

# Crowdfunding online portal - its insights and implication on funding success

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In the present scenerio, crowdfunding individuals collectively contributing money to back different goals and projects through the internet has proven to be a viable alternative for raising funds. Businesses, entrepreneurs, and individuals are using this alternative fundraising mechanism to raise finances to support their businesses, creative projects, or personal goals. Evidence of very successful fundraising campaigns (e.g. Pebble smart watches on Kickstarter.com) and unsuccessful fundraising campaigns exist. Different factors have been attributed to driving fundraising campaign outcomes - goal size, fundraising duration, creator's network size, and signals of quality. Despite the growing importance and popularity of the crowdfunding mechanism,

Keywords Crowdfunding, Debt-based ,Funding ,Financing, Reward based.

Crowd funding is a funding technique that encompasses financing a project with relatively modest contributions from a huge group of persons, rather than looking for considerable sums from a small number of investors. The funding campaign and transactions are typically conducted online through dedicated crowd funding sites, often in conjunction with social networking sites. Depending on the project, campaign contributors may be essentially making contributions, capitalizing for a potential future return ``on investment (ROI), or prepaying for a product or service. Crowd funding is the use of small quantities of investment from a huge number of persons to finance a new business venture. Crowd funding makes use of the easy convenience of immense systems of persons through social media and crowd funding websites to bring investors and business persons together, and has the prospective to increase entrepreneurship by escalating the pool of investors from whom funds can be raised beyond the traditional circle of owners, relatives and venture capitalists.

## Review on Literature

Henry Sauermann, Chiara Franzoni, and Kouros Shafi March 2018 focussed on understanding crowd funding as a mechanism to raise resources for scientific research and further it indicated that crowd funding provides much-needed monetary resources, there is little organized indication on the prospective of crowd funding for systematic exploration. The descriptive analysis of the study provides perceptions concerning the creators seeking funding and the funding for projects, . The study highlighted the important differences between crowd funding and traditional funding mechanisms for research. From the study it is concluded that Conventional signals of quality - including scientists' prior publications - have no relationship with funding success, suggesting that the crowd applies different decision criteria than traditional funding agencies and results indicated that there is a significant opportunities for crowd funding in the context of science.

Belleflamme 2010, opined that Crowd funding encompasses through the Internet, for the endowment of economic resources either in form of contribution or in exchange for some form of reward and/or voting rights.

Fiedler and Horsch envisaged that Crowd funding includes forms of investment amount, with which investment seeking companies publicly present themselves on specific internet based platforms to a immense collection of prospective capital providers based on their innovative business idea and offer this group the opportunity to engage themselves with the allocation of funding

Lambert and Schwienbacher, 2010 evaluated that crowd funding is operative, fundamentally through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes.

Voorbraak, 2011 envisioned that the process of one party requesting and receiving money and other resources from many individuals for financing a project, in exchange for monetary or non-monetary return on investment.

Wenzlaff 2012, intended that the Crowdfunding is a type of fundraising for creative projects, but also for companies. Most important aspect is, that crowdfunding is open, uses the methods of web 2.0 for communication and has usually a type of material or immaterial rewarding.

Tomczak and Brem, 2013 stated the act of taking a loan/funding traditionally performed by a designated agent and outsourcing it to an undefined, generally large group of people in the form of an open call

Israel J. dos S. Felipe ; Wesley Mendes-Da-Silva ; Cristiane Chaves Gattaz March 2017 studied the crowdfunding from two different perspectives such as mass media and geography. It is understood that these two elements must employ some kind of stimulus on the dynamics of the investments made in that market. Semantic analysis of mass news can be a useful tool for investors to assess their exposure to risk as well as help predict financial returns. Geography, on the other hand, can be used on the origin of the capital contributions and, therefore, present information on the location and regional characteristics of the investors.

Michael M. Gierczak instigated that crowdfunding is increasingly gaining attention in theory and practice. Various platforms have emerged, offering entrepreneurs and project owners the possibility to raise money from an undefined group of online users (“crowd”). The study aims to provide a deeper understanding of the rise of crowdfunding as an alternative funding opportunity

Anja Hagedorn stated that equity-based crowd funding is a relatively new method to obtain capital for start-ups. The study conducted an explorative analysis consisting of an iterative examination of the 16 different platforms existing in Germany. The study identified commonalities and differences and derived a general model to access the funds. Hereby ventures use special Internet platforms to issue shares of different sorts to the public. The study analysed the process of equity-based crowd funding from the perspective of a capital seeker and the process of equity-based crowd funding is structured in practice..

Henry sauermann 2019 viewed that crowd funding of scientific research broadens access to resources for groups that have been excluded or disadvantaged in traditional funding systems, similar to what has been shown in crowd funding of business initiatives. The amount of resources raised—at the level of individual projects but also the platform as a whole—is presently too small for crowd funding to serve as a substitute for traditional funding mechanism.. The study revealed that crowd funding seen as a complement to such traditional sources and crowd funding appears to be particularly useful for students and postdocs who do not have the track record required by most traditional funding agencies, and it is suitable for smaller projects and early-stage studies without preliminary evidence.

Chiara Franzoni Kouros Shafi 2018 evaluated that Crowdfunding for scientific research is still in its early stages, but the considerable number of funded projects put forwards that it can provide important financial support. Moreover, crowdfunding differ in important ways from traditional funding mechanisms such as grants from government agencies..It the rise of crowdfunding is increases the value of skills in communicating research.

Belleflamme, 2013 identified three main reasons for choosing crowd funding online platform for finance. The study profounded that the foremost reason for using crowd funding is accumulation of funds and it further instigated the public’s attention and acquires feedback for their products or services

Gerber 2012 identified five categories of motivation: financing, forming relationships and networks, self-affirmation, replication of success stories and increased awareness of the product.

Hemer 2011, stated that crowd funding is the ability to acquire funding in the primary stages of a company's life cycle and thus an opportunity to close the early-stage gap. Many contributions have since emerged, following a descriptive, explanatory or concept-based approach

Gleasure, and Treacy 2013 opined that structured research on crowd funding articulated quantitatively according to the different forms of crowd funding. Initial market survey was conducted and the major crowd funding players are capital seekers, focusing on companies, capital providers, and intermediaries.

#### Objectives of the Study

- To comprehend and evaluate the importance of crowd funding.
- To review the theoretical implications of crowd funding.
- To identify the factors influencing the crowd funding and its relevance in different sectors.

#### Research Methodology.

The secondary sources have been used for the study. Publications such as textbooks, magazine articles book review journals constitute the secondary data

#### Need of the study .

Crowdfunding provides approach for startups or early stage companies organized to yield it to the next level - such as continuing out a product or service. A successful crowdfunding not only provides business with required cash, but generates a base of customers who feel as though they have a stake in the business' success. it is also possible to access crowdfunding to assemble loans and royalty financing. The Holy Grail to sell company shares or ownership stakes in the company crowdfunding has formed the opportunity for entrepreneurs to increase hundreds of thousands or millions of dollars from anyone with currency to invest on crowdfunding sites, because it a mini-IPO without the traditional track happening. In the past, this has only been legal with accredited investors, people who each have more than \$1 million in net worth or more than \$200,000 in annual income. A great added advantage to crowdfunding is its cost-effective. In totality, crowdfunding is a great benefit to businesses and businesspersons, generating much needed revenue and increasing the customer base, all the while aiding our country's economy

#### Importance of the Study

Crowdfunding provides for access to the capital that will help individuals to build on dream and make it a point to exercise liberties and get a free hand at moving to the next level. At an initial stage, an investor might not be interested in ideas, but with crowdfunding, ensures that small amounts from individuals will take closer to dream. Active crowdfunding campaigns, is a great marketing tool as it endeavours an prospect to reach out to the commonalities. Crowd funding marketing strategy leads to win-win situation and be the game changer, even before existence in the world of business. Crowdfunding ensures that certain count of prospective loyal customers willing to contribute for and they will invest in product or service in the future too. It fosters the confidence to move onward and stay determined throughout journey. A tangible and secure plan before sharing the idea with an investor is important, and crowdfunding initiatives bestows the opportunity to fill the hovels at the earliest.

#### Conglomerates of Crowd Funding

The Crowd funding Centre's May 2014 report identified two primary types of crowd funding:

1. Rewards crowd funding: Entrepreneurs presell a product or service to launch a business concept without incurring debt or sacrificing equity/shares.
2. Equity crowd funding: The backer receives shares of a company, usually in its early stages, in exchange for the money pledged

## Reward-based

Reward-based crowd funding has been used for a wide range of purposes, including motion picture promotion, free software development, inventions development, scientific research,<sup>[31]</sup> and civic projects. Many characteristics of rewards-based crowd funding, also called non-equity crowd funding, have been identified by research studies. In rewards-based crowd funding, funding does not rely on location. The distance between creators and investors on Sellaband was about 3,000 miles when the platform introduced royalty sharing. The funding for these projects is distributed unevenly, with a few projects accounting for the majority of overall funding. Additionally, funding increases as a project nears its goal, encouraging what is called "herding behavior". Research also shows that friends and family account for a large, or even majority, portion of early fundraising. This capital may encourage subsequent funders to invest in the project. While funding does not depend on location, observation shows that funding is largely tied to the locations of traditional financing options. In reward-based crowd funding, funders are often too hopeful about project returns and must revise expectations when returns are not met.

## Equity

Equity crowd funding is the collective effort of individuals to support efforts initiated by other people or organizations through the provision of finance in the form of equity. In the United States, legislation that is mentioned in the 2012 Jobs Act will allow for a wider pool of small investors with fewer restrictions following the implementation of the act. Unlike non equity crowd funding, equity crowd funding contains heightened "information asymmetries". The creator must not only produce the product for which they are raising capital, but also create equity through the construction of a company. Equity crowd funding, unlike donation and rewards-based crowd funding, involves the offer of securities which include the potential for a return on investment. Syndicates, which involve many investors following the strategy of a single lead investor, can be effective in reducing information asymmetry and in avoiding the outcome of market failure associated with equity crowd funding.

## Software value token

Another kind of crowd funding is to raise funds for a project where a digital or software-based value token is offered as a reward to funders which is known as Initial coin offering (abbreviated to ICO). Value tokens are endogenously created by particular open decentralized networks that are used to incentivize client computers of the network to expend scarce computer resources on maintaining the protocol network. These value tokens may or may not exist at the time of the crowd sale, and may require substantial development effort and eventual software release before the token is live and establishes a market value. Although funds may be raised simply for the value token itself, funds raised on block chain-based crowd funding can also represent equity, bonds, or even "market-maker seats of governance" for the entity being funded. Examples of such crowdsales are Augur decentralized, distributed prediction market software which raised US\$4 million from more than 3500 participants; Ethereum blockchain; Digix/Digix DAO; and "The DAO." Some of the largest crowd sales using tokens in 2017 were Tezos which raised US\$232 million, Bancor which raised US\$153 million and Status which raised US\$102 million.

## Debt-based

Debt-based crowd funding (also known as "peer to peer", "P2P", "marketplace lending", or "crowd lending" arose with the founding of Zopa in the UK in 2005 and in the US in 2006, with the launches of Lending Club and Prosper.com. Borrowers apply online, generally for free, and their application is reviewed and verified by an automated system, which also determines the borrower's credit risk and interest rate. Investors buy securities in a fund which makes the loans to individual borrowers or bundles of borrowers. Investors make money from interest on the unsecured loans; the system operators make money by taking a percentage of the loan and a loan servicing fee. In 2009, institutional investors entered the P2P lending arena; for example in 2013, Google invested \$125 million in Lending Club. In 2014 in the US, P2P lending totalled about \$5 billion. In 2014 in



the UK, P2P platforms lent businesses £749 million, a growth of 250% from 2012 to 2014, and lent retail customers £547 million, a growth of 108% from 2012 to 2014. In both countries in 2014, about 75% of all the money transferred through crowd funding went through P2P platforms. Lending Club went public in December 2014 at a valuation around \$9 billion. Debt crowd funding in the U.S. further evolved with the 2016 enactment of Title III of the JOBS Act, which allows unaccredited investors to invest directly in private businesses through regulated Funding Portals or Broker-Dealers.

### Litigation

Litigation crowd funding allows plaintiffs or defendants to reach out to hundreds of their peers simultaneously in a semiprivate and confidential manner to obtain funding, either seeking donations or providing a reward in return for funding. It also allows investors to purchase a stake in a claim they have funded, which may allow them to get back more than their investment if the case succeeds (the reward is based on the compensation received by the litigant at the end of his or her case, known as a contingent fee in the United States, a success fee in the United Kingdom, or a pactum de quota litis in many civil law systems). Lex Shares is a platform that allows accredited investors to invest in lawsuits.

### Donation-based

Running alongside reward-based crowd funding, donation-based is second as the most commonly used form of crowd funding. Charity donation-based crowd funding is the collective effort of individuals to help charitable causes. In charity crowd funding, funds are raised for pro-social or pro-environmental purposes. Donors come together to create an online community around a common cause to help fund services and programs to combat issues. The major aspect of donor-based is that there is no reward for donating; rather, it is based on the donor's altruistic reasoning.

## 1. Three Categories of Crowd funding Models

### Personal Fundraising

An individual raising funds for a neighbor, friend, family, or organization, It is better to choose a platform which focuses on personal fundraising. It is swift to set up, include the basic sharing features need, and allow to start collecting donations right away. Examples include Go Fund Me and Honey Fund. Many of these platforms allow individuals to raise capitals for a not-for-profit, too, with the coinage being sent right to the charity of choice.

### Business or Creative Project Crowd funding

To launch a product or start a creative exertion, contemplate a project-based fundraising online portals like Indiegogo or Kickstarter. These platforms offer a more proficient feel as well as many marketing prospects to magnify to reach .Indiegogo focusses in technology and hardware product promotions. Indiegogo's spectators angles more toward tech early adopters, launching an innovative product, It is an eventual place to fundraise. Another benefit of Indiegogo is their crew of marketing policymakers who help to reach during campaign. Kickstarter is geared toward artistic projects. For musician, artist, or filmmaker, Kickstarter could be a good option.

### Nonprofit Fundraising

It is hard is to find nonprofit funding sources for charitable organizations. Online fund raising is attractive and becoming more communal for nonprofits as an added way to raise finance. There are a few options:

#### Enhance enthusiasts to start fundraisers for nonprofit

It encourage long-time volunteers and other supporters to start a fundraiser on a personal fundraising site. They can rally friends and family to promote funds that go directly to organization. The trade off is rapid and easy to set up and in addition to that its a inordinate technique to reach community involved in fundraising

Start a fundraiser for nonprofit

Online portals like crowd rise or classy more robust functionality They offer features that make nonprofit fundraising easier, like integrating event registration into fundraiser or assimilating with nonprofit's CRM software. Generally a free version of product enhances a more advanced set of structures.

## 2. Structures and Performance

Each platform offers exceptional structures that aid their organizers be effective. Cited some of the most notable features.

### Sustenance for Accumulation a Beneficiary

Running a fundraiser for someone else should be relatively easy as long as aware of the platform's recipient features. Platforms like Just Giving necessitate to improve recipient's bank account information in for them, so be assured they are contented giving their personal bank account information before authorization. On the other hand, GoFundMe the receiver set up a distinct but interrelated account where they can steadily enter their own information to draw the funds. Hovering funds for a nonprofit organization, should authorize that the charity is already in the platform's system so they can easily obtain the resources to their bank account.

### Personal fundraising platforms

Personal fundraising online portals like GoFundMe and Honey Fund typically send the funds within 2-5 business days, which is the firmest of all crowd funding online portals. Generally the payment processor used impact other major crowd funding and it can take longer timeframes.

### Project-based crowdfunding sites

Indiegogo and Kickstarter have longer time frames, and Kickstarter requires to reach goal to draw the funds. Indiegogo sends the funds 15 business days after fundraiser culminations, while Kickstarter directs the funds 14 days after goal is reached.

### Not-for-profit fundraising platforms

Not-for-profit fundraising online portals have bit more boundaries and if business is enrolled in GuideStar then can receive rapider distributions by a direct deposit and enrolled then it could take longer to receive funds. While picking a online portal dual check is essential for nonprofit fundraising and fund reclamation possibilities.

### Mobile Application

Crowdfunding online portals have a mobile thresholds, using a mobile applications to accomplish fundraiser provides the best "on the go" experience. Kickstarter, Indiegogo, and GoFundMe have highly appraised application in the Google Play and Apple App Store. Presently GoFundMe came out with a integrated application experience where contributors can browse through fundraisers to provide, and organizers and recipients can easily manage their account(s). Kickstarter's application is seamless for browsing through other successful projects to spark own artistic thinking, and can easily become a promoter for the next cutting-edge project.

## 3. Reliance and Deceit Protection

With any online portal, it's significant to have the safety features to guarantee contributors feel contented trusting them with financial information and comfortable with the crowd funding platform's safety features.

## Level of PCI Compliance

All crowd funding websites are prerequisite to use encrypted Secure Socket Layer (SSL) technology to process payments, which is the similar to techno banks use. Only Facebook and GoFundMe have the highest level of PCI compliance, fondly could not make enough process payments.

## The Platform's Better Business Bureau (BBB) Rating

The company having A+ BBB review and publicly responds to customer's complaints, they truly value their customer experience. the company having an A+ review but not replying to users' public complaints, it raises the question where else they need be customer support.

## Trust and Safety

All reliable portals should have the option to report a deceitful fundraiser to ensure the site's security. Kickstarter and GoFundMe have laid-back methods to report theoretically deceitful fundraisers and publicly remark their Trust & Safety Teams. Go Fund Me drives above and beyond with their Go Fund Me Guarantee, which is serves as assurance for crowdfunding.

## 4. Customer Support

In a perfect customer support scenario, the top platforms that provides better services are,

### GoFundMe

Gofundme and Indiegogo platform provides 24/7 email support. Education center, health center and blog providers are offering better services to their customers..

### Fundly and CrowdRise

Fundly online and crowdrise platforms provide Email sustenance choice, help center and nonprofits can get mobile sustenance and personalizing training for fundraising success.

### Facebook

Facebook online platform provides email support for facebook users and facebook help center is not associated with fundraising

## 5. Platform Fees Versus Payment Processor Fees

Nevertheless crowd funding standpoints have made fundraising at ease than ever, they do come at a cost. Most platforms take a proportion of the funds obtain called a platform fee and others have added upfront costs. But some offer a 0% platform fee where contributors can leave discretionary guidelines and all sites have obligatory payment processing fees. It is very significant to comprehend the entire fee structure before start sharing fundraiser and receiving contributions.

## Platform Fees

A platform emolument is when a crowd funding site withholds a proportion of contributions to use their platform. Common platform charges range from 3% to 5%. Some platforms take up to 30% but luckily a few, like GoFundMe, have incorporated a free fundraising model. Instead, they permit contributors to recompense for their services.

## Recompense Processing Fees

Payment processors like WePay and PayPal add emolument for their services and they are inevitable. Online transactions attracts payment processors to collect a small fee for each transaction.

## Provider Guidelines

GoFundMe offers a free fundraising platform where contributors leave guidelines to cover platform charges. All fundraising websites require payment processing fees, which cannot be covered by the contributor's gradient.

## Truthful Costs

Premium fundraising websites like Classy, CrowdRise Premium, and HoneyFund Elite all charge a subscription in addition to the platform and recompense processing charges. Nevertheless the charges are slightly higher, they offer additional features to make the cost worth it. Some websites offer lower platform charges to offset the direct cost.

## Best Crowdfunding Platform

With so many incredible online fundraising platform alternatives. Crowdfunding is a way of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowdfunding platforms—and leverages their networks for greater reach and exposure. crowd funding is the fastest and easiest method to receive the funds from family, friends, and online community

## Applicability of Crowdfunding in Different segments

Crowd funding is being explored as a prospective finance mechanism for artistic work such as blogging and journalism, music, independent film ( crowd funded film), and for finance startup companies.

## Food and agriculture

Several crowd funding platforms have developed that allow people to contribute or invest in food- and agriculture-related prospects. AgFunder is one universal platform that provides both individual and institutional investors access to venture capital investments, both in agriculture technology and food technology companies. Corporal has developed a platform to allow investors to invest in small-holder farmers and rewards-based platforms like Barnraiser allow users to support farmers and food startups. The crowd funding platform PieShell was launched in 2016 to focus exclusively on food and beverage campaigns.

## Philanthropy and Civic Projects

A diversity of crowd funding platforms have emerged to allow ordinary web users to support precise philanthropic ventures without the need for huge volumes of money. Global Giving agrees individuals to browse through a assortment of small projects proposed by nonprofit organizations worldwide, contributing resources to projects of their choice. Microcredit crowd funding platforms such as Kiva (organization) expedite crowd funding of loans managed by microcredit organizations in developing countries. The US-based



nonprofit Zidisha relates a direct person-to-person lending prototypical to microcredit loaning for low-income small business owners in developing countries.

Donors Choose.org, originated in 2000, permits public school teachers in the United States to use resources for their schoolrooms. Individuals can advance money to teacher-proposed projects, and the organization fulfills and delivers supplies to schools. There are also a number of own-branded university crowd funding websites, which enable students and staff to generate projects and receive funding from alumni of the university or the general public. Several dedicated civic crowd funding platforms have developed in the US and the UK, some of which have led to the first direct involvement of governments in crowd funding. In the UK, Spacehive is used by the Mayor of London and Manchester City Council to co-fund civic projects created by citizens. Similarly, committed philanthropic crowd funding initiatives are developing, concerning humanitarian organizations, volunteers and supports in resolving and modeling how to build ground-breaking crowdfunding resolutions for the philanthropic community

### Real estate

Real estate crowd funding is the online amalgamating of capital from investors to fund loans secured by real estate, such as "fix and flip" redevelopment of concerned or abandoned properties, equity for commercial and residential projects, procurement of pools of concerned loans, home buyer down payments and similar real estate related outlets. The growth of real estate crowdfunding is a global tendency. During 2014 and 2015, more than 150 platforms have been created throughout the world, such as in China, the Middle East, or France

Real estate crowd funding can include various project types from commercial to residential developments, planning gain opportunities, build to hold such as social housing and many more.

### Intellectual property exposure

One of the challenges of posting new philosophies on crowd funding on-line portals is there little or no intellectual property (IP) protection provided by the on-line portals themselves. Inventor advocates, such as Simon Brown, founder of the UK-based United Innovation Association, counsel that philosophies can be protected on crowd funding sites through early filing of patent applications, use of copyright and trademark protection as well as a new form of idea protection reinforced by the World Intellectual Property Organization called Creative Barcode.

### Science

A number of platforms have also emerged that specialize in the crowd funding of scientific projects, such as experiment.com, and The Open Source Science Project. In the scientific community, these new options for research funding are seen inconsistent. Advocates of crowd funding for science underline that it allows early-career researchers to apply for their own projects early on, that it forces researchers to interconnect evidently and widely to a broader public, that it improve difficulties of the well-known funding structures which are seen to fund conventional, mainstream projects, and that it gives the public a say in science funding. In turn, critics are worried about quality control on crowd funding platforms. Early studies found that crowd funding is used within science, mostly by young researchers to fund small parts of their projects, and with high success rates. At the same time, funding success seems to be strongly inclined by non-scientific features like humor, visualizations, or the ease and security of payment.

### Journalism

In order to fund online and print publications, journalists are soliciting the aid of crowd funding. Crowd funding allows for small start-ups and individual journalists to fund their work without the organized help of major public broadcasters. Stories are publicly pitched using crowd funding platforms such as Kickstarter,

Indiegogo, or Spot.us. The funds collected from crowdsourcing put toward travel expenses or purchasing equipment. Crowd funding in journalism viewed as a way to permit spectators to participate in news production and in generating a participatory culture.

Spot.us, which was closed in February 2015, was a crowd funding platform that was specifically meant for journalism. The website allowed for readers, individual contributors, registered Spot.us reporters, or news organizations to fund or contribute talent toward a pitch of their choosing. While funders are not typically intricate in editorial control, Spot.us allowed for donors or "community members" to become involved with the co-creation of a story. This gave them the ability to edit articles, submit photographs, or share leads and information. According to an analysis by Public Insight Network, Spot.us was not sustainable for various reasons. Many contributors were not returning donors and often, projects remained sponsored by family and friends. The overall market for crowd funding journalism be a factor; contributions for journalism projects accounted for 13 percent of the \$2.8 billion that was raised in 2013. Larger crowd funding platforms such as Indiegogo or Kickstarter, both of which are not journalism- precise, garner more success for projects. This is because these large-scale platforms allow journalists to reach new audiences.

Traditionally, journalists are not involved in advertising and marketing. Crowd funding means that journalists are attracting funders while trying to remain independent, bearing a conflict. Therefore, being directly intricated with monetary aspects influences journalistic integrity and journalistic objectivity into question. This is also due to the fact that journalists faces some pressure or "a sense of responsibility" toward funders support a particular project .Crowd funding and crowd fund investing have several significant roles to play in the emerging world's entrepreneurial and venture finance ecosystem.

### Legal developments

As the reputation of crowd funding extended, the SEC, state governments, and Congress responded by legislating and refining many capital-raising exceptions to permit easier access to alternate funding sources. Originally, the Securities Act of 1933 debarred businesses from soliciting capital from the general public for private offerings". A company can now broadly solicit and generally advertise an offering and still be compliant with the exemption's requirements if:

The investors in the offering are all accredited investors; and

The company proceeds rational steps to authenticate that the investors are accredited investors, which could include reviewing documentation, such as W-2s, tax returns, bank and brokerage statements, credit reports and the like.

Another transformation was the amendment of SEC Rule 147. Section 3(a) (11) of the Securities Act permits for limitless capital raising from investors in a distinct state-owned through an intrastate exemption.. Additionally, the issuer was essential to be amalgamated and do business in the same state of the intrastate subscription.

### Advantages of crowd funding:

- It can be a fast way to raise finance with no upfront fees.
- Plunging a project or business through the online platform can be a valuable form of marketing and result in media attention.
- Sharing idea, can often get feedback and expert guidance on how to improve it.
- It is a good way to test the public's reaction to your product/idea - if people are keen to invest it is a good sign that the idea work well in the market.
- Investors can track progress - this may help to promote brand through their networks.
- Ideas that may not appeal to conventional investors can often get financed more easily.
- Investors can often become most loyal customers through the financing process.
- it's an alternative finance option, if have struggled to get bank loans or traditional funding

### Challenges of crowd funding:

- It is not an easier process to be compared to the more traditional ways of raising finance as projects are not directly linked to crowd funding platforms.
- While choosing an online portal for crowd funding, a lot of resources are required to if the funding target has not achieved any finance that has been pledged will usually be returned to investors and fundraiser receive nothing failed projects causes risk damage to the reputation of business and people who have pledged money with crowd funding platforms
- Business ideas are not protected with a patent or copyright then there is a chance of misusing of the online portals.
- Getting the rewards or returns wrong can mean giving away too much of the business to investors

### Conclusion

Crowdfunders invest mostly in business and entrepreneurship, social causes, films and performing arts, and real estate. In addition to the above, specialized platforms have also emerged, targeting subsectors like agriculture, retail, food, and housing and service. It allows project owners to validate ideas and interventions before targeting traditional donors or financial organizations. Crowdfunding's non-financial benefits include such as marketing and Crowdfunding platforms may be cost-effective intermediaries as they help individual investors and donors navigate complex foreign legal frameworks, allowing them to invest abroad at affordable rates. A successful crowdfunding round not only affords business with required cash, but generates a base of customers and a stake in the business' success. Crowdfunding is one of the best ways in which entrepreneurs can fulfill dreams, achieve goals, and make it large in the world of entrepreneurship. Crowdfunding is easier also because the entrepreneur need not capitalize money in it. The business portal, can start right away, with just the right idea in mind and the expertise to accomplish the procedures whenever needed.

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