Crowdfunding: An Infant Industry Growing Fast

Rohini Tendulkar
Economist

International Organisation of Securities Commissions
Disclaimer

The views and opinions presented in this presentation are of the presenter only and do not necessarily reflect the views and opinions of IOSCO or its individual members.

The information in these slides is based on the IOSCO Research Department Staff Working Paper entitled ‘Crowdfunding: An infant industry growing fast’, authored by Shane Worner and Eleanor Kirby and which can be found here: iosco.org/research
Investors (incl. retail) → SMEs/Real Economy/Infrastructure

Government debt

Sec Mkts
Crowd Funding

Sec Mkts
Crowd Funding

Venture capital

Banks
Crowd-funding: four sub-categories

- Social Lending/Donation Crowd-funding
- Reward Crowd-funding
- Peer-to-Peer Lending
- Equity Crowd-funding

Source: IOSCO Research Department
Global peer-to-peer new loan origination

Data as at Feb-2014

IOSCO Research Department: Based on figures from selected peer-to-peer platforms within each country

Notes: Peer-to-peer lending data is sourced directly from the websites of the largest providers. It therefore represents a lower bound estimate of the global loan pool.
Global Distribution of FR Crowd-funding Markets

Source: IOSCO Research Department. Based on data obtained directly from platforms, therefore represents the lowest estimated size for each country.
Percentage of the peer-to-peer and equity crowd funding market by country

Source IOSCO Research Department: Based on figures from selected peer-to-peer platforms within each country

Notes: Peer-to-peer lending data is sourced directly from the websites of the largest providers. It therefore represents a lower bound estimate of the global loan pool.
Regulation of crowdfunding

• Investor Protection
• Mitigation of Risks
• Nurturing Industry
• Supporting Growth
Regulatory approaches around the world

Exempt or unregulated through lack of definition

Regulated as a collective investment scheme, intermediary or as a banking activity

Prohibited

Special Status
Special status and specific regulatory frameworks

<table>
<thead>
<tr>
<th>Investor /lender</th>
<th>Borrower</th>
<th>Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Caps on amount invested</td>
<td>• Thresholds</td>
<td>• Register for special status</td>
</tr>
<tr>
<td>• Restrictions/definition of who can invest</td>
<td>• Light prospectus</td>
<td>• Restrictions on type of model</td>
</tr>
<tr>
<td>• Awareness and confirmation of awareness of risks</td>
<td>• Restrictions on types of borrowers</td>
<td>• Resolution frameworks and capital reserves</td>
</tr>
<tr>
<td></td>
<td>• Strong national connections</td>
<td>• Transparency and disclosure rules</td>
</tr>
</tbody>
</table>
Looking forward – developments and challenges

• Cross border Crowdfunding
• Securitization
• Bitcoin Crowdfunding
• Whole loan investments
Looking forward – developments and challenges

- Cross border Crowdfunding
- Securitization
- Bitcoin Crowdfunding
- Whole loan investments and bank involvement
Crowdfunding: An Infant Industry Growing Fast

Rohini Tendulkar
Economist
IOSCO Research Department

April 2014