ASEAN TOWARDS DIGITAL ECONOMY: 
DEVELOPMENT OF EQUITY CROWDFUNDING IN 
SINGAPORE, MALAYSIA, THAILAND AND 
THE PHILIPPINES

BY

MISS ANNERAINE M. COLOBONG

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF 
THE REQUIREMENTS FOR THE DEGREE OF 
MASTERS OF ARTS (ASEAN STUDIES) 
PRIDI BANOMYONG INTERNATIONAL COLLEGE 
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ACADEMIC YEAR 2018 
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THESIS

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ENTITLED

ASEAN TOWARDS DIGITAL ECONOMY: THE DEVELOPMENT OF EQUITY CROWDFUNDING IN MALAYSIA, SINGAPORE, THAILAND AND, THE PHILIPPINES

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ABSTRACT

The purpose of this study is to assess the maturity status of Equity Crowdfunding (ECF) development of the four-member countries in ASEAN such as, Malaysia, Singapore, Thailand and the Philippines. Thus, in order to assess each current maturity status, the study proposed Equity Crowdfunding platform maturity model which was based on five critical success factors in equity crowdfunding that has been listed in previous studies namely the volume of funding raised, the total number of successful SMEs funded through the platform, partnership, risk management and the government involvement in the platform especially in terms of policy and regulation. And based on the findings of the study, Malaysia achieved a sustainable alternative finance industry by being proactive in stepping out to support equity crowdfunding so that it can provide more opportunities to SMEs. With the Malaysian government efforts, the rest of the ASEAN member should therefore adopt the best practices of Malaysian government.

Keywords: ASEAN, Equity Crowdfunding, Small and Medium Enterprises, Platforms
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Anneraine M. Colobong
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CHAPTER 1
INTRODUCTION

1.1 Background of the Study

Micro, Small and Medium Enterprises’ (MSMEs) are tagged as the building block of ASEAN member states’ economy. They are said to have vital role in the pursuit of ASEAN’s economic growth (Iqbal & Rahman, 2015; ASEAN Secretariat, 2015). In fact, various studies proving the importance of SME’s in the economic development as well as in the progression of industrial revolution were published (Snodgrass & Biggs, 1996; Beck & Demirguc-Kunt, 2006; Ayyagari, Beck, & Demirguc-Kunt, in press, UN, 2015). Respectively, SMEs generate employment that will lead to a more equitable income distribution (UN, 2015). These significant impact of MSMEs to economy is also undeniably seen in ASEAN setting. As the Strategic Action Plan for SME Developments 2016-2025 notes that:

“When Micro, Small and Medium Enterprises (MSMEs) are of key importance due to the sector’s economic dominance in terms of its share of total establishments (between 88.8% and 99.9%) and its share of total employment (between 51.7% and 97.2%)” (ASEAN Secretariat, 2015 p.1).

However, access to finance is commonly faced by SMEs, it is considered as the prime hurdle of this industry. Evidences also displayed that Small and Medium Enterprises (SMEs) are restricted and most likely cannot obtain formal finance (Beck & Demirguc-Kunt, 2006). Based on the study in related to financial gap of SMEs conducted by International Finance Corporation using primarily data from World Bank Enterprise Surveys (ES) in 2010 and revisited in 2011, financial needs are unfulfilled for 17 million of SMEs situated throughout the world leading to financial gap of roughly $1.5 trillion–$1.8 trillion (Wignaraja & Jinjarak, 2015).
It is also stressed that semi-peripheral and peripheral countries are more likely restricted financially due to weak and unregulated market (McCourtie, 2013). They are mostly considered to have greater risk as of result of shortage in collateral and; ambiguous and less reliable financial statements. And, these financial difficulties are commonly seen in Asia, where most of the countries are less developed and developing.

Predominantly during and after the series of financial crisis happened in 1997 and 2008. Going back, the 1997 Asian financial crisis or known by many in Thailand as the Tom Yung Goong Crisis where the faltering of economy started and spread to most of the Asian economies like South Korea, Malaysia, Singapore and the Philippines. This downside specifically affected financing environment, and as a result SMEs were prevented to gain funds due to restraining requirements and as well as quotas.

While the Global Financial Crisis in 2008 extremely hinders SMEs’ capacity to invest because of external bank’s reluctance to fund. The crisis hardened the banks’ credit guidelines in approving business loans wherein SME’s are more vulnerable to restrictions than larger firms to some western countries (Vermoesen, Deloof, & Laveren, 2013; OECD, 2009).

Nevertheless, Pasadilla argued that banks in both normal and crisis period, SMEs are usually less important compared to large firms because of its small size and lack of creditworthiness (Pasadilla, 2010). These crisis only highlighted the shortcomings of a traditional lending market and as a result, entrepreneurs tend to depend on personal funds such as personal savings or borrowing capital from their families and friends to invest to their businesses. Therefore, overcoming the problems of SME’s should be on the priority list of each states in order to stimulate economic revolution. States should set up and implement funding opportunities.

And in the case of ASEAN, as ASEAN embrace radical digital transformation on the quest of economic development by 2025. In which, several reports displaying the viable impact of digitalization such as increasing the volume of ASEAN’s gross domestic product and basically elevating its people lives were issued.
(US-ASEAN Business Council, 2017; Gonzales, 2017). Aligned with this advancement towards digital economy are initiatives made by ASEAN on the fourth industrial revolution or acknowledged as “Industry 4.0”, where customary products and services are fused with digital technology (Kearney, 2015). Thus, integrating of financial technology (Fintech) specifically facilitating of Equity Crowdfunding (ECF) across the region. Financial technology (Fintech) as defined by Fenwick, McCahery, & Vermuelen is:

“the use of new technology and innovation to compete in the marketplace of financial institutions and intermediaries – is the result of fast funding and online applications which has lowered costs for their clients.”

(Frenwick, McCahery, & Vermuelen, 2017 p. 105).

This definition clearly signifies the correlation of Financial Technology (Fintech) and Equity Crowdfunding (ECF). Equity Crowdfunding is a business model under fintech where it helps an entrepreneur to acquire funds to its project or enterprise from the so-called crowd through a certain online platform and as a reward, equity shares are given (ASEAN, 2017). The framework of Equity Crowdfunding is the same with any other crowdfunding models, where it consists with three key actors namely; the entrepreneur, the platform and; the backers sometimes called as crowd investors (Wilson & Testoni, 2014; Valanþienœa & Jegeleviþinjtœb, 2014).

Accordingly, this disruptive technology is viewed as a key part in dealing ASEAN’s MSMEs’ focal problem-access to finance which contained within the AEC Blueprint 2025 along with the ASEAN’s Information and Communication Technology Masterplan 2020 and the Master Plan on ASEAN Connectivity (MPAC) 2025. ECF will serve as an alternative source of finance for the small startup businesses in ASEAN region.

Facilitating equity crowdfunding in ASEAN is the most favorable alternative finance compared to other crowdfunding models for the reason that investors prefer to pledge funding with extrinsic reward which is money, in point of fact a study states that investor’s motivation on the volume of amount to be pledged depends on the
reward (Chalavoka & Bart, 2014). Hence, the more attractive reward offered to the investors will more highly charm investors and thus, will have the higher chance to get funded (Forbes & Schaefer, 2017; Angerer, Brem, Kraus, & Peter, 2017; Hobbs, Grigore, & Molesworth, 2016). Equity Crowdfunding is also expected to demonstrate a significant impact in the region because, aside from opportunity to access finance, it will also help enterprises to examine and verify its product and business valuation thus, helping to mitigate risk in the long run and lastly; this will also support entrepreneurship benefiting the community (Valanciene, L. & Jegeleviciute, S., 2013; Hu, Y., 2013; Brown, R. et. al., 2017).

However, facilitating ECF is quite complicated unlike the other types crowdfunding, this kind of model has the attributes of higher risks like risk of failing, fraud, illiquidity and exit problem, duplicating ideas and more. These instances only prove the urge to be governed and regulated by the government in order to know who will be accounted for and how they will take responsibilities towards these risks.

Therefore, this study will serve as a track to ECF development, for this study will help to identify the strengths and weaknesses of the countries in terms of catalyzing equity crowdfunding and thus, providing solutions or strategies towards sustainable progression. The study will also serve as a basis in adopting best practices in formulating ECF framework as ASEAN take initiative to promote Equity Crowdfunding to its member states which are less cognizant.

In addition, most of the previous researches linking to Crowdfunding specifically, Equity Crowdfunding delivered results on success, risks, and regulations which are the foundation of the study. However, there’s currently lack of empirical-based researches to estimate the status of a certain country focused on equity crowdfunding and also, no platform maturity model for equity crowdfunding have developed at present. Aside from this, few reliable researches on tracking crowdfunding development in Asia.

Hence, this study will contribute to fill the information gap regarding the crowdfunding industry. Correspondingly, the result this study and the creation of the
equity platform maturity model will support policy-makers, future researchers, the public and shareholders to track and assess the equity crowdfunding activity in ASEAN.

1.2 Aim and Objectives of the Study

The core aim of this study is to provide valid and reliable information on the development of equity crowdfunding in ASEAN and consequently, producing a high quality of research. Within this broad theme, the study delves to attain the following objectives:

1. To determine the critical success factors in equity crowdfunding that are present in each platform of respective countries;
2. To develop a quality platform maturity model for equity crowdfunding and to assess the status of equity crowdfunding activity in each platform of respective country;
3. To explore the best practices of government’s efforts in related to facilitation of ASEAN’s equity crowdfunding and;
4. To provide recommendations on the ASEAN initiatives for facilitating ECF in the region.

1.3 Scope and Limitations of the Study

This study explores the development of equity crowdfunding in ASEAN as it leaps forward on the digitalization of its economy by 2025. However, this study will be focusing only on equity crowdfunding in some member states of ASEAN namely, Malaysia, Singapore, Thailand and the Philippines.

Because Malaysia, Singapore and Thailand are viewed as frontlines countries on ECF adoption for they already incorporated ECF into their government. Malaysia was the first ASEAN country to ratify Equity Crowdfunding (ECF) Framework. Wherein six equity crowdfunding operators were recommended in 2015 (ASEAN, 2017). And, in the same year, Singapore issued a consultation paper on the
crowdfunding facilitation and recently, Monetary Authority of Singapore (MAS) is already regulating under the Securities and Futures Act (Cap. 289) (the “SFA”) and the Financial Advisers Act (Cap. 110) (the “FAA”). While, Thailand is modifying its equity crowdfunding regulations shouldered by Thai Security Exchange Commissions.

And in the case of the Philippines, earlier this year, due to a large increase on crowdfunding activities, the Philippine government thru Security Exchange Commission proposes to publish crowdfunding regulations.

This study will also concentrate on exploring one platform in each country. The platform was selected based on the recognition of the government and the public as one of one of the leading equity crowdfunding platforms in their respective country. Thus, selecting PitchIn for Malaysia, FundedHere for Singapore, Dreamaker Equity for Thailand and lastly, UPbuilds for Philippines.

In addition, although this study has identified ten critical success factors in equity crowdfunding, this study does not provide the whole picture of assessment as it limits into five critical success factors only in consideration of the fact that the gathering of data majorly relies on the ECF platform wherein there’s a lack of reliable data to support the claims. Even though, this study also utilized primary data which is collected through emails and personal channel of communication, the access to founder or the platform is limited, as it takes a while before the respondents answer furthermore, some questions are left unanswered. Another reason is due to time constraint, since the study gathered and analyzed data for a period of three months hence, it is insufficient to cover all of the ECF critical success factors especially, the communication and project quality include various aspects.
1.4 Research Questions

This study seeks to measure and understand the status of equity crowdfunding development of the four countries. More specifically, the study seeks to answer the following questions:

1. What are the critical success factors present in equity crowdfunding platform of the respective countries?
2. What is the maturity status of each equity crowdfunding platform in Malaysia, Singapore, Thailand, and the Philippines?
3. What is the government role in facilitating equity crowdfunding?

1.5 Assumption

This study is anchored on the assumption that among the sample countries, Malaysia is the most advanced and productive in terms of equity crowdfunding development. For the reason that, Malaysia as being the first one to legalize an equity crowdfunding framework in the region that helped in gaining support from stakeholders around the world. In connection to this, having a stricter rule in approving platforms to operate, give assurance or credibility to both entrepreneurs and investors in fact, during the first selection, among 25 platform applications only 6 were approved. The detailed regulations on the risks will also help to attract investors. For example, the risk of failure, the SC Malaysia give emphasis that if the certain project will fail, the investors will be guaranteed that their money will be returned.

Whilst, in Singapore only individuals with a large monthly income of not less than S$300,000 or personal net assets S$2 million, and corporations with net assets of S$10 million could invest on the projects in the crowdfunding platform. This definition of investors stated on their regulations, is considered as a loophole for less than five percent of Singaporeans only can afford to be investor.

And in the case of Thailand, Foreign Business Act 1999 (FBA) limits the participation of foreigners in the investments of enterprises. For the regulations only
allow a maximum of 49% percent of share capital. This might affect the cross-border flow deals funding.

And in the Philippines based on a study, Filipinos are less cognizant in terms of crowdfunding industry which results to low participation (Vergara, R., 2015). Thus, this might signify a negative impact on the volume of amount raised and number of entrepreneurs. Moreover, Philippine government just recently expressed the urge to regulate crowdfunding. Because of this, potential investors and entrepreneurs hesitate to take risks of the unregulated market.
CHAPTER 2
ASEAN'S ROADMAP TO DIGITAL ECONOMY 2025

This chapter encompasses the overview of digital economy, and the initiatives of ASEAN towards vanguard of digital economy by 2025. This chapter also displays the regional organization, the ASEAN connection to crowdfunding.

2.1 Background and Definition of Digital Economy

States has been continuously fostering and reaping the significant effect of digital economy since the inception of the third revolution or known as the digital revolution dated in the late 1950’s up to now. Digital economy is also called as the “New Economy” by Carlsson (2004) for every transaction or information has been digitalized from the physical movement. For example, the physical movement of goods and services can be converted into e-goods and e-services.

And, as states continue to aspire economic growth and leap towards advancement, States are shifting to the fourth industry revolution by adopting the Industry 4.0 model and so, deriving a new digital economy. New digital economy as defined by one of the ADB’s forum as”

“a broad range of economic activities that use digitized information and knowledge as key factors of production. The internet, cloud computing, big data, fintech, and other new digital technologies are used to collect, store, analyze, and share information digitally and transform social interactions (ADB, 2018).”

Indeed, this explanation upholds the possible impacts of integrating technology to the economy and people’s daily lives. However, these impacts may be regarded as challenges and opportunities. Accordingly, it is foreseen that the major impact will be regards to employment. It is therefore claimed that digital economy can either contribute to unemployment rate as it threatens to displace job since digital economy entails automation or, employment rate as it provides or generates new job
opportunities wherein it links to entrepreneurships. (Guo, Ding, & Lanshina, 2017; OECD, 2016).

Hence, world leaders, regional and international organizations like ASEAN and G20 take several measures through dialogues, memorandum of agreements (MOA), policy-making, combat the challenges and be able to fully benefit from the opportunities associated with digital economy (Box & Lopez-Gonzalez, 2017; Guo, Ding, & Lanshina, 2017).

2.2 ASEAN Initiatives 2025

With the continues effort to integrate the ASEAN economy as well as to intensify competitiveness and, bilateral and regional cooperation as indicated in the ASEAN Economic Community Blueprint 2025 (AEC 2025). The ASEAN member states fostered digital economy including its relevant regulatory policies through the 15th ASEAN Telecommunications and IT Ministers Meeting (TELMIN). The 15th TELMIN through a joint declaration, introduced the ASEAN ICT Masterplan 2020 (AIM 2020) with the prime purpose of “propelling ASEAN towards a digitally enabled economy that is secure, sustainable, and transformative; and to enable an innovative, inclusive and integrated ASEAN community” (AIMT 2020, 2015).

In connection to this, the ASEAN member states recognized the digital innovation as a driver to achieve economic integration as well as to promote and develop the sense of belongingness. And as a result, the regional organization embraced the Masters Plan ASEAN Connectivity 2025 (Declaration, 2016).

These strategic plans laid and has been carried out by the member states, in which sets the direction to be the frontier of digital economy by 2025. The attainment of a fully digital driven economy is expected to give a great impact to the region and mainly to its people, which supports the ASEAN vision of uplifting its people live’s through various opportunities (ASEAN Vision). This phenomenon creates vast opportunities like job generation which is linked to entrepreneurship, putting a startup
company with the aid of digital innovation would lessen the difficulties in obtaining capital, procedures as well as failure cost. In addition, labour productivity which concerns the cognitive competitiveness of an organization is also seen as a positive impact of digital economy and that eventually, contributes to economic growth (Evangelista, R. Guirreir, P & Meliciani, V., 2014; OECD, 2016).
CHAPTER 3  
BACKGROUND AND DYNAMICS OF  
EQUITY CROWDFUNDING  

To fully understand equity crowdfunding as well as the distinction between equity crowdfunding and other crowdfunding models, this chapter covers the context of crowdfunding and its fundamentals such as, forms of crowdfunding and different types of crowdfunding models. This chapter will also provide the mechanism of equity crowdfunding magnifying the definitions and responsibilities of the platform, issuer or entrepreneurs and investors.

3.1 Background of Crowdfunding

Mollick, E. (2014) simply defined crowdfunding as assistance of enterprises through funding of entrepreneurial projects from pool of people with the aid of internet in the purpose of either cultural, social or profit. Mollick also stressed that financial transaction is directly carried out by the entrepreneurs and potential backers and the online platform as channel of transaction. Crowdfunding can also be regarded as branch of crowdsourcing focusing on obtaining financial support from the so called “crowds” (Kleemann et al., 2008).

By these statements, the connection of crowdfunding and Financial Technology (Fintech) as well as digital connectivity was clearly perceived. For crowdfunding connects entrepreneurs and the backers through Information and Communication Technology (ICT) with the drive of finance.

According to Macht, S. and Weatherston (2014) crowdfunding also promotes financial inclusion for its accessible and efficacy to raise funds and bridge the financial gap of enterprises. Especially, crowdfunding can also tap crowds from different places of the world which eventually can help the financially burdened enterprises to succeed. However, it is also stated that crowdfunding is not only limited to financial benefits, but also the enhancement of business ideas as it will involve
participation of the crowds. The crowds can either give suggestions or feedbacks on the projects through the platform which can enlighten and be taken into consideration by entrepreneur in order to improves its project or the business itself.

Crowdfunding has also different components and functions depending to its model types but the processes of each crowdfunding models are most likely the same. Related literatures have listed crowdfunding types as donation-based crowdfunding, reward-based crowdfunding, lending-based crowdfunding and equity crowdfunding.

3.1.1 Types of Crowdfunding Models

Crowdfunding platforms throughout the world are undeniably increasing its number these days. And, these platforms fall on several arrays of crowdfunding models in which, entrepreneurs can choose from in order to obtain capital for their startups or projects. Commonly, the crowdfunding models are categorize into four types such as, donation-based crowdfunding, reward-based crowdfunding, lending-based crowdfunding and equity crowdfunding. In choosing crowdfunding model, entrepreneurs consider the appropriateness of the project to the model. Thus, it is necessary to understand the various components of each crowdfunding models for these models differ in terms of level of complexity, uncertainty and risks. Hence, this subchapter further explain these differences of each type of crowdfunding.

3.1.1.1 Donation-based Crowdfunding

Donation-based crowdfunding is a model that generate funds for people in needs also, reffered as social projects through generous contributions without expecting anything in return (Belleflamme, P. et al., 2018). This model is the same type as the charities and NGO’s social cause campaigns. But, this model doesn’t only limit to charities and NGO’s charitable causes, for this platform can also raise funds for
projects intended for profit like creative projects. But, then again the pledge money should contributed voluntarily. Investors are therefore not allowed to have project shares nor voting rights unlike the other types of crowdfunding. In this sense, donation-based crowdfunding is the simplest crowdfunding model for this model has the least risk since, backers motivation is charitable giving even though, there still uncertainty whether a project will achieve it’s funding goal.

According to an Alternative finance report in 2017, the status of Southeast Asian donation-based crowdfunding activity which data are gathered primarily in Singapore, Indonesia, Malaysia, Thailand and Cambodia is considered as active. In fact, the total market volume of the donation-based crowdfunding in the region is amounting to US$13.16 million in 2016 or an increase of 148.68% from its previous year which accounts for US$ 5.6 million (The 2nd Asia Pacific Region Alternative Finance Industry Report, 2017). This, signifies that the growth of donation-based in the region is doing well especially, some of the Southeast Asian states comes into play.

### 3.1.1.2 Reward-based Crowdfunding

Reward-based crowdfunding model is linked to donation-based crowdfunding model however, the only difference is the rewards in return for investing. The reward can be any form except in the form of money or equity shares. According to Mitra, D. (2012) the quality and attractiveness of rewards will subject to the contributed amount. Thus, the higher the amount donated, the higher quality and attractiveness of the rewards. The rewards pricing depends to the entrepreneur, this factor also attributes to the success of gaining investors, and funding. The rewards vary from a small token gratitude such as thank you card or certificate of appreciation to movie credit, the entrepreneur’s product or even participation on project improvement ideas. For example, a platform allows a backer to invest a minimum of US$1 up to US$15,000 or more. Assuming that a backer contributed an amount of US$1 which is considered as small amount thus, the backer can get a thank you note. In contrast, if backer invested a large amount of funding for example, backer contributed US$20,000
which is even higher than the indicated amount therefore, a backer can meet the entrepreneur in person which directly involves the backer to project conceptualization for improvement or backers may be included in movie credit labeling as the pioneer partners of the SMEs which can be use in further promotion.

An example of a reward-based crowdfunding platform is Kickstarter, which is well-known throughout of the world because of its great cross-border flow. The Kickstarter platform has a feature that manages the rewards that an entrepreneur has to offer. For example, itemization tool which sets the quotas for the list and quantities of the rewards that will be given as well as shipping information tool (Kickstarter, 2018).

### 3.1.1.3 Lending-based Crowdfunding

Lending-based crowdfunding model is like the typical bank lending system wherein an entrepreneur borrows money with an interest however, a bank lending system is much stricter in refining the projects whether to get funding or not due to higher requirements and quotas. Thus, entrepreneurs prefer to avoid these scenerios. In this type of crowdfunding model, some of platform are financial intermediaries to entrepreneurs and lenders and others, are just a medium of connecting the borrowers and lenders just like any type of crowdfunding, the platform connects the entrepreneurs and backers.

### 3.1.1.4 Equity Crowdfunding

Derived from the perceptions of several literatures in related to equity crowdfunding, Achlers et. al., (2015) summarized and described equity crowdfunding as:

“a method of financing, whereby an entrepreneur sells a specified amount of equity or bond like shares in a company to a group of (small) investors through an open call for funding on Internet-based platforms (Achlers et. al., 2015, p.4).”
To expound this definition, ECF usually raised funds for startups or commercial projects. ECF also persuades backers to fund for profit thus, backers expect a successful enterprises or projects in order to receive a positive return of investment. This type of crowdfunding is considered as the most complex among the crowdfunding models for ECF’s level of risks and uncertainty is much higher. Because of these security issues, equity crowdfunding is still considered as illegal to some countries.

However, even though there are differing states’ underpinnings for equity crowdfunding, the equity crowdfunding activities are certainly unstoppable especially in Southeast Asia. As a proof the 2nd Asia Pacific Region Alternative Finance Report in 2017 stated that the equity crowdfunding drastically raised a funding of US$56.24 million in 2016 which is sevenfold of the funding raised in 2015. (The 2nd Asia Pacific Region Alternative Finance Industry Report, 2017). Thereby, capturing the governments and public’s interest.

3.2 The Fundamentals of Equity Crowdfunding

As mentioned on the previous section, equity crowdfunding as a whole is increasingly developing its importance. So, in order to fulfill the literature gap and to clearly understand the concept of equity crowdfunding, it is essential to further elaborate the core foundations of equity crowdfunding by looking into the ECF key players and how equity crowdfunding works. Hence, this piece of basic information serves as a guide in looking the bigger picture of equity crowdfunding. This also gives enlightenment on the equity crowdfunding landscape, needed on the discussion and conclusion of the study.

3.2.1 Key Players in Equity Crowdfunding

Just like other models of crowdfunding, equity crowdfunding has three key players that completes the funding activity. Namely, i.) the platform, ii.) the issuer or sometimes called as the entrepreneurs and, iii.) the investor (Beugre & Das, 2013).
Each actor has their own functions, motivations and significant role on the attainment of crowdfunding success.

### 3.2.1.1 Platform

The platform serves as the financial intermediary that facilitates and connects entrepreneurs who seek for funding opportunity and investors who fulfil the funding (Haas, Blohm, & Leimeister, 2014; Rossi & Vismar, 2018). According to Wilson, K., & Testoni, M. (2014) platform usually charges entrepreneurs’ success fee of up to 10%. For example, FundedHere platform charges 6% in cash plus 2% in the form of stake which sums up a total success fee of 8% whilst, PitchIN platform charges a total of 7% success fee.

And, based on the Financial Intermediary Theory as stated in the study of Haas, Blohm, & Leimeister (2014), crowdfunding platform which serves as financial intermediary have the functions of catering payment systems for the entrepreneurs and investors’ arrangement in money transaction, providing efforts to mitigate the risks involving the investment process and more importantly, delivering reliable information to investors about the entrepreneurs and company’s background and, vice versa.

### 3.2.1.2 Issuer

In the equity crowdfunding scene, the issuer is commonly tagged as the entrepreneur who needs capital for its startup business or project thus, seeking funding through internet-based platform in an exchange of company share. It is said that entrepreneurs’ reasons for participating crowdfunding activity are because of lower rate of return to the investor compare to the typical bank lending system and more ideas that can be grab from the platform and the investors since the platform and investors can participate with the project through mentoring (Agrawal, Catalini, & Goldfarb, 2014). It is said that entrepreneurs’ traits and experiences signals funding success. Having a project experience which have been funded through crowdfunding increases
the chance of obtaining funds. Because, investors rely more on entrepreneurs' integrity based on the feedbacks of the previous projects (Lukarinen, A., 2016).

And, in connection of the platform function of delivering reliable information to investors, the issuers should also give a complete, true and accurate information to be publicize especially that, investors decision to fund are based on the information and updates of project provided.

3.2.1.3 Investor

Investor refers to the crowd who are willing to pledge amount of money in support of startups or projects. While in terms of the equity crowdfunding investors or the funders’ motives on joining the emerging phenomenon are either because of extrinsic motivation which is merely because of investment opportunities and intrinsic motivation which is just out of pleasure of taking part with entrepreneur’s initiative (Agrawal, Catalini, & Goldfarb, 2014). However, according to a study, in order to encourage investors to fund the projects, entrepreneurs should convey the entrepreneurs through giving clear and detailed explanation regarding the business environment as well ass the products and services (Estrin, Gozman , & Khavul, 2018). It is also noted that investors should also know and fully understand the risks associated this financial market.

3.2.2 Process of Equity Crowdfunding

With the key players revealed including their characteristics, the equity crowdfunding or sometimes referred as investment-based crowdfunding, security-based crowdfunding or crowdinvesting (Hornuf, L. & Schwienbacher.A., 2017 and Angerer, M. et. Al, 2017), is consists of four phases that make up the equity crowdfunding such as, the Selection and Valuation phase, the Investment phase, the Post-Investment phase and lastly, the Exit phase (Wilson, K. & Testoni, M., 2014). The equity crowdfunding process that is illustrated in Figure 3.1, which was extracted from
the research for Bruegel Policy Contribution details each stage activity or step and key players involvement on these steps.

Figure 3.1 Four Phases of Equity Crowdfunding Process

*Source:* Wilson & Testoni, 2014, p.4

Referring to the figure above, the selection and valuation phase, is where the entrepreneurs submit application to the platform. The platform then, screens the application, the criteria or requirements to be able to raise a fund differ based on each platform and regulations of a country where the platform is based or doing the crowdfunding. At that point, approved entrepreneurs are now able to share all their information regarding their SMEs or projects. Simultaneously, the platform posts the pitch online, specifying the objectives of the campaigns as well as the benefits of the campaign to the potential investors. Thus, SMEs or projects are then ready for the investment phase, wherein the crowdinvestors will assess the SMEs or the project for them to decide whether to back the campaign or not. Whilst, the platform conducts thorough examination regarding the investment and after that, it discloses the funds. Afterwards the investment phase, the platform and investors who backed the SMEs or project can take part on monitoring and guiding the platform through recommendations. And the last phase, the exit phase, happens when the entrepreneurs and investors decided to leave for the better after the termination of the holding period (Hagedorn & Pinkwar, 2016). This case is commonly for the investors, wherein they sell their purchased share in the platform to other investors.
3.2.3 Risks in Equity Crowdfunding

Recent studies pointed out that equity crowdfunding as a source of capital for small and medium enterprises have lots of advantages and benefits (Golic, 2013). However, just like any business, there are drawbacks and risks that accompany equity crowdfunding activities. According to an article, the key players of equity crowdfunding such as, entrepreneurs, investors, and the platform are subjected to different kind of risks (Turan, 2015). And with the help of several literatures, various risks associated in equity crowdfunding have been identified and listed into the following: i.) risk of uncertainty, ii.) risk of duplicating proposition, iii.) risk of fraud, iv.) risk of cyber-attack, v.) risk of transparency and disclosure, vi.) risk of information flow, and, vii.) risk of illiquidity (Kirby & Worne, 2014; Lin, 2017; Turan, 2015). And, these various risks were categorized into respective key players’ risk in equity crowdfunding with the help of Venn diagram, Figure 3.2.

Figure 3.2 Representation of Key Player’s Risks in Equity Crowdfunding
Source: Kirby & Worne, 2014; Lin, 2017; Turan, 2015
As showed in the Venn diagram of respective risks in equity crowdfunding, most of the listed risks in equity crowdfunding overlaps in each key player. One of it, is the risk of uncertainty which might affect either entrepreneurs or investors. This is due to unknown future of the commercialization and startups (Lin, 2017). The issue of uncertainty in equity crowdfunding has a broad range of risks. This kind of risk may be linked to the risk of platform closure, risk of default and more. But, the main idea points to the vague possibility of succeeding or gaining profit for investors while obtain funding for startups is uncertain. An example of risk uncertainty to the entrepreneur is the all-for-nothing form of ECF, wherein entrepreneurs cannot keep the funding, unless funding target is met. Imagining that an entrepreneur’s funding goal is US$20,000 but the campaign only reached a funding of US$15,000. Hence, the entrepreneur won’t keep any of the amount, the money collected during the project campaign period should return to the investors.

Another risk that affects entrepreneurs and investors is the risk of information flow. The vital role of information in the development process of a business is not new to many especially, those who are in the business field. Information is transmitted through communication from different channels, the information provided should be complete and true, in order to earn trust from the investors. However, just like Mollick (2014) affirmation as stated in a study, investors encounter the risk of information flow since there are lack or no information available to investors and even the platform itself. An example of it is the business’ change of management. Thus, investors find hard to tell how the business doing. The entrepreneurs also experience this kind of risk due to lack of information about the cost during the equity crowdfunding activity, or even the associated risks (Turan, 2015). Therefore, this makes the entrepreneur unprepared with the budget and the crisis might occur to the business throughout the ECF process.

While, two risks are linked to all key players in the equity crowdfunding, the risk of fraud, the risk of law breaking and; the risk of transparency and disclosure. The risk of fraud is the most common risk factor in the business specifically when it comes to investments. In ECF setting, fraud take place when there are fake offerings either to of the three key players. As a confirmation, Lin (2017) listed the fraudulent
act that actually happen often namely, “raising capital in the name of ECF under the guise of shell companies; using dummy projects or falsifying corporate information with the intent to defraud investors and abscond with the funds; malicious collusion between the platform and fundraisers to lure investors to purchase shares or bonds, and subsequently making unauthorized investments in the securities market with the raised funds.” Thus, a robust fraud protection to ensure the integrity of the information provide is a must have for a platform (Freedman & Nutting, 2015).

And for the transparency and disclosure risks which is also associated with the information flow risk is because of the following deficiencies: i.) transparency and disclosure of data regarding fundraising like the amount of funds raised, the background of SMEs seeking for funding, the list of successful campaigns unless are not available to the public unless approved as an investor or entrepreneur (Kirby & Worne, 2014). ii.) lack of transparency regarding the investors rights and, iii.) lack of of non-disclose agreement, without this kind of agreement, an investor or an entrepreneur might publicize or spill some information that shouldn’t be (Turan, 2015).

In terms of risk of duplicating proposition for the entrepreneurs, since entrepreneurs have to provide information available for public like in the instances of providing the business plan or any project idea related of an entrepreneur. Thus, the tendency of someone might copy or duplicate an entrepreneur’s work is just around the corner (European Commission, 2018).

For the investor’s risk of illiquidity, investing in startups are most likely investing in illiquidity shares thus having lack of education regarding this may result investor’s persuasion to hold on with business promises hence, may experience regret dur to fail investing (Lin, 2017; Turan, 2015).

Last of all, the risk of cyber-attack, security is often an issue especially that equity crowdfunding as one of the internet-based economic activities. Cyber criminals attack through hacking the security of the platform and password cracking. Thus, Kirby & Worne (2014) suggests that a platform should have a technical expert for cyber security.
With these evidences, the concepts of equity crowdfunding are able to distinct from the other model of crowdfunding. The definition of terms also helps to comprehend the usage of these in the whole study. This chapter also stimulates the recommendation of the study as well as supports on the government contributions in the facilitation of equity crowdfunding for this lay as the foundation on the issues that the government should be address.
CHAPTER 4
FACILITATION OF EQUITY CROWDFUNDING IN ASEAN

The facilitation of equity crowdfunding in the ASEAN region directly compliments the organization’s initiatives on the pursuit of digital innovation as well as support to one of the important units of its economy, the SME’s. Which drives the economic integration, inclusiveness and growth.

Moreover, the effectivity of equity crowdfunding as an alternative financing to SME’s which are mainly deprived of formal funding from the banks has been widely gaining attention from all over the world, including state’s government. For example, the United Kingdom (UK) and United States of America (U.S.A) have developed a successful equity crowdfunding market basing on its offering and its size (Ziegler, et al., 2017; Zhang, et al, 2016). The governments including the regional organization like European Union played a significant role on the success by regulating the equity crowdfunding in order to alleviate the risks and to freely enjoy the equity crowdfunding activities by the participants such as the platform, the issuer or the entrepreneur and the investors. And, these scenarios have been followed and attempt to follow by the most of the states including the ASEAN member states.

4.1 Overview of Equity Crowdfunding Activity in ASEAN

4.1.1 Malaysia

Government of Malaysia is exerting effort to democratize finance opportunities to provide funding access for Malaysian start-ups, especially for the youth. In line with this, Securities Commission issued a Public Consultation Paper in 2014 called "Proposed Regulatory Framework for Equity Crowdfunding. And as a result, the government approved and released of the new Equity Crowdfunding Framework in
2015 under the Guidelines on Regulation of Markets under Section 34 of the Capital Markets and Services in replacement of 2007 regulations (Abdullah, 2016). Eventually, the Securities Commission Malaysia approved of six registered equity crowdfunding platforms among 27 applicants to operate their platform. The approved platforms were Alix Global, Ata Plus, Crowdonomic, Eureeca, PitchIN and Propellar Crowdplus. And presently, there are 25 ECF issuers, and among of these 21 have been successful, with three ongoing; with a total raised of RM14 million.

Accordingly, Malaysia is the first ASEAN country to enact regulations with the specific aim of facilitating ECF and it is tagged as one of the key actors in the process because Malaysia will serve as track to other markets in pertaining to ECF regulation.

4.1.2 Singapore

In Singapore, an estimation of 70% of SMEs are strongly dependent to the government funding programs such as grants, co-investments and loans. However, due to various restrictions, numerous of worthwhile start-ups would not avail funding as well, and so as, difficulty obtaining from private funding sources (Hu, 2015). Thus, Crowdfunding is seen an alternative option for SMEs that will provide a more balanced funding structure and as it will be as a less reliant on government programs.

Basically, Crowdfunding is no longer an alien to Singaporeans as they actively participate to Kickstarter projects, one of the leading crowdfunding platforms globally. Through contributing a total worth of 6,710,981 USD making Singapore as tenth ranked in terms of investors contribution (Kickstarter website, online). Besides, there were already established equity crowdfunding platform in Singapore, though it is not commonly known like Fundedhere (Fintech News Singapore, 2016).

According to Bradford, equity-based crowdfunding encompasses protection of investors and founders’ interest and governed by securities laws in many jurisdictions. Hence, Monetary Authority of Singapore (MAS) proposed measures to
regulate equity crowdfunding also known as securities-based crowdfunding (SFC) (Lin, 2017). The legal reforms seek to mitigate the risk and also strike a balance between improving access to SCF for start-ups and SMEs, and enhancing protections for investors (MAS, 2015).

4.1.3 Thailand

While in Thailand, equity market has significantly increased during Asian Financial Crisis, as the crisis started in Thailand and raised fears of a worldwide economic meltdown due to financial contamination. The equity market increased from 24 percent of GDP in 1997 to 97 percent of GDP at the end of 2012 but lack of access to capital for startups was a notorious limitation. Thus, Thailand government sought to address this problem by creating a regulatory framework for ECF. The ECF framework has taken effect since 2015 with two regulations on ECF notification and exemption and it is administered by Securities and Exchange Commission (TSEC). And, according to TSEC, discussions are ongoing with prospective ECF platform operators, potential entities to perform the role of holding investors’ subscription funds and regulators and other development related (ASEAN, 2017).

4.1.4 the Philippines

In the Philippines, the term crowdfunding is relatively new to many Filipinos in fact, according to the study of Vergara, R. (2015) regarding the crowdfunding awareness of Filipino people shows that Filipinos are less cognizant compared to other countries. However, due to its increasing number of crowdfunding activities in the country and recognition to crowdfunding benefits, the Philippines government through Security Exchange Commission (SEC) set rules to implement and regulated this phenomenon. But as of the moment, these rules are in general or in other words, it applies to all types of crowdfunding models and this are subject for public feedback for improvement.
CHAPTER 5
CRITICAL SUCCESS FACTORS IN EQUITY CROWDFUNDING AND MATURITY MODEL

This chapter provides a list of critical success factors (CSFs) in equity crowdfunding which are based on the previous studies. Which directly responds to one of the research questions, “What are the critical factors that contribute to equity crowdfunding success present in respective platforms of each country?” These critical success factors also serve as a basis in identifying metric to develop an equity crowdfunding platform maturity model in which determines the maturity status of equity crowdfunding platform of respective countries. It is also noteworthy to tackle the maturity models that previously used in related researches.

5.1 Critical Success Factors

Critical success factors (CSFs) or referred by others as Key result areas (KRAs) and Key success factors (KSFs) have been widely used by various studies (Kuan, Y., 2005; Babatunde, S., Perera, S., & Zhou, L., 2016; Kumar, U.T & Shrivastava, R.L., 2017). These studies also review that CSFs are the variables or characteristics which are vital in attaining project or organization’s success. Thus, these factors should exist and maintained in order to enhance the effectiveness of a project or an organization in the attainment of its goals.

While with regard to equity crowdfunding, studies figured that the core characteristic of an equity crowdfunding platform must have, is a good reputation in order to establish a strong credibility with the entrepreneurs who aspire to get capital for their SMEs and investors who will be the source of these capital or the backer of these SMEs. Which is essential in any project or organization to survive and to prosper in the long run. Thus, having a good platform reputation will attract more entrepreneurs and potential investors to participate in crowdfunding activity. And anchored to this core characteristic, are several factors found on the platforms which have been recorded as the proven factors that contribute on the crowdfunding success, which is also linked
to funding success. Namely, communication, exit opportunities, geography, investors or backers, network/partnerships, niche market, policy and regulation, project quality, successful SMEs, and volume of funding raised.

Hence, the list of critical success factors in equity crowdfunding that are extracted from the previous studies is shown in Table 5.1 with its sources, operational definition and CSF coding to refer.

**Table 5.1 CSFs in Equity Crowdfunding Based on Literatures**

<table>
<thead>
<tr>
<th>CSF Coding</th>
<th>CRITICAL SUCCESS FACTORS</th>
<th>DEFINITION</th>
<th>REFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSF01</strong></td>
<td>Communication</td>
<td>Good communication between the founder, investors and the entrepreneur. All communication channels should link together.</td>
<td>Angerer, M. et. al, 2017</td>
</tr>
<tr>
<td><strong>CSF02</strong></td>
<td>Exit Opportunities</td>
<td>Availability of options for exit</td>
<td>Achlers, G. et. al., 2015; European Union, 2014</td>
</tr>
<tr>
<td><strong>CSF03</strong></td>
<td>Investors/Backers</td>
<td>Number of investors/Backers is present on the platform</td>
<td>Angerer, M. et. al, 2017; Lukkarinen, A. et al, 2016; Vulkan, N. et. al, 2016</td>
</tr>
<tr>
<td><strong>CSF04</strong></td>
<td>Networks/Partnerships</td>
<td>The platform utilizes of prominent networks.</td>
<td>Achlers, G. et. al., 2015; Lukkarinen, A. et al., 2016; Mollick, E., 2013; Vismara, S., 2016; Zhang, B. et. al, 2016</td>
</tr>
<tr>
<td><strong>CSF05</strong></td>
<td>Niche Market</td>
<td>The platform focused on specific products/services.</td>
<td>European Union, 2014; Mollick, E. 2014</td>
</tr>
<tr>
<td><strong>CSF06</strong></td>
<td>Policy and Regulation</td>
<td>Policy and regulations governing the platform in order to develop a sustainable alternative finance industry.</td>
<td>CrowdfundingHub, 2015; Mollick, E. 2014; Tran, T., Dinh, A. &amp; Tang, T., 2018</td>
</tr>
<tr>
<td><strong>CSF07</strong></td>
<td>Project Quality</td>
<td>All features that signifies readiness of the project like the project team and the quality of the product or service.</td>
<td>Mollick, E., 2014; Vulkan, N. et. al, 2016; Yan, S., 2015</td>
</tr>
</tbody>
</table>
To further explain how these identified critical factors contribute to the success of equity crowdfunding, the CSFs were discussed extensively.

In the first factor which is communication, Angerer, M. et. al (2017) stated that entrepreneurs and potential investors tend to consider a good communication within the platform. Starting from the communication of entrepreneurs to the platform in the application and selection process up to the communication of entrepreneurs to investors. Any form of communication whether its personal communication or marketing will determine whether the enterprise will obtain a funding. Angerer, M. et. al (2017) also added that, all medium of communication should link together for example on the platform official Facebook account, the SMEs or the campaigns has its all information, like a link to its website, information about the investors and their investments, contacts where they can send query and can exchange conversation to the entrepreneurs or other social media accounts.

While in the second factor, aside from projecting financials like payment of interest or dividend as one of the positive return of investment that motivates potential backer to invest with the campaigns or project posted in the crowdfunding platform. A study carried out by European Commission listed exit opportunities is one of the key factor that also encourage potential investors to participate in investing crowdfunding campaigns (European Union, 2014). Exit channels in equity crowdfunding vary from initial public offering (IPO), merger, trade sales and more.
World Bank, 2013). It is also identified by Ahlers, G. et. al. (2015) that IPO and trade sales will more likely encourage investors than the other forms of exit.

And for investors or backers factor, Angerer, M. et. al (2017) categorized investor into two types of investor, the external investors who are already approved by the platform as investors and participates crowdfunding activity through the platform and; the internal investors who participates through other medium of communication for example via phone calls, social media accounts, or even personal. By this means, having a large pool of investors shown in the platform will boost the number of investors as well as entrepreneurs who will apply and engage within the platform thus, higher possibility of more and better amount of pledge. In which, Lukkarinen, A. et al (2016) also agreed that the number of investors is related to success drivers. In connection to this, the study conducted by Vulkan, N. et. al examining 636 projects or campaigns proved that the successful projects or campaigns are connected to the number of investors. In fact, the number of backers on the successful campaigns are quintupled the number of backers on the unsuccessful projects or campaigns (Vulkan, N. et. al., 2016). However, some of the platforms have fewer investors registered and participates in the platform because, some platform strictly approves high quality investors only where they can source a larger amount of funding.

For the forth factor, the networks or partnership that a platform or entrepreneurs engage with are related with the campaign success. An initial network that they engage with are the private networks or the founder’s networks which includes family, friends, social networks or other networks. This type of networks is the source of funding on the pre-financing or early funding of the campaigns which is sometime tagged as “hidden phase” (Mollick, E., 2013). In connection to this, Lukkarinen, A. et al. (2016) states that the funds raised and number of investors gained through this kind of networks in the hidden phase is a stepping stone to crowdfunding success. But, this doesn’t limit on the early phase. For this show integrity with the public thus, gaining more investors and entrepreneurs to participate. While, Vismara, S. (2016) claimed that the existence of prominent networks or called as influential investors in the platform are more likely to get funded for they provide assistances like financial intermediaries and linkages to other partners. Hence, utilizing and expanding networks or alliance
partners will drive crowdfunding campaigns and platforms to harness its momentum and to achieve success. Since, networks are the means of public to validate the campaign or platform credibility (Achlers, G. et. al., 2015; Mollick, E., 2013). Which is also supported by the 2015 UK Financial Alternative Finance Report, a growing number of crowdfunding platforms especially equity crowdfunding leads to competitive market to encourage entrepreneurs and backers to invest in order to be successful. Thus, platforms start to indulge with creative partnerships from independent financial intermediaries, private and public partnerships, innovative corporate alliances, and government recommendations systems (Zhang, B. et. al, 2016).

Niche market refers to the specialized or specific products or services that the platform focusses on. The platform with niche market attracts the related communities as they provide more detailed services than a platform generalist like meeting the entrepreneurs who owned the project in person, which draw a mutual trust and thus, a closer relationship (Buysere, Gajda, Kleverlaan, & Marom, 2012).

And in order to develop a sustainable ecosystem for alternative finance, policies and regulations in crowdfunding should be implemented. As suggested by Mollick (2014) policymakers plays a vital role in mitigating the risks associated in equity crowdfunding especially the ECF has the possibility increase its fraud crimes. The policies and regulation will fortify the developing process of crowdfunding for this will gives participants assurance and sense of security. Thus, motivating more investors and entrepreneurs to actively join crowdfunding (Tran, T., Dinh, A. & Tang, T., 2018).

Whilst, the project quality factor which is considered as the most extensive among the critical success factors because of its anchored attributes. This factor consists all features that signifies readiness of the project like the project team and the quality of the product or service for example, in a technology service campaign, the campaign or project should more likely to succeed, with competitive advantage and sustainable in the long run (Mollick, E., 2013; Yan, S., 2015). Project readiness is seen in the quality of work in preparing for fundraising such as, the project description, project updates, videos, advertisements and more. Therefore, a higher quality of project will have higher chance of getting funded (Mollick, E., 2013; Vulkan, N. et. al, 2016; Yan, S., 2015).
And with the risk management factor, based on the study entitled as “Signaling Equity Crowdfunding” conducted by Ahlers, G. et. al. in 2015, which mainly assess the project quality by focusing on “human capital, social capital, and intellectual capital” as well as crowdfunding success indicators. The study found out that clear information and transparency about the associated risks in equity crowdfunding to the public positively affect the opportunity of funding (Ahlers, G. et. al., 2015). Thus, having a strong risk management will help to identify the possible problems on the crowdfunding activities and providing solutions in order to minimize the risk (Zhang, B. et. al, 2016).

With the ninth factor which is the successful SMEs, Vulkan, N. et. al (2016) states that the crowdfunding success’ bottom-line is the status of SMEs on the succeeding years whether SMEs sustained operation with the funds accumulated in the fundraising activity or it closes down. By this means, successful SMEs that its still operating indicates crowdfunding success.

And the last factor, which is the volume of funding raised. It is said that that entrepreneurs and investors take into consideration the value of funding raised in the platform. This is the main reason that motivates them to take part on the crowdfunding activities within the platform (European Union, 2014).

5.2 Maturity Model

A maturity model is an instrument considered to measure the efficacy of one or more discipline. As well as, to track and identify the areas for improvement which is essential in attaining the goal of an organization, a project or a person. This technique has been widely used in different fields like in the fields of business, information technology, engineering and even, in natural science.

And, the best-known model adopted in diverse areas is the Capability Maturity Model (CMM) in which at first, intended for software engineering industry (Babatunde, S., Perera, S & Zhou, L., 2016). According to the review of Zhong, L. et. al (2014), CMM is also commonly comprised of: 1.) Progression Levels, this
component has planned stages towards development, and these stages range from ad hoc, underdeveloped and chaotic process to mature disciplined and mature process (Tutorials Point n.d). 2.) Key Process Areas (KPAs), these are areas that need to be improved in order to lead towards progression. It is noted that the areas advance as the organization also advances 3.) Key Criteria or Practices, refers to the main effective practices, it can be in the form of activities, policies, or procedure in each key process areas and; 4.) the Goal, recapitulates the key practices, this sets as the scope and limitation of key process areas (Paulk et al., 1993).

This maturity model’s concepts were then recognized for its credibility in identifying current status of maturity as well as identifying the critical issues for improvement (Zhong, L. et. al., 2014). Hence, CMM concepts were incorporated into different maturity models like Software Startup Ecosystem Maturity Model, Crowdsourcing Ideation Maturity Assessment Model (CIMAM), and Crowd Logistic Maturity Model (CLMM) (Boughzala, de Vreede, Nguyen, & de Vreede, 2014; Cukier, Kon, & Krueger, 2015; Mehmann, Frehe, & Frank, 2015).

The adoption of CMM model also expanded to the usage of Critical Success Factors (CSFs). Normally, KPAs are substituted by CSFs since these two components are crucial to achieve success. For example, the study of software implementation and public-private partnership stakeholder organizations (Babatunde, S., Perera, S., & Zhou, L., 2016).

The findings of from this chapter enumerated the critical success factors (CSFs) in equity crowdfunding, as well how theses factors contribute on equity crowdfunding success in the previous studies. This chapter also revealed that CSFs have been used to construct a maturity model, wherein the CSFs evolves as a project or organization advances to a higher level. For example, the CSF08, or the risk management factor, if the organization is on the first level meaning risk management has poor cognitive function while if the organization achieved the matured level, risk management is an integral part.
And indeed, these chapter helps to develop the equity crowdfunding platform maturity model for this serves as a guide on how CSFs were incorporated in the maturity model. And also, the detailed explanations of CSF’s characteristics are beneficial in determining the variables or metrics use to measure the equity crowdfunding activity status of each platform in respective country.
CHAPTER 6
RESEARCH METHODOLOGY

This chapter describes and discusses the method and procedures used in the conduct of the study in order to address the research objectives and questions. This chapter also provides how necessary data are collected, presented, analyzed and interpreted. Furthermore, this chapter includes the methods used in the development of Equity Crowdfunding Platform Maturity Model.

6.1 Methods of Research Used

The method adopted in this study are consist of secondary data review and analysis. Secondary research as stated in the Salem Press Encyclopedia, gives new and profound meaning to the existing primary data when data are harmonized with other (Tantawi, 2013). Thereby, this study reviewed and analyzed different sets of data collected from research institution’s reports like alternative finance industry reports, government memorandums, business monthly reports and newsletter, conferences, equity crowdfunding platforms, related websites and, social media.

This study also carefully looked into four countries namely, Malaysia, Singapore, Thailand and the Philippines. And, to achieve the overall aim of this study which is to provide valid and reliable information on the development of equity crowdfunding in the four member countries of ASEAN as mentioned above, methodological triangulation was used. Triangulation is a multifacated technique to ensure the the validity of the results, and this can be done through incorporating either multiple sources, theories and approaches together (Jick, 1979; Snelson, 2016) . An example of it is, the practice of primary and secondary data analysis approach at the same time. In this regard, this study highly mixed multiple sources of primary and secondary data for the development of maturity model as well as the qualitative and quantitative analysis which supplements the findings of the study.
The method of this research began with the selection of research paper, articles and other related documents to shed a light with the research problem. And after the selection of literatures related to equity crowdfunding’s critical success factors and maturity model, thorough analyzation was done to identify the CSFs and KPIs. Which served as the basis in the construction of equity crowdfunding platform maturity model. Hence, ECF platform maturity model were tested to assess equity crowdfunding status of the four countries. And thus, providing the government role and recommendations in the facilitation of Equity Crowdfunding in ASEAN, as stated in the Figure 6.1, conceptual framework.

![Diagram](image)

**Figure 6.1 Methods of Research Used**
6.2 Data Collection

This study was carried out through in-depth analyzation of primary and secondary data mainly collected from one of the leading equity crowdfunding platforms and its team members based in each country, from its inception until the first half of 2018.

PitchIN was selected as platform representative for Malaysia for the reason that it is one of the well-known equity crowdfunding platforms in Malaysia, and under the regulation of the Security Commission of Malaysia. It was founded in 2012 and since then, it is said to be the most successful rewards (in the form of equity) crowdfunding platform in Southeast Asia. The PitchIN requires potential investors to be registered and accredited by the Malaysian Business Angel Network (MBAN) with a minimum of investment of RM5,000.00 (1,274.50$) up to RM500,000.00 (127,450$) per year (PitchIN, 2018).

Whilst, FundedHere was selected for Singapore, being the first equity crowdfunding in Singapore, founded in 2015. With the main purpose of connectivity among entrepreneurs and investors in Asia. FundedHere investors are classified into Accredited Investors (AI), Institutional Investors (II) and Professional Investors (II). And, to be recognized as an investor, following criteria should be met. An accredited investor should at least have S$300,000 annual income, while corporations shouldn’t exceed S$10 Million in value of net assets for institutional investors and lastly, a minimum of S$100,000 annual income for professional investors (FundedHere, 2018).

And for Thailand, Dreamaker Equity platform was chosen. This equity platform is one of the prime mover of equity crowdfunding which has started in Thailand in 2015. As of the moment, this platform is focused only on Thai-owned and registered SMEs. In addition, the platform is still processing its application for its license to Thai Security and Exchange Commission, in order to fully and legally operate. The platform goal is to get the license by the end of this year.

Lastly, Upbuilds platform was selected for the Philippines. There are number of platforms in the Philippines that are more active in crowdfunding compared
to Upbuilds however, these platforms are either international based platform or other models of crowdfunding which is mostly donation-based crowdfunding. Hence, Upbuilds is considered a prime mover of equity crowdfunding in the Philippines with a goal of encouraging investors around the world specifically Overseas Filipino Workers (OFW’s) to share the investment opportunities. An investor can devote a total of 10,000php up to 10% of the capital (Upbuilds, 2018).

6.3 Development of ECF Platform Maturity Model

Aforementioned in the objectives of the study, this study aims to propose a valid and reliable equity crowdfunding platform maturity model. Furthermore, it is sought to determine the factors that contributes to equity crowdfunding success present in respective countries through the established maturity model.

Accordingly, this study adopted the concept of Capability Maturity Model (CMM) as discussed in the Chapter 5.2. In which, the CMM model’s four components; the progression levels, the key performance areas, key practices, and the goal will serve as the guide on the construction of the ECF platform maturity model. Which, is also generally used in the assessment of business development based on the previous studies (Cukier, Kon, & Krueger, 2015; Mehmann, Frehe, & Frank, 2015; Boughzala, de Vreede, Nguyen, & de Vreede, 2014).

This study also used critical success factors (CSFs) in equity crowdfunding which have been identified through literatures. These CSFs substitute as the key process areas (KPAs). And, just like how it was used in one of the study, CSFs was defined through each progression levels, from CSF being on the ad hoc level to matured level (Babatunde, Perera, & Zhou, 2016). In addition, to ensure the credibility of the CSFs scaling, this study utilized various maturity model’s attributes connected to the CSFs indicated to assess.

With these mechanisms, the development of the maturity model was achieved through the following procedure:
Step 1: Identification of CSFs and KSIs. though numerous critical success factors have been mapped out in Chapter 5.1, this study selected only selected the CSFs that are possible to assess in consideration of the fact that the gathering of data majorly relies on the ECF platform. To recognized the critical success factors (CSFs) and its indicators as the metric to measure commonly referred as the Key Success Indicators (KSI), defining the meaning of equity crowdfunding success through comprehensive literature review and extensive data analysis of equity crowdfunding status reports is essentially needed. And these literature reviews highlighted “funding success” as perception of crowdfunding platforms. Thus, linking to the measurement of successful campaigns projects in the platform, the SMEs who successfully obtained funding, the funding raised and the networks (Ahlers, et. al., 2015; Zhang, et. al., 2016). It is also essential to take note that business or firm should also cope up with the challenges or problems related in order to survive. And, in the equity crowdfunding context, the primary challenge that a platform should deal with is the associated risk. While the government or policymakers should also exert effort to support platform in developing a sustainable financial ecosystem. Thereby, recognizing the critical success factors and its metric, the key success indicators (KSI) descriptions such as:

- **Volume of the funding raised** pertains to the total amount of the investment raised since the inception until first half of 2018.

- **Successful SME’s**, by looking at the present, successful SMEs means the total number of SMEs owning campaigns that are successfully funded.

- **Partnerships**, are the operations of ECF platform to engage with the potential high-quality investors and fundraiser such as universities, local and regional authorities, government scheme, and other innovative partnerships.

- **Risk Managements**, refer to the ECF platform effort to mitigate risk through education.

- **Policy and Regulation**, refer to the efforts made by the government to regulate the platform.
Thus, Table 6.1 summarizes the selected critical success factors (CSFs) and its respective key success indicators (KSIs).

**Table 6.1 Key Performance Indicators of the ECF Platform Maturity Model**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>CSFs</th>
<th>KSI</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSF10</td>
<td>Volume of the funding raised</td>
<td>Total of volume of capital that is successfully raised in the ECF platform</td>
<td>Zhang, B. et. al, 2016; European Crowdfunding Network, 2014</td>
</tr>
<tr>
<td>CSF09</td>
<td>Successful SME’s</td>
<td>Total number of SME's successfully funded</td>
<td>Zhang, B. et. al, 2016; European Crowdfunding Network, 2014</td>
</tr>
<tr>
<td>CSF04</td>
<td>Networks/Partnerships</td>
<td>Partnership utilization of ECF Platform to source both high-quality borrowers/ fundraisers and institutional funding.</td>
<td>Vismara, 2016; Yan, S., 2015; Zhang, B. et. al, 2016</td>
</tr>
<tr>
<td>CSF08</td>
<td>Risk Management</td>
<td>Mitigation and education of risk strategies</td>
<td>Zhang, B. et. al, 2016; Mamonov, S. and Malaga, R., 2017</td>
</tr>
<tr>
<td>CSF06</td>
<td>Policy and Regulation</td>
<td>Government Participation to the platform</td>
<td>CrowdfundingHub, 2015</td>
</tr>
</tbody>
</table>

**Step 2. Designation of CSF’s Qualities or the KSIs to Respective Maturity Level**, through in-depth analysis, identified Critical Success factors or the key success indicators were extracted from different maturity models related to the factors and validated through multiple sources were scaled and incorporated together with the four levels of progression.

With these, the volume of funding raised and the number of successful SMEs factors are recognized in the premature stage as having a few volume of funding and SMEs obtained funding through the platform, the second stage is where the platform produces some volume of funding and number of successful SMEs, then scaling up to the next stage as achieving a large volume of funding raised and numerous SMEs have successfully raised funding and the last stage which depicts that a platform...
is already established if it gains massive and sustainable number of SMEs funded and financial deals from the investors.

And to ensure the accuracy of the analysis of these two factors, it is crucial to classify the range of each maturity level in quantity. Therefore, this study adopted SPICE model same with the development of the Crowd Logistic Maturity Model.

SPICE model designed by ISO/IEC 33020 is an assessment scale classified into Not achieved (N), Partially achieved (P), Largely achieved (L), and Fully achieved (F). Wherein, factors are assessed with equivalent value of achievement in percent ranges. And, based on the rating of each scales, the study designated the assessment scales with corresponding maturity level for example, Not achieved (N) as level 1, for having little or no indicators of success or in percent range of 0 to ≤ 15% of achievement, Partially achieved (P) as level 2, for having some achievement of 15% to ≤ 50%, Largely achieved (L) as level 3, for showing noteworthy accomplishment which is 50% to ≤ 85% and Fully achieved (F) as level 4, as completely and excellent achievement, normally this scale ranging of > 85% to 100%.\(^1\) But, since this study adapted the level 4 with possibilities for further development, this scale will be open to > 85% of achievement. And, to be regarded in a matured level, an organization must reach a 50% to ≤ 85% of achievement or referred as largely achieved.

Thus, designating these SPICE measurements into the Equity Crowdfunding (ECF) platform levels that is used in the study which is demonstrated in Table 6.2 below.

---

\(^{1}\) The rating scale is defined by ISO/IEC 33020
Accordingly, to determine the value of each level for the volume of funding raised and the number of SME’s that successfully obtained funding, the best among the platform respondents, PitchIN (Malaysia) was selected as the benchmark for the most successful in terms of these two factors. Hence, the values were computed through the following mathematical formula.

*Volume of Funding Raised Value – Level*

\[ = \text{Level P} \% \times \text{PitchIN’s Volume of Funding Raised} \times \$4,522,363.54 \]

*Number of Successful SMEs value – Level*

\[ = \text{Level P} \% \times \text{PitchIN’s Total No. of Successful SMEs} (17) \]
With these, the value of volume of funding raised and successful SMEs in each level was distinguished into Table 6.3.

**Table 6.3 Identified Value of Each Level for CSF09 and CSF10**

<table>
<thead>
<tr>
<th>CSFs</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of Funding Raised</td>
<td>0 to ≤ $678,355</td>
<td>&gt;$678,355 to ≤$2,261,182</td>
<td>&gt;$2,261,182 to ≤$3,844,009</td>
<td>&gt;$3,844,009</td>
</tr>
<tr>
<td>Number of Successful SMEs</td>
<td>0 to ≤ 3 SMEs</td>
<td>&gt;3 to ≤ 9 SMEs</td>
<td>&gt;9 to ≤ 14 SMEs</td>
<td>&gt;14 SMEs</td>
</tr>
</tbody>
</table>

Hence, in the volume of funding raised factor, low investment funds refer to 0 to ≤ $678,355, medium investment fund refers to >$678,355 to ≤ $2,261,182, while large investment fund refers to >$2,261,182 to ≤ $3,844,009 and lastly, substantial investment means > $3,844,009. And, in the number of successful SMEs, few SMEs means 0 to ≤ 3 SMEs, while some SMEs means >3 to ≤9 SMEs, numerous means >9 to ≤14 SMEs and finally, vast SMEs means >14 SME.

While rest of the factors, were categorized using descriptive research mapped in the 2015 UK Alternative Finance Industry Report, Maturity Model for Enterprise Risk Management as well as the Alternative Finance Maturity Index of CrowdHub (Kleverlaan, 2015; Oliva, 2015; Zhang et al., 2016).

As stated in the previous chapters, crowdfunding activities and its success of funding or deal flow are made possible with the involvement of the participants such as, the investors and the entrepreneurs. Hence, an equity crowdfunding platform should encourage high quality potential investors, SMEs and their projects. And this can be done through the networks or partnerships built by the platform. In the partnership factor, ECF platform starts from working with independent financial advisors (IFAs), business associations and other financial intermediaries then forging to public and private partnerships which includes universities and, local and regional authorities, then expanding its networks to innovative corporate partnerships to referral scheme with the...
government or banks, its networks is continue increasing with other types innovative networks (Zhang et. al., 2016).

And in the risk management factor, the focal reason to a platform failure are the associated risks because of lack of education to its participants. Participants’ common mistake is they don’t fully understand the risks that link to fundraising and investing. Therefore, a strong risk management with techniques in educating defaults and risks, as well as mapping transparency will lessen the failure of a platform and will help to build a sustainable crowdfunding ecosystem. In this sense, this study opted the components of the enterprise risk management model that relates to equity crowdfunding activity. Thereby, a platform begins from having a poor cognitive function in educating platform risks, then slowly evolving to roughly usage of techniques and methods in educating risks, to intense application of techniques to educate the participant then reaching education as an integral part of risk management in the platform (Oliva, 2015).

Last of all factors is the policy and regulations which refers to the government efforts in facilitating equity crowdfunding and its intervention with the platform. CrowdHub listed the transition of the government efforts in equity crowdfunding by looking the bigger picture, the equity crowdfunding industry. Hence, adopting it to the equity crowdfunding platform maturity model and identifying the following qualities; the early stage consists of initiatives on creating regulations as well as exchange of ideas with the platform, then government already developed a clear policies and regulation for public consultation then moving to a developed investor protection and transparency on failures, and lastly, it became a comprehensive and integrated financial regulations (Kleverlaan, 2015).

With these criteria the Equity Crowdfunding Platform was developed into:
### Table 6.4 Equity Crowdfunding Platform Maturity Model

<table>
<thead>
<tr>
<th>CSF</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of funding raised</td>
<td>0 to ≤$678,355</td>
<td>&gt;$678,355 to ≤$2,261,182</td>
<td>&gt;$2,261,182 to ≤$3,844,009</td>
<td>&gt;$3,844,009</td>
</tr>
<tr>
<td>Successful SMES</td>
<td>0 to ≤ 3</td>
<td>&gt;3 to ≤9</td>
<td>&gt;9 to ≤14</td>
<td>&gt;14</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Working with personal</td>
<td>Forging with public and private</td>
<td>Indulging with innovative</td>
<td>With government or banks referral</td>
</tr>
<tr>
<td></td>
<td>networks, independent</td>
<td>partnerships (universities, local</td>
<td>corporate partnerships</td>
<td>scheme with possibility of</td>
</tr>
<tr>
<td></td>
<td>financial advisors (IFAs),</td>
<td>and regional authorities)</td>
<td></td>
<td>expanding to any kind networks</td>
</tr>
<tr>
<td></td>
<td>business associations and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>other financial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>intermediaries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>The platform has poor</td>
<td>The platform has transparency</td>
<td>The platform has high efficiency</td>
<td>Risk management is integral part</td>
</tr>
<tr>
<td></td>
<td>cognitive function for</td>
<td>of ECF risk, have techniques and</td>
<td>educating participants about the</td>
<td>of the platform. Ensures the</td>
</tr>
<tr>
<td></td>
<td>risk</td>
<td>methods to educate but</td>
<td>risk. Transparency of associated</td>
<td>capability of investors and</td>
</tr>
<tr>
<td></td>
<td>No or small ECF risk has identified.</td>
<td>roughly used such as personal</td>
<td>risks with detailed explanation</td>
<td>entrepreneurs to join ECF</td>
</tr>
<tr>
<td></td>
<td></td>
<td>communication or FAQ feature but</td>
<td>and sworn declaration to ensure</td>
<td>activity, comprehensive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>generally answered.</td>
<td>investors/entrepreneurs understand</td>
<td>explanation about risks, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>risks.</td>
<td>with system to protect privacy.</td>
</tr>
<tr>
<td>Government Policy/ Regulation</td>
<td>No or small initiative</td>
<td>With developed regulations</td>
<td>Developed investor protection and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for dialogue with the</td>
<td>subject for public consultation</td>
<td>transparency to failures</td>
<td>Comprehensive and integrated</td>
</tr>
<tr>
<td></td>
<td>platform</td>
<td></td>
<td></td>
<td>financial regulations</td>
</tr>
</tbody>
</table>

Ref. code: 25605927040120WCS
Step 3: Identification and Analyzation of Maturity Stages’ Description, inspired by three present maturity models namely, Software Startup Ecosystem Maturity Model, Crowdsourcing Ideation Maturity Assessment Model (CIMAM), and Crowd Logistic Maturity Model (CLMM), described in Table 6.5. ECF Platform Maturity Stages were formulated into:

**Nascent Stage (M1).** The ECF platform is already an accepted as an operating platform (Cukier, D., Kon,F. & Krueger, N., 2015). However, it is still immature and chaotic (Mehmann, J., Frehe, V. & Teuteberg, F., 2014; Boughzala, I. et. al., 2014). And with possible government initiatives for development (Cukier, D., Kon,F. & Krueger, N., 2015).

**Limited Stage (M2).** The ECF Platform has some successful SME's funded (Cukier, D., Kon,F. & Krueger, N., 2015). There are also some initiatives to gain valuable results however, these initiatives are still insufficient to help (Boughzala, I. et. al., 2014). To reach this maturity, CSFs should be at least at Level 2 (Cukier, D., Kon,F. & Krueger, N., 2015).

**Emerging Stage (M3).** The ECF platform is an efficient and secured platform and, have numerous SME's funded with substantial investments funded. To reach this maturity, CSFs should be at least classified into Level 3 (Cukier, D., Kon,F. & Krueger, N., 2015).

**Mature Stage (M4).** The ECF platform is mature enough to reach high quality results (Boughzala, I. et. al., 2014). In which, vast of SME's are funded with great financial deals. The ECF have also strong connections to attain successful funding (Cukier, D., Kon,F. & Krueger, N., 2015). To reach this level, CSFs should be in Level 4. (Cukier, D., Kon,F. & Krueger, N., 2015). Though this level is already mature, the study still welcomes the possibilities for further development (Mehmann, J., Frehe, V. & Teuteberg, F., 2014).
And, in order to determine the maturity stage of each platform in respective countries, the average mean of all the factors’ level should be calculated or with the mathematical formula of:

\[
Maturity\ Stage = \frac{CSF_{10\ level} + CSF_{09\ level} + CSF_{04\ level} + CSF_{08\ level} + CSF_{06\ level}}{Number\ of\ CSFs\ (5)}
\]
### Table 6.5 List of Maturity Models Adopted to Construct ECF Platform Maturity Model

<table>
<thead>
<tr>
<th>Maturity Models</th>
<th>Main Theme</th>
<th>Description</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software Startup Ecosystem Maturity Model</td>
<td>Maturity of Software Startups</td>
<td>Identifies the gaps and gives solutions on the startup ecosystem towards innovative development</td>
<td>Cukier, D., Kon, F. &amp; Krueger, N., 2015</td>
</tr>
<tr>
<td>Crowdsourcing Ideation Maturity Assessment Model (CIMAM)</td>
<td>Maturity of Crowdsourcing Project</td>
<td>assessment of the maturity of a crowdsourcing project by looking at the following aspects: people, process, governance, technology and outcomes</td>
<td>Boughzala, I. et. al., 2014</td>
</tr>
<tr>
<td>Crowd Logistic Maturity Model (CLMM)</td>
<td>Maturity of Crowd logistic</td>
<td>Identifies the weaknesses of the selected business models and to give recommendations for areas of improvement.</td>
<td>Mehmann, J., Frehe, V. &amp; Teuteberg, F., 2014</td>
</tr>
</tbody>
</table>
CHAPTER 7
RESULTS AND DISCUSSION

This chapter presents and analyses the data gathered in four equity crowdfunding platforms in order to shed a light on the assumption made. Furthermore, this chapter gives direct answer to the research questions stated in Chapter 1, section 4. Each answer pertaining to the research question is explained and specified in subchapters and it was categorized by country.

This chapters also displays the validation of the constructed Equity Crowdfunding Platform Maturity Model to assess the equity crowdfunding status of the four countries. In addition, a discussion on the government role to support the facilitation of equity crowdfunding in the ASEAN region was demonstrated.

7.1 CSFs Present on Respective ECF Platforms of Each Country

This subchapter answers the research question 1, “What are the critical success factors present in equity crowdfunding platform of the respective countries?” And, through in-depth analyzation the study found out that the existence of identified critical success factors of equity crowdfunding varies from each respective platform.

However, with the case of Malaysia’s PitchIN and Singapore’s FundedHere platforms have the same number of CSFs present. All the ECF critical success factors except for CSF02-Exit opportunities and CSF05 Niche Market exist in the Malaysia’s PitchIN and Singapore’s FundedHere platforms. Both platforms utilize various medium of communication which connects investors, entrepreneurs and the platform operator effectively an example of it is a direct commentary box under the campaign in the platform website, as well as a pop-up chat. The platforms also use various social media accounts like twitter and Facebook account. The inclusion of CSF03, CSF04, CSF09, CSF08 CSF10 in the platform websites also shows credibility and transparency of the platforms. While CSF07 that links to project descriptions, updates, videos and advertisements are present in both platform websites and social accounts.
While Thailand’s Dreamaker equity and the Philippines’ UPBuild have the both CSF01 and CSF07 as additional to the five (5) critical success factors present in the maturity model. In CSF01, unlike PitchIN and FundedHere, the platform only utilized Facebook account and email as a mode of communication. And for the CSF01, clear project descriptions, and updates are present in platform website and Facebook account.

7.2 Equity Crowdfunding Status

This section answers the main question, “What are the status of Equity Crowdfunding in each country?” with the help of the developed equity crowdfunding (ECF) platform maturity level. This also covers the interpretation of data gathered from the of the selected equity crowdfunding platforms in each country based on the listed key success indicators (KSI) such as, volume of funds raised, SMEs or the issuers, the platform partnerships, the platform risk management and the policy and regulation toward the platform.

This section also presents and analyses data by country and thus, comparing the overall status of each country which will serve as a guide for giving conclusion and recommendations on the adoption of best practices.

7.2.1 Malaysia's PitchIN

PitchIN started operating in Malaysia as a reward-based crowdfunding in 2012. Reward-based crowdfunding model offers rewards or goodies to investors in exchange of funding or backing up a project. The reward offered in this kind of model can be a movie credits, receiving products from the first production, the opportunity of meeting the entrepreneur and other different forms except financial returns or equity as a reward (Mollick, E., 2013). The reward options is also claimed as an indicator of success of crowdfunding project for the reason that, a quality reward option can attract more investors or backers. An example of an attractive package of reward that can engage potential investors are involving them in the project and giving them a valuable token of appreciation.
Since 2012, PitchIN has become one of the successful reward-based crowdfunding in Malaysia, thus expanding the platform into equity crowdfunding platform which approved by the Securities Commission (SC) of Malaysia in 2015 and it was fully operationalize in 2016.

To date back, PitchIN listed 4 issuers in 2016 as an initial attempt for equity crowdfunding activity which are successfully funded of RM 2,186,204 (US$553,469) by 57 investors thereby, engaging more potential issuers and investors to participate in the equity crowdfunding activity thru PitchIN platform which resulted to a line up of 12 issuers last year. Last year was considered as a momentous year for PitchIN. And, it is because the 12 issuers that sought for funding through PitchIN platform were successfully funded by 776 investors or an increase of 870% investors from the previous year and above to that, among the six registered equity crowdfunding platform of Malaysia under the Securities Commission (SC), PitchIN highly contributed of more than a half of the total deals in Malaysian equity crowdfunding, amounting to total of RM14,022,132 (US$3,549,907) or accounting to 60% of RM 23.4 million (US$6 million) (Kandasivam, 2018; The Sundaily, 2018; PitchIN, 2018). Figure 7.1 demonstrates the contribution of PitchIn in Malaysia’s equity crowdfunding’s deals.

Figure 7.1 PitchIN’s Contribution of Deals in Malaysia
Source: PitchIN Report 2017
This eventually engaged a large pool of issuers and investors this year. In fact, the platform listed 20 issuers for the first half of 2018. However, at the moment, only one issuer, the Commerce Dotasia Venture with is on-going for fund raising which closes in 4 days.\(^2\) So far, the Commerce Dotasia Venture already exceeds the minimum target of RM1,500,008 with a percentage of 110.33%, amounting to RM1,655,000 (US$418,987). This SME is therefore considered as successfully funded.

Summing up the status of the successfully funded SMES and the amount raised from its inception in 2016 up to the 1\(^{st}\) half of 2018 will result to a total number of 17 SMEs which accounts to a total of RM 17, 863, 336 (US$ 4, 522, 363.54) provided by a total of 913 investors. Figure 7.2 shows the total funds raised by PitchIN while Figure 7.3 shows the total number of issuers/ or SMEs funded from its fully operational start categorized by year. And table 7.1 displays the 17 SMEs that were successfully funded, as well as the data per SMEs which are the minimum target, total funds raised, number of investors, funding rate, and total of equity offered which are gathered from the PitchIN platform.

\[\text{Figure 7.2 PitchIN’s Funds Raised Per Year in USD} \]
\[\text{Source: PitchIN, 2018}\]

\(^2\) Data gathered in PitchIn platform on 14 May 2018
Figure 7.3 Total Number of SME’s Successfully Funded Through PitchIN
Source: PitchIN, 2018
## Table 7.1 Data of Successfully Funded SMEs through PitchIN

<table>
<thead>
<tr>
<th>SME’s</th>
<th>TOTAL AMOUNT RAISED</th>
<th>MINIMUM OF FUNDING TARGET</th>
<th>INVESTORS</th>
<th>FUNDING RATE</th>
<th>TOTAL OF EQUITY OFFERED</th>
<th>YEAR FUNDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MYR</td>
<td>USD</td>
<td>MYR</td>
<td>USD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 COMMERCE DOTASIA VENTURES</td>
<td>1,655,000</td>
<td>418,987</td>
<td>1,500,008</td>
<td>379,749</td>
<td>57</td>
<td>110.33%</td>
</tr>
<tr>
<td>2 QEOS LED</td>
<td>3,000,000</td>
<td>759,494</td>
<td>500,000</td>
<td>126,603</td>
<td>191</td>
<td>599.99%</td>
</tr>
<tr>
<td>3 BLOKKE KARTEL</td>
<td>876,500</td>
<td>221,899</td>
<td>500,000</td>
<td>126,582</td>
<td>42</td>
<td>175.30%</td>
</tr>
<tr>
<td>4 SALES CANDY™</td>
<td>1,501,038</td>
<td>380,010</td>
<td>749,948</td>
<td>189,860</td>
<td>54</td>
<td>200.20%</td>
</tr>
<tr>
<td>5 WOBB</td>
<td>1,668,775</td>
<td>422,475</td>
<td>199,990</td>
<td>50,630</td>
<td>76</td>
<td>834.40%</td>
</tr>
<tr>
<td>6 PARKIT</td>
<td>250,200</td>
<td>63,342</td>
<td>250,065</td>
<td>63,308</td>
<td>6</td>
<td>100.10%</td>
</tr>
<tr>
<td>7 ADEASY</td>
<td>242,250</td>
<td>61,329</td>
<td>200,048</td>
<td>50,645</td>
<td>40</td>
<td>121.10%</td>
</tr>
<tr>
<td>8 SIGNATURE SNACK</td>
<td>1,507,080</td>
<td>381,539</td>
<td>200,032</td>
<td>50,641</td>
<td>161</td>
<td>753.40%</td>
</tr>
<tr>
<td>9 MC ONLINE</td>
<td>1,299,579</td>
<td>329,007</td>
<td>499,918</td>
<td>126,562</td>
<td>19</td>
<td>260.00%</td>
</tr>
<tr>
<td>10 REVOLUTION FITNESS</td>
<td>706,592</td>
<td>178,884</td>
<td>200,045</td>
<td>50,644</td>
<td>37</td>
<td>353.20%</td>
</tr>
<tr>
<td>11 SCIENCE BRIDGE ACADEMY</td>
<td>340,000</td>
<td>86,076</td>
<td>150,000</td>
<td>37,975</td>
<td>15</td>
<td>226.70%</td>
</tr>
<tr>
<td>12 BABYDASH</td>
<td>2,500,000</td>
<td>632,911</td>
<td>200,000</td>
<td>50,633</td>
<td>133</td>
<td>1250.00%</td>
</tr>
<tr>
<td>13 NIS SOLUTION</td>
<td>130,118</td>
<td>32,941</td>
<td>130,002</td>
<td>32,912</td>
<td>2</td>
<td>100.01%</td>
</tr>
<tr>
<td>14 TRIPVISS TECHNOLOGY</td>
<td>200,030</td>
<td>50,641</td>
<td>200,030</td>
<td>50,641</td>
<td>1</td>
<td>100.00%</td>
</tr>
<tr>
<td>15 KAKITANGAN.COM</td>
<td>1,551,174</td>
<td>392,702</td>
<td>203,280</td>
<td>51,463</td>
<td>63</td>
<td>763.07%</td>
</tr>
<tr>
<td>16 RUNNINGMAN.MY</td>
<td>175,000</td>
<td>44,304</td>
<td>175,000</td>
<td>44,304</td>
<td>7</td>
<td>100.00%</td>
</tr>
<tr>
<td>17 KRU ACADEMY</td>
<td>260,000</td>
<td>65,823</td>
<td>250,000</td>
<td>63,291</td>
<td>9</td>
<td>104.00%</td>
</tr>
<tr>
<td><strong>TOTAL per year 2018</strong></td>
<td><strong>1,655,000</strong></td>
<td><strong>418,987</strong></td>
<td><strong>1,500,008</strong></td>
<td><strong>379,749</strong></td>
<td>57</td>
<td><strong>110.33%</strong></td>
</tr>
<tr>
<td><strong>TOTAL per year 2017</strong></td>
<td><strong>14,022,132</strong></td>
<td><strong>3,549,907</strong></td>
<td><strong>3,780,129</strong></td>
<td><strong>956,995</strong></td>
<td>776</td>
<td><strong>14.29%</strong></td>
</tr>
<tr>
<td><strong>TOTAL per year 2016</strong></td>
<td><strong>2,186,204</strong></td>
<td><strong>553,469</strong></td>
<td><strong>828,310</strong></td>
<td><strong>209,699</strong></td>
<td>80</td>
<td><strong>16.25%</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>RM17,863,336.00</strong></td>
<td><strong>$4,522,363.54</strong></td>
<td><strong>RM6,108,447.00</strong></td>
<td><strong>$1,546,442.28</strong></td>
<td><strong>913</strong></td>
<td></td>
</tr>
</tbody>
</table>

*1USD=3.95MYR bloomberg as of 14 May 2018

Source: PitchIN, Platform, 2018
7.2.1.1 Malaysia's PitchIN Maturity Status by CSFs

(1) Volume of Funds Raised and Successful SMEs

Based on the data of the PitchIn platform funds which is indicated above, PitchIN obtained funds amounting to US$553,469 for its initial year while it obtained US$3,968,894 amount of funds in its succeeding years, from the period of 2017 to first half of 2018. Taking everything into account, Malaysia’s PitchIN raised funding with a total of US$4,522,363.54.54 from its inception to present. And with the help of the ECF Platform Maturity Model to get the volume of funds raised maturity level as stated on the previous chapter, the PitchIn platform achieved CSF10-volume of funds raised to the fullest level or level which means the platform has substantial investments funds.

The funding of US$553,469 acquired on its first year since it was launched and approved by the Securities Commission Malaysia supported four SMEs namely, Tripviss Technology, Kakitangan.com, Runningman.my and Kru Academy. And, surprisingly the number of SMEs which are successfully funded in its following years grew up to 225% or thrice of the number of SMEs during its early year. To be exact, PitchIN helped 13 SMEs from 2017 up to the 1st half of 2018. Thus, PitchIN helped a total of 17 SMEs to obtained funding to projects or campaign. In this regard, PitchIN reached level 4 in CSF09 Successful SMEs factor for having more than 14 successful SMEs funded through the platform.

Therefore, these indeed proved that PitchIN gained its momentous year in terms of market size, the moment it was fully operational.

(2) Partnerships

The platform have listed various partners that they currently working with. In which the platorm partners vary from financial advisors to provide legal and effective financial management like MahWengKwai and Associates and LimJayan & Co. to government agencies referral. According to a report of Asian Institute of Finance that has been published in 2017, notes that PitchIn had signed a
memorandum of agreement with Malaysian government-owned agencies, the Malaysian Digital Economy Corporation (MDEC) and the CradleFund. These agencies are in charge of building Malaysia as a sustainable ecosystem for digital economy and help SMEs through capital grants programme and coaching. And when it comes to their involvement with PitchIN, MDEC and CradleFund supports and join PitchIN’s in promotional activities to attract investors like financial roadshows (Asian Institute of Finance, 2017). With this collaboration with the government, PitchIN is considered attaining the level 4 in terms of partnership factor, however even it is started collaborating with a government agency, there are still the need to improve to expand their strategic partnership.

(3) Risk Management

Risk management in PitchIn is believed an integral part of the platform because educating entrepreneurs and investors is the prime concern of all operators in Malaysia (Asian Institute of Finance, 2017). As a proof, the platform has the frequently asked question (FAQ) feature that informs and details every risk associated with equity crowdfunding like business risk, illiquidity, returns and dilution. The PitchIN platform also magnifies the reminder about the risks in related to crowdfunding on the first page before having an access on the platform information. Accordingly, the platform also has processes and system to guarantee protection and to provide transparency. The platform verifies investor through the personal data collected by submitting details of identification and bank information and use standard SSL or SET protocols in order to protect the stored data. The platform also addresses the issue of changes of business and ownership and control which is one of the important issues to alleviate under the information risk according to Mollick (2014).

By these platform features, the risk management which focus in educating the potential and entrepreneurs is an integral part of the PitchINs platform hence, achieving the level 4 for this factor.
(4) Policy and Regulation

It is claimed that Malaysia being the first country not only in Southeast Asia but also in Asia-Pacific to develop an ECF policy framework and implementing it has a pivotal role in developing crowdfunding in Malaysia (Rahman, Duasa, & Kamil, 2016).

But before achieving the milestone of the financial market, the government of Malaysia started by taking initiative to present the ECF concept as an opportunity for SMEs in a forum. By this, SEC Malaysia proposed sets guidelines detailing the policies concerning the key players of crowdfunding that is subjected for public consultation way back in 2014 (SEC Malaysia, 2015). The public was then responded positively, wherein respondents mainly agreed to the ECF framework that has been indicated in the proposal.

Thus, resulting to the alteration of Guidelines on Regulation of Markets that was issued in 2007 to Guidelines on Regulation of Markets under S.34 of CMSA which includes regulations on platform registrations as well as restrictions and liabilities of the platforms and entrepreneurs. In this regard, PitchIN was one of the six ECF platforms that was approved by Securities Exchange Commission (SEC) Malaysia to operationalize among the 25 applicants who sought to get license that are consist of diverse operators from local and international.

Assessing these efforts and engagements to regulate PitchIN platform, the Malaysian government is indeed proactive in stepping out to develop a sustainable ecosystem for alternative finance in order to provide more opportunities to SMEs. Adding to that, a comprehensive ECF framework to facilitate equity crowdfunding is a strong proof that Malaysia reached the level 4 or matured stage on the government efforts with the platform. Especially, that it details and highlights the protection of Malaysian investors as well as the integrity of Malaysian capital markets.
7.2.1.2 Malaysia's PitchIN Overall Maturity Status

With the data provided above and the formula to get the maturity stage of the platform in respective country. The PitchIN platform’s maturity stage is explained below.

\[
Maturity\ Stage = \frac{CSFF10\ (4) + CSF09\ (4) + CSF04\ (4) + CSF08\ (4) + CSF06\ (4)}{5} \\
= \frac{CSFs\ (20)}{5} \\
= 4
\]

PitchIN platform has all critical success factors (CSFs) in level 4, and adding these levels, PitchIN undoubtedly reached the maturity stage (M4) as it achieved a total average 4 as stated in table 7.2. In which described as the platform is mature enough to reach high quality results. In which, vast of SME's are funded with great financial investments. The ECF platform have also strong connections to attain successful funding.

Table 7.2 Malaysia’s PitchIN Maturity Stage

<table>
<thead>
<tr>
<th>CSFs</th>
<th>Maturity Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of amount raised</td>
<td>L4</td>
</tr>
<tr>
<td>Successful SMES</td>
<td>L4</td>
</tr>
<tr>
<td>Partnerships</td>
<td>L4</td>
</tr>
<tr>
<td>Risk Management</td>
<td>L4</td>
</tr>
<tr>
<td>Government Policy/ Regulation</td>
<td>L4</td>
</tr>
<tr>
<td><strong>Total Average Mean</strong></td>
<td><strong>4</strong></td>
</tr>
<tr>
<td><strong>Maturity Stage</strong></td>
<td><strong>M4</strong></td>
</tr>
</tbody>
</table>
7.2.2 Singapore's FundedHere

FundedHere was founded in 2015 and it became the very first licensed platform approved by the Monetary of Singapore (MAS) in March 2016 (Fintechnews Singapore, 2016). This platform is an equity and lending crowdfunding model with the aim of “connecting investors to startups in Asia, getting good entrepreneurial ideas funded and offering attractive returns for investors.” This platform is also composed of high-quality and various partners and, administered by a team consisting 11 people.

Since the first year of a fully operational equity crowdfunding platform, FundedHere has already made a remarkable success. It fruitfully funded seven businesses through lending-based and equity crowdfunding with a total amount raised of SG$ 4 million. Wherein 40% of the funds volume was raised through equity crowdfunding that supported 5 businesses. The positive outcome of the initial year encouraged more participants on the following year, gaining a funding of SG$2,323,552 (US$1,747,032) from seven businesses. One of the six businesses, the Neptech Pte., Ltd. has successfully obtained funds from its two campaigns. And so far, there are two businesses which magnificently reached its goals for the first half of 2018, amounting to SG$ 1,377,902 (US$ 845,865). Figure 7.4 displays the total amount of the capital raised per year for SME’s. And, figure 7.5 shows the total number of supported SME’s per year through the platform. And, to give an overview of the equity crowdfunding platform activity from the operational year up to date, table 6 were provided.

To summarize, FundedHere raised an amount of SG$ 8,076,453.76 (US$ 6,072,521.81) and helped 18 businesses with 19 proposals since its establishment. And, among the 18 business, 14 was backed by investors through equity crowdfunding, with a total amount of SG$ 4,826,454 (US$ 3,628,912.78).
**Figure 7.4** FundedHere’s Funds Raised Per Year in USD  
*Source: FundedHere, 2018*

**Figure 7.5** Total Number of SME’s Successfully Funded Through FundedHere  
*Source: FundedHere, 2018*
### Table 7.3 Data of Successfully Funded SMEs through FundedHere

<table>
<thead>
<tr>
<th>SME's</th>
<th>Funding Target SGD</th>
<th>USD</th>
<th>Total Amount Raised SGD</th>
<th>USD</th>
<th>Total of Equity Offered</th>
<th>Year Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 WAITRR</td>
<td>350,000.00</td>
<td>263,157.89</td>
<td>369,762</td>
<td>278,017</td>
<td>10%</td>
<td>2018</td>
</tr>
<tr>
<td>2 SAPIO</td>
<td>1,995,000.00</td>
<td>1,500,000.00</td>
<td>1,008,140</td>
<td>758,000</td>
<td>33.33%</td>
<td>2018</td>
</tr>
<tr>
<td>3 AVICE HEALTH</td>
<td>449,988.00</td>
<td>338,336.84</td>
<td>516,252</td>
<td>388,159</td>
<td>9%</td>
<td>2017</td>
</tr>
<tr>
<td>4 INSTACHK</td>
<td>500,000.00</td>
<td>375,939.85</td>
<td>301,800</td>
<td>226,917</td>
<td>11.90%</td>
<td>2017</td>
</tr>
<tr>
<td>5 ECOWORTH</td>
<td>250,000.00</td>
<td>187,969.92</td>
<td>300,000</td>
<td>225,564</td>
<td>7.69%</td>
<td>2017</td>
</tr>
<tr>
<td>6 BEAM</td>
<td>200,000.00</td>
<td>150,375.94</td>
<td>325,500</td>
<td>244,737</td>
<td>9.09%</td>
<td>2017</td>
</tr>
<tr>
<td>7 NEPTHECH PTE LTD1</td>
<td>180,000.00</td>
<td>135,338.35</td>
<td>180,000</td>
<td>135,338</td>
<td>2.69%</td>
<td>2017</td>
</tr>
<tr>
<td>NEPTHECH PTE LTD2</td>
<td>500,000.00</td>
<td>375,939.85</td>
<td>320,000</td>
<td>240,602</td>
<td>16.67%</td>
<td>2017</td>
</tr>
<tr>
<td>8 EBEECARE PTE LTD</td>
<td>250,000.00</td>
<td>187,969.92</td>
<td>100,000</td>
<td>75,188</td>
<td>9%</td>
<td>2017</td>
</tr>
<tr>
<td>9 COOLBITX LTD.</td>
<td>280,000.00</td>
<td>210,526.32</td>
<td>280,000</td>
<td>210,526</td>
<td>4%</td>
<td>2017</td>
</tr>
<tr>
<td>10 STEALTH MODE PTE LTD</td>
<td>50,000.00</td>
<td>37,593.98</td>
<td>50,000</td>
<td>37,594</td>
<td>2%</td>
<td>2016</td>
</tr>
<tr>
<td>11 DENOVA SCIENCES</td>
<td>200,000.00</td>
<td>150,375.94</td>
<td>200,000</td>
<td>150,376</td>
<td>2.50%</td>
<td>2016</td>
</tr>
<tr>
<td>12 SPOTTED</td>
<td>325,000.00</td>
<td>244,360.90</td>
<td>375,000</td>
<td>281,955</td>
<td>13%</td>
<td>2016</td>
</tr>
<tr>
<td>13 CIALFO</td>
<td>200,000.00</td>
<td>150,375.94</td>
<td>200,000</td>
<td>150,376</td>
<td>3.33%</td>
<td>2016</td>
</tr>
<tr>
<td>14 EVERCOMM UNI-TECH</td>
<td>300,000.00</td>
<td>225,563.91</td>
<td>300,000</td>
<td>225,564</td>
<td>6%</td>
<td>2016</td>
</tr>
<tr>
<td><strong>TOTAL per year</strong></td>
<td><strong>2018</strong></td>
<td><strong>2,345,000</strong></td>
<td><strong>1,763,158</strong></td>
<td><strong>1,377,902</strong></td>
<td><strong>1,036,017</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>2017</strong></td>
<td><strong>2,609,988</strong></td>
<td><strong>1,962,397</strong></td>
<td><strong>2,323,552</strong></td>
<td><strong>1,747,032</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>2016</strong></td>
<td><strong>1,075,000</strong></td>
<td><strong>808,271</strong></td>
<td><strong>1,125,000</strong></td>
<td><strong>845,865</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>6,029,988.00</strong></td>
<td><strong>4,533,825.56</strong></td>
<td><strong>4,826,454.00</strong></td>
<td><strong>USD 3,628,912.78</strong></td>
<td></td>
</tr>
</tbody>
</table>

*1USD=1.33 SGD bloomberg as of 14 May 2018

Source: FundedHere Platform, 2018
7.2.2.1 Singapore's FundedHere Maturity Status

(1) Volume of Funds Raised and Successful SMEs

Through the data gathered from FundedHere platform as stated in the Table 6, the platform successfully generated a funding of US$845,865.00 for equity crowdfunding projects of the five businesses during its first year in 2016. And, same with PitchIn (Malaysia), the funding admirably increased to US$2,783,048.00 or a percentage increase of 229.017\%. To sum up, FundedHere platform successfully raised an amount of US$3,628,913.00 thus, qualifying to level 3 for having more than $2,261,182 but less than $3,844,009. Generally, FundedHere have large investment funds.

While, the total number of SMEs which are successfully funded through the platform grew to nine businesses or an increase of 80\% from five businesses on its initial year. Thus, since it started operating, FundedHere successfully helped 14 SMEs making it on the level 3 for achieving the range of more than nine SMEs successfully funded through the platform and equal to 14 SMEs. In regards to ECF platform maturity level description, achieving level 3 for the CSF09 means that the platform has numerous SMEs successfully funded.

(2) Partnerships

FundedHere generally forged ties with the Singapore’s leading universities such as Nanyang Technological University-NTUitive, National University of Singapore (NUS-School of Computing) and Singapore Management University (SMU Institute of Innovation and Entrepreneurship), wherein they nurture innovation and entrepreneurship through mentoring startups and potential investors, educational programmes as well as access to their networks. Another university that FundedHere signed memorandum of understanding (MOU) with, is the Singapore University of Technology and Design (SUTD). The MOU states that “FundedHere will list SUTD Startups on their equity crowdfunding platform for investment. FundedHere will also establish a work placement programme for selected SUTD students as well as
mentor promising startups” (FundedHere, 2017). Hence, these universities allow students to take in the equity crowdfunding activities through FundedHere.

And recently, FundedHere involved referral partnership with the prestigious company, the Microsoft Corporation. The corporation recommends FundedHere to entrepreneurs or startups who used Microsoft services and vice versa (FundedHere, 2018). Therefore, the new alliance built is a proof that FundedHere surpass the level 2, making it on the level 3 since FundedHere indulge with innovative corporate partnership.

(3) Risk Management

Same with PitchIn the risk management in FundedHere platform is already an integral part of it which is categorized as level 4. In fact, only approved investors and entrepreneurs by FundedHere have the access with the data including the funding target, the volume of funding raised of a campaign. Which take a couple of days to be approved as investors or entrepreneurs.

Fundedhere also, have a series of questions regarding identity and capacity to invest. As well as sworn statement regarding the understanding of the risks should be filled before investing, which make it stricter than PitchIn (Malaysia). The agreement also informs what happens to the investments if certain risk occurs for example on the occurrence of platform failure, FundedHere indicated that investor will lose all the money that has been if the platform will get bankrupt and leads to platform closure. The education of equity crowdfunding risks to entrepreneurs and investors is comprehensive in the platform. The platform also engages with firm known for reliable risk management system like Validus Capital, the firm’s service is a “credit-rating default algorithm developed by the Risk Management Institute at the National University of Singapore” which manages the credit risk or entrepreneur ability to pay (Chng, 2016).
(4) Policy and Regulations

The government of Singapore take the legality of ECF facilitation or referred by Singaporean government as security-based crowdfunding facilitation into consideration through its initiative of issuing a public consultation in 2015 administered by the Monetary of Singapore Authority (MAS). As a way to begin, MAS facilitates equity crowdfunding limited to accredited investors (AIs) and institutional investors (IIs). Accredited Investors (AIs) refers to: i.) individuals with personal assets of more than SGD$ 2 Million or an annual income of not less than SGD$ 300,000, ii.) a corporation with net assets of more than SGD$ 10 Million and, iii.) other individuals prescribed by MAS. And, with the public consultation feedback, the MAS issued a “Response to Feedback on Facilitating Security-Based Crowdfunding” in 2016 and with the responses made, MAS made some adjustments on the rules (MAS, 2016).

Currently, the Singaporean government through Monetary Authority of Singapore (MAS) have already alter the policies and implement the policies included in the public consultation wherein it includes disclosure and assessment framework and, new licensing rule for the platform in order to protect investors (Yahya, 2016; Lim, 2016). Accordingly, MAS gave a license to FundedHere in order to fully operate. However, MAS have yet to publish an equity crowdfunding framework or guidelines in order to effectively facilitate ECF in Singapore. And, this makes FundedHere (Singapore) still on the level 3 when it comes with the government efforts within the platform.

7.2.2.2 Singapore's FundedHere Overall Maturity Status

FundedHere platform have achieved level 3 in four factors namely, volume of funding raised, number of SMEs, partnerships and, policy and regulation. While it achieved the matured level for risk management. Hence, applying the formula of average mean to get FundedHere’s overall maturity status:
With the data provided above and the formula to get the maturity stage of the platform in respective country. The PitchIN platform’s maturity stage attainment was explained below.

\[ Maturity \ Stage = \frac{CSF_{10} \times 3 + CSF_{09} \times 3 + CSF_{04} \times 3 + CSF_{08} \times 4 + CSF_{06} \times 3}{5} \]

\[ = \frac{CSFs \times 16}{5} \]

\[ = 3.2 \]

Adding all the achieved levels of the five critical success factors of ECF Maturity Model, FundedHere have a total average of 3.2 which is categorized into maturity stage 3 or (M3) thus, FundedHere amazingly reached M3 as described in Table 7.4.

<table>
<thead>
<tr>
<th>CSFs</th>
<th>Maturity Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of amount raised</td>
<td>L3</td>
</tr>
<tr>
<td>Successful SMES</td>
<td>L3</td>
</tr>
<tr>
<td>Partnerships</td>
<td>L3</td>
</tr>
<tr>
<td>Risk Management</td>
<td>L4</td>
</tr>
<tr>
<td>Government Policy/ Regulation</td>
<td>L3</td>
</tr>
<tr>
<td><strong>Total Average Mean</strong></td>
<td><strong>3.2</strong></td>
</tr>
<tr>
<td><strong>Maturity Stage</strong></td>
<td><strong>M3</strong></td>
</tr>
</tbody>
</table>

And based on the description of maturity stage 3 (M3), FundedHere platform is an efficient and secured platform and, have numerous SME’s funded with substantial investments fund.
7.2.3 Thailand's Dreamaker Equity

Dreamaker was founded in 2014 by Aekkasit Diewwanit as reward crowdfunding platform focusing on technology, events, music, and games projects conceptualized by Thai entrepreneurs. This platform is also an all-for-nothing model which means, projects are not successfully funded if they won't reach the funding target thus, returning the invested funds to investors. And in 2015, Dreamaker expanded into equity crowdfunding platform with separated portal from the Dreamaker reward crowdfunding platform targeting businesses with projects on technology, science as well as services.

With its initial year Dreamaker equity has supported Veo Online which accounts for a funding of THB10 million (US$313,381.00). And in 2016, Dreamaker Equity funded two more SMEs, Fixzy with a funding of US$141,022.00 and 1x1 Wall with a funding of $94,014.00. Thereby, a total funding of US$235,036.00 for its second year. Then another, two more SMEs was funded on its third year until the first half of 2018. Premise Biosystem obtained a funding of THB 12 million (US$376,058.00) in 2017, while My Band was recently funded with an amount of US$94,014. All in all, Dreamaker equity raised funds with a total amount of THB32,500,000.00 or US$1,018,489.50. Figure 7.6, shows the funding per year while Figure 7.7 shows the number of SMEs successfully aided of their capital.
Figure 7.6 Dreamaker Equity’s Funds Raised Per Year in USD
Source: Dreamaker Equity, 2018

Figure 7.7 Dreamaker Equity’s Total No. of Funded SMEs Per Year
Source: Dreamaker Equity, 2018
Table 7.5 Data of Successfully Funded SMEs through Dreamaker Equity

<table>
<thead>
<tr>
<th>SMEs</th>
<th>FUNDING TARGET</th>
<th>TOTAL AMOUNT RAISED</th>
<th>YEAR FUNDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>THB</td>
<td>USD</td>
<td>THB</td>
</tr>
<tr>
<td>1 MY BAND</td>
<td>3,000,000.00</td>
<td>94,014.42</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>2 PREMISE BIOSYSTEM</td>
<td>12,000,000.00</td>
<td>376,057.66</td>
<td>12,000,000.00</td>
</tr>
<tr>
<td>3 1x1 WALL</td>
<td>3,000,000.00</td>
<td>94,014.42</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>4 FIXZY</td>
<td>1,350,000.00</td>
<td>42,306.49</td>
<td>4,500,000.00</td>
</tr>
<tr>
<td>5 VEO ONLINE</td>
<td>7,000,000.00</td>
<td>219,366.97</td>
<td>10,000,000.00</td>
</tr>
</tbody>
</table>

TOTAL per year

<table>
<thead>
<tr>
<th>YEAR</th>
<th>THB</th>
<th>USD</th>
<th>THB</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3,000,000</td>
<td>94,014</td>
<td>3,000,000</td>
<td>94,014</td>
</tr>
<tr>
<td>2017</td>
<td>12,000,000</td>
<td>376,058</td>
<td>12,000,000</td>
<td>376,058</td>
</tr>
<tr>
<td>2016</td>
<td>4,350,000</td>
<td>136,321</td>
<td>7,500,000</td>
<td>235,036</td>
</tr>
<tr>
<td>2015</td>
<td>7,000,000</td>
<td>219,367</td>
<td>10,000,000</td>
<td>313,381</td>
</tr>
</tbody>
</table>

TOTAL

<table>
<thead>
<tr>
<th>THB</th>
<th>USD</th>
<th>THB</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>26,350,000</td>
<td>825,759.95</td>
<td>32,500,000</td>
<td>1,018,489.50</td>
</tr>
</tbody>
</table>

*1USD=31.91 THB bloomberg as of 14 May 2018
Source: Dreamaker Equity, 2018
7.2.3.1 Thailand's Dreamaker Equity Maturity Status

(1) Volume of Funds Raised and Successful SMEs

Among the platforms studies in this research, Dreamaker equity is the longest running platform. It is started in 2015, and fruitfully funding one SME with US$313,381.00 as a way to start. Through the years, Dreamaker equity grew twice with a total funding US$705,108.00 in the following years, or an increase of 125% making it on the level 4 thus, helping four additional SMEs. In total, Dreamaker equity has supported five SMEs since it was launched in 2015 accounting to a funding of US$1,018,489.00. Hence, Dreamaker equity attained level 2 on the volume of funding factor for the reason that it surpassed the funding amount of $678,355 but less than the amount of $2,261,182.

While in terms of number of successful SMEs, Dreamaker equity platform have funded one SMEs in 2015, while two SMEs were funded in 2016 and another two SMEs for the succeeding years. In total, Dreamaker equity successfully raised funding for five SMEs from its establishment making it exceed level 1 and attaining the level 2 for the CSF09 Successful SMEs factor.

(2) Partnerships

Aside from the personal networks that Dreamaker equity working with, the platform also had workshop activity with Chulalalongkorn University, Faculty of Economics in 2017 wherein they introduce the concept of both equity and reward-based crowdfunding to the students, as well as encouraging them to take part with crowdfunding activity. And based on the official social media account of the platform, Dreamaker equity actively engage with Advanced Info Service Public Company Limited (AIS), one of the Thailand’s prominent mobile operator for startups mentorships. In conclusion, even if few networks were listed, Dreamaker equity platform utilizes diverse partnerships from personal networks to innovative corporate partnerships hence, Dreamaker equity is considered to be in the level 3 of this factor.
(3) Risk Management

Equity crowdfunding activities in Dreamaker equity are not purely through the platform, some fundings are done in person as stated by Mr. Kittiinand Pithayapriechagul, the co-founder and chief product officer of Dreamaker both reward-based and equity crowdfunding. Hence, managing the risk are mostly done in person also but same with other platforms, Dreamaker views education is the key to mitigate the risks associated with the equity crowdfunding activities wherein they spend due diligence to educate entrepreneurs as well as investors. In addition to his statement the roughly steps to are as follows:

“1.) We listen startups business model and see whether they are ready to raise fund or they need to do something to prove their business model, 2.) We followed their progress and evaluated their performance, 3.) After we believe that they are ready, we work closely with them by visiting their office, meeting their team, have so many times discussing about their business model and financial model and, 4.) After we make sure that they are ready to raise fund, we introduced them to investor. (Pithayapriechagul, 2018).”

With these, Dreamaker equity is aware of the risks and have techniques to mitigate but these are roughly used especially that it was not yet indicated with the platform website hence, public are not yet aware with the risks connected to Dreamaker equity crowdfunding activities. In that sense, the platform is still in the level 2 when it comes to risk management.

(4) Policy and Regulations

In the case of Thailand, equity crowdfunding (ECF) is generally governed and supervised by Thailand Securities and Exchange Commission (TSEC) under the Capital Markets Supervisory Board. With two concerning laws, “i.) the Notification of the Capital Market Supervisory Board (No. TorJor. 7/2558, Re: Regulations on Offer for Sale of Securities through Electronic Systems or Network (Ref. code: 25605927040120WCS).”
These notifications specify the issues and liabilities of each key players, the platform, the issuers, and the investors which have been modified in 2016 by TSEC in consideration of the public consultation feedbacks. However, despite of the comprehensive framework, Pithayapriechagul (2018) expressed that as of the moment “We are working to get a permission from SEC to operate an equity crowdfunding portal. We expect to receive a permission by the end of this year.” Which was supported by TSEC, based on the report of ASEAN Secretariat, roundtable discussions with potential ECF platform operators are still in progress (ASEAN Secretariat, 2017). Basing with these government activities involving Dreamaker equity platform, the platform is still on the level 1 with having on-going dialogues with the government.

7.2.3.2 Thailand's Dreamaker Equity Overall Maturity Status

Dreamaker equity platform achieved level 2 in the two CSFs such as volume of funds raised and, risk management while it achieved level 3 on the partnership factor and level 1 for the number of successful SMEs funded through the platform and, the policy and regulation factor. Hence, the maturity stage of Thailand’s Dreamaker Equity was computed into:

\[
Maturity \ Stage = \frac{CSF_{10} (2) + CSF_{09} (2) + CSF_{04} (3) + CSF_{08}(2) + CSF_{06} (1)}{5}
\]

\[
= \frac{CSFs (10)}{5}
\]

\[
= 2
\]

Hence, Dreamaker equity got an average mean of 2, which refers to maturity stage 2 (M2) as stated in Table 7.6. Thus, Dreamaker equity platform is
described as having some successful SME's funded wherein there are also some initiatives to gain valuable results however, these initiatives are still insufficient.

Table 7.6 Thailand’s Dreamaker Equity Maturity Stage

<table>
<thead>
<tr>
<th>CSFs</th>
<th>Maturity Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of funds raised</td>
<td>L2</td>
</tr>
<tr>
<td>Successful SMES</td>
<td>L2</td>
</tr>
<tr>
<td>Partnerships</td>
<td>L3</td>
</tr>
<tr>
<td>Risk Management</td>
<td>L2</td>
</tr>
<tr>
<td>Government Policy/ Regulation</td>
<td>L1</td>
</tr>
<tr>
<td><strong>Total Average Mean</strong></td>
<td>2</td>
</tr>
<tr>
<td>Maturity Stage</td>
<td>M2</td>
</tr>
</tbody>
</table>

7.2.4 the Philippines' UPBuilds

UPBuilds just recently launched targeting Overseas Filipino Workes (OFWs) for raising capital on asset back business and income generating reals estate properties. The Upbuild platform is under the management of its parent organization, the Matapat Na Pagtutulungan Multipurpose Cooperative (MNPCoop), a cooperative based in Sorsogon, Philippines and registered under Cooperative Development Authority (CDA) with Reg. No. 9520-10500000000025295. Its inception in 2017 funded four projects amounting to US$459,367.00 while another two projects were funded amounting to US$86,3699. As Figure 7.8 displays the funds raised per year and Figure 7.9 displays the total number of SMEs or project per year that supported by the platform.
Figure 7.8 UPBuilds’ Funds Raised Per Year in USD
Source: UPBuilds, 2018

Figure 7.9 UPBuilds’ Total No. of Funded SMEs Per Year
Source: UPBuilds, 2018
Table 7.7 Data of Successfully Funded SMEs through UPBuilds

<table>
<thead>
<tr>
<th>SME’s/Projects</th>
<th>FUNDING TARGET</th>
<th>TOTAL AMOUNT RAISED</th>
<th>INVESTORS</th>
<th>YEAR FUNDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DESMOND FAM AND NURSERY 2nd BATCH</td>
<td>6,000,000.00</td>
<td>4,215,000.00</td>
<td>80,454</td>
<td>2018</td>
</tr>
<tr>
<td>2 CARABAO MANGO PLANTATION</td>
<td>1,000,000.00</td>
<td>170,000.00</td>
<td>3,245</td>
<td>2018</td>
</tr>
<tr>
<td>3 DESMOND FAM AND NURSERY</td>
<td>4,900,000.00</td>
<td>20,000.00</td>
<td>382</td>
<td>2017</td>
</tr>
<tr>
<td>4 SMALL RUN OF RIVER (ROR) HYDRO PLANT</td>
<td>9,500,000.00</td>
<td>9,984,225.00</td>
<td>190,575</td>
<td>2017</td>
</tr>
<tr>
<td>5 STATISTICAL INVESTMENT GROUP</td>
<td>5,000,000.00</td>
<td>4,062,000.00</td>
<td>77,534</td>
<td>2017</td>
</tr>
<tr>
<td>6 COMMERCIAL BUILDING</td>
<td>10,000,000.00</td>
<td>10,000,000.00</td>
<td>190,876</td>
<td>2017</td>
</tr>
<tr>
<td><strong>TOTAL per year</strong></td>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>7,000,000</td>
<td>133,613</td>
<td>83,699</td>
<td>23</td>
</tr>
<tr>
<td>2017</td>
<td>29,400,000</td>
<td>561,176</td>
<td>459,367</td>
<td>186</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>36,400,000.00</strong></td>
<td><strong>694,789.08</strong></td>
<td><strong>543,065.95</strong></td>
<td><strong>209</strong></td>
</tr>
</tbody>
</table>

*1USD=52.39 PHP bloomberg as of 14 May 2018
Source: UPBuilds Platform, 2018
7.2.4.1 the Philippines' UPBuild Maturity Status

(1) Volume of Funds Raised and Successful SMEs

The UPBuilds platform just started its crowdfunding activity in 2017 raising an amount of US$543,065.95 and recently, the platform generated an amount of US$83,699. All in all, the platform sourced a total amount of US$543,065.95 from 209 investors. Hence, the platform is still in the earliest level of volume of fund raised which is categorized as zero to US$678,355 or ECF platform maturity model describes as having low investment fund.

And in terms of number of successful SMEs, UPBuilds platform have initially funded four SMEs in 2017, while two more SMEs were recently funded. Summing it up, UPBuilds successfully obtained funding for six SMEs which means UPBuilds escalates to level 2 in the CSF09-successful SMEs factor.

(2) Partnerships

Mainly the UPBuilds is working with personal network like Overseas Filippino Workers (OFWs) association. The platform also indulge with business associations for example the cooperatives especially that, the board and executive team are from different expertise in business associations like Seattle Trading & Contracting SBA (Shk. Salman Bin Ahmed Al Thani) Group Co., With these networks built, the UPBuilds platform is therefore classified in level 1.

(3) Risk Management

The UPBuilds informs, educates and spreads awareness to potential entrepreneurs and investors through the platform website’s frequently asked question (FAQ) feature wherein the process of UPBuild’s crowdfunding activity and its associated risks are tackled. However, the information is not as detailed and
comprehensive like other platforms. For example, on the information of risks, risks in the equity crowdfunding activity are not specified hence, it was stated in general. To support this claim, the platform states that “As with any investment there are risks involved, UPBuilds responsibility is to make sure that calculable risks are being considered and minimized as much as possible, however we do stress to our investors that they should be able to bear the loss of their entire investment. We can't guarantee returns, but we can guarantee that all opportunities have been carefully selected and assessed before offering to the crowd (UPBuild, 2018).” Another issue is, there’s no identification feature or any sworn agreements to assess whether someone is qualified as an investor or entrepreneur in the platform. Thus, these qualities of the platform are then categorized to level 2, as the platform has techniques but roughly used.

(4) Policy and Regulation

Due to increasing number of crowdfunding activities in the Philippines, the Philippine government through the Security Exchange Commission (SEC) sought to regulate crowdfunding in the country. Hence, issuing a draft regulation for public consultation last December. The public consultation paper includes requirements for issuers, investors, and platforms however these regulations are in general and for all types of crowdfunding models. Currently, SEC is still waiting for the public feedbacks in order to finalize therefore, UPBuilds is not yet regulated by the government and as of the moment no dialogue or government involvement with Upbuild is happening. And this makes the UPBuild to be in the premature level or in level 1 of the CSF06-policy and regulation.

7.2.4.2 the Philippines' UPBuilds Overall Maturity Status

UPBuilds platform mostly achieved level 1 within the factors associated with the platform maturity status. Specifically, it achieved level 1 on volume of funds raised, partnerships, and, policy and regulation. While it both achieved level 2 on number of successful SMEs and risks management. Thus, in order to get the current status of UPBuilds, the formula for maturity stage was used below.
\[ \text{Maturity Stage} = \frac{CSF^{10}(1) + CSF^{09}(2) + CSF^{04}(1) + CSF^{08}(2) + CSF^{06}(1)}{5} \]
\[ = \frac{CSFs(7)}{5} \]
\[ = 1.4 \]

Hence, UPBuilds got an average mean of 1.4, which is therefore considered as maturity stage 1 as described in Table 7.8. In that sense, UPBuilds is still on the premature stage which means UPBuild platform is already an accepted as an operating platform. However, it is still immature and chaotic And, with possible government initiatives for development.

\textit{Table 7.8 the Philippines’ UPBuilds Maturity Stage}

<table>
<thead>
<tr>
<th>CSFs</th>
<th>Maturity Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of funds raised</td>
<td>L1</td>
</tr>
<tr>
<td>Successful SMES</td>
<td>L2</td>
</tr>
<tr>
<td>Partnerships</td>
<td>L1</td>
</tr>
<tr>
<td>Risk Management</td>
<td>L2</td>
</tr>
<tr>
<td>Government Policy/ Regulation</td>
<td>L1</td>
</tr>
<tr>
<td><strong>Total Average Mean</strong></td>
<td><strong>1.4</strong></td>
</tr>
<tr>
<td><strong>Maturity Stage</strong></td>
<td><strong>M1</strong></td>
</tr>
</tbody>
</table>

\textbf{7.3 Government Role in Facilitating Equity Crowdfunding}

The government plays a vital role in order to create sustainable, innovative and inclusive ecosystem for alternative finance industry which supports the AEC Blueprint 2025 of pushing digital economy to deal with the ASEAN MSME’s focal problem and specifically, to be able to fully benefit from the opportunities of equity crowdfunding (ECF). And, this can be done through roundtable discussions, implementation of regulations, and indulge to partnerships.

And, based on the articles and literatures, the government of Malaysia, Singapore, Thailand and Malaysia are exerting their efforts to regulate the equity
crowdfunding activities in their countries. These countries also currently participate on roundtable discussions on the initiatives for a regional ECF framework, the ASEAN ECF Framework wherein these countries are member.

Also, basing on the discussions above, the Malaysian government is taking the lead to facilitate ECF through its extensive involvement to the platforms not only in regulation, but also in the promotion and assistance on mentorships.
CHAPTER 8
CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary of the findings of the study that has been presented and discussed in the previous chapter. This chapter also includes suggestions and recommendations for future research as well as for the development of ASEAN’s ECF Framework.

8.1 Conclusion

8.1.1 CSFs Present in Each Platform

As stated in the review of literature, good reputation of the platform that attracts the investors to invest as well as entrepreneurs to participate in the crowdfunding activity must have the identified critical success factor. Hence, the critical success factors present in each platform are the possible factors that contributed to the success of the ECF platform. However, none of the platforms have provided CSF02-exit opportunities. Malaysia’s PitchIN and FundedHere having a total nine CSFs presents in the platforms out of the ten listed CSFs in Chapter 5.1 attributes to their maturity status of having in the emerging and mature stage. While Thailand’s Dreamaker equity and Philippines’ UPBuild having lesser CSFs present to their platform than the two grown platforms or seven CSFs out of ten CSFs also attributes to their current maturity status of nascent and emerging stage.

Thus, in order to fully achieved the goal of each platform as well as, the ASEAN organization objectives in the facilitation of ECF, the platforms and ASEAN should ensure the identified critical success factors (CSFs) are present in equity crowdfunding platforms. For these will boost competitiveness, attracts active participation of ECF key players, and especially, these will develop a sustainable alternative finance industry.
8.2.1 Maturity Status

The initiative for equity crowdfunding (ECF) activities in the region strongly proves that ASEAN organization is indeed taking its efforts to leapfrog on the vanguard of digital economy by 2025. Thereby, to make its vision into reality which is to develop an effective equity crowdfunding framework, taking gauge to ECF platforms’ strengths and weakness are crucial in order to know what are the things should be done and to focus on. With this regard, the findings of the maturity level of the seen key actors of equity crowdfunding in the region complements the ASEAN ECF Framework.

The findings of the study justify the researcher’s assumption that Malaysia’s ECF platform is the most full-grown among the four platforms wherein all factors that attributes maturity such as volume of funds raised, number of SMEs, partnerships, risk management and, policy and regulations was reached to the highest level. Hence, Malaysia’s PitchIN can serve as the benchmark for successful platform in the region which will serve as the model to the rest of ASEAN member states. It is also noteworthy to the ASEAN organization to learn from the crucial role of the Malaysian government involvement to the platform especially in the recognition and accreditation of the platform’s credibility as an alternative source of capital, as well as conducting roadshows to provide assistance with the investor’s decision to invest as well as promoting and recommending the PitchIN platform.

While Singapore’s FundedHere, is also catching up with the platform maturity, as it tagged as an emerging platform for it reached the maturity stage 3 wherein critical success factors like volume of funding raised, number of SMEs, partnerships and, policy and regulation’s level of achievement mainly contributed to the platform current status. But also, FundedHere also show few traces of scaling to maturity stage 4 for the risk management factor have already reach the highest level of progress.

And for the, Thailand’s Dreamaker equity there are considered to be on the limited stage, for most of its critical success factors that has been analyzed is on the second level. However, there’s one distinguished factor that signals for scaling up
which is the risk management factor that achieved the third level of progression and also, one factor is still on the premature level which is the policy and regulation. But, if the Dreamaker equity platform will be able to get the permission of Thailand Security Exchange Commission by the end of the year, Thailand’s Dreamaker equity will escalate to level 3 in this factor.

And with the case of the Philippines’ UPBuild, this platform in a nascent stage, for most its critical success factors are on the introduction phase like the amount of funding raised, partnership and, policy and regulation which links to the stage of building awareness to public. For example, the few amounts of funding raised and government efforts to regulate the platform are a gauge that the platform is not receiving attention yet from the potential investors and entrepreneurs. But for the two remaining factors like number of SMEs and risk management attained higher levels of progression. The number of SMEs is on the second level while risk management is on the third level.

To be able to understand easily, the maturity status of each ECF platform in respective country is illustrated in the figures below wherein Figure 8.1 shows the maturity status achieved by each platform based on the on the total average of the five critical success factors hence, displaying the possibilities of improvement or scaling up while Figure 8.2, shows the considered status of each platform at the moment.
**Figure 8.1** Maturity Status of Each Platform in Respective Country Showing Traces of Scaling up

<table>
<thead>
<tr>
<th>Platforms Represented by Country</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
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<td>Singapore</td>
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<td>3.2</td>
<td></td>
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<tr>
<td>Thailand</td>
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<td>2</td>
<td></td>
<td>2</td>
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<td>Philippines</td>
<td></td>
<td>1.4</td>
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**Figure 8.2** Current Maturity Status of Each Platform in Respective Country
8.1.3 Government Role in Facilitating ECF

This study found out that, government has a vital role in promoting ECF as an alternative finance for SMEs, this will give assurance to the key players of ECF to join on the said activity hence, this will help to attain a sustainable growth in equity crowdfunding. Especially, Malaysia have already proved that active participation with ECF platforms will help to develop ECF growth.

In general, this study was able to developed equity crowdfunding platform maturity model for future researchers, identified critical factors that should be present in a platform to gain success and, most importantly it provides information regarding some ASEAN member states’ strengths that should be adopt by other member countries and weaknesses, that should address and give emphasis by the governments.

8.2 Recommendations

The core aim of this study is to provide valid and reliable information on the development of equity crowdfunding in ASEAN through the aid of critical success factors and the proposed ECF platform. And, with the findings and conclusion of this study, the researcher recognized the following limitations of the study such number of platforms that has been studied, essential foundations for some platform like the Philippines’ UPBuilds and assessing only five critical success factors as a basis for platform maturity level. Thus, this study suggests future studies that, in order to fully assess and compare the development path of ASEAN in equity crowdfunding (ECF), all the ten-member countries of ASEAN should be studied.

Future studies should also validate the existing ECF platform maturity model as well as incorporating more critical success factor. And, in order to cover all the critical success factors in equity crowdfunding or expanding the maturity model, the study recommends to conduct first-hand investigation such as interviews to entrepreneurs, platform operators, and investors of the equity crowdfunding platform with conduction of a longer period of time. By this method, the gap regarding the
limited sources or disclosure issues of some platform will be filled and hence, this will also supplement the integrity of data and, effectiveness of the study.

This study also suggests the ASEAN organization and the governments to further exert efforts on the least matured critical success factors especially, on the risk management factor. For even it’s mainly the platform’s liability, the one who should support to mitigate risks and oversees the associated risks in equity crowdfunding is the government. Hence, there should be a policy intended to address the ECF risks.

And to facilitate equity crowdfunding in the region smoothly especially, as they target the cross-border deal flow in the digital economy, the ASEAN should have harmonized policy and regulation or an ASEAN equity crowdfunding framework that have one description of requirements of platforms, investors and entrepreneurs that is inclusive. For example, in Singapore, only individuals with a large monthly income of not less than S$300,000 (US$225,563.91) or personal net assets S$2 million (US$1.5 million) can invest in crowdfunding platforms, this will limit the participation of individuals from other ASEAN members for only few countries will make the cut for the requirements to be investors based on the minimum wage of each country. Thus, the standardization of the limitation and requirements will eliminate this kind of disadvantages thus, will able to enjoy benefit of the crowdfunding market.
REFERENCES


APPENDICES
APPENDIX A
ECF Platforms

Malaysia's PitchIN

Singapore's FundedHere
Thailand's Dreamaker Equity

the Philippines' UPBuilds
## BIOGRAPHY

<table>
<thead>
<tr>
<th>Name</th>
<th>Miss Anneraine Colobong</th>
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<tr>
<td>Date of Birth</td>
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<tr>
<td>Educational Attainment</td>
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