

SUSTAINING MSME FUNDRAISING VIA ECF AND P2P FINANCING MARKETS

2020



1,403 issuers have raised funding on ECF and P2P financing platforms amounting to **RM631.04 million** (2019: RM441.56 million)



60% of ECF issuers and **36% of P2P financing issuers** are technology-focused



57% of ECF issuers fundraised for business expansion and **97% of P2P financing issuers** fundraised for working capital

While there was an initial reduction in retail investors' participation in the first quarter of 2020, retail investors have since returned to the market with the easing of lockdowns in April – May 2020. More encouragingly, there was an increase in the participation from angel and sophisticated investors during the year.

ECF and **P2P financing markets** had initially experienced a decline in fundraising activities during the MCO, in line with a slowdown in economic activities. As businesses resumed operations, both markets have subsequently recovered, with ECF platforms experiencing steady growth. As for P2P financing platforms, due to their proactive restructuring and rescheduling (R&R) strategies, they have helped issuers remain afloat during this challenging period and limited any significant increase in defaults.

To enhance the value proposition of ECF and P2P financing markets for investors, the SC introduced a framework for secondary markets to facilitate a more structured and orderly exit mechanism for investors.

This enabled early investors to exit from deals, which they had earlier invested in and also provided an opportunity for new investors to invest in deals that they might have missed earlier.