve que la présentation n'est pas non plus très « user friendly » et surtout aussi elle est très fort dépendante de ce que la société donne. MyMicroInvest en fait, ils sont là pour faire le prospectus, donc la partie légale; tout le reste c'est à la charge de la société qui s'inscrit; donc il y a très peu d'aide sur comment on peut présenter les choses. En fait ce n'est pas du tout une société marketing donc il n'y a aucune communication qui est faite par des professionnels de la communication. Donc on s'inscrit, après ils voient si ils acceptent ou pas de prendre notre projet, puis normalement il y a une procédure qu'on aurait dû faire mais que nous on a pas été obligé de faire car on a directement fait parti de la session live crowdfunding pour faire valider le projet par une certaine communauté. Après tout cela il devrait effectivement y avoir tout un travail de mise en avant du projet pour que se soit « le plus sexy possible » pour les investisseurs potentiels, des campagnes de communication. Et donc qu'on sent bien c'est qu'ils utilisent une société externe pour s'occuper de la partie juridique fait par des avocats et tout le reste en ce qui concerne la partie plutôt marketing et communication, on a l'impression que les gens derrière

cela ne sont pas vraiment spécialisées dans le domaines. »

7. Pensez-vous que vos réseau social (taille de votre ami de réseau social dans Facebook / nombre de comme dans la page Facebook de votre entreprise / connexions LinkedIn, etc.) et de réseau personnel (famille, amis proches, etc.) a contribué dans les fonds que vous avez réussi à lever ?

« Oui toute à fait; je sais qu'on est arrivé à peu près à 15000€ et je sais en tout cas qu'il y a un bon gros tiers qui vient de gens qu'on connaît. Puis pour les 2 autres tiers je me suis un peu informé pour voir qui mettait de l'argent; et globalement ce qui est assez intéressant c'est de voir que se sont souvent des gens qui investissent sur tous les projets. Et donc enfaite, ils sélectionnent pas un projet qui leur plait; et donc ils mettent un peu d'argent sur tout et ils se disent qu'il doit y en avoir au moins 1 qui va faire Bingo et donc en mettant un peu partout, il y en a 1 qui leur rapportera beaucoup. Et je trouve cela un peu dommage, car dans ce genre de projet, le crowdfunding à la base sa devrais être un système plus émotionnelle; les gens devraient participer dans un projet car ils veulent y faire partie et en mettant 100 ou 200, ils savent que se n'est pas leur contribution qui va faire la différence mais le pouvoir de toute la foule qui fera la différence. Je trouve qu'ils devraient investir dans un projet qui leur interesse, qu'ils veulent suivre. Car finalement un des grands intérêt du crowdfunding pour ces sociétés après l'aspect financier, c'est le côté marketing en fait. Et donc s'il y 3000 personnes qui investissent dans votre société en mettant un petit montant ils en seront autant des ambassadeurs de votre projets car il vont parler autour d'eux car ils sont intéressés. Alors que la personne qui en a mis un petit peu partout, il n'a pas cet intérêt dans le projet et il en ira pas parlé autour de lui; il est juste entrain de placé son argent pour en voir une rentabilité et donc il n'y a aucun côté émotionnelle qui vient aidé la société. Donc nous, les investisseurs qui sont venu nous soutenir financièrement nous intéressait pas vraiment car ils mettaient des petites sommes mais ils n'avaient pas un intérêt special dans le projet; et donc si le crowd n'est pas là pour y croire le mechanisme perd un peu son intérêt. Ce que j'ai donc trouvé assez impressionnant c'est que MyMicroInvest indique qu'ils ont 29000 adhérents ou investisseurs dans leur plateforme mais enfaite se qu'on remarque très vite c'est qu'il y a un petit nombre qui investi sur tous les projets et qu'une grosse partie se sont des personnes sont amenés par les sociétés qui s'inscrive elle-même. Et donc elle se sont inscrite et on amené des investisseurs qui ont investi dans leur projet. Et donc cette aspect qui n'évolue pas, et donc à partir du moment on nous même on apporte pas nos investisseurs, ça ne marche pas »

8. Avez-vous déjà été impliqué avant en tant que créateur de projet? Si oui, trouvé que cela a aidé au succès de votre collecte?

« Oui, j'ai déjà fait d'autre projet; j'ai une autre société que j'ai crée il y a 3 ans ; et donc cette experience nou »

9. Aviez-vous déjà une expérience dans le domaine de votre projet avant de lancer cette campagne ?

« Moi je suis commerçant, mon business precedent se centrait sur la vente de vins, j'ai donc cette experience dans le commerce. Et pour tout ce qui est en ligne c'est mon associé qui apporte car lui il a une agence de communication. Et donc on avait déjà une base solide pour lancer notre projet ce qui peut être utile »

10. Avez vous déjà été impliqué en tant qu'investisseur dans une campagne de

crowdfunding ?

« J'ai jamais contribué, j'ai déjà regardé plusieurs projet. Par contre j'ai déjà participé dans un projet pour une éolienne ; alors ce n'était pas mis sous la forme de crowdfunding ; c'était une coopérative ; mais bon c'est un peu le même principe car chacun mettait une part d'argent dans le projet et a partir des revenus apporté par l'éolienne chacun reçoit une part en fonction des résultats. »

11. La littérature fait valoir que plus la durée d'une campagne est grande, moins elle a de chances de réussir. Êtes-vous d'accord avec cet argument? Pourquoi?

« Oui et non; c'est un peu comme les soldes on va dire, les 3 premier jours ils y a beaucoup d'intérêt, tout le monde regard etc. et puis vers les derniers jours de nouveau il y a de nouveau de l'intérêt car on se dit que c'est entrain de finir et que si je veut en profiter c'est maintenant. Apres c'est vrai qu'au milieu c'est un peu lent. Par contre en si le délais est plus long cela donne plus d'opportunité aux associés du projet de relancer plus leur campagne dans les réseaux pour agrandir la visibilité de leur projet. Donc je dirai qu'il y a deux façon de voir cette question ; plus la période est courte, plus il faut déjà avoir prépare cela avant, il faut voir des gents pour les inciter à investir ; donc si on a déjà « booké » des rendez-vous avec des cercles d'investisseurs, des business club, des endroits avec des investisseurs potentiels, là on peut se permettre de faire une campagne plus courte car la levée pourrait allé assez vite; mais si on commence à prendre des rendez-vous au début de la campagne sa sera raté.

12. La Littérature fait valoir que “La façon dont l'information est affiché sur une plateforme (comme par exemple utiliser une vidéo, des représentations graphiques et le langage utilisée) a une influence importante dans la probabilité pour une campagne de réussir” Êtes-vous d'accord avec cette déclaration?

13. La littérature actuelle confirme que «Le plus le projet est décrit en profondeur dans la plateforme et vous de exposés clairement les objectifs du projet le plus probable que votre projet va réussir à atteindre l'objectif visé.” Êtes-vous d'accord avec cette déclaration? Pourquoi?

« Oui toute à fait ; nous de notre côté, il est important qu'on essaye de donner de l'information interessante, faire une video de qualité, mais on revient aussi au fait qu'il faut aussi du côté de la plateforme d'avoir une société de marketing derriere. Nous pour notre projet on a décidé de faire une video de 40 seconde qui explique le projet, à priori sa devrait être largement suffisant, sa devrait être le standard ; donc se dire, voilà la video et les gens croivent et s'interesse au projet ou pas ; après publié tout ce qui vient derriere c'est à dire publier un prospectus sur comment on a valoriser la société, 99% des gens ne comprennent pas se que c'est ; Il y a beaucoup d'information, mais qui pour moi à la limite n'est pas vraiment pertinente. Si vous regarder des videos sur internet, de tous les professionnel qui font des pitches, ils essayent de faire une video courte ou il condense l'information interessante sur le projet. »

14. Au cours de votre campagne avez-vous été actif dans la plateforme? Avez-vous posté des mises à jour? Avez-vous répondu aux questions soulevées par les membres intéressés de la plate-forme?

« C'est la que je suis un peut deçu de MyMicroInvest, c'est que une fois qu'ils vous

acceptent dans la plateforme et que sa démarre, il vous laissent complètement tomber; Bien sur qu'il est important de rester en contact sur la plateforme, il est important de relancer un peu le projet, mais si vous avez une plateforme qui ne relaie pas se qu'on a relancé, il y a rien qui va se passer. C'est embêtant de dédier beaucoup d'effort à un outil de communication qui ne parle à personne. Si ils nous contactaient toutes les semaines en disant, on va refaire un peu de bruit, donner nous du nouveau matériel, du marketing, nous évidemment on le fait et on essaye tout pour réussir le mieux; mais eux sa a été silence radio du début à la fin.»

15. Pensez-vous que la décision d'un individu à investir dans une campagne a une influence sur la décision d'autres investisseurs potentiels à investir? Pourquoi? (Déjà répondu dans question précédente, mais rajoute commentaire)

« Oui sa j'y crois à 100%, « l'effet mouton » existe effectivement, c'est un effet très connu en finance »

16. Avez-vous des conseils pour les entrepreneurs avant d'essayer de lancer une campagne de crowdfunding? Des étapes à ne pas manquer? Les erreurs à éviter?

« Alors tout d'abord avant de vous lancer vers une plateforme, je trouve qu'il est important de se renseigner sur la plateforme, s'informer comment se passe le processus pendant la levée pour vous donné une idée du travail que vous aller devoir faire. Car il peut sembler très jolie de l'extérieur, que tout se passe bien, et donc il est important de vraiment voir se qu'il se passe derrière la plateforme. Il faut s'y prendre à l'avance, le plus tôt possible pour préparer au mieux sa campagne et s'informer sur l'organisme qui va organiser votre levée de fonds, pour bien savoir comment ils vont faire pour en parler et faire connaître votre projet puisque aussi important que le côté levée de fonds, c'est le côté marketing et bien vérifié que la plateforme fait bien tout ce qu'il faut pour pousser votre projet car beaucoup du se qui va être dit sera au mains de la plateforme.»

PART III: Facteurs qui explique le retard de la Belgique comparé à ses pays voisins Européens

17. Croyez vous que le degrés de familiarité qu'une population a, avec le concept de e-commerce pourrait avoir un influence sur le marché de crowdfunding ?

« Je ne suis pas tout a fait convaincu de cela. »

18. Pensez vous que le retard peut-être dû au fait qu'en Belgique que les gens sont plutôt conservatifs et n'aiment pas investir dans tout ce qui est relié à du risque ?

« Oui je suis tout à fait d'accord ; je crois que c'est il y a surtout un côté culturel. Par exemple, typiquement, aux Etats-Unis les gens sont beaucoup plus habitués à prendre des risques financiers qu'en Belgique ; je trouve que c'est très dépendant de la population en fait. Si on a une population qui est très conservatrice, qui a tendance à placer son argent dans un compte epargne et préfère pas l'investir, il est normal que notre secteur entrepreneurial soit pas très développé. Pour moi en fait c'est avant tout culturel en fait. Je trouve que culturellement on a pas assez de prise de risque en Belgique; Il y aussi peut-être le côté des projets proposés en Belgique, peut être qu'il n'y a pas assez de gens avec des nouvelles idées et projets. Apres je trouve aussi qu'on en parle pas beaucoup, qu'il y a peut être un manque

d'informations vis à vis de ce mécanisme et donc il y aurait peut-être un manque d'éducation en Belgique par rapport à ce phénomène. »

19. Pensez vous que le retard peut-être aussi dû au fait qu'en Belgique il n'y pas une grosse demande de la part de société et il n'y a pas beaucoup de nouveaux de projet qui se lance en Belgique?

« En ce qui concerne la demande pour ce genre de financement de la part des sociétés et nouvelles entreprises, jusqu'à maintenant je trouve que c'est resté assez limité ; mais par contre, avec maintenant des initiatives comme la plateforme MyMicroInvest qui font parlé un peu plus de ce phénomène sa amène et incite plus les société à s'intéresser ; Non pas seulement des start-ups mais aussi des entreprises déjà assez développées. Ce que j'ai trouvé très intéressant, c'était PowerSkyEnergie qui était avec nous au moment de la session live de Crowdfunding et qui est en fait une société qui a plus de 25 ans, qui a simplement décidé de reorienter leur business pour aller plus vers les énergies renouvelables et qui fait appelle au crowdfunding. Sa montre que se n'est pas limitée aux Start-up. Et donc à terme sa peut devenir une alternative pour toutes sociétés qui cherche des fonds à la dette bancaire ou des investissements direct par des plus gros investisseurs. Sa ajoute une flexibilité pour la recherche de fonds pour tout types de sociétés. »

20. Pensez-vous que le nombre de plates-formes actives a un impact dans le développement de crowdfunding en Belgique? Si oui, pensez-vous qu'il y en a en assez en Belgique pour favoriser la croissance de crowdfunding?

« Oui tout à fait parce que sa forcerait ces plateformes à être le plus performante possible car il y aurait une concurrence renforcé entre elles; cela pousserait les plateformes à investir dans leur façon de faire de la communication et du marketing. Je trouve que le marché en Belgique est encore peu développé, il n'y a pas encore beaucoup de plateforme en Belgique il y en a pas beaucoup, moi même j'ai du mal à en trouver . Apres je trouve qu'on ne peut pas non plus en avoir 50 comme d'autre pays car le marché belge est petit; Je trouve qu'une grosse structure pourrait être développée ; peut-être pas au niveau Européen, mais en tout cas nationale pour avoir plus de poids.

21. Il y a un marché de crowdfunding fort en dehors de la Belgique. Des Plates-formes dans d'autres pays pourraient être en train de voler le potentiel du marché belge crowdfunding. Quelle en est votre opinion?

« Je trouve que le fait qu'il y ait plus de plateforme cela tend à rendre le marché plus compétitif et donc plus efficace »

22. Pensez-vous que le cadre réglementaire crowdfunding est adapté pour favoriser la croissance en Belgique? Pourquoi? Qu'est ce qui pourrait être amélioré d'après vous?

« En fait, se qu'il se passe c'est quand il y a une structure de crowdfunding qui se met en place, le gros intérêt pour l'investisseur et pour la société qui propose son projet c'est quelle aient le moins de travail à faire par rapport à la régulation. Et que donc la plateforme elle même gère cela. Dans le cas de la MyMicroInvest, ils ont a présent des accords avec la FSMA pour dire tant qu'on est dans ce cadre là, on a un accord qui nous permet de faire un prospectus allégé et donc faciliter la mise en place du crowdfunding donc voilà à partir de là il n'y a pas de contrainte particulière pour les investisseurs. Bon après c'est vrai que si on veut

aller au-delà de 100 000 euros il y a déjà des contraintes déjà beaucoup plus grand, mais que je trouve normale car il faut aussi protéger les investisseurs. Il y a ce trade-off entre la liberté et en même temps protéger les investisseurs. Et je trouve très important de protéger les investisseurs comme le fait la FSMA.»

23. Quelles sont vos prévisions pour l'avenir de crowdfunding en Belgique?

« Je crois qu'il y aura peut-être une structure belge qui va peut-être se mettre en avant. Mais mon pressentiment c'est que d'ici quelques années on aura des grandes acteurs Français et Allemand ou autres qui seront venu mettre le pied en Belgique et qui par leur taille et reputation ils prendront le marché. Si les structure Belges ne se dépêchent pas à se développer fortement dans ses pays voisins je trouve que ça sera les voisins qui iront s'occuper de notre marché. Après le problème de s'installer en Belgique c'est la régulation Belge qui doit être respectée et connue, puis il y a plusieurs langues donc il y a quelques barrières à l'entrée. »

IX. Appendix 9: Interview F

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: Patrick Van Waeyenberge
 Company's name: Newsmonkey
 Status in the Company: CEO & Cofounder
 Crowdfunding Campaign: Extreme success (320%)

PART II: Your experience with Crowdfunding

1. How and when did you find out of the existence of Crowdfunding

"I found out a few years ago, just by looking at what was happening in the world's economy. In Belgium there were already some examples in music and other sectors, internationally it was already quite common; so I think I have known about this mechanism for about 4 to 5 years"

2. What motivated you to use this mechanism besides the financial aspect?

"In our case, the financial aspects wasn't the major motivation; it was especially because we were creating a new brand and so we wanted since the beginning investors for a brand and this is why we did it with Crowdfunding."

3. How did you decided about the amount you wanted to raise? Did you go see a professional or did you made a deep analysis of the market?

"What we did it looking to what was possible, and what had already been done so we had a quite small target with crowdfunding, I think it was around 100 000€, but for us it was merely the idea to get a thousand participants rather than a general budget. Our goal was mainly to attain this number of participants, we though it would be fantastic to find a thousand people that want to participate in the capital of the company"

4. How much time did it take for you to prepare your campaign?

"Oh, I mean, Belgium as a very heavy legislation around this mechanism, so just to prepare all we had to deliver in a legal point of view, it took us was around 4 months"

5. Why did you choose the platform MyMicroInvest; did you went see other

platforms before choosing MyMicroInvest

“Well the thing is at the time, there was not a big choice, there was no many platforms around Belgium and MyMicroInvest seem to be the only one that was professional; at the time the limit you could raise with crowdfunding was 100 000€ without having to do all the prospectus and MyMicroInvest seem to be the only one that was prepared to allow project that could go higher than 100 000€”

6. Do you think the degree of receptivity of a platform to the demands of investors and entrepreneurs can impact on the success of campaigns?

“There’s an main aspect I want to specify about that. First we made our own platform for communication, so we built our own website, we didn’t only used the site of the crowdfunding company; I mean, you have on chance to succeed, you have do everything in your power to maximize your success. In that site we had more freedom to explain what we were really doing and than if people wanted to invest we send them to the platform of MyMicroInvest; For us it was important to not stay within the limited format you have on the crowdfunding platform to show what our business was about and so we though it was very important to deal with the communication in our own hands.”

7. Do you think there is some aspects that could be improved in the platforms? During your campaign do you remeber of something you thought it could be improved ?

“Well, I think an important way to do business not only in crowdfunding, if you want to communicate with a large public, you have to do it in a clear way with a limited number of messages and I think a platform can never replace communication; It can give a summary of what you are doing or want to do, but in our campaign we tried everything to go beyond the limits of the platforms, we went to television, to newspapers to talk about what we were planning to do and so it is all this environment we created around our project that made that our project was talked about around Belgium.”

8. Do you consider that your social network (size of your social network friend in Facebook / number of like in Facebook page of your business/ LinkedIn connections etc.) and personal network (Family, close friends etc.) had an influence in the success/failure of your project campaigns to raise funds?

“Yes of course; what I think that majorly helped us to succeed was our professional network we had from previous jobs; it allowed us to go on radio, television and so it expanded our project to an all other level”

9. Have you ever been involved before as project creator? If Yes/No, do you think it help you in your campaign?

10. Before starting your campaign, you already had professional experience in the field of campaign you have launched?

“ Well, all, the main founders, we knew each other from the biggest media company in Belgium, we worked all there for years. Among my co-founders, we had experience, Wouter was a chief-editor of a newspaper, Mick was a chief-editor of a big news website in Belgium so we had experience and a background in this type of business.”

11. Do you think the composition of the team behind the campaign impact the decision of investors?

“Of course, if people can see that you have experience on what you want to do, it is always better and of course people will endorse it more”

12. Have you ever been involved as an investor in a crowdfunding campaign?

“Yeah, I’ve been involved in a personal level; I invested on several projects, but well it was not big amounts, not as a big investors”.

13. Do you think that the length of a campaign has an impact in the likelihood of success of a campaign? Literature argues that the longer the duration of a campaign, the less likely it would to succeed.

“We argued a lot about that point before launching the campaign; I always said that everything would happen fast; I was convinced that everything would happen in the first two weeks. But the crowdfunding company wanted to keep it on for 2 months; to be honest we had 80% of the first week and about 17% of the investors in week number 2; So I don’t specifically think that they best is to have a very long campaign. In my opinion, it’s all about the rumour and the hype you create about something and you can only make it once, and you have to do it at the beginning and once people start talking less about it, you will not get money anymore. Because for me crowdfunding is more like a sympathy vote than a real investement and that’s why when people are talking about you can have that sympathy vote and for an amount of 50 or 100 euros people will not be thinking during two weeks if they want to invest on the project and think about when they are going to see their money again. Its also true that if the campaign is too long, people tend to loose interest on the project and wait to see if other people are investing in it; and if there’s no people investing at the beginning people will not invest after. That is why we started with a very big communication at the beginning and launched our own platform with a very large mentioning of the counter, telling how many people already had invested in our project and how many money was already raised; so we made sure at the beginning that people felt it was something interesting and successful.”

14. Do you think that the decision of a funder to invest in a campaign has an influence in others potential’s funders decision to invest? Why?

“Yeah of course; and sometimes it is not the number or the amount already raised, it can be the person that invests; We had for example a very famous sports’ journalist that has more than 90000 followers in twitter that invested and so of course we mentioned it immediately in our social media that even he was investing in our business so that we could create a hype around it. I think that influenced people to invest, as they saw that other important people were doing it”

15. The current literature confirms that “The deeper the description of your project and the clearest the exposure of your project objectives the more likely your project will succeed in reaching the targeted goal.” Do you agree with this statement? Why?

16. The quality of the display it self (such as the provision of a video, graphical representations, or language used) has also has very important influence in the likelihood for a campaign to succeed on reaching the funding goal targeted. Do you agree with this

statement? For you what communication aspect attracted the more your investors

“Of course, communication is the most important thing, and how you do your video and communicate with potential investors is key for the success of your campaign. If people think that it looks professional they will enjoy it, otherwise they won’t invest on it.”

17. During your campaign were you active in the platform? Did you post updates? Did you answer questions raised by interested members in the platform? Did you felt it help creating more trust in your project? Do you think it was important for the success of your campaign?

“We used as our spoke’s man the person in our team that had the more experience to talk with large publics,”

18. Till now your campaign seems to be the one with the more success in a Belgium platform! Congrats for that. Looking back, what are the factors you consider that mostly affected positively/negatively your campaign and allowed you to reach an impressive success of 320%?

“Positively, I have no doubt that it was communication; I mean its not a difficult business, everything depends on how you communicate about your project. And also preparation and anticipation; For example as we were planning on targeting people between 18 and 38 years old, we though it was important to let young people to invest on your project, so we asked MyMicroInvest to allow smaller contributions because in their platform normally contributions start at 100€ and we asked to lower it to 50€ because I want young people that is a target group for our business can also invest And indeed that worked because we had a large group of young people that contributed amounts of 50€

Negatively, I don’t recall a lot; but there’s this one thing regarding legislation; I think they are doing an important task and it is that they want to warn the public for the risk involved on investing in a project but sometimes legislators make it very difficult for us to explain to people what the business was about; I remember we had several times made major communications where we explained in a very simple way what the business was about and what were the risks involved and the government always told us it wasn’t enough, that we had to put 10 times more that it was a risk and the consequences was that it became 10 times harder to explain what our project was about. So legislation is very very constraining for crowdfunding”

19. Do you have any advice for entrepreneur before trying to launch a Crowdfunding campaign? Important steps and element you cannot miss? Error to avoid?

“First of all: communication as a mentioned earlier and also its important to see if crowdfunding is a good way of funding your company; Sometimes it can be easier to fund money with private investors; it depends on your business; They have to have a clear goal, have ambassadors, there has to be a reason to them to have a load of investors. Crowdfunding is not a good solution for everyone”

20. Do you plan on using this mechanism in the future why?

“ If we did that again, it could do it primarily if we want to go to other markets, for example if we want to do something in Holland”

PARTIE IV: Factors explaining the situation of Belgium

1. What's your Opinion about the actual situation of crowdfunding in Belgium? Do you think this mechanism is well installed in Belgium compared to its neighbour countries?

"I think we are really behind on it, a lot even, and I think has to do mainly to 2 things: First there is less entrepreneurs in Belgium than abroad, people are more conservative compared to our neighbouring countries. Secondly I think we have one of the hardest legislations. Well there is a demand for this type of financing, but a lot less than abroad and also I think abroad, governments have putted in action more plans to promote this concept and also it is more in the news in the other countries. And for many people in Belgium this could be seen as too complicated."

2. Do you believe that there could be a possible relationship between the degree of familiarity of population to use e-commerce and use crowdfunding?

"I am not really convinced of that. I think the main reason behind the poor use of e-commerce in Belgium I think it is mainly due to the fact that were are in Belgium a small country; In every small town in Belgium you have retailers being there. And E-commerce is working on bigger countries because it takes you 1h to go to shop while in Belgium everything you want to buy it's 10 minutes from your home. I mean people in Belgium also buy their flight tickets in Internet when they want to go travel; when they need it, they use the E-commerce"

3. What about the offer for this type of financing? Do you think it is adequate for the present demand?

"Well indeed people are more conservative in Belgium so they tend to like less risk; but I thing that the major problem comes from the demand side, there is no many big projects of crowdfunding in Belgium. There is not much presence of projects wanting to be financed by crowdfunding. It is indeed true that people are more conservative but I mainly think that if there is no demand, it is logic we don't see a lot that in the offer side why should it be an offer if there is no demand? It is also a question of dimension, we are a small country compared to France or US and so the projects sometimes cannot be that big."

4. Do you think, in general people in Belgium now about this phenomenon? Do you think there is enough education about crowdfunding phenomenon in Belgium?

"Well I think people who want to create a company do not always know the existence of crowdfunding but why should we educate people if there are not that many projects? Another thing is, well, I understand that stimulating people to be an entrepreneur is important but I don't think educating people to use crowdfunding. Crowdfunding is not an objective itself; it's a consequence of wanting to create a company. However, what could be done and I think It would stimulate this phenomenon is making legislation easier for people doing crowdfunding. In my opinion its very important is if a country wants to do it, make it easy for the people to do it"

5. Do you think that the Belgian entrepreneurs are fully aware of the potential of the mechanism of crowdfunding in Belgium?

“I am not convinced that every entrepreneurs is aware of this mechanism; but I think that normally when someone wants to create a new project he should look around him and its job to find out about the existence of it. I mean everybody has do its own homework as an entrepreneur.”

6. Do you think the actual crowdfunding regulatory framework is adequate to promote growth in Belgium? Don't you think it's too strict? Why?

“In my opinion its very important is if a country wants to do it, it has to make it easy for the people to do it; I think in Belgium for people who want to do crowdfunding it is nearly the same amount of files you have to give to the government as if you want to enter the stock exchange market. You have to provide more than 100 pages explaining your business model. I think that is not normal. And that is a major barrier for people to raise money, and I think it is the impact is much bigger than the educational aspect of crowdfunding. Because once people start to use the mechanism I think the knowledge will come along, and as an entrepreneur I think people wanting to start a business should look around and find themselves about the existence of crowdfunding.

It still to strict. For our case, we gave a file of 120 pages to the FSMA to explain in detail everything about our project and then they came back to me, but you are talking to lawyers and financial people and they said they didn't believe in our marketing approach which was 100% social media marketing approach but these people don't know the power of social media marketing; so they said “no sorry, you have to adapt this chapter”. So I had to put in figures to convince them and make them understand that it wouldn't work without this marketing strategy. And sometimes I think this is a problem because you are dealing with people that don't really know how it works your market and I don't think that financial people and lawyers are always the best people to judges if your business is good or not. They should ease the process requested to project owners.”

7. There is a strong market outside Belgium. Platforms in other countries could be stealing the potential of Belgian crowdfunding market. What do you think about that? Or is this helping the Belgian market?

“The more platforms we have the better and the more we talk about the better it is.”

8. Do you think the number of active platforms has an impact in the development of crowdfunding in Belgium? If so, do you think that it's enough there are enough to promote the growth of crowdfunding in Belgium?

“I think the important aspect is not the number of platforms, but more the number of quality and professional platforms. I think we could have more professional platforms but than again KBC bank just launch a platform “ Bolero Crowdfunding” that is very professional, I don't know if we need more, but more would not be a bad thing as it would render the market more competitive and so platforms would have to improve their conditions and services.”

9. Do you have any recommendations for the actors of this market in Belgium?

“For people wanting to use crowdfunding I really recommend them to invest on good communication and make sure your communication is clear about your business model and why people should invest on your product. And take communication in our own hands and

do not let that in the hands of how the platform is communicating.

For policy makers I recommend them to make it easier for people how want to do and use crowdfunding. They should ease their process for people wanting to use Crowdfunding; it still takes them about 3 months to approve a project and it is so complicated; It is so much easier for Belgium entrepreneurs to go fund their projects in other platforms in other countries rather than staying in Belgium. Even with all the modifications they are doing now, it is still too complicate for entrepreneurs who want to start their business.”

10. What are your predictions for the future of crowdfunding in Belgium?

“I think it will increase, it still is a small market today and I think it going to stay a small market. The market is evolving but I mean in Belgium we don’t have that much entrepreneurs and the regulatory framework still is very restrictive for entrepreneur and if there’s no change in that the market will stay small compared to our neighbouring countries.”

X. Appendix 10: Interview G

Before starting to read the interviews conducted I would like to specify some important aspects. During my analysis, I changed some of my assumptions to improve the quality of the research. So in some interviews there are maybe hypothesis that I tested that aren't integrated in the research. However, the answers provided to those hypothesis were relevant to answers other assumptions or questions, and so, they also contributed to the quality of this research. Another aspect important to notice: Some of my interviewees are very busy businessmen and so I had limited time to go through all my questions. That is why for some of the interviews I carried out shorter inquiries.

PART I: Interviewee's Presentation

Contact's Name: Thibaut de Briey

Platform's name: MyMicroInvest

Status in the Company: Business analyst of MyMicroInvest

PART III: Facteurs qui expliquent le retard de la Belgique comparé à ses pays voisins Européens

1. Selon la littérature la Belgique est en retard par rapport à ses pays voisins. Êtes-vous d'accord avec cette déclaration? Pourquoi? (Expliquez brièvement)

« Je pense effectivement qu'il y a des pays qui sont plus avancés que la Belgique. Après si on est beaucoup en arrière, je ne sais pas ; je trouve malgré tout qu'on arrive à faire du crowdfunding en Belgique. »

2. Quels seraient selon vous les facteurs qui pourraient expliquer ce retard de la Belgique ?

« Pour moi c'est tout d'abord un facteur de mentalité ; je pense que les Anglais par exemple ont plus l'habitude et une proportion d'acceptabilité au risque qui est plus importante que le Belge de manière générale ; Ils ont depuis toujours une culture qui investit dans les jeunes business. C'est de peuples qui sont plus entrepreneurs, qui sont plus prêts à prendre des risques et à lancer des projets. Les Investisseurs c'est la même chose, ils sont plus prêts à investir dans des projets. En Belgique on aime bien investir dans des produits pas trop risqués dont on connaît parfaitement le taux qu'on pourrait toucher etc... Donc il y a ce premier facteur de mentalité ; mais je trouve qu'un marché, une mentalité ça change, ça s'éduque. Et donc en Belgique ça sera probablement un marché qui sera plus long à éduquer que des marchés de nos voisins.

Deuxièmement il y a les législations ; il y a déjà des politiques qui incitent à ce genre d'investissements en Angleterre ; En France il y a des politiques de déduction fiscale qui touchent l'ISF, quand tu investis dans des jeunes sociétés ; alors qu'en Belgique jusqu'à aujourd'hui, on n'a pas cela. Par contre la situation est à présent en train de changer, mais avant il n'y avait pas ça avant.

Troisièmement, il y a le facteur du marché, la Belgique est un petit marché, et donc on n'a pas une masse critique aussi grande que tu pourrais avoir en France ou en Angleterre ; Dans ces pays là il y a plus d'argent qui découle dans le Crowdfunding car il y a aussi plus de

gens tout simplement. »

3. Pensez-vous qu'il existe déjà assez de plateformes Belges de Crowdfunding pour le marché que c'est ?

« Il est vrai qu'on est pas encore beaucoup de plateforme et cela pourrait aussi expliquer en partie le fait que le marché Belge de crowdfunding soit en retard par rapport a ses voisins, je trouve que c'est vrai. »

4. Avec cette tendance en Belgique de relier le crowdfunding au secteur bancaire, ne craignez vous pas que cela pourrait deteriorer l'aspect fondamental du Crowdfunding qui est d'aller chercher une foule de gens passionnés plutôt que chercher des investisseurs professionnels pas spécialement intéressés par le projet mais plutôt par l'aspect financier derriere le projet?

« Je ne vois pas de mal à cela. Je pense qu'on a besoin. En Europe, il y a deux éléments qui sont un problème et qui sont la conséquence de l'économie Europeene « malade ».

- 1) comment on crée de la croissance dans un marché. Soit la population augmente et aujourd'hui la population Europeene elle stagne, il y a moins d'enfant et donc il y a moins de gens pour consommer et acheter etc.

- 2) C'est la productivité. Et la productivité en Europe maintenant elle stagne ; On est arrivé a des niveaux de productivité extrêmement élevés. On arrive aujourd'hui à avoir un rendement quand on produit quelque chose qui est relativement élevé.

Et donc la seul maniere de booster l'economie c'est avec l'innovation; l'innovation c'est quoi, c'est au lieu d'avoir un appareil photo, un telephone et une tablette pour jouer, on rachette un smartphone, qui permet de jeter tout ce qu'on avait avant et pouvoir reconstruire de nouveau pour pouvoir reutiliser à nouveau quelque chose. Et si on veut que l'europe continue à grandir et maintienne sa position economique forte, il faut continuer l'innovation et cela passe forcement à un moment ou l'autre par le financement. Et donc si cela passe à l'adossement des banques, je trouve cela très bien. Ce n'est pas un problème en soi. Nous dans MymicroInvest on est une plateforme independante et notre focus principale c'est le developpement du crowdfunding et on fait des partenariats avec le secteur bancaire tel que BNP. Ces partenariats nous poussent et qui nous aident à grandir et à developper ce type d'investissement dans le marché. Nous dans notre plateforme on trouve très important d'utiliser le système de co-investissement. C'est à dire qu'on a d'un côté le « crowd » qui peut investir, et donc cela pourrait faire appelle à des gens passionné par le projet; un aspect important du crowdfunding c'est de montrer que le marché approuve l'idée et montrer qu'on recherche du financement. Si une campagne a du succès cela peut attirer des investisseurs professionnels. Et c'est pour cela qu'on a des co-investisseur professionnel. Je trouve cela très important car cela permet aux entreprises d'ouvrir ses portes à un public plus large avec des investisseurs professionnel qui peuvent aussi intervenir. »

5. Est-ce que vous trouvez pas que les exigences des autorités regulatrice ne sont pas trop lourde pour les entrepreneurs qui veulent lancer leur projet grace au Crowdfunding?

« Je trouve que la FSMA font un très bon travail maniere generale; apres c'est vrai qu'il ya une grosse barriere à l'entrée car on est les seul dans le marché à pouvoir travaillé avec ces autorités de marché. Nous evidemment qu'on est fier que cela existe car pour les plateformes qui veulent se lancer cela represente une grande barriere. Je trouve qu'il est

important de bien s'informer sur des projets de crowdfunding, et souvent encore plus car c'est des projets plus risqués. Donc je trouve que les investisseurs soient bien au courant des ces risques. Après il vrai que nous on a une demande assez grande de projet; mais il faut se dire qu'on vient d'arriver dans le marché il y a 3 ans, et ce marché était tout nouveau. Il y avait un grand nombre d'entrepreneurs qui ne savait pas très bien ce que c'étaient, beaucoup de projets n'étaient pas prêt et d'autres qui ont des idées mais rien de concret se fait de leur côté. Et donc de petit à petit les entrepreneurs commence à comprendre les exigences, quels sont nos critères et types de projets qu'on finance. Et donc petit à petit, le ratio de demande d'entrepreneur par rapport au nombre de projet qu'on met sur notre plateforme va se reduire. Après c'est vrai que nous avons une selection qui est assez stricte, on doit verifier un certain nombre de choses, on doit mener un due diligence de la société pour être sur que les projets sont déjà existant et qu'ils soient de qualité. Maintenant si la FSMA devrait assouplir un peu ses règles pour developper ce marché, oui je pense que sa serait une bonne façon de stimuler le developement du marché »

6. Les marchés de crowdfunding voisins à la Belgique soit déjà assez puissant: ne serais pas cela d'une certaine façon entrain de voler de potentiel entrepreneurs Belge?

« Le marché belge est assez petit, il est donc normal pour les entrepreneurs et jeunes start-up que soit il lance initialement le projet en Belgique pour tester ma solution, mais apres c'est sociétés sont toujours attiré par l'idée de grandir à un niveau internationale pour pouvoir se developper correctement et avoir une taille importante. Et donc il est evident que ces entreprises qui vont se financer à l'exterieur, c'est une bonne strategie pour construire déjà un reseau internationale. Maintenant avec la tendance des plateforme à operer à l'internationale, je trouve que c'est à nous plateformes belges de devenir plus internationales et de proposer de l'investissement en Belgique et à l'étranger. »

7. Quelle est le futur du crowdfunding en Belgique selon vous?

« Je pense que sa va evoluer, sa va continuer à evoluer vers le bon sens comme un peu partout dans le monde. Les gens commence de plus en plus à connaître le concept et mieux le comprendre. Et donc oui, je trouve que sa va continuer à croître, comme partout en Europe. »

8. Qu'est ce que vous en pensé de l'éducation sur ce phénomène jusqu'à present en Belgique? Est-ce que les gens sont au courant de se qu'il se passé?

« Pour moi il est très difficile de le dire, car moi je vois sa tous les jours donc mon jugement est d'une certaine façon biaisé. Mais de se que j'entend autour de moi c'est qu'on en parle de plus en plus de crowdfunding et de notre plateforme.

En ce qui concerne les medias, on en voit déjà mais c'est souvent lié a une campagne qui a eu du succès comme celle de Newsmonkey. Maintenant c'est vrai que sa reste un peu caché, on a pas eu encore de reportage media sur les acteurs de crowdfunding en Belgique. On est pas souvent invité à en parler. »

PART IV: Qu'est ce qui conduit au succès d'une campagne de crowdfunding?

1. En me basant dans la littérature, j'ai déduit plusieurs hypothèses en ce qui concerne les plusieurs facteurs qui pourraient avoir une influence sur le succès d'une campagne. D'après votre expérience je veux savoir si vous êtes d'accord avec ces affirmations expliquer pourquoi et donner un degré d'importance :

Hypothesis 4: a strong personal and social network is positively related to the likelihood of a project to be successful.

Hypothesis 5: Degree of Relation between the campaign's team past professional live and the project campaign, influences positively the level of trust of funders and so the likelihood of succeeding in raising funds.

Hypothesis 6: The founder's past experience as a funder or project creator increases the likelihood of succeeding in raising funds.

« Je pense que non seulement que l'équipe, sa peut influencer la decision des investisseurs mais je trouve surtout que sa doit l'influencer. Quand on investi dans ce type de société, les jeunes sociétés en particulier, moi j'ai été analyste plusieurs années dans un fonds d'investissements d'early stage et le critère n°1 d'investissement c'était l'équipe. Le critère n°2 c'était le marché et le critère n°3 c'es la solution proposé. L'équipe est quelque chose de super important; sa ne veut pas forcement dire que l'équipe doit avoir de l'experience dans son nouveau metier, dans son nouveaux marché mais l'experience c'est quelque chose qu'on valorise, le comportement de l'équipe etc. Je trouve que sa doit être le critère n°1 de l'investissement. Et enfait, dans le cadre d'une campagne, le facteur clé de succes N°1 c'est l'implication de l'équipe dans la campagne. »

Hypothesis 7: Projects initiated by owners who have backed other projects will have a higher likelihood of succeeding in raising the stated goal.

« Si tu me dit bonjour le matin, j'aurai tendance à te dire Bonjour le matin; Je pense que oui sa peut aider mais bon c'est pas un facteur n°1 pour la reussite d'une campagne »

Hypothesis 8: the quality of the display itself (such as the provision of a video, graphical representations, or language used) has very important influence in the likelihood for a campaign to succeed on reaching the funding goal targeted.

« Oui je trouve que sa a un impact super fort; maintenant il faut regrouper cela avec tous les theories de presentation. Quand tu fait une presentation monotone sans voix devant un public ou tu fais une presentation avec des illustrations des exemples et un language corporel ton impact sur ton audience sera plus grand. Je pense que c'est la même chose quand tu presente un projet sur une page web; le materiel utiliser, les couleurs, les formats graphique et autres sont des éléments qui apporte de la clareté et qui ameliore la comprehension de l'information. »

Hypothesis 9: The deeper the description of your project and the clearest the exposure of your project objectives, the more likely your project will succeed in reaching the targeted goal.

« Evidement, faire une campagne c'est comme un acte de consommation; quand tu investis dans le crowdfunding c'est pas plus malin que ça. Tu n'as pas envi d' « acheter un

chat dans un sac » comme on dit, tu veux comprendre dans quoi t'investi et donc au plus l'information est Claire, structuré et bien établi au plus la confiance de l'investisseur sera grande et sa decision d'investir sera importante »

Hypothesis 10: building an active community, by posting regular updates on their campaign page and by responding to the feedback, suggestions and concerns raised by interested members of the community is associated with greater success.

« Oui, un impact tres fort, encore une fois, l'implication de l'équipe c'est le facteur clé de success n°1. Il faut que l'équipe soit pro-active, qu'ils communiquent. Il y a une règle qui est super importante quand tu fais du crowdfunding c'est: communiquer, communiquer et communiquer. Comment veux-tu que les gents s'interessent à ton projet et sachent que tu es entrain d'essayer de te faire financer si tu parles pas avec eux. C'est la meme chose que pour toute société qui fond du marketing pour vendre des produits. Si tu connais pas le produit, tu n'iras pas l'acheter, alors que si tu en a déjà entendu parlé ou vu tu auras au moin considéré l'acheté. »

Hypothesis 11: The duration of a campaign has a negative influence in the project's success.

Hypothesis 12: Increasing goal size is negatively associated with success.

« Alors nous se qu'on fait c'est des campagnes environs de 2 mois. Pourquoi? Parce que je trouve que si on fait plus longtemps c'est trop long car il faut concentrer les efforts, l'energie et le timing de la communication; sa ne sert à rien de l'étaller à des mois et des mois. Mais très court, je trouve que sa reste dangereux car comme tout sa reste encore une nouvelle experience pour les entrepreneurs et donc il y a toujours un temps d'adaptation et de comprehension des mecanismes de crowdfunding, comment sa fonctionne, comment faire en sorte qu'on ait un bon message auprès des investisseurs etc etc. Après il y a des entrepreneurs qui sont plus expirementées, qui ont peut être des background de marketing fort et qui savent comment communiquer, comme newsmonkey qui l'a fait extremement bien dans leur campagne. Apres il y a ceux qui otn moins d'experience, et donc ceux-la aurons ce qu'on appelle une courbe d'apprentissage classique où il vont faire un certain nombre d'erreur au depart et c'est normal ; et après c'est la qu'on voit qu'il y a des bons entrepreneurs ; c'est en regardant ce qui a été fait, analyser et prendre des decisions à partir de cela . »

Hypothesis 13: successful campaigns become even more attractive and successful due to the herd instinct: if a certain number of individuals decide to invest in the project, it becomes more likely that others investors will be interested in the project and eventually invest on it.

Hypothesis 14: The amount of early investors during a campaign has an impact on the other potential future contributors level of trust in the project and so has influence in the likelihood for a campaign to succeed on reaching the funding goal targeted

« Je vais te poser le problème d'une autre façon: si tu vois une fête sur facebook avec 5 personnes qui y vont ou si tu en voit une qui en a 300 ? T'aura plus de tendance à aller dans la premiere ou la deuxieme ? Je crois sans doute que tu choisiras la 2eme. Le succès entraine le succès. C'est un autre message clé des campagnes de crowdfunding et donc soutenir et communiquer sur le succès c'est quelques chose qui va entrainer le succès derriere. Et donc avoir autant de personnes qui ont investies au depart dans une société, sa fait que les autres s'interrogent sur ton projet. Il y a une video interessante sur la courbe

d'adoption en generale sur le developpement des soci  ts, il y a d'abord les early adopter, et petit a petit le mass market arrive. Et l'important c'est de savoir comment arriver    ce mass-maket, comment arriver    faire le switch o   les gens te regarde et se dise c'est quoi ce truc au momant o   les gents se disent, je dois participer dans ce truc l  . »

2. What are for you the major driver of success of a campaign?

« N  1 : c'est l'  quipe derri  re, c'est l'  quipe qui va faire en sorte que le projet soit bien pr  sent  .

N  2 : une video de qualit   est essentiel, car de nos jours on    pris l'habitude d'apprendre sur un projet par le moyen de video. Sa diminue la barriere entre le non-r  el et le r  el; on decouvre les gents qui sont derri  re le projet, on decouvre l'environnement, on comprend le probl  me et la solution propos   etc. et donc une vid  o est important, mais surtout aussi le fait que sa soit de qualit   pour augment   ses chances de succ  s. Un exemple classique c'est de dire qu'on a qu'une seule chance de faire bonne impression et la video c'est exactement   a. C'est la chance en tant qu'entreprise de te presenter ton projet et de faire une bonne impression d'entr  e de jeu. La personne qui voit ta video qui est de mauvaise qualit   le son n'est pas bon et la personne ne parle pas bien, le projet    beau      tre le meilleur du monde mais sa donne pas envi et donc sa incite pas    vouloir participer ; et c'est la m  me chose lorsque tu fait une presentation orale. Inversement, un projet pas tr  s innovant et dont l'id  e n'est pas de genie, si tu quelqu'un qui va bien te derouler les messages clairement et precisement, cela met en confiance tes lecteurs et tes auditeurs, tes chances de succ  s sont plus   lev  es.

Je reviens sur l'  quipe, tu peux avoir la meilleur id  e mais si l'  quipe derri  re est mauvaise, sa sera jamais un succes. Des id  es tout le monde en a, apr  s il faut savoir les developper. Donc la qualit   des gens derri  re la campagne est tr  s importante.

N  3 : Il est super important de se cr  e des conditions de succ  s. Je vais prendre l'exemple d'une soci  t   qui s'est financ   chez nous : Domobios, le produit anti-acarien. Ils vendent un kit anti-acarien aux allergiques    travers d'un reseau de pharmacie. Si ils arrivent    se faire financer par des pharmaciens et par des gens qui sont allergiques aux acariens, ils ont d  j   gagn  . C'est des gens qui on l'int  r  t que la soci  t   grandisse ; donc d'un c  t   les pharmaciens vont recommander ce produit    leur clients et les allergiques aux acariens vont recommander ce produit    leur copains allergiques aux acariens. Et c'est comme  a qu'ils ont reussi    se developper, et apporter   normement de valeur dans la campagne de financement, c'est en allant chercher ces communaut  s l  . Par contre ces communaut  s l  , ils ne les connaissaient pas. Donc comment ont-ils cr    des conditions de succ  s? En organisant et pr  parant leur campagne; il a aussi fait en sorte que son entourage, sont environnement familiale, et connection professionnels investissent rapidement d  s le debut de la campagne dans le projet pour que quand il communique avec des allergiques aux acariens et pharmaciens les gens qui arrivaient dans la plateforme voient qu'il y avait d  j   du financement et voir que les gens avait d  j   investi et donc cr   r des conditions de confiance, qui cr    des condition de succ  s. Il faut cr    des condition de confiance apr  s dans les communaut  s qui font du sens et qui on de la valeur ajout  e pour le business. C'est comme tout, c'est comme une pr  sentation, un bon dossier, une campagne sa se prepare, sa se planifie. Il faut anticiper un certain nombre d'actions avant de lancer la campagne. »

3. Do you have any advice for entrepreneur before trying to launch a campaign in your platform? Important steps and element you cannot miss? Errors to avoid?

« Bien s'informer et comprendre pourquoi est-ce qu'il ferait du crowdfunding; quelle est l'intérêt pour eux de faire du crowdfunding. Les projet qui n'ont pas reussi leur champagne c'était souvent parce qu'ils n'avaient pas fourni assez de travail et de préparation avant et pendant la campagne. Et ils n'avaient pas imaginé que c'était un vrai travail de faire une campagne de crowdfunding. Le crowdfunding c'est une campagne de communication, c'est difficile, ce n'est pas evident d'aller chercher du financement. Il faut travailler, se preparer, bien s'organiser et pour le faire il faut simplement voir l'intérêt derriere. C'est comme pour tout, je veux dire si tu n'as pas un interêt et objectif claire quand tu fait quelque chose tu vas avoir beaucoup moins de motivations quand tu vas le faire. Et surtout si tu utilise le crowdfunding car cela fait du sens pour ton projet tu vas pouvoir preparer beaucoup mieux ton projet car tu anticiperas ce que tu devras faire pour atteindre cet objectif. »