

## Poll results: Is Crowdfunding a Fad?

The first equity crowdfunding websites were only set up four years ago, but since then the sector has grown phenomenally: from 2012-14, in the UK alone equity crowdfunding grew by 410% (you can read more about this in our [introduction to the poll](#)).

However, many of the factors that have driven this growth feel very specific to the last few years: it requires well-developed and widely used social technologies; the prolonged recession has boosted both the appeal of alternative finance (no more banks, thank you) and the uptake of non-traditional career routes; and its democratic ethos is clearly in keeping with the rise of the sharing economy. This raises the question of whether the growth of crowdfunding represents a significant and permanent shift in the funding landscape, or whether its star will wane as these other factors change. We asked 'Is crowdfunding a fad?'

### “No”

The answer from our voters was a resounding 'no'. Only 19% think crowdfunding is a temporary fad; the remaining 81% are more positive about its future.

Once again we canvassed some experts for their thoughts on the question, and they were of the same mind. Here's what they said:



**Mary Fox, Co-Founder and Managing Director of Olivemonday, and author of January's post [Protecting the Future of Equity Crowdfunding](#), says it's not a fad, but that the future isn't plain sailing either:**

While technology has enabled crowdfunding to morph and grow significantly over the past five years, it is by no means a new concept and most certainly not a fad. In fact, the base of the Statue of Liberty was collectively funded (i.e., crowdfunded) by more than **160,000 donors in the late 19th Century**. That being said, there are various forms of crowdfunding, and some will likely withstand the test of time more than others.

We are seeing an increase in the number of crowdfunding platforms that provide the opportunity for individuals to raise money for a specific cause with nothing in return. Patreon.com is such a platform which enables artists to raise funds to support their work. Funders receive nothing tangible in return, as the art that they are supporting is already freely accessible via the internet. It is likely that the gift-for-service model is here to stay.

Equity crowdfunding, a significantly different form of crowdfunding from that of Kickstarter or Patreon, may have a bleaker future but I am reluctant to call it a fad. A fad implies that something will go out of style, and I don't believe equity crowdfunding will fade on its own. It may, however, be overregulated to the point of no return.

Equity crowdfunding fills a very real funding gap and there is a growing market for it. At the moment, its fate in the U.S. rests in the hands of regulators who have a strong fear of the unknown. It is possible that we will see equity crowdfunding fail in the next two to three years and then reappear a

decade later as the U.S. becomes slightly less risk averse to this alternative form of funding. A more likely scenario is that we will see equity crowdfunding thrive in the United Kingdom for the next few years, to the point where U.S. regulators are more comfortable to loosen regulations and join in on the fun.



**Amir Deng is an entrepreneur and graduate of LSE's International Relations department. In the day, she can be found undertaking a graduate internship with the Widening Participation Team and in the evenings you'll find her sunning in entrepreneurial goodness, embracing London's vibrant startup community.**

**At a recent crowdfunding event organised by **Runway East** she put the question to the panellists. Unsurprisingly, this group is also fairly adamant that crowdfunding is here to stay:**

Emma Northcott, Business Development Specialist, Crowdcube



Anthony Eskinazi, Founder of JustPark



Alex Stephany, CEO, Just Park



## Alex Hoye, angel investor and co-founder of Runway East



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