ORIGINAL PAPER

DOI: 10.26794/2220-6469-2026-20-1-57-68
UDC 336.64(045)
JEL G23, G24

The Impact of the Institutional Environment on the Development of Equity Crowdfunding in Russia: The UK Experience

P.A. Balunov[a], Yu.B. Ilyina[b]
[a,b] Saint Petersburg State University, Saint Petersburg, Russian Federation;
[a] "Imaton" LLC Professional Psychological Instruments, Saint Petersburg, Russian Federation

ABSTRACT

The relevance of this study is driven by the growing popularity of equity crowdfunding as an alternative source of financing for small and medium-sized enterprises, as well as the need for institutional support for this market in Russia. **The objective** of this article is identifying institutional factors that constrain the development of equity crowdfunding in Russia, as well as determining successful elements of foreign practices potentially applicable for development of the domestic market. **Methodology:** the study implies current cross-cultural research based on G. Hofstede's model of national cultures, analyses legal frameworks system, contractual practices, and market statistics. **Scientific novelty** lies in the theoretical conceptualisation of equity crowdfunding as an institutional phenomenon shaped by the interaction of cultural norms, formal rules, and contractual practices. The article develops O. Williamson's approach, demonstrating its relevance for analysing specific features of financial markets. **Research results**: a comparative analysis is conducted of the institutional environment for equity crowdfunding in Russia and the United Kingdom. Key differences are identified in value orientations, regulatory regimes, contractual forms, and specific market practices. The article outlines the interrelated mechanisms of the institutional environment and the maturity level of the crowdfunding market and it shapes key directions for institutional transformation. **Practical significance:** the findings can be used by regulators, platform operators, and policymakers in designing mechanisms to improve accessibility and foster the development of equity crowdfunding in Russia.

Keywords: equity crowdfunding; new institutional economics; institutional inclusiveness; Hofstede's cultural dimensions; legal regulation; economics of contracts

For citation: **Balunov P.A., Ilyina Yu.B. The Impact of the institutional environment on the development of equity crowdfunding in Russia: The UK experience. *The World of New Economy*. 2026;20(1):57-68. DOI: 10.26794/2220-6469-2026-20-1-57-68**

INTRODUCTION

It is one of the most common types of crowdfunding, alongside donation-based crowdfunding (uncompensated monetary donation), reward-based crowdfunding (acquisition of priority rights to use a product or symbolic gifts), and crowd lending (the provision of funds in the form of interest-bearing loans) [2]. In 2025, the global volume of crowdfunding exceeded 20 billion USD.[1] Donation-based crowdfunding is most often aimed at supporting creative and charitable initiatives. Reward-based crowdfunding is used to finance innovation and entrepreneurial projects. For instance, since 2009, the Kickstarter platform has raised over $ 8.2 billion from 23.7 million participants.[2] In Russia, crowd lending is the most popular, as it enables small and medium-sized businesses to raise loans. According to the Central Bank, between June 2024 and June 2025, investments in crowd lending totaled three-quarters of all crowdfunding investments.[3]

The appeal of equity crowdfunding for investors stems from the fact that participation, compared with a public offering of shares on an exchange, is significantly less costly and it represents a relatively easy process for the companies at the earliest stages of development [3].

In 2024, six investment platforms in Russia conducted such transactions with the total volume of funds raised amounting to 2.405 billion Rubles. Besides, in 2024–2025, at least nine platforms focused on collective investment in business were added to the Central Bank's register of investment platform operators (IPOs). Just a few years ago, equity crowdfunding in Russia was limited to a few transactions annually and was largely only mentioned in articles. Nowadays, it is a fully-fledged financing instrument accessible to the majority of small and medium-sized businesses, and is gradually becoming a real alternative to raising capital from venture capital funds or business angels.

[1] URL: https://www.thebusinessresearchcompany.com/report/crowdfunding-global-market-report

[2] URL: https://mystartupworld.com/kickstarter-projects-raised-over-8–2-billion/

[3] URL: https://cbr.ru/statistics/ifr/#a_159863file

However, despite the successes of recent years, this market in Russia remains immature and is still so different from global best practices: investors and companies encounter problems of insufficient regulation, scarce informational transparency, and the lack of preparedness of institutions related to this sphere.

A study of foreign experience can be used to better understand the current problems of equity crowdfunding in Russia and to identify the ways of its development in view of its national specific nature. The four-level model of social analysis by O. Williamson [4] helped the authors of the given article comparing the institutional environment for equity crowdfunding in Russia and the UK, the latter being a recognised global leader in this sphere. The main objectives of the study are the following:

- identification of the distinctive features of the institutional environment in the two countries at the level of informal institutions, formal legislative regulation, and private contracts;
- description of the impact of national characteristics on the equity crowdfunding market and the behaviour of investors and companies in Russia and the UK;
- determination of the elements of institutional environment in the UK that could contribute to the development of the equity crowdfunding market in Russia.

Observing the role of institutions as a key factor which determines the development of equity crowdfunding, we do not deny the influence of other factors of a different nature, such as the overall size of the market possibly available to start-ups, differences in the level of public welfare, specifics of technological development, etc.). However, despite their evident significance, they are beyond the focus of this article and require independent study.

Brief Overview of the Russian Equity Crowdfunding Market

As of July 2025, the register of the Central Bank contains 20 platforms involved in raising funds through direct investment in the capital of nonpublic companies.[4] In 2024, only six of them reported actual transactions (*Table 1*).

As *Table 1* indicates, two major platforms Rounds and Zorko raised the largest funds.

Ten out of fourteen inactive platforms registered in 2024–2025 may begin operations in the near future. Notably, these include projects from tech giants MTS and T-Bank, including MTS Stars LLC and T-INVEST LAB LLC, indicating growing interest in equity crowdfunding among large players. In the coming years, one can expect not only a multiple increase in this sector's volume but also its qualitative development, caused by enhanced competition between current leaders and new players.

The launch of large IT companies onto this market could radically change the entire system by means of creating potential syndicated deals with the joint participation of institutional and private investors. International researchers find this an effective tool for overcoming the problem of asymmetric information, which allows unqualified investors to leverage the expertise of professional participants [5].

Equity Crowdfunding in the UK

Equity crowdfunding has a significantly longer history abroad than in Russia. Crowdcube and Seedrs, the two largest UK platforms were launched in 2011 and 2012, respectively. In 2017 and 2018, the brewery Brewdog and Revolut, which is the Fintech service with Russian roots, became the world's initial unicorn companies[5] to undergo crowdfunding [6]. In 2024, the total value of UK equity crowdfunding deals reached £325 million.[6] With comparable GDP levels in Russia and the UK for 2024[7] — $2.16 and $3.64 trillion, respectively, actual crowdfunding volumes make a 13-fold difference.[8]

At the same time, the UK equity crowdfunding market represents 3.7 per cent of the total venture capital deal volume over the similar period. By comparison, even taking into account that the Russian venture capital market is experiencing a downturn and has shrunk six-fold in 2022, equity crowdfunding accounted for only 1.4 per cent of the total deal volume involving venture capital funds in 2024.[9]

These data illustrate that the size of the economies or the overall level of development of the

[4] URL: https://cbr.ru/admissionfinmarket/navigator/oip/

[5] Startup assessed over 1 billion USD.

[6] URL: https://www.beauhurst.com/blog/uk-equity-crowdfunding/

[7] URL: https://www.kommersant.ru/doc/7495952?ysclid=mczyznqs1h110830448; https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=GB

[8] Calculated by the authors of the article.

[9] URL: https://b1.ru/analytics/b1-dsight-venture-eurasia-2024-results-review/?ysclid=mlko1g65hn291391175

Table 1

Active ECF Platforms in Russia in 2024

Title	Legal entity	Website	Entry date in the registry	Volume of transactions in 2024 (million Rubles)	Volume ofinvestmentsper individual investor (thousand Rubles)
Rounds	JSC Rounds	https://rounds.ru	12.05.2021	901.0	2935
Zapusk	LLC Capitalization	http://zapusk.tech/	18.02.2022	301.6	1042
Finmuster	JSC ETSB Platform Operator	https://investment-platforma.com	04.03.2022	72.4	619
Bizmall	JSC Financial Platform BIZMALL	https://bizmall.ru	22.08.2022	30.7	407
Zorko	LLC PFL New Investments	https://zorko-exchange.ru	14.02.2023	825	436
Brainbox.VC	JSC Brainbox.VC	https://brainbox.vc/	12.03.2023	274.7	108

Source: compiled by the authors based on the annual platform operators' reports.

venture capital system does not explain the differences in volumes. Drawing upon the new institutional theory and its fundamental premise that "institutions matter" [7], we will do our best to identify the key success factors of the UK equity crowdfunding and explore the opportunities for its development in Russia.

O. Williamson's Levels of Social Analysis

We apply the classical level model of social analysis proposed by O. Williamson [4] for a systematic analysis of the institutional environment in both countries (*Table 2*).

Those located above it influence each subsequent level of the model. Thus, to grasp the immediate behavior of market participants, expressed in the overall of transactions between them (the fourth level), it is necessary to consider it within a broader institutional context.

The first (basic) level is represented by the set of informal institutions that have developed in a given society. Despite the diversity and complexity of objective study, we need a simple tool for comparing their systems. We shall use the six-factor model of national cultures by G. Hofstede, which contains six main dimensions: (1) Power Distance, (2) Individualism vs. Collectivism, (3) Masculinity vs. Femininity, (4) Uncertainty Avoidance, (5) Long-Term vs. Short-Term Orientation as well as (6) Indulgence vs. Restraint [8].

A description of the informal institutions of Russia and the United Kingdom involving six dimensions makes it possible to grasp the main distinctive features of the two countries, as well as to determine core differences between them. The long global history of empirical research allows using the assessments by G. Hofstede et al. [8] as a highly reliable source, unrivalled in cross-cultural studies.

The second level of the model describes the set of formal institutions regulating human behaviour in a given society. Within the context of this article, we are mainly interested in the legislative acts regulating the activities of crowdfunding platforms, which determine the rights and obligations of all major market participants. This is the Russia's Federal Law No. 259-FZ of 02.08.2019 "On Attracting Investments Using Investment Platforms and on Amendments to Certain Legislative Acts of the Russian Federation".[10] The UK foundations of crowdfunding regulation were established by the FCA Policy Statement 14/4,[11] which involves amendments to the existing legislative system described in the FCA Handbook.

Formal institutions draw the general rules of the game to implement for market participants requiring private contracts with governing relations between partners (Level 3) [4]. Contracts sealed between investors and other market participants fulfill this role in equity crowdfunding: the investment platform and the companies to be funded.

The abovementioned number and total volume of transactions on the market constitute the last (fourth) level of social analysis. We consider it as the direct result of the influence of the higher levels in this study.

Furthermore, we describe the similarities and differences between the institutional environments of both countries at each level, as well as the mechanisms of impact on the actual behaviour of market players.

Analysis of the institutional environment. Level of informal institutions

The figure below illustrates a comparison of national cultural profiles in Russia and the United Kingdom, based on G. Hofstede's typology [8–10] and analysis conducted by the Institute of Sociology of the Russian Academy of Sciences in 2010 (dimensions 1–4) [11]. The results significantly differ from the data of G. Hofstede's original study conducted in the late-20th century. They reflect more precisely the cultural transformations that have occurred in Russian society since then. The study of dimensions 5 and 6 accomplished in the 21st century made them more applicable to contemporary Russian realities.

One of the most fundamental indicators of national culture is power distance. As Geert Hofstede notes, "power is preserved only where it is

[10] URL: https://www.consultant.ru/document/cons_doc_LAW_330652/

[11] URL: https://www.fca.org.uk/publication/policy/ps14–04.pdf

Table 2

Levels of Social Analysis

Level	Frequency of changes	Normative task
L1. Embeddedness: *informal institutions, customs, traditions, norms, religion*	100–1000 years	Difficult to calculate or purposefully change. No normative task.
L2. Institutional environment: *formal "rules of the game", in particular, property rights, state institutions (judicial system, bureaucracy)*	10–100 years	Correct calibration of the institutional environment. First-order economising.
L3. Governance: *"play of the game", in particular, contracts (alignment of governance mechanisms with transactions)*	1–10 years	Correct calibration of governance mechanisms. Second-order economising.
L4. Resource allocation, employment: *prices and quantities, alignment of incentives*	Continuously	Correct calibration of marginal conditions. Third-order economising.

Source: [4].

met with submission" [8]. Countries with high power distance determine the majority of the population effectively excluded from participation in societal life. As to equality among members and the permeability of social strata, these are the signs of low power distance. This indicator can be viewed as the cultural foundation for the formation of inclusive or, conversely, extractive institutions. As D. Acemoglu and J. Robinson indicated, the prevalence of inclusive institutions is associated with economic growth, whereas extractive institutions deprive the majority of the population of incentives to invest in physical and human capital, technology, and the organisation of production, leading to stagnation [12].

At the level of value orientations, both Russia and the United Kingdom indicate a low power distance, which creates a basis for the formation of inclusive institutions. However, this depends on the political will of elites rather than on the preferences of society as a whole [13].

Since its origin, crowdfunding has occurred as a tool to enhance financial inclusivity, creating new opportunities for companies that usually have problems attracting venture financing [14], as well as, granting for the first time individuals the access with minimal capital direct investment in companies at early stages of development [15]. The idea of inclusivity persists to this day in the UK with the two largest platforms: Seedrs and Crowdcube. They allow investment from the minimum of £10, ensuring equal opportunity for participation regardless of wealth. As to Russia, contrary to its intended purpose, equity crowdfunding is oriented not in favour of masses of ordinary citizens, but for a rather limited group of high-net-worth individuals, many of whom are accredited investors. Out of the six active platforms, only Brainbox.VC resembles classic crowdfunding. The others offer investments with an average entry threshold of 100,000 Rubles or more (*Table 1*).

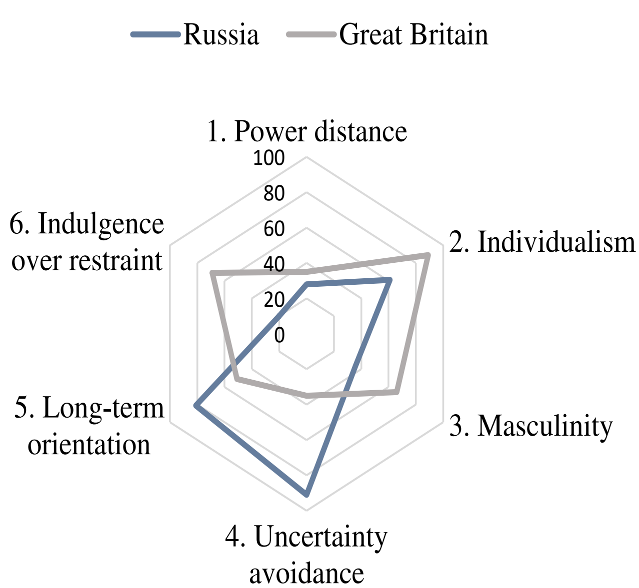

Fig. **Comparison of National Culture Profiles of Russia and UK**

Source: compiled by the authors.

Thus, in contrast to the UK, equity crowdfunding in Russia indicates the predominance of extractive institutions. This instrument is of low accessibility for the majority of the population, which distorts the original meaning of crowdfunding and makes a serious problem as a hindrance for the market development.

One of the specific aspect of Russian mentality, leading to its intermediate position between the East-West countries, is the prevalence of long-term orientation, directly associated with the predominance of long-term investment strategies [16]. One may expect that such mentality constitutes a positive factor contributing to the development of equity crowdfunding, which links to an extremely low investment liquidity and a long extended period for returns. However, the Russians (unlike residents of most Western countries) exhibit an extremely high level of uncertainty avoidance: they prefer less risky investments with consistent returns, more frequently purchase precious metals, and invest less frequently in equities [17].

Some foreign studies indicate, that investments through equity crowdfunding have a pronounced altruistic and collectivist range of components. On the one hand, investors try to facilitate the progress of society [18], to back up the companies they like, and to share in their success [19], and on the other hand, they wish to become members of a community and meet like-minded individuals [19]. Only individuals inclined towards social interaction actively invest in such projects [20]. One might expect that a high level of collectivism inherent in our society could positively influence the spread of crowdfunding in Russia. However, the issue of extractiveness plays a core role in it: there are predominantly private individuals who invest modest amounts as a form of entertainment in the West [1]. As to Russia, low accessibility of equity crowdfunding for investors with limited capital, high-net-worth participants operate on the main market. They regard investments primarily as a source of income and pay significantly less attention to non-financial motives. Thus, potential positive effect of the predominance of collectivist values is underestimated under conditions of high extractiveness in existing institutions.

As to the backed up companies, the overall level of innovativeness in the economy becomes a key factor stimulating the venture investment market in general, and equity crowdfunding in particular. All existing research on this topic is highly controversial. The only positively significant factor is the predominance of indulgence over restraint [21–25]. Masculinity also plays a certain role: in this sense, the culture of the United Kingdom represents a more favourable ground for the development of innovations. This is proved by comparing the 2024 national innovation indices of the World Intellectual Property Organisation[12]: the UK holds the fifth top-list position and Russia only fifty-ninth among 133 countries.

Overall, Russia has a sufficiently positive cultural environment for the development of equity crowdfunding according to its own scenario. This is supported by a long-term orientation combined with collectivist values.

However, the major problem, is the pronounced extractiveness of existing institutions, which is manifested by a low accessibility of equity crowdfunding for ordinary citizens. This very idea is based on inclusivity and mass participation. Involving a large number of investors is a mandatory condition for the full-fledged functioning of this market, otherwise, it loses its core advantages and transforms merely into a more technologically advanced version of angel investing.

Level of Formal Institutions

Meanwhile some norms and customs occur organically in societies through gradual evolutionary processes, other ones are generated purposefully and codified in the form of prescriptions. The establishment of uniform and clear “rules of the game” ensures a significant reduction in transaction cost savings [26]. The UK adopted such regulation since 2014 and domestic literature calls it a liberal system [27], focused on the gradual in-

[12] URL: https://www.wipo.int/web-publications/global-innovation-index-2024/en/

troduction of restrictions and the protection of consumer rights [28]. Hence, this experience can be used to determine possible directions for improving the domestic regulatory system.

The origin for legislative regulation of equity crowdfunding in Russia can be assumed the Federal Law No. 259-FZ. It stipulates that companies involved in the activities related to attracting collective investments in Russia need to have a preliminary registration in the register of investment platform operators maintained by the Central Bank. Enhanced requirements are imposed on IPO's transparency of operations and disclosure of information as well. They include information on major shareholders and governing bodies and a list of main rules such as forms of contracts concluded with investors and companies, rules for participants, investment methods, compensation system, etc. Besides, requirements encompass annual and special reports on the operator's activities, indicating the total volume of attracted investments, the number of investors and campaigns, as well as the average volume of funds invested per participant.

In addition, the platform should provide information on the financed companies and the planned issuances within crowdfunding campaigns, including a description of the risks for investors.

However, the mentioned above information may provide only the most general concept of the quality of the investment proposition, while some explanations remains quite vague. This makes it possible to maintain a significant information asymmetry between the company aimed for funding and its potential investors [29]. Russian scholars [15, 30, 32] and foreign scientists [1, 31] describe this problem in their work as highly dramatic.

Russian legislation also stipulates that the equity capital of IPOs must be no less than 5 million Rubles. Besides, they are not permitted (with certain exceptions) to engage concurrently in other financial activities or to have on their governing bodies individuals recognised as bankrupts or extremists, individuals who are disqualified, have criminal records for economic offences, or lack higher education.

Likewise, companies attracting investment, for their part, cannot have managers who are recognised as extremists, have criminal records, are disqualified, or bankrupt. At the same time, there is a restriction for entities, which are not public joint-stock companies: total annual amount of raised investment cannot exceed 1 billion Rubles. In general, these measures constitute a necessary minimum, however, they do not secure proper protection against misleading investors or the misuse of the investments obtained due to the absence of thorough diligence on issuers, [30].

To protect retail investors, IPOs must provide their confirmation that they have been informed on all risks and accept them. A restriction limit of investment volume for non-accredited investors is 600,000 rubles per year.

In general, the crowdfunding legislative regulation in Russia has largely copied the UK norms established over years of gradual legislative development (PS14/4, PS18/14, PS19/14, PS20/9, PS22/10, PS25/10).

The Financial Conduct Authority (FCA) supervises the activities of UK crowdfunding platforms. It holds information on their names, locations, data on major shareholders, etc. (PS14/4). Platforms, in turn, must conduct preliminary checks, inquire material information about the company being funded, its key shareholders, business model, intangible assets, financial performance, key risks, details of the investment agreement, etc. for each investment proposition. A recently adopted regulatory document (PS25/10) includes a very comprehensive list of details needed for the above information.

Such requirements are a key instrument to overcome the problem of information asymmetry, which paralyses the operation of any market [30], enabling investors to make decisions to manage their risks. Currently, Russian legislation needs a deeper development of this issue, and the UK regulatory norms could be a starting point.

Both countries contain similar legislative requirements for the composition of the platform's management and its key shareholders. Besides, the equity capital of platforms in the UK must not exceed £50,000 (comparable to 5 million Rubles under Russian legislation), which ensures the stability of financial operations (PS14/4).

Unlike in Russia, the United Kingdom does not fix an annual investment threshold for non-accredited investors. Instead, they set a limit of 10 per cent of the investor's total available assets, which could be invested in crowdfunding projects within a year.[13] Since, accredited investors in the UK have net assets of minimum £250,000 [31], this approach can be considered more flexible and it facilitates the growth of the crowdfunding market, and protects non-professional investors against critical losses.

Besides, the UK legislation contains a few more additional provisions to protect non-accredited investors that are not available in the Russian regulations. Each newcomer among investors on a platform, is required to pass a basic test in understanding of the nature of crowdfunding instruments and the associated risks. Those who failed this test can not use the platform (PS19/14). Since 2022, a mandatory "cooling-off period" has been established for new investors: upon their interest expressed in an offer, final consent can be given only 24 hours later (PS22/10). Since 2019, mass advertising of crowdfunding offers for retail investors was banned in the UK (PS19/14). In general, the UK legislation provides a strong protection for vulnerable groups of investors against impulsive decisions, avoiding significant measures that would slow market growth.

A notable aspect of the UK crowdfunding is the system of tax incentives for investors in companies at early stages of development: the Seed Enterprise Investment Scheme (SEIS).[14] It allows investors up to 50 per cent refund of the amount endowed in the form of income tax reduction (up to £200,000 per year), exemption from capital gains tax (upon holding shares for at least 3 years), and also from inheritance tax (after holding the capital for 2 years).

[13] URL: https://www.fca.org.uk/consumers/crowdfunding

[14] URL: https://assets.publishing.service.gov.uk/media/5a7a15a0e5274a319e777bdc/seed_enterprise_investment_scheme.pdf?utm_source=chatgpt.com

All this compared to more conservative instruments, provides a strong advantage for equity crowdfunding.

In summary, the legislative regulation of crowdfunding in Russia operates in accordance with the similar principles as in the UK. However, there are significant differences on certain issues and the legislation in Russian remains less elaborated at the level of specific requirements and provisions.

Currently, there are two key factors of advantage at the level of formal institutions in the UK institutional environment:

- requirements in legislation for diligence of funded companies by the platform and the mandatory revealing of a significant amount of information about the issuer;
- tax incentives for investors in crowdfunding projects and these instruments in our context can potentially stimulate an accelerated market growth.

Level of Private Contracts

Although a developed legislative system sets "the rules of the game" and shapes the general framework for the behaviour of market participants, parties resolve disputes among themselves mostly through private settlement [4]. Consequently, universal legislation proves insufficient, and private contracts become necessary for defining the specific rights and obligations of the parties [33].

Analysing UK practice, we relied on the investor terms on the two largest national platforms: Crowdcube[15] and Seedrs,[16] which operate on similar principles. For the analysis of the Russian context, we selected Zorkro and Brainbox.VC. The former is one of the largest platforms, on which over a third of the total volume of crowdfunding investments in the country was raised in 2024. Hense, it is sufficiently representative of the market as a whole. Brainbox.VC is the only platform in Russia oriented towards small retail investors. This involves a special form of contract, requiring a specific consideration.

[15] URL: https://www.crowdcube.com/explore/investor-terms

[16] URL: https://europe.republic.com/pages/campaign-ts-cs

A key feature of crowdfunding contracts in the United Kingdom is the use of a nominee structure: the shares acquired by the investor are recorded in the name of the platform, which uses them on behalf of all investors. Thus, the major investor receives beneficial rights, but it not listed into the shareholder register. This framework was initially introduced by the platform Seedrs in 2012, and since 2015 it was used by Crowdcube and SyndicateRoom [34].

Making a consolidation of all crowd-investors into a single account, the nominee structure allows for general transaction cost saving and enhancing the efficiency of corporate governance, as well as providing protection for retail investors. Entities issuing shares within the nominee structure have been profitable, raising more funds and exceeding their initial targets [36]. Upon crowdfunding, such entities often repeated funding rounds, achieved higher performance level [35], and had a good potential for attracting capital from venture investors [36]. Thus, this scheme is highly attractive both for investors and for the funded companies.

Besides, Crowdcube permits acquiring type A shares for certain campaigns. This allows the investor the right of direct ownership of a stake in them and the ability to participate in management. However, the acquisition of such shares usually requires an investment of several dozens of thousands of UK pounds.

All Russian investors own shares directly on the platforms without its go-between role: the platform only provides the infrastructure for concluding a contract between the entity and the investor, so that the information on the latter enters the registrar among the shareholders.[17]

It is worth noting, that companies place ordinary shares on the Zorko platform, which allows investors to participate equally in corporate governance.[18] As to Brainbox.VC, it provides for the placement of preference shares, which do not grant investors voting rights. The platform seeks to increase the access of crowdfunding investment, with a minimum entry threshold starting from a few thousand Rubles.

According to researchers, the majority of small crowd-investors are passive and do not participate in management [37]. Thus, a high dispersion of control rights negatively influences the effectiveness of corporate governance. In order to avoid this, the platform seeks to retain full control in the hands of major shareholders.

Actually, the scheme proposed by Brainbox.VC is an alternative to the nominee structure used by platforms for the same purposes. However, this type of transaction arrangement has fundamental drawbacks. Under a nominee structure, the platform takes part in corporate governance on behalf of minority shareholders, protecting their interests and preventing discrimination by larger owners. In a situation where investors own shares directly but in practice have no ability to participate in management, they risk their interests would not be taken into account by other shareholders.

Although the nominee structure has long existed in the UK as an effective mechanism for protecting minority interests and has become very popular, its equivalent is not yet adopted in Russia. The operation of this scheme in our market could enhance the attractiveness of equity crowdfunding, on the one hand, by securing investors' rights to participate in decision-making, and on the other, by increasing the efficiency of corporate governance and contributing to business success in the long term.

CONCLUSIONS

In current years, equity crowdfunding in Russia has transformed from a small-scale financial experiment into an actively developing market. However, the existing institutional environment remains immature, restricting the influx of new investors and companies. The comparative analysis made through O. Williamson's four-level model of social analysis allows for finding key

[17] URL: https://zorko-exchange.ru/docs/requirements/issuer/Investment_agreement.pdf; https://static.brainbox.vc/eoshp1yt52f7av8t87yd4ftbvyf9

[18] URL: https://zorko-exchange.ru/docs/offering/doubleb/conditions_document.pdf

institutional differences between equity crowdfunding in Russia and the UK.

At the level of informal institutions, the Russian environment exhibits both constraints and factors influencing market development: the tendency of uncertainty towards avoiding risks is linked to more conservative behaviour by its participants, which hinders the spread of high-risk investment instruments, including equity crowdfunding. Concurrently, if the latter is highly accessible to ordinary investors, long-term orientation and collectivist attitudes could build a foundation for shaping a culture of sustainable, socially oriented investment. In practice, crowdfunding in Russia still maintains a relatively high entry threshold, as a more technologically advanced form of angel investment. This is a key and fundamental problem distorting the original concept.

The formal regulation of equity crowdfunding in Russia largely copies the UK approach, but it is more simplified. Requirements of detailed information disclosure, mechanisms for protecting retail investors, and tax incentives represent essential guidelines for the future improvement of Russian legislation.

Evident differences are also notable in the framework of private contracts. The UK nominee structure has been widely adopted, which allowed platforms participating in corporate governance on behalf of minority investors, ensuring the protection of their interests. In Russia, direct ownership model is used which practically excludes retail investors from company management and enhances risks of infringement of their interests.

The institutional differences described in this article constitute a significant institutional factor. It illustrates a notable gap in market scale, which cannot be attributed solely to general economic reasons. A significant hindrance of development of domestic market is high information asymmetry, weak protection of rights and limited access to transactions for retail investors, as well as a grave mistrust between private and corporate participants.

The current situation in Russia constitutes strong prerequisites for the intensive growth and qualitative development of equity crowdfunding. However, an essential condition for this is systematic institutional renewal at the level of both formal and informal institutions.

REFERENCES

1. Ahlers G.K., Cumming D., Günther C., Schweizer D. Signaling in equity crowdfunding. *Entrepreneurship Theory and Practice*. 2015;39(4):955-980. DOI: 10.1111/etap.12157
2. Shneor R., Vik A.A. Crowdfunding success: A systematic literature review 2010-2017. *Baltic Journal of Management*. 2020;15(2):149-182. DOI: 10.1108/BJM-04-2019-0148
3. Hornuf L., Schwienbacher A. Should securities regulation promote equity crowdfunding? *Small Business Economics*. 2017;49(3):579-593. DOI: 10.1007/s11187-017-9839-9
4. Williamson O.E. The new institutional economics: Taking stock, looking ahead. *Journal of Economic Literature*. 2000;38(3):595-613. DOI: 10.1257/jel.38.3.595
5. Agrawal A., Catalini C., Goldfarb A. Are syndicates the killer app of equity crowdfunding? *California Management Review*. 2016;58(2):111-124. DOI: 10.1525/cmr.2016.58.2.111
6. Schwienbacher A. Equity crowdfunding: Anything to celebrate? *Venture Capital*. 2019;21(1):65-74. DOI: 10.1080/13691066.2018.1559010
7. North D.C. Institutions and economic growth: An historical introduction. *World Development*. 1989;17(9):1319-1332. DOI: 10.1016/0305-750X(89)90075-2
8. Hofstede G., Hofstede G.J., Minkov M. Cultures and organizations: Software of the mind. New York, NY: McGraw-Hill; 2010. 576 p.
9. Hofstede G. Culture's consequences: International differences in work-related values. Newbury Park, CA: SAGE Publications; 1984. 327 p.

10. Minkov M., Hofstede G. Hofstede's fifth dimension: New evidence from the World Values Survey. *Journal of Cross-Cultural Psychology*. 2012;43(1):3-14. DOI: 10.1177/0022022110388567
11. Latova N.V. Russians' cultural specificity (an ethnometrical analysis based on Geert Hofstede's concept). *Vestnik Instituta Sotsiologii = Bulletin of the Institute of Sociology*. 2016;(4):155-179. (In Russ.). DOI: 10.19181/vis.2016.19.4.433
12. Acemoglu D., Robinson J.A. Why nations fail: The origins of power, prosperity, and poverty. New York, NY: Crown Currency; 2013. 579 p.
13. Acemoglu D., Johnson S., Robinson J.A. Institutions as a fundamental cause of long-run growth. In: Aghion Ph., Durlauf S.N., eds. Handbook of economic growth. Amsterdam: North-Holland; 2005;1:385-472.
14. Mollick E., Robb A. Democratizing innovation and capital access: The role of crowdfunding. *California Management Review*. 2016;58(2):72-87. DOI: 10.1525/cmr.2016.58.2.72
15. Berezinets I., Volkov D., Erisov A., Ilina Y., Tsarkov I. Crowdfunding as an instrument of investment opportunities and democratization of small and medium entreprises financing. Moscow: HSE Publ.; 2025. 112 p. (In Russ.).
16. Arpaci I., Aslan O., Kevser M. Evaluating short-and long-term investment strategies: Development and validation of the investment strategies scale (ISS). *Financial Innovation*. 2024;10(1):63. DOI: 10.1186/s40854-023-00573-4
17. De Mooij M.K. Consumer behavior and culture: Consequences for global marketing and advertising. Thousand Oaks, CA: SAGE Publications; 2004. 345 p.
18. Oh T., Kwon K., Sung H. Motivations and intentions for equity and reward-based crowdfunding in professional sports. *Sport, Business and Management: An International Journal*. 2023;13(4);417-430. DOI: 10.1108/SBM-06-2022-0048
19. Huynh E., Ugander J. Drivers of the crowd: Identifying the key motivators to perform equity-based crowdfunding investment. Stockholm: Stockholm School of Economics; 2015. 105 p.
20. Hervé F., Manthé E., Sannajust A., Schwienbacher A. Determinants of individual investment decisions in investment□based crowdfunding. *Journal of Business Finance & Accounting.* 2019;46(5-6):762-783. DOI: 10.1111/jbfa.12372
21. Prim A.L., Filho L.S., Zamur G.A.C., Di Serio L.C. The relationship between national culture dimensions and degree of innovation. *International Journal of Innovation Management.* 2017;21(1):1730001. DOI: 10.1142/S136391961730001X
22. Khan R., Cox P. Country culture and national innovation. *Archives of Business Research*. 2017;5(2):85-101. DOI: 10.14738/abr.52.2768
23. Murswieck R., Drăgan M., Maftei M., Ivana D., Fortmüller A. A study on the relationship between cultural dimensions and innovation performance in the European Union countries. *Applied Economics*. 2020;52(22):2377-2391. DOI: 10.1080/00036846.2019.1690628
24. Tehseen S., Deng P., Wu B., Gao Y. Culture values and entrepreneurial innovativeness: A comparative study of Malaysian ethnic entrepreneurs. *Journal of Small Business Management.* 2023;61(6):2622-2655. DOI: 10.1080/00472778.2021.1934848
25. Zheng F., Zhao C., Yasmin F., Sokolova M. Hofstede's cultural dimensions and proactive behavior as the antecedents of entrepreneurial innovativeness. *Acta Psychologica*. 2025;256:104948. DOI: 10.1016/j.actpsy.2025.104948
26. North D.C. Institutions, institutional change and economic performance. Cambridge: Cambridge University Press; 1990. 159 p.
27. Schetinina E.A. Equity crowdfunding as an alternative financing model for early stage businesses and startups. International approaches. *Ekonomicheskii vektor = Economic Vector*. 2016;(1):22-27. (In Russ.).
28. Kuznetsov V.A. Crowdfunding: Regulatory issues. *Den;gi i kredit = Russian Journal of Money and Finance*. 2017;(1):65-73. (In Russ.).
29. Akerlof G.A. The market for "lemons": Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics.* 1970;84(3):488-500. DOI: 10.2307/1879431

30. Berezinets I., Ilina Yu., Bobrov K., Koptsev V. Alternative investments: Motives and risks for investors on crowdfunding platforms. *Vestnik Sankt-Peterburgskogo Universiteta. Menedzhment = Vestnik of Saint Petersburg University. Management Series*. 2023;22(3):313-336. (In Russ.). DOI: 10.21638/11701/spbu08.2023.303
31. Cumming D.J., Vanacker T., Zahra S.A. Equity crowdfunding and governance: Toward an integrative approach. *Academy of Management Perspectives*. 2021;35(1):69-95. DOI: 10.5465/amp.2017.0208
32. Berezinets I.V., Ilyina Yu.B., Klyarovskaya N.A. Equity crowdfunding: determinants of company's success on a crowdfunding platform. *Vestnik Sankt-Peterburgskogo Universiteta. Menedzhment = Vestnik of Saint Petersburg University. Management Series*. 2021;20(2):131-164. (In Russ.). DOI: 10.21638/11701/spbu08.2021.201
33. Macneil I.R. The many futures of contracts. *Southern California Law Review*. 1973;(47):691. URL: https://alliance-contractingelectroniclawjournal.com/wp-content/uploads/2017/04/MacNeil-I.-1973-1974-%E2%80%98The-Many-Futures-of-Contracts%E2%80%99.pdf
34. Coakley J., Cumming D., Lazos A., Vismara S. Lead investor nominee in equity crowdfunding. *British Journal of Management*. 2025;36(4):1524-1538. DOI: 10.1111/1467-8551.12918
35. Walthoff-Borm X., Vanacker T., Collewaert V. Equity crowdfunding, shareholder structures, and firm performance. *Corporate Governance: An International Review*. 2018;26(5):314-330. DOI: 10.1111/corg.12259
36. Butticè V., Di Pietro F., Tenca F. Is equity crowdfunding always good? Deal structure and the attraction of venture capital investors. *Journal of Corporate Finance*. 2020;65:101773. DOI: 10.1016/j.jcorpfin.2020.101773
37. Hornuf L., Schilling T., Schwienbacher A. Are equity crowdfunding investors active investors? CESifo Working Papers. 2019;(7884). URL: https://www.ifo.de/DocDL/cesifo1_wp7884_0.pdf

ABOUT THE AUTHORS

Petr A. Balunov — Postgraduate Student, Graduate School of Management, St. Petersburg State University, St. Petersburg, Russian Federation; Commercial Director, "Imaton" LLC Professional Psychological Instruments, St. Petersburg, Russian Federation
https://orcid.org/0009-0008-9971-2265
st071308@student.spbu.ru

Yulia B. Ilyna — Cand. Sci. (Econ.), Associate Professor of Department of Finance and Accounting Graduate School of Management, St. Petersburg State University, St. Petersburg, Russian Federation
https://orcid.org/0000-0002-4187-8990
Corresponding author:
jilina@gsom.spbu.ru

Conflicts of Interest Statement: The authors have no conflicts of interest to declare.

The article was received on 17.08.2025; revised on 12.09.2025 and accepted for publication on 20.12.2025. The authors read and approved the final version of the manuscript.