Moving IP Finance from the Margins to the Mainstream

WIPO

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Executive summary

- Businesses need access to capital to scale and grow, yet many struggle when raising funds. This finance gap limits their success and potential for economic prosperity.

- Mainstreaming IP finance could narrow this gap. What an enterprise creates and invents holds tremendous value when protected by intellectual property (IP) rights. These intangible assets can unlock both debt and equity financing.

- Despite this potential, IP finance is still in its infancy. Several obstacles impede its growth. Overcoming these challenges requires inputs from multiple sectors and disciplines. No single entity can address them alone.

- WIPO, as the UN agency dedicated to developing a balanced and effective international IP system, brings together actors across disciplines to drive progress on these issues.

- This paper describes the potential of IP finance, the challenges it faces, and approaches of different countries to tackle them. It also outlines WIPO’s initiatives to move IP finance from the margins to the mainstream.

The potential of IP finance

Intangibles drive our economies

Over the last 25 years intangible asset value has increased 13-fold reaching an all-time high of USD 80 trillion in 2024.[1] The asset mix companies own reflects this fundamental shift. Intangibles make up more than 90 percent of the value of companies in the S&P 500.[2] Brand value alone reached USD 13 trillion in 2024, a more than 20 percent increase in just four years.[3] Since 2008, total investment in intangibles has consistently outpaced tangible assets. [4] Brands, designs and technology, rather than physical assets, determine a business's ability to grow. Despite their increasing influence and importance, IP assets remain largely invisible in the world of finance.

This is particularly significant for smaller businesses, whose worth primarily lies in what they invent and create. These small- and medium-sized enterprises (SMEs) contribute to more than half of global employment and comprise 90 percent of businesses worldwide.[5] To grow, thrive and sometimes survive, they need access to capital.

Despite their potential, many businesses struggle to secure traditional financing without physical assets. Addressing this finance gap is crucial for intangible-intensive SMEs. Insufficient access to financial resources hinders their ability to gain market traction and scale. Without funding, these companies are left behind, unable to compete.[6]

As a result, these businesses cannot fulfill their potential to drive sustainable economic development and prosperity. Bridging this gap is essential to fostering innovation and ensuring competition market dynamics.

"Since 2008, total investment in intangibles has consistently outpaced tangible assets.."

IP finance offers a solution

To drive our economies forward, businesses need access to affordable capital. Strategic use of IP to secure finance could narrow the divide and be a game changer for IP-intensive firms.

Their intangibles,[7] especially those protected with IP rights, such as copyright, industrial designs, trademarks and patents, can be used to support lending and investment.

This approach is already gaining traction in the market.

A growing number of companies already leverage IP assets to secure the cash they need to grow and expand. This paper reveals the untapped potential of IP finance and identifies barriers to its widespread adoption. It presents a vision for progress. Advancing IP finance requires work across disciplines, from finance, business, and government.

As the United Nations (UN) agency dedicated to the development of a balanced and effective international IP system, the World Intellectual Property Organization (WIPO) is uniquely positioned to lead this transformation.

WIPO's Action Plan works to move IP finance from the margins to the mainstream. These efforts are part of WIPO's general commitment to support businesses in maximizing the benefits they can reap from their IP, and, at a broader level, to support economic growth.

"Strategic use of IP to secure finance could become a game changer for IP-intensive firms."

1 What is IP finance?

IP finance uses intellectual property and related intangible assets to secure financing for business growth. Companies can pledge these assets as collateral, transfer the rights to the cash flows they generate, or present them as indicators of value to support financing decisions. IP and related intangible assets vary in their importance across businesses – they represent a small portion of what a company is worth for some firms, while constituting the majority of value for others.

Businesses are commonly funded through debt or equity financing.[8] IP and related intangibles play an important role in both types of funding.

In the early stages of a business, equity financing often serves as the primary funding option. Investors acquire an ownership stake and may take an active role, as seen in venture capital. Before committing capital, investors may assess IP assets through due diligence to ensure alignment with business strategy, as these assets frequently drive significant value.

As an enterprise scales and becomes profitable, the cost of equity financing may outweigh its benefits. Companies typically shift to debt financing through bank loans and similar structures, allowing founders to retain greater control while lowering the average cost of capital. Other mechanisms like mezzanine financing blend aspects of both debt and equity approaches. In some cases, lenders may evaluate IP and related intangible assets to assess repayment ability, in others intellectual property may even serve as collateral when traditional physical assets are not available.

Despite its attractiveness, debt financing remains challenging for intangible-intensive companies that lack the hard assets lenders typically require as collateral.

For lenders, the decision boils down to two principal considerations: risk and return. Assessing IP collateral presents challenges for most debt providers. Many lenders and investors lack clear methodologies for evaluating and valuing intangibles, creating uncertainty in lending and investment decisions involving IP. As a result, few investors and specialized institutions currently accept IP and related intangibles as security for financing.

However, a growing number of companies are using IP finance, leveraging their IP and related intangibles to secure the cash they need to grow and expand.

The following graphic shows different structures companies use for IP-backed finance.[9]

Exploring routes to IP-backed financing

	Direct collateral	Securitization	Sale-and-leaseback[10]
Description	IP serves as security for loan	IP serves as an underlying asset to issue securities in capital markets. Simultaneously, a company can enter into a licensing agreement	IP sold in exchange for upfront funding. Simultaneously, a company enters into a licensing agreement to retain ability to commercialize/ use IP
Role of IP assets	IP assets or stream of revenues (for example, derived from licensing agreement) pledged as collateral to the lender	IP assets or the rights to their projected revenues (for example. royalties) transferred to a special purpose vehicle (SPV)[11]	IP assets or the rights to their projected revenues sold to specialized investor or a lender
Advantages	A lender can seize and monetize collateral and with proceeds recover principal (at least partly) in case of borrower defaulting on the loan. This additional security should reduce borrowing cost	Lending institutions can eliminate the risk of holding IP assets on balance sheet while the IP owner can obtain more favorable funding conditions. This is because the securities issued by the SPV are, in theory, separated from the firm's risk and therefore could obtain more favorable credit ratings	IP owner can increase its liquidity for short-term operations while maintaining its ability to commercialize/ use IP

“Intangibles are gaining prominence as financial assets...”

Intangibles are gaining prominence as financial assets, especially in both debt and equity contexts. Investors scrutinize IP and related intangibles during due diligence to ensure these assets support a company's commercial strategy and the investor's exit plan. Similarly, more lenders are starting to look at IP and other intangibles for comfort.

- For many companies, raising capital through business angels, venture capital and private equity plays a positive role in their development.
- At some point, the cost of raising additional funds by giving away ownership might outweigh its benefits.
- Companies then look at debt financing, such as bank loans.
- Yet, despite its attractiveness, debt financing remains challenging for intangible-intensive companies without hard assets to use as collateral.
- IP finance offers a solution to improve access to finance, in both debt and equity contexts.
- Today, most lenders and many investors lack experience or even familiarity with IP and other intangible assets.
- This is changing, with IP finance gaining traction through both public initiatives and in the market.

2 Challenges to IP finance

IP finance is still in its infancy. The ecosystem for such financing faces a number of obstacles, making it difficult to scale. These transactions require more effort and take longer than more traditional financing deals. That is primarily due to the following factors:

1. **Valuing IP assets is hard.** Difficulties, such as the – often large – discrepancy between accounting values and market values, limited disclosure restricting the amount of readily available information, and the lack of a common valuation framework, make it difficult to assign a value to these assets.

2. **Many lenders and investors lack a solid understanding of IP.** IP and related intangibles assets are complex and not easy to understand. Identifying the relevant intangibles, performing due diligence on them and setting up the contracts to establish rights to these assets, takes time.

3. **Regulators do not encourage the use of IP as collateral.** This heightens scrutiny from financiers, with respect to the intrinsic value of the underlying assets.

4. **Transaction costs make IP finance less attractive.** The complexities associated with valuation, due diligence and the administrative effort to register the resulting security interests translate into higher transaction costs.

5. **IP assets can be hard to liquidate.** Financiers need to feel confident that they can recover their investment. They assess the disposal value of the intangible assets, to determine how much can be loaned or invested. With no liquid secondary market for IP and related intangibles, the amount paid out in the event of default is typically substantially lower than the assessed value of these assets.

Advances in technology may mitigate some of the challenges surrounding IP finance. For example, improving data availability and quality may facilitate valuation, prediction and liquidation in IP markets. This includes easier access to metadata on inventions, brands, creative works and rights. Similarly, cleaner and more granular data around the use and exploitation of intangibles could prove useful. Greater transparency and enhanced disclosure, particularly in financial reporting, can provide more detailed and reliable data on IP transactions. This improved information can enable analysts and investors to better understand and evaluate the role of IP and related intangibles in financing decisions.

In the following section, we take a deeper look at these challenges, and how they complicate the field of IP finance.

Challenge 1: Valuing IP assets is hard

Understanding an asset's value is key to using it to secure capital. But valuing intangibles is complex, and there are natural limits to valuation.

IP transaction data is typically private. Even in major acquisitions, the specific value attributed to IP and related intangible assets remains confidential. This lack of granular data on specific IP asset values, even for mature businesses, makes reliable benchmarking. The uniqueness of IP and related intangible assets means few comparable transactions exist. Consequently, market-based valuation approaches that work well for tangible assets like real estate have more limited application for IP assets.

IP and related intangible assets rarely function independently. For example, patents create maximum value when integrated with branding, expertise, and proprietary data. This ecosystem dependency makes it difficult to determine the precise contribution of any single IP component within the broader value chain.

Additionally, early-stage IP innovations require specialized valuation approaches. The value of these assets depends on forward-looking assumptions about market factors, including competition and technology lifespan. While enterprises may have clear visions of their innovation's end-product, these external variables often lead experts to reasonable but widely different valuations.

Such variations make it all the more critical to understand the assumptions that valuers make. However, without a consistent valuation framework, comparing reports from different experts remains challenging.

To address these challenges, efforts are intensifying to establish greater consistency in valuation approaches, assumptions, and frameworks. These initiatives aim to improve reliability and reduce discrepancies in IP valuations. Both private and public sectors are taking action through professional self-regulation and government programs like centralized valuation institutions, training, and certification.

Creating standards for valuing intangible assets

> The International Valuation Standards Council (IVSC) has issued guidance on the valuation of intangible assets in IVS 210. Among others, IVS 210 covers the bases of value, valuation approaches and methods, market approach, income approach, cost approach, special considerations for intangible assets, discount rates/rates of return for intangible assets, intangible asset economic lives and tax amortization benefit. IVS 210 is a reference for professionals valuing intangible assets.[12]
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> For an expansion on IVS 210, consider the guidance note by the Royal Institution of Chartered Surveyors (RICS) on "Valuation of intellectual property rights" issued in March 2020. The guidance note elaborates on the specific aspects of different subgroups of IP assets, including brand- related IP, technology-related IP, artistic-related IP and data-related IP.[13]
>
> For trademarks ISO 10668:2010 specifies a comprehensive framework for brand valuation, encompassing the objectives, bases of valuation, and various approaches and methods. It emphasizes the importance of sourcing quality data and making well-founded assumptions. Additionally, the standard outlines the necessary procedures for reporting the outcomes of such valuations.[14]

The community of valuation professionals with IP experience is relatively small and concentrated in a few geographic areas. Even where the profession exists, their knowledge must be combined with other domains to get a complete picture of an asset's contribution. For example, evaluating IP rights protecting a sophisticated manufacturing process requires an understanding of legal rights, the technology involved and the market. Educational programs are emerging to support valuation professionals build skills around intangible assets.

Programs to support professional valuation skills

Considering the central role valuation plays to support intangible asset finance, some countries have focused on building valuation communities and improving their skill set.

In Singapore, the Chartered Valuer and Appraiser (CVA) program, offered since 2016, was developed to enhance valuation capability. It is the first business valuation certification in Asia that helps local valuation professionals align their practices with International Valuation Standards (IVS).[15] The program comprises three levels and six modules, covering entity and asset valuation, industry analysis and company development. The fourth module, "Business Valuation for Financial Reporting," covers the valuation of intangible assets, including the conceptual framework, the valuation process under various approaches and practical insights and methodologies used.

In Jamaica, the Jamaica Intellectual Property Office (JIPO) led an effort to build capacity for IP valuation in Jamaica. A series of workshops took place in 2021 with SMEs and practitioners, followed by the first cohort of IP valuers, who were trained in advanced IP valuation methodologies by experienced IP valuation consultants from the UK. Bankers, business and finance specialists as well as representatives from the Bank of Jamaica took part in the course.[16] This strategic blend of participants is being coached and supported by JIPO to establish Jamaica's first IP Valuation Association.

Challenge 2: Many lenders and investors lack a solid understanding of IP

Today, the number of investors and specialized institutions that accept IP and related intangible assets as security for financing remains limited. Given the legal intricacies and the practical difficulties of understanding, forecasting and attributing cash generation potential, IP finance is often outside the lenders' expertise and comfort zone. Financial institutions take a conservative stance towards extending financing to an asset class where they have a limited track record and familiarity. Often, decision-makers perceive intangible assets as risky due to lack of exposure and availability of in-house expertise.

The low acceptance of IP as security by lenders stems from transaction considerations, cautious policies governing financial institutions, and the limited record with this asset class. This hesitancy is compounded by the underrepresentation of these assets in financial reports. Without detailed disclosures in the financial statements lenders use to assess creditworthiness, they cannot easily evaluate the risks and potential of these assets. Consequently, many lenders remain reluctant to fully integrate IP and related intangibles assets into their financing models.

“IP finance is often outside the lenders’ expertise and comfort zone.”

The systematic underreporting of IP value creates a blind spot for investors and financiers. This severely disadvantages many young companies when seeking finance, simply because IP and related intangibles are their primary assets.

Standard-setting bodies are actively responding to calls for reform in this area.

Updating Intangible Asset Accounting Standards: Reviewing IASB’s IAS 38:

> The International Accounting Standards Board (IASB) is an independent body that develops and approves the International Financial Reporting Standards (IFRS). It has made significant strides in addressing the treatment of intangible assets. In its most recent work plan, the IASB launched a research project to review IAS 38, the standard governing the accounting and disclosure of intangible assets. The initiative targets longstanding challenges in how companies report these assets in financial statements.[17]

“Systematic underreporting of IP value creates a blind spot for investors.”

Increasing IP transparency

Efforts in Singapore and Japan demonstrate how increasing IP transparency through voluntary disclosure frameworks and evaluation practices can enhance understanding of IP and related intangible assets can benefit the entire financing ecosystem. In Singapore, the IP Strategy 2030 (SIPS 2030) aims to establish the nation as a global hub for intangible assets and intellectual property services.[18] Key initiatives include the Intangible Disclosure Framework (IDF), one of the first voluntary frameworks designed to provide consistent and reliable information about enterprises' intangible assets. The IDF enables lenders and investors to better understand the value of these assets, making informed assessments of their financial prospects. Companies also benefit by using the IDF as an effective tool to communicate the value of their IP to stakeholders. The Intangible Disclosure Evaluation and Audit Scheme (IDEAS), introduced in 2020, offers financial support to Singapore Exchange (SGX)-listed companies and those preparing for listing, helping them identify key IP assets, evaluate their role as business growth drivers, determine appropriate disclosure strategies, and convey their value to the capital market.[19]

Japan’s strategy emphasizes raising awareness and fostering stakeholder dialogue, encouraging companies to integrate IP into corporate governance and finance to build lender confidence in IP value. The Corporate Governance Code (2021) requires Prime Market-listed companies to disclose IP investments as part of their management strategies, aligning intangible asset reporting with corporate goals.[20] By 2022, the Japan Patent Office’s IP Business Valuation Reports, facilitated better credit decisions and enabled 154 loans totaling JPY 7.83 billion by 2022.[21] Additionally, educational initiatives targeted at regional commercial lenders build familiarity with IP financing, improving understanding of valuation practices and risk mitigation strategies.

WIPO is working with financial institutions to create pilot programs that allow lenders to gain practical experience with using IP information and IP-backed lending. These initiatives help build a track record, understanding perceived risks, and provide valuable insights for lenders as they refine their approach to evaluating IP as collateral.

Challenge 3: Regulators do not encourage the use of IP as collateral

Regulators are tasked with upholding the stability of the financial system. They require banks to hold a certain amount of capital to cover their risks. These reserves act as a cushion, protecting banks and ensuring they can withstand shocks in the market. The standards governing regulatory capital requirements in banking are based on international rules such as Basel III. The amount of capital that regulators demand depends on the perceived risks associated with the loan and the underlying collateral.

Basel III capital recommendations:

> Basel III is a set of recommendations on banking regulation, issued by the Basel Committee on Banking Supervision (BCBS). It provides a framework of international standards for bank capital adequacy, stress testing and liquidity requirements. These standards are aimed at strengthening bank capital requirements by increasing minimum capital requirements, holdings of high-quality liquid assets and decreasing bank leverage.

The Basel III standards also define criteria for using physical and financial assets as collateral for lending. Loans secured by certain types of collateral typically require lenders to hold less capital, because these forms of lending are perceived as less risky. However, banking regulators do not ease capital requirements for intangibles for lending purposes.

While this does not preclude banks from providing loans against intangibles as collateral, it leads to high regulatory capital requirements. IP-backed loans are likely being priced at rates similar to unsecured lending, making them unattractive from a borrower’s perspective. However, there may be opportunities for certain risk profiles of IP-backed finance to be considered sufficiently low to warrant a more nuanced regulatory treatment.

Building a track record for IP financing: insights from the UK[22]

In the UK, research conducted by the British Business Bank (BBB) and the UK Intellectual Property Office (UK IPO) in 2018 revealed that firms with registered IP exhibit a lower likelihood of default and incur reduced losses when default occurs.[23] This finding has encouraged prominent commercial lenders, including HSBC and NatWest, to actively engage in IP-backed financing, signaling a growing recognition of IP as a valuable asset class.

Since 2022, HSBC UK's Growth Lending fund has offered loans of up to GBP 15 million for high-growth companies, incorporating IP assets into the broader transaction assessment.[24] Strong demand for this facility led to its expansion from GBP 250 million to GBP 350 million in 2023, with 10 completed deals across sectors such as cybersecurity and personal technology.[25] Similarly, NatWest launched its IP-backed lending initiative in January 2024, targeting small and medium-sized enterprises (SMEs).[26] The program allows borrowing between GBP 250,000 and GBP 10 million using IP as standalone collateral. In its first year, NatWest supported scale-ups with GBP 10.4 million in financing across 11 deals.[27]

Revising banking regulations could let lenders reduce the amount of capital they need to hold for loans secured by IP and related intangibles. Even though making changes to banking regulations requires coordinated work at the international level, this is worth consideration.

> "Revising banking regulations could allow let lenders reduce the amount of capital needed for a loan secured by IP."

At the same time, these constraints may yield opportunities for other lenders to support IP financing. Alternative lenders, such as debt funds, could fill this gap as they can operate more freely than banks. Insurers, operating under different regulatory frameworks, could enhance bankability by improving the economic risk profile of IP finance products through the integration of insurance solutions.

Challenge 4: Transaction costs make IP finance less attractive

While IP finance is growing, the field remains largely nascent. Both the amounts and volume of transactions are low compared to other types of financing. The complexity associated with valuation and extensive due diligence makes these deals more expensive and time-consuming than other transactions. Unclear requirements, and the need for customized processes, add to the overall transaction costs.

Consequently, transaction costs remain high, relative to deal value. The novelty of IP finance means there are not enough transactions to achieve learning curve efficiencies that would reduce these process costs.

For financiers who rely on scale efficiencies with highly standardized products at the core of their business models, this creates a problem.

The costs associated with valuation and other administrative requirements can be a deterrent for companies wanting to use their IP assets for finance. These expenses are largely upfront and incurred before any financing decision is made. This increases the risk of sunk costs, reducing the attractiveness of IP financing models.

Policymakers in several countries have launched initiatives that aim to reduce transaction costs. Some have targeted the valuation process itself, offering IP valuation subsidies for borrowers or lenders. Subsidized interest rates and tax benefits have also been used. While this has helped to reduce transaction costs for market participants and prevent market failure, the cost of IP-backed financing remains too high to be a viable option for many companies. To further mitigate this, continued efforts to simplify procedures and build expertise are crucial to making IP finance more accessible and sustainable in the long term.

Efforts to reduce transaction costs

Innovative policies to reduce IP finance transaction costs are shaping global best practices. In Korea, the Korean Intellectual Property Office (KIPO) subsidizes valuations through external institutions, ensuring affordability and accessibility for patent holders. The Korea Invention Promotion Association (KIPA) introduced SMART, an automated online IP valuation tool, providing real-time, cost-effective patent valuations.

Additionally, the Korea Institute of Intellectual Property Promotion (KIPRO), a public institution affiliated with KIPO, offers comprehensive IP services, including research, analysis, evaluation, and consulting, supporting the IP ecosystem. Similarly, the UK's IP Audit Scheme, now part of IP Advance, provides SMEs with subsidized IP audits, enhancing access to finance, with 23 percent of audited firms securing equity investment.[28] Türkiye's TÜRKSMD integrates valuation and consultancy services, fostering IP-backed investments.[29] These initiatives underscore how strategic interventions can enhance the efficiency of IP finance ecosystems.

Challenge 5: IP assets can be hard to liquidate without transparent secondary markets

Few precedents exist for failed IP finance deals. While IP licensing transactions occur much more frequently, such deals remain largely private, offering limited insight for financiers assessing risk. Even when these transactions become public, only limited details are available.

This creates challenges when valuing the assets underpinning a finance transaction, and when disposing of assets in the case of default. The issue of disposal is of particular concern for lenders who may end up with an asset that they cannot readily convert into cash. For large parts of the commercial lending community, this risk consideration prevents their entry into IP finance. Regulatory concerns around the inability to recover value from intangible asset collateral have led to high capital adequacy requirements to compensate for the perceived uncertainty associated with such investments, as described in challenge 3.

There are efforts to bridge this gap.

Specialized insurers, development banks and state initiatives offer schemes that can change risk allocation, in particular with the lending community. Collateral protection insurance addresses the banks' concerns about being stuck with an illiquid asset in a worst-case scenario. Insurers can guarantee recoverability of a portion of the collateral value and limit the downside risk for a bank. Importantly, insurers may be in a position to do this because they operate in a different regulatory framework from banks, which allows them to take a more economic view of such risks.

Providing downside protection

Innovative measures to provide downside protection for lenders in IP-backed transactions are addressing key barriers in this space. In Korea, government-backed initiatives play a pivotal role. The Korea Development Bank (KDB) and Industrial Bank of Korea offer guarantees to de-risk IP-backed lending, while a USD 60 million IP recovery fund, established in partnership with KIPO, supports workout solutions for businesses in default.[30] Such mechanisms helped IP-backed lending surpass KRW 3 trillion (USD 2.2 billion) in 2022, attracting commercial lenders like Woori, Shinhan, and KEB Hana.

Singapore's Intellectual Property Financing Scheme (IPFS), launched in 2014, represents another milestone. Administered by IPOS, the initiative piloted IP-backed loans, with the government sharing 80 percent of loan loss risk to encourage lender participation.[31] Initially limited to patents, the scheme expanded in 2016 to include trademarks and copyrights, fostering broader IP finance.

Private-sector innovations further enhance lender confidence. Aon Intellectual Property Solutions provides collateral protection insurance, reducing lender risk through underwriting and continuous valuation monitoring. Aon's AI-driven platform evaluates IP assets in real-time, facilitating over USD 1 billion in IP-backed transactions by enabling insurers to underwrite default risks. These efforts demonstrate how strategic instruments can mitigate lender risk and foster growth in IP finance.[32]

Experiments by commercial actors and governments to improve the use of IP finance are also ongoing. But the market lacks the critical mass of lenders required for it to operate on its own. Development banks could play a pivotal role in catalyzing the market.

In the field of IP finance, two features set development banks apart from other market participants: risk tolerance and capacity for smaller deals.

With respect to risk, some development banks[33] can take on more risky transactions than more conservative parts of the lending community, such as commercial banks. This allows development banks to step in and meet unfulfilled calls for finance when regular banking channels fail to do so.

Development banks have already played a role in advancing IP finance

In the Republic of Korea, state-owned banks Korea Development Bank (KDB) and Industrial Bank of Korea (IBK) led the way before commercial lenders entered the space.

In Canada the Development Bank of Canada (BDC) took a similar approach, by creating a CAD 160 million direct investment fund for IP-backed financing. The fund was available for equity and debt investments, with ticket sizes between CAD 3 and 10 million.[34] Beyond direct financing, institutions like the Inter-American Development Bank (IDB), the United Kingdom's Foreign, Commonwealth & Development Office (FCDO), the Caribbean Development Bank (CDB) and the Government of Canada are strengthening the ecosystem through capacity building in IP valuation and holistic support combining capital funding with incubation services.[35]

Collateral monetization in the case of default is supported by initiatives from both public and private sectors. Specialized merchant banks have introduced auction platforms for IP asset sales, while brokers enhance liquidity by connecting buyers and sellers. Additionally marketplaces for IP transactions, developed by both public and private entities, offer platforms to trade IP assets. However, these platforms have faced challenges in gaining traction, often due to the unique dynamics of IP transactions.

Beyond these efforts, specialized asset managers have emerged as key players, leveraging their expertise to acquire, manage, and monetize distressed IP assets effectively. At the same time, IP marketplaces continue to evolve, with enhanced tools and frameworks aimed at addressing the valuation and transparency issues that have historically hindered their success.

Together, these public and private sector measures are gradually transforming the IP financing landscape, paving the way for improved liquidity, better risk management, and increased confidence in IP-backed transactions.

3 Addressing the challenges – moving towards market-driven IP finance

Governments, private companies, and development banks are all working to expand IP finance, as shown in our case studies. Each ecosystem requires tailored approaches, with solutions ranging from government initiatives to private sector innovations and development bank programs. For a detailed look at country-specific efforts, see WIPO's IP-backed Financing Country Perspectives Series.[36]

These national responses vary widely and often involve a combination of several measures to facilitate IP finance. The following is a non-exhaustive list of the most prominent national responses:

National responses to facilitate IP-backed financing

Equity financing
- Direct equity financing by state-backed investment or venture funds
- Alternative fund setup via development banks to cater to IP equity financing

Debt financing
- Government-backed loans either via directly subsidized interest rates or guarantee schemes
- IP commercialization loans via the quasi-public sector, through development banks
- State-backed venture debt/financing schemes to provide the needed debt financing

Valuation
- Schemes aimed at building valuation capacity
- Subsidized valuation schemes
- Creation of valuation institutions

Collateral monetization in the case of default
- Establishment of recovery/collection funds for distressed IP
- Credit guarantors offering underwriting
- Provision of collateral insurance by insurers

General awareness, training and education
- Initiatives for general awareness-raising, training and education on IP-backed finance
- More targeted approaches are facilitating bank lending via education of commercial lenders

While there are differences in preferred forms of financing, for example, debt vs. equity, general awareness raising, training and education on IP finance are a common feature of these initiatives. The following graphic clusters the key building blocks of these country approaches and the challenges they address.

Building blocks of IP-financing solutions

Valuation	Transaction Costs	Unfamiliarity	Liquidity
Valuation assistance/support		Supported venture debt/equity funds	Recovery funds
Establishment of a valuation institution		Awareness raising on IP finance	Credit guarantee schemes for IP-based loans
Professional certification	Subsidized IP services	Supporting credit decision-making processes	Collateral insurance
Valuation platforms	Subsidized interest rates and guarantee fees	Capacity building programs for lenders	IP marketplace

Supporting finance in China[37]

China has emerged as the world's largest market for IP finance with a comprehensive ecosystem of credit guarantees, direct subsidies, and confidence-building mechanisms supporting debt financing. Since the 1990s, the Chinese government piloted various IP finance models which evolved into large-scale systems helping SMEs access capital using patents and trademarks as collateral.

In 2023, patent and trademark pledge financing reached CNY 854 billion (USD 118 billion), a 75.4 percent increase, benefiting 37,000 businesses. Commercial banks like Bank of China and the China Construction Bank offer streamlined IP-backed loan products. At the same time, the government has implemented de-risking policies, including valuation platforms and regulatory measures that encourage IP lending.

China has also developed IP-backed securitization (119 products raising CNY 26.8 billion by 2023) and developed specialized IP operation funds. Insurers provide additional support, covering over CNY 130 billion worth of IP assets.

This integrated approach combining public policies, private sector innovation, and risk management frameworks offers a good example of how IP finance can be effectively embedded in national economic strategy.

4 WIPO: moving IP finance from the margins to the mainstream

Mainstreaming IP-backed finance faces a number of challenges that no single entity can solve alone.

Both commercial actors and governments are taking initiatives to improve the current situation.

However, the market still lacks the critical mass of actors to close the finance gap. With the market for IP finance still nascent, public interventions may be necessary to introduce a step-change in this form of financing. To build a sustainable market, these initiatives need to send the right impulses to spur private sector engagement over the long term.

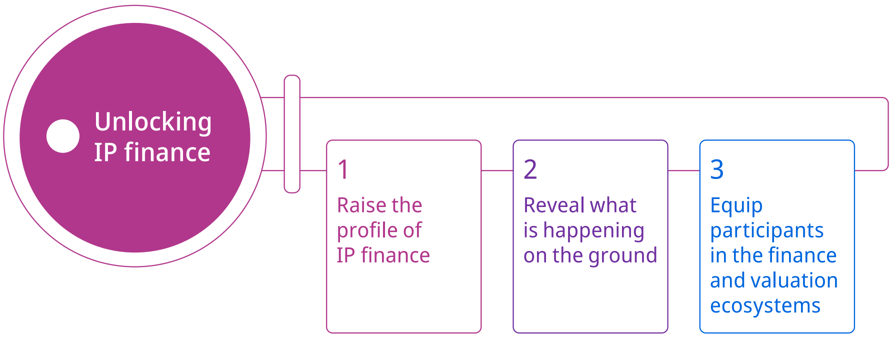
Finding solutions to the challenges of IP finance requires an approach that unites the public and private sectors. Experts from business, finance, IP, and government must work together to make the transition from a policy-driven to a market-driven innovation ecosystem.

“Finding solutions to the challenges of IP finance requires an approach that unites the public and private sectors.”

WIPO’s Medium Term Strategic Plan 2022-2026 describes the organization’s biggest challenge as *expanding the number and range of those who use intellectual property successfully.* Given the untapped potential, WIPO is taking an action-oriented approach making the valuation and financing of intangibles a key area of WIPO’s work in the context of broader efforts to ensure that intangible assets support entrepreneurs and enterprises globally.

To spark progress, the organization is building a community of stakeholders from diverse sectors, such as financial institutions, insurers, IP professionals and the business world to move IP finance from the margins to the mainstream.

Making IP finance a reality requires political, practical, and technical considerations. WIPO’s Action Plan on IP Finance takes this into account and approaches the challenges IP finance faces through the three elements described below:



Stream 1: Raise the profile of IP finance

WIPO convenes high-level conversations to raise awareness among the global community about the potential of IP finance. These conversations will bring together leaders in the fields of finance, business and IP from the public and private sectors.

The 2022 Inaugural High-level Conversation brought together senior leaders from financial institutions, international organizations, and the business community for the first time, to reveal the potential of IP finance and explain why it is an imperative to our shared economic success.[38] Two additional IP Finance Dialogues were held, one focused on valuation and another on improving transparency and disclosure.[39] WIPO is committed to continuing to organize similar events to serve as a central platform for thought exchange between diversified stakeholders across multiple sectors and disciplines.

To complement these conversations and increase their potential impact, WIPO establishes expert consultative groups (ECGs) that facilitate open discourse on the challenges that still lie ahead. These groups conduct deep dive into technical roadblocks to IP finance. Key focus areas include valuation methodology, accounting rules and lender engagement. These exchanges aim to create informal dialogues, rather than stand setting discussions, allowing stakeholders the opportunity to be open and honest about the obstacles encountered and produce practical solutions.

The first ECG on the Valuation of Intangible Assets, convened in October 2023, brought together eleven experts with first-hand knowledge or an institutional stake in IP valuation and finance to spark discussions on the topic of valuation. [40] Understanding how much intangible assets are worth is integral to using them to support finance as currently many financiers lack trust in the existing valuation processes to rely on them for their decision making.

Additionally, WIPO participates in finance-related forums to raise awareness about the potential and the challenges to overcome in IP finance.

Stream 2: Reveal what is happening on the ground

WIPO is developing quantifiable insights into IP finance best practices to support their wider adoption. Currently, policymakers and financiers examine IP finance from different angles, with neither group having a complete understanding of global practices and their effectiveness. To close this information gap, WIPO is building an evidence base that documents governments and commercial initiatives enabling or facilitating IP finance.

Over the last two years, WIPO has produced a series of Country Perspectives on IP-backed finance. Each report offers an insider perspective into existing frameworks, highlights successes, challenges, and potential next steps to advance IP finance. They document diverse measures ranging from subsidizes and guarantee schemes education programs.

In addition to adding to the knowledge base, these reports serve as a catalyst for countries to engage in this area. Reports for 12 countries have been published with additional ones on the way. A comparative analysis of global trends and best practices is also planned.

WIPO's research portfolio in this area includes studies of commercial transactions and industry practices, such as a study of IP collateralization in film financing.[41] Additional work is underway exploring IP finance in the music industry. WIPO is also developing research on international practices for intangible asset disclosure in financial reporting, with a focus on IP. These publications will provide stakeholders with practical guidance for better integration of IP assets into financial systems.

Stream 3: Equip participants in the IP finance and valuation ecosystems

Finally, participants in IP finance need support to make progress on the ground level.

WIPO develops tools to bridge the communication gap between IP owners and financiers, helping innovators and creators showcase their IP's potential while enabling lenders to better evaluate these assets. These practical resources transform how IP and intangibles support investment through initiatives like the Hands-on Guide on IP Finance series and IP Finance Pilot Projects.

The Hands-on IP Finance series facilitates transactions between borrowers and lenders through practical guides with templates, examples, and checklists. The first guide, Securing Loans with your IP Assets, helps businesses identify bankable IP, prepare for lender discussions, and understand the lending process. Future guides will address valuation processes and the financier's perspective.

Through IP Finance Pilot Projects, WIPO partners with financial institutions to demonstrate IP finance in real-world settings. The program helps institutions understand IP's value as an asset class through practical experience. Financial institutions identify potential borrowers, while WIPO provides expert support for IP assessment and valuation.

These collaborative projects bridge the gap between theory and practice, giving lenders the tools and confidence to integrate IP considerations into their decision-making. By showcasing successful cases, the pilots help build sustainable market practices and encourage broader adoption of IP finance.

WIPO is also addressing valuation challenges through specialized training programs. The ASEAN IP Valuation Project, launched in 2023, aims to harmonize practices across ten member states. Following a survey of 400 professionals, WIPO developed a standardized toolkit with processes and reporting guidelines, now being implemented through targeted workshops—creating a model adaptable to other regions.

Notes

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