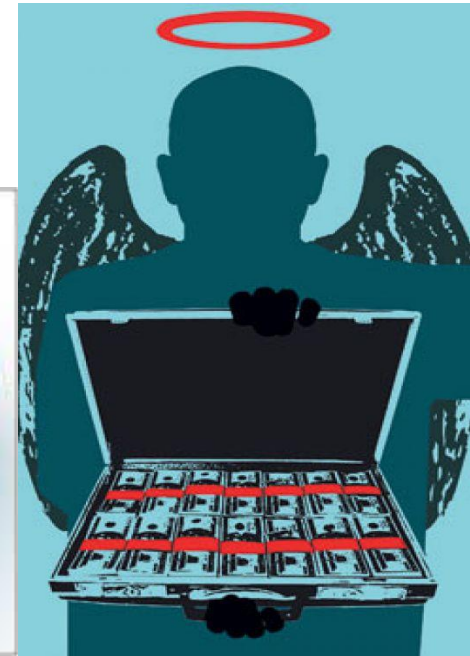




Panteia

Research to Progress

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Two research instruments for measuring demand for and supply of business angel investment in The Netherlands

Research tools for policymakers

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Demand side

Financieringsmonitor in the Netherlands
(since 2008, 16 editions)

- The demand for debt and equity funding by banks and the success rates
- The source and destination of the funding and conditions for loans
- Use of government regulations
- Solvency, in conjunction with the characteristics of companies such as the success rate of their loan application

Demand side

Trends in two years time:

- Bank funding decreases, especially from the usual bank
-8 %-points
- SME's start to use more banks in stead of one
+7 %-points
- For small and medium-sized enterprises: more use of family and friends
+6 %-points
- For small and medium-sized enterprises: more business angel investment
+3 %-points (from 3% to 6%)

Exploring the SUPPLY SIDE by using the Global Entrepreneurship Monitor (GEM)

- **Relevant characteristics of GEM**
 - Research consortium in more than 60 countries
 - Annual adult population survey ($n \geq 2,000$) in all participating countries
 - Main issue: measuring early-stage entrepreneurial activity (TEA)
 - Other major theme: measuring informal investment (since 2000)
 - See <http://www.gemconsortium.org/>
 - Also see www.ondernemerschap.nl

Stylized facts based on GEM

- Informal investment is the second most important source of finance for start-ups and young businesses, next to self-finance (Bygrave and Hunt, 2005)
- On average in innovation-driven economies about 3,5% of adults (18-64 years of age) are involved in informal investment (2009)
- At the macro level supply follows demand: higher business start-up rates lead to higher informal investment rates in later years
- In 85-90% of the cases informal investors invest in ventures of family, friends and colleagues
- In 10-15% of the cases informal investors invest in ventures of strangers and others: most investments by *business angels* are in this category
- On average investments in projects of strangers/others are relatively large compared to other informal investments

Some key data on informal investment in six OECD countries, 2007-2009 (Source: Panteia/GEM)

| | Share in % | Average annual amount of invested funds (in US \$) |
|--------------------------|------------|--|
| Family member | 48 | 15,000 |
| Friend or colleague | 39 | 15,150 |
| Stranger or someone else | 13 | 41,300 |
| Total | 100 | 18,100 |

Measuring the invisible market in the Netherlands: some estimates, 2010-2012 (Source: Panteia/GEM)

| | All Informal Investors | of which: Business Angels in 'broad sense' |
|---|------------------------|--|
| % in adult population (18-64 years) | 3.5% | 0.4% |
| Estimated total number | 360,000 | 45,000 |
| Average annual investment per informal investor | 14,100 euro | 32,800 euro |
| Estimated total annual informal investment | 5.1 billion euro | 1.5 billion euro |