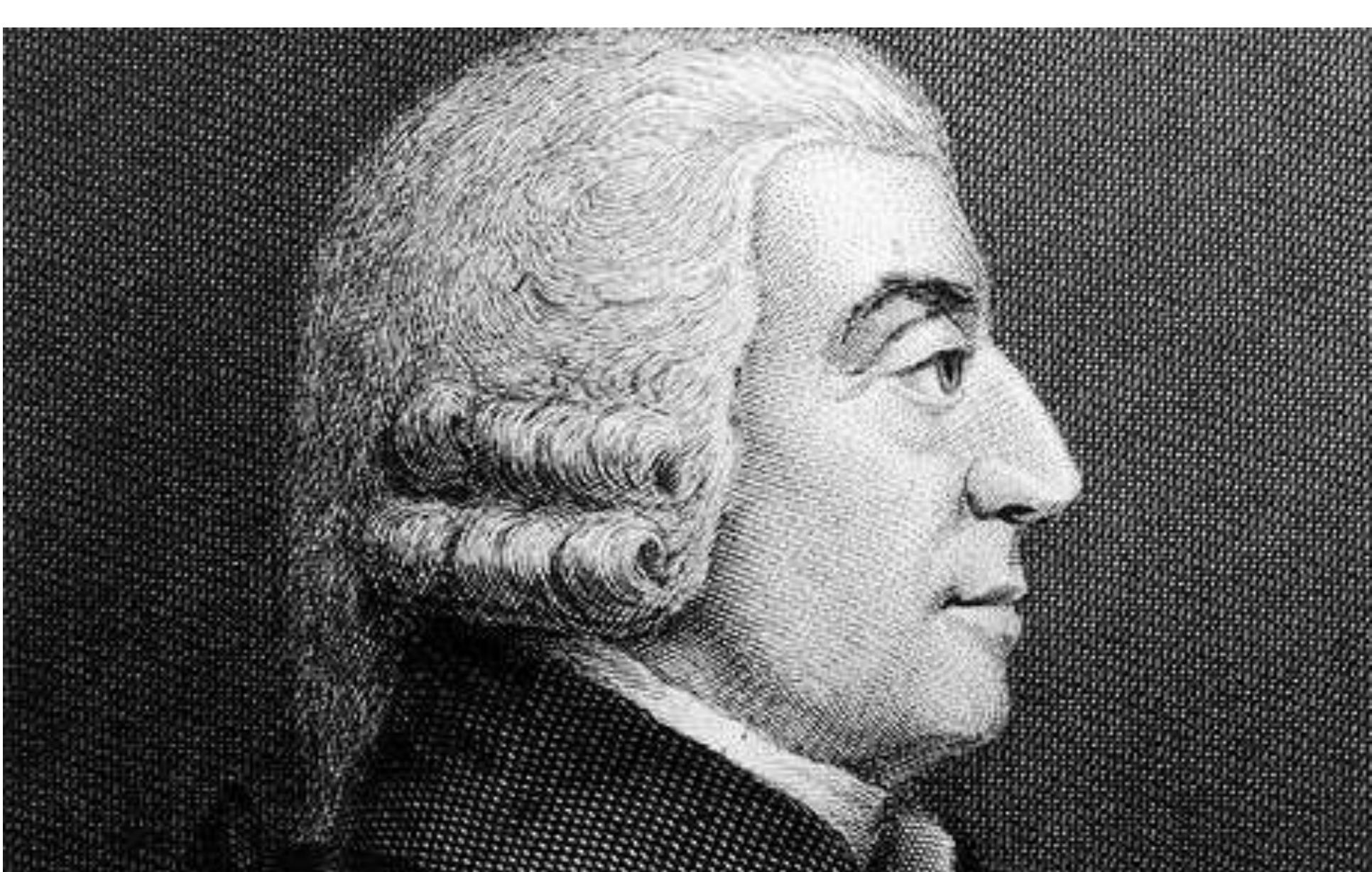




**Innovations in
finance: will they
destroy, create or
share value?**

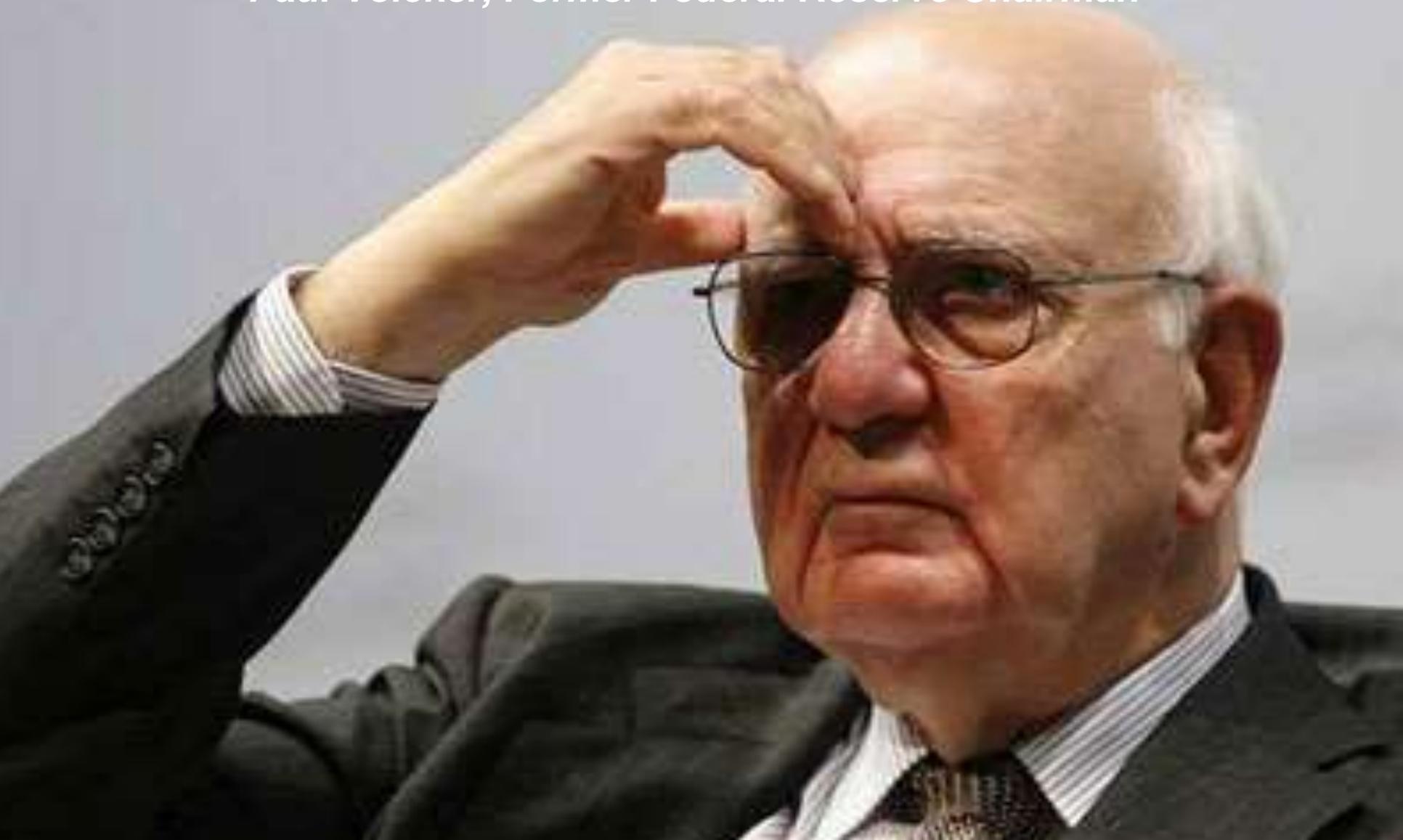
Geoff Mulgan

Nesta...



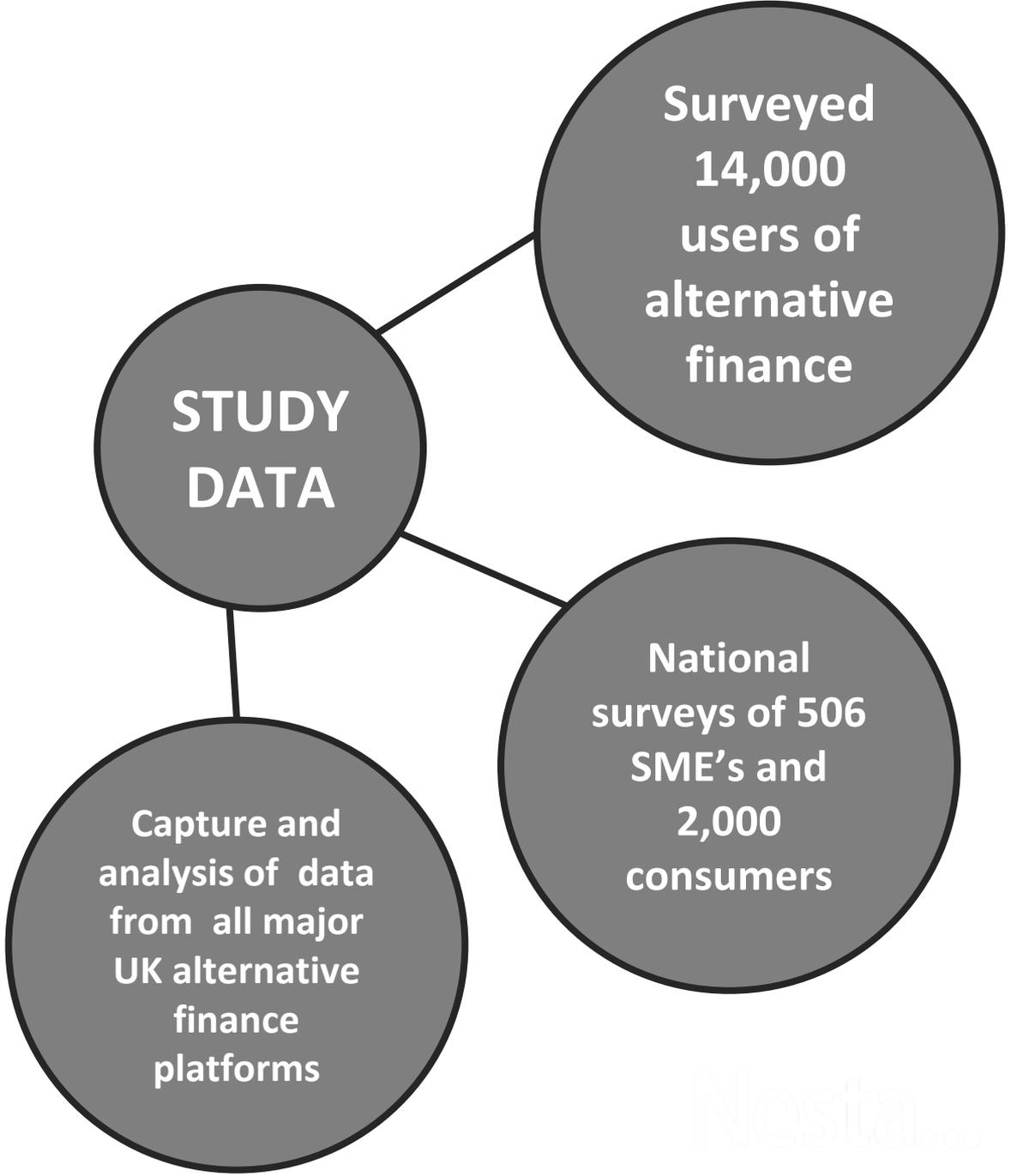
I wish someone would give me one shred of neutral evidence that financial innovation has led to economic growth — one shred of evidence.....the only useful banking innovation was the invention of the ATM

Paul Volcker, Former Federal Reserve Chairman



- 
- Alternative finance
 - Crowd-funding
 - Social investment
 - What next?

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Research summary November 2011

NESTA

Beyond the Banks

The case for a British Industry and Enterprise Bond

Stian Westlake, Sam Cymuh MP and Maria Panalotou

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THE VENTURE CROWD CROWDFUNDING EQUITY INVESTMENT INTO BUSINESS

Liam Collins

July 2013

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BANK EACH PEER-TO-PEER LENDING EVIDENCE FROM THE UK

Yannis Pierrakis and Liam Collins

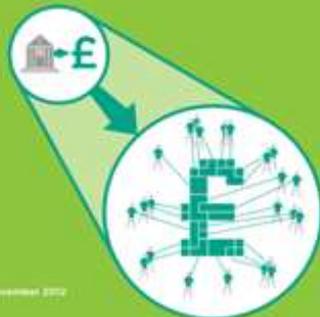
April 2013

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CROWDING IN

HOW THE UK'S BUSINESSES, CHARITIES,
GOVERNMENT AND FINANCIAL SYSTEM
CAN MAKE THE MOST OF CROWDFUNDING

Peter Bask, Liam Collins and Stian Westlake



December 2012

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WORKING THE CROWD

A SHORT GUIDE TO CROWDFUNDING
AND HOW IT CAN WORK FOR YOU

Peter Bask and Liam Collins
May 2013



THE RISE OF FUTURE FINANCE

The UK Alternative
Finance
Report

Liam Collins, Nesta
Richard Swart, University of
Bryan Zhang, University of

December 2013

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UNIVERSITY OF
CAMBRIDGE

UNDERSTANDING ALTERNATIVE FINANCE

The UK Alternative Finance Industry Report 2014

Peter Bask, Liam Collins and Bryan Zhang
November 2014

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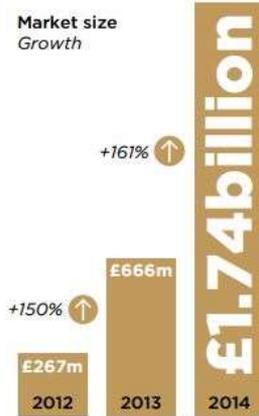
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44 facts about alternative finance in the UK

The information below contains highlights from the 2014 UK Alternative Finance Industry report produced by Nesta and the University of Cambridge.

The results are based on analysis of transaction data from alternative finance platforms, surveys of their users and commissioned national surveys of consumers and SMEs in the UK.

Market size
Growth



Breakdown of 2014 market by platform



P2P BUSINESS LENDING

£73,222

Average amount borrowed
33% of borrowers believed they would be unlikely to get funds elsewhere

On average it takes **796** micro-transactions from individual lenders to fund one loan

63% of business saw a growth in profit with 53% seeing an increase in employment since securing funding

83% of lenders were men

P2P CONSUMER LENDING

£5,471

Average amount borrowed
54% have lent more than £5,000

Lenders primarily motivated by **interest rate** available
More than half of borrowers had been offered a loan from the bank but went with P2P Lending

46% used loan to purchase a vehicle

INVOICE TRADING

£56,075

Average amount raised

33% of businesses said it was unlikely that they would have received finance could they not have turned to an invoice trading provider

The average invoice finance auction only takes **8 hours**

Three in four users would use invoice trading in the future even if banks were to offer similar terms

EQUITY CROWDFUNDING

£199,095

Average amount raised

Two-thirds of investors have invested more than £1,000

38% of investors were professional investors or high net-worth individuals

Since securing funding **70%** of businesses have increased turnover, **60%** have increased employment

54% of businesses sought expansion capital, **46%** sought seed or start-up capital

Average growth rate 2012-2014



COMMUNITY SHARES

£174,286

Average amount raised

The average investment in community shares is **£368**

38% of investors in community shares attended local shareholder meetings

32% of investors have offered to volunteer directly with the project they supported

The prospect of a finance return was only important or very important to **24%** of investors

DONATION CROWDFUNDING

£6,102

Average amount raised

34% of fundraisers have seen an increase in volunteering after their campaign

27% of donors had offered to help or volunteer with the project they backed

46% of donors have funded projects that others in or outside their local area could use

DEBT-BASED SECURITIES

£730,000

Average amount raised

Average investment in debt-based securities is **£1,243**

On average it takes **587** funders to fund a renewable energy project through debt-based securities

The opportunity to make a positive social impact was an important factor in deciding to invest for **86%** of investors

PENSION-LED FUNDING

£70,257

Average amount raised

Pension-led funding (PLF) users are mostly small businesses, **7%** were sole traders while **60%** had 5 or fewer employees

51% of PLF fundraisers thought that they would have been unlikely or very unlikely to secure funding elsewhere
43% have increased their employment after raising finance via PLF

REWARDS CROWDFUNDING

£3,766

Average amount raised

The majority of funders had spent **less than £50** on supporting projects and mostly backed only a single project

53% said they would have been unlikely to get funded were it not for crowdfunding

72% of funders knew the person running the campaign they backed either personally or by reputation

AWARENESS OF ALTERNATIVE FINANCE

People who...
Are aware of it

58%

Have used it

14%

SMEs who...
Are familiar with it

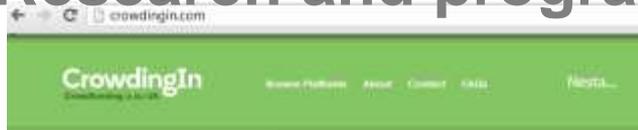
44%

Have used or tried to use it

9%

CROWDFUNDING

Research and programme work on crowdfunding



Big and small funders learning to play together
 KLS in £132m partnership with Funding Circle
 Facebook closes its \$2bn Oculus Rift acquisition. What next?
 Alibaba partners alternative lenders to open doors to China

Crowdfunding public services - tapping into the crowd to finance public projects

More than money - crowdsourcing meets crowdfunding support
 Voice Over
 Beta testing
 Volunteer hours

10% tips to help you reach your crowdfunding goal



KING ON 4 OTHER
 BELONGING TO BUSINESS NEXT GENERATION

Platforms
 In the different platforms, you can see the type of projects...

Nesta... WORKING THE CROWD
 A SHORT GUIDE TO CROWDFUNDING AND HOW IT CAN WORK FOR YOU

Crowdfunding and Cryptocurrencies

Making everyone an investment manager

P2P Loans	Renewables
Equity	Invoice trading

Not Disrupting, Building - Crowdfunding and P2P Lending Will be an Integral Part of new Financial Systems in Developing Economies



CENTRE FOR INNOVATION IN FINANCE

buzzbnk
 positive people backing bright ideas

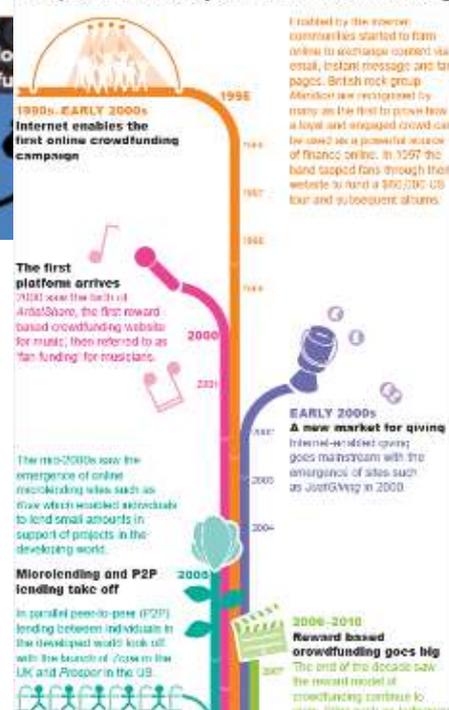


Nesta... THE VENTURE CROWD
 CROWDFUNDING EQUITY INVESTMENT INTO BUSINESS

Nesta... CROWDING IN
 HOW THE UK'S BUSINESS, CHARITIES, GOVERNMENT AND FINANCIAL SYSTEM CAN MAKE THE MOST OF CROWDFUNDING

The competition between global, local and niche crowdfunding sites

A super short history of modern crowdfunding



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crowdfunder

Find a crowdfunding platform

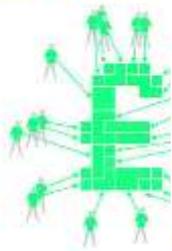
Find a crowdfunding website that suits your fundraising needs. You can filter by the type of funding you can raise and the sectors platforms specialise in.

Find the right platform for you →

A super short history of crowdfunding



10½ tips to help you reach your crowdfunding goal



Nesta CabinetOffice

1. Start with a clear goal	2. Research your market	3. Build a strong team	4. Create a compelling story	5. Set a realistic budget	6. Choose the right platform	7. Promote your campaign	8. Engage your community	9. Stay motivated	10. Be transparent	11. Offer rewards	12. Keep your backers updated	13. Show progress	14. Be patient	15. Thank your backers
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INNOVATION IN GIVING

Big and small funders learning to play together
KLS in £1.3bn partnership with Funding Circle

Facebook closes its \$2bn Oculus Rift acquisition. What next?

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NOW ACCEPTING INVESTMENT IN BITCOIN

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Not Disrupting, Building - Crowdfunding and P2P Lending Will be an Integral Part of new Financial Systems in Developing Economies

The Rise of the Crowdfunding Consultant

For Crowdfunding SUCCESS call 07764444443

IMMEDIATE

The competition between global, local and niche crowdfunding sites

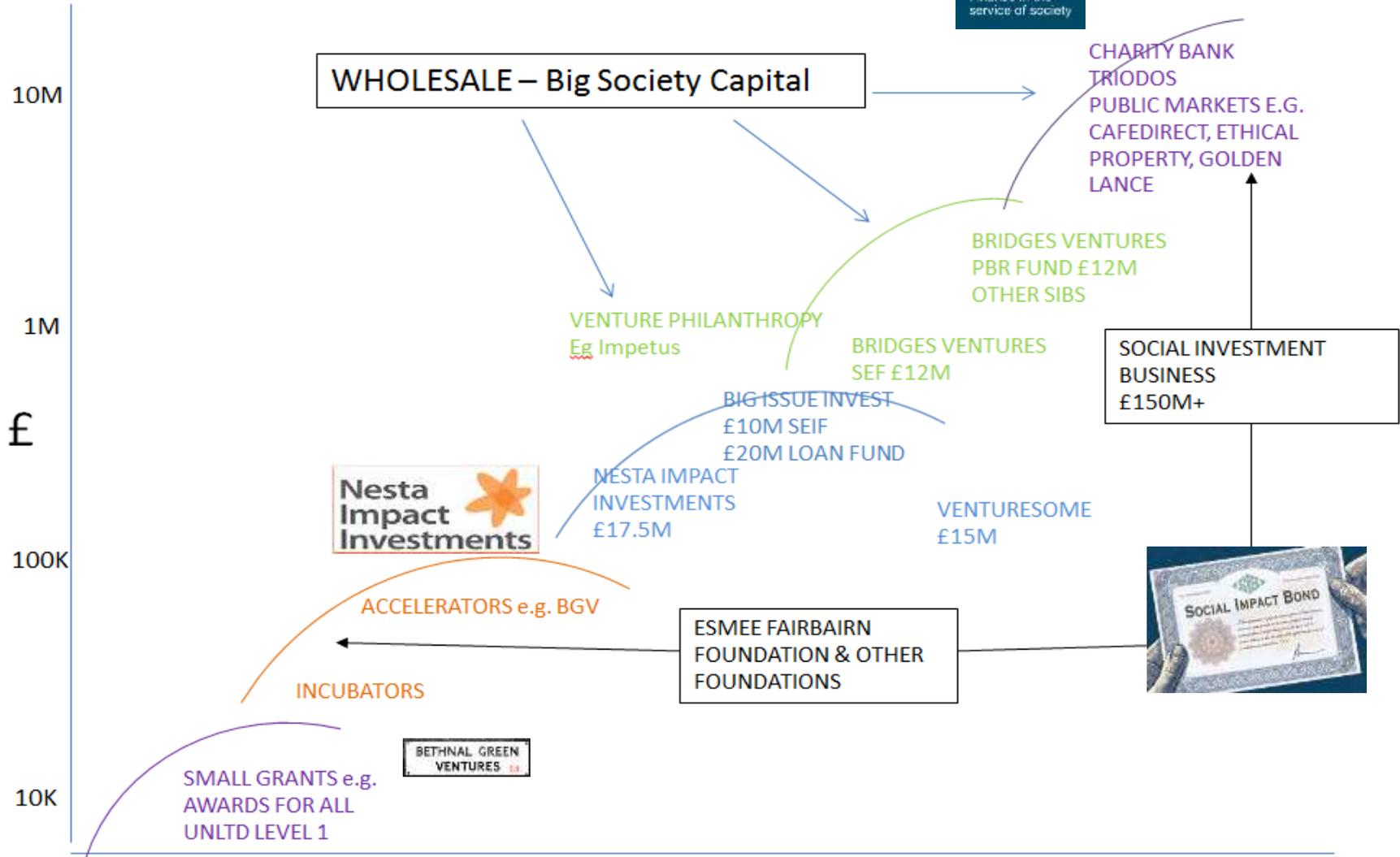


SOCIAL INVESTMENT

Social investment

BIG SOCIETY CAPITAL

Finance in the service of society



STAGE OF VENTURE DEVELOPMENT

investment



 we invest in ventures with high impact innovations
run by outstanding entrepreneurs



Impact measurement in impact investing

June 2015

Learning from practice

[download](#)



Impact Investing Top Tips

May 2015

Top tips from Nesta Impact Investments for social entrepreneurs raising investment.

[download](#)



Remember Me

March 2015

Improving quality of life for people with dementia and their carers through impact investment

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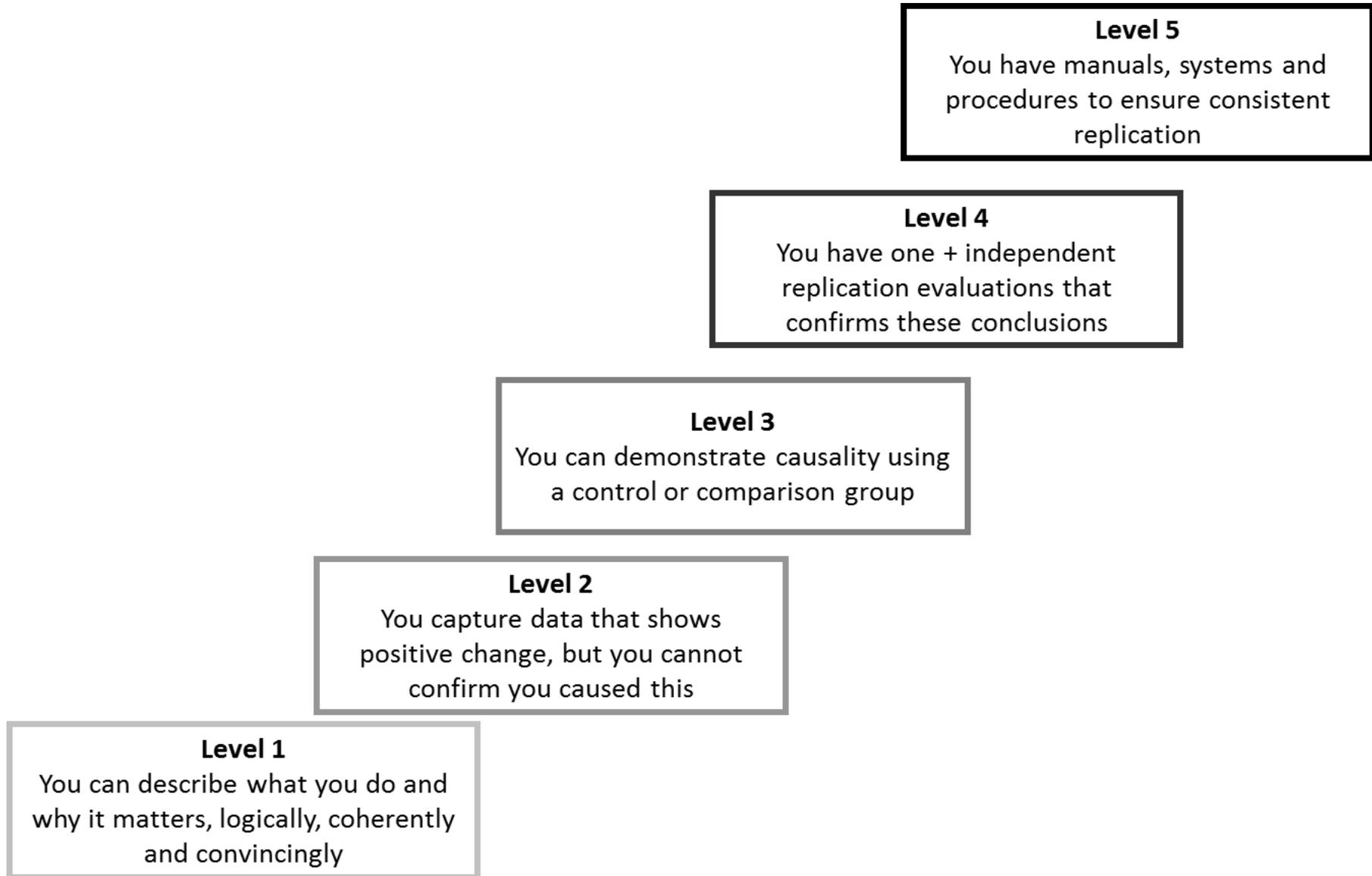
Going digital

October 2014

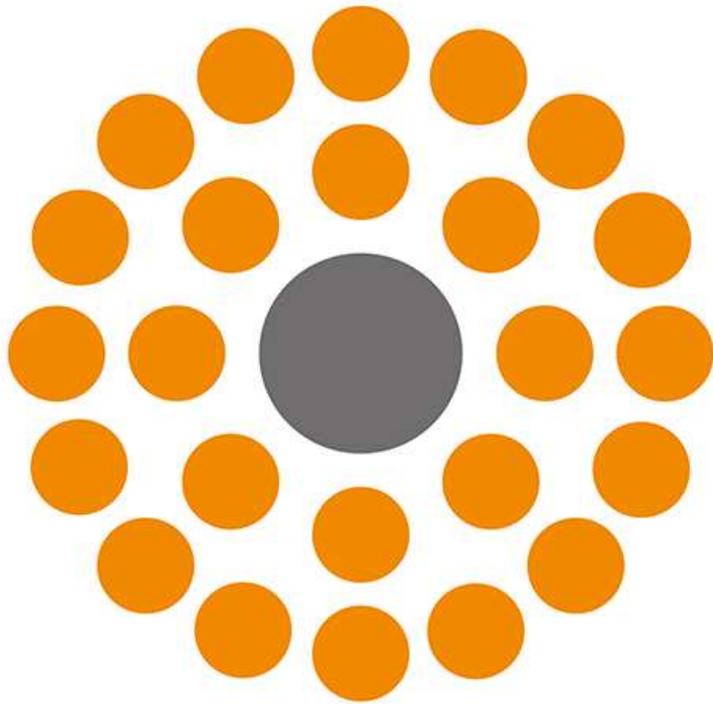
Five lessons for charities developing technology-based innovations

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A common language to describe standards of evidence



WHERE NEXT?



CENTRE FOR INNOVATION IN FINANCE



Continue strong track record of research in to crowdfunding and P2P lending and become a hub for the growing alternative finance research community



Explore the relationship between incumbents and providers of alternative finance.



Build on links with all relevant government departments and help shape policy on P2P and crowdfunding



Work with UKP2PFA and UKCFA on helping the industry grow and innovate



Help consumers and SME's understand and make the most of the alternative finance market

BIG CHOICES

- What do tax reliefs and subsidies support?
- QE and bailouts – incumbents or insurgents?
- Law & regulation – to drive growth, in stages
- Embedding good finance – hippocratic oaths, new data?

