

SLOVAKIA

Summary of Regional Stakeholder Meetings (D 3.2.3)

In the course of the initial desk research project partners collected information and analysed the current situation and framework conditions for Crowdfunding (CF) as well as the alternative finance market development and actors in each of the CrowdStream partner regions (see D 3.1.1 Regional Market Analysis on CF, D 3.2.1 Regional Profiles, D 2.3.3 Map of Regional Stakeholders).

In a next step, through the involvement of active and relevant stakeholders in workshops and meetings, results of the analysis phase were discussed and learnings for further development of the Regional Action Plans and a transnational development strategy for CF in the Danube Region were produced.

This document summarises the most relevant results from the stakeholder involvement activities, which will be a main input for the development of strategical visions for further development of CF environments in all project regions in the Danube area.

Event number	Event Nr. 1	Event Nr. 2	Event Nr. 3
Date	November 16, 2017	January 29, 2018	January 30, 2018
Place	Košice, Slovakia	Bratislava, Slovakia	Nitra, Slovakia
Organiser	TUKE	TUKE	TUKE
Topic / Name of event	Stakeholders meeting	Stakeholders meeting	Stakeholders meeting
Participants number	5	2	24
Stakeholder organisations (Examples)	<ul style="list-style-type: none"> • Košice Self-Governing Region • Agency for Regional Development in Košice • ERDF Via Carpatia • ROVAS 	<ul style="list-style-type: none"> • Creative Industry Forum 	<ul style="list-style-type: none"> • Union of Slovak Clusters • Research Institute for Agricultural and Food Economics • Knowledge and Technology Transfer Office, University of Maribor • Bay Zoltan Nonprofit Ltd for Applied Research • ...

<p>Addressed target groups</p>	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> SMEs <input type="checkbox"/> Start-ups <input type="checkbox"/> Social Enterprises <input checked="" type="checkbox"/> Business Support Organisations <input type="checkbox"/> Incubators <input type="checkbox"/> Higher education & research <input type="checkbox"/> Technology Transfer Center <input type="checkbox"/> CF platforms <input type="checkbox"/> Banks <input type="checkbox"/> PR agencies <input checked="" type="checkbox"/> Reg. public authorities 	<ul style="list-style-type: none"> <input type="checkbox"/> SMEs <input type="checkbox"/> Start-ups <input type="checkbox"/> Social Enterprises <input checked="" type="checkbox"/> Business Support Organisations <input type="checkbox"/> Incubators <input type="checkbox"/> Higher education & research <input type="checkbox"/> Technology Transfer Center <input type="checkbox"/> CF platforms <input type="checkbox"/> Banks <input type="checkbox"/> PR agencies <input type="checkbox"/> Reg. public authorities 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> SMEs <input checked="" type="checkbox"/> Start-ups <input type="checkbox"/> Social Enterprises <input checked="" type="checkbox"/> Business Support Organisations <input type="checkbox"/> Incubators <input checked="" type="checkbox"/> Higher education & research <input checked="" type="checkbox"/> Technology Transfer Center <input type="checkbox"/> CF platforms <input type="checkbox"/> Banks <input type="checkbox"/> PR agencies <input checked="" type="checkbox"/> Reg. public authorities
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Learnings for Regional Action Planning (Summary of Stakeholder Inputs)

Please indicate the most relevant learnings from the regional stakeholder meetings for each question.

Experience of local stakeholders with crowdfunding

As identified within various surveys, there is still not distinguished concept of CF in the majority of Slovakia. The innovation developers still do not have the habit of taking the CF preparing the analysis of tools for financing, either of first phases of product or service design and development, or in the phase of product placement on the market of domestic of countries from abroad.

When comparing various kinds of CF, there is more knowledge of the concept in the community of creative industry and NGOs, devoting their time to various charity projects.

Difficulties encountered

First, we can mention that Slovakia is a quite small country from the point of inhabitants. The CF market is not so big and that is the reason why national platforms cannot provide such opportunities as in other bigger countries.

As solution, we can use international platforms but there comes the problem of trust, while they usually provide information and assistance only in other languages, mostly English, what can cause doubts and create psychological barrier.

Moreover, what proves several surveys, Slovak people have been for long period very conservative using financial products and according to the available data, there is still not trust in CF projects, considered as investment.

Moreover, the divergent frameworks, rules and interpretations of business models applied to crowdfunding service providers throughout the EU thus hinders the potential scaling up of crowdfunding activity at EU level. As stated in Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Crowdfunding Service Providers (ECSP) for Business, large differences in regulatory standards and divergent legislative scopes adopted by countries, pose a barrier for crowdfunding platforms scaling their operations across the EU as their business models would have to be adjusted according to each jurisdiction, frequently require multiple national

authorisations or registrations and compliance with divergent national laws, among others in the field of marketing and consumer protection. This results in high costs, legal complexity and uncertainty for crowdfunding service providers is responsible for causing unnecessary market fragmentation as well as a lack of economies of scale and inconsistent approaches to transparency and financial risks. These divergences represent an obstacle to the establishment and smooth functioning of the internal market. This situation restricts crowdfunding platforms' capacity to penetrate other EU markets beyond the national market and limits crowdfunding service providers' financial incentives only to larger EU countries with sufficient market size. This, in turn, restricts the capacity to develop an integrated EU internal market for crowdfunding services.

Suggestions for improving the access to CF for SMEs

According to the identified problems regarding application of CF, there is highly needed to build better knowledge about the overall concept and its specific features, when using the particular tools, types of that.

Development of the easy-accessible and understandable knowledge base can help to support trust among potential borrowers and lenders.

There is demand from the side of institutions looking for finance, who are willing to try alternative form of financing their projects. Education of them as well as active dialogue with government and regulation authorities, to develop an appropriate legislative environment, supporting the crowdfunding is needed.

In the next phases, experience gained within project will be monitored and according to that and assessment of CF campaigns after time period of one year, all information will be aggregated and transform to the recommendation to all groups active in the processes of CF. Meanwhile, dialogues with the government and regulation authorities will be done, with the aim to remove potential barriers of CF, leading to faster and easier application of CF in Slovakia.

Envisaged regional development goals

Planned activities will bring valuable knowledge for stakeholders looking for experience from concrete application of CF in Slovakia, describing the all steps and legislative framework.

Target groups will be formed and according to their profiles, including needs and requirements, we will prepare the most relevant information which will be delivered to

them via online presentation, enable transfer of knowledge for free, no matter where or when the members of target group will be.

Proposed activities will lead to the encouragement of target groups and foundation of active groups and so overall cooperation of the stakeholder will be strengthened. As we enable easier and faster access to finance, more commercial and non-commercial projects lead to improvement of the life quality will be reached.

Better access to the finance will lead to higher rate of innovation development and transfer to the Slovakian and broader market, supporting the regional competitiveness and job-creation.

CrowdStream activities in Slovakia will improve the framework conditions for innovation via a strengthened cooperation of the public sector, creative and finance industry in order to drive the development of innovative spin-offs, start-ups and social enterprises in the Danube regions.

The additional advantage for the public society will be the identification of prosperous businesses for further support. Businesses that proved to be successful in crowdfunding campaigning already proved their concept and will be considered for additional public funding/support.

CF also provides concept and idea validation to the project owner, gives access to a large number of people providing the entrepreneur with insights and information and so we can support also the idea of responsible innovation, providing the online space for public discussion enabling to identify possible negative effects of proposed projects.

Suggestions for support actions

To ensure high quality of CF services, we suggest to implement Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Crowdfunding Service Providers (ECSP) for Business according to which crowdfunding services shall only be provided by legal persons that have an effective and stable establishment in a Member State of the Union and that have been authorised as crowdfunding service providers.

CF market is becoming more and more popular and according to that there is rising risk of frauds. That is the reason why there shall be an official regulation for the service-providers. Moreover, according to the public consultation on 'Fintech by European Commission, national regulatory regimes hindered cross-border crowdfunding activity and that harmonisation at the EU level is so required.

As stated in proposal of regulation, ensuring an effective system of governance is essential for the proper management of risk and for preventing any conflict of interest. Crowdfunding service providers should therefore have governance arrangements that ensure effective and prudent management and their management should be of good repute and have adequate knowledge and experience.

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