

Cambridge Centre for Alternative Finance

The Global Online Alternative Finance Ranking & Market Volume Index

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Cambridge
**Centre
for Alternative
Finance**



UNIVERSITY OF
CAMBRIDGE
Judge Business School



A DAVID OR A GOLIATH?

THE MANY ASSUMPTIONS OF ALTERNATIVE FINANCE

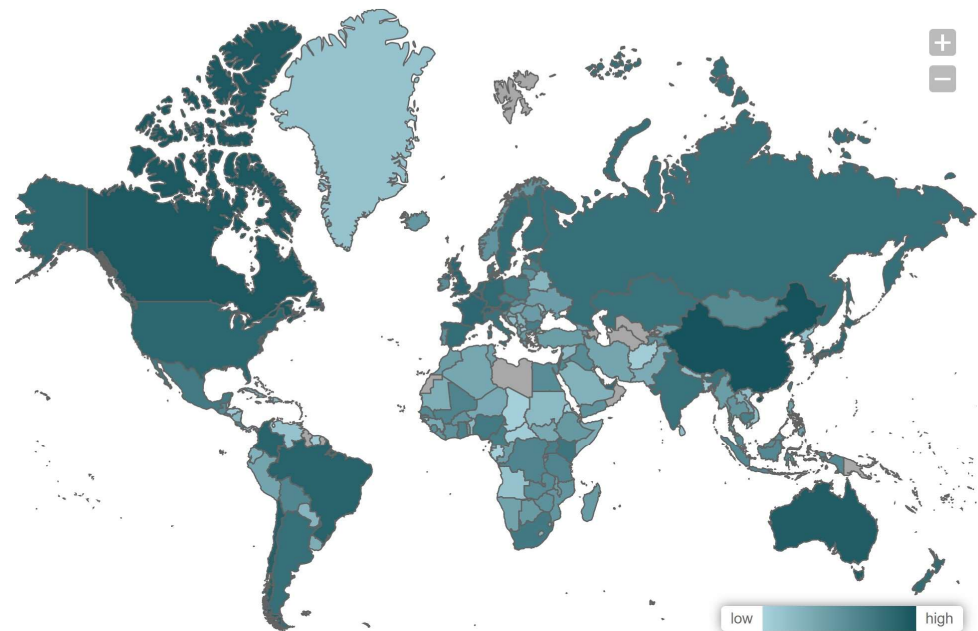
- *Rapid transformation of financial services*
- *Regulatory arbitrage*
- *Competitors to Banks*
 - *Complimentary to Banks...*
- *Enabling Financial Inclusion*



Overview of Data Collected

Database of Alternative Finance Capital-Raising Activities:

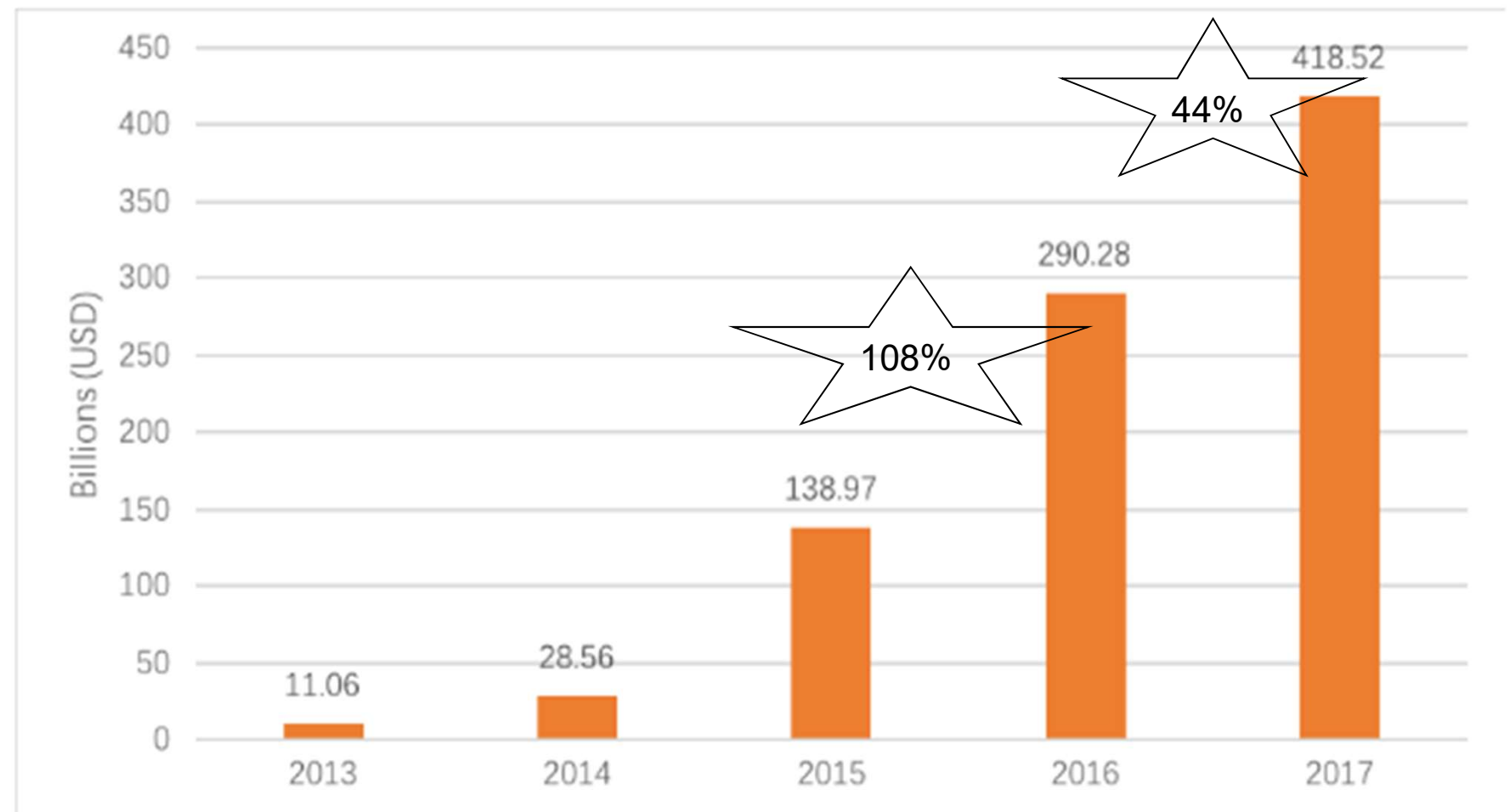
- Diverse Taxonomy including Crowdfunding & Peer-to-Peer Lending Activities
- 180 Jurisdictions
- 3,000+ Firms
- Annual data from 2013-2017
- Key Findings Include:
 - Global Volume Ranking
 - Volume per Capita Ranking
 - Business Volume Ranking
 - Institutionalisation
 - Gender
 - Regulation & Policy



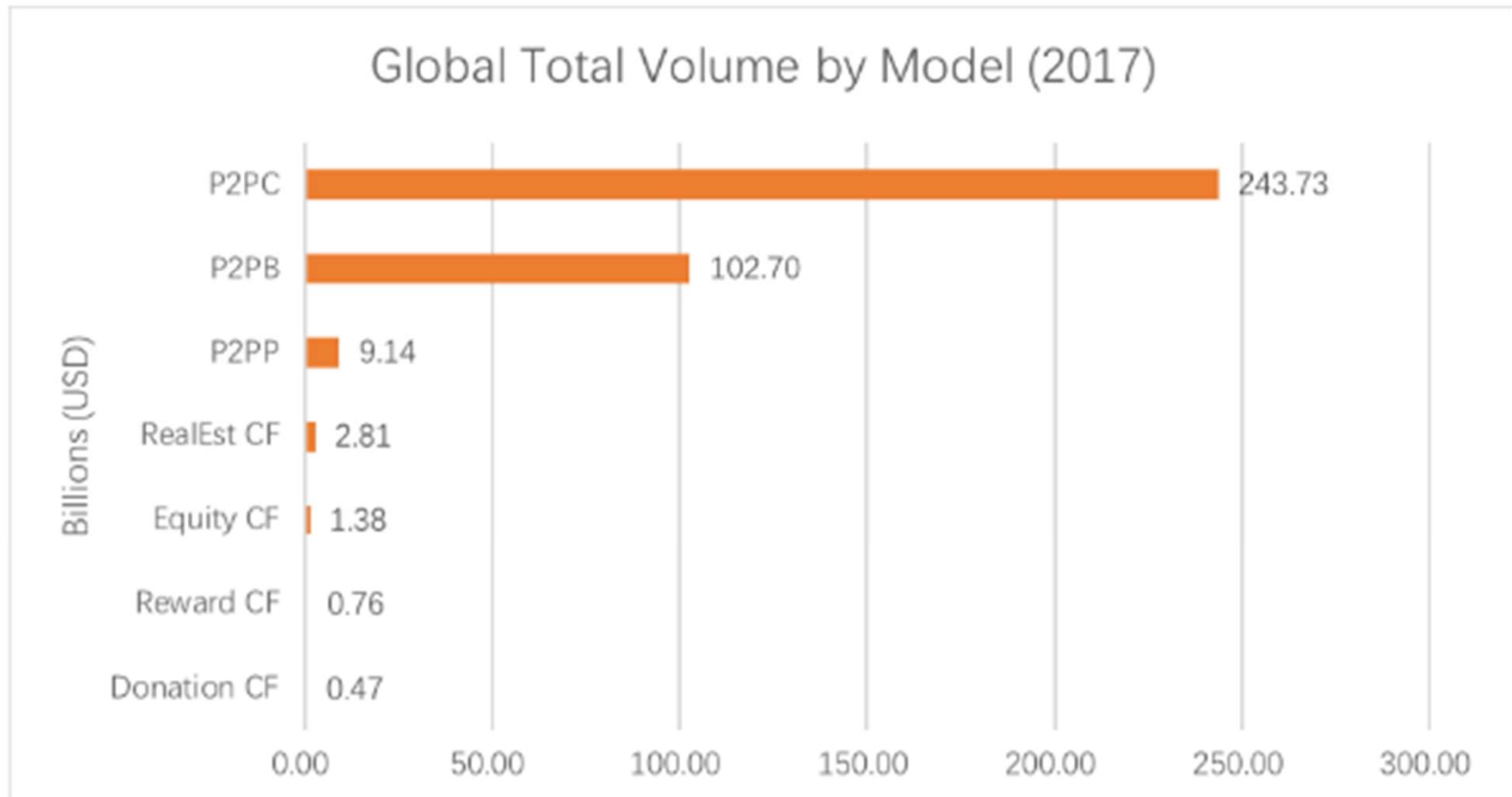
TAXONOMY

Model	Definition
P2P Consumer Lending	Individuals or institutional funders provide a loan to a consumer borrower.
P2P Business Lending	Individuals or institutional funders provide a loan to a business borrower.
P2P Property Lending	Individuals or institutional funders provide a loan secured against a property.
Invoice Trading	Individuals or institutional funders purchase invoices/receivables from a business.
Equity Crowdfunding	Individuals or institutional funders purchase securities/equity from a business.
Real Estate Crowdfunding	Direct investment into a property usually through the sale of a registered security or subordinated-debt financing through a special purpose vehicle (SPV).
Reward Crowdfunding	Backers provide funding to individuals, projects or companies in exchange for non-monetary rewards or products.
Donation Crowdfunding	Donors provide funding to individuals, projects or companies based on philanthropic or civic motivations with no expectation of monetary or material benefit.

GLOBAL ALTERNATIVE FINANCE VOLUMES



TOP CONTRIBUTING MODELS



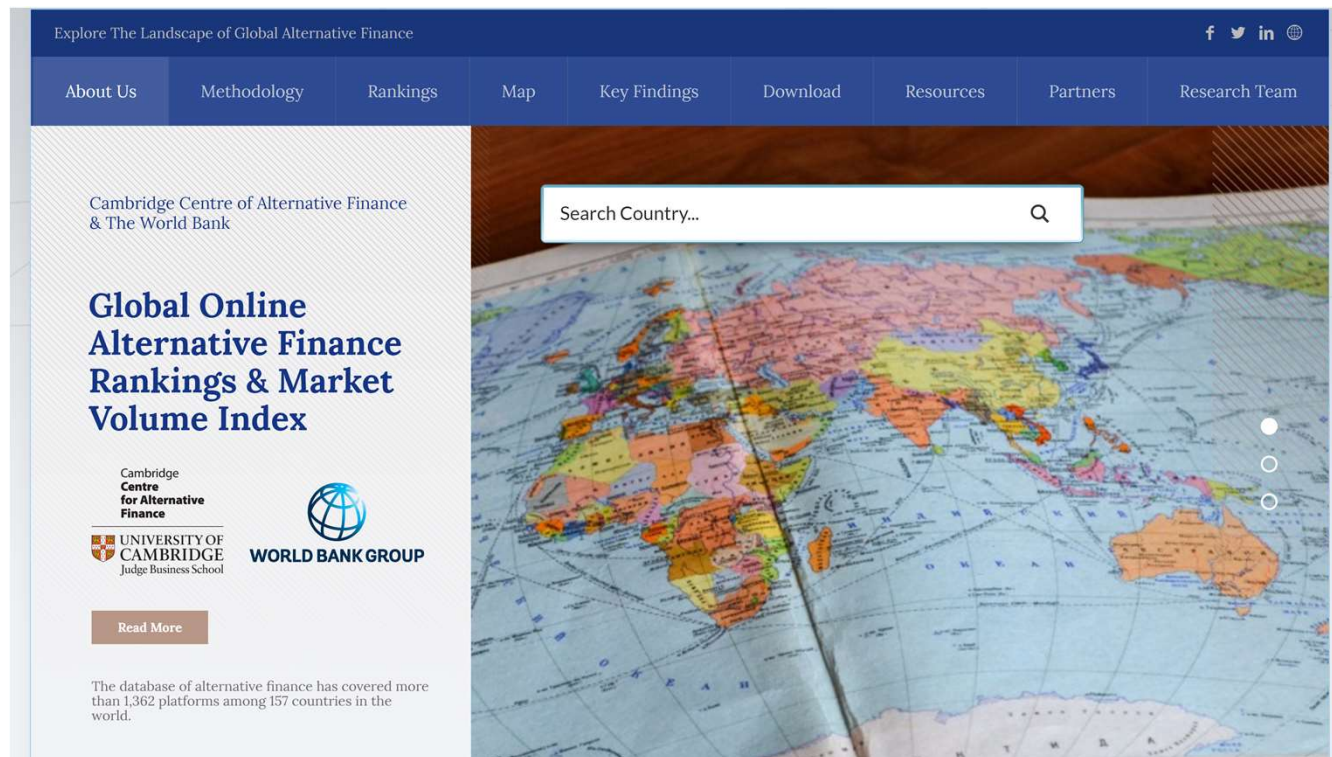
Top 3 models account for 85% of Global Volume

EVIDENCE-BASED DATA



Who:

Regulators, Policymakers, Research institutions, Academics & Trade-bodies



Country Rankings

Volume Ranking

Volume Ranking (2013-2017)

The ranking of transaction volume from 2013 to 2017 among 182 countries in the world.

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Search:

Country	2017 Volume (USD)	2016 Volume (USD)	2015 Volume (USD)	2014 Volume (USD)	2013 Volume (USD)
China	348,912,185,163	243,624,321,766	94,881,403,214	22,677,485,292	4,784,120,075
United States	43,833,211,048	34,544,508,358	36,205,703,189	11,564,492,228	4,398,819,788
UK	8,004,783,638	6,753,744,382	4,921,650,588	2,933,719,437	1,156,103,234
Australia	1,147,015,565	609,596,452	373,311,256	100,753,960	26,051,299
South Korea	1,129,918,098	376,306,895	41,180,794	2,906,701	2,164,775
Canada	809,744,674	334,497,571	209,712,166	87,813,148	44,253,786
France	747,274,514	482,090,783	385,021,893	205,406,096	98,502,287
Germany	672,751,879	349,463,554	300,832,059	178,492,146	82,437,881
Japan	348,650,302	398,452,720	351,651,176	114,994,912	86,783,114
Netherlands	316,287,612	210,861,289	133,753,928	103,053,670	59,560,432
Israel	295,455,044	138,223,367	136,306,855	79,434,891	27,284,728
...

Filters

Clear filters

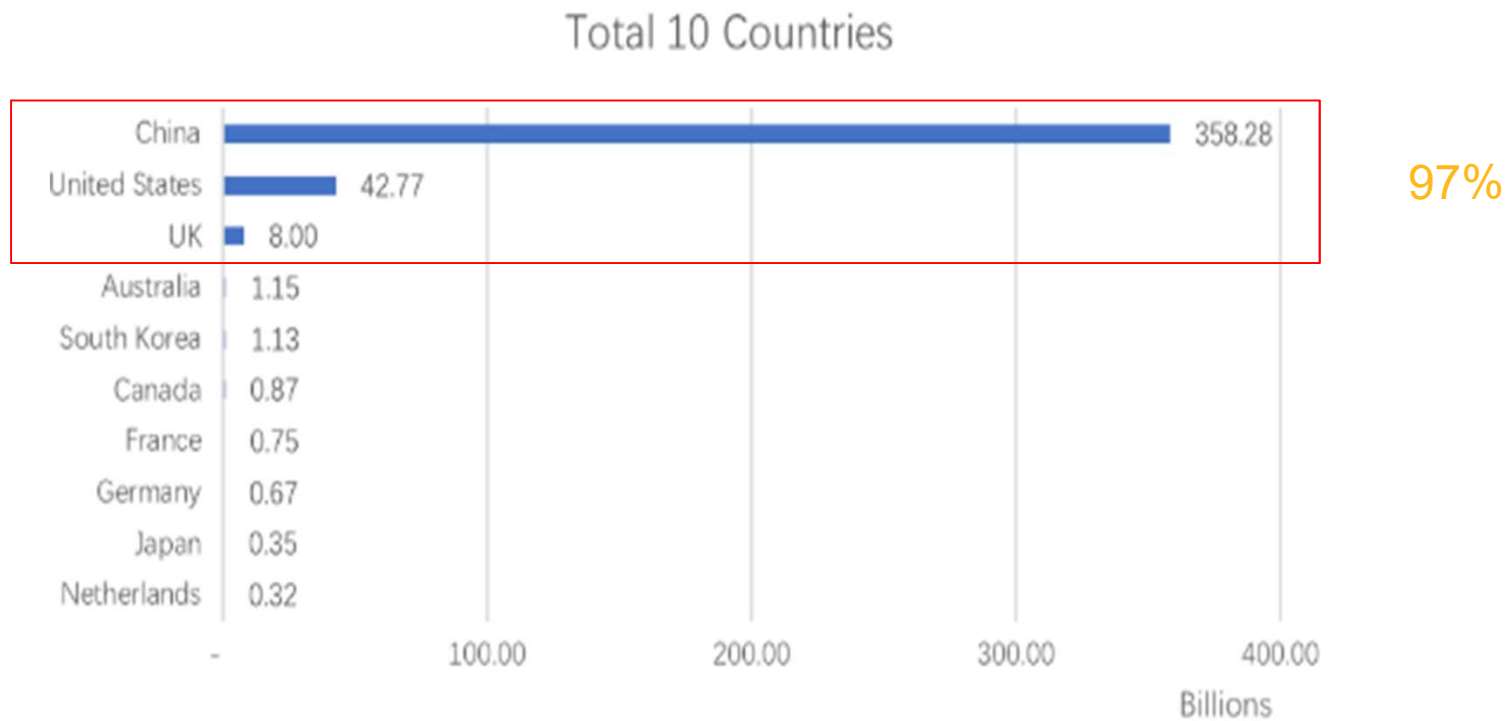
Income:

- ☐ High income
- ☐ Low income
- ☐ Lower middle income
- ☐ None
- ☐ Upper middle income

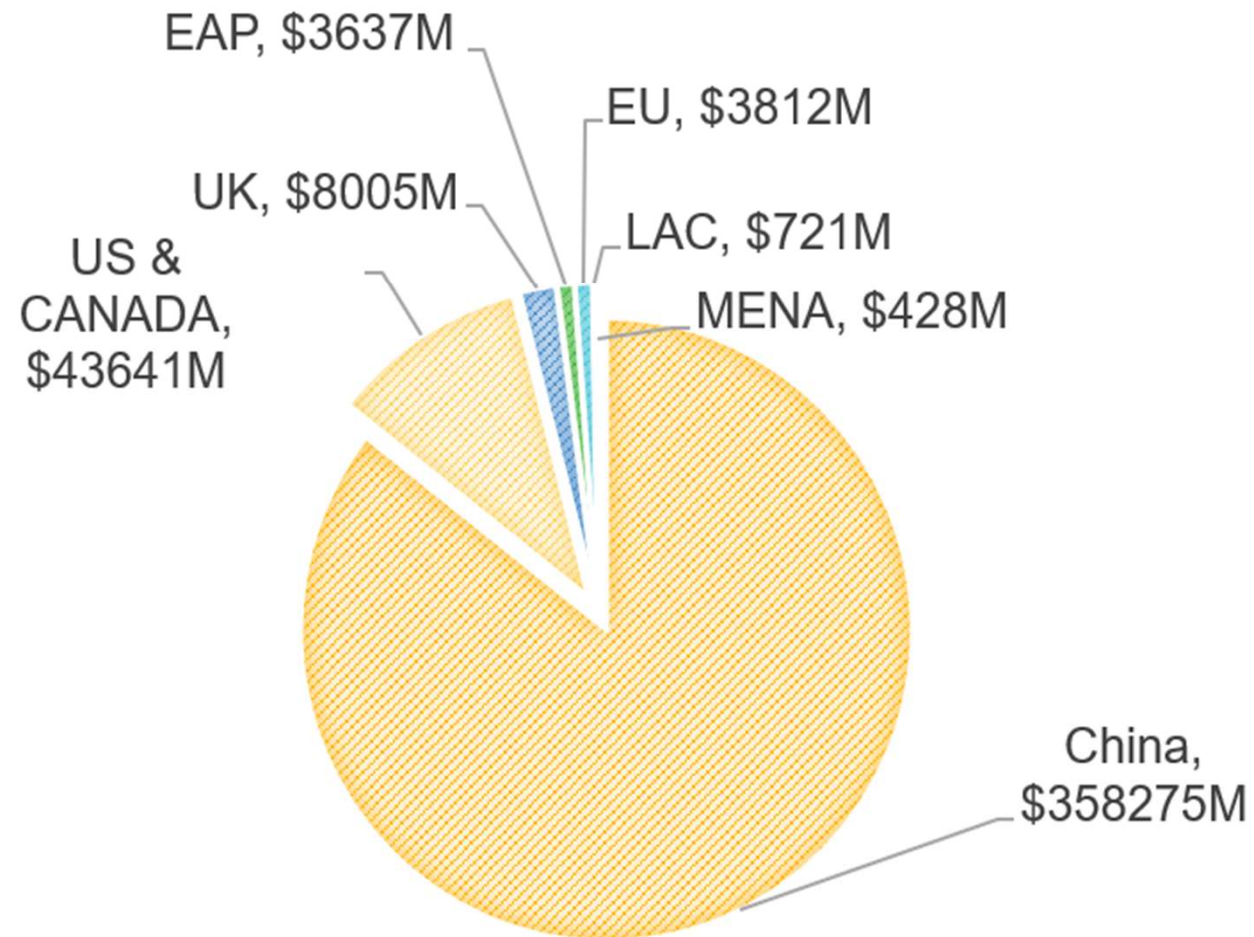
Region:

- ☐ East Asia & Pacific
- ☐ Europe & Central Asia
- ☐ Latin America & Caribbean
- ☐ Middle East & North Africa
- ☐ North America
- ☐ South Asia
- ☐ Sub-Saharan Africa

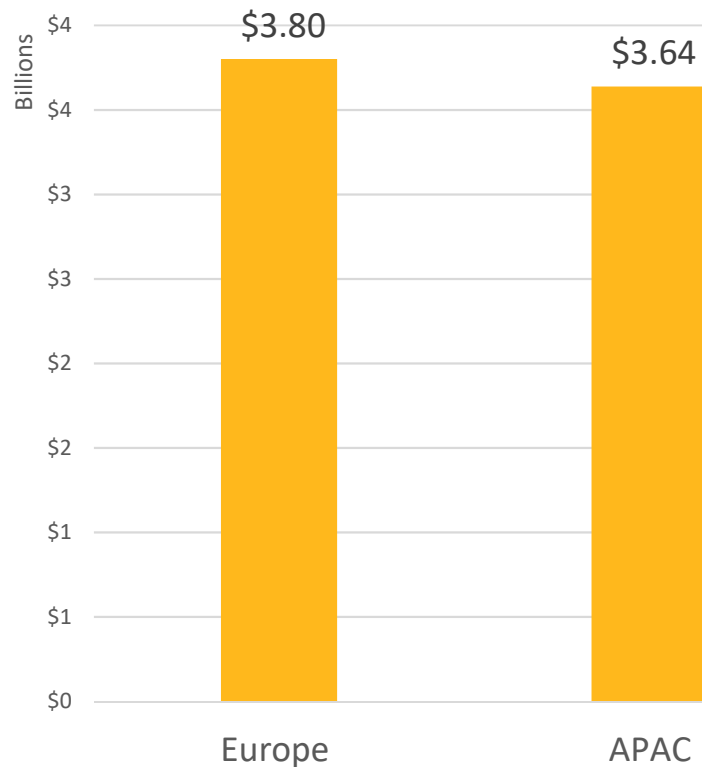
VOLUME DRIVING COUNTRIES



VOLUME DRIVERS BY REGION



Local context matters



TOP 6 MODELS (+90% of Market)			
EUROPE	SHARE	ASIA-PACIFIC	SHARE
P2P Consumer	41%	P2P Consumer	23%
Invoice Trading	16%	BS Business	19%
P2P Business	14%	P2P Property	19%
Real Estate CF	8%	P2P Business	17%
Equity CF	6%	Real Estate CF	10%
Reward CF	5%	Invoice Trading	5%

OTHER IMPORTANT INDICATORS

Volume per capita (2017)

Volume per capita (2017)

The ranking of volume per capita in 2017 among 180 countries in the world.

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Search:

Country [▲]	Rank (2017) [▲]	2017 Volume per Capita (USD) [▼]	2017 Volume (USD) [▲]	Population [▲]	2017 GDP per Capita (USD) [▲]
China	1	251.67	348,912,185,163	1,386,395,000	8,826.99
United States	2	134.57	43,833,211,048	325,719,178	59,531.66
UK	3	121.24	8,004,783,638	66,022,273	39,720.44
Estonia	4	69.78	91,794,107	1,315,480	19,704.66
Latvia	5	55.77	108,236,669	1,940,740	15,594.29
New Zealand	6	54.57	261,621,933	4,793,900	42,940.58
Georgia	7	52.67	195,784,290	3,717,100	4,057.29
Australia	8	46.63	1,147,015,565	24,598,933	53,799.94
Finland	9	40.34	222,314,696	5,511,303	45,703.33
Singapore	10	34.00	190,821,714	5,612,253	57,714.30
Israel	11	33.91	295,455,044	8,712,400	40,270.25
		25.07	120,666,518	4,813,608	69,330.69

b5/volume-per-capita-2017/#

Filters

Clear filters

Income:

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- ☐ Low income
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Region:

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- ☐ Europe & Central Asia
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- ☐ North America
- ☐ South Asia
- ☐ Sub-Saharan Africa

A EUROPEAN EXAMPLE

Volume per capita (2017)

The ranking of volume per capita in 2017 among 180 countries in the world.

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  Excel
  CSV
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  PDF

Search:

Country ▲	Rank (2017) ▲	2017 Volume per Capita (USD) ▼	2017 Volume (USD) ▲	Population ▲	2017 GDP per Capita (USD) ▲
UK	3	121.24	8,004,783,638	66,022,273	39,720.44
Estonia	4	69.78	91,794,107	1,315,480	19,704.66
Latvia	5	55.77	108,236,669	1,940,740	15,594.29
Georgia	7	52.67	195,784,290	3,717,100	4,057.29
Finland	9	40.34	222,314,696	5,511,303	45,703.33
Ireland	12	25.07	120,666,518	4,813,608	69,330.69
Lithuania	13	24.50	69,269,711	2,827,721	16,680.68
Sweden	15	22.04	221,890,190	10,067,744	53,442.01
Netherlands	17	18.46	316,287,612	17,132,854	48,223.16
France	18	11.13	747,274,514	67,118,648	38,476.66
Switzerland	19	10.29	87,114,373	8,466,017	80,189.70
Belgium	21	9.03	102,704,518	11,372,068	43,323.81
Denmark	22	8.51	49,116,021	5,769,603	56,307.51
Germany	24	8.14	672,751,879	82,695,000	44,469.91
Slovenia	25	7.99	16,513,292	2,066,748	23,597.29
Italy	26	4.49	271,919,936	60,551,416	31,952.98

Filters

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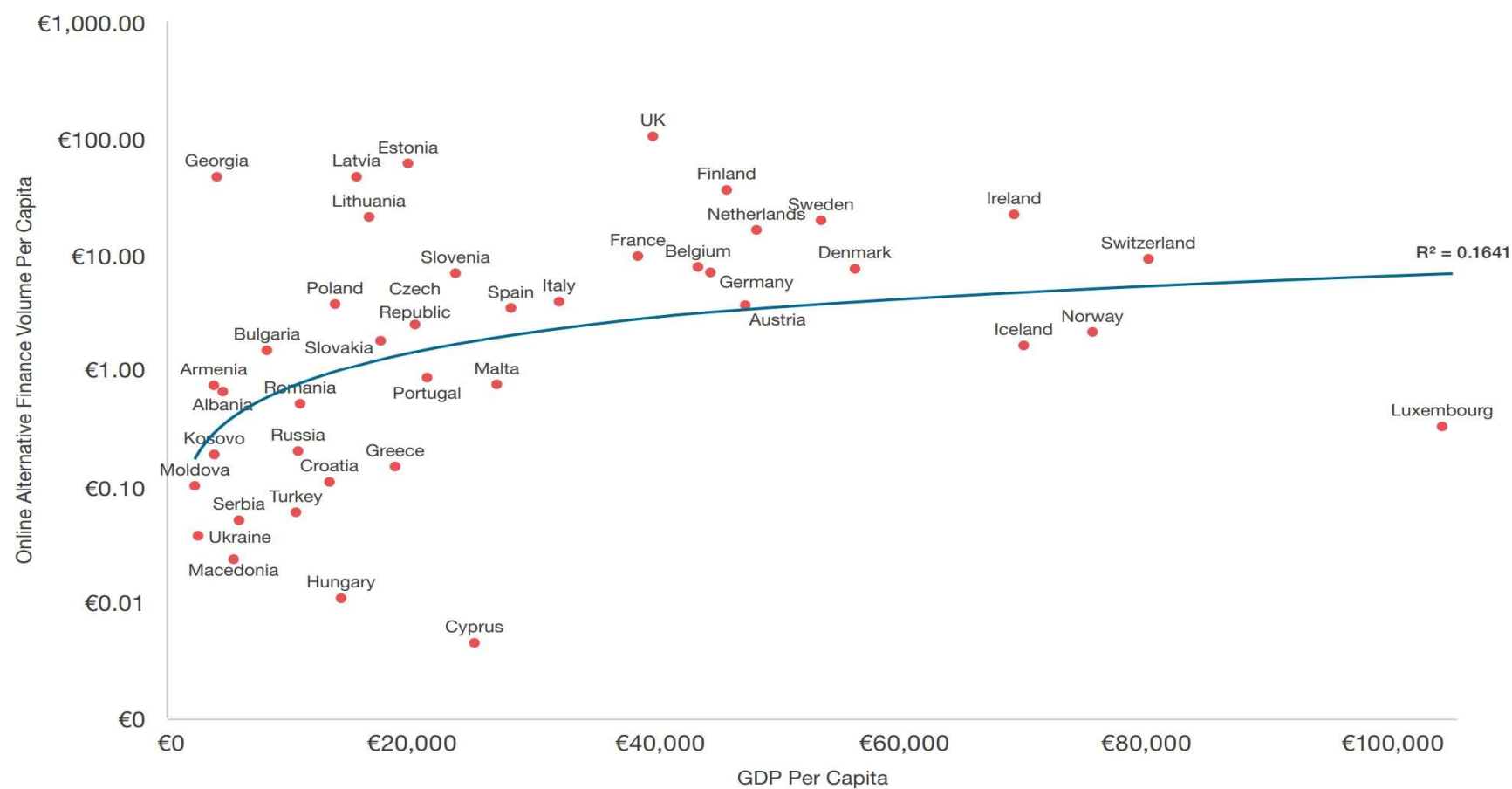
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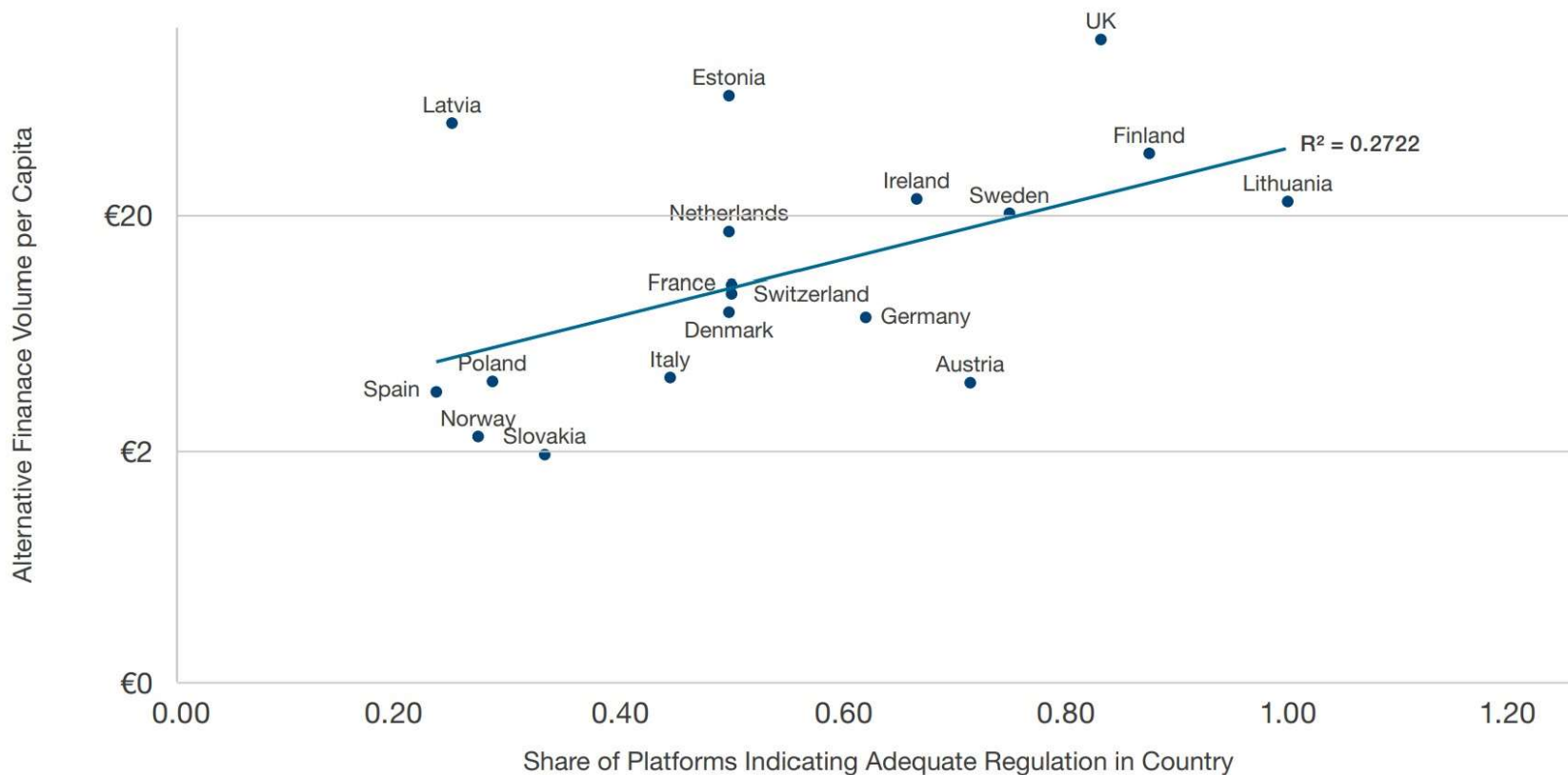
Figure 10: Alternative Finance Volume per Capita vs GDP per Capita (€EUR) 2017



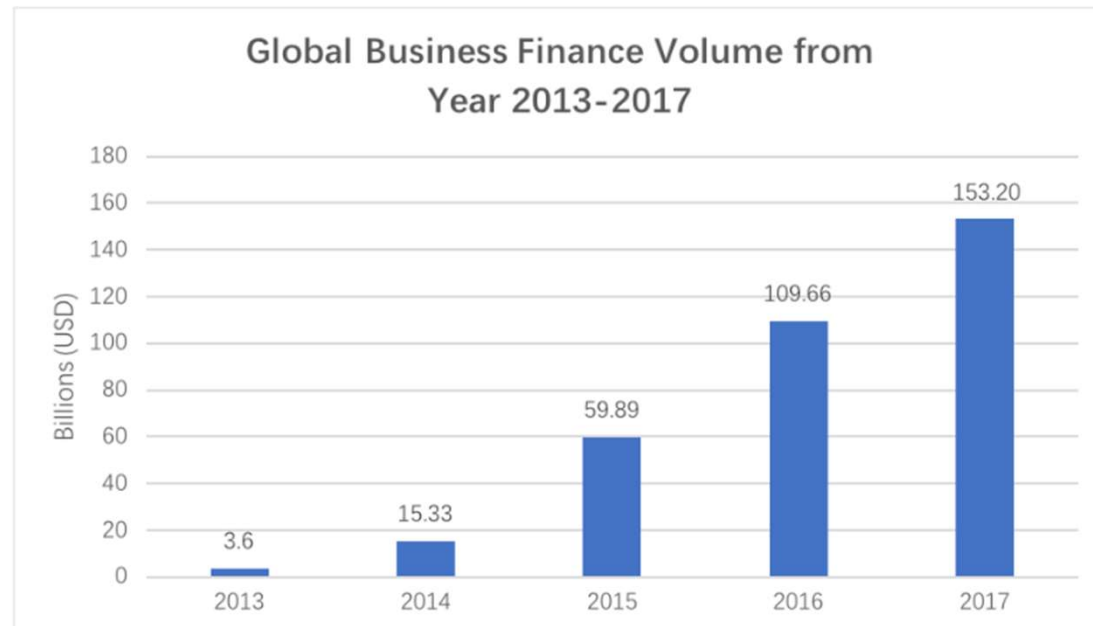
Adequate regulation drives volumes

Regulatory Friendliness and Alternative Finance Volume per Capita

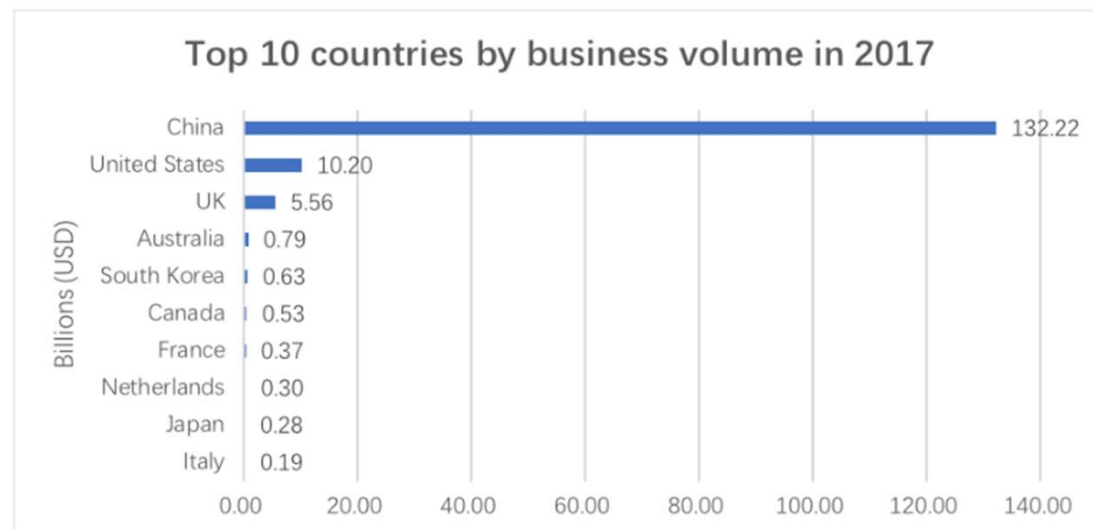
Figure 31: Perceived Adequacy of Existing Local Regulations vs. Volume Per Capita 2017 (Log Scale) - All Platforms



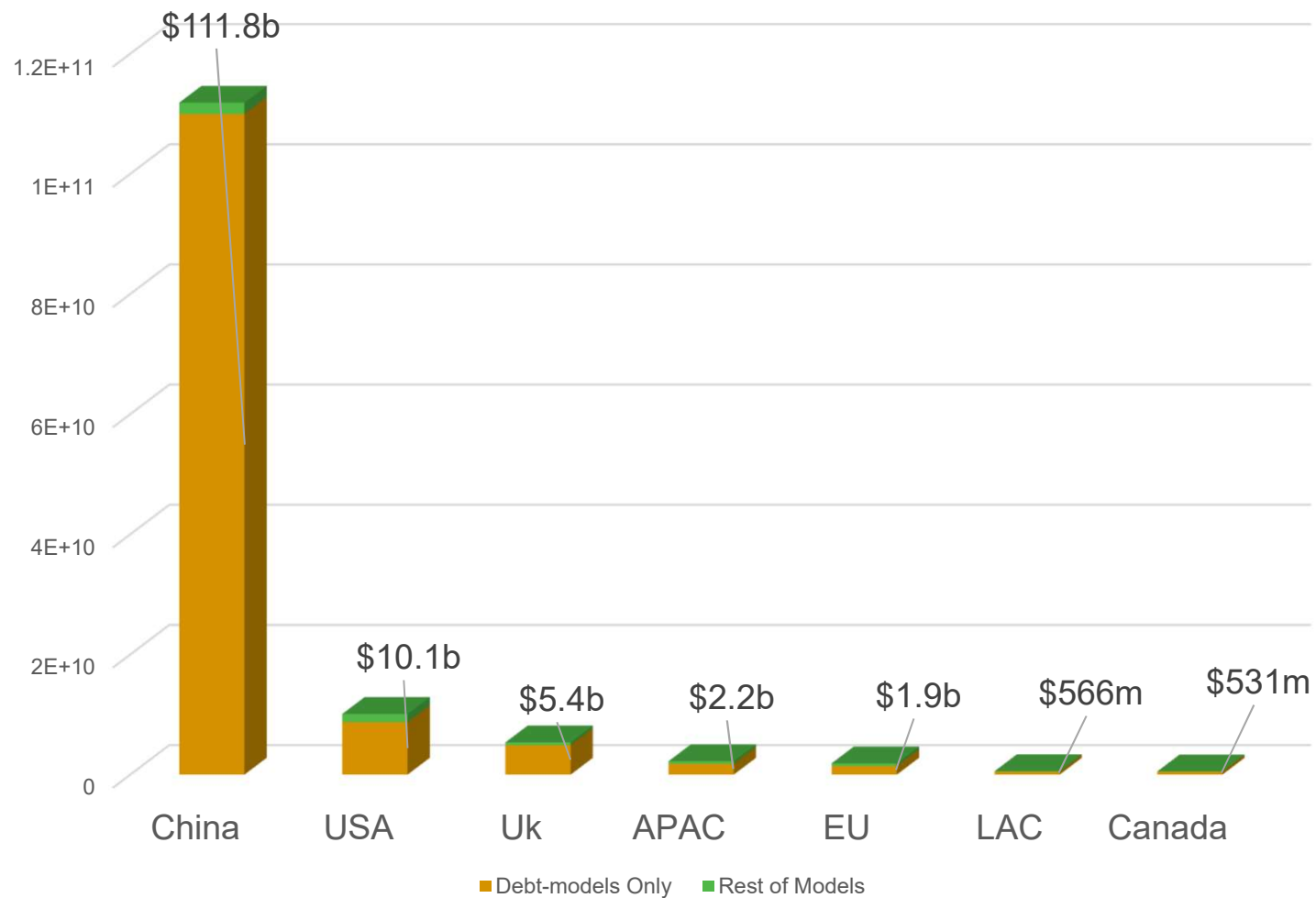
SME Access to Finance



China – 32%, USA – 2%, UK- 1%

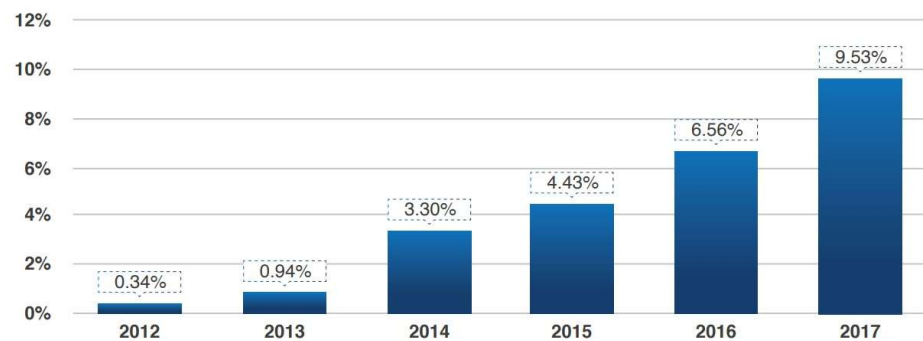


SME-driven Alternative Finance Volumes



A CASE STUDY FROM THE UK

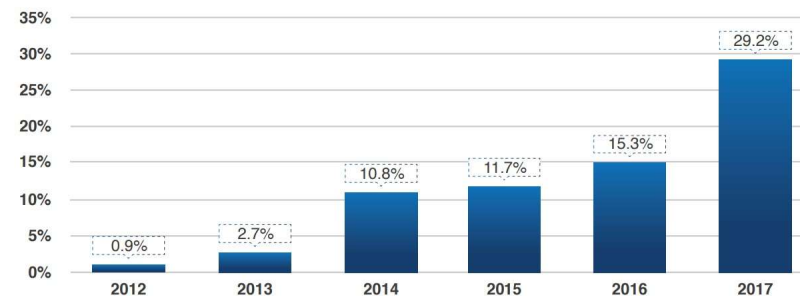
P2P Business Lending as a proportion of Total New Loans to SMEs by banks in 2012-2017



(Source: CCAF and UK Finance)

P2P Business Lending accounted for just over £2.04 billion lent in 2017, Compared to £57 billion Bank loans (£21.4 New Loans)

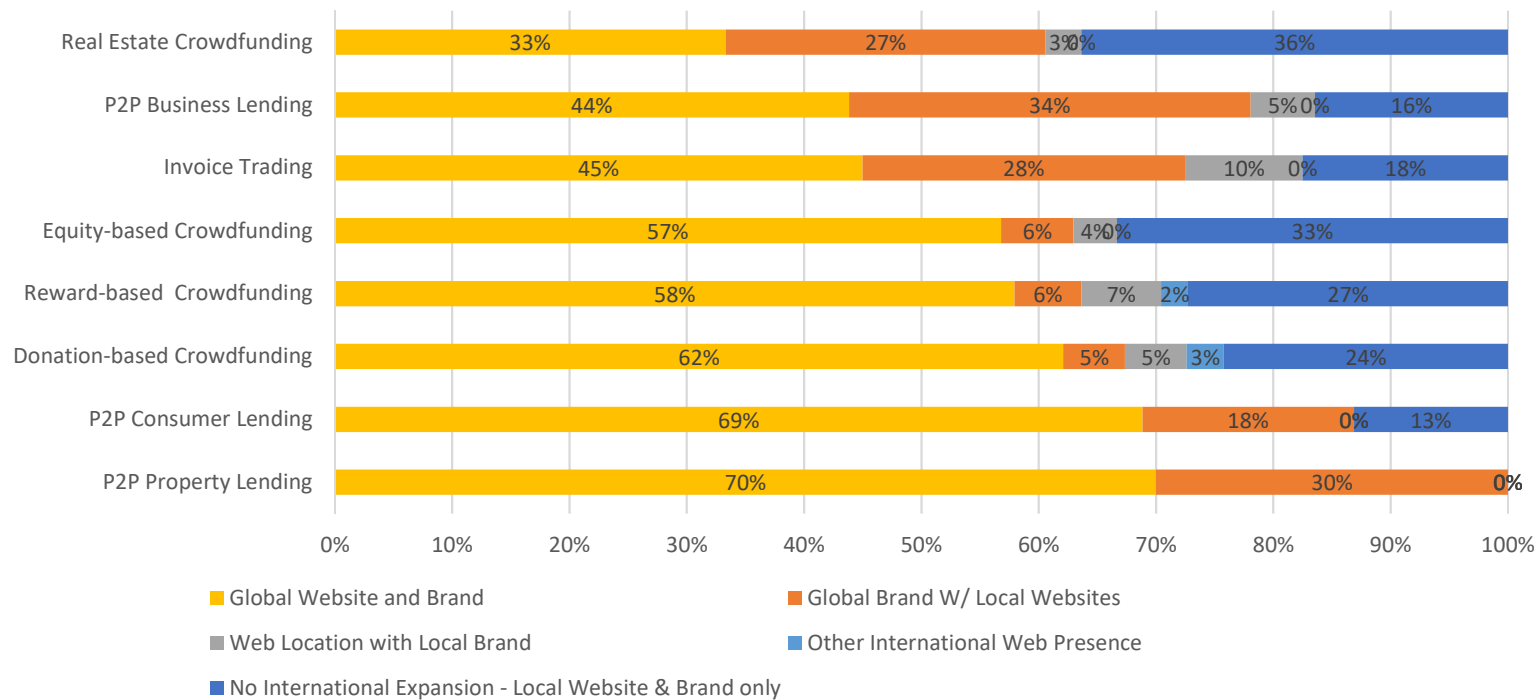
P2P Business Lending as a percentage of New Loans to Small Businesses in the UK



(Source: CCAF and UK Finance)

Internationalization is on the rise

Platform Internationalization Strategy by Model - 2017



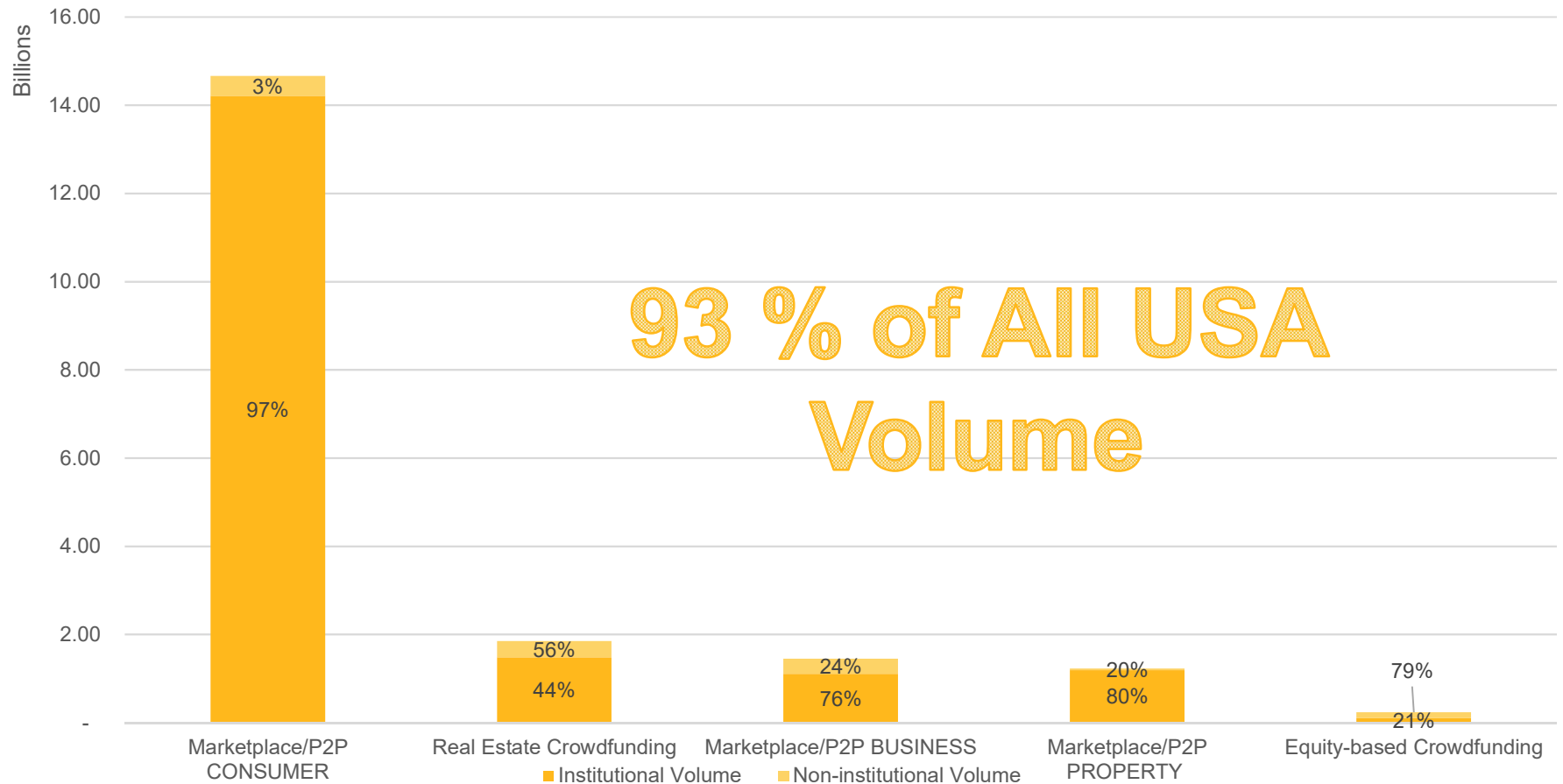
Institutionalization of investment:

Institutionalization implies the involvement of 'institutional' investors in online alternative financial marketplaces. The influx of institutional funding from traditional financial institutions (funds, family offices, governmental and non-governmental organisations), coupled with the increasing involvement of high net worth investors, is also blurring and pushing the boundaries of 'orthodox' alternative finance conceptions.

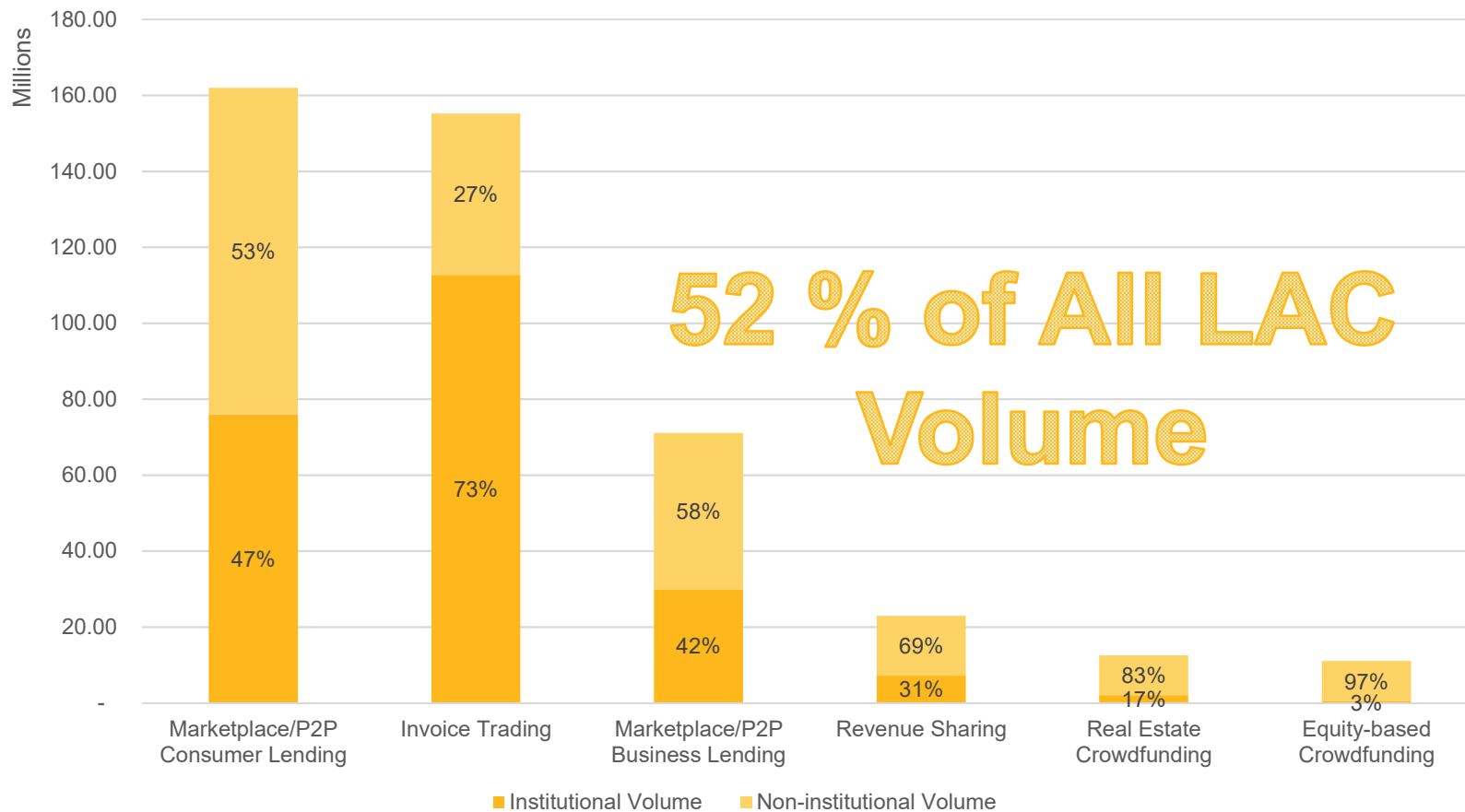
Institutions engage in alternative finance through:

1. Contribution of funds;
2. Taking ownership stakes in alternative finance platforms; and/or
3. Through partnerships such as joint marketing or data-sharing, to name a few.

USA – FUNDING VOLUMES DERIVED BY INSTITUTIONAL INVESTORS, 2017

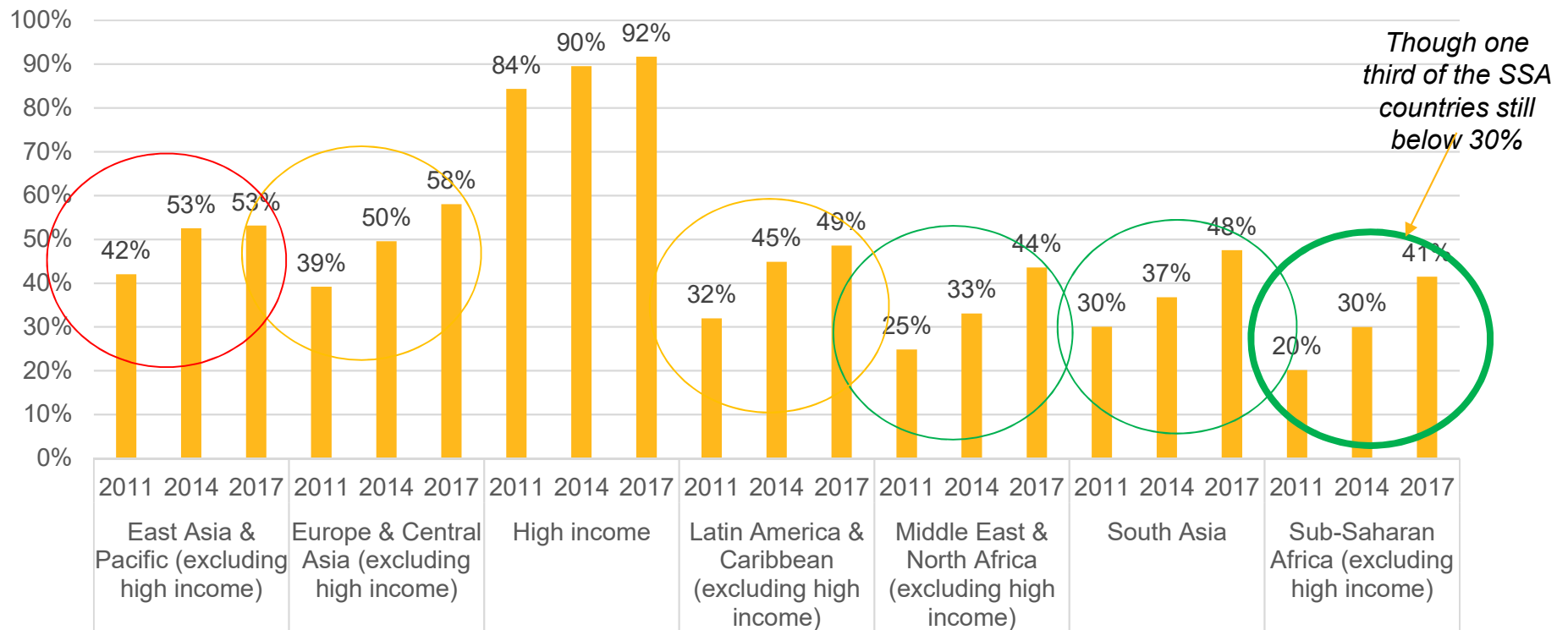


LAC – FUNDING VOLUMES DERIVED BY INSTITUTIONAL INVESTORS, 2017 Key Models



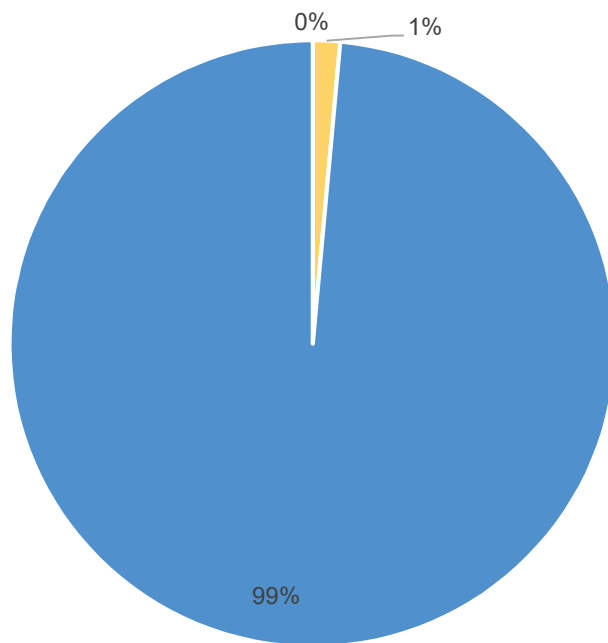
Financial inclusion has improved globally, but 1.7 billion adults (31%) remain unbanked ...

Adults with an account (%)



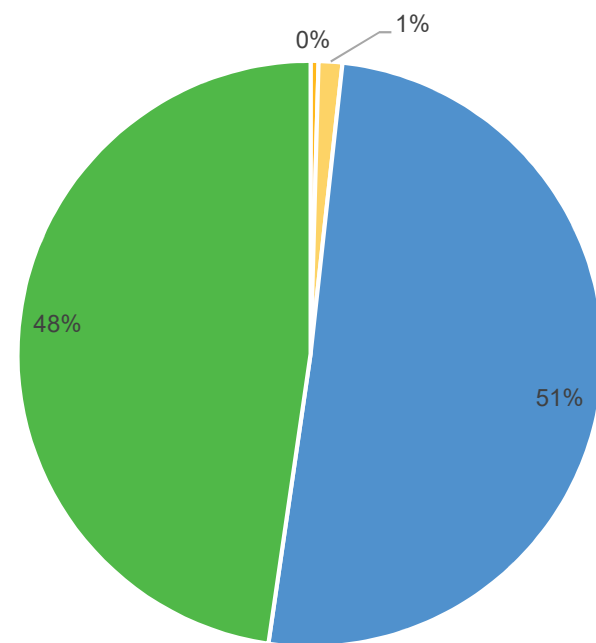
Source: Findex 2017, World Bank

Banked Status of Borrowers (%)



■ Unbanked ■ Underbanked ■ Banked

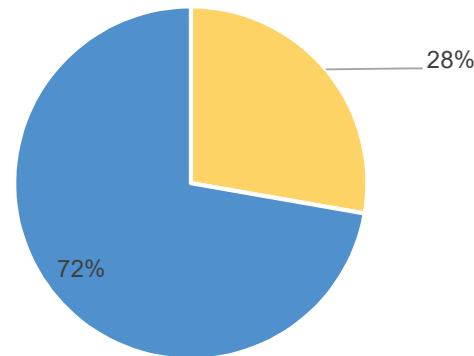
NATIONAL INCOME CATEGORIZATION BY FUNDER CUSTOMERBASE (%)



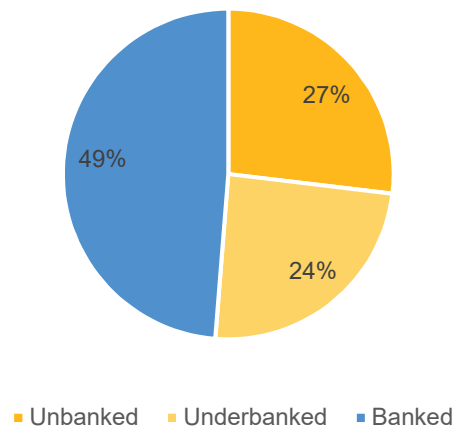
■ LOWEST INCOME ■ LOW INCOME ■ MIDDLE INCOME ■ HIGH INCOME

Can Alternative Finance be part of the solution?

US Banked Status of Borrowers (%)



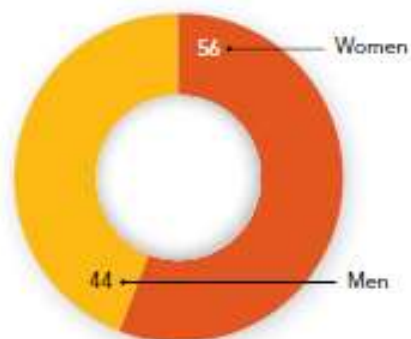
LAC Banked Status of Borrowers (%)



...and large gaps by gender and household income

Worldwide, most unbanked adults are women

Adults without an account by gender (%), 2017



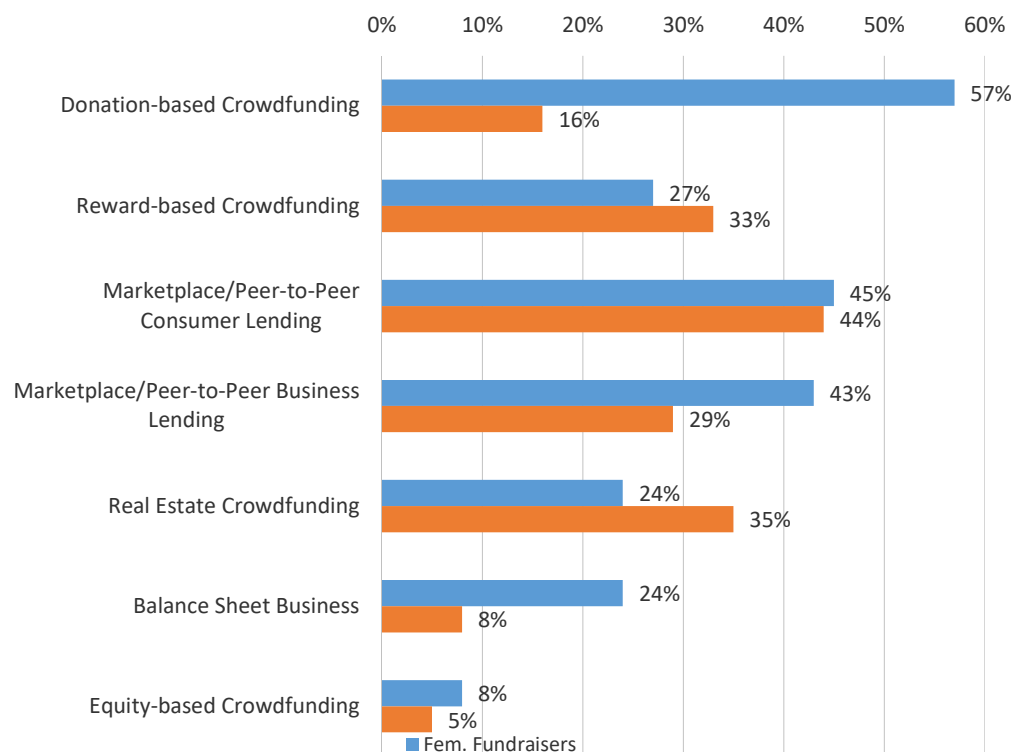
Source: Global Findex database.



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Female Participation by Model Type (2017) in Africa



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