



Class: FY BSc

Subject : Business Finance 1

Subject Code:

Chapter:

Chapter Name: Alternative sources of finance

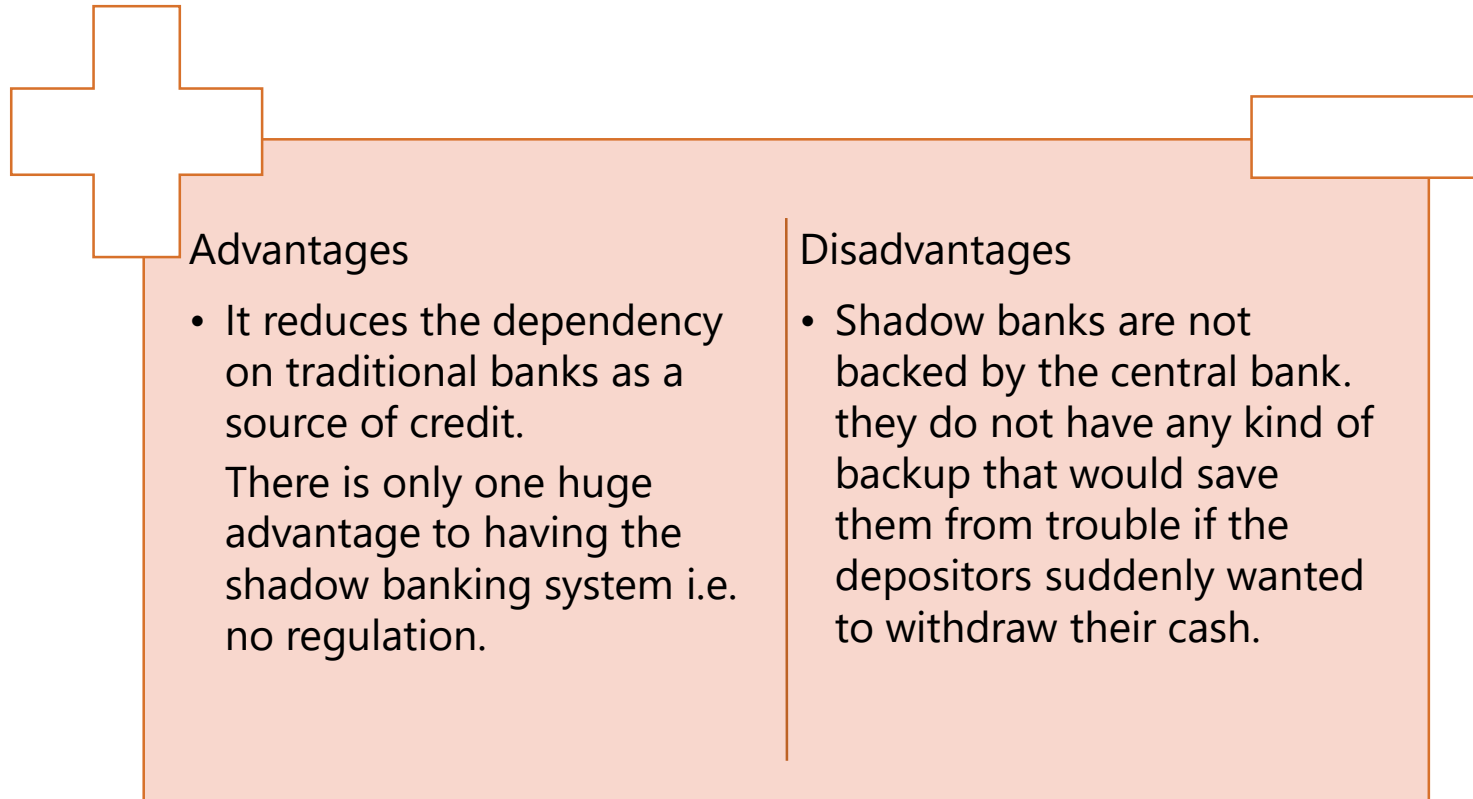
Today's Agenda

1. Shadow banking
2. Project financing
3. Crowd funding
4. Microfinance
5. Venture capital
6. Angel investing

1 Shadow banking



Shadow banks are non-bank financial institutions that carry out banking activity outside the regulated system.



2 Project financing



Project financing is used in financing large infrastructure projects, often involving public private partnerships where the size of the capital required for the project is very large, often amounting to hundreds of millions of pounds.

The main features of project finance are:

- formation of a new legal entity as a Special Purpose Vehicle
- non-recourse method of financing
- off-balance-sheet financing.

3 Crowd funding



Crowdfunding enables a large number of participants, individuals or businesses, to support a business, project, campaign or an individual.

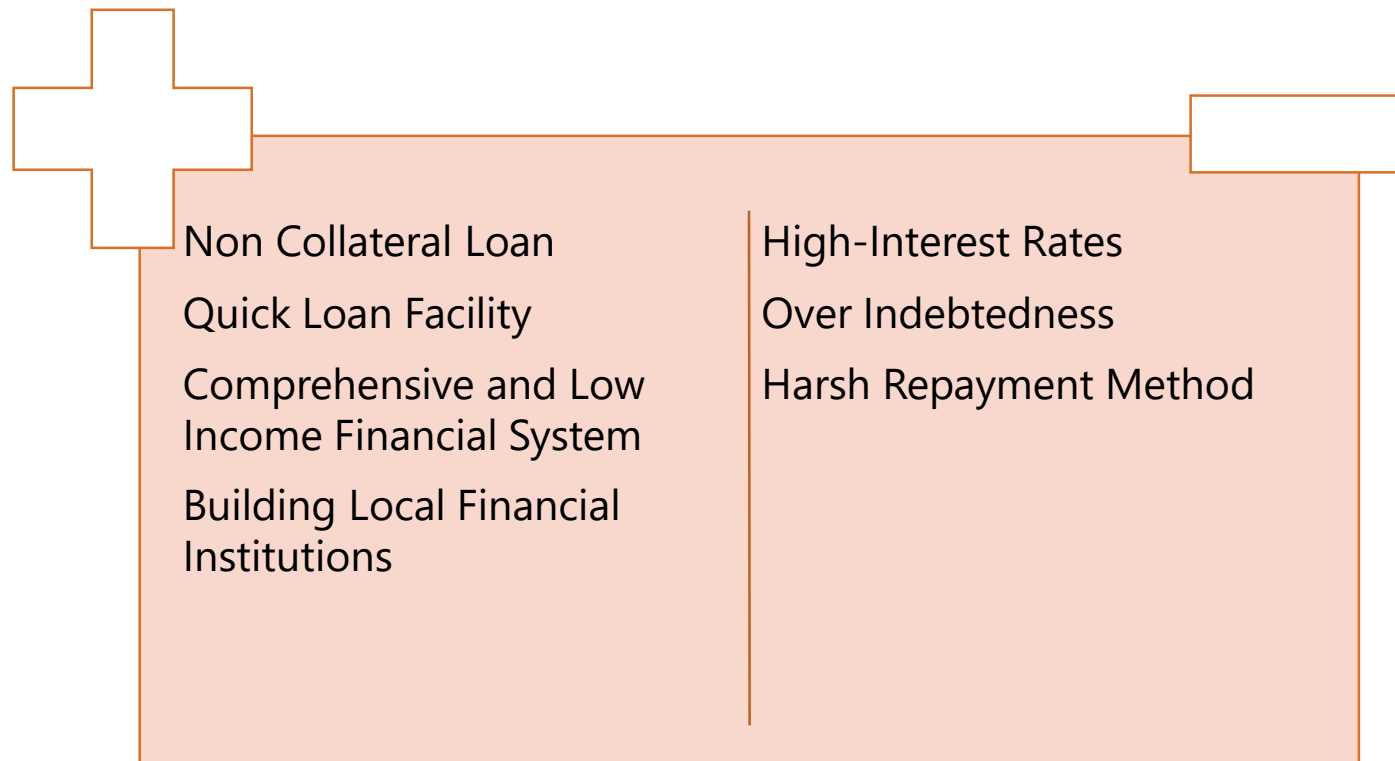
Some of the types are discussed below:

- Donation-based crowdfunding: In donating to a charity there are no financial rewards and donors derive satisfaction from helping the charitable cause.
- Pre-payment or reward-based crowdfunding: In return for giving money, participants are rewarded by receiving a service or a product such as concert tickets or a new computer game.
- Loan-based crowdfunding also known as 'peer-to-peer lending': Investors receive interest on the money they lend and their capital is repaid over time.
- Investment-based crowdfunding: Investors buy shares and benefit if the business succeeds.

4 Microfinance



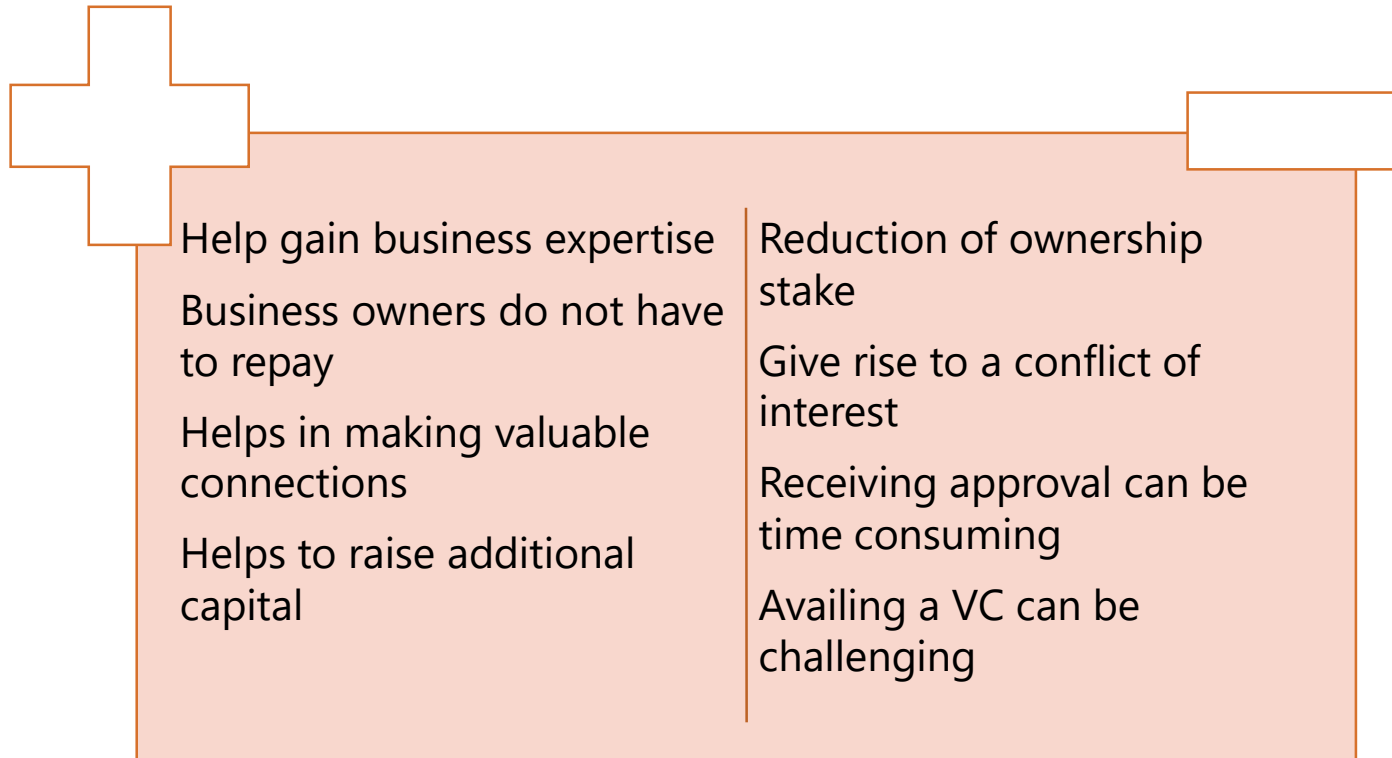
Microfinance refers to the financial services provided to low-income individuals or groups who are typically excluded from traditional banking.



5 Venture capital



Venture capital (VC) is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential.



6 Angel investing



Angel investing is a form of early-stage investment where High Net Worth Individuals provide funding to startups in exchange for a stake in the company.

