

DOI: 10.26794/2587-5671-2019-23-3-122-136

UDC 336.773(045)

JEL G14, G02, G24, D14, O16

New Instruments for Financing Small and Medium Enterprises in Russia: Crowdfunding

I.A. Ezangina^a, A.V. Evstratov^b

Volgograd State Technical University, Volgograd, Russia

^a <https://orcid.org/0000-0002-9441-4401>;^b <https://orcid.org/0000-0002-9719-7828>

ABSTRACT

Access to financing is a fundamental factor determining growth opportunities for small and medium enterprises. Along with the state forms of support for the subjects of this business segment, as well as traditional banking products, private investment mechanisms are being developed through the establishment and extension of crowdfunding platforms. They imply involving funds of population as the most important market agent. The aim of the article is to reveal the key importance of the institutional development of the crowdfunding and crowdfunding market as a modern tool for supporting small and medium enterprises, reproduction of people's personal savings and incomes of professional investors. The following scientific methods and approaches were used in the study: observation, comparison, analogies, analysis, synthesis, method of expert assessments, system and structured approach. The authors' definition of crowdfunding is given. Three fundamental features of crowdfunding are defined: collective microfinancing of a project from an alternative set of startups, an intermediate agent in the form of a remote platform, financial retribution. To prove the development of the world and domestic crowdfunding market, its condition and the performance indicators of well-known crowdfunding companies are characterized in dynamics. The authors revealed the key advantages of crowdfunding, factors stimulating of its volume growth in Russia, as well as risks, mainly associated with insufficient regulation of the new and fast-growing institutional mechanism of crowdfunding. The important perspective of crowdfunding as an instrument of project financing in Russia is highlighted on the example of specific scopes for investment, multifunctional services of Russian platforms, expanding pool of investors, new financial and technological methods of exchange and support. The study allowed identifying a number of key areas for crowdfunding development in Russia. The work mainstreams: building an effective regulation system for crowdfunding platforms, including through developing self-regulation tools, a co-financing program for crowdfunding projects from development institutions, the work of the regulatory sandbox, legislative consolidation and support for implementing new types of information and economic interaction on crowdfunding platforms (not only B 2B, P2B, but also G2B, B 2G).

Keywords: crowdfunding; crowdfunding; project financing; small and medium enterprises; crowdfunding platform (playground); startup; crowdfunder; crowdlending; investment risk; P2P-lending

For citation: Ezangina I.A., Evstratov A.V. New instruments for financing small and medium enterprises in Russia: Crowdfunding. *Finansy: teoriya i praktika* = Finance: Theory and Practice. 2019;23(3):122-136. DOI: 10.26794/2587-5671-2019-23-3-122-136

INTRODUCTION

There are no generally accepted definitions of the concepts of “crowdfunding” and “crowdinvesting” in Russia as these definitions are not legal. The regulator, the Central Bank of Russia, implements the IOSCO approach (International Organization of Securities Commissions) that focuses on two independent forms: investment and loan crowdfunding.

Crowdfunding is a mechanism for raising funds, co-financing companies or programs via Internet sites.

In this study, crowdinvesting refers to an alternative method of collective venture microfinance, involving equity investment and return of invested funds with profitable interest through an intermediate agent (Internet platform, platform). Thus, we are talking about optimizing the size of interaction costs by simplifying the process of making a transaction by taking advantage of automated platforms.

It is emphasized that crowdinvesting to a lesser extent (compared to classical crowdfunding) pursues altruistic and social goals and at the same time is more focused on financing commercial projects, primarily small and medium businesses (SMEs), on a reimbursable basis [1].

CROWD FINANCE MARKET DEVELOPMENT

Despite the legislative restrictions of different countries, today there are more than 300 crowdinvesting sites around the world. In this case, the site implements the following possible functionality:

- provision of information services within the loan agreement, equity securities sale and purchase agreement (shares / bonds);
- on the one hand, to collect a pool of enterprises — borrowers and, on the other hand, a group of investors. Here is a “stream financing” where the financial resources of an individual investor are balanced among the borrowers — participants in the investment pool. The automated platform generates an assessment of future borrowers deciding on the subject composition of the pool. In the future, the platform

performs an intermediary function interacting with investors on repayment of the base part of the debt, as well as interest and tax payments refund;

- developing the financial result with subsequent non-financial remuneration.

At the same time, sites are just one of the ways to attract investors for a startup. Many companies use their own blog or affiliate program (Dodo Pizza, SkyWay) to attract investments. The parties of crowdinvesting can be: venture funds, professional private investors, business angels, the state (in Russia this party is the last among the participants as there are no laws regulating the activities of the sites as such) [2].

Crowdinvesting is not a replacement for the existing financial institutions, it is an additional tool built into the system of the existing and already well-understood products [3]. Crowdinvesting is the most common in the USA (EquityNet, AngelList, SeedInvest, Funders Club, CircleUP platforms) and Great Britain (CrowdCube, Seedrs, Zopa) (Fig. 1).

Crowdinvesting started as an independent ideology in 2012, promoted by the regulatory document signed by President B. Obama — JOBS (Jumpstart Our Business Startups) Act. The Act legalized the investment activity of non-professional investors — American citizens [4]. The Act was submitted by the Securities and Exchange Commission (US Securities and Exchange Commission); the contribution of the experts from the business community, in particular Indiegogo, RocketHub, Kickstarter and others, is emphasized.

SPECIFICS AND ATTRACTIVENESS OF CROWDINVESTING IN FOREIGN PRACTICE OF FINANCIAL INVESTMENT

To promote the JOBS Act, the non-governmental organization FINTRA, as well as the public structure CFIRA (Crowdfund Intermediary Regulatory Advocates), were also created.

Today, the operational functioning of the crowdinvesting and crowdlending platforms in the USA is controlled by the Securities and Exchange Commission. In 2013, the AngelList plat-

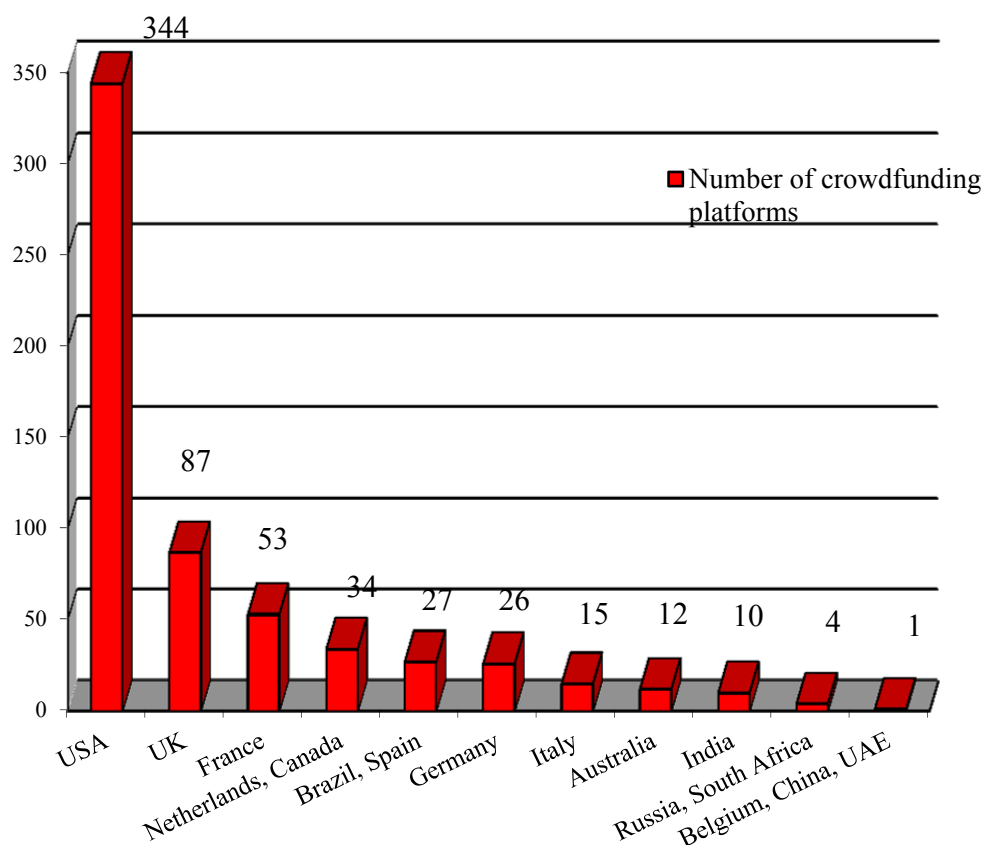


Fig. 1. Rating of countries by the number of crowdfunding platforms as of December 2013

Source: URL: http://www.infodev.org/infodev-files/wb_crowdfundingreport-v12.pdf (accessed on 15.05.2019).

form attracted about \$ 15 million from private investors. In 2012–2018, the borrowers within the crowdfunding finance system were:

- Glen Iron — 4 stages of financing, \$ 2.1 million, ASSOБ platform;
- Antabio — 207 crowdfunders, 300 thousand euros, WiSeed platform, a biotechnological startup;
- TalentBin — a startup aimed at creating an Internet network to attract young talents; \$ 2 million, FundersClub platform.

The examples of the most successful crowdfunding platforms in Germany are Seedmatch, Companisto, Innovestment which account for 85% of the market attracted crowd capital and 82% of funded start-ups [5].

The dynamics of crowdfunding in the world is presented in Fig. 2

Today, there is such a situation in the field of financial investments that in the field of crowdfin-

vesting, both seed-rounds with borrowed resources of 50,000–2 million USD and A-rounds, which are larger in terms of financial turnover, are closing. In this case, as we are speaking about the funds raised from 2 to 10 million US dollars, the tool is objectively attractive for start-ups in the later stages. Anyway, the reproduction of startups, their transformation into a global area of entrepreneurship is considered as one of the most important tasks in the development of an innovative economy and the state intellectual capital [6]. Under these conditions, crowdfunding becomes a catalyst of the areas that are investment-attractive for the state and deserve financial support from it.

INSTITUTIONALIZATION OF CROWDFUNDING MARKET IN RUSSIA

Smartmarket.net was the first platform in Russia, announced in 2012 and closed in 2013. In 2013,

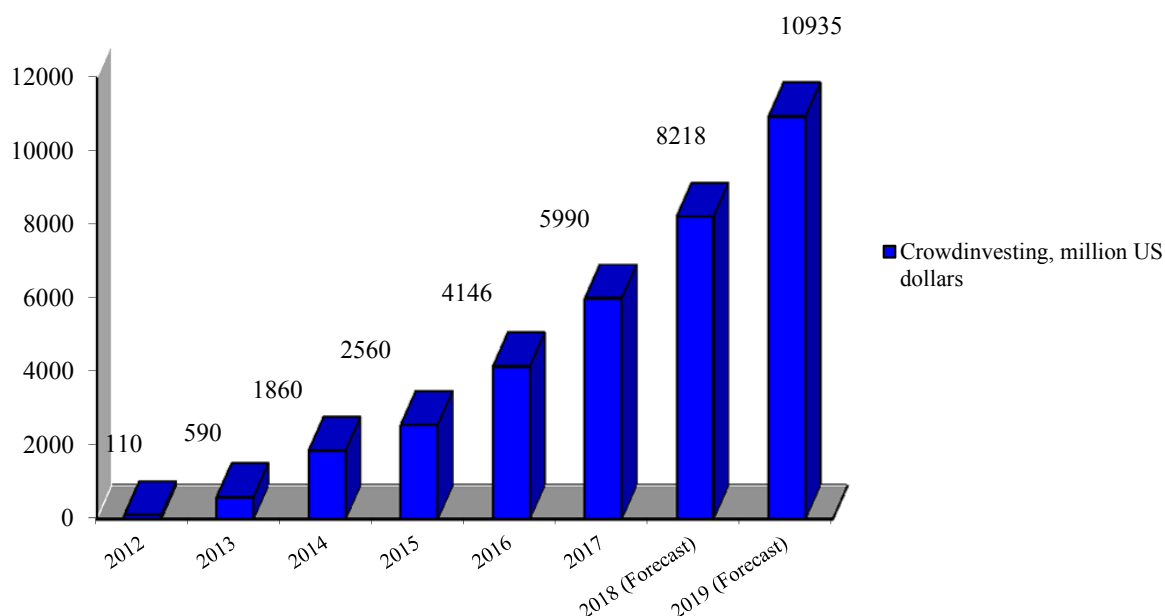


Fig. 2. Dynamics of crowdfinancing in the world in 2012–2019

Source: URL: <http://www.cbr.ru/statichtml/file/18221/bojor.pdf> (accessed on 12.05.2019).

the crowdfinancing platforms VCStart (closed in 2015), WeShare (activity suspended for a re-launch in the future) opened. As a result, there were two projects left by 2015: the StartTrack and SearchFunds platforms, as well as SIMEX was opened, a multifunctional online platform for exchanging digital assets and investing in ICO projects, crowdfinancing.

The investment on the SIMEX platform is realized in the investment share — the investor's rights to the project specified in the investment offer. According to their investment shares, the investor receives an option for a share in the project's profit. The main investment methods via SIMEX are the primary acquisition of investment shares directly from projects and the possibility of secondary acquisition of investment shares through bidding from other investors. Dividends are paid according to investment shares. The investor can sell investment shares on the secondary bidding at the SIMEX platform. At the same time, the trade commission on the stock exchange is 0.1% of the transaction (the fee is paid by the maker and the taker). Partnership reward from the transaction is 0.02%.

The following facts indicate the importance of the crowdfunding market (for the period of 2014–2017):

- 3.4 billion rubles of private investors;
- over 900 million rubles accumulated by venture projects;
- 40 thousand private crowdfinancers;
- crowdlending and crowdfinancing allowed to finance more than 870 business projects;
- more than 1 thousand priority jobs were created;
- GDP growth for business promotion based on crowdfinancing technologies amounted to about 11.5 billion rubles;
- tax revenues from established or funded business amounted to more than 700 million rubles¹.

In this regard, objectively we attribute the advantages of crowdfinancing: the possibility to invest small amounts, the advantages of diversification, a large choice of projects, investment in several projects at the same time, few formalities for placing funds, company and product marketing, fast implementation (start-ups have a fixed period, which considering the relocation of numerous investors, means to solve the designated tasks on time) [7]. Within this model,

¹ New tools to attract funding for the development of technology companies: the practice of use and development prospects in Russia: an analytical report 2018 URL: <https://publications.hse.ru/mirror/pubs/share/direct/219492205>.

the role of a financial intermediary is reduced to the organizational connection of the participants, while the investor himself creates the composition and the structure of the individual investment portfolio and spreads risks to lose investments [8].

The main advantage of crowdfinancing in work is not so much the development of company law, as a non-property and / or property right to claim a share of the profits, a part of the commodity turnover, and services. This emphasizes the independence of this right from other shareholders which eliminates the risk of corporate conflicts due to this reason. Finally, the advantage of crowdfinancing over other types of financing refers to financing own funds in companies' capital, and therefore, the investors and the initiators of the startup promotion have an enhanced responsibility for the process.

The factors stimulating the growth of crowdfinancing in Russia by small and medium enterprises are:

- difficulties in obtaining investment funds in banking institutions;
- insufficient attention to the development of alternative banking and public instruments for financing SMEs by citizens (individuals);
- difficulties in raising funds to start an enterprise that does not have a credit history in traditional financial organizations;
- insufficient development (absence) of the regional infrastructure in financial organizations.

Further, the success factors of the crowdfinancing investment campaign are attributed by researchers from New Mexico State University (USA) and Aalto University (Sweden) to the number of investors, funding targets, the duration of the campaign, the provision of open financial information and the project's B 2C orientation [9, 10].

At the same time, the authors' study helped to identify the weaknesses of crowdfinancing:

- traditional investment risks. The scoring systems of the analyzed platforms are at a fairly low level, which mediates the increase in risk for lenders [11];

- lack of institutional norms and control requirements (in particular, criteria and methods that guarantee the transfer of investor's funds to a specific project are not regulated, methods for registering title to the investment result are not regulated);

- risk of fraud (establishing a financial pyramid on the basis of the platform);

- bankruptcy risk;

- subjective platform positioning (platform exclusively for wealthy investors);

- remaining national legislative differences in crowdfinancing that impede the permanent globalization of this segment of the capital market;

- insufficient financial literacy of the population: unwillingness to work with borrowed and investment funds, inept investment planning and forecasting financial results;

- subjective distrust to digitalization of the investment process through the tools and mechanisms of the current Internet platforms;

- privacy, low transparency of the market of intellectual capital of Russia, privacy of business information, which mediates the difficulties in searching and finding the recipient company and investment project [12].

When investing in the project, it is necessary to forecast its success. A distinctive feature of crowdfinancing is that investors receive a sales volume share. At the same time, profit growth is not limited and is not recorded at all.

Three basic types of crowdfinancing should be defined:

- royalty is a part of non-financial remuneration. In addition to non-financial bonuses [a product or service as a result of a business project activities (rewards)], the sponsor receives a share of the project's revenues (financing music projects, films, games);

- national lending (crowdlending) is focused on issuing a loan to a startup owner to develop their idea. This type of crowdfinancing is distinguished by clear development and availability of a schedule of return on investment capital;

- equity crowdfunding is the most advanced form of crowdfunding, implying an intermedi-

Table 1

Indicators of crowdfinancing development in Russia in 2015–2017

Indicator	2015	2016	2017
Capital investments, mln rubles	232	1 505.5	1 837.7
Number of funded companies	81	277	871
Number of investors	105	1 313	14 466

Source: URL: <https://incussia.ru/understand/infografika-kak-ustroen-rynok-kraufinancinga-v-rossii/> (accessed on 12.05.2019).

Table 2

Scopes for investment where crowdfinancing is used

Type of trading activity	Number of companies	Percentage of total, %
Wholesale	321	29.25
Retail	196	18.33
IT	91	8.55
Production	38	3.58
Advertising	38	3.57
Construction	44	4.13
Architecture	15	1.43
Administrative and economic activity	15	1.43
Services	65	6.09
Other	252	23.64

Source: URL: <https://incussia.ru/understand/infografika-kak-ustroen-rynok-kraufinancinga-v-rossii/> (accessed on 15.05.2019).

ary in the form of a specialized platform, and the royalties are: a certain share of ownership, ownership of shares, giving the right to vote at general meetings and a dividend yield.

The defined features of equity crowdfunding mediate financial and reputational business interest, providing the entities outside the organized exchange market with a convenient and non-alternative tool for attracting financial resources to start or expand entrepreneurship.

CROWDFINANCING AS A PROMISING TOOL FOR PROJECT FINANCING IN RUSSIA

We emphasize that crowdfinancing should be recognized as a special trending tool for project investment in Russia. The statistical materials proving this idea are presented in *table 1*.

According to the information in *table 1*, investment in capital in 2017 increased by 7.9 times compared with 2015, the number of companies that effectively use equity investment sites increased by 10.8 times, and the number of investors who participate in project financing — by 137.8 times.

Thus, this refers to the attractiveness of crowdfinancing both for the subject of investment and for the active investor. According to Ink, in 2017 the largest volume of the main transactions in the business financing segment belongs to investments under a loan agreement (2.53 billion rubles), the smaller — to investments in capital (1.04 billion rubles): the percentage ratio is 90% to 10%, respectively.

Let us analyze the areas of activity that promote this method of investing projects (*Table 2*).

Table 3

Performance indicators of the main crowdfunding companies in Russia

Platformname	Aggregate turnover, rub.	Investment amount per company	Average check per company from investor	Average number of investors in a company	Minimum investment, rub.	Platform commission, %	
						for company	for investor
StartTrack	1.498 billion	22 million	426 thousand	52	3 million	5.0	0
Gorod Deneg	465.8 million	1 million	420 thousand	2–3	50 thousand	2.5–5.5	2.0
Potok	714.4 million	520 thousand	4.5 thousand	115	100 thousand	6.7	0
Venture Club	897 million	13 million	3.3 million	4	3 million	1.0–5.0	Club system with paid membership
Planeta.ru	760.2 million	282 thousand	1.5 thousand	189	10 thousand	10.0–15.0	0

Source: URL: <https://incussia.ru/understand/infografika-kak-ustroen-rynok-kraudinvestinga-v-rossii/> (accessed on 15.05.2019).

According to *table 2*, the biggest number of companies using crowdfunding as an investment tool are concentrated in the wholesale and retail trade (the total share is 47.58% of the consumers of the market for equity investment services). At the same time, investments of more than 3 million rubles attracted 130 companies against 937 companies with financial resources of less than 3 million rubles. This proves the importance of this type of financing for SMEs.

The information about the main crowdfunding platforms is presented in *table 3*.

It is necessary to define a fundamental feature: the cumulative turnover of the platform is not always mediated by the number of investors.

For example, “Potok” has an average number of investors of 115 people. At the same time, the total turnover is 714.4 million, which is 20% less than the turnover of the “Venture Club” (4 investors).

A special position in the crowdfunding market in Russia is occupied by the Aktiv platform which specializes in investment in commercial real estate. The Aktiv offers new opportunities to create a passive rental flow for investors interested in purchasing real estate. It refers to investments in square meters leased to network supermarkets. Each property undergoes a thorough audit of legal purity and profitability. The final decision is made by an investment committee consisting of recognized market experts.

Co-investment objects are managed by an independent specialized company and are individually structured using private rental mutual funds. One object is one fund. An independent management company and a specialized depository are ensured by the security of property ownership. All objects are separated from each other and from the obligations of both the Aktivno and the management company. Thus, it refers to mixing the contents of a well-known financial instrument such as mutual fund with equity crowdfunding.

Working as a closed-end mutual fund, the Aktivno platform is deprived of the opportunity to receive state support under the Federal Law of 24.07.2007 No. 209-FZ “On the development of small and medium businesses in the Russian Federation”.

In 2015, the Penenza crowdfunding platform comes out in the B 2B format. The start of the project was so successful that in autumn 2017 it was decided to develop the direction and to cover also the P2B segment (associated with the provision of unsecured personal loans, where the lender is an unlimited circle of individuals, and the borrower is a business). The contribution of individual investors does not exceed 15% of the total amount of funds, which is more than 1.3 billion rubles invested via the Penenza. At the same time, a steady growth of the indicator was noted: for 2018, the total portfolio of private investors on the platform increased from 6 million to 200 million rubles. At the same time, the average size of the portfolio of individuals amounted to 120 million rubles and brought over 30 million rubles to investors at the end of the year. Private investors have issued loans worth more than 1.2 billion rubles to Russian business (at the same time, the investor’s portfolio may turn around on the platform several times due to the short-term loans).

The Penenza offers investors to finance borrowers (legal entities) who participate in tenders. A similar focus of activity is specific to another well-known crowdinvesting platform — “ModuleMoney”.

At the same time, since October 2018, due to changes in the regulatory framework (223-FZ and 44-FZ), there has been an increase in tender security. Ensuring procurement requests among participants of small and medium businesses should be on special accounts in one of the eighteen banks identified by the Government of the Russian Federation (Fig. 3).

The conclusion of a special agreement on crowdinvesting platforms with a bank means the realization of an objective advantage: the bank controls the moment of withdrawing money from a special account. This minimizes the risk of withdrawing a loan to secure an application to the borrower’s current account.

The analysis showed that the investor’s work at the Penenza platform is accompanied by:

- relatively low risk: the probability of delay is 0.4% and default is 0.2%;
- unique character of the applied cross-scoring system. Unlike traditional banking systems, the underwriting process is carried out in a cross-sectional way by means of 400 criteria based on open source information and documentation provided by the borrower. It should be emphasized that their own scoring system LoanBerry is the evidence of the development the underwriting process methodology by the platforms;
- use of overbooking principles — a unique system, an analogue of leverage. The investor invests money in applications ten times bigger than his deposit. The loan involves only the amount of the deposit, but according to the applications accepted by the borrower earlier.

ROLE OF INVESTOR AND FINANCIAL TECHNOLOGIES IN THE CROWDFUNDING MARKET: CURRENT TRENDS

This study allowed to highlight the cooperation of its platforms with some subjects of the banking community as innovations in the crowdsourcing market.

Thus, Bank Uralsib offers customers to use the services of the StartTrack platform. Legal

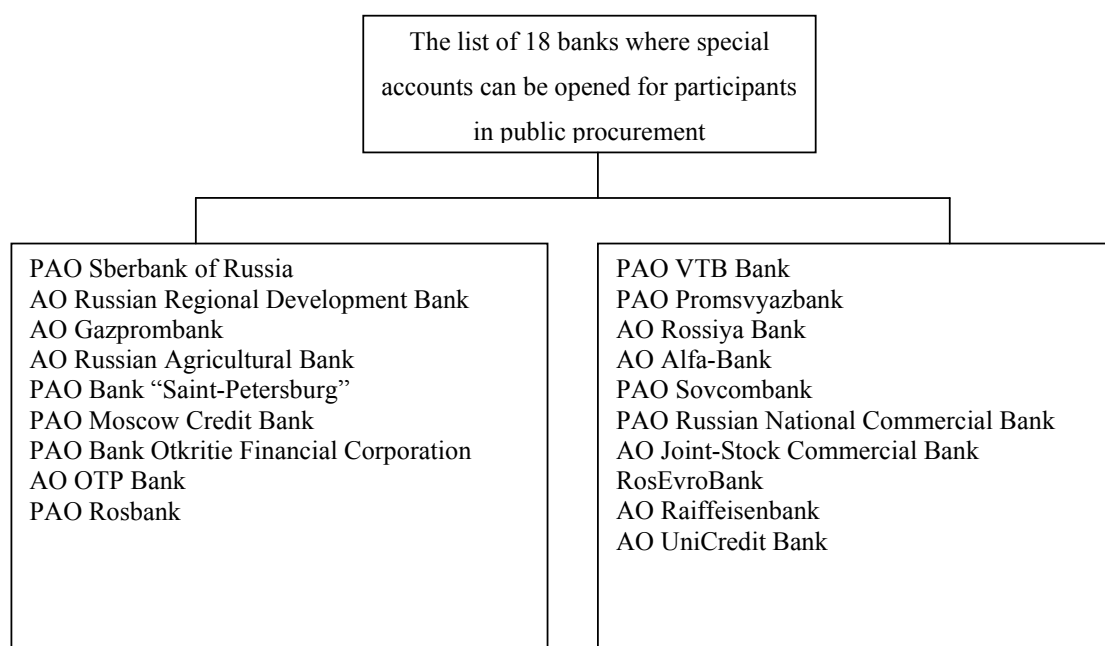


Fig. 3. Complete list of credit institutions with special accounts where money intended for securing applications is deposited by participants in procurement under federal laws No. 44-FZ and No. 223-FZ.

Source: <https://www.garant.ru/products/ipo/prime/doc/71890282/> (accessed on 15.05. 2019).

entities — the clients of the Ak Bars Bank received loans from individual investors of the Potok platform for about 6.5 million rubles. The investment portfolio consists of the subjects, 20 companies; the funds are diversified evenly, which increases the security of loans to individuals. In the first quarter of 2019, PAO Sberbank of Russia will launch a similar platform to develop the P2B direction.

Providing loans to small businesses, whose creditworthiness is not evaluated according to the classical methodology, the credit institution accumulates skills in the financial technology market, additional profits, forms a new circle of relatively loyal borrowers, optimizes the size and composition of credit risks [13]. For the digital platforms, expanding the sources to raise funds and their investment directions means reducing the duration of the financial cycle, new transactions and incrementing the financial result [14].

Objectively, the infrastructure of credit relations in Russia requires development of the formation of a single socio-economic complex oriented to the reproduction of stable links between financial and credit institutions

and market entities. Its system organization should contribute to the optimal distribution of the diversity of credit resources, reduction of transaction costs of banks, synchronization of credit links between different parts of the national market.

Indeed, in the future, in the Russian financial market, crowdfunding is predicted to make an independent capital investment by institutional investors (banks, private and public funds, financial groups) in the companies located on the platforms. The share of institutional investors in the crowdsector in the US and the UK is, respectively, 21% and 25% [15].

Moreover, in the financial system of these countries, an approach is widely known when a professional institutional investor (business angel, accelerator, fund) performs the function of a team leader. It is the team leader as a guarantee for the reliability of other investors interacts with the team of the invested project, on behalf of investors is in the borrower's board of directors, organizes professional expertise. At the same time, for example, in the Syndicate Room (UK), an ordinary investor

buys a share in a company where the presence of a large business angel is already marked. The Syndicate Room, as one of the first equity financing platforms at the beginning of 2019, accumulated funding in the amount of £ 215 million, interacts with more than 170 companies representing 30 areas of investment, and unites more than 150 team leaders.

In the mid-term, crowdfunding is given a signature role in institutional community based on the development of horizontal links focused on financial and technological methods of exchange and support. Among the factors of the crowdinvesting development are: the work of smart funds (OpenLedger, ICOO), blockchain technology, cryptocurrency.

Thus, in 2017, the use of crowdtechnologies on the WAVES blockchain platform contributed to the financing of the Russian startup ZrCoin in the amount of \$ 7.07 million from 3955 investors. The cost of the raw ZrCoin token is convertible with the cost of a kilogram of zirconium dioxide. Accordingly, borrowed funds are directed to finance the launch of two production lines of synthetic zirconium dioxide with a total capacity of 800 tons per month. During the ICO (public sale of tokens), the investors invested in lightcoin, bitcoin, ethereum.

Meaning the initial offer of coins and allowing small companies to avoid significant brokerage payments and a phased long listing procedure, ICO ZrCoin (Initial coin offering) was an effective substitute for IPO (Initial Public Offering). At the same time, the restrictions adopted in a number of countries on the ICO should be considered.

In the United States, by decision of the Securities and Exchange Commission (SEC), since 2017 the token has been equal to securities and is subject to regulation by relevant legislation (the first example of the Token of the DAO project). As a result, the sites initiating the ICO technology, to be safe, block access to participants with the US IP addresses and call it impossible for US investors to participate in crowdinvesting.

On the other hand, for companies with advanced development rates, relevant criterion indicators of income and mastering IPO technologies, the current US financial legislation provides a grace period of five years, during which the general audit requirements are not met. This benefit is mentioned in section 404 of the Sarbanes-Oxley Act (Sarbanes-Oxley Act; a law that tightened significantly the requirements for the financial statements of American companies and the process of their preparation since 2002).

Assessing the global scope of ICO-investment in projects, we note that in 2017 their volume amounted to 1.266 billion dollars, which is 470.27% more than in 2016 (222 million dollars), and two times more than venture capital in the blockchain and bitcoin projects in 2016.

The ubiquity of digital technologies leads to the development of a platform economy, where companies are leading, not in a specific industry, but providing complex services to the end user. It is necessary to emphasize the need for further development of the multifunctional services of the Russian platforms. Relying on foreign experience, we are speaking, in particular, about the marketplace of start-up vacancies, testing the secondary market of crowdfunds, trading recommendations services and portfolio management. As a result, high-grade ecosystems are formed for investors and start-ups, which in the future serve as the basis for the globalization of crowdplatforms [16].

The Center for Strategic Development in the analytical report "New funding tools for the development of technological companies: practice of use and prospects for development in Russia" highlighted a number of key risk scenarios for the development of crowdfunds presented in *Fig. 4*.

CONCLUSIONS

Significant approaches to regulate crowd-funding and, in particular, crowdinvesting, in Russia should be considered:

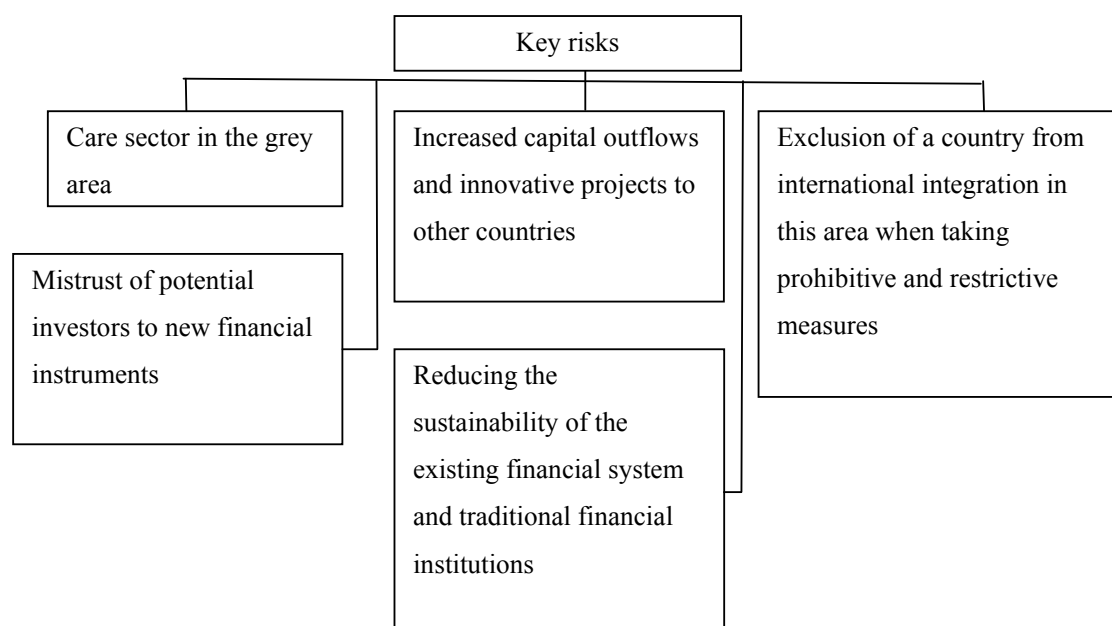


Fig. 4. Key risk scenarios for the development of crowdfunding

Source: URL: <http://www.cbr.ru/statichhtml/file/18221/bojor.pdf> (accessed on 14.05. 2019).

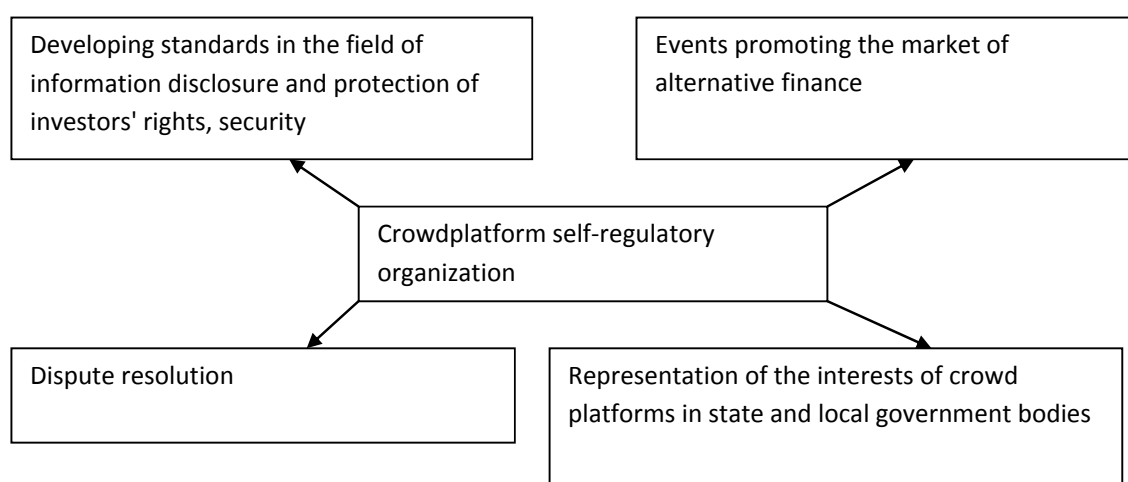


Fig. 5. Functions of self-regulatory organizations in the crowdfunding market

Source: URL: <https://www.csr.ru/wp-content/uploads/2018/05/Doklad-novye-dengi.pdf> (accessed on 15.05.2019).

- developing instruments for attracting traditional (institutional) investors to the financial mechanism of crowdinvestment while strengthening the position of non-professional investors [17];
- setting the upper limit of investment for non-professional investors. In this direction, as part of the instructions of the President of the Russian Federation, following the meeting on the use of digital technologies in the financial

- sector, the issues of investor classification and the establishment of a marginal amount of financial participation in a crowd transaction were updated. At the same time, it is important to consider the size of the income of resident individuals in the Russian Federation, comparing it with the same indicator in the countries where the restrictions are already applied;
- increasing for the investors the availability to the information about the general and

specific risks of the project funded by crowdfunding;

- official (normative) promotion of the All-Or-Nothing model (the alternative to the implemented Keep-it-All model) for all crowdfinance technologies. The platform representing the interests of the investor sets a goal and does not provide the project organizers with the next tranche until the goal is achieved;

- strengthening of the regulatory mechanism by the state of the intermediate participant (platform). In the case of crowd platforms, we are not speaking about the use of regulatory mechanisms already developed for investment funds, credit organizations, including banks and securities market. To build a productive system of state regulation, it is important to take into account the decentralized financial and economic nature of crowdfinance, and therefore, the phased implementation of a mechanism for their regulation.

Thus, the Bank of Russia considers the following sequence of actions:

- monitoring and voluntary survey of platforms;
- developing criteria for their classification and subsequent registration on this basis;
- reporting and establishing general requirements for financial indicators, risk management system for each classification group. Now some stages (in particular, voluntary survey of crowdfunding platforms) are being implemented. At the same time, the role of self-regulation tools has been updated in the leading countries of crowdfunding development. Thus, in France, the USA, Japan, and the UK, a crowdplatform, a member of a self-regulating organization, forms the business image of a reliable institution whose actions are focused on increasing the availability and quality of financial services for the population. The created institution of a self-regulating organization in the field of crowdfunding should be responsible for a number of activities indicated in Fig. 5.

The active participation of the Russian platforms in the development of the regulatory framework of their functioning is important. Thus, world experience shows the active policy of the well-known platform Symbid (the Netherlands), participating in the coordination of Dutch crowdfunding legislation. The actions are aimed primarily at improving standards in the field of crowdfunding stocks. The initiatives include joint promotion with Crowdsourcing.org and the European Crowdfunding Network (ECN) of the Crowdfunding Accreditation for Platform Standards (CAPS). The Symbid is also a member of the European Trade Association of Business Angels (EBAN) [18];

- regulatory consolidation of basic concepts in crowdfunding;

- developing tax preferences for crowdplatform on venture startups. For example, the UK legislation is focused on providing tax deductions to investors who invest in high technology companies (The Enterprise Investment Scheme Tax Shelter). English law also provides for a tax deduction on the amount of income tax (50% of the value of acquired shares of the company). This is the Seed Enterprise Investment Scheme (SEIS). At the same time, the maximum deduction is regulated — 150 thousand pounds sterling.

In Australia, Arts Tasmania, a joint program of state organization and the Pozible (a platform for financial support of creative ideas and projects), is known for the Crowdfunding Platform. Startups that successfully accumulate resources on the crowdplatform receive additional government funding (up to 2 thousand Australian dollars).

In Russia, among the proposals, the VAT exemption of crowdfunding platforms services is considered (similar with professional participants of the securities market);

- legal possibility to promote crowdtechnologies when financing infrastructure and other projects by means of public-private partnership (PPP) mechanism and crowdtechnologies (fundraising);

- further development of the venture business ecosystem [19]. At the same time, the majority of the current venture capital funds focus on professionals with experience in high technology. We emphasize the importance of attracting and developing personnel of financial specialization for who solving multidimensional issues of participation in project capital is a priority [20];

- taking measures to promote alternative financial instruments in the activities of the current development institutions (the Skolkovo Foundation, the Agency for strategic initiatives to promote new projects, the Internet Initiatives Development Fund, the Russian Venture Company, Vnesheconombank, the Federal State Budgetary Institution “Fund for the promotion of small enterprises in the scientific and technical sphere”). In this context we are speaking about the provision of grants, the promotion of social crowdfunding platforms;

- developing principles on a unified state policy in the field of support and regulation of the activity of alternative financing mechanisms. Now it is impossible to include crowdfunding institutions in business incubators; there are no co-funding programs for crowdprojects from the development institutions. In this area, the draft Federal Law “On attracting investments using investment platforms” (initiated by the Bank of Russia and the Ministry of Economic Development) has an unconditional practical interest; a number of working groups were created where professional market participants acted as full members, in particular:

- a working group at the Ministry of Economic Development of Russia to develop crowdfunding, crowdinvesting and crowd-lending;

- a Bank of Russia working group to monitor, to assess consumer risks and to develop

proposals on regulating the crowdfunding sector. In particular, public policy issues were discussed at the platform of the Fintech working group established on the basis of the Skolkovo Competence Center for Regulatory Regulation of the Digital Economy.

At the moment, a number of measures are being implemented to transfer to the target market model, including by the work of the regulatory “sandbox”. In the terms of this model, the platform work and its effectiveness are determined by meeting a number of criteria established by the Bank of Russia.

Some Asian countries, in particular Singapore, have experience in implementing the model. In this state, the created Monetary Authority (MAS) updates the regulatory approach in evaluating crowdinvesting and P2P lending projects. Regulatory sandbox allows investors, organizers and platforms themselves to implement innovations in the field of public lending, observing current legislation (platform FundedHere, platform alliance FundedByMe, CoAssets and New Union). When the platforms achieve the target effect, the MAS takes appropriate regulatory moderate steps. The principles of the regulatory sandbox and certification by the self-regulatory organization (UK Crowdfunding Association) are used in the UK, in France (national Financement Participatif France), in Japan (Japan Securities Dealers Association).

At the same time, the government policy should be balanced. Unreasonably high demands and low limits on the volume of transactions mediate the outflow of potential investors, as a result, the stagnation of the sector and its extinction. Finally, conservative enhanced control and regulation of project information disclosure means an unjustified increase in administrative costs, a decrease in the efficiency of project activities.

REFERENCES

1. Grundy D., Ohmer C. German crowd-investing platforms: Literature review and survey. *Cogent Business & Management*. 2016;3(1):1138849. DOI: 10.1080/23311975.2016.1138849

2. Larionov N.A. Russian model of venture financing: Current state and ways of development. *Vestnik Saratovskogo gosudarstvennogo social'no-ehkonomicheskogo universiteta = Vestnik of Saratov State Socio-Economic University*. 2014;(2):91–96. (In Russ.).
3. Kleshcheva S.A. Crowdfunding as an investment tool for innovative entrepreneurship. *Ekonomika i banki = Economy and Banks*. 2017;(2):40–46. (In Russ.).
4. Hornuf L., Schwienbacher A. Funding dynamics in crowdinvesting. University of Trier. Research Papers in Economics. 2015;(9). URL: <https://www.econstor.eu/bitstream/10419/121440/1/836325559.pdf> (In Russ.).
5. Zeinalov A.A., Gruzina Yu.M. Crowdinvesting as a promising tool for financing university startups as an early stage of small innovative enterprises. *Ekonomicheskie sistemy = Economic Systems*. 2017;10(2):59–64.
6. Zeinalov A.A., Gruzina Yu.M., Il'enkov D.A. Analysis of crowd technologies in Russia and in the world. *Upravlencheskie nauki v sovremennom mire = Managerial Science in the Modern World*. 2016;2(2):344–347. (In Russ.).
7. Kuznetsov V.A. Crowdfunding: Current regulatory issues. *Den'gi i kredit = Russian Journal of Money and Finance*. 2017;(1):65–73. (In Russ.).
8. Kievich A.V., Koipash D.A. Crowdinvesting as an alternative model of financing investment projects. *Ekonomika i banki = Economy and Banks*. 2016;(1):58–65. (In Russ.).
9. Lukkarinen A., Teich J.E., Wallenius H., Wallenius J. Success drivers of online equity crowdfunding campaigns. *Decision Support Systems*. 2016;87:26–38. DOI: 10.1016/j.dss.2016.04.006
10. Fiyaksel' E.A., Sokolov I.N., Solokhin A.A. Crowdinvesting. An overview of the research and intermediate results of development. *Innovatsii = Innovations*. 2017;(7):42–54. (In Russ.).
11. Suvorov N.S. Crowdfunding as an alternative source of financial support for small business. *Vestnik Voronezhskogo gosudarstvennogo universiteta inzhenernykh tekhnologii = Proceedings of the Voronezh State University of Engineering Technologies*. 2016;(3):401–403. DOI: 10.20914/2310–1202–2016–3–401–403 (In Russ.).
12. Litvintsev D.O. IPO of an innovative company as a way to exit a venture fund in Russia. *Sibirskaya finansovaya shkola = Siberian Financial School*. 2016;(5):137–141. (In Russ.).
13. Schenk R. Crowdfunding goes crowdinvesting. München: GRIN Verlag; 2012. 120 p.
14. Kislitsyna L.V., Suvorov N.S. Topical issues of the small business funding organizational process. *Baikal Research Journal*. 2016;7(4):7. DOI: 10.17150/2411–6262.2016.7(4).7 (In Russ.).
15. Ezangina I.A., Evstratov A.V., Jovanovic T.G. Challenges and perspectives for development of banking credit infrastructure in Russia. *International Journal of Economics and Financial Issues*. 2016;6(2):58–64.
16. Klimovich M.A. Digital technologies as a driver of structural growth: Opportunities and prospects. *Ekonomika i predprinimatel'stvo = Journal of Economy and Entrepreneurship*. 2017;(12–3):1291–1295. (In Russ.).
17. Dvoret'skaya A.E. Non-bank lending: Crowdsourcing and its prospects. *Bankovskoe delo = Banking*. 2017;(4):20–29. (In Russ.).
18. Schwienbacher A. Crowdinvesting in the Netherlands: Market analysis, securities regulation and policy options. Duisenberg School of Finance. DSF Policy Paper. 2015;(48). URL: <http://docplayer.net/36158729-Crowdinvesting-in-the-netherlands-market-analysis-securities-regulation-and-policy-options.html>.
19. Drobyshevskaya L.N., Isaeva L.A. The development of syndicated investments in Russia:

The role of crowd technology. *Ekonomika ustoichivogo razvitiya* = *Economics of Sustainable Development*. 2016;(4):25–31. (In Russ.).

20. Sazonov S.P., Ezangina I.A., Makarova E.A., Gorshkova N.V., Vaysbeyn K.D. Alternative sources of business development: Mezzanine financing. Scientific Papers of the University of Pardubice. Series D. Faculty of Economics and Administration. 2016;(37):143–155. URL: <https://docplayer.net/40204513-Alternative-sources-of-business-development-mezzanine-financing.html>.

ABOUT THE AUTHORS



Irina. A. Ezangina — Cand. Sci. (Econ.), Associate Professor, Department of Management and Finance of Industrial Systems and Technological Entrepreneurship, Volgograd State Technical University, Volgograd, Russia
ezangirina@rambler.ru



Aleksandr V. Evstratov — Cand. Sci. (Econ.), Associate Professor, Department of World Economy and Economic Theory, Deputy Dean, Faculty of Economics and Management, Volgograd State Technical University, Volgograd, Russia
evstratov.mail@gmail.com

*The article was received on 10.02.2019; accepted for publication on 20.05.2019.
The authors read and approved the final version of the manuscript.*