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Abstract

The 2008 financial crisi m-sized enterprises, resulting in significant declines in the availability of bank lending and venture capital. This has prompted government intervention to improve the availability of debt and equity capital. Whereas there are comprehensive statistics on bank lending and venture capital investments, equivalent information on business angel investment activity is lacking. This paper draws upon three sources of evidence on business angel investment activity in the UK—business angel networks, Scottish angel groups, and individual angels—to reveal for the first time how the angel market has fared during the early stage of the financial crisis. While the evidence is not entirely consistent, it is clear that angel investment activity has held up since the onset of the financial crisis. This further emphasises the economic significance of business angels and underlines the need for ongoing government support. Policy options are reviewed.

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