

Summary of the project for the purpose of science promotion

The functioning of the financial system and the relations among the participants of that market have been changing over the recent years. Increasing importance of alternative funding in the structure of revenues and expenses as well as new types of services, including the emergence of crowdfunding, result in stronger competitiveness of alternative funding when compared to banking facilities. This generates opportunities for, but also risks to, the banking sector and SMEs which raise funds for their business activities from that source. The results of the surveys carried out by Allen&Overy¹ in European countries among 200 finance executives in SMEs show that alternative funding is an increasingly popular way to source funds. In 2009, bank credits constituted 44% of funds at the companies surveyed, alternative forms of funding – 39%, and other forms – 17%. Five years later, in 2014, bank credits and alternative forms of funding were at a similar level, i.e. 43% and 41% respectively, whereas other forms constituted 16% of funds; in 2015, it was 48%, 30%, and 22% respectively. Moreover, about 47% of finance executives of the companies surveyed expected that in the next five years, i.e. by 2019, the demand for funds from such alternative sources as crowdfunding will be on the rise. On the other hand, an increase in funds sourced from the banking sector was expected only by 28% of the respondents². Hence, the following questions arise: **what are the prospects of development of alternative funding in Poland? What opportunities and risks for SMEs arise from the development of alternative funding, especially crowdfunding?**

How do changes in financial markets observed after the 2008 crisis affect the development of a new model of the financial market in Poland?

How do ongoing changes in the financial markets in Europe and Poland affect the financial needs of SMEs?

It is important to answer these questions because huge amounts of funds have been already sourced this way. The originators of Pebble smartwatches raised USD 10.2 million for production and their goal was only USD 100 thousand. Similar positive examples can be found in Poland as well. The owners of Migam.org, a famous Polish start-up, raised funds in a crowdfunding campaign. The company provides technological solutions to facilitate communication with hearing-impaired people. Other examples include: Akcja Browar, as part of which PLN 400 thousand requested were raised.³ The percentage of successful projects per platforms are as follows: Ebole.fr – 47%, Massivemov.com – 52%, CrowdAboutNow.com – 69%, Hatchfund.org – 75%⁴. As expected, the efficiency of that market when it comes to sourcing funds for investments (in spite of a material risk borne by the investor) due to limited access to the traditional forms of funding is one of the main reasons for high growth dynamics.

Research to be carried out as part of this project will allow to: structure the knowledge of risks and significance of alternative funding for SMEs, especially of the crowdfunding market in Poland when compared to the European crowdfunding market; to present business models of the functioning of that market; to identify relations between the real economy and the online economy; and to determine the position of crowdfunding in the Polish financial system. Our empirical research will allow to delineate the present legal and economic framework of crowdfunding in Poland and to recommend desirable changes for its regularisation. An analysis of crowdfunding-related possibilities and functioning conditions will allow to identify and assess risks connected with the development of crowdfunding and alternative funding. In addition, it will allow to suggest SMEs specific actions and solutions in respect of crowdfunding and possible scenarios of crowdfunding development in Poland.

¹ Allen&Overy is one of the largest and most innovative international law firms operating in business and finance.

² Allen&Overy, 2015, *Funding European business. Harnessing alternatives?*

http://www.allenoverly.com/SiteCollectionDocuments/Funding_European_business_2015_report_vFINAL.PDF, [accessed on 30 November 2016].

³ Ziobrowska J. M., 2016, *Crowdfunding jako nowoczesna forma wsparcia przedsięwzięć społecznych, kulturowych i biznesowych*, “Finanse, Rynki Finansowe, Ubezpieczenia” issue 3/2016 (81), p. 292.

⁴ Dziuba D. T., 2015, *Przesłanki badań w zakresie ekonomiki crowdfundingu*, in: “Roczniki Kolegium Analiz Ekonomicznych”, issue 36/2015, UWM &SGH, Warszawa, pp.184–185.