



Capital Markets Union: Commission supports crowdfunding as alternative source of finance for Europe's start-ups

Brussels, 3 May 2016

The European Commission is today publishing its report on the EU crowdfunding sector, part of the Capital Markets Union Action Plan.

Supporting innovative ways of connecting savings to growth and diversifying the funding sources for European businesses is crucial to improving growth and job creation in Europe.

The report finds that crowdfunding remains relatively small but is developing rapidly. If appropriately regulated, it has the potential to be a key source of financing for SMEs over the long term. EU Member States have begun to put in place national frameworks to support the growth of the sector and ensure investors are appropriately protected.

These national frameworks are broadly consistent in terms of the objectives and outcomes they seek to achieve, but are tailored to local markets and domestic regulatory approaches. As crowdfunding remains largely local and the sector is changing rapidly, there is no strong case for an EU level framework at this juncture. The Commission will keep developments in the sector under review, and meet twice per year with regulators and the sector. This will ensure the Commission is able to respond in a timely manner if further steps to support regulatory convergence are needed, both to promote the development of the sector and to ensure appropriate investor protection.

EU Commissioner for Financial Stability, Financial Services and Capital Markets Union, Jonathan Hill said: *"As part of our work to improve the funding conveyor belt for businesses, we are keen to support the development of crowdfunding models as a source of financing for entrepreneurs with bright ideas, start-ups and other SMEs. Our focus is on promoting best practice, appropriate investor protection and consistency of national regimes. We will continue to monitor market and regulatory developments closely."*

Crowdfunding is an open call to the public to raise funds for a project. Crowdfunding platforms are websites that enable fundraisers, be they individuals or businesses, to interact with investors and donors. Financial pledges can be made and collected through the platform.

Crowdfunding is still small but growing fast in Europe. Based on available data, approximately €4.2 billion was successfully raised through crowdfunding platforms in 2015 in the EU, compared with €1.6 billion in 2014. In 2015, €4.1 billion was raised through crowdfunding models that entail a possible financial return for those contributing the funds – for example, through equity investments or loans. Crowdfunding projects were present in all Member States. However, activity is currently concentrated in a small number of Member States. The UK has by far the largest amount raised and number of projects funded through crowdfunding.

At the same time, cross-border project funding is still limited and crowdfunding remains a regional or local phenomenon to a large extent. Several Member States have already introduced or are planning to introduce domestic bespoke regimes on crowdfunding. Overall, these domestic rules aim to support the development of this source of funding, while addressing key risks that may arise, notably for investors.

Background

On 30 September 2015 the Commission adopted an Action Plan on Building a Capital Markets Union (CMU). The CMU Action Plan pledged that we would publish a report on the development of European crowdfunding to assess national regimes, identify best practice, and present the results of the Commission's monitoring of the evolution of the crowdfunding sector.

For more information

Commission [staff working document](#) on crowdfunding in the EU Capital Markets Union

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