

FinPart's initiatives to foster Crowdfunding in France

Following the action of some individuals since the mid-2000s, French crowdfunding platforms as well as many national and local players in the financing of entrepreneurs, project leaders and citizens, decided to join forces altogether early 2012 within the FinPart movement.

The objective of FinPart is

- to promote regulatory change
- to develop a self-imposed code of ethics of the French crowdfunding players
- to organize regional crowdfunding events from the second half of 2012

France is one of the largest crowdfunding market in Europe in terms of number of platforms

Since the last 5 years, about 30 internet platforms startups were created by French entrepreneurs to enable investors to invest small sums in projects and allowing them to choose the final destination of their money (business, social or creative project). This contribution of individual savings on internet platforms comes as:

- gifts,
- donations against a non-monetary compensation (a "reward"),
- equity (with or without an holding company acting as an intermediary)
- or loans (with interest paid or interest-free).

In France, industry players grouped in the FinPart movement believe that crowdfunding has raised since 2010 over EUR 6 million to fund nearly 15,000 projects.

The fast rise of crowdfunding in France results from

- Development that assures the mass adoption of internet in France and the appearance of several specialized platforms. These developments greatly reduce intermediation costs in financing traditional players, disrupting financial exchanges.

- The undeniable desire of investors to have this latitude of choice. This is a societal trend and the rapid development of business angel networks in France over the past 15 years has foreshadowed this trend. Crowdfunding is a way to restore some individual and collective flexibility to citizens and enable them to regain the understanding of economics and entrepreneurship.

- Entrepreneurship's development in a crisis context where the traditional players of funding no longer meet certain needs: innovative projects, entrepreneurship, early stage development, projects located on deprived areas, social and solidarity economy projects.



Obstacles to the development of crowdfunding in France

The nature of crowdfunding operations is subject to financial rules that had been established at a time when internet and social networks did not exist. Regulations (banking and taxation) pose disproportionate constraints to the crowdfunding ecosystem compared to the activity it performs.

FinPart's actions to date

Several conferences in the country bringing together the crowdfunding players, projects supporters and citizens obtained a great success.

One of them was the March 26th 2012 event at the Paris Stock Exchange, "*La finance participative interpelle les candidats*" (Report of the Event: [Crowdfunding calls the French Presidential elections candidates](#)). If no Presidential candidate took part, it gathered about 200 qualified participants including web entrepreneurs, institutions, journalists, a representative of the entrepreneurship section of a political party and platforms users.

A [manifesto](#) was then published by the FinPart movement and has received over 400 signatures of web entrepreneurs and actors funding the SMEs, citizens, platforms' users.

Support of the Supreme Council of the Institute of Chartered Accountants has been obtained which shows the interest of these new funding opportunities in terms of value creation and job creation.

In May 2012, Laurence Parisot (President of the French employers association - MEDEF) [spoke](#) in favor of Crowdfunding in a Journal du Net video, as a new axis of development of the web entrepreneurship in the country.

Since the 2012 French Presidential campaign and the following general elections, a bipartisan informative action has been launched with the government and the opposition. Today the debate is open.

In June 2012, FinPart released a White Paper (Download: [Livre Blanc – Finance Participative, Plaidoyer et propositions pour un nouveau cadre réglementaire](#)). It contains a proposition regarding a new role of "funding portal" but to a larger definition to the one created by the JOBS Act which is reserved for the Equity business. Other propositions include:

- Donation:

Creation of flexible mini-funds adapted to the financing of short lived (less than a year of so) projects, with very little overhead in their creation and administration.

- Loans:

Letting individuals finance loans bearing no interest (micro-finance loans).

Letting individuals finance loans to SMEs that are considered as quasi-equity and can adapt to flexible repayments schedules.

- Equity:

Abolish the notion of limited circle of investors (150 persons) to consider an offer note as private. (With the Internet, restricting access to information for considering an operation as private is no longer meaningful)

Raise the threshold below which a company is exempted from making a public offer of securities from EUR 100,000 to EUR 1 million.

In addition, FinPart serves as a catalyst for the creation of the first French Crowdfunding Professional Association.



Many articles in the financial press (Reuters, Euromoney, Les Echos, La Tribune, etc.) described the development of crowdfunding in France and the FinPart movement.

FinPart's involvement at the European level

FinPart representatives have also been liaising with the European Crowdfunding Network ([ECN](#)), Eurada in Brussels and other national associations and foreign platforms to partner at the European level while leveraging what had already been achieved.

It has become obvious that a coordinated action in Europe is essential to build a strong case for crowdfunding. Moving ahead, FinPart, ECN and other national players, intend to work on a European White Paper to be released later in the fall 2012 to lobby the EU authorities and third parties.

FinPart is a strong supporter and committed to the success of “Crowdfunding For Europe”, an open movement meant to let any organization interact and cooperate at the European level. Fellow minded crowdfunding supporters are invited to participate and cooperate:

- on Facebook: <http://www.facebook.com/CrowdfundingForEurope>
- and in the working group: <https://groups.google.com/group/crowdfunding-for-europe>

