



Cambridge
**Centre
for Alternative
Finance**



UNIVERSITY OF
CAMBRIDGE
Judge Business School

Global insights from regional Alternative Finance studies



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Forewords



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2015 was the year when Alternative Finance really came into its own. The dominating influence was the growth in China, which accounts for 70% of global volume, followed by the US¹. Both of these countries demonstrate the opportunity for Europe and the rest of the world.

The evolution of the industry has differed in each region with different business models existing to serve local consumer and business needs. There is as much that divides the industry as unites it. And at the forefront of this division is a patchwork of inconsistent regulation.

As we look forward to 2017, to try to ensure continued growth, the industry has a few clear challenges:

- The need for a transparent and supportive regulatory framework in large parts of the world;
- Managing the inevitable platform failures in an orderly fashion;
- More developed sales channels, in many markets gaining distribution remains a challenge; and
- Ensuring Investors remain confident around impairment levels and the credit assessment process.

Our thanks to the fantastic team at the Cambridge Centre of Alternative Finance for providing the industry with such high quality data to work with.

¹ The Cambridge Centre for Alternative Finance, University of Cambridge

² The Cambridge Centre for Alternative Finance, University of Cambridge

Online channels of finance emerging outside of traditional financial institutions have been one of the fastest growing financial services market segments of the last decade. From relatively humble beginnings, it has become a multi-billion dollar industry with a market size estimated at more than US\$145 billion in 2015², offering an unprecedented opportunity to source financing for projects, businesses and philanthropic causes.

The analysis of the survey data collected by the team at the Cambridge Centre for Alternative Finance reveals an incredible diversity in the people, businesses and institutions using these methods to generate funding. This activity has also evolved to become a global phenomenon, with the potential to impact how financing is provisioned in both developed and developing economies. However, the rapid development of any new financial services market segment presents policy makers and regulators with the challenge of trying to protect the interests of investors and consumers while stimulating innovation and economic growth in their respective economies.

We hope our research will be a trusted, objective source of information that all stakeholders in Alternative Finance markets can reference in making evidence-based commercial and public policy decisions.

Growth in the industry	3
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Growth in the industry is accelerating and China still dominates.



Global
\$145.30bn
2014/15
264%



China
\$101.69bn
319%



USA
\$36.17bn
213%



UK
\$4.90bn
71%



Japan
\$0.36bn
188%



France
\$0.35bn
90%

2015 volume in USD
and growth rate from 2014-2015

Adoption of Alternative Finance varies significantly by country.

When adjusted for volume per capita, the relative maturity of the Alternative Finance industry comes into focus. In 2015, the USA led the charge, followed by China and the UK.



USA
\$112.14



China
\$74.16



UK
\$72.41



New Zealand
\$58.27



Estonia
\$26.66



Australia
\$14.65



Finland
\$12.93



Latvia
\$7.68



Netherlands
\$7.24



Singapore
\$7.18

Alternative Finance volume per capita



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Manufacturing & Engineering lead the charge.

In 2015, Manufacturing & Engineering was the most prevalent sector through online Alternative Finance. Not surprisingly, Real Estate & Housing came in third, due in large part to the quickly growing real estate Alternative Finance models.

1st

Manufacturing & Engineering



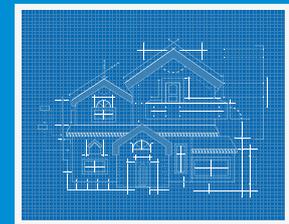
2nd

Business & Professional Services



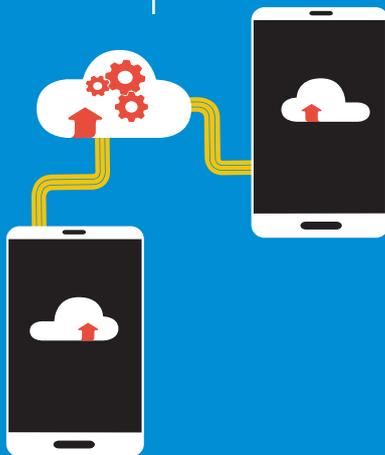
3rd

Real Estate & Housing



4th

Technology



5th

Construction / Agriculture



Most funded sectors through online Alternative Finance 2013-2015

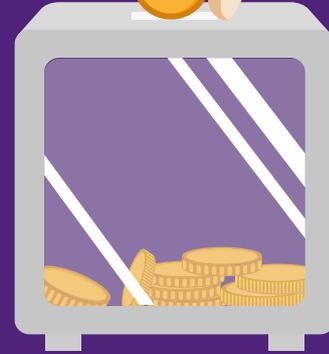


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Alternative Finance continues to involve more people and businesses in funding and fundraising.

11,429,157

FUNDRAISERS raised finance via online Alternative Finance models



43,719,039

FUNDERS invested, donated or lent via online Alternative Finance platforms globally

Even though female participation is growing, it remains low.

Nonetheless, there are more females providing funds (37%), while 26% of women raise finance. The only model to see majority female participation was that of donation-based crowdfunding with 62% of fundraisers and 59% of funders being women.

26%

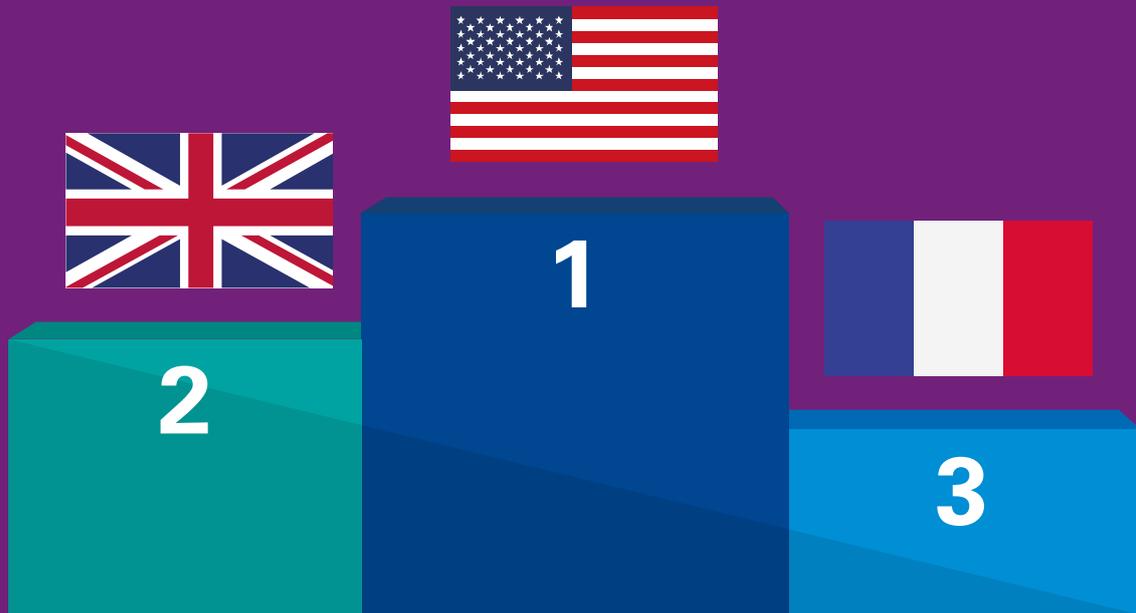
of FUNDRAISERS were female



37%

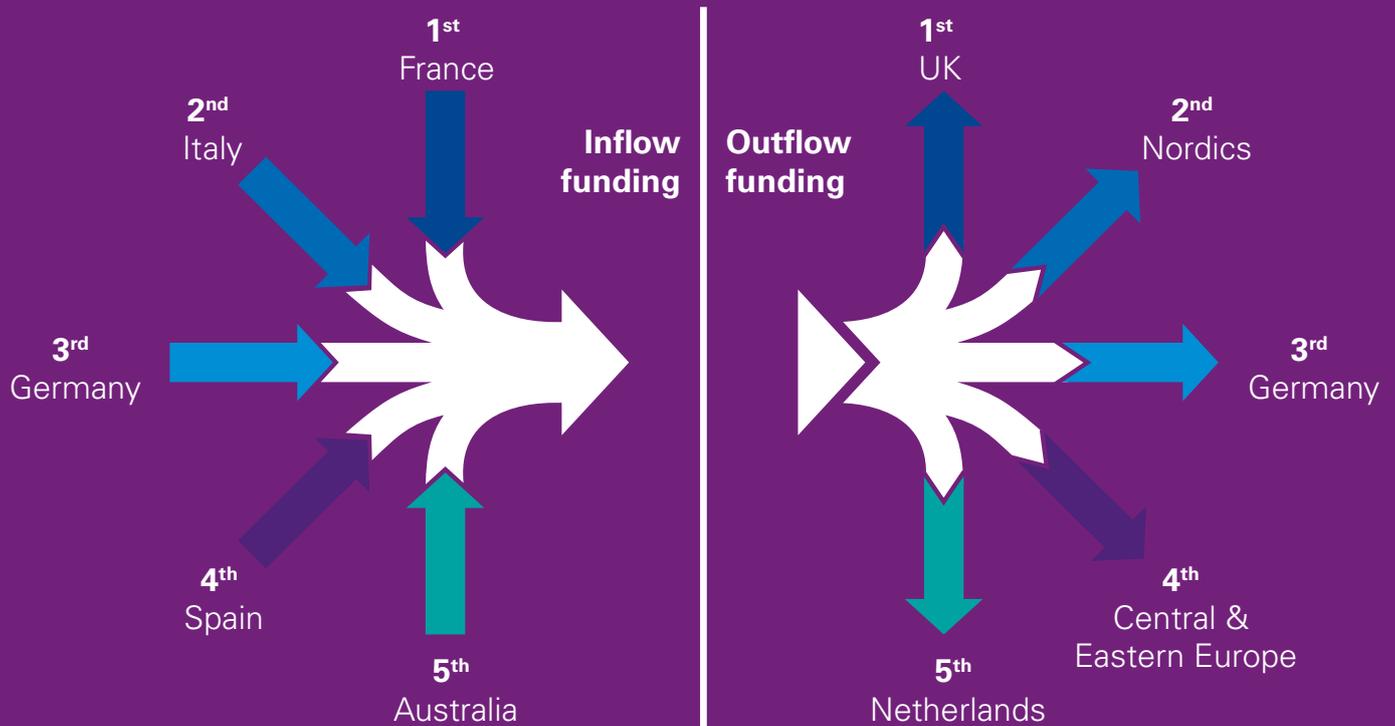
of FUNDERS were female

Institutional funding has increased significantly in 2015, with the USA and the UK leading the way with increasing institutional participation.



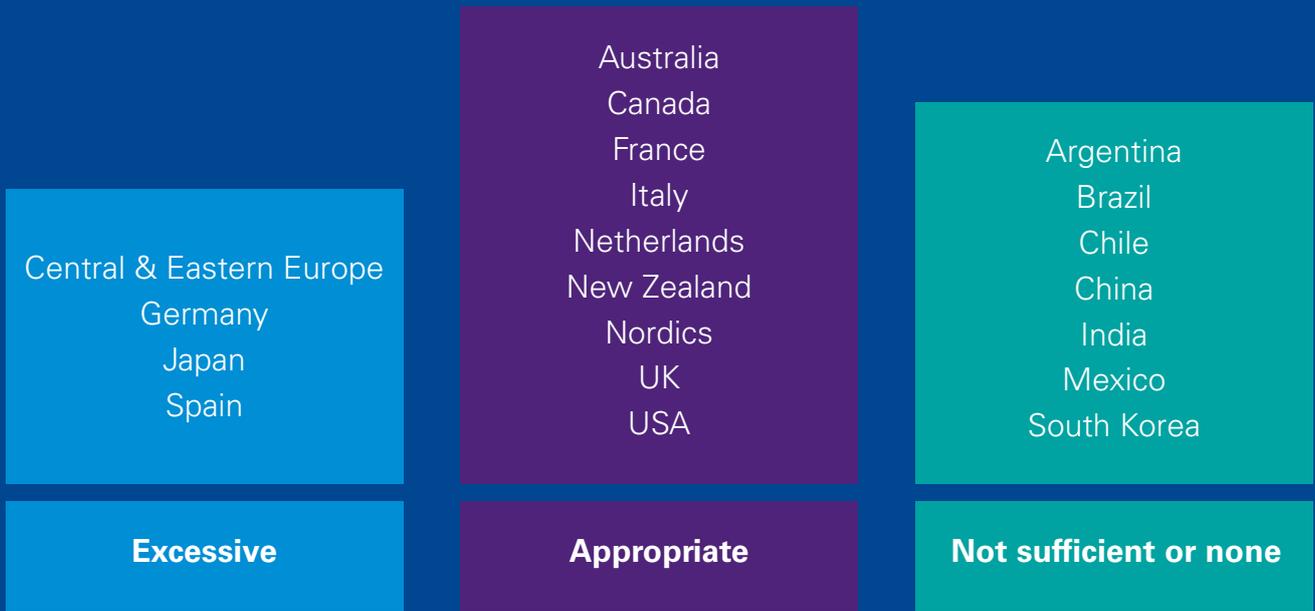
Countries with the highest proportion of institutional funding.
 Estimated global volume of institutional funding: \$30.7 billion.

Europe dominates cross-border capital flows.



Top cross-border funding regions.

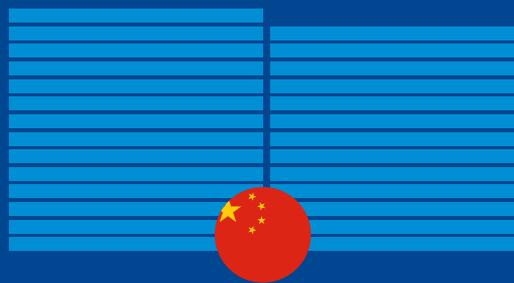
The industry's perception of existing national regulation varies.



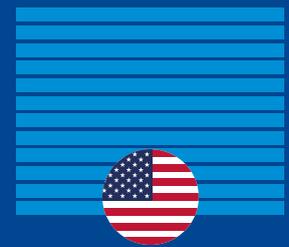
For the 2015 global survey, a total of 1,086 platforms were surveyed.



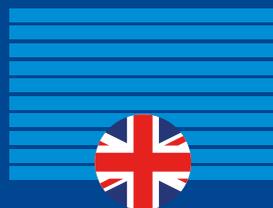
1,086
Worldwide



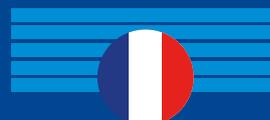
376 China



149 USA



94 UK

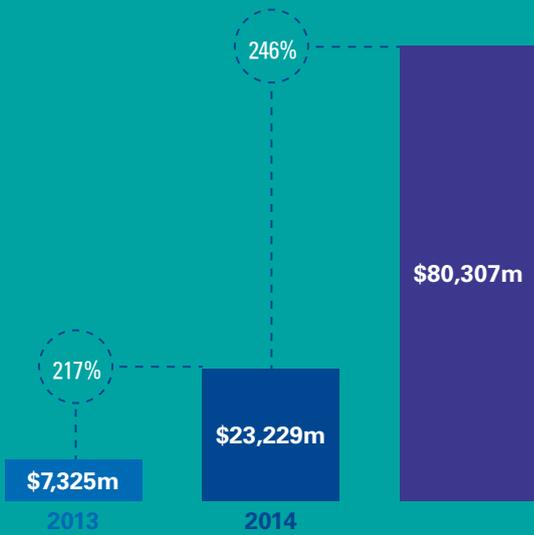


49 France

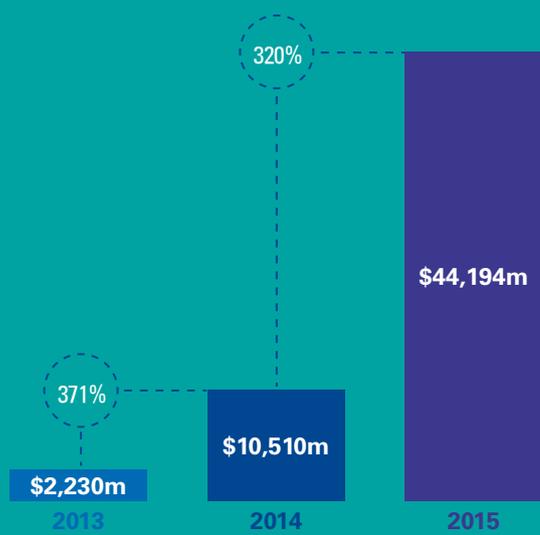


35 Germany

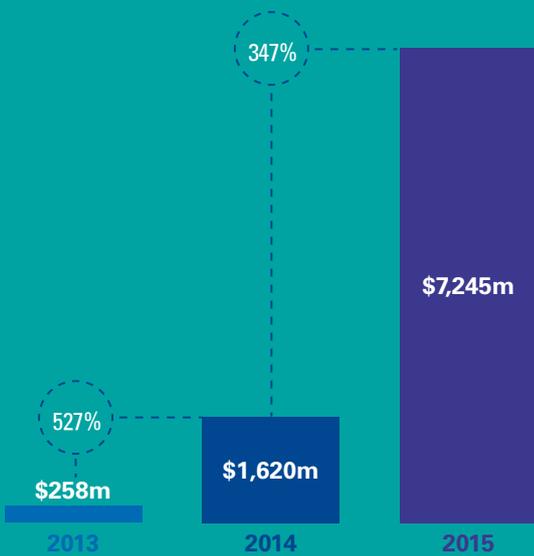
The evolution of online Alternative Finance models globally.



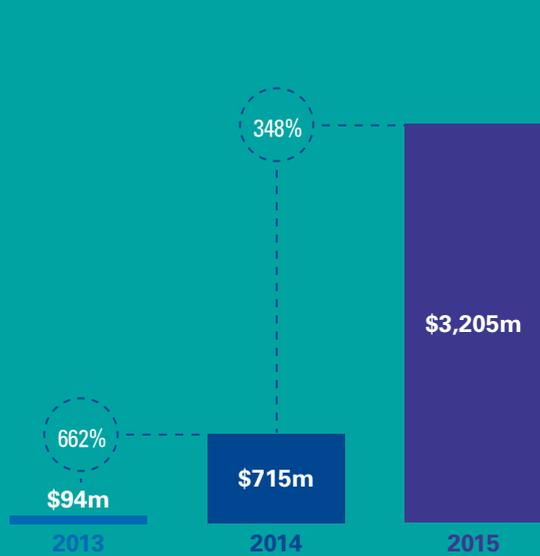
P2P Consumer Lending



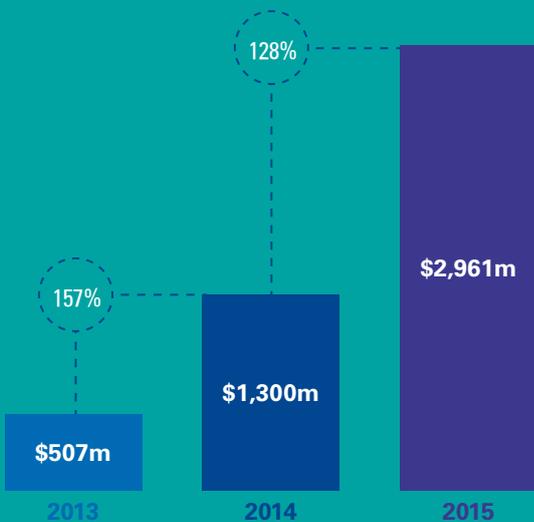
P2P Business Lending



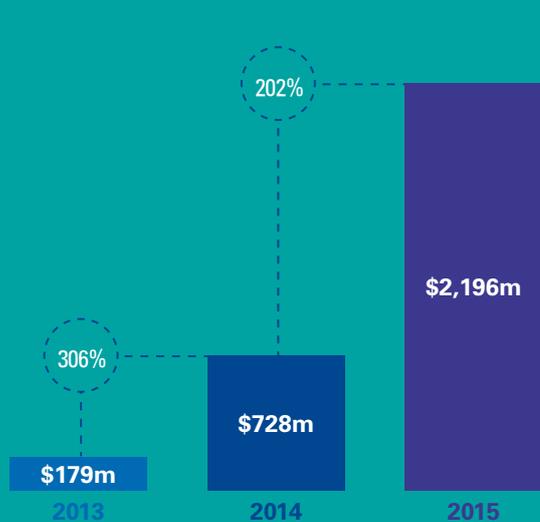
P2P Business Lending (Real Estate)



Balance Sheet Consumer Lending



Balance Sheet Business Lending

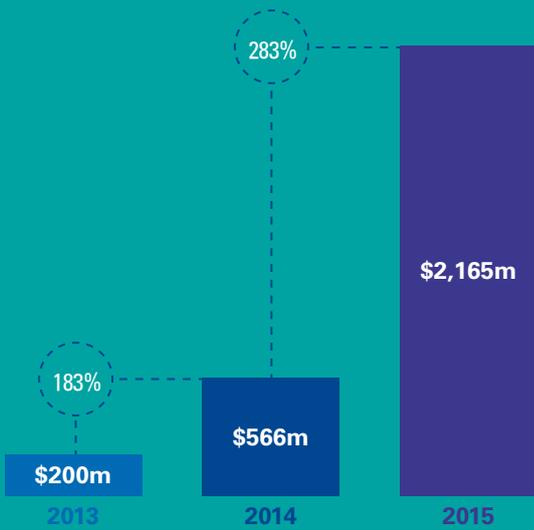


Invoice Trading

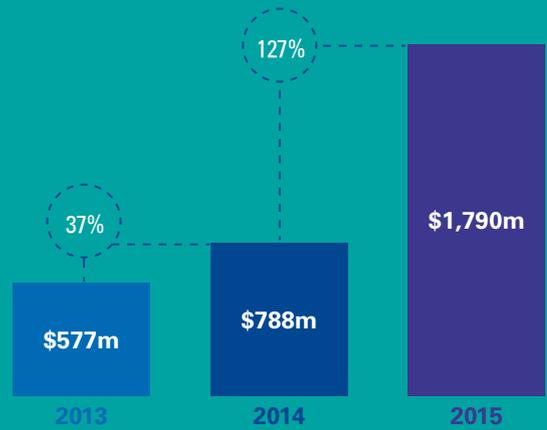
See the individual regional studies for a description of each category of Alternative Finance.



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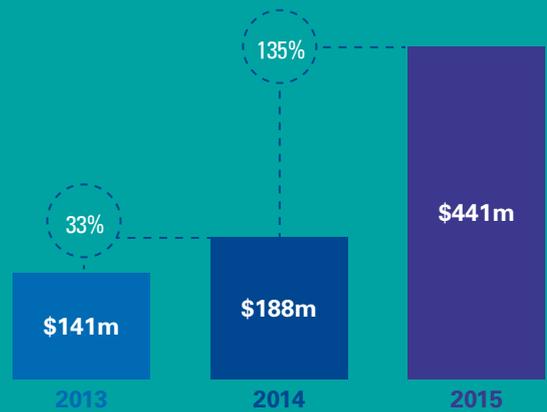
Equity Crowdfunding



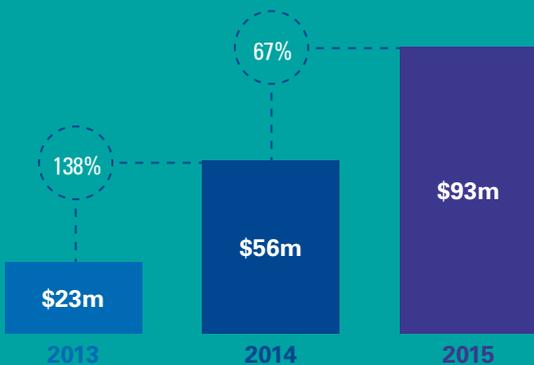
Reward Crowdfunding



Equity Crowdfunding (Real Estate)



Donation-based Crowdfunding



Community Shares



Debt-based Securities

The Cambridge Centre for Alternative Finance

The global financial services industry is undergoing a digital transformation, and the Cambridge Centre for Alternative Finance (CCAF) believes that understanding new and innovative financial channels, instruments and analytics is imperative for organisations seeking to evolve their business models.

The CCAF was founded in 2015 as an academic institute within the University of Cambridge and has become an internationally renowned centre of excellence, noted for its pioneering research in Alternative Finance. The Centre's benchmarking and industry reports are widely recognised as the most reliable, independent and comprehensive sources of information and market data in crowdfunding, peer-to-peer lending and other forms of Alternative Finance, aiding the development of Alternative Finance policy and regulators globally.

The core purposes of the Centre's research activity is to provide insightful analysis into the development of Alternative Finance, contribute to academic thought leadership, improve global business practice and inform evidence-based policy making and regulation. The CCAF is an international research centre that strives to bring a new interdisciplinary perspective to the study of financial markets.

For the 2015 Alternative Finance regional benchmarking reports the CCAF surveyed over 1000 platforms in the UK, Asia Pacific, the Americas and Europe, with generous financial support provided by KPMG and CME Group Foundation.

KPMG FinTech

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 155 countries and have 174,000 people working in member firms around the world.

KPMG's dedicated global Fintech practice operates in the major FinTech hubs including Silicon Valley, New York, London, Sydney, Tel Aviv, Amsterdam, Luxembourg, Dublin, Hong Kong, Frankfurt, Singapore and Mumbai. We are at the forefront of connecting early stage businesses with international clients.

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