

Chapter 2

Statistic Analysis of China's Crowdfunding Industry

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2.1 The General Status of Crowdfunding Platforms

2.1.1 *The Number and Distribution of Platforms*

By the end of September 2016, there were 415 crowdfunding platforms with normal operations in China, which was 100 platforms more comparing with the number at the end of 2015. According to the first three quarters' data in 2016, the total number of the platforms grew steadily, and it is expected that, by the end of 2016, the number of crowdfunding platforms in China with normal operations could exceed 450 (Fig. 2.1).

2.1.2 *The Registered Capital of Platforms*

By the end of September 2016, among the 415 crowdfunding platforms with normal operations, 42% of them filed with the Industrial and Commercial Administration with the registered capital between RMB 10 million and RMB 50 million, followed by the group of platforms with the registered capital between RMB 1 million and RMB 5 million (19%); the number of the platforms with the registered capital between RMB 5 million and RMB 10 million is accounted for about 17%; and the platforms with the registered capital between RMB 50 million and RMB 100 million and those with the registered capital more than RMB 100 million are accounted for 11% and 8%, respectively; and finally, the platforms with the registered capital less than RMB 1 million are only accounted for 3%.

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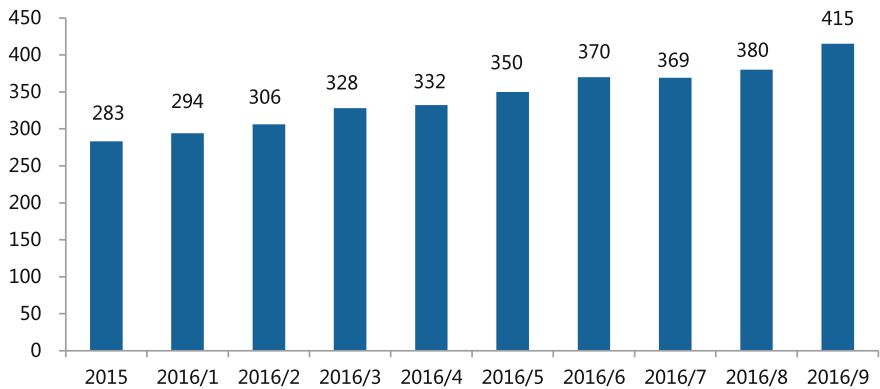


Fig. 2.1 Number of crowdfunding platforms in China with normal operations. *Data Source* www.yingcanzixun.com

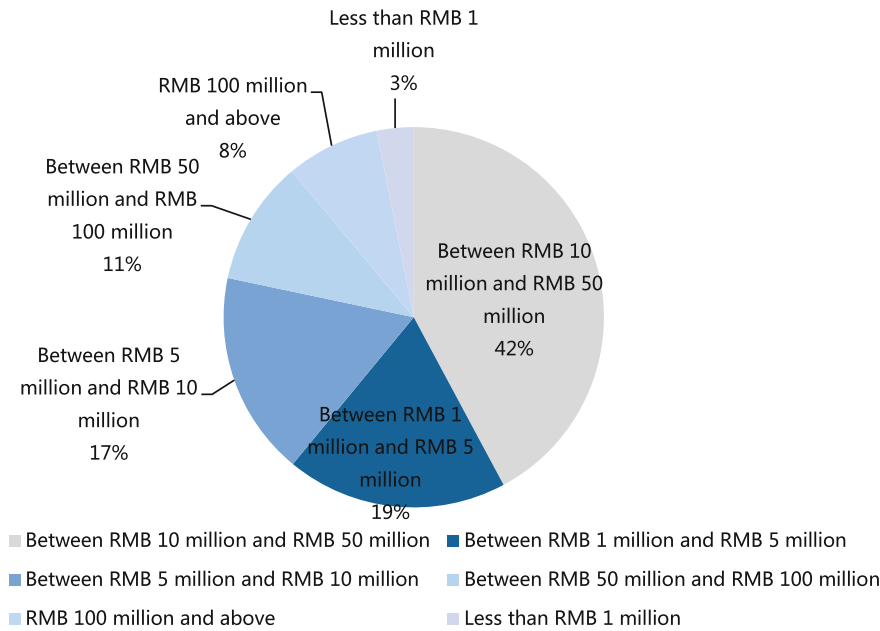


Fig. 2.2 Distribution of registered capital of platforms with normal operation. *Data Source* www.yingcanzixun.com

At present, the average registered capital of crowdfunding platforms is more than RMB 1 million, while most platforms have a registered capital between RMB 5 million and RMB 50 million, and only a few ones with the registered capital less than RMB 1 million (Fig. 2.2).

**2.1.3 The Amount of Funds Successfully Raised
by Platforms**

In 2015, the crowdfunding industry in China raised RMB 11.424 billion in total, which broke the mark of RMB 10 billion for the first time in history, and was 5 times more than the amount of funds raised in 2014. From January 2016 to September 2016, the crowdfunding industry in China raised RMB 11.801 billion in total, which exceeded the total amount of funds raised in the whole year of 2015. It was expected that, by the end of 2016, the amount of funds successfully raised in the entire 2016 will exceed RMB 15 billion (Fig. 2.3).

**2.2 Some Analysis of the Development of Crowdfunding
Platforms**

2.2.1 The Types of Crowdfunding Platforms

By the end of September 2016, among the 415 crowdfunding platforms with normal operations, there were 207 reward crowdfunding platforms, increasing by 213.64% compared with year end number of 2015; there were 131 equity crowdfunding or non-public equity financing platforms, which was pretty much same as the number at the year end of 2015; the number of charity crowdfunding platforms increased by 62.5% compared with 2015; and the number of mixed-type (containing more than one type) crowdfunding platforms decreased by 13.92%, compared with 2015 (Fig. 2.4).

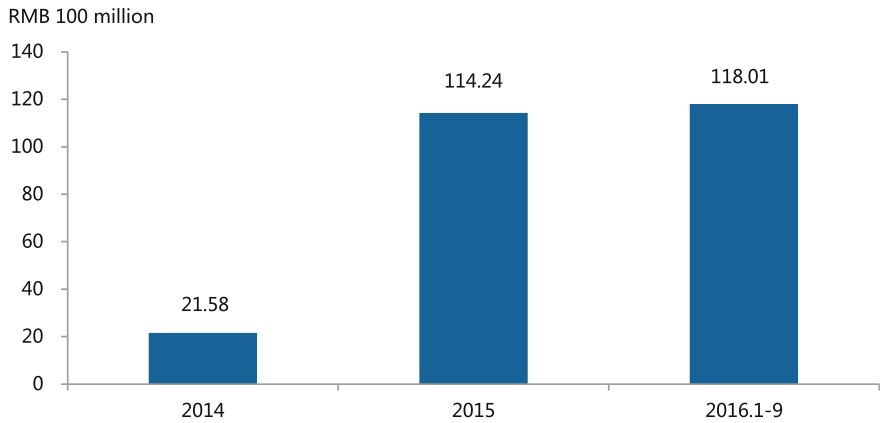


Fig. 2.3 The amount of funds raised by crowdfunding industry in China over the years. *Data Source* www.yingcanzixun.com

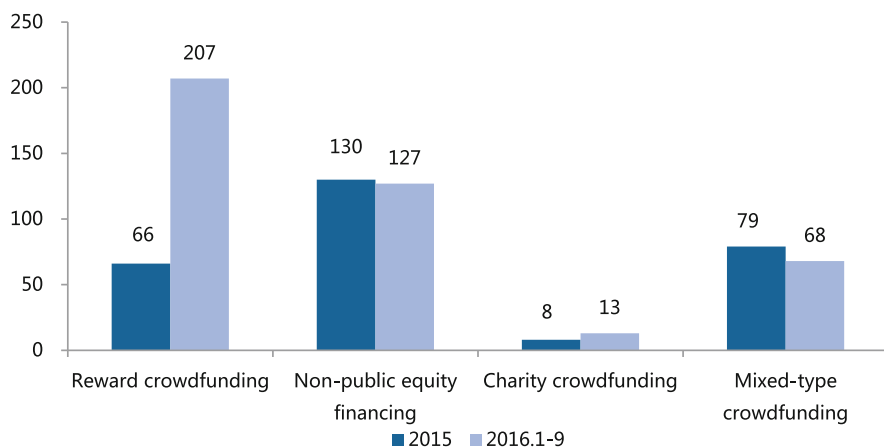


Fig. 2.4 Comparison of different types of crowdfunding platforms in China. Data Source www.yingcanzixun.com

2.2.2 The Successful Crowdfunding Projects

From January 2016 to September 2016, the crowdfunding industry in China successfully completed 53,600 projects in total, increased by 136.68% compared with the number in the whole year of 2015. Among them, 39,908 are reward crowdfunding projects, 9911 are charity crowdfunding projects, and both of them increased compared with 2015. Meanwhile, 3732 non-public equity financing projects are successfully completed, and the number is basically equal to that of projects successfully completed in 2015 (Fig. 2.5).

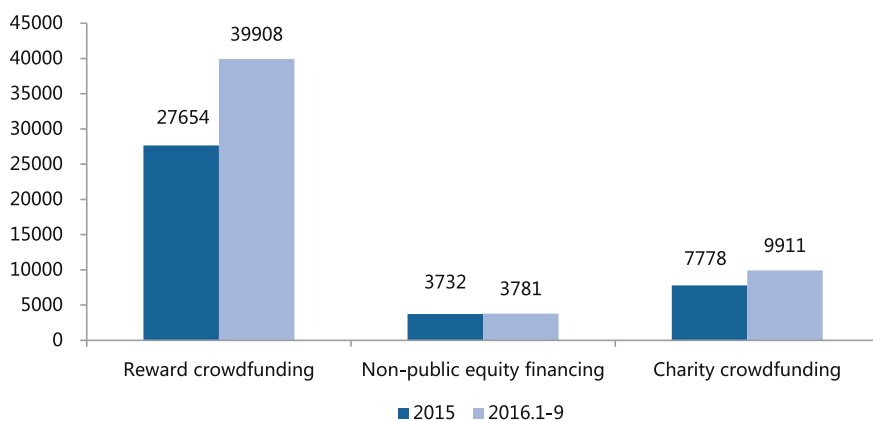


Fig. 2.5 Comparison of various types of successful crowdfunding projects in China. Data Source www.yingcanzixun.com

2.2.3 *The Amount of Funds Raised*

From January 2016 to September 2016, the crowdfunding industry in China successfully raised RMB 11.801 billion. Among that, the amount of reward crowdfunding accounts for more than 50%, up to RMB 6.803 billion, which well exceeds the amount of funds successfully raised via reward crowdfunding in the whole year of 2015; the amount of equity crowdfunding reached RMB 4.677 billion, which was about 90.12% of that in 2015; and the amount of charity crowdfunding was less than that of 2015, with RMB 321 million (Fig. 2.6).

2.2.4 *The Number of Crowdfunding Investors*

From January 2016 to September 2016, the number of investors of crowdfunding industry in China reached 85.6048 million, exceeding the number of investors at the end of year 2015. Among them, the number of investors in reward crowdfunding showed fastest growth, reached 42.2123 million; the number of investors in charity crowdfunding in the first nine months of 2016 exceeded that of 2015, even though the amount of funds raised by charity crowdfunding only accounted for 50.87% of that of 2015; as the equity crowdfunding has a higher threshold and stricter policy constraint, only 9800 investors participated during this period of time, which was less than 50% of that of 2015 (Fig. 2.7).

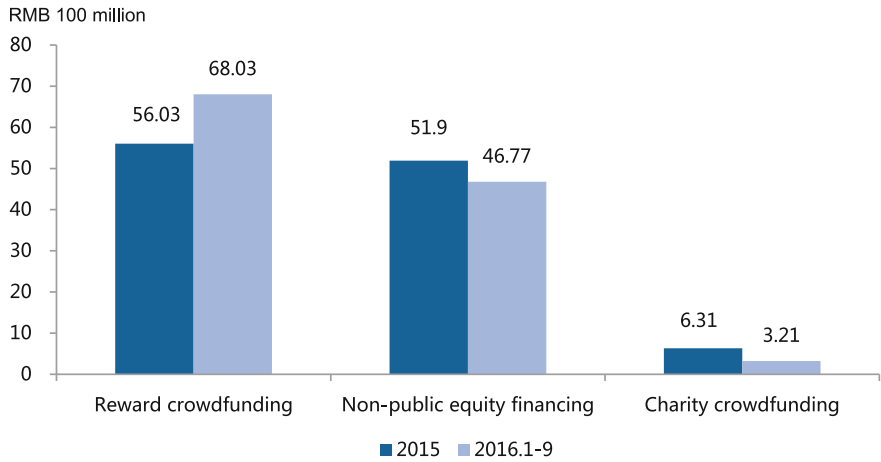


Fig. 2.6 Comparison in amount of funds successfully raised by various types of crowdfunding in China. Data Source www.yingcanzixun.com

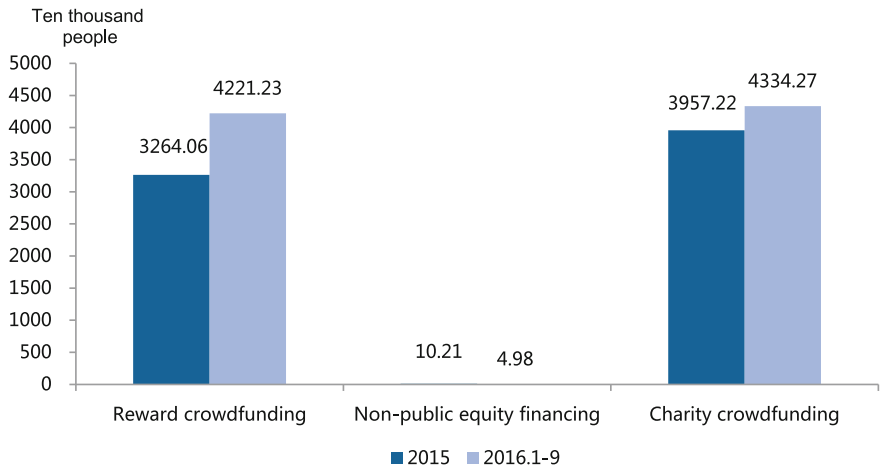


Fig. 2.7 Comparison in number of crowdfunding investors in China. *Data Source* www.yingcanzixun.com

2.3 The Statistics of Regional Development

2.3.1 The Number of Platforms by Provinces

By the end of September 2016, the crowdfunding platforms in China were distributed in 28 provinces/cities, most of which are the economically developed coastal areas. As the earliest development area of crowdfunding, Beijing and Guangdong had obvious “concentration effect”, with the largest number of platforms with normal operations in China. According to a quarterly statistics of Yingcanzixun.com, a primary internet finance portal in China, Guangdong ranks the top with 92 platforms; followed by Beijing with 88 platforms; Shandong ranks the third and Shanghai the fourth, with 57 platforms and 49 platforms, respectively; Zhejiang ranks the fifth with 28 platforms; and Jiangsu ranks the sixth with 23 platforms. Guangdong, Beijing, Shandong, Shanghai, Zhejiang and Jiangsu are the top six in China in terms of the number of platforms with normal operations, accounting for 81.20% of the total number of platforms with normal operations all over the country (Fig. 2.8).

2.3.2 Fundraising Scale by Provinces

From January 2016 to September 2016, Beijing, Guangdong and Zhejiang ranked the top three for the amount of funds raised by crowdfunding platforms in China, with funds raised up to RMB 3.772 billion, RMB 2.537 billion and RMB 2.049 billion, respectively. Among them, the amount of funds raised by Guangdong

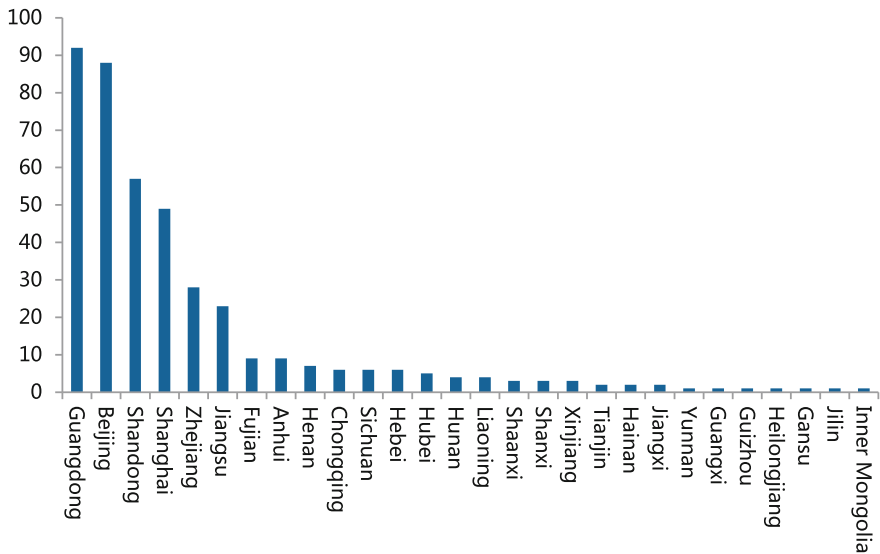


Fig. 2.8 The number of platforms by provinces in China. *Data Source* www.yingcanzixun.com

and Zhejiang exceeded that of 2015. Shanghai ranked the fourth, with the funds raised up to RMB 1.108 billion; and Jiangsu ranked the fifth, with funds raised up to RMB 947 million. The sum of the amount of funds raised by the 5 provinces and cities above accounted for 88.24% of total amount of funds raised by the entire country. These five provinces and cities are the most economically developed areas in China with much stronger investment consciousness and policy support from local governments. As a result, the scale of the crowdfunding in China is expected to be still largely determined by these provinces and cities in a short and medium term. Meanwhile, the other 23 provinces and cities with crowdfunding platforms only raised RMB 1.388 billion in the same period of time with significant regional differences (Fig. 2.9).

2.4 Some Analysis of the Primary Business of Crowdfunding Platforms

2.4.1 The Distribution of Primary Business of Platforms

The primary business of China’s crowdfunding platforms can be divided into two categories: one is the comprehensive platform involving multiple industries or fields such as high tech, agricultural products, and film and television, and the examples include JD Crowdfunding and Taobao Crowdfunding. Another one is the more concentrated, professional, and vertical crowdfunding platform, which focuses on sub-industries or fields, such as arts, specific agricultural products, entertainment,

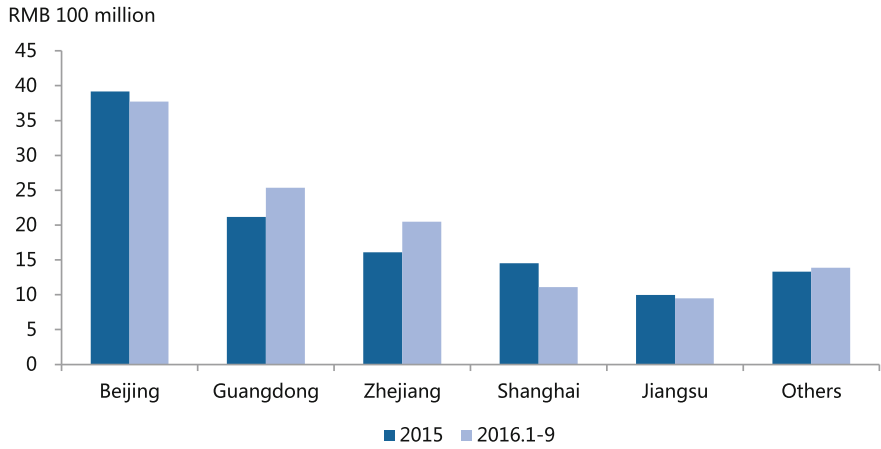


Fig. 2.9 The fundraising scale by provinces in China. *Data Source* www.yingcanzixun.com

automobiles, and real estate. In particular, the platforms focusing on automobile crowdfunding mushroomed in 2016.

According to a quarterly statistics of Yingcanzixun.com, by the end of September 2016, among the 415 crowdfunding platforms with normal operation in China, 241 comprehensive type of platforms ranked the top, accounting for 58.07% of the total platforms, followed by 82 platforms focusing on automobile crowdfunding, accounting for 19.76; 25 platforms focusing on film and television crowdfunding ranked the third, accounting for 6.02%; and 21 platforms focusing on physical store crowdfunding, with a percentage close to the film and television focused platforms; the charity crowdfunding platforms ranked the fifth with 12 platforms, accounting for 3.13% of the total number of platforms; and the real estate focused crowdfunding platforms ranked the sixth with 12 ones; however, due to some policy related reasons, some of these platforms temporarily stopped updating their information. In addition, there were also 10 agricultural focused crowdfunding platforms, and 1–2 other vertical crowdfunding platforms in some subdivided fields (Fig. 2.10).

2.4.2 Some Analysis of Projects of Comprehensive Platforms

According to a quarterly statistics of Yingcanzixun.com, by the end of September 2016, the crowdfunding platforms, as indicated earlier, are more inclined to involve in multiple business fields simultaneously. Among the 241 comprehensive platforms, 53 platforms involved in agriculture, primarily agricultural products; 40 platforms conducted physical store projects; 36 platforms participated in charity crowdfunding; 27 platforms dabbed in film and television projects; and only 5

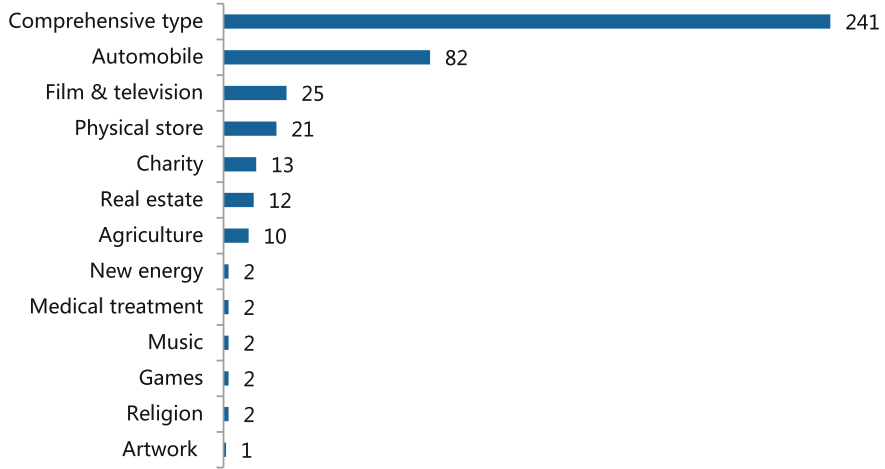


Fig. 2.10 Distribution of concentrations of the platforms. *Data Source* www.yingcanzixun.com

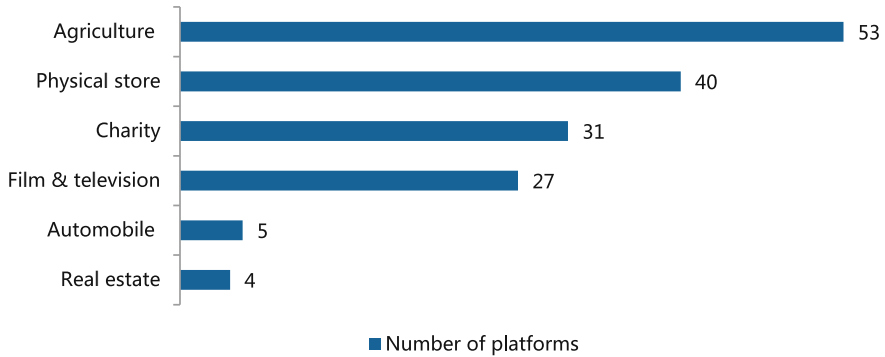


Fig. 2.11 Analysis of projects of comprehensive platforms. *Data Source* www.yingcanzixun.com

comprehensive platforms listed automobile projects, and 4 platforms posted real estate projects. It can be seen that the automobile and real estate projects are more likely financed through these more specialized vertical platforms. In contrast, agricultural products crowdfunding are generally conducted through comprehensive platforms, instead of vertical platforms (Fig. 2.11).

2.5 The Analysis of Bankrupt and Transformed Platforms

According to a quarterly statistics of Yingcanzixun, from 2015 to the end of September 2016, 174 crowdfunding platforms went bankruptcy (i.e. the platform’s website cannot be opened for more than 30 days or crowdfunding module no longer

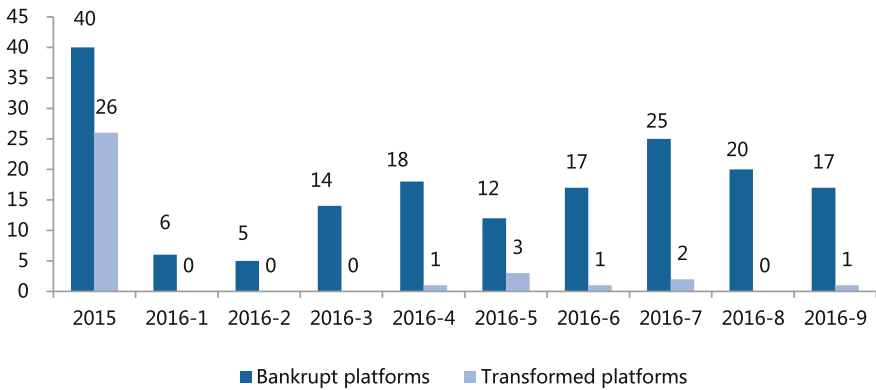


Fig. 2.12 Number of bankrupt and transformed platforms: 2015–January 2016. *Data Source* www.yingcanzixun.com

exists), and 34 crowdfunding platforms are transformed to non-crowdfunding platforms. For these bankrupt platforms, 40 platforms went bankrupt in 2015, and 134 platforms went bankruptcy from January 2016 to September 2016, which is about 3 times more than the total number of bankrupt platforms in 2015.

As showed in Fig. 2.12, from March 2016 to September 2016, more than 10 platforms went bankruptcy each month on average, and as many as 25 platforms went bankruptcy in July alone. The primary reasons for these bankruptcies are found to be that, with a smaller scale in size, these platforms couldn't compete with these giant platforms in resources, but failed to timely adjust their business focuses. When the policies towards the crowdfunding became stricter, it was difficult for these platforms to continue their operations. It would be worth mentioning that an important contributing factor for more bankruptcy between March and September in 2016 is the policy change during that period of time. As mentioned in earlier sections, policies issued then prohibited real estate crowdfunding, and P2P online lending platforms were not allowed to be engaged in equity crowdfunding, either. As a result, many P2P online lending platforms took out their crowdfunding modules, and crowdfunding platforms removed their real estate modules. In addition, the bankruptcy of these platforms is also related to the special rectification and investigation of internet finance industry taken by regulators. For these transformed crowdfunding platforms, the post-transformed businesses primarily include: P2P online lending, peripheral services of crowdfunding, entrepreneurial trainings, social networks, group purchases, e-trading, lottery, product supplier, and advisory service for wealth management products.

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