Law, trust, and the development of crowdfunding

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JEL Classification: G21; G23

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I. Introduction

Crowdfunding, also sometimes referred to as alternative or distributed financing, is not a new phenomenon. Charities have long relied on donor drives that aggregate small donations to fund their causes.[1] What is new is the global growth of crowdfunding platforms and the volume of financing they provide. From around $0.5 billion of funding through crowdfunded platforms in 2011, the volume has grown to nearly $140 billion in 2015, a growth rate of over 200% per annum, one of the fastest rates of growth of any type of financial innovation documented in recent history. Today crowdfunding is a global phenomenon with finance available in almost every country in the world. The growth has largely been fueled by technology, hence giving rise to the term fintech.[2] Despite this, there is no literature analyzing the determinants of growth of crowdfunding, the diversity of business models, or their evolution.

In this paper, I analyze the economic determinants of crowdfunding around the world. Drawing on a unique survey-based global database of the volume of crowdfunding, I document the volume and determinants of crowdfunding in 152 countries across the world, covering a total of 1,362 platforms.

Understanding the determinants of crowdfunding is important for at least two reasons. First, a large body of theoretical and empirical literature suggests that the expansion of financial systems is important in affecting economic growth and poverty in developing countries (see, for example, Levine, 2005, or Burgess and Pande, 2005). Bruton et al. (2014) argue that crowdfunding allows investors and entrepreneurs to connect directly, allowing investors access to new investment opportunities. Stigler (1971) and Rajan and Zingales (2003) argue that incumbents oppose financial development that increases competition, implying that crowdfunding offers countries with large unbanked populations last mover advantages in bypassing the formal financial system (Arner, Buckley, and Zhou, 2015). Crowdfunding has been suggested as a form of innovation that is likely to have the same impact on economic development as mobile phone penetration (Aker

[1] A frequently cited example is Joseph Pulitzer's campaign to fund the pedestal of the Statue of Liberty in 1885, described in BBC News Magazine ("The Statue of Liberty and America's Crowdfunding Pioneer,", April 25, 2013).

[2] According to the Financial Stability Board in the UK, "'FinTech' consists of any technologically enabled financial innovation that could result in new business models, applications, processes, products, or services with an associated material effect on financial markets and institutions and the provision of financial services." In this paper, I confine my attention to crowdfunding platforms, specifically online marketplace lending, equity, reward, and donation based crowdfunding.

and Mbiti, 2010) or microcredit (Johnson, 1998). However, there is no evidence on whether crowdfunding is more likely to penetrate financial systems in countries with little formal credit.

Second, the law and finance literature (beginning with La Porta, Lopez-de-Silanes, Shleifer, and Vishny (LLSV), 1998) has argued that the extent to which a country's laws protect investor rights, and the extent to which those laws are enforced, fundamentally determines how corporate finance and corporate governance evolves in that country. However, both the financial policies studied in the prior literature and the legal regimes have co-evolved over long periods. Hence, while the prior literature document correlations between legal regimes and forms of financing, it is difficult to convincingly argue that the legal regime *causes* forms of corporate finance and governance to evolve. Crowdfunding is a new form of financial innovation, that has rapidly increased in popularity in a very short period over which the legal systems have not adapted to these financing types. Hence, it is easier to attribute a *causal* effect to legal regimes in determining the volume and types of crowdfunding.

Though the popular press often treats crowdfunding platforms as relatively homogenous, there are four distinct types of business models – debt (lending) platforms that specialize in debt financing, equity platforms that allow firms to raise equity financing from investors, reward-based platforms where funders promise backing in exchange for a non-monetary reward but little in the way of recourse should the reward not arise, and donation platforms, where funders receive nothing except presumably the satisfaction of carrying out a good deed, in return for funding. The first two types of platforms are financial return models while the latter two are non-financial return models. Examples of the four types include Prosper.com, a P2P lending platform, CircleUp, a United States (US) based equity platform, ArtistShare, a reward-based platform for artists where funders get access to extra material directly from the artists, and FundMyTravel, a donation platform hosting campaigns by travelers who wish to fund study or volunteer trips, or simply wish to travel abroad, respectively. Regardless of the type, crowdfunding differs in many respects from both traditional bank or debt market borrowing and venture capital equity funding. For example, the funders are usually geographically distributed and loosely organized, if at all. Almost all communication occurs in online open communities. Finally, crowdfunding is comparatively unregulated in its current form. Lending on a person-to-business (P2B) market, for example, leaves the lender with little recourse should the borrower default.

There is considerable variation in the number of platforms and the volume of financing provided in different countries. I investigate three dominant dimensions. The first is the overall transaction volume and number of platform business models originating in different countries. Of the total global volume of crowdfunding ($139 billion in 2015), China, the US, and the United Kingdom (UK) form the three largest markets with around $103 billion (74%), $28 billion (20%), and $5 billion (4%), respectively, of global volume originating in these three countries. The same pattern holds when I examine the number of platforms. 41% of all crowdfunding platforms originate in developed countries, while 59% originate in emerging markets. However, the largest portion of the emerging market volume is in China which accounts for 29% of all platforms globally. While the remaining 124 emerging markets account for 30% of all platforms globally, they account for only around 0.3% of global crowd financed volume. The univariate evidence suggests that crowdfunding is not a developing markets phenomenon.

The second dimension is the split between volumes on financial and non-financial return platforms. 98% of global crowdfunding platforms are debt or equity platforms that investors use to earn financial returns. The volume of financing obtained through reward- or donation-based platforms is comparatively minute at 2%. However, the relative proportions of financial and non-financial volumes vary considerably between regions. In developed markets, non-financial return-based platforms form 3% of total volume while in emerging markets (excluding China), the corresponding volume is 21%.

The final dimension is the cross-country variation in the type of financing on financial-return platforms. Worldwide, debt-based platforms are dominant with 96% of global crowdfunding volume originating on these platforms. Equity platforms, in contrast, account for just 2% of total volume. However, these overall numbers again conceal a great deal of cross-country variation. In developed markets, for example, debt and equity markets account for 94% and 6% respectively of total financial return transaction volume, in contrast to 82% and 18%, respectively, in emerging markets (again excluding China).

To explain the variation across these dimensions, I empirically model the volume of transactions as a function of several economic factors. The overall level of crowdfunding volume is almost always strongly *positively* related to the level of development of the market. Inconsistent with the financial inclusion hypothesis, developed markets have significantly higher crowdfunding

volume than emerging markets. Controlling for the level of market development, there are three other sets of factors that significantly affect the volume of crowdfunding within the country.

The first factor is the underlying legal system in the country. As noted above, the law and finance literature has argued that a country's legal regime, civil law or common law, affects the type of financing patterns in that country. I find little evidence that the legal regime matters. The type of legal regime is almost never significant in any of the regression models. However, other aspects of the legal system do appear to matter in determining the volume of crowdfunding. In particular, the rule of law, control of corruption, and the quality of regulation in the country are all significantly positively related to the volume of crowdfunding across a range of specifications. High regulatory quality increases the volume of crowdfunding.

The second factor is the level of rents earned by extant financial intermediaries. These rents are likely to arise from barriers to entry in doing business. Models of public choice, politician self-interest, and public interest all predict a negative relation between the ease of doing business and the volume on alternative financing channels such as crowdfunding. For example, in his regulatory capture model, Stigler (1971) argues that incumbents lobby for regulations, such as regulations on entry, that create rents for themselves. Regulation of entry keeps out competitors and raises incumbent profits. Consistent with Stigler, Philippon (2015) documents that financial intermediation costs in the US appear to be unchanged over the past hundred years, and argues that there is no evidence that the banking sector has become more efficient over time. Claessens and Laeven (2004) argue that the banking sector is characterized by monopolistic competition due to high entry barriers, switching costs and strong brand loyalty. Crowdfunding platforms are relatively unregulated, have considerably lower costs than the formal banking network, and hence may act as substitutes for bank credit, offering better credit terms to firms that would otherwise seek formal credit. Consistent with these models, I find significant negative relationships between the ease of doing business and crowdfunding entry in several specifications. However, I do not find a positive relation between direct measures of economic rents earned by banks in the country and the level of crowdfunding volume.

In addition, following the 2008 financial crisis, banks were forced to tighten lending standards across the US and Europe. Consequently, a significant number of small enterprises and individuals lost access to bank financing, allowing platforms to potentially also complement the banking

system by offering credit to borrowers who would otherwise not have access to credit (Havrylchyk, Mariotto, Rahim, and Verdier, 2016). I find little support for this alternative channel. Measures of financial market depth, such as the level of domestic credit to the private sector and stock market capitalization to GDP, do not have much explanatory power in my regressions.

The final factor is a supply factor, arising from user demographics, both formal and informal. Formal demographics measure the sophistication of the user base in a country. If a significant number of individuals use the Internet, for example, platforms are likely to be more easily able to raise funding from lenders. The level of financial development in the country and the ease of access to the Internet both appear to be significant in explaining crowd funding volume. Informal demographics measure social factors such as the level of trust individuals have for strangers in that country. The level of trust individuals have for strangers also appears to be significantly positively related to volume of crowdfunding.

Overall, I conclude that crowdfunding is largely a developed market phenomenon, with borrowers raising financing, largely through fixed-income instuments, from investors driven by financial motives. It has not significantly developed in emerging markets. The quality of regulation, the development of the financial system, and the ability of investors to access the Internet are all positively related while the ease of doing business is negatively related to crowdfunding volume.

This paper contributes to the nascent macro-literature on crowdfunding by analyzing the determinants of crowdfunding platforms across the world. While there is a growing literature on the micro-determinants of financing by investors on specific online platforms, predominantly Kickstarter, Lending Club, and Prosper, there are almost no papers that formally model the determinants of crowdfunding. Most prior literature uses limited geographical or business model information to draw inferences on the population. For example, Michels (2012), Zhang, and Liu (2012), Lin, Prabhala, and Viswanathan (2013), and Iyer, Khwaja, Luttmer, and Shue (2016), all use data from Prosper.com, a large peer-to-peer (P2P) lending website in the United States (US), while Li and Martin (2016), Mollick and Nanda (2016), and Thürridl and Kamleitner (2016) use data from Kickstarter, a reward-based platform in the US. These papers delve into micro-level questions such as whether individuals are better able to screen their peer's creditworthiness than formal credit scoring methodology, but by design, are unable to examine the degree of relative

importance of each funding model. As I document, the reward-based model forms a relatively miniscule portion of the crowdfunding universe. Similarly, consumer lending, with data drawn from sources such as Prosper also forms less than half of the universe. It is unclear whether conclusions drawn from specialized crowdfunding models can be generalized to the macro universe of models globally. Moreover, the limited research that does examine the determinants of crowdfunding typically does not rely on a formal framework. For example, Dushnitsky, Guerini, Piva, and Rossi-Lamastra (2016) model the drivers of crowdfunding platform creation in 15 European countries but do not embed their hypotheses in a framework. Haddad and Hornuf (2016) investigate the economic determinants of fintech startups using 2014 data from Crunchbase.[3] Their dependent variable, the number of startups, is a count variable, and they aggregate all types of fintech startups (including financing, asset management, payment, and other business activities) into the same econometric model, again without a formal framework.

The remainder of the paper is organized as follows. In Section II, I describe the data used in the analysis. In Section III, I analyze the determinants of crowdfunding. Section IV concludes.

II. Data and methodology

I obtain my data from the annual surveys conducted by the Cambridge Centre for Alternative Finance (CCAF) hosted at the University of Cambridge. The data will be published on the *CCAF-World Bank Global Marketplace and Alternative Finance (Market Volume) Data* in 2017. Since 2014, the CCAF has been conducting a series of annual surveys, initially in the United Kingdom (UK) alone, expanding to Europe in 2015, and worldwide in 2016. The surveys collected data on both transaction and model-specific volumes based upon information provided by individual platforms across Europe, the UK, North America, Latin America, the Caribbean, Asia-Pacific (including China), the Middle East, and Africa. The surveys were designed to capture the size and type of crowdfunding activity on each platform between 2013 and 2015. However, since the volume of activity in prior years is backfilled by the existing platforms in 2015, there is a potential for survivorship bias in the 2013-2014 data. Hence, in this study, I only analyze cross-sectional data for 2015.

[3] Available from crunchbase.com

To construct the survey, the CCAF research team first created a list of online crowdfunding platforms after contacting national crowdfunding associations and after manually searching websites. The team then communicated directly with the online platforms, explaining the study's objectives and providing a copy of the research proposal and questionnaire. In cases where the survey team could not obtain primary data (or where there were discrepancies in reported data), the team obtained secondary data (from public information, annual reports, and press releases). Finally, the CCAF team used Python scripting and widely used web-scraping methodologies to complement the survey results and confirm reported data volumes by matching against platforms' self-published figures for the past six years. The research team verified all gathered datasets before aggregating.

For online alternative finance platforms that offered "mixed" or "other" finance models/products, or operated in more than one country[4], the team broke down transaction volumes further and computed model-specific or country-specific volumes based upon the information the platform provided. Whenever necessary, the research team validated responses by clarifying ambiguous responses or by requiring more detailed data breakdowns in various geographies from the platforms. Finally, the data was anonymized by deleting all platform-identifying information. For all average data points (e.g. funder sophistication), weightings (by transaction volume) were applied and significant apparent outliers were removed. To this data, I make a few additional judgment calls for further classification.[5]

I construct several dependent variables from this data. I first aggregate individual platform crowdfunding values to obtain country values. Dollar values are obtained directly from the survey since most platforms, except for European, British, and Chinese platforms, were asked to convert their volumes into US$ based on the exchange rate when they completed their survey. European, British, and Chinese platforms provided their volume data in Euros, GBP, and RMB, respectively, and these were converted to US$ based on the exchange rate at the end of 2015. I then apply a log transformation to minimize the effect of outliers. Hence, the primary variable in most of the

[4] Examples include Homestrings.com, bettervest GmbH, Funding Circle, OurCrowd, greenvesting.com, Lendico, Emerging Crowd, Crowdcube, HelpingB, Planeta, Kickstarter, Indiegogo, and Kiva.

[5] For example, I classify Turkey as an Asian country though the Turkish data was collected as part of the European survey 2015. Data from some UK firms were collected as part of the European survey. For the purposes of this study, they were reclassified into the UK market. Prodigy Network is a US equity crowdfunding platform that operates in Europe. Data for this firm was collected as part of the European survey.

analyses is the log(crowdfunding volume (in US$) per capita+1) by country. To compute per capita values, I use either total population or total urban population, both numbers obtained from the World Bank World Development Indicators. Using either measure gives me similar results, so for brevity, I only report the per capita values based on the total population.

In subsequent analyses, I split the total crowd-funding volume into business and consumer volume separately. Platforms usually cater either to business funding needs or individual consumer (retail) funding needs. The CCAF data specifically asks only for business finance volume. Hence, I infer consumer funding volume as the difference between total and business finance volume. If platforms catered to both business and consumer funding needs, the total business finance volume was attributed to the two different funding models, either based on secondary information when this was available from the platform, or evenly allocated across the two funding models, if additional information was not available.

I also split the total volume of crowdfunding into financial and non-financial return models. Financial return models are mainly comprised of debt and equity funding models, while non-financial models are comprised of reward- and donation-based funding models. Finally, I split the total volume of financial return models into debt funding models and equity funding models. I classify countries as developed markets or emerging markets based on both the MSCI market classification framework and the FTSE Annual Country Classification Review, 2016.[6]

I use the same broad categories of independent variables across all my models. The first category of independent variables proxies for the underlying legal system in the country. I measure the quality of the legal system by its legal regime (civil, common, or Islamic law) and other proxies. The country's legal regime has been shown to have direct influence on various financing and governance policies. For example, common-law countries generally have the strongest legal protection for investors, and this impacts dividend policy (LLSV, 2000), access to external finance (Demirgüç-Kunt and Maksimovic, 2002), debt enforcement (Djankov, Hart, McLiesh, and Shleifer, 2008), the level of cash balances (Dittmar, Mahrt-Smith, and Servaes, 2003) and other financing policies. The data for the legal regime in the country (common-, civil- and Muslim-law) are taken from the CIA World Factbook. For the remaining characteristics of the legal system, I

[6] The two classifications agree, apart from South Korea which is classified as developed by FTSE and emerging by MSCI. I classify South Korea as a developed market in line with the FTSE framework in my analysis.

draw on three measures of regulatory quality and corruption from the Worldwide Governance Indicators, described in Kaufmann, Kraay, and Mastruzzi (2010): (1) Rule of Law (RL) to capture perceptions of the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, property rights, and the courts, (2) Control of Corruption (CC) – to capture perceptions of the extent to which public power is exercised for private gain, and (3) Regulatory Quality (RQ) to capture perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.[7]

The second category of independent variables relates to the level of economic rents earned by extant financial institutions in the country. The level of economic rents is likely to be inversely related to the ease of doing business in the country. There are three models that relate the ease of doing business to the volume of crowdfunding, all giving rise to roughly the same prediction – that there will be a negative relationship between the ease of doing business and the volume of crowdfunding.

The first, public choice theory (Stigler, 1971) argues that incumbents in an industry lobby for regulations to keep out competitors and create rents for themselves. Relatively unregulated entrants, such as platforms, may be able to bypass these regulatory requirements, creating a negative relation between the ease of doing business and the volume of crowd finance. Hornuf and Schweinbacher (2016) document that in many jurisdictions, security regulations offer exemptions to prospectus and registration requirements to crowdfunding platforms.[8] The second, the politician self-interest view (Shleifer and Vishny, 2002), argues that politicians and officials create regulations to extract bribes in return for providing permits to operate. This view also predicts a negative relation between the level (and profitability) of crowdfunding volume and the ease of doing business. Finally, the public interest theory of regulation (Pigou, 1938) argues that regulatory barriers screen out low-quality or undesirable entrants and consequently also predicts a

[7] Table 1 in their paper and the Documentation tab of www.govindicators.org describes the variables in detail. The underlying measures are combined into an aggregate measure using an unobserved components model.

[8] For example, in the US, the Jumpstart Our Business Startups (JOBS) Act in 2012 included Title II crowdfunding amendments that allowed small and emerging businesses to solicit funding actively for up to $1 million per year from accredited investors, defined as those with a net worth of more than $1 million or who have earned more than $200,000 consistently for the last three years. They do not need to file registration statements either with the SEC or at state level. Since May 2016, the new Regulation A+ crowdfunding provisions (also known as Title IV) has opened the crowdfunding market to non-accredited investors (specifically those earning more than $100,000 per year).

negative relation between the ease of doing business and the level of crowdfunding volume. The difference between the three mechanisms is that in public choice theory, platforms form because they can bypass the regulations that govern formal financial institutions. In the politician self-interest view, politicians put in regulations to extract rents from profitable industries. Finally, in the public interest view, investors trust that regulators have scrutinized the platforms appropriately and invest greater amounts in approved platforms. Though the empirical predictions are similar, given the general lack of formal regulation (through exemptions or because regulators need to decide how to regulate novel financial models) of the crowdfunding industry in 2015 and the relatively low volume of business (and hence extractable profits) relative to the banking industry, the mechanism underlying public choice theory seems more convincing than the mechanism underlying the other two mechanisms. I draw on four measures of the ease of doing business including the number of procedures and days for a small- to medium-sized limited liability company to start up and formally operate in the economy's largest business city, using data from the World Bank Doing Business website. Djankov, La Porta, Lopez-De-Silanes, and Shleifer (2002) describe the variables in detail.

I also directly measure the level of economic rents earned by financial institutions and markets in providing financial services. To measure rents, I use two measures from the World Bank Global Financial Development Index (GFDI) database – the bank return on assets and the Lerner index for banks.[9] Rent variables for financial institutions include measures such as the net interest margin, non-interest income to total income, and return on assets. Since these variables are highly correlated, in the tests, I report only results with bank return on assets, though the results are qualitatively similar with the other variables. The Lerner index, a measure of the markup, is a measure of market power in the banking market. I use these two measures as proxies for the economic rents being earned by existing formal financial institutions in the country and I expect a positive relation between the level of rents and overall platform volume.

My third category of independent variables measures the level of supply of crowdfunding. The first source of financing comes from the overall access individuals have to the market, specifically the degree to which individuals use financial institutions and markets. To measure access, I use

[9] See Appendix 1 in Čihák, Demirgüç-Kunt, Feyen, and Levine (2012) for a description of the data sources compiled by the World Bank.

two measures, one from the Global Competitiveness Report from the World Economic Forum (WEF) and the other from the GFDI database. The WEF variable is the overall financial market development rank. The WEF measures this as a composite of two factors, efficiency (incorporating issues such as whether financial services meet business needs, affordability of financial services) and trustworthiness (incorporating issues such as the soundness of banks). The GFDI variable is the percentage of respondents with an account at a formal financial institution. Other proxies such as the number of bank accounts per 1000 adults yield similar conclusions, and since they are highly correlated with the percentage of bank accounts, I only report results with the latter.

In addition, I use two sets of demographic variables, both formal and informal. Formal demographics measure the sophistication of the user base in a country. I use the WEF country rankings for the percentage of individuals using the Internet in that country, the higher education and training rank, and the technological readiness rank. Higher education and training is a composite of the quantity and quality of higher education in the country and the availability of on-the-job training. Technological readiness is a composite of the rate of technological transfer, availability, and adoption. Informal demographics measure the trust individuals have towards strangers in their country. I extract this from the World Values Survey database based on responses to the question: How much do you trust people you meet for the first time? Other measures of trust drawn from the survey are highly correlated and hence, I restrict myself to this variable in my main analysis. Across all measures, I expect a positive relation between the supply of financing and platform volumes.

Another channel which can be either supply or demand driven is the financial depth of the market. Rajan and Zingales (1998) find evidence that industrial sectors that are relatively more in need of external finance develop disproportionately faster in countries with more developed financial markets. Because platforms supply additional channels of financing to firms, it seems plausible that the level of financial depth within a country will be positively related to the level of crowdfunding volume. I expect a positive relation between financial depth and platform volume. However, since my proxies for financial depth are largely dependent on the type of financing, I use separate financing-specific proxies when I model the levels of debt and equity financing.

I use three measures of debt-market financial depth. The first is private credit, defined as bank credit to the private sector as a percentage of GDP. There is a wide literature demonstrating the

link between private sector credit to GDP, and long-term economic growth (see for example, King and Levine, 1993). To capture this concept, I use the ratio of domestic credit provided to the private sector by banks, from the World Bank World Development Indicators database. Another measure of financial depth is the power of creditors. When lenders can more easily force repayment, or gain control of collateral, or the firm itself, they are more willing to extend credit (see for example, Aghion and Bolton, 1992, or Hart and Moore, 1994, 1998). I use the country ranking for legal rights from the WEF database, which measures the degree to which collateral and bankruptcy laws protect borrowers' and lenders' rights. A third measure of financial depth is the level of asymmetric information. When lenders have confidence that the borrowers are providing accurate information, they are not as concerned about the lemons problem of financing negative net present value projects, and therefore extend more credit (see for example, Stiglitz and Weiss, 1981). I use the WEF country rankings for ethical behavior by firms (based on survey answers to a question on rating the corporate ethics of companies) and the strength of auditing and reporting requirements. For equity-specific measures of depth, I use measures of market concentration, specifically, the stock market capitalization as a percentage of GDP, from the GFDI database, and WEF country rankings for the level of financing through the local equity market, the protection of minority shareholders' interests, the strength of investor protection, and the availability of venture capital.

Appendix A contains the definition of all the independent variables used in the paper along with details on the construction of these variables.

III. Results

III.A. *Descriptive statistics*

Table 1 describes the major types of business models reported by platforms on a global basis. I divide the models into financial return models, where investors expect a monetary return in return for their investments, and non-financial return models, where funders either expect a non-monetary reward (a T-shirt for example), a product (usually an early or discounted version of a final commercial product), or invest based on philanthropic or civic motivations with no expectation of any monetary or material return.

Financial return models are divided into debt and equity financing models. Debt financing models are classified into business lending models, where individuals or institutional funders provide loans to business borrowers, usually a small or medium enterprise (SME), or consumer

lending models, where individuals or institutional funders provide a loan to consumer borrowers, mostly in the form of unsecured personal loans. Prosper, a platform, whose data is publicly available from its website and has been extensively studied in the micro-literature on crowdfunding, is a consumer lending model.

The other types of debt financing models are relatively small in comparison to these two types. They include invoice trading, or factoring models, where funders purchase invoices or receivable notes from a business at a discount, mini-bond markets[10], where firms issue non-recourse bonds with limited disclosure, and microfinancing, where funders lend small sums to entrepreneurs who are often economically disadvantaged and financially marginalized. While there is a debt obligation incurred in microfinancing, the amounts lent are typically small.

Equity or profit sharing models are classified into equity funding models and more rarely, community share models. Equity funding models involve the sale of securities, either registered (in the US for example) or unregistered (in the UK, for example), mostly by early–stage firms while community share models typically the offer of shares in social enterprises, serving local community purposes in particular localities. Community shares are typically purchased by older investors with strong ties to their communities.

There are two types of non-financial return models - reward-based crowdfunding and donation-based crowdfunding. In the former, backers provide financing to individuals, projects or companies in exchange for non-monetary rewards or products. Kickstarter, another platform that makes its data available, has also been extensively studied in the micro-literature, and is an example of this type of funding model.[11] Donation-based crowdfunding provides funding to

[10] Mini-bond markets exist only in the UK. While mini-bonds are debt instruments and fall under the 'retail bond' category, they are exclusively offered on equity-based crowdfunding platforms in the UK. They are not similar to corporate bonds or other debt-instruments that a debt-based crowdfunding platform offers. Mini-bonds typically last around 5 years in duration and offer an interest rate of between 5-8% a year. They are non-transferable, non-readily realisable, almost always unsecured, and fall outside of the UK Financial Services Compensation Scheme. If the issuer were to default on its mini-bond, the investor has no recourse, the default being viewed as a loss akin to losing an equity investment. In addition, the bond has little liquidity, with the investor's funds locked in until maturity in the absence of a secondary market. The issuing company also has limited requirements around disclosure and is unregulated. In contrast, platforms such as UKBondNetwork offer corporate bonds which, unlike mini-bonds, are subject to high levels of due-diligence and disclosure. They also are typically secured and tradeable, if a counter-party exists, and offer risk-adjusted returns.

[11] A widely cited example of a project that was successfully funded through Kickstarter was the Veronica Mars movie project. Following the cancellation of the television series on UPN/CW, the director Rob Thomas, sought but failed to obtain financing from Warner Bros. In March 2013, Thomas launched a fundraising campaign to produce the film through Kickstarter, offering incentives to those who donated $10 or more (see *Entertainment Weekly*, March 13, 2013

individuals, projects or companies based on philanthropic or civic motivations with no expectation of monetary or material return.

Appendix B lists the unique countries and platforms surveyed by year of first survey. There are 1,609 platforms across all years. The CCAF began surveying platforms in 2014 in the UK, accounting for the 28 UK platforms with data available in 2013. It expanded to Europe in 2015, for an additional 136 European platforms (including Turkey, which was re-classified as an Asian country in this paper). All the remaining regions were surveyed in 2016 and data was obtained for platforms in 2015. Though the platforms were asked to provide data in the past three years, the data from prior years is subject to a backfilling bias, hence I focus on the 1,413 platforms that report data for 2015. Eliminating platforms which did not report data on crowdfunding volumes gives us a final total of 1,362 platforms that form the basis of the subsequent analyses.

Appendix C aggregates crowdfunding volumes by country. It reports the number of platforms by country, and the aggregate volume of crowdfunding, separated into business financing and consumer financing respectively. A summarized version of this table is reported in Table 2.

Specifically, Table 2 reports the number of platforms, total volume, business volume, financial and non-financial motive volume, debt- and equity-financed volume, and the number of funders and fund-raisers, by type of market. Dushnitsky et al. (2016) quote the Massolution 2015 Crowdfunding Industry Report to note that Europe forms an extremely large portion of the crowd-financing market. Of the 1,250 platforms active worldwide, they note that European platforms account for 48%, compared to the 30% share represented by North American platforms. Table 2 shows that this is inaccurate because it does not include the volume represented by Chinese platforms. All developed markets represent around 41% of the number of platforms globally. China alone accounts for 29% of the number of platforms globally. The remaining platforms account for 30% of the total number of platforms.

More important, the number of platforms is less economically important than the volume of transactions on these platforms. Table 2 shows that the volume of transactions on the platforms is significantly more concentrated than the number of platforms. Nearly all the crowd-financing

at http://ew.com/article/2013/03/13/veronica-mars-movie-kristen-bell-kickstarter/). Funders who pledged $10,000 were promised a part in the film. The campaign reached its $2 million goal in less than eleven hours (*Variety* 2013, see https://variety.com/2013/more/news/veronica-mars-kickstarter-reaches-1-million-in-funds-1200194274/).

volume in emerging markets arises in China, which accounts for a striking 74% of total crowdfunding volume, 80% of business volume, and 69% of consumer financing volume. The remaining volume is almost all in developed markets.

Figures 1 and 2 illustrate the number of platforms and volume of crowdfunding, respectively, across all models reported by platforms globally. Both numbers and volumes are classified using a blue-yellow-red scale with redder hues denoting a greater volume of crowdfunding. Except for a few countries in central Asia, Africa, and the middle East (the most notable being Kazakhstan, Libya, Sudan, and Saudi Arabia), crowdfunding platforms are available in almost every country around the world. However, the contrast between China, the US, and the rest of the world is also starkly evident in these figures. Because of the extremely high volume of transactions in China, there is relatively little variation in the rest of the world, apart from the US. I therefore apply a log transformation to the volume of crowd-financing per capita, computing the log(volume of crowd-financing per capita+1) by country.[12] This allows us to reduce the impact of outliers, China in particular, on the data. Figure 3 shows that there is now a considerably larger degree of dispersion across countries. In the subsequent analyses, therefore, I use log(crowdfunding volume per capita+1) as the dependent variable instead of the actual crowdfunding volume.

Classifying total volume into financial and non-financial motives shows that financial motives dominate crowdfunding patterns across the world. 97% of all crowdfunding in developed markets and 99% in emerging markets occurs for financial motives. Interestingly, excluding China from emerging markets, reveals that non-financial motives play a significantly greater role in emerging markets than in developed markets. Excluding China, 21% of total crowd-financing volume in emerging markets is carried out on non-financial return platforms. In contrast, in developed markets, the corresponding percentage is 3%.

Classifying financial motive volume into debt and equity finance volumes shows that the predominant financing model is debt. Around the world, debt financing accounts for 96% of total financing and 98% of total financial motive financing. Again, the pattern changes in emerging markets. Excluding China, in emerging markets, the proportion of debt drops to 82% of financial motive financing. Interestingly, though Islamic law prohibits acceptance of specified interest or

[12] A Box-Cox transformation (1964) of the dependent variable shows that the lambda value is close to zero, suggesting that the log transformation is appropriate.

fees for loans of money (known as *riba*, or usury), Islamic law countries also report a greater proportion of debt (56%) than equity financing (44%) volume. It is noteworthy, however, that the relative proportion of equity financing volume in Islamic countries is substantially higher than in other areas around the world.

Finally, Table 2 also reports the aggregate number of funders and fund-raisers. Since platforms do not track their funders across platforms, in the absence of unique identifiers, it is impossible to eliminate double-counting. Hence, I just report these numbers for completeness and do not analyze them in more detail.

Though the pattern in the volume of transactions is more concentrated than the pattern in the number of platforms, the number of platforms being established around the world also potentially provides information on growth trends in business models. While the new models established in 2015 will have little volume of transactions, the number of platforms may proxy for the level of interest entrepreneurs have in different business models. Table 3 Panels A and B report details on the aggregate number of platforms reporting non-zero volumes on a geographic basis. Panel A reports broad classifications into debt, equity, and other (non-financial return) platforms, while Panel B reports more granular classifications. The differences between geographic regions in patterns of platform numbers in Panel A is striking. In developed regions (Australia, New Zealand, Western Europe, UK, North America, and the US), debt financing platforms are dominant, ranging from 30%-56% of the number of platforms. In contrast, in emerging regions (Africa, Asia (excluding China), Eastern Europe, Middle East, and South America), the corresponding proportions are 13%-29%. In these regions, the dominant platforms are non-financial return models, with proportions ranging from 59% to 87% of all platforms in these regions. Panel B shows that most of the debt financing platforms specialize in business or consumer lending. Invoice trading, micro-finance, debentures/debt-based securities, and mini-bonds account for almost negligible proportions and are found in relatively few markets. For example, like mini-bond markets, community share models exist only in the UK. Of the non-financial motive platforms, reward based financing platforms are over three times as numerous as donation based platforms.

Table 4 reports correlations between the volumes of business on crowdfunding platforms. Given the high proportions of business and consumer finance in total crowdfunding volume, it is

not surprising that business and consumer finance are highly correlated with the total volume of crowdfunding, at 94% and 84% respectively. Financial-motive volume is relatively uncorrelated with non-financial motive volume at 45%, suggesting that different economic motivations underlie the two types of platform models. Similarly, debt and equity financing models are also relatively uncorrelated at 50%, also suggesting that different economic models drive the two financing platform volumes.

III.B. *The determinants of crowdsourced finance*

In this section, I analyze the determinants of the volumes of overall financing, business financing, and consumer financing. Given the relatively low correlations between financial- and non-financial motive volumes, and the volumes of debt- and equity-financing models, I also analyze the determinants of these volumes separately. The dependent variable in most of these regressions is the log of crowdfunding volume per capita, though I also run regressions on the number of platforms.

III.B.1 *What determines the overall volume of crowdfunding?*

Table 5 reports coefficients from an OLS regression of the log of crowdfunding volume by country. The overall level of country prosperity, measured by log GDP per capita is significant in Model 1. This is consistent with Haddad and Hornuf (2016) who find that GDP per capita is significant in explaining the number of start-ups founded by country, and in explaining the number of start-ups providing financing, in particular. The explanatory power of this basic model jumps dramatically when we include indicator variables for China, the UK, and the US in Model 2, with adjusted R^2 increasing from 42% to 66%. The explanatory power reduces marginally when we add an indicator for Western Europe in Model 3, and the Western European indicator is not significant, so in the remaining models, I only include indicators for China, the UK, and the US. Interestingly, the developed market indicator is strongly positively related to crowdfunding volume across all the models, suggesting that crowdfunding is not having much of an impact on emerging markets.

Models 4-6 examine the impact of the legal system in the country. Model 4 adds two indicator variables for the legal regime (common or civil law respectively). Model 5 adds the country percentile rank for the overall rule of law, while Model 6 breaks up the rule of law variable into country percentile ranks for the control of corruption and the regulatory quality in the country. While Model 4 shows that the legal regime does not appear to matter, the rule of law ranking is

strongly positively related to the level of crowdfunding volume per capita in Model 5. This is driven by both the control of corruption and the regulatory quality of the country in Model 6. At least one of these two variables is significant in four of six models.

Model 7 adds variables for the ease of setting up a formal business, while continuing to control for the legal system in the country. Inconsistent with the theories that posit a negative relation between the ease of setting up a business and the level of crowdfunding volume, none of the measures are related to crowdfunding volume. Model 8 adds variables to directly measure the level of financial system rents earned by existing financial intermediaries in the country. Again, neither variable is related to crowdfunding volume, suggesting that the presence of economic rents does not drive crowdfunding entry. Model 9 adds proxies for financial system access and user sophistication. The level of development of the financial system, the proportion of individuals using the Internet, and the level of higher education in the country all are strongly positively related to the level of crowdfunding volume.

Model 10 brings all the variables together. Many of the variables retain their significance and signs. Developed countries continue to have significantly higher crowdfunding volume. The country rank for the ease of doing business turns strongly negatively related to crowdfunding volume, consistent with public choice theory. Financial system access and user sophistication both continue to be significantly positively related to crowdfunding volume. Finally, the explanatory power of the model is relatively high at 84%.

The urban population of a country may be a better predictor of crowdfunding volume than overall population. Hence, in a robustness check, I also run regressions equivalent to those in Table 5 using GDP per urban capita as an independent variable and crowdfunding volume per urban capita as the dependent variable. Similarly, GDP on a purchasing power parity (PPP) may be a better measure of country prosperity than GDP. To examine this possibility, as a second check, I also run regressions equivalent to those in Table 5 using GDP on a PPP basis per capita as an independent variable. In both cases, the results are qualitatively similar to those in Table 5 and hence, I do not report them for brevity.

As noted in Appendix C, the CCAF obtained data on 1,413 platforms in 2015. However, around 3.6% of the platforms did not report data on crowdfunding volumes and were not included in the final analysis of 1,362 platforms. There is therefore a possibility of censoring in the data. If the

dependent variable is censored, OLS provides inconsistent estimates of the parameters, implying that the coefficients from an OLS regression will not necessarily approach the "true" population parameters as the sample size increases (Long, 1997). Hence, I run a set of censored Tobit regression models using the same specifications as in Table 5. The results are almost identical to those in Table 5, suggesting that censoring is not a problem in the data.

Table 6 reports regression models similar to those in Table 5 for emerging markets alone. Models 1 and 2 are differentiated by the addition of a China indicator. The explanatory power of the model jumps from 6.8% to 49.2% on the addition of this variable, indicating the huge importance for controlling for crowdfunding volume in China. The results in the remainder of the models are similar to those in Table 5. For example, the legal system still does not appear to be a significant determinant of crowdfunding volume. However, stronger than in Table 5, both the control of corruption and the regulatory quality appear to have significant impacts on financing volume – at least one of these two variables is consistently positively related to the volume of crowdfunding across all our models. The ease of doing business is negatively related to volume in the overall Model 9, again consistent with public choice theory. The ease of starting a business is positively related to the level of crowdfunding while the number of days to start a business is negatively related, suggesting that crowdfunding business is higher in countries where it is easier to start businesses but more difficult to keep them operating. Again, direct measures of financial system rents do not appear to matter. Finally, while financial system access does not matter, user sophistication does. The percentage of individuals using the Internet is strongly positively related to the level of crowdfunding.

For brevity, I do not report similar regressions for developed countries since the number of degrees of freedom are very small with a maximum of 27 developed countries and up to 18 variables in our specifications. However, as in the overall regressions, I find that adding country indicators for the US and the UK are extremely important in explaining developed country crowdfunding volume. The explanatory power of the model jumps from 1.4% to 36% on the addition of these two variables. Regulatory quality is typically not related to the level of financing volume, but the development of the financial system and user sophistication (the percentage of individuals using the Internet and higher education and training rank) are both strongly positively related to crowdfunding volume. Again, direct measures of financial rents and the ease of doing business do not appear to be significant.

Finally, Table 7 runs regression models similar to those in Table 5 using the number of platforms as a dependent variable. Since the number of platforms is a count variable, I use a negative binomial regression model in place of an OLS regression. As in Table 5, developed markets have a significantly greater number of platforms than emerging markets – the developed market indicator is strongly significantly related to the number of platforms in the country across all the models. The remaining results are roughly similar to those in Table 5, though statistically weaker. The rule of law ranking and the regulatory quality ranking are significantly related to the number of platforms in a couple of models, but are insignificant overall. Oddly the control of corruption appears negatively related to the number of platforms in Model 6, but again this result does not survive in the overall model. Financial rents, proxied by the Lerner index, a measure of bank concentration, is significantly negatively related to the number of platforms. Financial system access, proxied by the development of the financial market, is positively significantly related to the overall number of platforms. User sophistication appears to be unrelated to the number of platforms.

III.B.2 *The determinants of business and consumer financing*

Table 8 reports coefficients from an OLS regression of the log of business financing volume on platforms by country. Model 1 is the base case model from the prior tables. As usual, a developed market indicator is highly significant in explaining business financing volume. As in Table 5, the ease of doing business rank is negatively related while user sophistication is positively related to business volume.

I add several financial depth variables to the regressions in Models 2 and 3. Model 2 adds variables proxying for private credit (domestic credit to the private sector by banks, and the ease of getting credit), the level of asymmetric information (the country ranking for ethical behavior by firms and the strength of auditing and reporting standards, respectively), and the power of creditors (legal rights index), to the variables proxying for the legal system in the country. Model 3 reports the complete model. In both Models 2 and 3, the country ranking for ethical behavior by firms is unrelated to the level of business financing. In contrast, the strength of auditing and reporting is significant in Model 2 and the legal rights of creditors (the power of creditors in forcing repayment or gaining control of collateral) is significantly positively related to business financing in both Models 2 and 3. Both sets of results are consistent with the hypothesis that lenders who have

confidence that the borrowers are providing accurate information, extend more credit. The availability of private credit through formal financial institutions does not appear to be important.

Table 9 reports coefficients from a similar set of regressions on consumer financing platforms. Since loans on consumer financing platforms are largely unsecured and consumers do not supply audited financial statements, I use a different set of factors to explain the level of consumer financing. Specifically, I use several variables to proxy for a potential demand for consumer credit (the percentage of respondents who report borrowing any money from various sources) and a variable that proxies for the level of trust that people report having towards strangers they meet for the first time. While the variables for consumer credit demand do not appear to have significant explanatory power, the level of trust is strongly significantly related to the volume of consumer financing. The addition of this variable increases the explanatory power from 50% to around 74% and drives out the significance of all the other control variables that were significant in Model 1. However, since the World Values Survey is not available for all the countries in the CCAF sample, it also halves the sample size. I also note that because adding the trust variable introduces significant multicollinearity if we use all three country indicator controls, in Table 9, I only add indicator variables for China and the US.

In a robustness check, I run a seemingly unrelated regression (SUR) model combining both debt and equity financing. Since the level of correlation between debt and equity financing volumes is relatively low (Table 3), hence controlling for correlations between the residuals does not add any new inferences. Hence I do not report these results for brevity.

III.B.3 *The determinants of financial and non-financial motive volume*

Table 10 reports coefficients from OLS regressions of the log of crowdfunding financial- and non-financial motive volume on platforms by country. Models 1 and 3 are the base case models from the prior tables. Models 2 and 4 add the trust variable from Table 9. Contrasting the effect on adding the trust variable in Model 2 for financial motive volume with adding the same variable in Model 4 yields interesting insights.

Without adding the trust variable, the conclusions are broadly similar to the previous tables. Developed markets have significantly more volume than emerging markets. The control of corruption is significant for financial motive volumes though not for non-financial motive volumes. Financial system access and user sophistication are both significant in explaining

financial motive volume while user sophistication is significant in explaining non-financial motive volume. Adding the trust variable in Model 2 yields a strongly significant positive coefficient on trust while the financial market development and user sophistication control variables retain their significance. However, adding the trust variable to Model 4, drives out the significance of all the other control variables. Trust is the only factor that appears to explain non-financial motive volume.

III.B.4 *The determinants of debt and equity volume*

Table 11 reports coefficients from OLS regressions of the log of crowdfunding debt- and equity volume on platforms by country. As in Table 10, Models 1 and 3 are the base case models from the prior tables. Model 2 adds debt market financial depth variables from Table 8, while Model 4 adds equity market financial depth variables.

Model 1 shows that the volume of debt financing is explained by broadly similar factors as in Table 5. As usual, developed markets have significantly more volume than emerging markets. The control of corruption is significant. The ease of doing a business is negatively related to debt volume, consistent with public choice theory. Financial system access and user sophistication are both significant in explaining debt volume. Most of these variables retain their significance in Model 2 when I add variables proxying for financial depth. As in Table 8, the country ranking for the strength of auditing and reporting is significant in explaining debt volume. The ease of getting credit is significantly positively related to the volume of debt financing.

In contrast, model 4 shows that it is much more difficult to explain the volume of equity financing. The stock market capitalization to GDP, a proxy for equity market depth, appears to be negatively related to the equity financing volume in the country. Protection of minority shareholders, the strength of investor protection, or the availability of venture capital availability do not appear to be related to equity financing volume. None of the control variables retain their significance with the exception of the country rank for financial system development. The explanatory power of the equity regressions is also consistently lower than that for debt financing.

IV. Conclusions

In this paper, I analyze the economic determinants of crowdsourced finance models using a unique hand-collected sample of crowdfunding volume obtained by surveying 1,362

crowdfunding platforms worldwide. I document that crowdfunding is a global phenomenon, with financing available across the globe.

The development of crowdfunding appears to be consistent with some economic theoretical predictions but inconsistent with others. Financing is significantly higher in developed than emerging markets, suggesting that, as yet, crowdfunding is not playing a significant role in increasing financial inclusion. Controlling for the level of market development, several characteristics of the legal system appear significant in explaining the level of crowdfunding volume. Specifically, the rule of law, proxied by both the control of corruption and the quality of regulation in the country appear to be significant in explaining financing volume across a number of specifications. I find little support that the type of legal regime, civil or common law, matters in explaining the volume or type of crowdfunding patterns. However, this does not imply that the type of legal regime does not matter. Crowdfunding is a relatively new phenomenon. It is plausible that there are few explicit rules (in civil law countries) or a body of precedent law (in common law countries) that govern the evolution of this market. Whether the legal regime is significant in influencing the growth of different models in subsequent years is a question that I leave to future research.

I also find support for two other channels. Consistent with public choice theory, there is a weak negative relationship between the ease of doing business and the volume of crowdfunding. However, direct measures of the level of economic rents do not appear to matter. Crowdfunding is positively related to the ease of access to the financial system, the sophistication of the user base, and the level of trust individuals have for strangers, all of which relate to the supply of funds from investors. One caveat is that all my data relates to a single year, 2015. As the markets develop, more research is likely to be necessary to explain the evolution of different types of financing models.

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Table 1. This table describes the major types of crowdfunding business models extant in 2015.

Crowdfunding business model	Description
A. Financial Return Models	
A.1 Debt financing	
Business Lending	Individuals or institutional funders provide a loan to a business borrower, usually a small or medium enterprise (SME)
Consumer Lending	Individuals or institutional funders provide a loan to a consumer borrower. Most are unsecured personal loans
Invoice Trading	Individuals or institutional funders purchase invoices or receivable notes from a business at a discount.
Microfinance	Microfinance refers to the lending of small sums to entrepreneurs who are often economically disadvantaged and financially marginalised. There is a debt obligation incurred, but the amounts lent are very small.
Mini-bonds	Non-transferable, typically unsecured, fixed income instruments traded on equity-based crowdfunding platforms, exclusively in the UK
A.2 Equity financing	
Equity funding	Sale of registered security by mostly early–stage firms to investors.
Community shares	Community shares refer to the sale of shares in social enterprises serving a community purpose in a particular locality.
B. Non-financial return models	
Reward-based Crowdfunding	Backers provide finance to individuals, projects or companies in exchange for non-monetary rewards or products.
Donation-based Crowdfunding	Donors provide funding to individuals, projects or companies based on philanthropic or civic motivations with no expectation of monetary or material return.

Table 2. This table reports the total number of platforms reporting non-zero volume of crowdfunding volume in 2015 (in constant US$ millions). The total volume of business is further classified into business and consumer platforms, financial and non-financial motive platforms, contractual type (debt or equity), all reported in US$ millions. The table also documents the number of fund-raising entities and number of funding entities. Since the funding and fundraising entities are not tracked across platforms, these numbers are likely to involve double-counting. Proportions are computed as percentages of the total amounts across all countries (row 1) except for financial and non-financial motives and debt and equity volumes which are computed as a percentage of total volume in that market. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding.

Markets	Number of platforms	Crowd sourcing finance volume	Business finance volume	Consumer finance volume	Financial motives volume	Non-financial motives volume	Debt finance volume	Equity finance volume	Number of fund-raisers	Number of funders
Totals										
All markets	1,362	139,226.56	60,715.94	78,510.62	133,936.12	2,274.42	133,939.53	3,012.60	18,790,812	45,882,013
All developed markets	552	35,845.56	11,762.70	24,082.86	34,621.76	1,207.79	32,640.45	1,997.32	9,417,029	14,181,259
All emerging markets	810	103,381.00	48,953.23	54,457.77	102,314.37	1,066.63	101,299.09	1,015.28	9,373,783	31,700,754
All emerging markets (excluding China)	410	392.00	175.09	216.90	309.00	83.00	254.11	54.89	380,092	1,157,421
All common law countries	453	34,436.86	10,840.03	23,596.83	33,392.91	1,027.94	31,620.19	1,788.73	9,225,949	11,531,269
All civil law countries	857	104,755.68	49,853.21	54,902.47	103,517.22	1,238.46	102,304.67	1,212.55	9,558,065	34,262,600
All Islamic law countries	50	34.03	22.70	11.33	26.00	8.03	14.67	11.33	6,798	88,144
Proportions of totals										
All markets					98%	2%	98%	2%		
All developed markets	41%	26%	19%	31%	94%	6%	94%	6%	50%	31%
All emerging markets	59%	74%	81%	69%	99%	1%	99%	1%	50%	69%
All emerging markets (excluding China)	30%	0%	0%	0%	82%	18%	82%	18%	2%	3%
All common law countries	33%	25%	18%	30%	95%	5%	95%	5%	49%	25%
All civil law countries	63%	75%	82%	70%	99%	1%	99%	1%	51%	75%
All Islamic law countries	4%	0%	0%	0%	76%	24%	56%	44%	0%	0%

Table 3. This table lists the number of platforms by type of financing model. Panel A reports a broad classification into debt, equity and other models, while Panel B reports a more detailed classification. Proportions are computed as a percentage of total number of platforms in the region. The models are described in Table 1. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding.

Panel A. Broad type of financing model

	Type of financing model (Number of platforms)				Type of financing model (%)		
Region	Debt	Equity	Other	Total	Debt	Equity	Other
Africa	36	11	101	148	24%	7%	68%
Asia (except China)	31	12	63	106	29%	11%	59%
China	356	24	20	400	89%	6%	5%
Australia and New Zealand	17	11	12	40	43%	28%	30%
Europe - Eastern	4	0	27	31	13%	0%	87%
Europe - Western (except UK)	88	73	128	289	30%	25%	44%
United Kingdom (UK)	44	27	12	83	53%	33%	14%
Middle East	10	5	32	47	21%	11%	68%
North America (except USA)	15	5	16	36	42%	14%	44%
USA	67	38	14	119	56%	32%	12%
South America	11	4	48	63	17%	6%	76%
Total	679	210	473	1,362	50%	15%	35%

Panel B. Detailed classifications of financing model

	Type of financing model (Number of platforms)										
	Debt					Equity		Non-financial motives		Other	
Region	Business Lending	Consumer Lending	Invoice Trading	Micro finance	Mini bonds	Equity Funding	Community Shares	Reward funding	Donation funding	Other	Total
Africa	3	2	0	28	0	10	0	70	31	4	148
Asia (except China)	16	12	1	0	0	10	0	52	11	4	106
China	142	191	7	0	0	24	0	19	1	16	400
Australia and New Zealand	9	5	2	0	0	9	0	8	4	3	40
Europe - Eastern	0	2	2	0	0	0	0	27	0	0	31
Europe - Western (except UK)	45	25	10	0	0	58	0	94	34	23	289
United Kingdom (UK)	20	8	2	0	1	19	2	10	2	19	83
Middle East	2	2	0	6	0	2	0	21	11	3	47
North America (except USA)	8	6	0	0	0	4	0	9	7	2	36
USA	30	28	3	0	0	19	0	8	6	25	119
South America	6	4	1	0	0	2	0	43	5	2	63
Total	281	285	28	34	1	157	2	361	112	101	1,362

	Type of financing model (%)									
	Debt					Equity		Non-financial motives		Other
Region	Business Lending	Consumer Lending	Invoice Trading	Micro finance	Mini bonds	Equity Funding	Community Shares	Reward funding	Donation funding	Other
Africa	2%	1%	0%	19%	0%	7%	0%	47%	21%	3%
Asia (except China)	15%	11%	1%	0%	0%	9%	0%	49%	10%	4%
China	36%	48%	2%	0%	0%	6%	0%	5%	0%	4%
Australia and New Zealand	23%	13%	5%	0%	0%	23%	0%	20%	10%	8%
Europe - Eastern	0%	6%	6%	0%	0%	0%	0%	87%	0%	0%
Europe - Western (except UK)	16%	9%	3%	0%	0%	20%	0%	33%	12%	8%
United Kingdom (UK)	24%	10%	2%	0%	1%	23%	2%	12%	2%	23%
Middle East	4%	4%	0%	13%	0%	4%	0%	45%	23%	6%
North America (except USA)	22%	17%	0%	0%	0%	11%	0%	25%	19%	6%
USA	25%	24%	3%	0%	0%	16%	0%	7%	5%	21%
South America	10%	6%	2%	0%	0%	3%	0%	68%	8%	3%
World total	21%	21%	2%	2%	0%	12%	0%	27%	8%	7%

Table 4. This table reports correlations between the volumes of business on crowdfunding platforms. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding.

	Ln(Crowdfunding volume per capita+1)	Ln(Business finance volume per capita+1)	Ln(Consumer finance volume per capita+1)	Ln(Financial motive volume per capita+1)	Ln(Non-financial motive volume per capita+1)	Ln(Debt financing volume per capita+1)	Ln(Equity financing volume per capita+1)
Ln(Crowdfunding volume per capita+1)	1.00	0.94	0.84	0.96	0.67	0.87	0.77
Ln(Business finance volume per capita+1)	0.94	1.00	0.64	0.91	0.58	0.76	0.83
Ln(Consumer finance volume per capita+1)	0.84	0.64	1.00	0.83	0.59	0.92	0.46
Ln(Financial motive volume per capita+1)	0.96	0.91	0.83	1.00	0.45	0.90	0.80
Ln(Non-financial motive volume per capita+1)	0.67	0.58	0.59	0.45	1.00	0.48	0.30
Ln(Debt financing volume per capita+1)	0.87	0.76	0.92	0.90	0.48	1.00	0.50
Ln(Equity financing volume per capita+1)	0.77	0.83	0.46	0.80	0.30	0.50	1.00

Table 5. This table reports coefficients from an OLS regression of the log of crowdfunding volume by country. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (p-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Intercept	-0.943	-0.809	-0.813	-0.882	-0.451	-0.109	-0.478	-0.644	1.708	2.100
	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)	(0.61)	(0.25)	(0.03)	(0.06)	(0.02)
Country prosperity										
Ln(GDP per cap+1)	**0.139**	**0.118**	**0.119**	**0.129**	0.040	-0.005	0.025	0.041	**-0.170**	**-0.232**
	(0.00)	**(0.00)**	**(0.00)**	**(0.00)**	(0.17)	(0.89)	(0.55)	(0.20)	**(0.08)**	**(0.02)**
Developed market indicator	**1.183**	**1.056**	**1.058**	**1.044**	**0.944**	**0.909**	**0.794**	**0.755**	**0.909**	**0.722**
	(0.00)	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**
Legal system within country										
Common Law indicator (1 or 0)				0.063		-0.091	-0.069	0.007	-0.009	0.035
				(0.55)		(0.38)	(0.58)	(0.96)	(0.95)	(0.86)
Civil Law indicator (1 or 0)				-0.064		**-0.156**	-0.099	-0.036	-0.068	-0.011
				(0.54)		**(0.08)**	(0.34)	(0.82)	(0.60)	(0.95)
Rule of Law: Percentile rank					**0.006**					
					(0.01)					
Control of Corruption: Percentile rank						0.002	0.004	0.003	**0.006**	0.004
						(0.33)	(0.12)	(0.17)	**(0.06)**	(0.17)
Regulatory Quality: Percentile rank						**0.007**	**0.007**	**0.004**	0.003	0.004
						(0.00)	**(0.03)**	**(0.06)**	(0.45)	(0.27)
Ease of starting a platform										
Ease of doing business rank							-0.001			**-0.006**
							(0.32)			**(0.00)**
Ease of starting a business rank							0.000			**0.004**
							(0.99)			**(0.03)**
No. days to start a business rank							0.000			-0.003
							(0.93)			(0.23)
No. procedures to start a business rank							0.002			0.000
							(0.22)			(0.86)
Financial system rents										
Lerner index								0.329		0.46
								(0.54)		(0.41)
Bank return on assets (%, after tax)								0.055		0.03
								(0.16)		(0.41)
Financial system access										
Financial market development rank									**0.004**	**0.003**
									(0.02)	**(0.05)**
Account at a formal financial institution									0.002	0.003
									(0.48)	(0.35)

User sophistication										
Individuals using Internet (%) rank									**0.010**	**0.009**
									(0.01)	**(0.00)**
Higher education and training rank									**0.004**	**0.003**
									(0.04)	**(0.03)**
Technological readiness rank									**-0.011**	-0.002
									(0.04)	(0.54)
Country indicator variables										
China indicator		4.079	4.078	4.121	4.138	4.208	4.296	4.155	3.957	4.142
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
UK indicator		2.828	2.823	2.737	2.809	2.756	2.839	3.018	2.673	3.008
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
US indicator		2.954	2.949	2.860	2.975	2.994	3.074	3.151	2.742	3.193
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Western Europe indicator			-0.008							
			(0.98)							
Adj R^2	42.0%	66.2%	66.0%	66.1%	67.3%	67.5%	67.9%	82.4%	70.2%	83.8%
N	146	146	146	146	146	145	126	95	114	86

Table 6. This table reports coefficients from an OLS regression of the log of crowdfunding volume for emerging markets alone. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Intercept	-0.841	-0.728	-0.665	-0.396	-0.041	-0.385	-0.628	1.472	1.951
	(0.00)	(0.01)	(0.02)	(0.02)	(0.78)	(0.24)	(0.05)	(0.06)	(0.07)
Country prosperity									
Ln(GDP per cap+1)	**0.214**	**0.108**	**0.103**	**0.037**	-0.007	0.021	0.041	**-0.176**	**-0.213**
	(0.02)	**(0.00)**	**(0.00)**	**(0.08)**	(0.78)	(0.52)	(0.17)	**(0.06)**	**(0.07)**
Legal system within country									
Common Law indicator (1 or 0)			-0.055		**-0.192**	-0.155	-0.001	-0.147	0.051
			(0.49)		**(0.02)**	(0.10)	(1.00)	(0.25)	(0.83)
Civil Law indicator (1 or 0)			-0.006		-0.080	-0.044	-0.010	0.007	0.029
			(0.95)		(0.35)	(0.65)	(0.96)	(0.95)	(0.89)
Rule of Law: Percentile rank				**0.006**					
				(0.01)					
Control of Corruption: Percentile rank					0.002	0.003	0.002	**0.006**	**0.005**
					(0.27)	(0.22)	(0.34)	**(0.07)**	**(0.10)**
Regulatory Quality: Percentile rank					**0.006**	**0.006**	**0.004**	0.003	0.001
					(0.01)	**(0.02)**	**(0.03)**	(0.17)	(0.72)
Ease of starting a platform									
Ease of doing business rank						-0.001			**-0.004**
						(0.50)			**(0.04)**
Ease of starting a business rank						-0.001			**0.003**
						(0.54)			**(0.10)**
No. days to start a business rank						0.000			**-0.005**
						(0.93)			**(0.06)**
No. procedures to start a business rank						0.002			0.002
						(0.28)			(0.24)
Financial system rents									
Lerner index							0.464		0.867
							(0.52)		(0.33)
Bank return on assets (%, after tax)							0.043		0.029
							(0.31)		(0.54)
Financial system access									
Financial market development rank								0.002	0.002
								(0.19)	(0.22)
Account at a formal financial institution								0.004	0.001
								(0.22)	(0.65)

User sophistication								
Individuals using Internet (%) rank							**0.008**	**0.008**
							(0.05)	**(0.05)**
Higher education and training rank							0.002	**0.003**
							(0.25)	**(0.06)**
Technological readiness rank							-0.007	-0.001
							(0.16)	(0.74)
Country indicator variables								
China indicator		4.087	4.076	4.141	4.140	4.219	4.133	3.960	4.150
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Adj R^2	6.8%	49.2%	48.5%	52.2%	53.1%	51.4%	71.3%	55.4%	74.8%
N	119	119	119	119	119	102	77	90	68

Table 7. This table reports coefficients from a negative binomial regression of the number of crowdfunding platforms by country. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on Wald Chi-square statistics. Coefficients significant at at least the 10% level are bolded.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Intercept	-1.910	0.529	0.677	0.131	0.949	0.522	0.944	0.595	2.711	1.092
	(0.03)	(0.32)	(0.22)	(0.83)	(0.10)	(0.45)	(0.37)	(0.48)	(0.17)	(0.63)
Country prosperity										
Ln(GDP per cap+1)	**0.452**	0.084	0.063	**0.118**	-0.010	0.056	0.006	0.106	-0.075	-0.051
	(0.00)	(0.19)	(0.35)	**(0.08)**	(0.90)	(0.54)	(0.95)	(0.33)	(0.65)	(0.81)
Developed market indicator	0.104	**1.223**	**1.168**	**1.165**	**1.099**	**1.222**	**1.365**	**1.330**	**1.301**	**1.398**
	(0.77)	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**
Legal system within country										
Common Law indicator (1 or 0)				0.278		0.140	0.169	0.270	-0.069	-0.291
				(0.27)		(0.58)	(0.55)	(0.41)	(0.84)	(0.48)
Civil Law indicator (1 or 0)				0.027		-0.118	-0.119	-0.299	-0.148	-0.652
				(0.91)		(0.62)	(0.65)	(0.32)	(0.62)	(0.07)
Rule of Law: Percentile rank					**0.008**					
					(0.06)					
Control of Corruption: Percentile rank						**-0.012**	**-0.011**	-0.003	-0.008	-0.007
						(0.03)	**(0.07)**	(0.71)	(0.22)	(0.35)
Regulatory Quality: Percentile rank						**0.016**	**0.014**	0.007	0.001	0.014
						(0.00)	**(0.10)**	(0.32)	(0.95)	(0.17)
Ease of starting a platform										
Ease of doing business rank							0.003			-0.007
							(0.42)			(0.14)
Ease of starting a business rank							-0.005			-0.002
							(0.13)			(0.68)
No. days to start a business rank							0.003			0.000
							(0.34)			(0.97)
No. procedures to start a business rank							-0.001			-0.002
							(0.80)			(0.59)

Financial system rents									
Lerner index							**-1.502**		**-1.75**
							(0.02)		**(0.01)**
Bank return on assets (%, after tax)							0.102		0.14
							(0.30)		(0.18)
Financial system access									
Financial market development rank								**0.006**	0.004
								(0.02)	(0.18)
Account at a formal financial institution								0.006	0.011
								(0.29)	(0.10)
User sophistication									
Individuals using Internet (%) rank								-0.003	-0.010
								(0.63)	(0.15)
Higher education and training rank								-0.003	0.000
								(0.58)	(1.00)
Technological readiness rank								0.007	0.011
								(0.39)	(0.22)
Country indicator variables									
China indicator		4.711	4.750	4.772	4.793	4.966	4.835	5.059	4.551	4.752
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
UK indicator		1.773	1.903	1.583	1.747	1.471	1.304	1.008	1.467	1.108
		(0.00)	(0.00)	(0.02)	(0.01)	(0.02)	(0.03)	(0.10)	(0.01)	(0.05)
US indicator		2.113	2.248	1.914	2.136	1.927	1.754	1.430	1.892	1.728
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)
Western Europe indicator			0.197							
			(0.31)							
Log Likelihood	-447.98	-372.33	-371.81	-370.89	-370.57	-362.50	-323.82	-246.42	-300.14	-220.58
Deviance	154.92	138.07	137.72	136.52	136.98	133.69	118.12	89.65	107.99	78.49
Deviance value/Degrees of Freedom	1.08	0.99	0.99	0.99	0.99	0.99	1.05	1.08	1.09	1.21
N	146	146	146	146	146	145	126	95	114	86

Table 8. This table reports coefficients from an OLS regression of the log of crowdfunding business volume on platforms by country. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	(1)	(2)	(3)
Intercept	1.575	0.201	1.527
	(0.01)	(0.48)	(0.02)
Potential demand for credit			
Domestic credit to private sector by banks (% of GDP)		-0.001	-0.002
		(0.42)	(0.13)
Ease of getting credit rank		**-0.001**	-0.002
		(0.04)	(0.18)
Ethical behavior by firms rank		0.001	0.000
		(0.15)	(0.82)
Strength of auditing and reporting standards rank		**0.002**	0.001
		(0.02)	(0.34)
Legal rights index rank		**0.002**	**0.003**
		(0.07)	**(0.07)**
Controls			
Ln(GDP per cap+1)	**-0.144**	0.023	-0.108
	(0.05)	(0.51)	(0.13)
Developed market indicator	**0.698**	**0.677**	**0.698**
	(0.00)	**(0.00)**	**(0.00)**
Common Law indicator (1 or 0)	-0.134	-0.068	-0.171
	(0.33)	(0.43)	(0.23)
Civil Law indicator (1 or 0)	-0.097	-0.007	-0.128
	(0.40)	(0.95)	(0.39)
Control of Corruption: Percentile Rank	**0.004**	0.001	0.003
	(0.08)	(0.60)	(0.28)
Regulatory Quality: Percentile Rank	0.003	0.001	0.003
	(0.31)	(0.67)	(0.39)
Ease of Doing Business Rank	**-0.004**		**-0.004**
	(0.01)		**(0.03)**
Bank return on assets (%, after tax)	0.015		0.016
	(0.43)		(0.54)
Financial market development rank	**0.003**		0.002
	(0.00)		(0.23)
Account at a formal financial institution	0.000		0.001
	(0.94)		(0.82)
Individuals using Internet (%) rank	**0.005**		**0.005**
	(0.02)		**(0.03)**
Higher education and training rank	**0.003**		**0.004**
	(0.02)		**(0.04)**
Country indicators	China, UK, US	China, UK, US	China, UK, US
Adj R^2	77.3%	74.4%	76.2%
N	111	119	106

Table 9. This table reports coefficients from an OLS regression of the log of crowdfunding consumer volume on platforms by country. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	(1)	(2)	(3)
Intercept	2.283	0.683	3.918
	(0.02)	(0.37)	(0.10)
Potential demand for credit			
Loan from family or friends in the past year (% age 15+)		0.006	0.002
		(0.39)	(0.76)
Loan from a financial institution in the past year (% age 15+)		0.001	-0.005
		(0.96)	(0.84)
Loan from a private lender in the past year (% age 15+)		-0.021	-0.025
		(0.19)	(0.24)
Loan through store credit in the past year (% age 15+)		0.001	0.007
		(0.94)	(0.57)
Potential supply of credit			
How much you trust: People you meet for the first time		**0.507**	**0.507**
		(0.00)	**(0.00)**
Controls			
Ln(GDP per cap+1)	**-0.217**	0.088	-0.188
	(0.04)	(0.29)	(0.30)
Developed market indicator	**0.420**	-0.165	-0.394
	(0.10)	(0.69)	(0.44)
Common Law indicator (1 or 0)	0.161	0.006	-0.139
	(0.36)	(0.95)	(0.57)
Civil Law indicator (1 or 0)	0.046	0.088	-0.048
	(0.71)	(0.61)	(0.77)
Control of Corruption: Percentile Rank	0.004	0.004	0.001
	(0.11)	(0.51)	(0.70)
Ease of Doing Business Rank	-0.001		0.000
	(0.44)		(0.94)
Bank return on assets (%, after tax)	-0.008		-0.079
	(0.78)		(0.22)
Financial market development rank	**0.002**		0.003
	(0.09)		(0.36)
Account at a formal financial institution	0.003		0.006
	(0.37)		(0.27)
Individuals using Internet (%) rank	**0.008**		0.006
	(0.01)		(0.24)
Higher education and training rank	0.000		0.001
	(0.93)		(0.80)
Country indicators	China, US	China, US	China, US
Adj R^2	49.9%	74.3%	74.3%
N	111	49	49

Table 10. This table reports coefficients from an OLS regression of the log of crowdfunding volume on platforms by country. The platforms are classified by whether users have financial motives (debt or equity) or non-financial motives (reward or donation) for investing on the platform, respectively. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	Financial motive volume		Non-financial motive volume	
	(1)	(2)	(3)	(4)
Intercept	3.316	5.386	0.134	0.232
	(0.00)	(0.03)	(0.57)	(0.65)
Potential supply of credit				
How much you trust: People you meet for the first time		**0.365**		**0.121**
		(0.00)		**(0.00)**
Controls				
Ln(GDP per cap+1)	**-0.280**	-0.309	-0.007	0.015
	(0.02)	(0.19)	(0.76)	(0.75)
Developed market indicator	**0.835**	0.314	**0.319**	0.081
	(0.00)	(0.49)	**(0.00)**	(0.47)
Common Law indicator (1 or 0)	0.025	-0.203	**0.094**	0.076
	(0.91)	(0.47)	**(0.10)**	(0.37)
Civil Law indicator (1 or 0)	-0.078	-0.212	0.017	0.033
	(0.59)	(0.36)	(0.64)	(0.60)
Control of Corruption: Percentile Rank	**0.006**	0.005	0.001	0.001
	(0.03)	(0.21)	(0.11)	(0.35)
Ease of Doing Business Rank	**-0.003**	-0.003	0.000	0.000
	(0.04)	(0.12)	(0.34)	(0.78)
Bank return on assets (%, after tax)	0.008	-0.037	0.003	-0.013
	(0.80)	(0.56)	(0.64)	(0.47)
Financial market development rank	**0.004**	**0.006**	0.000	-0.001
	(0.00)	**(0.02)**	(0.60)	(0.64)
Account at a formal financial institution (% age 15+)	0.001	0.001	0.000	0.001
	(0.82)	(0.90)	(0.92)	(0.61)
Individuals using Internet (%) rank	**0.010**	**0.012**	**0.002**	0.001
	(0.00)	**(0.06)**	**(0.03)**	(0.56)
Higher education and training rank	0.003	**0.006**	0.000	0.001
	(0.21)	**(0.07)**	(0.96)	(0.54)
Country indicators	China, US	China, US	China, US	China, US
Adj R^2	60.1%	75.9%	58.7%	68.6%
N	111	47	111	47

Table 11. This table reports coefficients from an OLS regression of the log of crowdfunding volume on platforms by country. The platforms are classified by the type of financial contract (debt or equity) offered on the platform, respectively. Rank data from the World Economic Forum are reranked so that the higher the country ranking, the better ranked the country is. The independent variables are described in Appendix A. All data is aggregated by country for the year 2015 from the 2016 global surveys of crowdfunding. Significance levels in parentheses (*p*-values) are based on White (1980) heteroskedasticity consistent standard errors. Coefficients significant at at least the 10% level are bolded.

	Debt volume		Equity volume	
	(1)	(2)	(3)	(4)
Intercept	3.185	6.532	0.630	-0.065
	(0.00)	(0.01)	(0.10)	(0.96)
Potential demand for credit				
Domestic credit to private sector by banks (% of GDP)		-0.003		
		(0.19)		
Ease of getting credit rank		**0.009**		
		(0.02)		
Ethical behavior by firms rank		-0.002		
		(0.41)		
Strength of auditing and reporting standards rank		**0.010**		
		(0.07)		
Legal rights index rank		0.000		
		(0.98)		
Financing through local equity market rank		-0.006		-0.001
		(0.13)		(0.78)
Stock market capitalization to GDP (%)		0.000		**-0.001**
		(0.35)		**(0.00)**
Protection of minority shareholders' interests rank				0.002
				(0.41)
Strength of investor protection rank				0.001
				(0.30)
Venture capital availability rank				0.000
				(0.85)
Controls				
Ln(GDP per cap+1)	**-0.285**	**-0.512**	-0.049	0.003
	(0.01)	**(0.02)**	(0.27)	(0.98)
Developed market indicator	**0.609**	0.077	**0.318**	0.220
	(0.02)	(0.84)	**(0.00)**	(0.17)
Common Law indicator (1 or 0)	-0.027	-0.250	-0.087	-0.053
	(0.86)	(0.40)	(0.29)	(0.77)
Civil Law indicator (1 or 0)	-0.030	-0.090	-0.086	-0.147
	(0.82)	(0.72)	(0.23)	(0.39)
Control of Corruption: Percentile Rank	**0.006**	**0.015**	0.002	0.003
	(0.03)	**(0.01)**	(0.15)	(0.22)

Ease of Doing Business Rank	**-0.003**	**-0.008**	**-0.001**	0.000
	(0.02)	**(0.01)**	**(0.08)**	(0.91)
Bank return on assets (%, after tax)	0.013	-0.092	0.009	0.040
	(0.64)	(0.34)	(0.44)	(0.31)
Financial market development rank	**0.004**	-0.007	**0.002**	0.003
	(0.00)	(0.31)	**(0.01)**	(0.18)
Account at a formal financial institution (% age 15+)	0.002	0.000	0.000	0.002
	(0.57)	(0.94)	(0.74)	(0.55)
Individuals using Internet (%) rank	**0.009**	**0.008**	0.001	-0.001
	(0.00)	**(0.04)**	(0.31)	(0.66)
Higher education and training rank	**0.003**	**0.018**	0.001	0.002
	(0.04)	**(0.00)**	(0.18)	(0.60)
Country indicators	China, UK, US	China, UK, US	China, UK, US	China, UK, US
Adj R^2	65.3%	70.9%	60.5%	51.6%
N	111	57	111	59

Appendix A.

The independent variables used in the paper are described below along with variable names and sources.

Variable	Source	Variable Name	Description
Overall country prosperity			
GDP (PPP) per capita	WB GFDI	NY.GDP.PCAP.PP.CD	GDP per capita based on purchasing power parity (PPP).
GDP per capita	WB GFDI	NY.GDP.PCAP.CD	GDP per capita is gross domestic product divided by midyear population.
Developed market indicator	MSCI and FTSE		Definitions obtained from MSCI and FTSE classifications.
Legal system within the country			
Common, Civil, or Islamic Law indicators	CIA		Describes the type of legal regime in force within the country
Rule of Law: Percentile rank	WB Governance	RL.PER.RNK	Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and the quality of contract enforcement, property rights, and the courts. (100=best, 0 =lowest)
Control of Corruption: Percentile rank	WB Governance	CC.PER.RNK	Control of corruption captures perceptions of the extent to which public power is exercised for private gain. (100=best, 0 =lowest)
Regulatory Quality: Percentile rank	WB Governance	RQ.PER.RNK	Regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. (100=best, 0 =lowest)
Ease of doing business in the country			
Ease of doing business index* (1=most business-friendly regulations)	WB WDI	IC.BUS.EASE.XQ	Ease of doing business ranks economies from 1 to 190, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation. The index averages the country's percentile rankings on 10 topics covered in the World Bank's Doing Business. The ranking on each topic is the simple

			average of the percentile rankings on its component indicators.
Ease of doing business rank*	WB DB		Ranks economies on descending scale (1=best)
Ease of starting a business rank*	WB DB		Ranks economies on descending scale (1=best)
No. days to start a business rank*	WEF	STARTBUSDAYS	Ranks economies on descending scale (1=best)
No. procedures to start a business rank *	WEF	STARTBUSPROC	Ranks economies on descending scale (1=best)
Financial institutions rents			
Bank return on assets (%, after tax)	WB GFDI	GFDD.EI.05	Commercial banks' after-tax net income to yearly averaged total assets.
Lerner index	WB GFDI	GFDD.OI.04	A measure of market power in the banking market. It compares output pricing and marginal costs (that is, markup). An increase in the Lerner index indicates a deterioration of the competitive conduct of financial intermediaries.
Financial institutions access			
Financial market development rank*	WEF	GCI.B.08	Ranks economies on descending scale (1=best)
Account at a formal financial institution (% age 15+)	WB GFDI	GFDD.AI.05	The percentage of respondents with an account (self or together with someone else) at a bank, credit union, another financial institution (e.g., cooperative, microfinance institution), or the post office (if applicable) including respondents who reported having a debit card (% age 15+).
User sophistication			
Internet users (per 100 people)	WB WDI	IT.NET.USER.P2	Internet users are individuals who have used the Internet (from any location) in the last 12 months. The internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc.
Individuals using Internet (%) rank*	WEF	NETUSERPCT	Ranks economies on descending scale (1=best)
Higher education and training rank*	WEF	GCI.B.05	Ranks economies on descending scale (1=best)
Technological readiness rank*	WEF	GCI.B.09	Ranks economies on descending scale (1=best)

Potential supply of finance			
How much you trust: People you meet for the first time*	WVS Wave 6	V105	Based on answers to the question how much do you trust people you meet from the first time (1=Trust completely, 4=Do not trust at all)
Potential demand for finance (specialized platform volumes)			
Debt financing volume			
Domestic credit to private sector by banks (% of GDP)	WB WDI	FD.AST.PRVT.GD.ZS	Domestic credit to private sector by banks refers to financial resources provided to the private sector by other depository corporations (deposit taking corporations except central banks), such as through loans, purchases of nonequity securities, and trade credits and other accounts receivable, that establish a claim for repayment.
Ease of getting credit rank*	WB DB		Ranks economies on descending scale (1=best)
Ethical behavior by firms rank*	WEF	EOSQ153	Economies are ranked on a descending scale (1=best) based on answers to the question: In your country, how would you rate the corporate ethics of companies (ethical behavior in interactions with public officials, politicians, and other firms)?
Strength of auditing and reporting standards rank*	WEF	EOSQ097	Economies are ranked on a descending scale (1=best) based on answers to the question: In your country, how strong are financial auditing and reporting standards?
Legal rights index rank*	WEF	LEGRGHTIDX	This index measures the degree to which collateral and bankruptcy laws protect borrowers' and lenders' rights and thus facilitate lending. Ranks economies on a descending scale (1=best)
Equity financing volume			
Financing through local equity market rank*	WEF	EOSQ091	Economies are ranked on a descending scale (1=best) based on answers to the question: In your country, how easy is it for companies to raise money by issuing shares on the stock market?
Protection of minority shareholders' interests rank*	WEF	EOSQ098	Economies are ranked on a descending scale (1=best) based on answers to the question: In your

			country, to what extent are the interests of minority shareholders protected by the legal system?
Stock market capitalization to GDP (%)	WB GFDI	GFDD.DM.01	Total value of all listed shares in a stock market as a percentage of GDP.
Strength of investor protection rank*	WEF	INVESTPROIDX	Economies are ranked on a descending scale (1=best) based on overall Strength of Investor Protection Index
Venture capital availability rank*	WEF	EOSQ089	Economies are ranked on a descending scale (1=best) based on answers to the question: In your country, how easy is it for entrepreneurs with innovative but risky projects to find venture capital?
Retail crowdfunding volume			
Loan from a financial institution in the past year (% age 15+)	WB GFDI	GFDD.AI.07	The percentage of respondents who report borrowing any money from a bank, credit union, microfinance institution, or another financial institution such as a cooperative in the past 12 months (% age 15+).
Loan from a private lender in the past year (% age 15+)	WB GFDI	GFDD.AI.15	The percentage of respondents who report borrowing any money from a private lender in the past 12 months (% age 15+).
Loan from family or friends in the past year (% age 15+)	WB GFDI	GFDD.AI.18	The percentage of respondents who report borrowing any money from family or friends in the past 12 months (% age 15+).
Loan through store credit in the past year (% age 15+)	WB GFDI	GFDD.AI.17	The percentage of respondents who borrowed any money in the past 12 months from a store by using installment credit or buying on credit (% age 15+).
Other variables			
Total population	WB WDI	SP.POP.TOTL	Population, total
Total urban population	WB WDI	SP.URB.TOTL	Urban population

* All rank variables are re-ranked so that higher values of the variable correspond to a greater value. For example, greater values of the Ease of Doing Business Rank now imply greater ease of doing business in the country.

WB GFDI: World Bank Global Financial Development Index (2016/12/31) (available at http://data.worldbank.org/data-catalog/global-financial-development)

WB WDI: World Bank World Development Indicators (2016/12/31) (available at http://data.worldbank.org/data-catalog/world-development-indicators)

WB Governance: World Bank Governance Indicators (available at http://data.worldbank.org/data-catalog/worldwide-governance-indicators)

WB DB: World Bank Doing Business Database (available at http://www.doingbusiness.org/data/)

WEF: World Economic Forum - The Global Competitiveness Report 2015–2016 (available at http://reports.weforum.org/global-competitiveness-report-2015-2016/)

CIA: CIA World Factbook (available at https://www.cia.gov/library/publications/the-world-factbook/fields/2100.html)

WVS Wave 6: World Values Survey Wave 6 (2010-2014) (Available at http://www.worldvaluessurvey.org)

Appendix B.

This table lists the number of unique countries and platforms surveyed by year of first survey. Platforms reporting more than one business model are treated as independent observations. Using only platforms for which data on transaction volume is available in 2015 for our base analysis gives us a total of 1,362 platforms.

	Year			
	2013	2014	2015	Total
Africa				
South Africa	0	0	13	13
Ghana	0	0	11	11
Kenya	0	0	9	9
Nigeria	0	0	9	9
Egypt	0	0	7	7
Cameroon	0	0	6	6
Mali	0	0	6	6
Morocco	0	0	5	5
Senegal	0	0	5	5
Tanzania	0	0	5	5
Zambia	0	0	5	5
Burkina Faso	0	0	4	4
Congo Dem. Rep.	0	0	4	4
Ethiopia	0	0	4	4
Lesotho	0	0	4	4
Liberia	0	0	4	4
Madagascar	0	0	4	4
Malawi	0	0	4	4
Mauritania	0	0	4	4
Mozambique	0	0	4	4
Namibia	0	0	4	4
Rwanda	0	0	4	4
Tunisia	0	0	4	4
Uganda	0	0	4	4
Algeria	0	0	3	3
Cote d'Ivoire	0	0	3	3
Gambia	0	0	3	3
Mauritius	0	0	3	3
Niger	0	0	3	3
Swaziland	0	0	3	3

	Year			
	2013	2014	2015	Total
Africa				
Zimbabwe	0	0	3	3
Botswana	0	0	2	2
Burundi	0	0	2	2
Congo Rep.	0	0	2	2
Equatorial Guinea	0	0	2	2
Guinea	0	0	2	2
Sierra Leone	0	0	2	2
Somalia	0	0	2	2
Sudan	0	0	2	2
Togo	0	0	2	2
Angola	0	0	1	1
Benin	0	0	1	1
Cape Verde	0	0	1	1
Central African Republic	0	0	1	1
Comoros	0	0	1	1
Eritrea	0	0	1	1
Gabon	0	0	1	1
Guinea-Bissau	0	0	1	1
Seychelles	0	0	1	1
South Sudan	0	0	1	1
Total	**0**	**0**	**182**	**182**
Asia				
China	0	0	402	402
India	0	0	15	15
South Korea	0	0	15	15
Singapore	0	0	14	14
Japan	0	0	11	11
Malaysia	0	0	10	10
Thailand	0	0	8	8
Indonesia	0	0	7	7

	Year			
	2013	2014	2015	Total
Asia				
Hong Kong	0	0	5	5
Taiwan	0	0	5	5
Mongolia	0	0	4	4
Philippines	0	0	4	4
Turkey	0	1	3	4
Pakistan	0	0	3	3
Sri Lanka	0	0	2	2
Nepal	0	0	1	1
Timor-Leste	0	0	1	1
Vanuatu	0	0	1	1
Vietnam	0	0	1	1
Total	**0**	**1**	**512**	**513**
Australia and New Zealand				
Australia	0	0	29	29
New Zealand	0	0	11	11
Total	**0**	**0**	**40**	**40**
Europe - Eastern				
Georgia	0	1	4	5
Russia	0	0	4	4
Belarus	0	0	3	3
Slovakia	0	1	2	3
Slovenia	0	0	3	3
Bosnia & Herzegovina	0	0	2	2
Bulgaria	0	0	2	2
Croatia	0	0	2	2
Serbia	0	0	2	2
Ukraine	0	0	2	2
Albania	0	0	1	1
Armenia	0	0	1	1
Kosovo	0	0	1	1

	Year			
	2013	2014	2015	Total
Europe - Eastern				
Macedonia	0	0	1	1
Moldova	0	0	1	1
Total	**0**	**2**	**31**	**33**
Europe - Western				
UK	28	32	83	143
France	0	18	52	70
Germany	0	24	34	58
Netherlands	0	26	25	51
Spain	0	23	28	51
Italy	0	2	26	28
Poland	0	10	9	19
Switzerland	0	3	12	15
Finland	0	4	8	12
Belgium	0	4	7	11
Czech Republic	0	2	9	11
Estonia	0	3	8	11
Austria	0	1	9	10
Denmark	0	1	9	10
Romania	0	2	7	9
Sweden	0	2	7	9
Greece	0	0	6	6
Hungary	0	2	4	6
Latvia	0	0	5	5
Norway	0	2	3	5
Iceland	0	1	3	4
Ireland	0	1	3	4
Lithuania	0	0	4	4
Portugal	0	0	4	4
Cyprus	0	1	2	3
Malta	0	0	2	2

	Year			
	2013	2014	2015	Total
Europe - Western				
Andorra	0	0	1	1
Monaco	0	0	1	1
Montenegro	0	0	1	1
Total	**28**	**164**	**372**	**564**
Middle East				
Israel	0	0	10	10
United Arab Emirates	0	0	7	7
Iran	0	0	6	6
Jordan	0	0	6	6
Lebanon	0	0	6	6
Iraq	0	0	4	4
Palestine	0	0	4	4
Kuwait	0	0	3	3
Syria	0	0	3	3
Bahrain	0	0	1	1
Qatar	0	0	1	1
Yemen	0	0	1	1
Total	**0**	**0**	**52**	**52**
North America				
USA	0	1	122	123
Canada	0	0	23	23
Mexico	0	0	14	14
Total	**0**	**1**	**159**	**160**
South America				
Brazil	0	0	14	14
Argentina	0	0	6	6
Chile	0	0	6	6
Colombia	0	0	5	5
Peru	0	0	4	4
Costa Rica	0	0	2	2

	Year			
	2013	2014	2015	Total
South America				
Dominican Republic	0	0	2	2
Ecuador	0	0	2	2
Haiti	0	0	2	2
Nicaragua	0	0	2	2
Paraguay	0	0	2	2
Puerto Rico	0	0	2	2
Uruguay	0	0	2	2
Anguilla	0	0	1	1
Barbados	0	0	1	1
Belize	0	0	1	1
Bolivia	0	0	1	1
Cuba	0	0	1	1
Curacao	0	0	1	1
Dominica	0	0	1	1
Guam	0	0	1	1
Honduras	0	0	1	1
Jamaica	0	0	1	1
Panama	0	0	1	1
Suriname	0	0	1	1
Venezuela	0	0	1	1
Virgin Islands	0	0	1	1
Total	**0**	**0**	**65**	**65**
Overall total	**28**	**168**	**1,413**	**1,609**

Appendix C.

This table lists the number of unique countries, the number of platforms, and the volume of business in 2015.

Country	Developed market	Civil Law?	Common Law?	Muslim Law?	Number of platforms	Crowd funding volume (in $millions)	Business finance volume (in $millions)	Consumer finance volume (in $millions)
Africa								
South Africa	N	N	Y	N	13	15.06	8.28	6.78
Ghana	N	N	Y	N	10	5.17	1.87	3.29
Kenya	N	N	Y	N	9	16.07	1.08	14.99
Nigeria	N	N	Y	N	8	7.95	1.84	6.10
Egypt	N	N	N	Y	7	2.96	2.42	0.54
Cameroon	N	N	Y	N	6	7.07	6.03	1.04
Morocco	N	N	N	Y	5	0.13	0.02	0.11
Senegal	N	N	Y	N	5	2.11	0.01	2.10
Tanzania	N	N	Y	N	5	1.96	0.13	1.83
Burkina Faso	N	Y	N	N	4	0.91	0.01	0.90
Ethiopia	N	Y	N	N	4	0.92	0.25	0.67
Lesotho	N	N	Y	N	4	0.13	0.01	0.13
Madagascar	N	N	Y	N	4	1.00	0.03	0.97
Mali	N	N	Y	N	4	2.29	0.51	1.78
Namibia	N	N	Y	N	4	0.36	0.01	0.34
Uganda	N	N	Y	N	4	5.03	0.10	4.92
Algeria	N	N	N	Y	3	0.28	0.01	0.27
Mauritius	N	Y	N	N	3	0.15	0.01	0.14
Swaziland	N	N	Y	N	3	0.15	0.00	0.14
Zambia	N	N	Y	N	3	1.80	0.01	1.80
Zimbabwe	N	N	Y	N	3	0.79	0.02	0.77
Burundi	N	Y	N	N	2	0.78	0.00	0.78
Congo Dem. Rep.	N	Y	N	N	2	3.03	0.01	3.02
Congo Rep.	N	Y	N	N	2	0.20	0.00	0.20
Liberia	N	N	Y	N	2	0.06	0.02	0.04
Malawi	N	N	Y	N	2	0.58	0.01	0.57
Mauritania	N	N	N	Y	2	0.18	0.00	0.18
Mozambique	N	Y	N	N	2	0.64	0.02	0.62
Rwanda	N	N	Y	N	2	4.24	0.03	4.22
Sierra Leone	N	N	Y	N	2	0.61	0.02	0.59
Somalia	N	N	Y	N	2	0.09	0.00	0.09
Togo	N	N	Y	N	2	0.39	0.00	0.39
Tunisia	N	N	N	Y	2	0.04	0.01	0.03
Angola	N	Y	N	N	1	0.01	0.01	0.01
Benin	N	Y	N	N	1	0.01	0.00	0.00

Botswana	N	N	Y	N	1	0.00	0.00	0.00
Cape Verde	N	Y	N	N	1	0.00	0.00	0.00
Central African Republic	N	Y	N	N	1	0.00	0.00	0.00
Cote d'Ivoire	N	Y	N	N	1	0.01	0.00	0.01
Gabon	N	Y	N	N	1	0.00	0.00	0.00
Gambia	N	N	N	Y	1	0.02	0.01	0.01
Guinea	N	Y	N	N	1	0.00	0.00	0.00
Guinea-Bissau	N	Y	N	N	1	0.00	0.00	0.00
Niger	N	N	Y	N	1	0.00	0.00	0.00
Seychelles	N	N	Y	N	1	0.00	0.00	0.00
South Sudan	N	N	N	Y	1	0.03	-	0.03
Total					**148**	**83.20**	**22.79**	**60.41**
Australia and New Zealand								
Australia	Y	N	Y	N	29	348.37	273.65	74.72
New Zealand	Y	N	Y	N	11	267.77	12.37	255.40
Total					**40**	**616.14**	**286.02**	**330.12**
Asia								
China	N	Y	N	N	400	102,989.01	48,778.14	54,210.86
India	N	N	Y	N	15	39.91	20.36	19.55
South Korea	Y	Y	N	N	15	41.18	18.10	23.08
Singapore	Y	N	Y	N	14	39.76	39.31	0.45
Japan	Y	Y	N	N	11	360.23	343.98	16.25
Malaysia	N	N	Y	N	10	3.36	0.08	3.28
Thailand	N	N	Y	N	8	1.04	0.23	0.80
Indonesia	N	Y	N	N	7	2.26	0.82	1.44
Hong Kong	Y	N	Y	N	5	9.26	6.53	2.74
Taiwan	N	Y	N	N	5	13.61	1.01	12.59
Pakistan	N	N	Y	N	3	0.11	0.01	0.10
Philippines	N	N	Y	N	3	0.19	0.09	0.11
Turkey	N	Y	N	N	3	0.63	0.17	0.46
Mongolia	N	Y	N	N	2	0.40	0.01	0.39
Sri Lanka	N	N	Y	N	2	0.04	0.01	0.03
Nepal	N	N	Y	N	1	0.04	0.01	0.03
Vanuatu	N	N	Y	N	1	0.01	0.00	0.00
Vietnam	N	Y	N	N	1	0.03	0.01	0.02
Total					**506**	**103,501.07**	**49,208.89**	**54,292.17**
Europe - Eastern								
Georgia	N	Y	N	N	4	0.20	0.01	0.18
Russia	N	Y	N	N	4	8.24	7.46	0.78
Belarus	N	Y	N	N	3	0.04	0.01	0.03
Slovenia	N	Y	N	N	3	1.99	0.70	1.29
Bosnia & Herzegovina	N	Y	N	N	2	0.03	0.01	0.02
Bulgaria	N	Y	N	N	2	1.41	0.49	0.92
Croatia	N	Y	N	N	2	0.22	0.08	0.15

Serbia	N	Y	N	N	2	0.16	0.06	0.10
Slovakia	N	Y	N	N	2	2.48	0.16	2.32
Ukraine	N	Y	N	N	2	0.81	0.28	0.53
Albania	N	Y	N	N	1	0.01	0.00	0.00
Armenia	N	Y	N	N	1	0.30	0.10	0.19
Kosovo	N	Y	N	N	1	0.02	0.01	0.01
Macedonia	N	Y	N	N	1	0.01	0.00	0.01
Moldova	N	Y	N	N	1	0.03	0.01	0.02
Total					**31**	**15.94**	**9.40**	**6.54**
Europe - Western								
UK	Y	N	Y	N	83	4,920.41	3,420.42	1,499.99
France	Y	Y	N	N	52	385.02	177.23	207.79
Germany	Y	Y	N	N	34	300.83	113.37	187.46
Spain	Y	Y	N	N	28	60.42	46.28	14.15
Italy	Y	Y	N	N	26	38.25	14.96	23.29
Netherlands	Y	Y	N	N	25	133.75	115.52	18.24
Switzerland	Y	Y	N	N	12	19.70	9.42	10.29
Austria	Y	Y	N	N	9	14.84	12.40	2.44
Czech Republic	N	Y	N	N	9	10.97	8.05	2.92
Denmark	Y	Y	N	N	9	29.60	24.82	4.78
Poland	N	Y	N	N	9	12.40	6.40	6.00
Estonia	N	Y	N	N	8	38.13	8.57	29.56
Finland	Y	Y	N	N	8	77.27	32.72	44.55
Belgium	Y	Y	N	N	7	44.44	42.61	1.84
Romania	N	Y	N	N	7	0.81	0.15	0.67
Sweden	Y	Y	N	N	7	16.16	10.07	6.09
Greece	N	Y	N	N	6	1.49	0.62	0.87
Latvia	N	Y	N	N	5	18.38	0.74	17.64
Hungary	N	Y	N	N	4	0.34	0.07	0.27
Lithuania	N	Y	N	N	4	3.53	0.01	3.51
Portugal	Y	Y	N	N	4	1.95	1.09	0.86
Iceland	Y	Y	N	N	3	1.03	0.11	0.91
Ireland	Y	N	Y	N	3	4.09	3.00	1.08
Norway	Y	Y	N	N	3	1.62	0.58	1.04
Cyprus	N	N	Y	N	2	0.05	0.02	0.04
Malta	N	N	Y	N	2	0.02	0.01	0.01
Andorra	Y	Y	N	N	1	0.00	0.00	0.00
Monaco	Y	Y	N	N	1	0.47	0.47	-
Montenegro	N	Y	N	N	1	0.01	0.00	0.01
Total					**372**	**6,136.00**	**4,049.69**	**2,086.31**
Middle East								
Israel	Y	N	Y	N	10	124.31	112.58	11.73
United Arab Emirates	N	N	N	Y	7	17.25	17.24	0.01
Jordan	N	N	N	Y	6	4.09	2.87	1.22
Lebanon	N	Y	N	N	6	4.13	0.27	3.86

Iran	N	N	N	Y	4	0.20	0.02	0.18
Iraq	N	N	N	Y	4	0.05	0.00	0.05
Palestine	N	N	N	Y	4	3.43	0.10	3.33
Syria	N	N	N	Y	2	0.00	0.00	0.00
Bahrain	N	N	N	Y	1	0.00	0.00	0.00
Kuwait	N	N	N	Y	1	0.01	0.01	-
Qatar	N	N	N	Y	1	5.00	-	5.00
Yemen	N	N	N	Y	1	0.36	-	0.36
Total					**47**	**158.83**	**133.09**	**25.74**
North America								
United States	Y	N	Y	N	119	28,397.85	6,871.99	21,525.85
Canada	Y	N	Y	N	23	206.96	59.13	147.83
Mexico	N	Y	N	N	13	13.18	6.83	6.35
Total					**155**	**28,617.99**	**6,937.96**	**21,680.03**
South America								
Brazil	N	Y	N	N	14	24.15	4.71	19.44
Argentina	N	Y	N	N	6	9.55	1.51	8.05
Chile	N	Y	N	N	5	47.57	46.87	0.70
Colombia	N	Y	N	N	4	0.33	0.11	0.23
Peru	N	Y	N	N	4	0.28	0.13	0.14
Costa Rica	N	Y	N	N	2	0.07	0.02	0.05
Dominican Republic	N	Y	N	N	2	0.08	0.03	0.05
Ecuador	N	Y	N	N	2	0.05	0.02	0.03
Haiti	N	Y	N	N	2	0.07	0.03	0.05
Nicaragua	N	Y	N	N	2	0.05	0.02	0.03
Paraguay	N	Y	N	N	2	0.09	0.06	0.02
Puerto Rico	N	N	Y	N	2	0.12	0.09	0.03
Uruguay	N	Y	N	N	2	0.19	0.07	0.12
Anguilla	N	N	Y	N	1	0.00	0.00	0.00
Barbados	N	N	Y	N	1	0.02	0.01	0.01
Belize	N	N	Y	N	1	0.01	0.00	0.00
Bolivia	N	Y	N	N	1	0.03	0.01	0.02
Cuba	N	Y	N	N	1	0.14	0.05	0.09
Curacao	N	Y	N	N	1	14.26	14.26	-
Dominica	N	N	Y	N	1	0.00	0.00	0.00
Guam	N	N	Y	N	1	0.04	0.02	0.03
Honduras	N	Y	N	N	1	0.01	0.00	0.00
Jamaica	N	N	Y	N	1	0.05	0.02	0.03
Panama	N	Y	N	N	1	0.01	0.00	0.01
Suriname	N	Y	N	N	1	0.01	0.00	0.00
Venezuela	N	Y	N	N	1	0.02	-	0.02
Virgin Islands	N	N	Y	N	1	0.19	0.07	0.12
Total					**63**	**97.39**	**68.11**	**29.29**
Overall total (N=152)					**1,362**	**139,226.56**	**60,715.94**	**78,510.62**

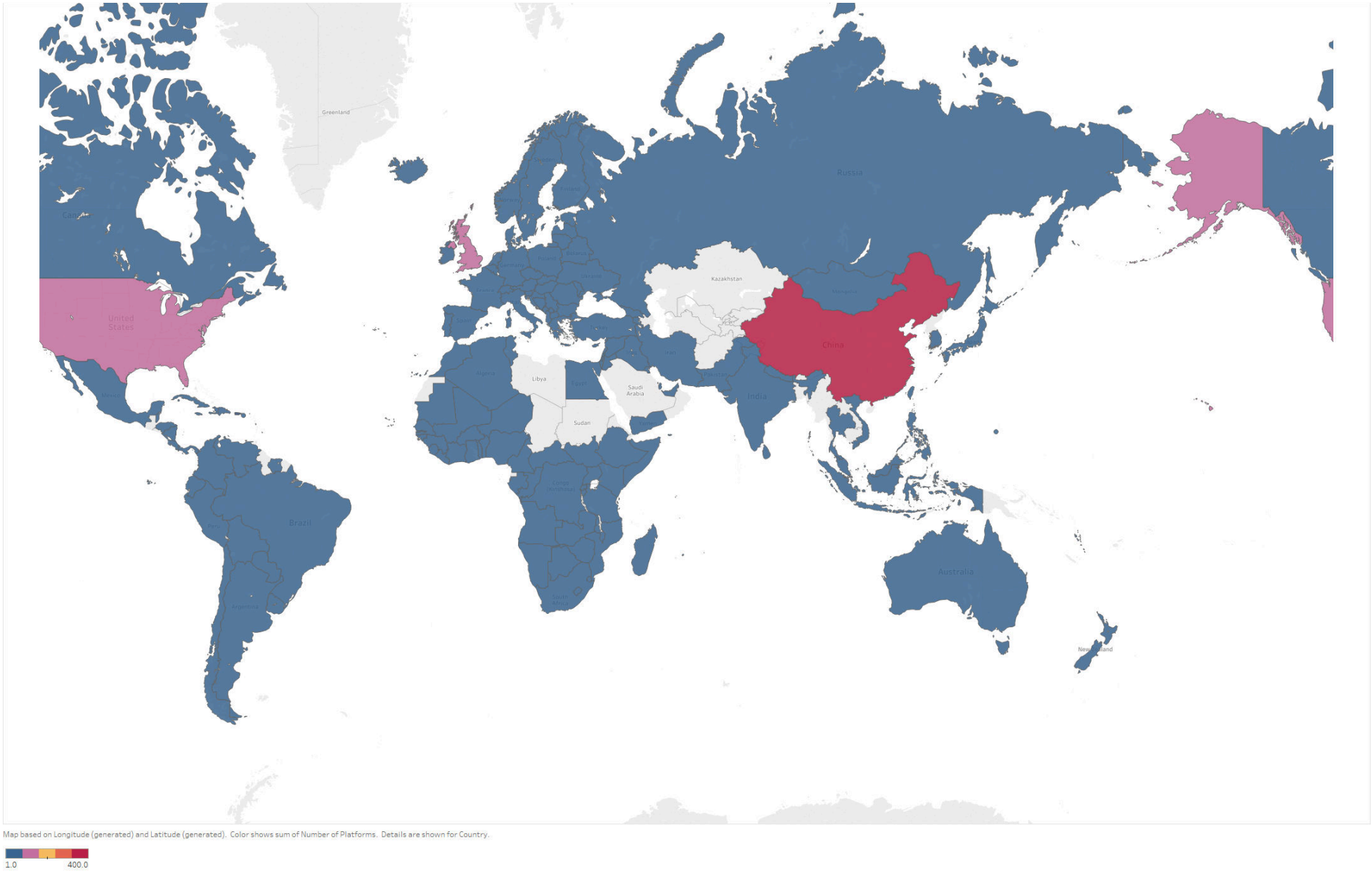

Figure 1. The number of platforms reporting crowdfunding business globally

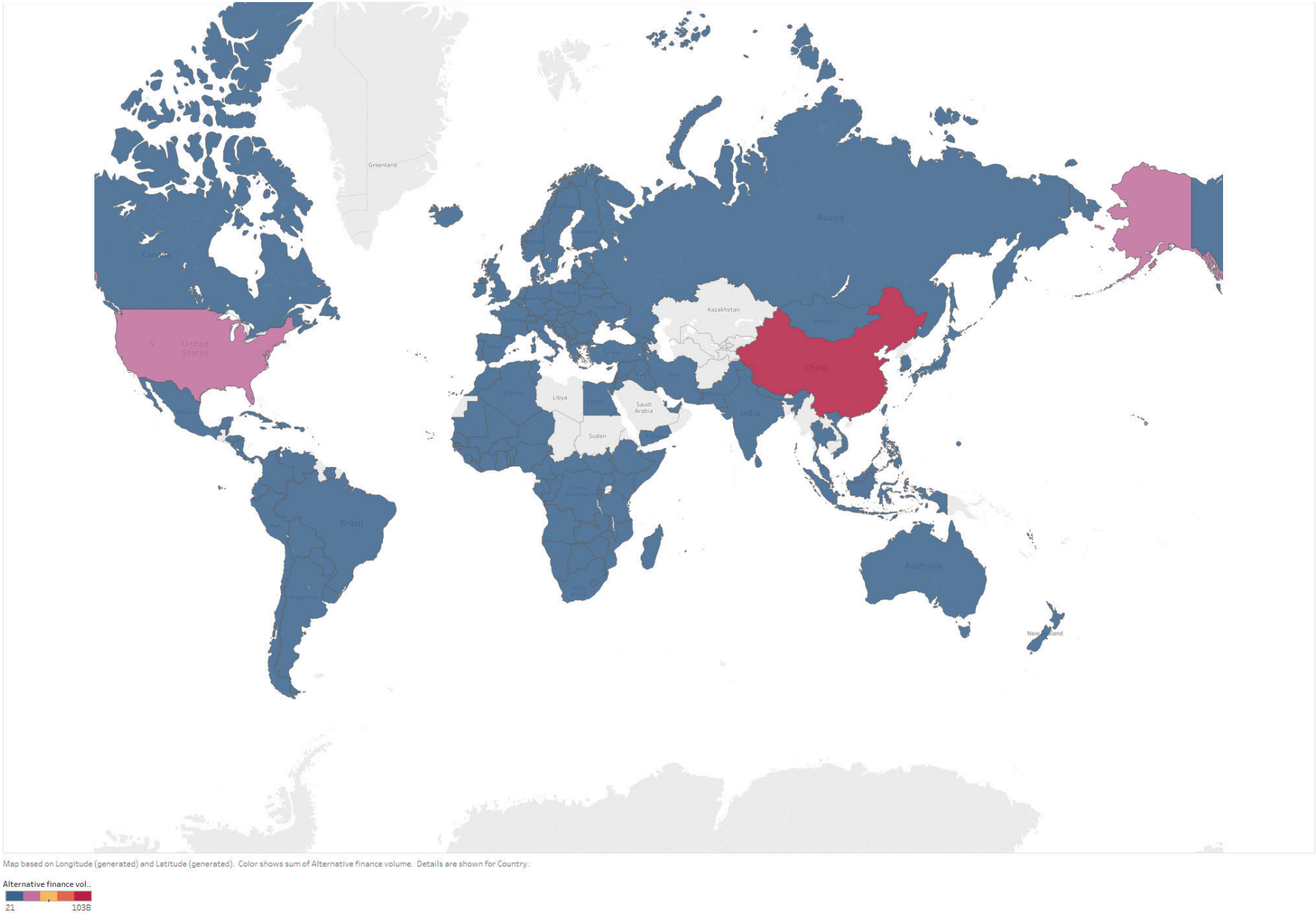

Figure 2. The global volume of crowdfunding (in 2015 US$)

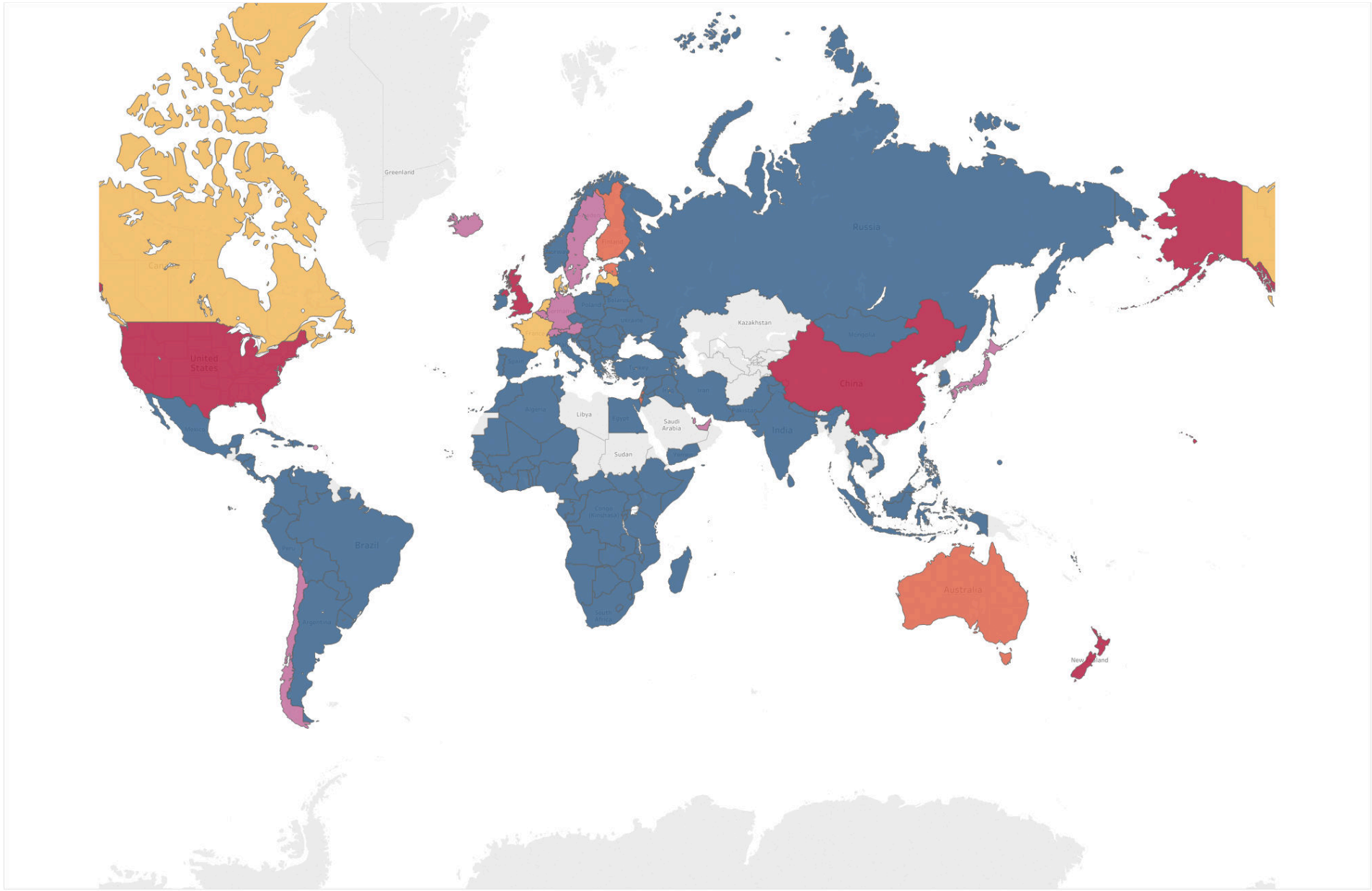

Figure 3. Log(volume of crowdfunding per capita) in 2015 US$