

# OUTLOOK 2024



# BAN Flanders addresses a year full of opportunities and challenges

2024 presents itself as a year with unpredictable economic and geopolitical trends, but some factors in that volatile environment seem particularly promising for young enterprises and angel investors.

## Our trends for 2024

### 1 Volatility in financial markets.

The interest rate is fluctuating sharply and rapidly. At the time of writing (January 2024), it was in a downward trend after a significant upward surge. It seems that the prevailing trend is becoming one of lower interest rates. This is good news for companies with existing debts or those looking to take on debt. It is certainly an advantage for potential investors in such companies.

Furthermore, it remains to be seen how inflation will continue to behave. Will the global economy experience rapid growth, or is there an impending slowdown or even a recession?

### 2 Venture Capital cools off and still needs time.

Venture capitalists visibly underperformed in 2023, and this trend is expected to continue for some time. This investor class will largely maintain its focus on existing portfolio holdings; simultaneously, we still observe the post-crisis slowdown in the number of exits. Flemish business angel investments swim against this trend. We see no slowdown; on the contrary, the angel market proved to be large and dynamic in 2023, with a BAN record year in terms of the number and value of realized deals. We are committed to maintaining this positive trend throughout 2024.

## 3

**Geopolitical and democratic challenges.**

“Two wars rage just outside the borders of Europe. Despite the geopolitical significance of these conflicts, the impact on the European economy remains limited for now. However, it remains uncertain whether this will persist. No one can predict whether the war between Russia and Ukraine will escalate or pacify. And what about the expanding powder keg in the Near and Middle East? Regardless, the heated situation is undesirable, and there is a real danger that these conflicts may slow down economic growth or even trigger a recession.

One noticeable consequence is a growing movement towards less globalization and more local sourcing and economy. This could present opportunities for businesses looking to start and grow, which is favorable for BAN Flanders. However, it’s essential to recognize that in such an economy, neighboring countries with a larger domestic market, such as Germany or France, have an advantage over Flanders or Belgium. Our perspective as conscientious investors must extend beyond borders.

In addition, 2024 is a year of elections: half of the world’s population is heading to the polls. There is a general inclination towards political extremism and economic protectionism, two factors that will inevitably act as a brake on international growth. The most pressing question is: what will happen to wars and other conflicts if leaders like Donald Trump and similar politicians are elected to crucial positions?”

WISE MONEY  
LEADS TO  
WISE DEALS



# 4

## Innovation receives additional attention

Flanders is launching its flagship project FTI (Flanders Technology & Innovation, [fti.vlaanderen](http://fti.vlaanderen)) this year, helping to create momentum for Flemish innovation. It goes without saying that business angels will ride this wave. However, innovation and renewal are happening at an increasingly rapid pace. It becomes challenging to assess the market accurately, and as early investors, we must continually question whether we are making the right choices from the vast array of innovative companies to invest in. The first openly critical voices and counter-movements (Are we moving too quickly with electrification? Shouldn't we be more vigilant about the dangers of AI? ...) contribute to the uncertainty and sentiment surrounding these developments.

# 5

## New Focus Areas for Investors

Despite the aforementioned criticism, Artificial Intelligence (AI) is undoubtedly becoming an essential domain for entrepreneurs and business angels, often at the forefront of investments. AI is still a new subject for many of us, and it is not confined to a specific vertical sector but is instead found as a horizontal technology with impacts across all sectors and aspects of a business. This raises questions such as: how do we assess the real added value of AI within a project? Is it genuinely about AI technology, or is it merely commercial name-dropping?

The aspect of Sustainability is often summarized today under the term 'impact investing,' but it is also a term that is sometimes used too liberally, leading to greenwashing. Here, too, it holds that not everything presented as sustainable is inherently so. Therefore, BAN Flanders has developed new tools to assist its investors in accurately assessing the actual impact of sustainability.

The rise of AI and sustainability means that investors and business angels will now not only focus on a vertical and usually technical sector but will also need to evaluate how horizontal business elements can further accelerate a company's growth.

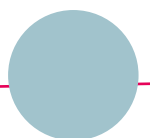
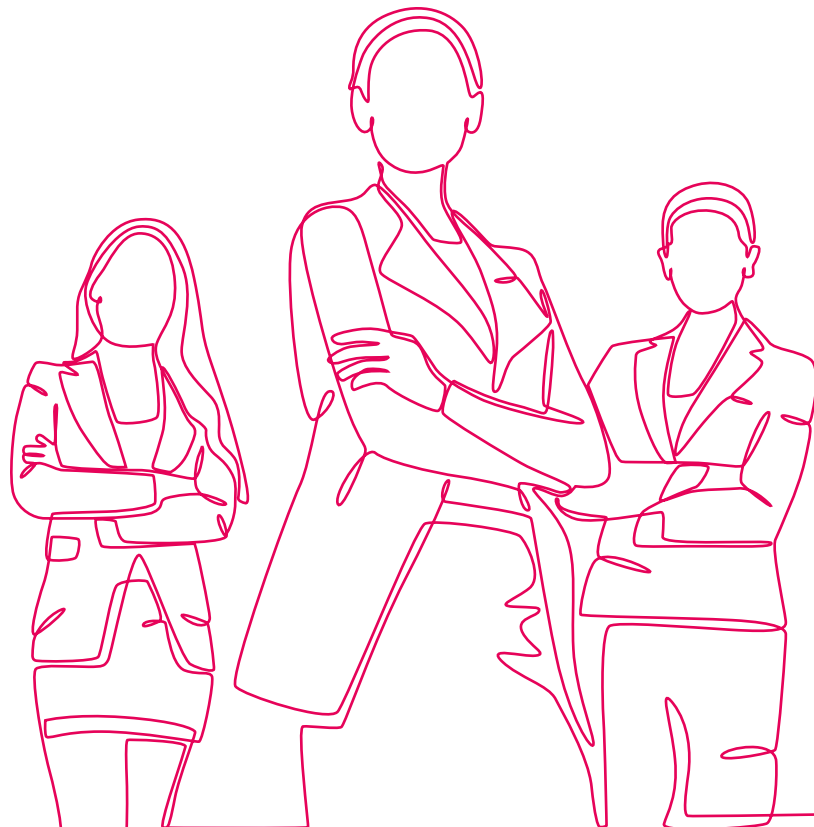
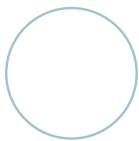


## 6

**Focus on Female Entrepreneurs and Business Angels**

Studies continue to confirm that only 10% of all startups were founded by women; additionally, in 2022, a mere 0.7% of them managed to raise venture capital. However, research from the American consultant BCG reveals that a \$1 investment in women yields 78 cents, compared to 31 cents in men.

BAN Flanders continues to emphasize the importance of increased female entrepreneurship in Flanders, given their invaluable perspectives on business and investment, which complement the traditional male profile of a business angel. Moreover, there is the simple societal reality that female investors and entrepreneurs play significant roles across various domains: in the business world, academia, and in research and development.



# CONCLUSION

In 2024, we are likely to face significant volatility and uncertainty on geopolitical, economic, and societal fronts. Young companies starting or seeking further growth in this reality will need more than ever to demonstrate a considerable amount of adaptability and perseverance. However, businesses with a high degree of agility can also derive advantages from this new reality.

Within BAN Flanders, we recognize that our role is now more crucial than ever to keep a close eye on these new trends, not only within Belgium but also beyond our national borders. As a leading European business angels platform, we continue to work with the entire team to develop new strategic tools that further facilitate the future of our enterprises. This way, we aim to transform challenges into opportunities for innovative startups and growth companies... and their investors.



**Reginald Vossen**  
CEO BAN Flanders

**BAN Flanders**  
BAN Vlaanderen vzw

**Officenter Hasselt**  
Hendrik van Veldekesingel 150/7  
BE-3500 Hasselt

+32(0)11 870 909  
communicatie@ban.be

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