The Moscow Times
30 YEARS
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Russian Crowdfunding Market Stumbles in 2019

Crowdfunding market shrinks 40% in 2019, but could bounce back next year.

November 18, 2019



Planeta.Ru is currently Russia's largest crowdfunding platform. **Vladimir Gerdo / TASS**

The Russian crowdfunding market has contracted by more than 40% in 2019, figures from the Central Bank have shown.

In the first nine months of the year, 5.2 billion rubles ($81 million) had been raised through crowdfunding on Russian platforms, compared to more than 8 billion rubles in the same period of 2018, Russian news site RBC said.

The figures were presented to banks and crowdfunding platforms by the Central Bank at a closed meeting last week as part of preparations for new crowdfunding regulations which come into force at the beginning of next year.

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The sharp fall was led by a collapse in business-to-business crowdfunding, down 80% to just 860 million rubles ($13.5 million) between January and September. The rapid growth in the largest part of the crowdfunding market — investments from individual investors into companies in the form of equity or loans — plateaued in 2019, totalling 4.1 billion rubles, up from four billion in 2018.

The largest Russian crowdfunding platform is Planeta.Ru, which says nearly one million people have invested through its site. A recent study found the average investment on crowdfunding platforms in Russia was around 1,600 rubles, and the most popular projects tend to be related to creative industries, such as book publishing, music or video production. Experts highlight that the level of investments generated to-date have been too small for larger start-ups or businesses which need bigger tranches of funding to consider crowdfunding.

Globally, the crowdfunding market was worth $10.2 billion in 2018.

Analysts expect transaction volumes in Russia to bounce back in 2020, as new players enter the market, the introduction of regulation encourages more Russians to get involved, and further cuts to interest rates push investors to seek higher returns and different financial products.

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