

PAVLÍNA HEJDUKOVÁ

University of West Bohemia, Faculty of Economics, Czech Republic

MICHAELA KRECHOVSKÁ

University of West Bohemia, Faculty of Economics, Czech Republic

DEVELOPMENT OF ALTERNATIVE FINANCE MODELS AND THE POSITION OF CROWDFUNDING IN ALTERNATIVE FORMS OF FINANCE

Abstract:

Considering recent developments in IT and the wake of the global economic crisis, crowdfunding has become an increasingly significant alternative form of finance. The aim of this paper is to analyse and discuss the current state and development of alternative finance markets focusing on crowdfunding. Firstly, we define the terms “alternative finance”, “alternative funding”, and “crowdfunding”. The paper continues with the theoretical framework of crowdfunding and discusses different models of this type of financing. Development of alternative forms of financing is analysed based on data from previous surveys carried out in the field of alternative finance markets and individual crowdfunding platforms functioning around the world. Crowdfunding is growing worldwide, and the Asia-Pacific region, headed by China, is the world’s largest alternative finance market, followed by the Americas. In Europe, the UK is the market leader in alternative finance. As individual models of financing are concerned, the most common forms of alternative finance activities are peer-to-peer consumer lending, reward-based crowdfunding, and peer-to-peer business lending. At the end of the paper, we provide a conclusion of the presented aspects of crowdfunding and development of alternative finance. Finally, we mention potentially problematic areas of this type of financing that could be elaborated upon in the future.

Keywords:

alternative finance; capital; crowdfunding; innovation; SMEs

JEL Classification: G24, G32, M13