

Interreg
*M*editerranean



**BLUE
CROWDFUNDING**

Crowdfunding – Key Topics

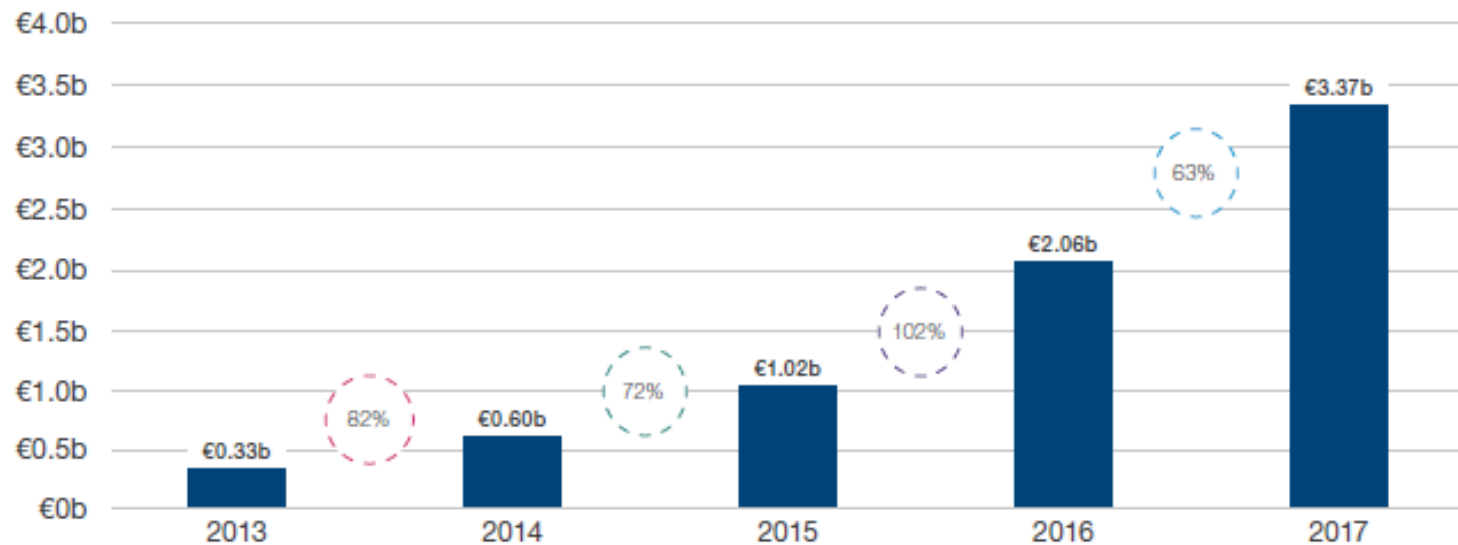
Louis Loizou, Partner, Loizou & Co

CROWDFUNDING BASICS

CROWDFUNDING INDUSTRY in NUMBERS (1)

Total market volume of alternative financing in EU

Figure 2: European Online Alternative Finance Market Volumes 2013-2017 in €billions (Excluding the UK)



Source: https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2019-04-4th-european-alternative-finance-benchmarking-industry-report-shifting-paradigms.pdf

Project co-financed by the European Regional Development Fund

CROWDFUNDING BASICS

CROWDFUNDING INDUSTRY in NUMBERS (2)

Comparative Market Volumes
of Alternative Finance Transactions
in the EU (2017)

Total volume in €m

€7b+	€600-700m	€500-600m
€200-300m	€151-200m	€100-150m
€76-100m	€51-75m	€30-50m
€25-30m	€10.1-15m	€5.1-10m
€2.1-5m	€1-2m	€0.51-1m
€0.21-0.5m	Up to €0.2m	



CROWDFUNDING BASICS

CROWDFUNDING INDUSTRY IN NUMBERS (3)

Number of platforms operating in European countries and in MED area

COUNTRY	LOCAL PLATFORMS	FOREIGN-BASED PLATFORMS OPERATING IN COUNTRY	TOTAL
Europe (excl UK)	259	261	520
Italy	34	11	45
Spain	26	13	39
Portugal	4	6	10
Greece	3	5	8
Slovenia	2	4	6
Croatia	2	3	5
Albania	0	3	3
Cyprus	0	1	1

Source: https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2019-04-4th-european-alternative-finance-benchmarking-industry-report-shifting-paradigms.pdf

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CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

Crowdfunding process

There are three phases: the pre-campaign phase, the campaign-phase itself and a post-campaigning-phase.



Source: ECN's adaptation of Crowd-Fund-Port Terminology

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

Duration

In reward-based Crowdfunding, projects with shorter durations - the average is between 30 and 45 days - have higher success rates.

In equity-based Crowdfunding campaigns tend to last longer, as investors need more time to get the full picture of the offered investment.

Campaign Duration* ?

How many days will you be running your campaign for? You can run a campaign for any number of days, with a 60 day duration maximum.

45

Funding duration

☒ Number of days

30

Up to 60 days, but we recommend 30 or fewer

☒ End on date & time

July 2017

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Time: 2:29 pm CEST

Source: Indiegogo Campaign Dashboard; Kickstarter Campaign Dashboard;

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

Campaign Terms

Any crowdfunding initiative takes place through a **campaign**, i.e. a certain **period of time** during which the platform hosts the project in order to collect the desired amount („**funding goal**“) from the supporters („**crowd**“).

The achievement of the financial goal might be further divided into:

- **(Funding) threshold**: minimum funding goal (where applicable)
- **(Funding) maximum**: maximum funding goal (where applicable)
- **Overfunding**: amount of money collected exceeding the initial funding goal.

CROWDFUNDING BASICS

CROWDFUNDING – PURPOSES:

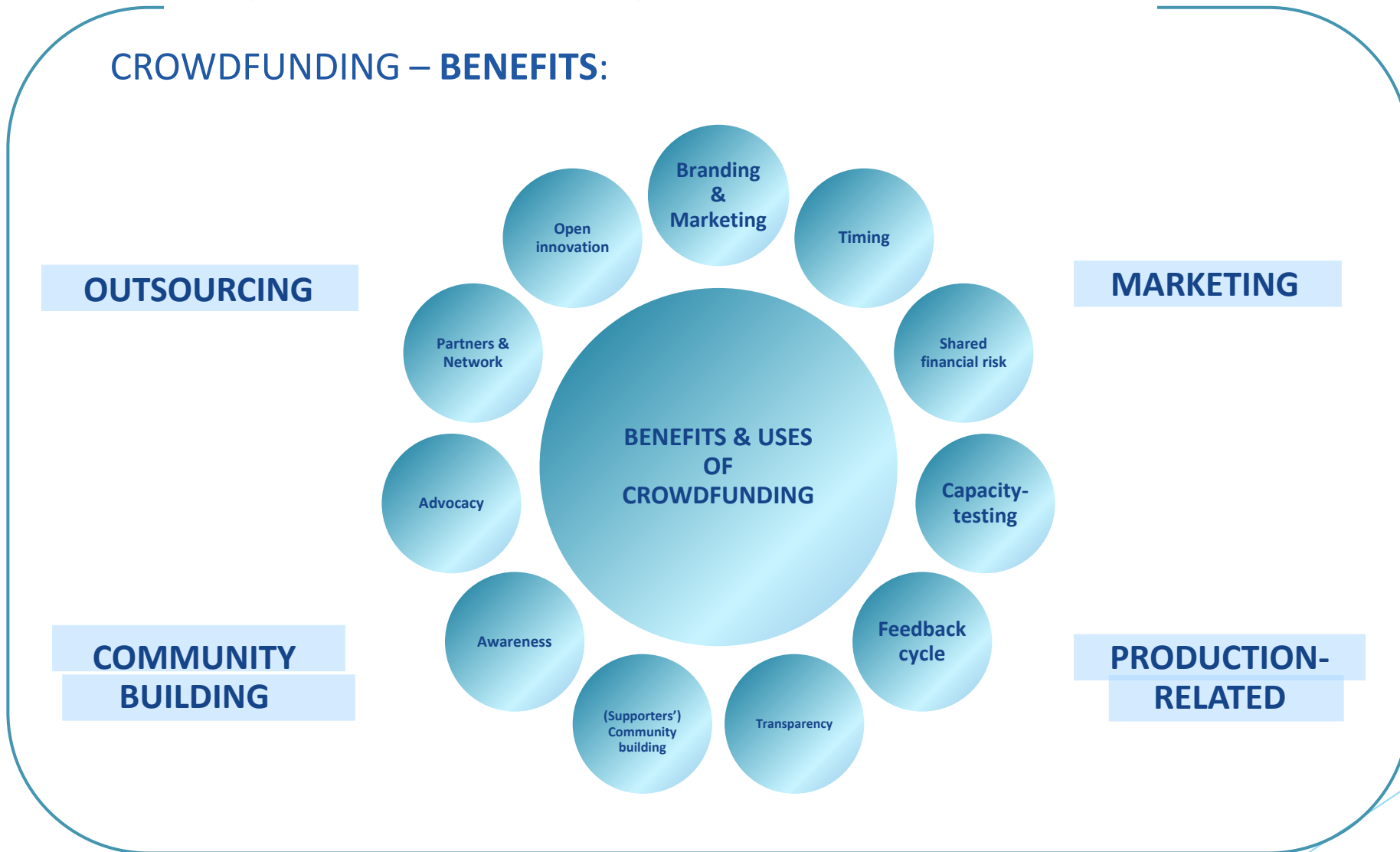
Crowdfunding is more than just finance!

- market research, analysis and positioning,
- Idea testing and pre-sell activities,
- community outreach and networking,
- press activities and communication, and

In addition to these, „Civic crowdfunding“ contributes to build more participative and fair societies.

CROWDFUNDING BASICS

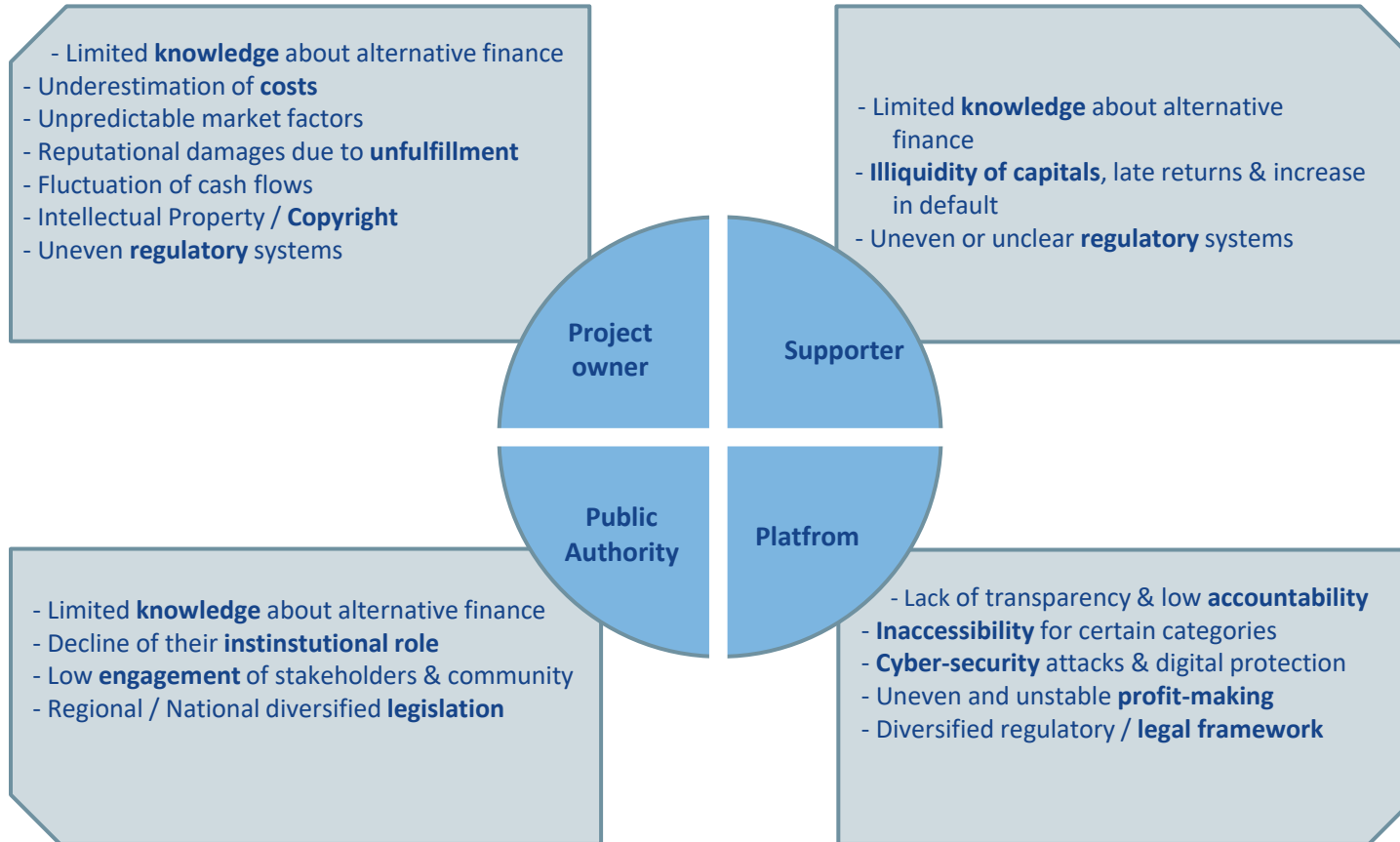
CROWDFUNDING – BENEFITS:



Source: ECN review and integration of Crowd-Fund-Port materials

CROWDFUNDING BASICS

CROWDFUNDING – RISKS:



Source: ECN, "Risks & Mitigation Nuggets Info-sheets", 2020

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

The choice of the platform

Definition of platform and service provider:

«crowdfunding platform⁽¹⁾» : an electronic information system operated or managed by a crowdfunding service provider. It enables interaction between fundraisers and the crowd. Financial pledges can be made and collected through the crowdfunding platform;

«crowdfunding service provider⁽²⁾» : a legal person who provides crowdfunding services and has been authorised for that purpose by the European Securities and Markets Authority (ESMA) in accordance with Article 11 of this Regulation

Sources: ⁽¹⁾ https://ec.europa.eu/growth/tools-databases/crowdfunding-guide/what-is/explained_en

⁽²⁾ EC, “REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Crowdfunding Service Providers (ECSP) for Business”, Art. 3.1

Project co-financed by the European
Regional Development Fund

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

The choice of the platform

Selecting the platform shall include the assessment of the following features:

- Sector and industry of interest
- Geographical scope and proximity (*easy to contact)
- platform's affiliation fees (flexible/fixed fee option)
- shares on the funding (variable amount) and fees related to the payment provider
- extra services provided or available before/during/after the campaign (assistance, support, legal advice)
- refund method: "all or nothing - AoN" or a "keep it all - KiA" (see next slide)

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

The choice of the platform

Focus on: The refund method

Pledged
EUR 12,222 of EUR 11,961

102% 2 days a 19 hour until the end

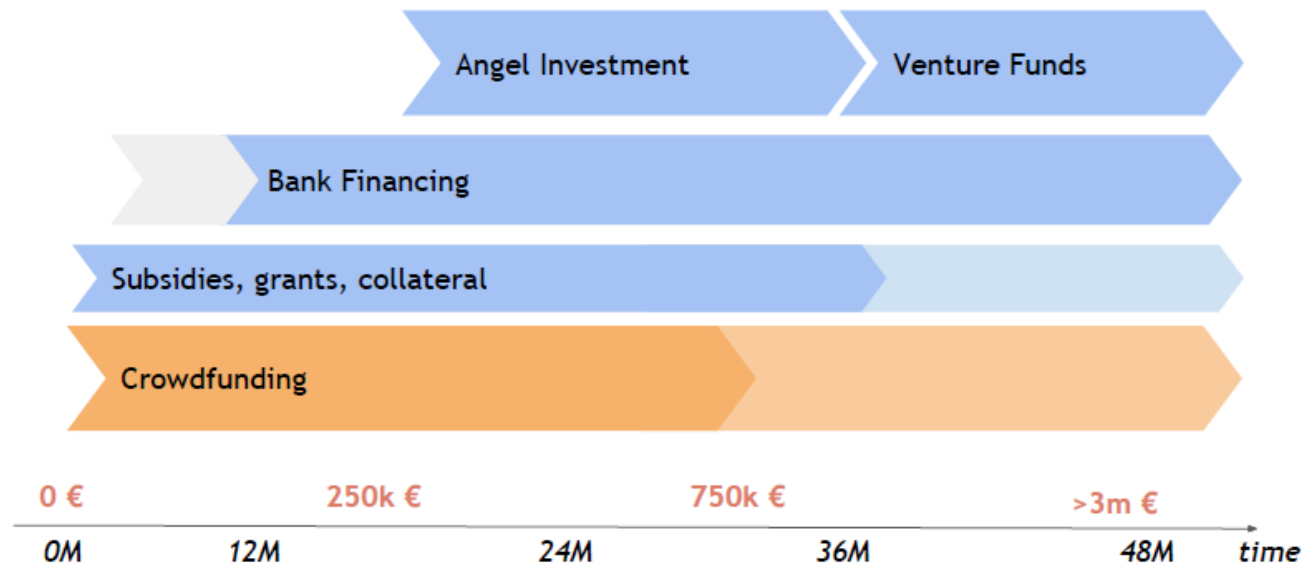
- **All or nothing** : reaching the total funding goal or a threshold is binding for the transfer of all the collected money from the supporters, by the platform to the project owner. Such a solution is to be chosen in case of high investments linked to few activities - as it is, for example, with highly-specialized products, whose development implies very large investments in terms of manufacture or technology.
- **Keep it all**: this method allows the project owner to directly get a proportional amount per each and every contribution gathered from the crowd. It means the funding goal is not binding for the accreditation of the money from the crowd.
This is particularly useful when even small amounts can make the project progress and develop.

CROWDFUNDING BASICS

CROWDFUNDING – Terminology & Framework

Use of Crowdfunding

Crowdfunding in combination with other funding-sources



CROWDFUNDING: FOCUS ON CASES










LOUIS LOIZOU, PARTNER, LOIZOU & CO











January 2021

CONFIDENTIAL

Marketing slogans of neobanks in the UK

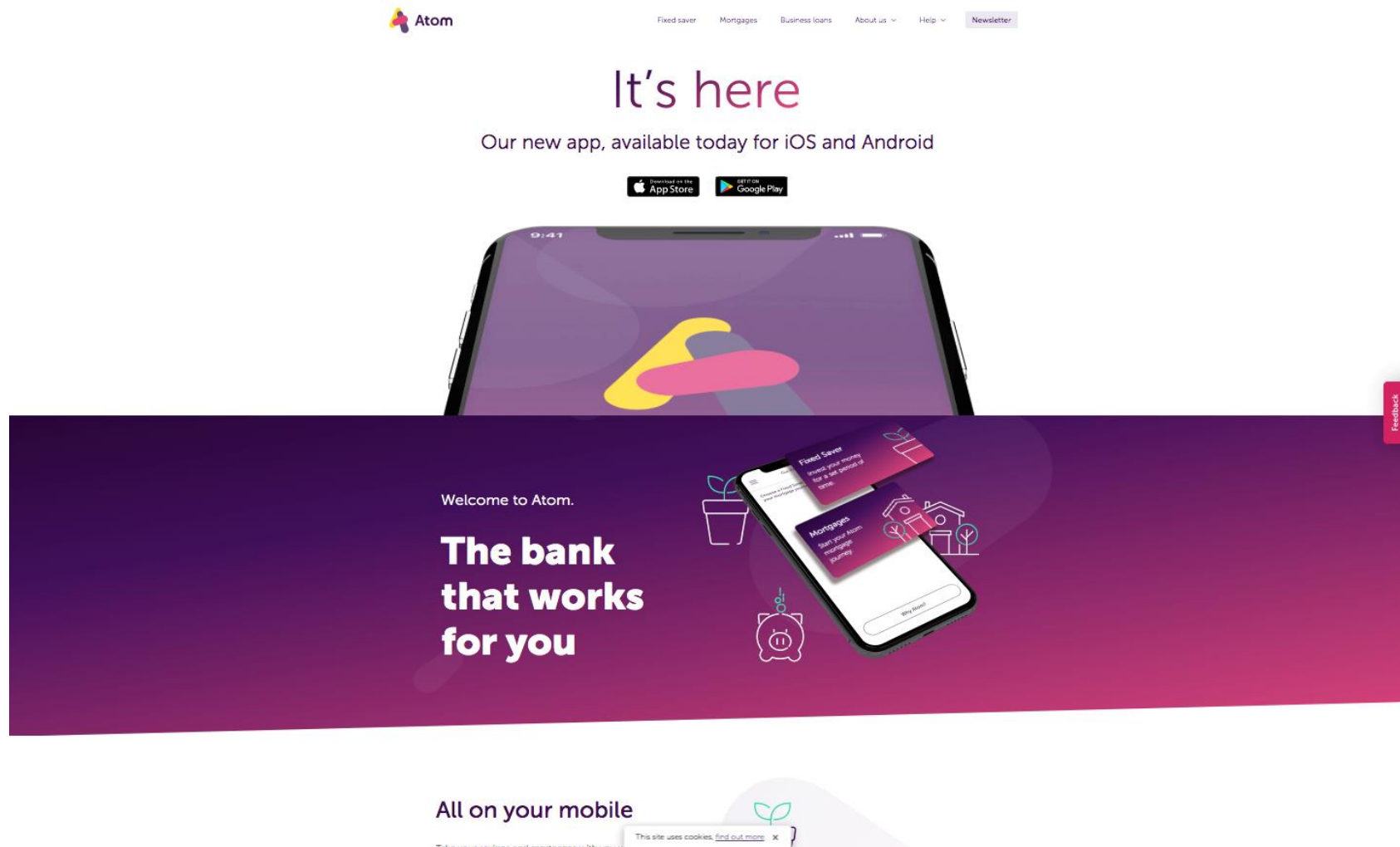
S REFLECTION ON NEOBANKS

LOGO	NAME	SLOGAN	COUNTRY
	Atom Bank	"It's all about you, you, you"	U.K
	Tide Bank	"Do Less Banking"	U.K
	Monzo	"Banking made easy"	U.K
	Revolut	"Never settle"	U.K
	Monese	"Best banking for business"	U.K
	Starling Bank	"Feel good about money with better banking"	U.K
	Civilised bank	"The bespoke SME bank"	U.K
	Frees	"A better place to be"	U.K
	Lintel	"A digital bank with traditional values"	U.K

	Loot	"the digital current account aimed at students and millennials"	U.K
	Monizo	"The banking service targeted solely at freelancers"	U.K
	Osper	"Mobile banking for young people"	U.K
	Pockit	"The simple, easy current account"	U.K
	Secco Bank	"The U.K's 'Blockchain-Inspired' Challenger Bank"	U.K
	Tandem	"We're here to get you and your money moving in the right direction"	U.K
	Shawbrook Bank	"A bank that understands you"	U.K
	Nickel	"Bankless account"	France
	Hello Bank	"The first 100% digital mobile bank in Europe"	France
	Morning Bank	"The account that wakes up the bank"	France

Digital presence and digital marketing (4)

REFLECTION ON NEOBANKS



The image shows the Atom bank website landing page. At the top, the Atom logo is on the left, and navigation links for 'Fixed saver', 'Mortgages', 'Business loans', 'About us', 'Help', and 'Newsletter' are on the right. The main headline reads 'It's here' in a large, purple font, followed by 'Our new app, available today for iOS and Android'. Below this are buttons for 'Download on the App Store' and 'GET IT ON Google Play'. A smartphone is shown displaying the Atom app interface, which features a large, stylized 'A' logo. Below the phone, a dark purple banner contains the text 'Welcome to Atom.' and 'The bank that works for you' in white. To the right of the text are icons for a potted plant, a piggy bank, and a house. A smartphone is also shown displaying the app's features: 'Fixed Saver' (Invest your money for a set period of time) and 'Mortgages' (Start your Atom mortgage journey). A 'Feedback' button is visible on the right side of the banner. At the bottom, the text 'All on your mobile' is displayed next to a small green plant icon. A cookie notice at the very bottom states 'This site uses cookies. [Find out more](#)'.

Atom

Fixed saver Mortgages Business loans About us Help Newsletter

It's here

Our new app, available today for iOS and Android

Download on the App Store GET IT ON Google Play

Welcome to Atom.

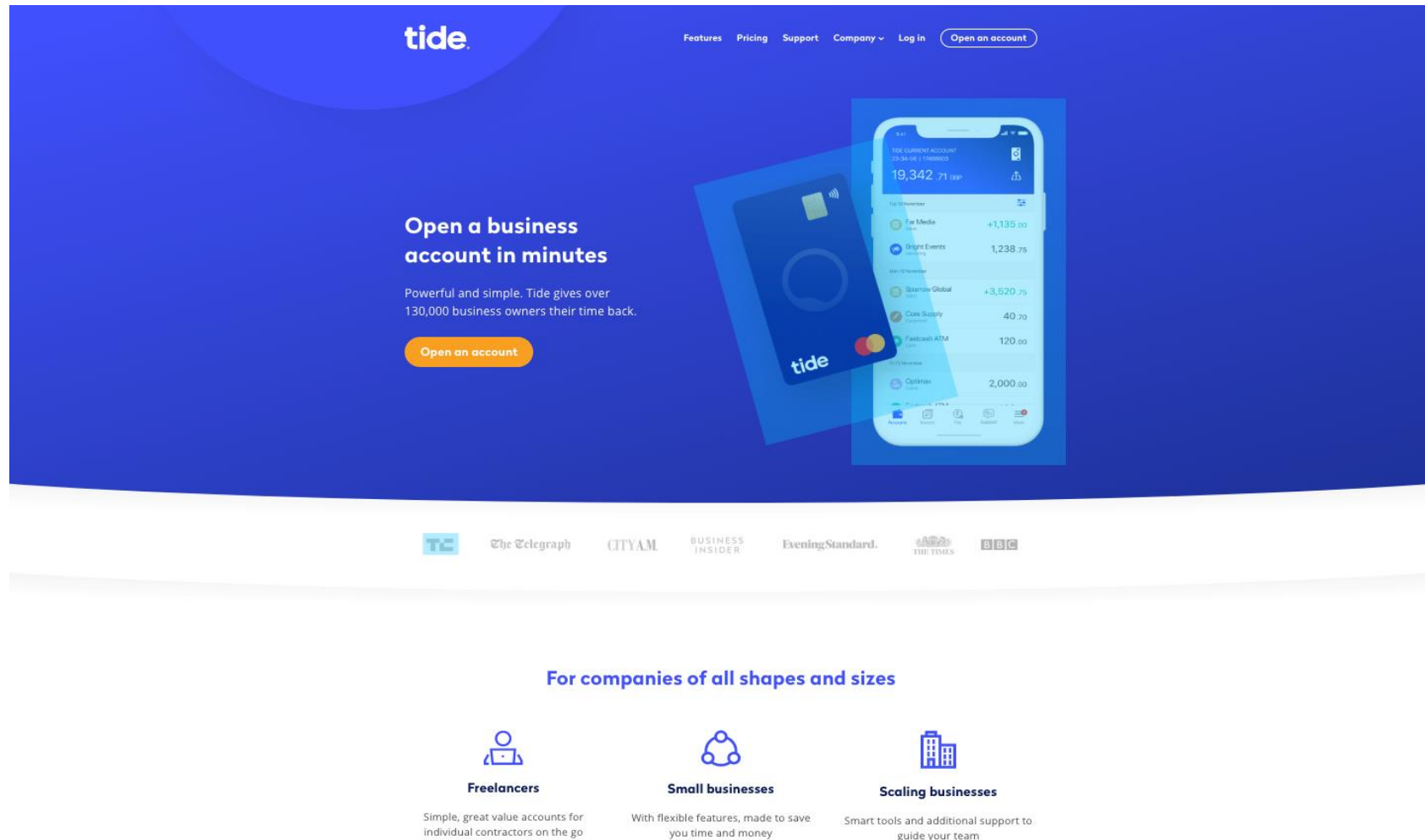
The bank that works for you

All on your mobile

This site uses cookies. [Find out more](#)

Digital presence and digital marketing (3)

REFLECTION ON NEOBANKS



The image shows the Tide neobank website landing page. The background is a solid blue color. At the top left is the Tide logo. To the right of the logo are links for Features, Pricing, Support, Company, Log in, and an Open an account button. The main headline reads "Open a business account in minutes". Below this is a sub-headline: "Powerful and simple. Tide gives over 130,000 business owners their time back." and another Open an account button. To the right of the text is a graphic of a Tide business card and a smartphone displaying the Tide app interface. The app screen shows a balance of 19,342.71 GBP and a list of transactions. Below the main content area is a row of logos from various media outlets: The Telegraph, CityAM, Business Insider, Evening Standard, The Times, and BBC. Further down is the heading "For companies of all shapes and sizes" followed by three columns representing different business types: Freelancers, Small businesses, and Scaling businesses, each with an icon and a brief description of the service offered.

tide. Features Pricing Support Company ~ Log in [Open an account](#)

Open a business account in minutes

Powerful and simple. Tide gives over 130,000 business owners their time back.

[Open an account](#)

The Telegraph

CITYAM

BUSINESS INSIDER

EveningStandard.

THE TIMES

BBC



Freelancers

Simple, great value accounts for individual contractors on the go



Small businesses

With flexible features, made to save you time and money

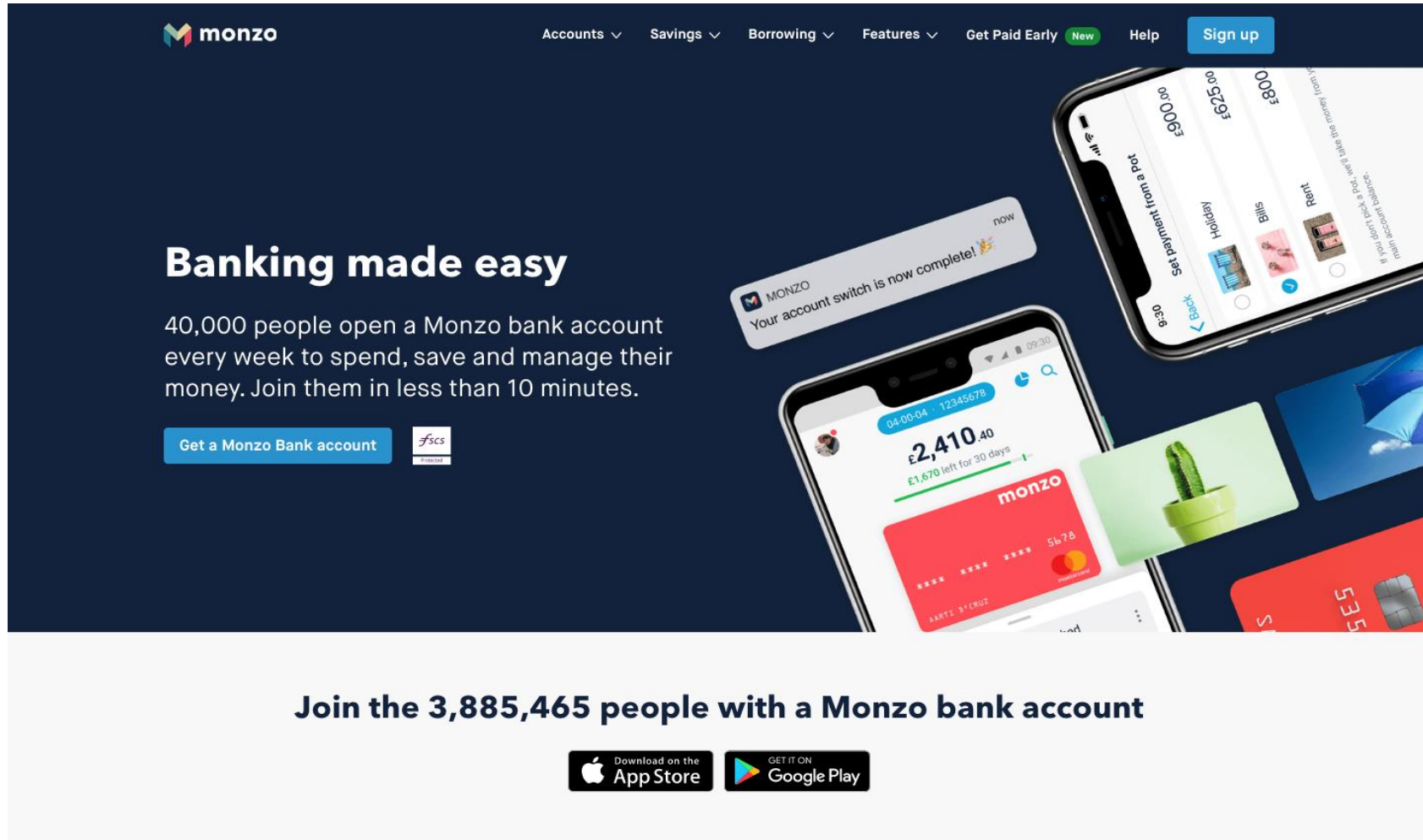


Scaling businesses

Smart tools and additional support to guide your team

Digital presence and digital marketing (1)

REFLECTION ON NEOBANKS



The banner features a dark blue background with the Monzo logo in the top left. A navigation bar at the top includes links for Accounts, Savings, Borrowing, Features, Get Paid Early (marked as New), Help, and a Sign up button. The main headline reads 'Banking made easy' in large white text, followed by a sub-headline stating '40,000 people open a Monzo bank account every week to spend, save and manage their money. Join them in less than 10 minutes.' Below this is a blue button labeled 'Get a Monzo Bank account' and a small FSCS logo. On the right side, there are three overlapping smartphone screens: the top one shows a list of bills (Rent, Bills, Utilities) with a total of £800; the middle one shows a balance of £2,410.40 and a payment of £1,670; the bottom one shows a red Monzo credit card. A notification bubble from Monzo says 'Your account switch is now complete!'. At the bottom, a large white text block says 'Join the 3,885,465 people with a Monzo bank account', followed by 'Download on the App Store' and 'GET IT ON Google Play' buttons.

monzo

Accounts ▾ Savings ▾ Borrowing ▾ Features ▾ Get Paid Early **New** Help [Sign up](#)

Banking made easy

40,000 people open a Monzo bank account every week to spend, save and manage their money. Join them in less than 10 minutes.

[Get a Monzo Bank account](#)

FSCS

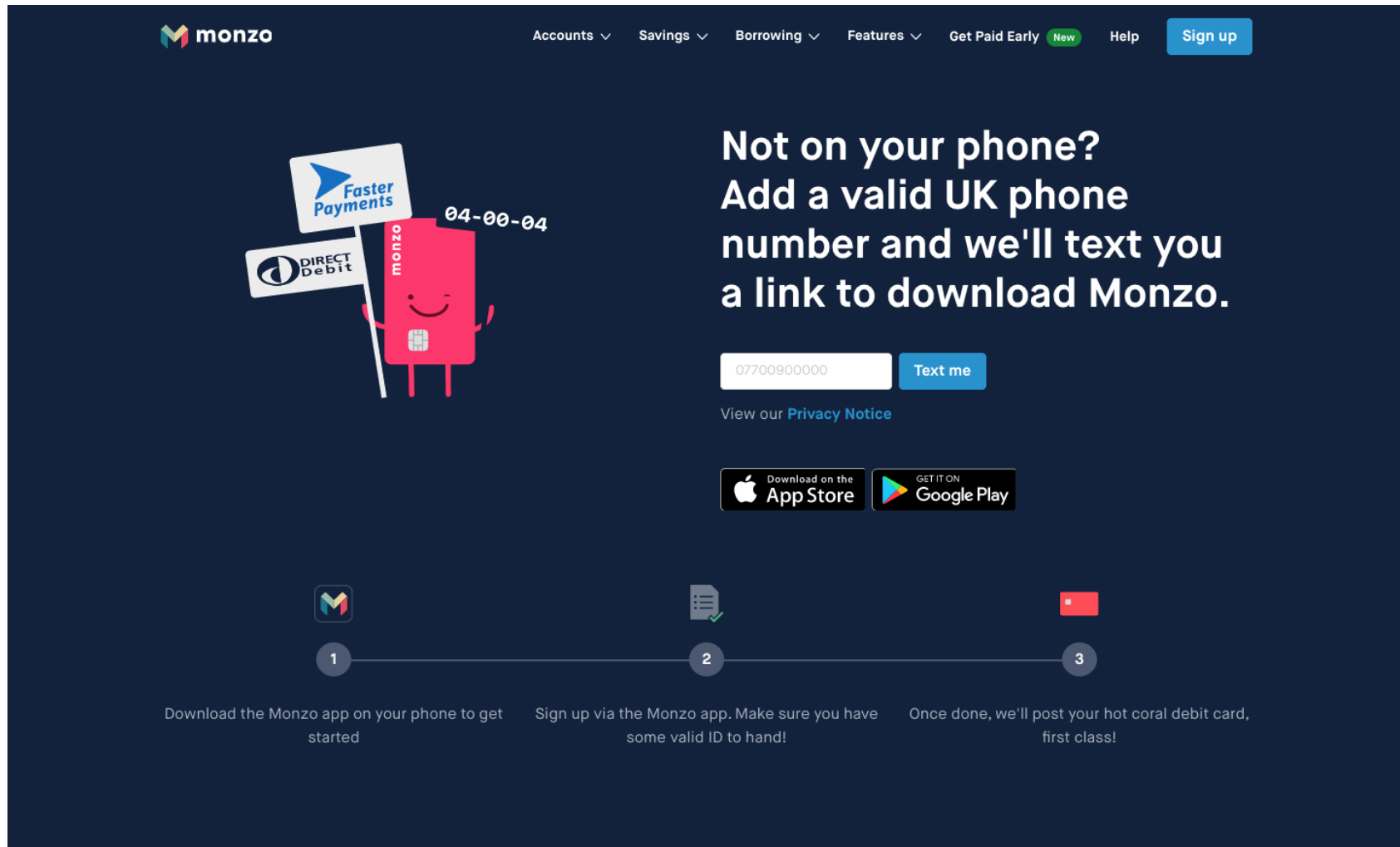
Join the 3,885,465 people with a Monzo bank account

Download on the App Store

GET IT ON Google Play

Digital presence and digital marketing (2)

REFLECTION ON NEOBANKS



The image shows the Monzo website landing page for users not on their phone. The page has a dark blue background. At the top, the Monzo logo is on the left, and navigation links for Accounts, Savings, Borrowing, Features, Get Paid Early (marked as New), Help, and a Sign up button are on the right. The main content area features a cartoon red Monzo card character holding a sign that says 'Faster Payments' and 'DIRECT Debit', with the number '04-00-04' next to it. To the right of the character, the text reads: 'Not on your phone? Add a valid UK phone number and we'll text you a link to download Monzo.' Below this text is a text input field containing '07700900000' and a 'Text me' button. Underneath the input field is a link to 'View our Privacy Notice'. Below the main content, there are two buttons: 'Download on the App Store' and 'GET IT ON Google Play'. At the bottom, there is a three-step process diagram with icons and numbered steps: 1. Download the Monzo app on your phone to get started (with the Monzo logo icon); 2. Sign up via the Monzo app. Make sure you have some valid ID to hand! (with a document icon and a green checkmark); 3. Once done, we'll post your hot coral debit card, first class! (with a red Monzo card icon).

monzo




Accounts ▾ Savings ▾ Borrowing ▾ Features ▾ Get Paid Early **New** Help [Sign up](#)

Not on your phone?
Add a valid UK phone number and we'll text you a link to download Monzo.

07700900000 [Text me](#)

[View our Privacy Notice](#)

[Download on the App Store](#) [GET IT ON Google Play](#)

- 1 
Download the Monzo app on your phone to get started
- 2 
Sign up via the Monzo app. Make sure you have some valid ID to hand!
- 3 
Once done, we'll post your hot coral debit card, first class!

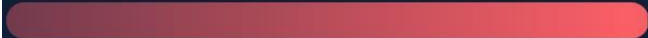
Crowd funding has also been another method of financing for leading neobanks such as Monzo that helped the bank raised £20m in equity in a single round

MARKET OVERVIEW | SOURCE OF CAPITAL | CROWD FUNDING

Monzo – Crowd funding

Thank you so much to everyone who put their faith in us and helped us reach our crowdfunding goal of £20m in a record breaking raise!

[Read more on our blog](#)



£20,000,000 raised
100% of total




Tom Blomfield, Monzo CEO and co-founder.

Thank you to everyone who invested in us, and helped make this the biggest fintech crowdfund ever! We can't wait to get going and justify your faith in us.

Crowdfunding Investment Prospectus


MARKET OVERVIEW | SOURCE OF CAPITAL | CROWD FUNDING



PersonalBusiness

Accounts NewSavingsBorrowingFeaturesHelp

Sign up



← Back to Invest

Our investment prospectus

Our investment prospectus covers what we're offering in more detail, including a look at our finances and business plan.

To view the prospectus, please tell us what type of investor you are.

Everyday investor

I haven't and won't invest more than 10% of my assets in illiquid investments like Monzo shares.

Select

Advised investor

I've had or will get investment advice from a regulated investment adviser, who'll make sure that my investment in Monzo is right for me before I invest.

Select

Self-certified sophisticated

I've invested in an unlisted company in the last two years, I work in a relevant financial industry, or I'm a director of a company with at least £1m turnover.

Select

High net-worth investor

I have an annual income of at least £100,000, and/or net assets of at least £250,000.

Select