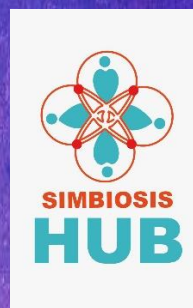


# Crowdfunding in Spain 2022

An increasingly solid and professionalized  
market

## Annual Report

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## 1. Promoters and Collaborators

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Sponsored by:

**Universo Crowdfunding:** <http://www.universocrowdfunding.com> It is the leading crowdfunding web portal in the Spanish-speaking world and boasts a multidisciplinary, independent team with extensive experience in various sectors, including crowdfunding. They bring everything needed to fund a project through crowdfunding, comprising economists, computer scientists, journalists, communication professionals, marketers, and entrepreneurs, ensuring a guarantee of success.

**Crowdants:** <http://www.crowdants.com> A white-label crowdfunding platform generator website that enables individuals, associations, companies, or organizations without technical knowledge to create their own crowdfunding platform and host crowdfunding campaigns with the support of crowdfunding consultants.

**Universidad Camilo José Cela** The Faculty of Science and Technology and the degrees in "Entrepreneurship and Technology" and "Entrepreneurship and Business Management" at the Camilo José Cela University actively support the preparation of this report, given the importance of this form of financing for entrepreneurship in general, especially in its early stages.

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**Simbiosis Hub:** We are a vibrant community born in 2018 dedicated to fostering co-creation, participatory financing and crowdfunding, collaborative organization, equitable distribution, and responsible consumption. Our mission is to empower individuals and organizations to come together and collectively shape a brighter, more sustainable future for all.

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## 2. Report Objective

This work, promoted and coordinated by the consulting firm Universo Crowdfunding and Camilo José Cela University, aims to provide an objective, dynamic, and practical space for the collection of accurate, verified, and clear data on the evolution of crowdfunding in Spain. In our opinion, based on our experience in the field, there is a strong lack of analysis and gathered information, which we aim to improve with this study. The pursuit of transparency is something that more and more platforms are seeking every day, making data collection easier.

### 2.1. Methodology

Survey and interviews via email or phone.

### 2.2. Data Requested

Total funds executed or raised on their platform in the year 2022.

### 2.3. Data Sources

Directly provided by the platforms.

Public information about the platform, usually visible on the platform itself.

Estimates based on previous evidence.

### 2.4. Scope

This research focuses on platforms operating in Spain with projects from Spanish promoters. To be included in the report, platforms must be registered as crowdfunding platforms with the CNMV, in accordance with Law 5/2015 of April 27, on the promotion of business financing. Platforms that have funded at least 3 projects in 2019 were contacted. Without these limitations in counting the total funds raised and being less restrictive in considering actual Crowdfunding activity, the total figure could be between three and four times higher than what we show, between 400 and 500 million euros.

### 2.5. Types of Platforms

Based on various studies promoted by the European Commission, we have focused on the following types of crowdfunding:

Rewards-based pre-sales

Donations

Investment

Loans

Real estate

### 3. Introduction

The year 2022 marks a significant milestone in the field of Crowdfunding in Spain, driven by several relevant factors. Among them, the increase in fundraising compared to previous years has set a new record in the entire historical series of analysis. Although there has been continuous growth in fundraising since 2017, with the exception of 2020, this year's growth is particularly notable, surpassing 80 million euros.

This substantial increase confirms the idea that the drop in fundraising in 2020 was more a result of the circumstances created by the Covid-19 pandemic than a sign of structural decline in the Spanish sector. The continued increase in fundraising in 2021 and 2022 underscores the positive trend reflected in the title of this report: "An increasingly solid and professionalized market."

These statements are supported by concrete data indicating growing consolidation and professionalization in the sector. The fundraising record suggests increasing interest from both entrepreneurs and investors, strengthening their professionalization. This trend is reinforced by the convergence between the number of funded campaigns and the average fundraising per campaign, indicating greater selectivity by platforms and increased investor confidence.

While these results are encouraging, it is important to note that a substantial portion of the growth comes from real estate platforms, accounting for nearly half of the total fundraising in 2022. Nevertheless, these platforms have shown increasing competitiveness by offering more attractive and diverse business opportunities, combining investments and loans to expand options for investors.

These developments allow for an optimistic outlook on the future of this sector in Spain. Its evolution appears to be a continuously growing market with significant potential for further expansion and consolidation. However, it is crucial to recognize that, despite these positive prospects, Spain is still below its potential compared to economies of similar size, such as France, Germany, and Italy.

This lag can be partly attributed to the need to improve financial and entrepreneurial education among the population. A shift in mindset toward more innovative financing methods also needs to be encouraged, as the inclination to seek funding through traditional means remains prevalent. Furthermore, despite increasing awareness of crowdfunding, its active and recurring adoption is still limited.

Since 2020, Spain has adopted shared European legislation with other economic powers, promoting greater regulatory convergence. After two years of implementation, it is possible to offer a preliminary evaluation, although it remains general in nature. For a more meaningful understanding of specific effects, we will need to wait for the consolidation of its application. From this general perspective, it is possible to identify both positive and negative aspects, analyzed with greater emphasis in the Spanish context.

Among the positive aspects of this regulation are: i) Protection of retail investors, ii) increased transparency and clear conduct rules, iii) the creation of a uniform framework across the entire European Union.

However, potential negative elements can also be identified, such as: i) Excessive bureaucracy and a tendency toward bureaucratization, ii) uneven impact of financing on various business sectors, especially startups, iii) limited flexibility of regulations to adapt

to current and future changes, iv) challenges in adapting to the national realities of each economy.

A key factor for development is the issue of sponsorship or "matching," where the support of both private and public entities becomes increasingly imperative. From municipal governments to the European Commission, through regional and national governments, their involvement in financing campaigns considered valuable in their respective areas of operation remains vital to advancing the sector.

The sector still has room to consolidate factors that promote its maturity and professionalization. Achieving the goal of surpassing 1 billion euros is feasible and crucial, but so is strengthening project evaluation, their quality, viability, and potential profitability. While variables like regulation, digital penetration, and market size do not appear to be obstacles in Spain, further strengthening these aspects will contribute to further normalizing the use of crowdfunding.

In summary, 2022 stands out as a crucial period for Crowdfunding in Spain, with a record increase in fundraising indicating greater consolidation and professionalization of the sector. Although there are challenges to address, the outlook is optimistic and has the potential to continue growing and solidifying in the future. An essential element of this consolidation will be factors such as the promotion and active participation of public and private institutions, while the decisive factor will continue to be entrepreneurial drive and the ability of our investors to support business projects.

In the following sections, we delve into these points in depth and provide all the empirical evidence we have gathered. Since this report has been published annually since 2015, we have enough data to identify the patterns shaping the reality of this sector in Spain.

#### 4. Executive Summary

Last year, the Crowdfunding sector in Spain achieved fundraising of €300,966,947, showing an increase of 34.37% compared to 2021 when €219,132,820 was raised. This increase of €81,834,127 represents the largest annual increase since 2015 and consolidates the recovery after the decrease in fundraising in 2020.

Among the categories, real estate platforms led fundraising with €136,573,394, representing a significant increase of 113.03% compared to the previous year and constituting 45.38% of the total raised. This highlights the growing strength of these platforms, which have taken the lead in terms of fundraising in Spain.

Investment platforms remain strong, raising €77 million, equivalent to 25.63% of the total raised and a 24.38% increase compared to 2021. They were followed by donation-based (€33M), loan-based (€28M), and reward-based (€24M) platforms.

It is worth noting that loan-based (-19.72%) and reward-based (-3.51%) platforms experienced a decrease in fundraising compared to the previous year. This underscores the challenges these platforms face in establishing and maintaining strong growth.

This reduction should not be underestimated, as in the case of loans, global economic conditions marked by inflationary pressures and interest rate hikes to control inflation are working against this type of lending.

Regarding reward-based platforms, their significant decrease in fundraising, despite overall sector growth, highlights the need to reevaluate the business model and operation of some of these platforms.

It is not surprising that the real estate platform Urbanitae leads fundraising in Spain with €80M, followed by investment platforms like Crowdcube (€20.5M) and Segoventure (€17.9M). These three platforms account for €119M of the €300M raised, emphasizing their importance.

However, this growing concentration of fundraising poses a significant problem in the sector. If only three out of the forty-three existing platforms account for 40% of the fundraising, the rest may face sustainability challenges in the short and medium term.

The number of platforms is not independent of fundraising. Given the current situation, we could infer that if funds were distributed evenly among all active platforms (even though this is not the case), each would raise around €6.5 million. Since platforms retain approximately 5% in commission, the net amount would be €348,838 per platform, which may not be sufficient for their sustainability. The reality is different, as three platforms raise a significant portion, allowing them to be profitable. However, this situation suggests that many others are struggling to survive.

In terms of employment, in 2022, crowdfunding created more jobs than in the previous year, both directly and indirectly. We estimate a range of between 6,000 and 30,000 jobs depending on the measurement threshold used. Additionally, each platform is estimated to have around 6 employees, implying that approximately 300 people are currently working on the platforms.

In this context, this news should be a key argument for promoting the sector, especially among individuals and institutions that still doubt its potential. It is an opportune moment to reconsider the current possibilities and limitations and design a reactivation plan that places this financing model at the center of economic recovery, aiming for fundraising levels comparable to leading economies worldwide.

Furthermore, this year continues to reinforce professionalization, evidenced by the reduction in the number of campaigns and the increase in average fundraising per campaign. Specifically, 9,089 campaigns were launched this year, a decrease of 26.42% compared to the 12,352 campaigns in 2021. However, the average fundraising per campaign nearly doubled, from €17,741 in 2021 to €33,113.

All these data highlight that 2021 has been a significant challenge for Crowdfunding and that this challenge is being overcome positively, shaping the future of this sector in our country. This is an important moment to reconsider current possibilities and limitations and reach a consensus on a reactivation plan that positions this financing modality at the center of economic recovery, aiming for fundraising levels comparable to leading economies worldwide.

It remains a sector conditioned by the Code of Good Practices, increasingly widespread and consolidated among entrepreneurs, investors, and savers in the Spanish Crowdfunding world. This does not mean that this sector is free from problems related to delinquency, scams, and non-compliance, but to the extent covered by this report, these are marginal.

In recent years, vertical platforms (or white-label platforms) continue to consolidate as a new form of crowdfunding with significant potential. Vertical platforms are personalized-use platforms that focus on a specific sector or are highly localized. They can be used for projects related to music, comics, books, small businesses, micro-enterprises, or even specific regions.

The closer a platform is to its community, the more options promoters will have to finance projects. The trend of creating vertical, thematic, sector-specific platforms with large communities is significant. Tools like Crowdants.com, a Spanish startup that allows you to create your own platform in a few minutes, represent a new space for diversification and innovation in Crowdfunding.

## 5. Crowdfunding in Spain

### 5.1. Fundraising

Crowdfunding platforms raised €300,966,947 in Spain in 2022. This figure represents a 34.37% increase compared to 2021, which means €81,834,127 million euros more than the previous year. This is the largest increase since 2016. If we were to include the secondary market, which is currently not considered a form of crowdfunding by the CNMV, the figure would approach €800 million, a highly notable and significant amount that would align more closely with the economic development of our country.

Real estate and investment platforms have emerged as the top fundraisers, far surpassing others. Together, they raised €213,707,569 (€136,573,394 real estate and €77,134,175 investment), accounting for 60% of the total funds raised, illustrating the direction in which crowdfunding is evolving in Spain. These results break some trends. For the first time, real estate platforms have raised more funds than all other platforms combined, providing a decisive boost to fundraising in Spain. Investment fundraising continues to grow steadily and has established itself as the other robust growth vector for the sector.

Table 1 Total Fundraising in the Period 2017-2022



Source: Compiled with data from UniversoCrowdfunding

As shown in Table 2, fundraising by loan platforms has been steadily decreasing since 2018. In 2022, fundraising reached €28,564,177, which is 19.72% less than the previous year, marking four consecutive years of decline.

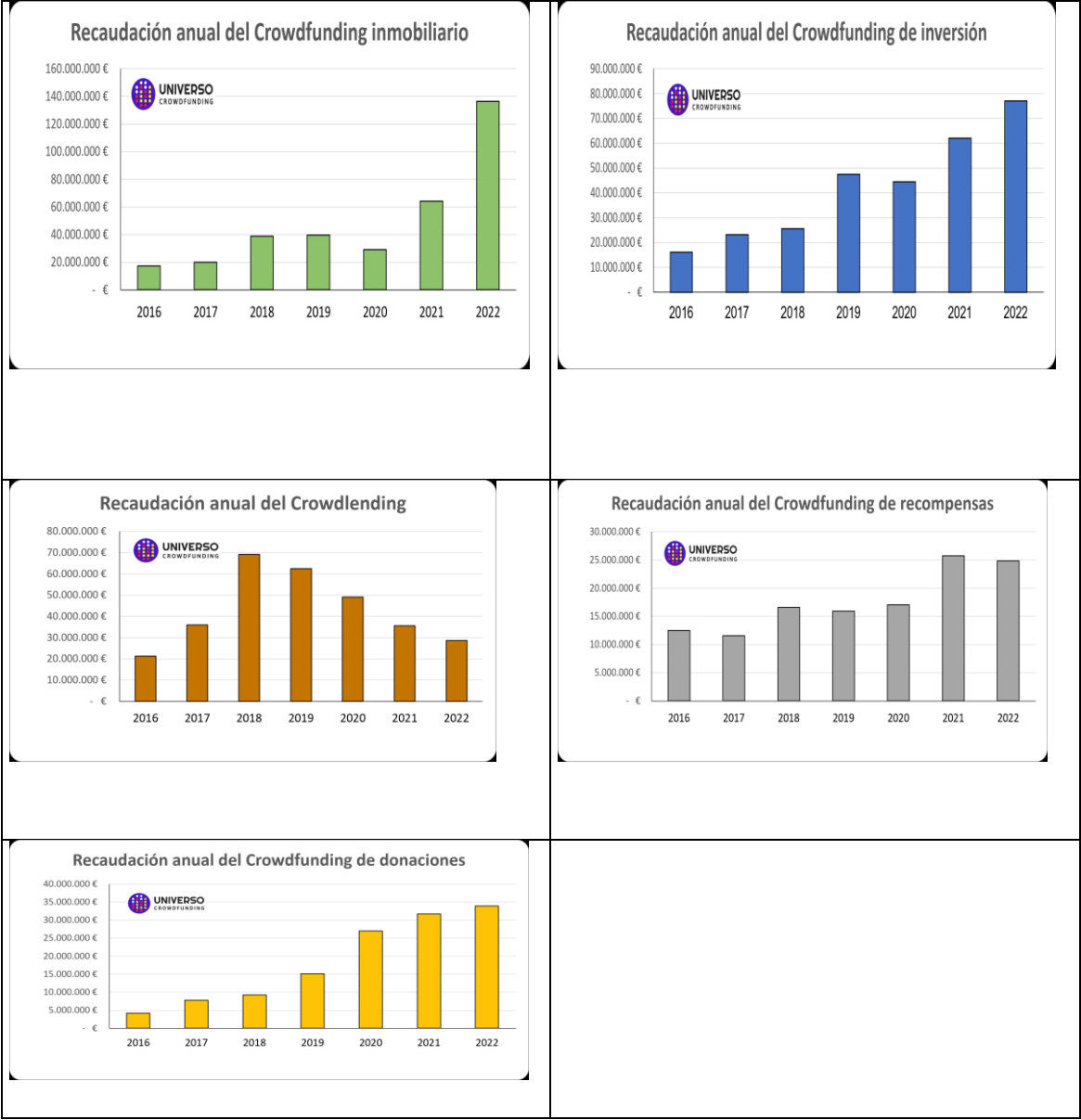
Why and what is causing this decline? The answer to this question is not straightforward, as there may be more than one factor at play. We suspect that this decline is the result of a combination of factors, including changes in demand, shifts in risk perceptions, changes in consumer preferences, and the quality of the loan projects presented.

Meanwhile, the increase in fundraising in other categories may be influenced by trends and socioeconomic changes favoring those categories over others. It is clear that the data suggests these shifting trends. The decline in loans coincides with a significant increase in real estate fundraising, indicating changes in risk perception and demand.

Throughout the years analyzed in this report, the data supports the hypothesis of changing risk perception among investors. Categories that experienced growth, primarily real estate and, to a lesser extent, investment, may have offered a higher perception of security or better return opportunities compared to the categories that declined, primarily loans.



Table 2: Fundraising by type of Platform (2016-2022)



We cannot overlook the socioeconomic environment in which crowdfunding takes place. The Ukraine conflict and widespread price increases, particularly in food and energy, have forced borrowers to offer increasingly higher interest rates to meet their fundraising goals. This could indicate a shift in demand or prevailing interest rates.

Conversely, in previous years, when interest rates in conventional markets were lower, an increasing number of loans were attracted. Investors may have become more cautious toward this category due to economic uncertainty caused by events like the COVID-19 pandemic. This, combined with growing inflation and interest rates, could be working against this form of financing and encouraging investors to explore other modalities.

For the first time, fundraising on reward-based platforms has slightly decreased compared to the previous year, from €24,801,080 raised in 2022 to €25,703,801 raised in 2021 (a decline of -3.51%). This decline is less pronounced and marks the first time it has occurred in the analyzed historical series. This suggests that this category has evolved differently from loans, and therefore, the uncertainties it faces are substantially different.

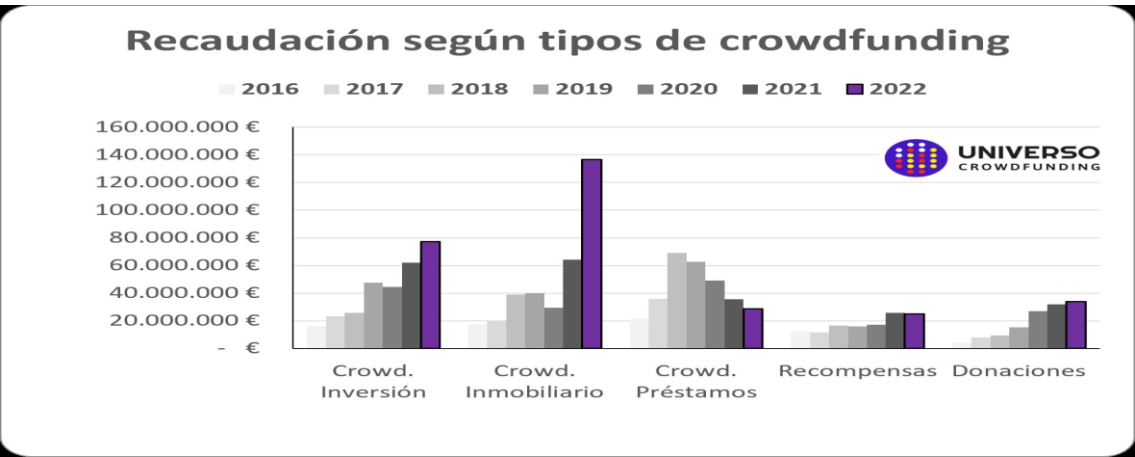
Since 2016, rewards have remained steady and slightly grown until 2022 when it decreased for the first time. This could suggest that this category faces a significant challenge that could lead to profound changes in its growth expectations and future business models.

Until now, most users of reward platforms have been small projects, mainly in the arts and culture sector. However, their potential does not end there. As we have mentioned in previous reports, more and more small businesses are using these platforms to test the acceptance of their products or to market their products or services.

This will undoubtedly be a source of growth for this category, which, although still with modest fundraising, can easily evolve towards more professionalized and successful models. The fact that companies see these platforms as more than just a fundraising method, incorporating pre-sale models and acceptance testing, is a fundamental pillar to ensure the successful survival of these platforms.

The donation category has experienced steady growth since 2016. This growth could indicate several factors that have influenced people's greater willingness to donate over time. Some of these factors could include changes in perceptions of charity and philanthropy, as well as significant events that have driven solidarity and fundraising. The strong impact of the global pandemic crisis, triggered by the spread of COVID-19, and the crisis in Ukraine in 2021, are events that may have influenced the increase in support and solidarity campaigns.

Table 3: Fundraising by type of Platforms



Source: Compiled with data from UniversoCrowdfunding

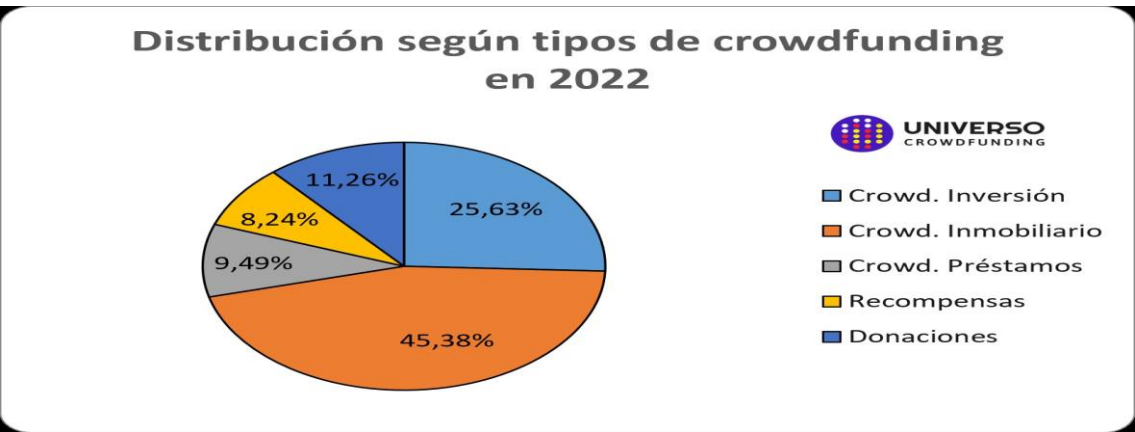
In times of crisis, the need for resources and support for those facing difficulties can significantly increase. This could have led to the creation of a greater number of donation campaigns to help individuals, communities, and affected regions. People become more sensitive and compassionate towards events like those mentioned.

Awareness of the need for support can mobilize people to contribute and participate in donation campaigns. Empathy for those affected by these crises may have led to an increase in donations, as more people felt motivated to help in times of hardship and adversity. It is noteworthy that, for the first time, fundraising in the donation category has surpassed the rewards category.

This shift could reflect greater confidence in donation campaigns and a shift in donor mentality. Compared to rewards, which involve the delivery of specific products or services in exchange for a donation, donation campaigns tend to focus more on social and humanitarian impact. The increase in fundraising for donations could indicate a growing understanding and appreciation of pure philanthropy, where donors contribute with the aim of providing support without the expectation of tangible rewards.

These events and trends reflect a greater awareness of the need for support in difficult times and an increase in participation and trust in donation campaigns as a vehicle for generating positive impact on society.

Table 4: Annual percentage distribution by platform type



Source: Compiled with data from UniversoCrowdfunding

## 5.2. Cumulative Fundraising (2016-2022)

In this section, we analyse the evolution of fundraising through various crowdfunding models in Spain during the period from 2016 to 2022, using information from external sources. The goal is to measure the true impact of crowdfunding in the different categories into which we have divided the fundraising.

According to this analysis, over the ten years studied, the crowdfunding industry in Spain experienced marked variability in fundraising volumes across different categories. Financing models through Investment and Real Estate stood out for their significant growth, while Loans, Rewards, and Donations exhibited fluctuations in their figures. The following analysis provides a detailed view of the data.

## 5.3. Category Analysis:

**Investment:** Since 2015, fundraising has grown by 167.14%. This indicates sustained growth and increased investor confidence in projects financed through participative investment.

**Real Estate:** This category experienced the most significant growth, with a 113.03% increase in 2022. But the variations in the figures may be due to changing dynamics in the real estate market and investment opportunities in this sector.

**Loans:** Although there were fluctuations in fundraising over the years, the Loans category showed a general downward trend since 2018. Nevertheless, fundraising in this category increased by 110.57% since 2015.

**Rewards:** This category displayed moderate variability in fundraising, with a 3.51% decrease in 2022, reaching a total of €24,801,080. However, since 2015, fundraising has only grown by 8.10%.

**Donations:** The Donations category experienced continuous growth, with a 6.84% increase in 2022, reaching a fundraising total of €33,894,121. Since 2015, fundraising in this category has increased by 92.73%.

All these data suggest that cumulative crowdfunding fundraising in Spain demonstrates significant and substantial growth. Total fundraising has risen from €17.1 million in 2013 to €300.97 million in 2022, accumulating €1,281,255,380. This represents an impressive increase of 1662.07% over a decade, reflecting sustained growth and the increasing acceptance of crowdfunding platforms in the Spanish financial landscape. However, it is still insufficient growth.

If we only consider the analyzed period of 2016-22, the accumulated amount is €1,197,592,272. This is a substantial and noteworthy figure, but it should not be the result of nine or seven years of fundraising; rather, it should be the result of a single year. This is the great challenge for this sector: to increase what we currently raise tenfold.

### **Cumulative Growth in the Period 2016-2022:**

Investment Crowdfunding: 1168.57% (from €6,018,964 to €77,134,175).

Real Estate Crowdfunding: 582.81% (from €20,000,000 to €136,573,394).

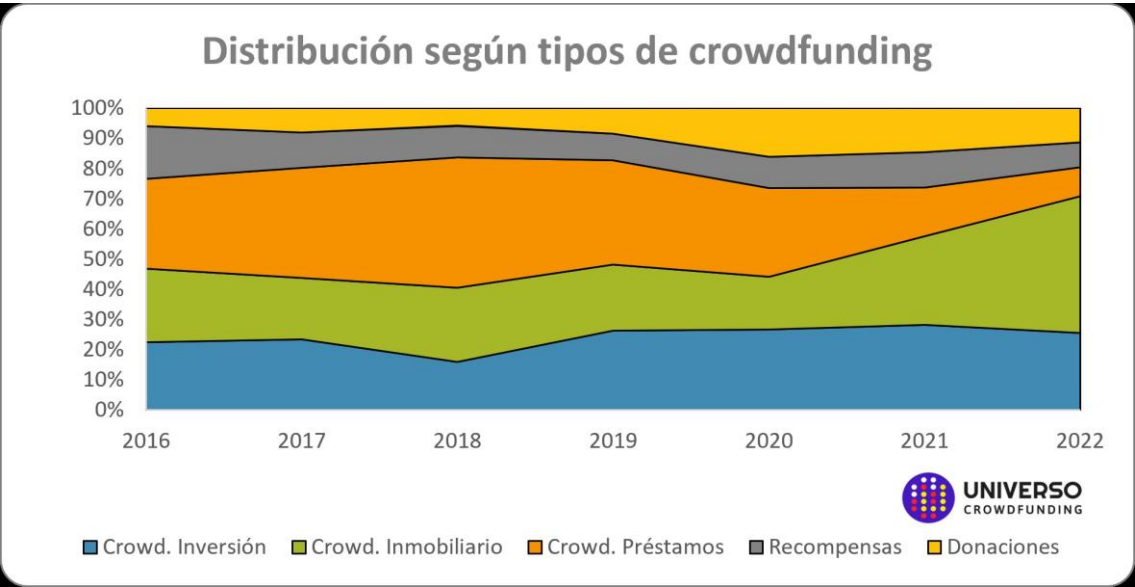
Loan Crowdfunding: 182.43% (from €10,101,040 to €28,564,177).

Rewards Crowdfunding: 1178.61% (from €1,986,967 to €24,801,080).

Donation Crowdfunding: 1462.34% (from €2,167,450 to €33,894,121).



Table 5: Cumulative Distribution by Platform Type, 2016-2021



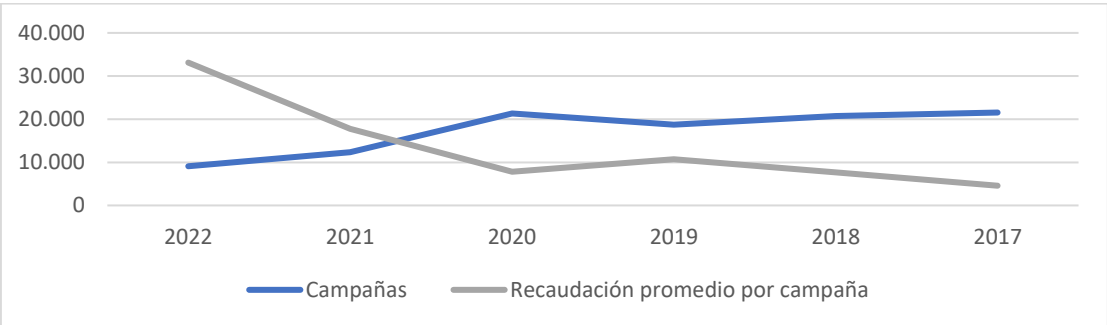
Source: Compiled with data from UniversoCrowdfunding

## 6. Number of Campaigns and Average Fundraising per Campaign

An essential factor in assessing the health of the crowdfunding sector in Spain is not only the number of campaigns but also the average amount raised and its evolution in recent years. As explained earlier, the combination of both factors provides valuable insights into the professionalism of the sector.

The data provided indicates an increase in the average fundraising per campaign, a reduction in the number of funded campaigns, and a record total fundraising in 2022. These factors suggest greater professionalism in the crowdfunding industry in Spain, with better project selection and management, attracting more and better investors and sponsors interested in supporting quality projects.

Table 7: Launched Campaigns, Average Fundraising per Campaign



Source: Compiled with data from UniversoCrowdfunding

Among the factors explaining these trends, we highlight the following:

The first factor relates to the increase in the average fundraising per campaign. In 2022, the average fundraising per campaign reached €33,113, which is a significant increase compared to previous years, such as 2021 (€17,741) and 2020 (€7,831). This increase suggests that crowdfunding campaigns are raising more money on average per project, indicating greater maturity and professionalism in the way these campaigns are presented and managed.

Furthermore, we see a reduction in the number of funded campaigns. Although the number of funded campaigns in 2022 (9,089) is lower compared to previous years like 2021 (12,352) and 2020 (21,329), total fundraising has increased significantly. This could suggest that higher-quality and more potential projects are being selected, indicating a more rigorous evaluation and selection process, typical of a professionalized environment.

These indicators, combined with the fact that the total fundraising in 2022 is historic, surpassing previous years by a wide margin, suggest that this record figure could be attributed to increased investor or sponsor confidence in crowdfunding campaigns. This, in turn, may be related to greater professionalism in project management.

This professionalization process reinforces the idea that the crowdfunding sector in Spain is in good health, with a more solid future sustainability than a few years ago. It also indicates that campaigns are being managed more efficiently and sustainably, which, in turn, could attract long-term investors and sponsors, contributing to sustainable growth to reach the fundraising levels that the Spanish economy deserves.

The role of platforms is crucial in this regard. They are becoming stricter when approving the launch of a campaign, which says a lot about the platform itself and its commitment to professionalizing the sector. When investors see that the quality of campaigns is continually improving, and the presented projects are becoming more serious and well-prepared, their willingness to finance them also increases.

What seems to be lacking in Spain is serious promotion of this form of financing. Although there is no CIS-type survey or similar regarding how many people are aware of this form of financing, how many have participated, or how many plan to participate, it is true that an increasing number of universities are conducting serious research on this phenomenon in our country, with publications in top-tier journals.

It is also true that more and more educational and training centers use these platforms to finance their own projects. However, there is no mass media promotion informing about the potential of this form of financing.

The role of public administrations is also crucial in this promotion. Not only by financially supporting projects of interest but also by promoting its use and legislatively supporting advantages for projects funded through Participative Financing platforms.

### 6.1. Active Platforms in Spain

The number of active platforms in the crowdfunding sector is also an important factor to consider in the professionalization of the industry. In 2022, there is a significant decrease in the total number of active platforms compared to 2021, dropping from 50 to 43 active platforms.

This decrease reinforces the growing professionalization of the sector and its sustainability.

Given the level of fundraising, slightly over €300 million, and considering the approximately 6% commission rate charged by the platforms, the sustainability of many of these platforms is certainly challenging.

Moreover, with only three platforms raising €119 million, it is highly likely that many of the currently active platforms will close. Between 2016 and 2022, when fundraising was much lower than it is now, there has been a relatively stable number of platforms, around 50 platforms, with annual fluctuations but no significant overall growth.

Therefore, this significant decrease in the number of active platforms in 2022 could indicate market consolidation and greater professionalism. Some platforms may face economic difficulties and need to close or merge with others to survive. This consolidation could be a sign of maturity in the industry, where stronger and more professional platforms prevail.

It's important to clarify something in this regard. The closure of platforms is never good news, but given the existing fundraising, what we are asserting is that the current number of platforms is excessive to ensure their sustainability. This means that we advocate for an oligopolistic limitation of the sector.

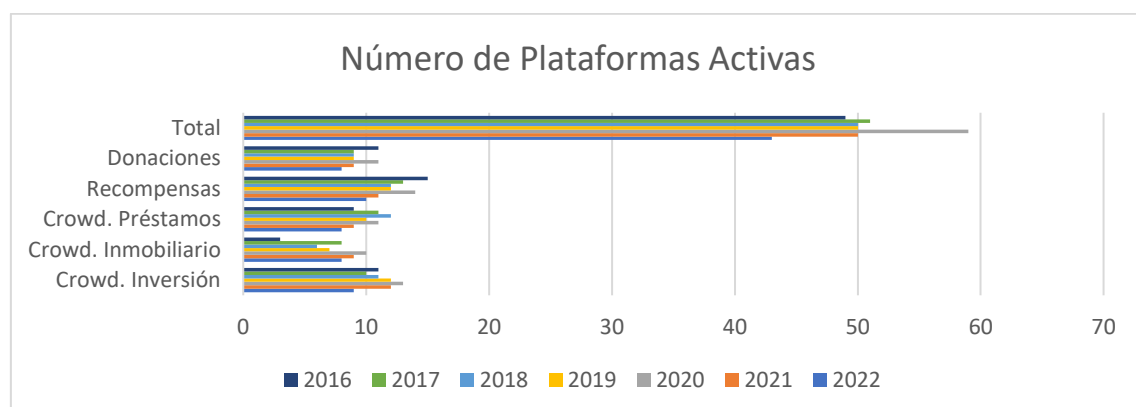
In contrast, we highly value competition in an emerging market like Participative Financing. Therefore, the 43 active platforms in Spain in 2022 suggest that competition in the market remains relevant, which could be beneficial for investors and entrepreneurs, as they would have options to choose from.

For all these reasons, we believe that the decrease in the number of active platforms could also be an indicator of the need for greater professionalism in the crowdfunding industry in Spain. Surviving platforms may be oriented toward excellence in terms of project selection, transparency, and risk management to attract investors and entrepreneurs.

Therefore, this decrease in the number of active platforms in 2022 could be indicative of consolidation and professionalization in the crowdfunding industry in Spain. However, it also poses economic and competitive challenges for existing platforms. The long-term survival of these platforms will depend on their ability to adapt to changing market conditions and maintain high standards of quality and transparency.

In recent years, the net number of active platforms (those that are created minus those that close) was around fifty. In 2019, there were 50 active platforms, the same number as in the previous five years, suggesting that a certain level of balance had been reached in this financial sector, given that the fundraising did not allow for more than 50 platforms.

Table 8: Number of Active Platforms



## 6.2. Leading Active Platforms in Spain

The evolution of various subsectors within crowdfunding in Spain corresponds to the leading platforms. As mentioned, it's the real estate and investment platforms that generate the highest fundraising and exhibit the most significant fundraising growth. Therefore, it's not surprising that the leading platforms in terms of fundraising belong to these subsectors.

The top fundraising platform is Urbanitae, specializing in real estate crowdfunding, which raised €80 million. It's followed by two investment platforms: Crowdcube (€20.5 million) and SegoVenture (€17.9 million). This dominance of real estate platforms is in contrast to previous years when investment and loan platforms typically held the top fundraising positions.

## 6.3. Jobs Created

A key element, especially in the current economic crisis, is the impact of crowdfunding on economic activation and job creation. The €300 million raised has enabled many startups to initiate or sustain their operations, starting with the crowdfunding platforms themselves.

Several thousand jobs were created in Spain depending on the measurement threshold used. Calculating the employment generated through crowdfunding is a complex and imprecise task due to the lack of data. However, there's limited available information that can provide some insight into the labor activity associated with crowdfunding.

Table 9: Jobs created via crowdfunding

Threshold 50.000€	Threshold 20.000€	Threshold 12.500€	Threshold 9.000€
<b>6.011</b>	<b>15.049</b>	<b>24.078</b>	<b>33.441</b>

Source: Own elaboration with data from UniversoCrowdfunding

In some cases, projects seeking funding explicitly state how many jobs they will create. For example, the lending platform Lendix offers investment opportunities in a project to open a franchise of a global restaurant chain in Valencia. They request €1 million and intend to create between 50 and 80 jobs. This provides an initial threshold for calculating the minimum investment required to create one job, which in this case ranges from €20,000 to €12,500 per job.

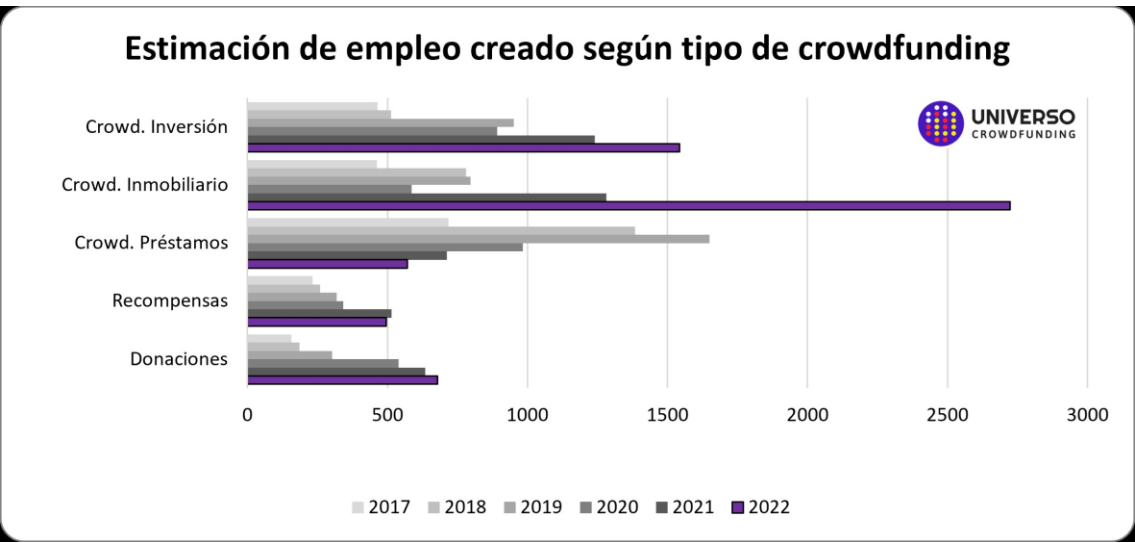
With these thresholds, we attempted to verify the credibility of this figure by finding more projects on other platforms that provide information on jobs created. We found similar projects in the hospitality sector that fall within these thresholds, such as a bar in Toledo raising €25,000 and creating two jobs (€12,500 per job). Additionally, projects like SeedBox seek €400,000 to add a salesperson to their team, allocating €35,000 for this position. Similar projects in tapas bars and pizzerias in Cádiz, Torremolinos, or Barcelona also fall within these thresholds.

In many cases, the threshold calculation is more related to self-employment practices and involves pre-sales of books, music, or tangible items. In these cases, specific job



creation is not the primary focus, but rather supporting an existing job or favoring a specific economic activity.

Table 11: Estimation of jobs by sectors



Source: Own elaboration with data from UniversoCrowdfunding

It is challenging to attribute a precise number of jobs in this latter case, but it doesn't diminish the potential of crowdfunding to promote employment. All funded projects inherently generate jobs, even though quantifying them is difficult.

Despite these limitations and cautions, we venture to provide four different thresholds that can give an approximate idea of how much employment crowdfunding is generating in Spain:

Table 9: Jobs Created at Different Thresholds

Threshold 50,000€	Threshold 20,000€	Threshold 12,500€	Threshold 9,000€	6,011	15,049	24,078	33,441
Total fundraising / 50,000€	Total fundraising / 20,000€	Total fundraising / 12,500€	Total fundraising / 9,000€	Source: Compiled data			

According to the provided data, using a threshold of €50,000 per job, approximately 6,011 jobs would be created with the total fundraising. This suggests a significant impact on job creation.

**Job Distribution:** As the investment threshold per job decreases, the total number of jobs created increases. For instance, using a €9,000 threshold per job would result in approximately 33,441 jobs created. This indicates that crowdfunding campaigns can generate a substantial number of jobs, often in smaller projects or emerging businesses.

**Sustainability:** It's important to note that job creation through crowdfunding does not always guarantee the long-term sustainability of those jobs. Some projects may be temporary or linked to the execution of a specific project. Job sustainability will depend on the viability and continued success of the funded projects.

**Importance of Project Diversity:** The diversity of employment thresholds highlights the importance of adapting crowdfunding strategies to the needs of specific projects. Some projects may require more initial investment to create jobs, while others may be more cost-efficient in terms of labor expenses.

In summary, crowdfunding can have a significant impact on job creation, but this impact varies depending on the project type and the required investment amount. The diversity of projects and employment thresholds reflects the flexible and adaptable nature of crowdfunding as a source of funding for a wide range of business and creative initiatives. However, it's essential to continue monitoring the sustainability of jobs created through these campaigns.

Most of the jobs created are of high quality, especially in sectors where traditional financing is difficult to obtain or unavailable, such as certain social and cultural sectors. This allows many projects and businesses to start or continue under circumstances that would be unimaginable without crowdfunding.

The sectors that raise the most funds, mainly real estate and investment, are also the ones that create the most jobs. These are approximate calculations that do not account for indirect jobs related to these direct positions.

Far from being irrelevant, this volume of employment in a country with serious employment difficulties, especially among younger populations, should be great news and a source of inspiration for public administration to support this form of financing. Similarly, this data should serve as motivation for young entrepreneurs and early-stage startups to seek funding through non-traditional financing channels.

## 7. Sector Challenges

The landscape of Participatory Financing currently grapples with a multitude of challenges en route to sector consolidation and professionalization. These challenges span regulatory compliance, investor confidence, financing diversification, and market amalgamation. In order to sustain growth and uphold its role as an avant-garde funding source for Spanish entrepreneurs and projects, the industry must systematically address these challenges.

We will delve into six key facets that elucidate the sector's challenges and, most crucially, strategies to confront and surmount them:

i) **Credibility and Trust:** Investor confidence stands as a pivotal linchpin in the continuous success of crowdfunding. Ensuring that funds are judiciously utilized, and promised returns or rewards are delivered is imperative. Challenges encompass substantiating the accuracy of project-provided information, as well as mitigating the potential for fraudulent activities and project failures.

ii) **Diversification of Financing:** While crowdfunding serves as an invaluable financing source, it's not universally applicable. Entrepreneurs must adeptly combine crowdfunding with other financing sources like bank loans, venture capital investments, or government grants tailored to their specific requirements. Comprehensive education regarding financing alternatives is indispensable.

iii) **Market Maturity, Consolidation, and Professionalization:** As the crowdfunding market matures, further platform consolidation may be anticipated. This could present entry barriers for new platforms to compete with established counterparts. Existing platforms must persistently innovate and proffer compelling value propositions to retain their market standing.

iv) **Education and Public Awareness:** Both entrepreneurs and investors need an in-depth comprehension of crowdfunding mechanisms, encompassing risks and benefits. Forging a crowdfunding culture and public education are seminal future challenges. This entails

providing educational resources, webinars, and awareness campaigns, elucidating best practices and associated risks.

v) Internationalization: Augmenting the international reach of crowdfunding platforms, enabling cross-border investor participation in local campaigns, holds promise. However, it also entails grappling with challenges related to cultural disparities, regulatory variations, and fiscal nuances. Successful international expansion mandates an astute understanding of local regulations and a methodical approach.

vi) Technological Innovation: Crowdfunding remains in a constant state of flux owing to technological innovation. Platforms must remain at the vanguard of emerging technological trends, such as blockchain and fintech, to furnish more streamlined and secure solutions to their user base.

vii) Long-term Sustainability: Ensuring the financial sustainability of both platforms and funded projects stands as paramount. Projects should possess the capacity to sustain themselves and generate income post-crowdfunding. Platforms must also guarantee their own economic viability to persist as dependable entities within the market.

## 8- Tentative Conclusions

The exceptional fundraising performance witnessed in the Spanish Crowdfunding sector in 2022 is a testament to the sector's robustness and resilience. It is a significant achievement that underscores the sector's potential as a dynamic driver of economic activity.

However, the amount collected is still insufficient to be able to affirm its consolidation and future growth. To capitalize on this momentum, policymakers must enact measures that enhance the regulatory framework, promote diversification, and prioritize financial education.

These actions can pave the way for sustained growth, greater professionalism, and further consolidation of the crowdfunding sector in Spain, ultimately contributing to the country's economic resilience and innovation ecosystem.

Several key factors underpin this record-breaking achievement:

**Post-Pandemic Recovery:** The sector's ability to rebound from the adverse effects of the COVID-19 pandemic is noteworthy. It underscores the sector's adaptability to unforeseen challenges, showcasing its potential to withstand economic shocks.

**Diversification and Innovation:** The growth in fundraising has been buoyed by diversification within the crowdfunding sector, particularly through the prominence of real estate platforms. These platforms have strategically expanded their offerings, combining investments and loans, which has attracted a more diverse investor base. This diversification strategy has been instrumental in mitigating risks associated with concentration in a single category.

**Professionalization and Investor Confidence:** Increasing convergence between the number of funded campaigns and the average fundraising per campaign reflects growing professionalism within the sector. This, coupled with the sector's adherence to the Code of Good Practices, has boosted investor confidence. However, the sector must remain vigilant in addressing challenges related to delinquency, fraud, and non-compliance to maintain this positive trajectory.

**Educational Imperative:** To sustain and further amplify this growth, there is an urgent need to prioritize financial and entrepreneurial education among the populace. Policymakers should consider initiatives aimed at promoting a shift in mindset toward innovative financing methods, reducing the inclination to rely solely on traditional financing avenues.

Additionally, the growth in the crowdfunding sector offers several policy implications for Spain:

**Support for Diversification:** Encouraging diversification across crowdfunding categories should be a policy priority. This can be achieved through targeted incentives for platforms focusing on underrepresented sectors and regions.

**Financial Education Initiatives:** Public and private institutions should collaborate to develop comprehensive financial education programs that raise awareness about crowdfunding and equip entrepreneurs and investors with the knowledge and skills needed to navigate the sector effectively.

**Promotion of Vertical Platforms:** Policymakers should actively support the emergence and growth of vertical crowdfunding platforms, which cater to specific sectors or localized communities. These platforms have the potential to foster community engagement and enable targeted fundraising efforts.

**International Collaboration:** Spain should continue to engage in international collaborations and information sharing with other European nations to foster regulatory convergence and harmonization. This would create a more favourable environment for cross-border crowdfunding activities.

## 9- Appendix: basic concepts

### 9.1. Exploring Participatory Financing or Crowdfunding

Crowdfunding, a burgeoning financial phenomenon, owes its significance to its novelty and its intricate connection with Information and Communication Technologies (ICTs). These technologies are increasingly instrumental in shaping it as a viable financing mechanism.

Wikipedia defines Crowdfunding as "Collective cooperation among individuals who form a network to secure funds or other resources, primarily leveraging the internet to support the endeavours of individuals or organizations."

A more nuanced definition describes Participatory Financing as "an alternative means of raising capital and fostering exchanges, uniting those seeking funding with those looking to invest, lend, purchase, or donate. Entrepreneurs and creators leverage these financing platforms not only to broaden their potential backers but also to test their products, harness the benefits of community engagement, and foster proximity" (Ramos & Gonzalez, 2015).

Regardless of the specifics, most definitions converge on the following key elements:

**Accessible Capital:** It offers an economical and efficient channel to access capital, particularly beneficial for projects facing challenges in securing funding through traditional avenues.



**Risk Mitigation:** Participatory Financing mitigates investment risk and provides adaptable funding methods for a diverse range of projects. In times of financial crisis, it becomes an increasingly attractive financing option.

**Eliminating Intermediaries:** This approach bypasses traditional financial intermediaries and the associated costs.

**Leveraging Networks:** It capitalizes on the advantages of social networks, pre-sales, market and product research, and word-of-mouth marketing to rapidly reach a growing pool of potential investors.

**Attracting Diverse Investors:** Participatory Financing attracts a new breed of investors who may not be familiar with conventional investment models. Simultaneously, it becomes increasingly appealing to traditional investors.

For new investors, Crowdfunding transcends mere profitability or product acquisition. It piques their emotional interest, establishing channels of identification with the core values and objectives of a platform or specific project.

For both new and traditional investors, Participatory Financing fosters a more engaged relationship between promoters and financiers. In many cases, financiers actively contribute ideas and experiences to enhance project quality and appeal, transitioning into advocates and promoters of the project. This breaks down traditional roles and introduces hybrid models that enhance efficiency and engagement.

This shift embodies what Surowiecki (2004) terms "Social Intelligence" (Wisdom of the Crowd), suggesting that involving more people in a specific project enhances its efficiency and appeal as a participatory endeavor.

**New Economic Rationality:** This new approach to economics fosters a unique way of managing platforms and campaigns. It increasingly emphasizes the benefits of bolstering economic efficiency and democratic participation, a concept referred to as "Efficiency" (Ramos, 2014, 2017, and 2018).

## 9.2. Types of Platforms

In the current landscape, collective financing encompasses various facets, necessitating an elucidation of the diverse crowdfunding categories: rewards, loans, donations, and investments.

### a) Rewards

Among these categories, reward-based crowdfunding stands out as the most recognized. It essentially functions as a pre-sale mechanism for a wide array of items such as books, helmets, records, tickets, products, and services. Patrons contribute financially and, in return, receive something, even if it's as simple as gratitude. In most cases, patrons receive tangible products or services.

It's imperative to note that, akin to any product or service, reward-based crowdfunding is subject to taxation, with Value Added Tax (VAT) being a primary concern. Both project promoters and patrons should be well-informed about tax implications.

Individuals who contribute and receive something in return are often referred to as patrons or micropatrons.

### b) Loans

Loan-based crowdfunding, on the other hand, transpires when an individual requests a financial sum and submits their information to a crowdlending platform, a specialized portal for crowd-financed loans. These platforms typically conduct viability assessments and assign risk levels, while also disclosing the applicable interest rates if the funding goal is met. In certain instances, lenders themselves determine the interest rates.