

Equity crowdfunding outperforms traditional markets in 2022 with \$30 billion a year growth forecast by 2028

LONDON, NEW YORK, UNITED KINGDOM, January 13, 2023 /EINPresswire.com/ -- Equity crowdfunding outperforms traditional markets in 2022 with \$30 billion a year growth forecast by 2028

If 2022 is remembered as the year equity crowdfunding cemented its position against more traditional investments, 2023 will surely go on record as an important year for this form of alternative investment to further democratize private securities.



Rialto Markets CEO & Co Founder Shari Noonan

According to new research by Statista, global spending on equity crowdfunding will top \$17.8 billion by the end of 2023 – up more than 15% on 2022 (\$15.13 billion) and a staggering 189% since 2020 - the US market percentage growth is even faster at 17% in 2022 against a backdrop of major geopolitical challenges.

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Equity Crowdfunding offers investors the chance to get in closer to the ground floor of some exciting private companies”

Rialto Markets CEO Shari Noonan

A key factor has been a growing level of retail and accredited investor confidence following more improved legislation, courtesy of the JOBS Act. Equity crowdfunding now has a proven track record and improved regulatory oversight and is becoming more attractive as a result, especially following the problems of cryptocurrency

exchanges.

Writing in Forbes recently, Jeff Bartel, Chairman and Managing Director of Miami-based private investment and strategic advisory firm Hamptons Group, said: “Equity crowdfunding has become

so popular that one estimate suggests more than 50% of campaigns successfully meet their initial goals, and 78% [of those] can generate enough funds to exceed their goals.

“This is a trend that is expected to continue for some time. Experts predict the equity crowdfunding market will reach nearly \$43 billion by 2028.”

Meanwhile, traditional investments in public markets have declined, with the S&P 500 down 20% in the year to date, and alternative investments in crypto currency exchanges suffering major setbacks and falling values recently. By contrast, equity crowdfunding continued to gain popularity among investors and start-ups keen to find a different route to accessing finance previously dominated by the big venture capitalists and public market IPOs.



Paul Stannard, Chairman of the World Digital Foundation

For private company entrepreneurs, it allows them to continue to steer the ship while also accessing the capital to invest and accelerate growth through building their own community of advocates and investors.

According to research published in December, by Grand View Research, “growing demand for integrating innovative technologies such as blockchain, machine learning, and Artificial Intelligence (AI) into various digital platforms is expected to propel the growth of the segment”.

And its rise is mirrored in the decline of traditional IPOs. Data from StockAnalysis.com revealed, as of September 12, there had been just 153 IPOs on the US stock market in 2022– a 78.9% drop against the same point in 2021.

While a report published by EY in December revealed the number of US IPOs during quarter three of 2022 fell by 74% on the previous year, with proceeds consequently down by 94% through the first nine months compared to 2021. It added that US public stock markets are set to record their lowest proceeds since 2003.

Shari Noonan is CEO and founder of [Rialto Markets](#), an award-winning broker dealer with a growing list of more than 50 exciting private companies, assisting companies with raising \$1.2billion through its equity crowdfunding expertise, infrastructure, and technology. It facilitates Regulation CF and Regulation A+ investment offerings as well as secondary trading through its Alternative Trading System (ATS).

Shari Noonan explained: "Investors can see the benefit of Regulation CF, where you can raise up to \$5 million a year, and/or Regulation A+ - up to \$75m a year - using such equity crowdfunding capital raising exemptions.

"It also offers investors the chance to get in closer to the ground floor of some exciting private companies. They potentially don't have to wait for an IPO when recent statistics show most of that growth has already been achieved.

"What we've seen over the last few years is a growing trend among both accredited and retail investors towards equity crowdfunding and secondary trading of private securities. The JOBS Act legislation and technology has made it much easier and more regulated for investors."

The use of an ATS has begun to enable a secondary marketplace for exciting private companies. In the same way as public stocks are traded on the likes of NASDAQ or the NYSE, ATSs have the capacity to help private securities or companies to potentially offer their assets via a secondary platform that has full regulatory oversight.

A handful of secondary market ATSs such as Rialto Markets' have been granted permission to operate places for investors trading private and digital securities online, a move which could also resolve some of the recent regulatory oversight challenges faced by the crypto industry.

Paul Stannard, chairman of Breakthrough Ventures and the [World Digital Foundation](#), said: "Since 2016, when the JOBS Act legislation opened the door, equity crowdfunding has exploded in popularity and secondary trading of these assets will inevitably create the potential for greater liquidity in the long term for private securities.

"It offers retail investors new opportunities to invest but, importantly, there is also regulatory oversight in place.

"But the biggest difference is for the start-ups. It provides access to funding avenues that simply weren't as popular before.

"It is still a high-risk business and there is no golden ticket. But so long as those behind the ventures have a strong marketing and communications plan, plus an understanding of the money needed to kick-start and maintain an equity crowdfunding campaign, they can benefit.

"It doesn't just happen by luck. You need significant money to get a sustainable marketing and communications plan off the ground. But you must keep adding marketing fuel to fly high and long enough for a successful close to your investment offering.

"Only those who understand and adopt this approach tend to succeed."

Steve Philp
World Digital Foundation

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