

CROWDFUNDING

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Crowdfunding means funding a project or venture by raising money from people via internet.crowdfunding first gained popular through internet in arts and music communities. The first online crowdfunding in music industry was in 1997,when fans of British rock band Marillion raisedUS\$60,000 in donations by means of internet campaign.In 2002,the free blender campaign was an early software crowdfunding precursor.In 2015,over US\$34 billion was raised worldwide by crowdfunding.

Crowdfunding has been used to fund medical expenses,travel,community oriented,artistic and creative projects and social entrepreneurship projects. It was also been criticized for using for fraudulent cancer treatments.

In 2019,the project star citizen,an online space trading and combat video game. It has been raised US\$254M. crowdfunding is expected to reach US\$1 trillion in 2025.

There are four types of crowdfunding:

- i. Equity based: The people or private investors invest in unlisted company in exchange for shares in that company.

- ii. Debt based: The person or a company that borrows money from lenders and commit to pay back at set date at agreed interest date.
- iii. Rewards based: The individuals who contribute money that can be defined as a benefit in the form of financial gain.
- iv. Donation based: The crowd gives money or other resources to the person running campaign without expecting any returns.

Few best crowdfunding sites are:

- ✓ Kickstarter
- ✓ Indiegogo
- ✓ Causes
- ✓ Patreon
- ✓ GoFundMe
- ✓ CircleUp
- ✓ LendingClub



Source:flexibilian.com

Benefits for Investors:

- ✓ Reduces search cost and transaction cost.
- ✓ Focus on consumer sector and supports projects and ideas.
- ✓ Individual investors have chance to be a part of company they invest in.

Conclusion:

Crowdfunding is a great platform for those who have creative ideas and get funds through various fundraising sites. Not only just investment done by public, they also get rewards in return. One can also just fund the project/idea without seeking any returns.

REFERENCE:

- <https://en.wikipedia.org/wiki/Crowdfunding>
- <https://www.forbes.com/sites/chancebarnett/2013/05/08/top-10-crowdfunding-sites-for-fundraising/#7d2742713850>