

ROLE OF ALTERNATIVE FINANCE



OVERALL SIZE OF THE MARKET

Sweden raised EUR 13m through alternative financing in 2015. Between 2014-15, a major platform based in Sweden went bankrupt due to a widely-reported scandal involving the misappropriation and misuse of funds. This led for the Nordic countries to the total alternative finance volume for 2014-15 to fall by almost a fifth in that year but still remained well above the 2013 figure of EUR 94m.



TREND?

There was a sharp drop in P2P consumer lending because of the failure of one of the major platform in Sweden between 2014 and 2015. This led to the total alternative finance volume for 2014-15 to fall by almost a fifth in that year, but still remained well above the 2013 figure of EUR 94m. This affected the overall market volume of the Nordic countries with a drop of 19% in 2015 compared to the previous year.



TOTAL CROWDFUNDING PLATFORMS

There are currently between 10-15 active Crowdfunding platforms in Sweden - Toborrow.se (P2P lending) started in 2013 and is available for C2B as well as B2B. - Crowdculture.se, Takespace.se and Agreatday.tv is a donation based platform. Agreatday has recently removed the rewards part and operates only using donations. - Tessin.se (2014) is a real estate crowdfunding platform. - Trustbuddy.se (P2P lending) filed for bankruptcy in 2015.



CROWDFUNDING PLATFORMS SPECIALISING ON R&I:

There is one active platform dedicated to R&I: TRINE, that focuses on energy projects.

Evidence



EQUITY-BASED CROWDFUNDING

EUR 6,5m in 2015.



REWARD AND DONATION-BASED CROWDFUNDING

Rewards-based Crowdfunding raised 4,6m EUR in 2015.



LENDING CROWDFUNDING

Peer-to-Peer Consumer Lending raised 2,0m EUR in 2015.



OTHERS

0,2m EUR of Community Shares in 2015.

REGULATORY CONTEXT

 Evidence



No

IS THERE A SPECIFIC NATIONAL REGULATION IN PLACE APPLYING TO CROWDFUNDING?



GENERAL REGULATION

- Fact sheet requirements for consumer protection. - Credibility check on project owners. - Amend the share spreading prohibition in the Companies Act to allow Crowdfunding . A Crowdfunding platform does not constitute a platform that trades transferrable securities of public companies. It only serves as an intermediary of the share transfer of private companies. Therefore, the equity platform models shall normally not fall within the scope of The Securities Market Act (lag om värdepappersmarknaden) and does not need a license to offer their equity services. The donation and rewards models are not yet regulated under Swedish law. According to the Swedish legislator, these models need the least regulation, due to the low risks attached to the investments and because no financial investment or return is offered.



PROSPECTUS REQUIREMENT

Main rule: all offerings of transferrable securities in companies are subject to prospectus requirements
Exemptions: - the offer is directed solely to qualified investors; - in a country within the EEA, the offer is directed to less than 150 natural persons or legal entities who are not qualified investors; - the offer relates to a purchase of transferable securities for a sum equivalent to no less than EUR 100,000 for each investor;

SUPPORT POLICIES



OVERVIEW

Crowdfunding still has no legal definition in the Swedish regulations. Its regulation is allocated in different sections of the legislation, which was created a long time before the FinTech age. In the recent publication on Crowdfunding by the Swedish Financial Authorities (Finansinspektionen) it has been pointed out that, under certain circumstances, it is even unclear which public authorities should supervise crowdfunding activities.



MAIN POLICY INSTITUTION
RESPONSIBLE IN THE COUNTRY
(MINISTRY IN CHARGE
OF ALTERNATIVE FINANCE)

N/A

Evidence



MATCHING FUNDS INITIATIVES

N/A



STATE-AID

N/A



TAX BENEFITS

N/A



CROWDFUNDING GUIDELINES FOR ENTREPRENEURS / INVESTORS

N/A



GUIDELINES FOR RESEARCHERS ON CROWDFUNDING FOR R&I

N/A

ADDITIONAL INSIGHT



SUCCESS STORY OF CROWDFUNDING PLATFORMS FOR R&I

NAME: Crowdculture DESCRIPTION: CrowdCulture opened in 2010 and is the longest running service for crowdfunding in Sweden. Mainly a rewards-based system. the platform receives both private and public funds. LINK: <http://www.crowdculture.se/se>



BEST PRACTICE INITIATIVES

N/A



POLICY MEASURES

Policy measure that should be initiated: - Legislate any MiFID or prospectus requirements - Raise the limit of prospectus requirement from 2.5 million to 5 million - Harmonise the Swedish Payment Service Act



OTHERS

Within the next upcoming 18 months, a close cooperation between Swedish crowdfunding platforms and banks is expected. Until now Swedish banks express a particular “love-hate” relationship with the platform operators. The banks in Sweden are aware of the changes caused by FinTech and crowdfunding in particular, but still have decided not to follow other traditional financial institutions in the UK or the USA, which already cooperate with platforms since years.

ABOUT THE STUDY

The Study “Assessing the potential for crowdfunding and other forms of alternative finance to support research and innovation” was initiated by the European Commission’s Directorate-General for Research & Innovation (DG RTD) in December 2015. Open Evidence together with EY, the European Crowdfunding Network (ECN) and Politecnico di Milano are investigating how crowdfunding and other forms of alternative finance could support research and innovation (R&I). The study, aimed at delivering thorough, holistic picture on the potential of CF to improve access to risk finance in the EU for, in particular SMEs and midcaps, revolves around three main objectives: 1. To quantify and qualify the potential of alternative finance in Europe with regard to research and innovation; 2. To identify the key bottlenecks to realize this potential; and 3. To recommend actions in overcome these challenges. More about the study: www.crowdfunding4innovation.eu Country fiches for other countries available at <http://crowdfunding4innovation.eu/country-fiches>.