ECSPR Compliance:
Uneven Ground

A Pan-European Analysis of ECSPR Compliance in the Crowdfunding Sector

2025

Benat Solino and Mikel Iglesias

- INSPRIRING TOMORROW'S FINANCE -

WWW.EUROCROWD.ORG

EURO CROWD

Title: ECSPR Compliance: Uneven Ground - A Pan-European Analysis of ECSPR Compliance in the Crowdfunding Sector 2025

Research and data manipulation: Benat Solino, Mikel Iglesias

Version 1.1 date 8 July 2025

EUROCROWD
SQ North, BD Roi Albert II 4
1000 Brussels, Belgium
info@eurocrowd.org
https://eurocrowd.org/

EXECUTIVE SUMMARY

EUROCROWD's analysis of more than 200 licensed crowdfunding platforms across Europe, based on data from ESMA's public register, reveals **significant gaps in transparency and regulatory compliance** under the European Crowdfunding Service Providers Regulation (ECSPR).

Key Findings

- Wide Variation in Compliance: The **average compliance score** with our KPI across platforms was **5.0 out of 10**, with a stark range from 0 (non-compliant) to 9 (highly compliant). One **outlier country** averaged **7.0**, while **11 countries**, including Spain and France, scored **below 5**, reflecting systemic weaknesses.
- Transparency Deficiencies: Only **25% of platforms** demonstrated strong adherence to ECSPR and transparency best practices as per our KPI. In contrast, nearly **40% failed to meet baseline expectations**, raising red flags for investor protection.
- Platform-Specific Risks: Of the evaluated platforms, only **three** received an "Excellent" rating against our set of KPI, while 29 were deemed "At Risk," indicating potential non-compliance or investor exposure.

Six Areas of Concern

1. Regulatory Disclosure: Inconsistent or missing information about licensing and oversight authorities undermines legal clarity for investors.
2. Governance Transparency: Most platforms fail to disclose leadership team backgrounds or governance structures, limiting accountability.
3. Due Diligence Processes: Project evaluation criteria are often vague or undisclosed, increasing the risk of uninformed investments.
4. Financial Reporting: Data on funds raised, campaign outcomes, default rates, and returns is poorly reported or aggregated, impairing risk assessment.
5. Investor Education: Platforms provide limited onboarding, risk explanation, or decision-making tools for retail investors.
6. Complaint and Conflict Handling: Procedures for addressing investor concerns are often incomplete or difficult to access.

Implications for the Ecosystem

- Platforms: High-performing platforms are poised to gain investor trust, while underperformers face reputational and regulatory risk.
- Regulators: The fragmented compliance landscape calls for more **active supervision**, harmonized templates, and enforcement.
- Investors: Until standardisation improves, due diligence remains essential. Publicly disclosed scores can aid decision-making.

Regulators and industry bodies must **support platforms** through training, shared templates, and stronger guidance to build a **cohesive and resilient European crowdfunding sector**.

INTRODUCTION

As Europe strives to strengthen its economic resilience and global competitiveness, the European Commission has launched several initiatives to unlock the flow of private capital into innovation and entrepreneurship. The emerging Savings and Investment Union (SIU), expanding on the Capital Markets Union (CMU), and the Startup and Scale up Strategy both converge on a common goal: to provide European businesses, including small and medium sized enterprises (SMEs), with easier, more diverse, and more transparent access to finance.

Against this policy backdrop, the European Crowdfunding Service Provider Regulation (ECSPR) represents a critical innovation for enabling regulated, cross border investment in startups and SMEs. Designed to harmonize standards across the European Union, ECSPR promises to bring transparency, investor protection, and operational consistency to the market.

Crowdfunding needs no longer be marginal niche it can become an integral part of Europe's digital finance landscape. Yet the success of ECSPR hinges on consistent implementation and genuine platform alignment with its rules, regulatory conversion and continue political will to support the growth of the sector. Poor platform compliance undermines investor trust and weakens Europe's ability to mobilize private capital in support of innovation, regional development, and green transition goals. It will also lead to stricter regulatory oversight and political withdrawal. We already looked at the slow uptake of regulatory convergence in the past, so let us a look at the ECSPR license holders.

In the following discussion you find a comprehensive cross country analysis of 236 platforms operating under ECSPR provides compelling and at times troubling insights into the current state of regulatory compliance and market maturity in European crowdfunding. While some platforms lead in transparency and governance, a considerable portion continue to operate in opacity, presenting significant risks to both investors and the broader financial ecosystem.

Data Availability

We will make the detailed results available to interested national competent authorities, ESMA and relevant people at the European Institutions. CSP are welcome to inquire about one on one discussions seeking to understand potential shortcomings in their platforms. We may also make available a scorecard with high level assessments of all platforms for retail investors and SME seeking funding.

Methodology: Measuring Compliance and Transparency

Our data collection is based on core information published by European Securities and Markets Authorities (ESMA) on ECSPR license holders (CSPs) as drawn in June 2025. We read relevant data from the websites linked for each license holder as published by ESMA. We then analysed the raw data for combined qualitative insights and quantitative metrics across 17 core criteria. Both the investor and project owner perspectives were considered to ensure a holistic view of operational best practices and regulatory risk, covering specifically:

- ECSPR regulatory disclosures as outlined within the law
- Additional levels of prudential behavior as indicated in the spirit of the law and consumer protection

Scope of Research

The assessment of crowdfunding platforms is conducted through a structured website review using a standardized questionnaire. The review is limited to publicly available information to ensure transparency and comparability across platforms.

For each platform, we conduct an information search up to two levels deep, ensuring a systematic, scalable, and repeatable approach for assessing multiple platforms efficiently, maintaining a uniform methodology is critical for producing comparable data. Several challenges may influence the accuracy of the results:

- Website Structure Variability.
- Dynamic and Restricted Content.
- Time Constraints and Consistency.

We then ran an analysis of each platform's overall data. This data was combined and assessed on a scale of 1 to 10 for each platform.

Rating overview	**Grade**	**Score**
Aligned with our tested requirements. We can assume a proactive compliance culture with strong governance and transparency.	**Excellent**	9-10
Meets our key compliance expectations. Minor issues exist but are well-managed. We can assume systems in place for ongoing improvement.	**Good**	7-8
Some compliance challenges or inconsistencies for our tested requirements and best practices. We can assume a need for closer monitoring and targeted remediation in certain areas.	**Fair**	5-6
Multiple areas of concern with our tested requirements suggesting significant improvement is needed. Likely insufficient internal controls or delayed alignment with the requirements.	**Weak**	3-4
Insufficient public data or transparency to assess compliance position. This leaves major questions for further clarification or disclosure for meaningful evaluation.	**At Risk**	0-2

Source: Eurocrowd.org

Our reading of data of websites was restricted to the top layers of the websites and is limited by technical set ups in some cases, as we applied digital solutions for basic data gathering. We therefore need to be careful when thinking of conclusions regarding individual actors or smaller markets. Despite limitations, the overall indication of the results remain, in our view, strong enough to create a general indication.

A Patchwork of Compliance

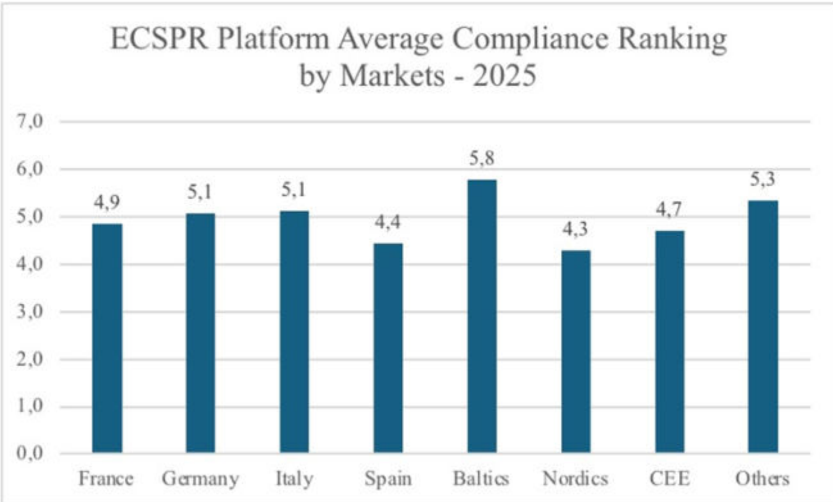
National Averages and Key Trends

The average ECSPR compliance score across all platforms was 5.001, with a median score of 5. The highest performing platform scored 9, while the lowest received a score of 0 evidence of deep disparity in platform quality and regulatory adherence.

One outlier country emerged as the most compliant market, with an average score of 7.0, suggesting either highly mature platforms or effective national oversight. Followed by four others that exceeded 6.0, including The Netherlands. These countries appear to have either robust regulatory support or platforms with strong internal governance.

In contrast, eleven other countries had average scores below 5, including Spain and France, indicating structural weaknesses in ECSPR alignment. These gaps are particularly significant as they undermine investor protection and could deter both institutional and retail participation.

Below we show an overview of the average rating per market. Smaller markets we have bundled in larger markets or "other" in order to ensure that no insight into specific platforms can be deduced from the accumulated data. We can however see that all of these markets have an average rating grade of "Fair" or "Weak", indicating that "Excellence" might be linked to individual platforms rather than the specific oversight within any given market. In the detailed results only one member state reached an overall rating of "Good".



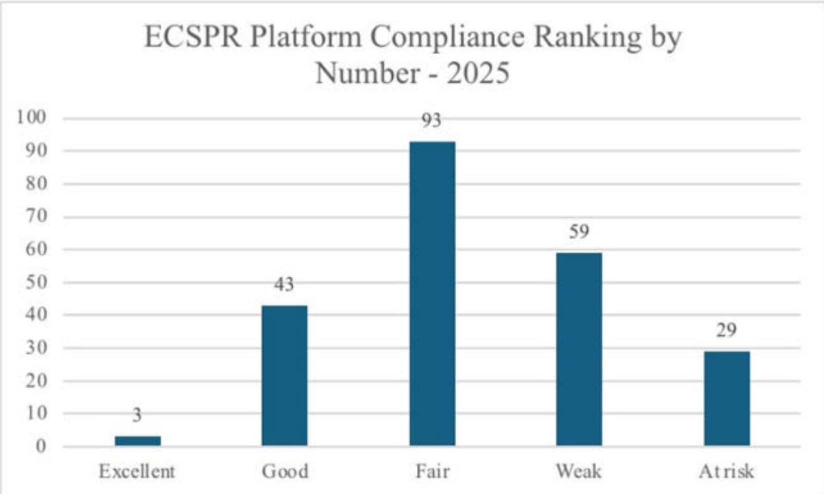
Source: Eurocrowd.org

Platform Score Distribution

Looking at individual platforms, we reviewed a total of 236 entries in the publicly available database of crowdfunding service providers as published by the ESMA. Of the total entries, 9 showed no relevant data and were left out of our analysis.

- Total Platforms Evaluated: 236
- Platforms with No Available Data: 9

In our analysis we evaluated some 20 KPI related to ECSPR and general best practices as indicated above based on their visibility on the websites of licensed platforms. We ranked these as outlined according to our grading system. The consolidated results show a noticeable shortcoming in overall compliance with the tested KPI within the public discloser on the platforms websites. We only found three platforms that reached “Excellent” yet some 29 we grade “At Risk”.



Source: Eurocrowd.org

The overall data suggests that just one quarter of CSPs disclose relevant compliance with tested ECSPR requirements and broader transparency best practices. On the other hand, nearly 40% of platforms fail to meet the evaluation threshold, raising concerns about systemic underperformance in the sector. The overall distribution is symptomatic of broader transparency issues that persist even post-ECSPR implementation.

Key Findings: Transparency and Compliance Gaps

1. Regulatory Disclosures: Inconsistent and Absent

Although ECSPR requires platforms to publicly state their regulatory status and supervisory arrangements, many platforms either fail to disclose this information or do so in a non-standardized format. This undermines investor confidence and creates uncertainty about legal protections.

2. Governance and Team Transparency: A Black Box

Few platforms provide biographies or qualifications of their leadership teams. Supervisory boards or external advisors are rarely disclosed. This opacity makes it nearly impossible for users to assess platform credibility or alignment with governance best practices.

3. Operational Due Diligence: Vaguely Articulated or Undisclosed

Almost none of the platforms publish detailed project selection or evaluation methodologies. In a market where information asymmetry is a core risk, the lack of due diligence transparency is a red flag. Investors remain largely unaware of how projects are vetted or if they are vetted at all.

4. Financial Performance: Poor Reporting, Minimal Benchmarks

Very few platforms report annual performance data such as:

- Amount raised
- Number of campaigns
- Default rates
- Investor returns

Where such data exists, it is typically aggregated across years, with no breakdown by project category or risk class. This hinders investors’ ability to make informed decisions and obstructs market-level analytics.

5. Risk Communication and Investor Education: Underdeveloped

Educational resources for retail investors are scarce. Risk disclosures are often superficial, and only a handful of platforms offer meaningful investor onboarding or explain the differences between types of investments.

6. Complaint and Conflict Management: Mixed Results

Some platforms outline procedures for handling complaints and managing conflicts of interest. However, these are often limited in detail, lack standard forms, or do not specify timelines weakening their practical value in investor protection.

Implications for the Ecosystem

For Platforms

Platforms with high grades are more likely to enjoy a reputational and competitive advantage.

As investor awareness of ECSPR grows, these platforms are likely to attract more sophisticated and risk conscious capital.

Those with medium or low grades risk regulatory action or market exclusion if they do not raise standards quickly.

For Regulators

The wide variance in compliance underscores the need for proactive monitoring, not just licensing.

Additional guidance and support are needed for platforms in weaker jurisdictions, especially around transparency and reporting.

For Investors

The data reinforces the importance of due diligence. Investors should prioritize platforms with strong scores and visible compliance records.

The lack of standard reporting means investors cannot yet rely solely on market mechanisms for safety making regulatory enforcement essential.

Recommendations for Improving Sector Integrity

To strengthen the sector's credibility and ECSPR alignment, platforms should adopt the following best practices:

1. Fully disclose ECSPR status, supervisory authorities, and licensing details in a standardized format.
2. Provide detailed biographies of leadership and supervisory board members, including qualifications and prior experience.
3. Document and share project selection criteria, risk evaluation models, and due diligence processes.
4. Report annually on key metrics: funds raised, investor returns, and default rates (preferably disaggregated by category).
5. Communicate financial and operational risks, along with mitigation strategies and prudential safeguards.
6. Make complaints and conflict resolution mechanisms visible, with downloadable forms and clear response timelines.
7. Develop investor education tools: risk tutorials, FAQs, and project evaluation guides.

For regulators and national industry bodies, supporting the implementation of these best practices through training, harmonized templates, and reporting standards is essential for long term sector resilience.

CONCLUSION

A Sector in Transition, with Work Ahead

The data paints a sobering yet actionable picture of Europe's crowdfunding ecosystem under ECSPR. Alt hough the regulatory framework exists, implementa tion remains uneven and fragmented.

High scoring platforms show that excellence is possi ble, but nearly 40% of the market is failing to meet even minimum transparency and operational stand ards. A further segment lacks sufficient public data to be meaningfully evaluated, a clear sign of systemic de ficiencies in communication and disclosure.

As ECSPR continues to mature, platforms will need to embrace both the letter and the spirit of the regulation not just to avoid enforcement, but to build trust in a sector that is still gaining credibility. The stakes are high: transparency and compliance are not just regula tory hurdles, but the foundation for a thriving, investor friendly crowdfunding market.

Achieving these standards will require industry wide collaboration, enhanced guidance from regulators, and a shared commitment to quality and investor protec tion. Only then can European crowdfunding fulfill its potential as a democratized, sustainable, and trustwor thy source of finance for the future.

ECSPR Compliance: Uneven Ground

A Pan-European Analysis of ECSPR Compliance in the Crowdfunding Sector 2025

July, 2025

www.eurocrowd.org