

The challenge for crowdfunding in the cultural sector

Thursday, February 11 I was one of the panelists at the crowdfunding cafe [Crowdfundinghub](#). A lot of discussion about the possibilities of crowdfunding in the cultural and creative sector. Afterwards I want to share a few thoughts.

Crowdfunding is a rapidly growing form of financing in the Netherlands. Doubling every year until now the amount of money in [crowdfunding](#) deals is approximately 128 million in 2015.

Is that also true for the cultural and creative sector? Not quite: in 2015 the amount spent has increased to 9.5 million on 856 projects, an average of about € 11,000 per project. That is a substantial increase: 80% in volume and nearly 60% per project. Why the latter is in rise, is not clear.

What is striking is that only 7.5% of all volume of crowdfunding goes to the creative and cultural sector, while 23% of all projects are carried out in this sector. How is that possible?

That's simple: in businesses the average amount of crowdfunding is more than € 90,000, eight times as much. And crowdfunding for enterprises makes 85% of the total. There lies the bulk of the growth of crowdfunding. The banks hardly finance start-ups and smaller companies and thus lending to businesses via crowdfunding takes an enormous flight.

It is the difference between donations and loans. In the cultural sector crowdfunding is almost only through donations. [Voordekunst](#) is doing very well and has gained almost a monopoly in the sector. And many artists and small institutions are living from project to project, so that fits here very well. De vraag is natuurlijk of dit van project tot project leven op den duur houdbaar is voorveel kunstenaars, het is niet bepaald een duurzaam verdienmodel. The question is whether this project life is sustainable in the long run for many artists, it's not exactly a sustainable business model.

Maar wat dan? But what then? In de cultuursector gebeurt (te) weinig aan ondernemingsfinanciering. In the cultural sector there is not much done in loan funding. There are loans, for example in the [Fund's Culture + Financing](#), but not by a form of crowdfunding that is tailored to this sector. The question is whether there is need for a new platform, there are far too many platforms in the Netherlands, at least 80, and most are not viable in the long run. With a commission of 5-10% it requires a very large mass of projects as a platform to make enough sales to be viable. Many platforms have now grants or require investors with deep pockets to keep running.

Ultimately it's all about the financing needs of the sector and how to provide it. In a sector in which recent years more than 500 million has been cut (200 million national government, more than 70 million provinces, 250 million at the local level) it is no longer sufficient to think only in grants and gifts. Crowdfunding only, donations or loans, is not the answer. It involves creating combinations of different types of financing.

But in my idea there is also a need for a place that provides loans to the cultural and creative sector through crowdfunding. There are plenty of entrepreneurs and professionals in the Netherlands with a heart for this sector who will find this an exciting idea.