Alternative Finance Maturity Model
A public-private growth model for the Alternative Finance industry

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Industry Life Cycle model

Market Size vs. Time

- Introduction
- Growth
- Shakeout
- Maturity
- Decline
Alternative Finance per country in the EU (2015)

Source: Sustaining Momentum - The 2nd European Alternative Finance Benchmarking Report – Cambridge University
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Current State of Crowdfunding in Europe
An Overview of the Crowdfunding Industry in more than 25 Countries: Trends, Volumes & Regulations

2016

www.crowdfundingineurope.eu

Crowdfunding Crossing Borders
An Overview of Liability Risks Associated with Cross Border Crowdfunding Investments

2016

www.crowdfundingcrossingborders.eu
Source: Current State of Crowdfunding in Europe 2016 – Alternative Finance Maturity Index (www.crowdfundingineurope.eu)
It takes two to tango
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Alternative Finance Maturity Model (5 phases)

- Introduction
- Growth
- Competition
- Consolidation
- Maturity

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Alternative Finance Maturity Model (5 phases)

**Introduction**
Small platforms
Unregulated market

**Growth**
First platforms raising >5M a year (not profitable)
Several AltFin models offered
Using existing regulations
Industry associations formed
A lot of new platforms start

**Competition**
Platforms profitable (Turnover >50M)
Specific crowdfunding / p2p licensing
Integration in financial industry
1-10% of SME funding

**Consolidation**
Few platforms survive
Several industry associations
>10% of SME funding

**Maturity**
Integral part of financial industry
20-80% of SME funding

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Reaching the next level
Government/regulator

- Investor protection vs Access to Finance
- Professionality of new industry players
- Cross-border issues with online investing
- Fraud Protection / Anti-money laundering
- DIY Crowdfunding (gatekeeper)
Alternative Finance Maturity Model (Government)

1. **Introduction**
   - Open dialogue with industry

2. **Growth**
   - Create clear regulations + public support

3. **Competition**
   - Investor protection + transparency on defaults

4. **Consolidation**
   - Integrated completely in financial regulations

5. **Maturity**
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Industry
Promotion and Education

Educational programs for Entrepreneurs, Investors and Advisors.

Independent Research on industry data

Transparency on defaults, risks

Certification program for platforms and advisors

Co-financing by government and banks
Alternative Finance Maturity Model (Industry)

**Introduction**

Industry roundtables and work with independent advisors

**Growth**

Collective promotion of success stories. Regular publications of growth in industry. Training advisors. Launch industry association

**Competition**

Support independent (academic) research, certification of advisors, transparency on defaults, several industry associations, combine AltFin with traditional finance

**Consolidation**

Integration in traditional (institutional) finance industry, specialized (academic) research centre.
Government & Industry together can build a new sustainable financial eco-system
European Centre for Alternative Finance

Events: conferences and workshops

Utrecht University
June 7-9 2017
www.uu.nl/ecaf

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