

Crowdfunding platforms as an alternative method to enhance funding sources for startups: Experiences from some Arab countries

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Abstract: This research paper seeks to identify a new type of funding source for startups, as well as the possibility of enhancing the available traditional funding sources, by focusing on a financial source that aligns with the capabilities of startups in light of the financial constraints they face when seeking traditional funding.

One of the study's most significant findings is the following: Crowdfunding platforms provide an alternative funding source for companies by allowing them to raise modest sums of money from a wide number of funders and send it to borrowers using electronic platforms. These platforms differ based on the finance model used, which allows institutions to break free from traditional financing sources, making it an effective instrument that can greatly contribute to startup growth in the face of a financial deficit. Crowdfunding platforms rely on a set of fundamental principles that set them apart from other financing sources, including the principle of transparency and trust, which leads to increased interaction between funders and innovative entrepreneurs, as well as the formation of collaborative and shared knowledge networks to develop innovative projects.

Keywords: crowdfunding, crowdfunding platforms, startups; Financing startups.

JEL Classification : G29, G19, G21, M13.

ملخص : تهدف هذه الدراسة إلى تحديد نوع جديد من مصادر التمويل للمؤسسات الناشئة، فضلاً عن دراسة إمكانية تعزيز مصادر التمويل التقليدية المتاحة، وذلك من خلال التركيز على مصدر تمويلي يتلاءم مع قدرات المؤسسات الناشئة في ظل القيود المالية التي تواجهها عند سعيها للحصول على التمويل التقليدي. ومن أهم النتائج التي توصلت إليها الدراسة ما يلي: تتيح منصات التمويل الجماعي مصدراً بديلاً لتمويل الشركات، إذ تمكنها من جمع مبالغ مالية محدودة من عدد كبير من الممولين وتحويلها إلى المقترضين عبر منصات إلكترونية. وتختلف هذه المنصات باختلاف نموذج التمويل المعتمد، الأمر الذي يسمح للمؤسسات بالتحرك من مصادر التمويل التقليدية، ويجعلها أداة فعالة يمكن أن تسهم بشكل كبير في دعم نمو المؤسسات الناشئة في ظل العجز المالي. وتعتمد منصات التمويل الجماعي على مجموعة من المبادئ الأساسية التي تميزها عن غيرها من مصادر التمويل، من أبرزها مبدأ الشفافية والثقة، مما يؤدي إلى تعزيز التفاعل بين الممولين ورواد الأعمال المبتكرين، فضلاً عن تكوين شبكات تعاونية وتشاركية لتبادل المعرفة من أجل تطوير المشاريع الابتكارية.

الكلمات المفتاحية : التمويل الجماعي، منصات التمويل الجماعي، المؤسسات الناشئة؛ تمويل المؤسسات الناشئة.

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1. Introduction

For centuries, attracting external capital to finance a project or entrepreneurial initiative has largely relied on traditional fund providers, such as banks, venture capitalists, government agencies, and institutions (Hao, 2024). However, the array of obstacles and difficulties that entrepreneurs face during the early stages of their ventures is the challenge of sourcing external capital, due to the high level of risk, scarcity of guarantees, and insufficient cash flows (David Gedda, 2016).

Crowdfunding has emerged as an intriguing alternative approach to project financing compared to traditional offline funding sources (Hoque, 2024). Technological support for overcoming the effects of funding limitations, it has been well noted that small startup entrepreneurs experience issues with raising money for the achievement of their aim owing to the constraints of conventional money providers, such as banks and venture capitalists (Armin Schwenbacher, 2010). Therefore, the crowdfunding approach offers a different and appealing option for these entrepreneurs.

Online crowdfunding and raising small amounts of money from multiple supporters have increasingly become a popular solution to this dilemma because it allows startups to reach a large number of potential investors at once and implement their innovative projects after securing sufficient funding through crowdfunding platforms (SV, 2018).

In light of the above, we will seek through this research paper to answer some questions related to the ability of crowdfunding to alleviate financial constraints and its role in finding alternatives for financing various innovative ideas, according to the following issue:

What are the factors that help in adopting crowdfunding as a modern mechanism to enhance the available funding sources for startups in Algeria?

To clarify the main issue further, the main question has been broken down into the following sub-questions:

1- Can crowdfunding enhance the funding sources for startups in Algeria in light of the financial constraints they face in obtaining traditional financing?

2- Does crowdfunding contribute to transforming startups' innovative ideas into real investments?

3- How do crowdfunding platforms contribute to rallying the public to finance intellectual initiatives?

4- Can crowdfunding diversify funding sources to meet the desires of startup founders?

And in order to answer the main question of this study and to reach objective results based on scientific and economic foundations, the following hypotheses were constructed:

Hypothesis One: Crowdfunding can enhance the funding sources for startups in Algeria in light of the financial constraints they face in obtaining traditional financing, due to its difference from other funding sources.

Hypothesis Two: Crowdfunding contributes to transforming innovative ideas into real investments by providing the necessary funding in various forms offered by crowdfunding platforms.

Hypothesis three: Crowdfunding platforms help innovative idea owners promote and market their products to attract a large number of funders.

Hypothesis four: Crowdfunding can diversify funding sources because it has different models that meet the needs of startup owners according to their preferences.

Research objectives: In contributing to the existing literature, the paper seeks to summarize the basic concepts that are evident in crowdfunding, models, and ethics. That help to establish a conceptual basis for crowdfunding in the area of project finance. This, in other words, plays a pivotal role in the development of the concept itself,

because the literature indicates that without a conceptual basis, the academic community remains unstructured.

The remainder of this paper is outlined as follows. In the first section, we briefly describe the definition of startups, their growth phases, along with an explanation of the finance phases needed to run startup companies. After that, we study several definitions of crowdfunding, resulting in a comprehensive definition of it. Then, we move towards explaining the nature of crowdfunding as a phenomenon. After that, we describe a categorization of crowdfunding along with the standard terminology used to define crowdfunding platforms. This is followed by a section explaining what is significant regarding crowdfunding. Then, we shed light on experiences of successful crowdfunding platforms offered to Arab states as well as states of North Africa. After that, we give a detailed explanation of the ethical aspect of crowdfunding. Then, we move towards discussing implications.

Research methodology: This study relies on the descriptive method, which is based on various library references, articles, books, and scientific journals. Our research paper is divided into the following main elements:

- 1- The nature of startups and their growth stages.
- 2- Crowdfunding is an innovative mechanism to enhance the financing of innovative ideas.
- 3- Crowdfunding platforms, their ideas, terms, and associated risks.

Experiences of some leading countries in crowdfunding for financing startups with the case of Algeria.

2- Crowdfunding is a mechanism to enhance the financing of startups:

2.1 Definition of startups:

Startups are defined (Kit, 2021) as early-stage institutions, which are either commercial or social enterprises with an economic sustainability model, even if their size does not allow them to turn a profit. The startup adopts an innovative and technologically enabled model for the product or service it provides in order to ensure high growth and scalability. These are mainly engaged in the software, internet, and mobile application sectors. The startup adopts the logic of wagering on the worth of innovation, which in many instances can be extremely risky, taking into consideration the fact that there is no hope or certainty whatsoever as to the possible existence of a marketplace available to them. In accordance with Algerian legislation, any startup that meets the criteria set out below is regarded as a startup: (Official Gazette of the People's (Democratic Republic of Algeria, 2020).

- The institution shall not be more than eight years old.
 - It is a business model based on goods, services, methods of work, or any other kind of invention.
 - The annual volume of sales can't be more than the amount determined by the National Committee for the granting of labels 'Startup', 'Innovation project', and 'Business incubator'.
 - It shall be owned no less than 50% by natural persons, accredited investment funds, or other institutions bearing the startup label.
- It is capable of expanding and growing as an institution.
- The maximum number of employees shall not exceed 250.

2.2 Stages of funding for startup companies :

Stages of startup funding (Metelka, 2014): Startups go through several funding stages before launching, which are:

2.2.1 Seed Round: Typically, a startup at this stage requires a small amount of money to provide the necessary funding needed to produce the product in the early stages. Generally, the startup has an idea and knows that it has market viability, but it may not have a functional prototype. The initial funding provides the company with a pathway to move from the initial conceptual stage towards product development.

2.2.2 Second funding stage: When the institution has a sample of the product (Oranburg, 2016), it can seek funding from a venture capital group to work on launching the product in the market. The funding at this stage is larger than the initial capital funding stage and is offered in exchange for a share of the institution. Startups typically use second-stage funding to ensure the best business model for their institution and their ability to bring the product to the actual market.

2.2.3 Third funding stage: By the time the second funding stage is reached, the startup has a product and a business model and needs sufficient capital to bring the product to a wider market.

2.2.4 Fourth funding stage: This stage revolves around rapid growth. In the third funding stage, companies may shift the work they were doing in this stage towards international markets or focus on diversifying their products.

2.3 The concept of crowdfunding: is generally defined as an approach to financing where minimal amounts of money are raised from large numbers of people or legal entities to finance business operations, projects, individual consumption, or otherwise. The practice involves the use of online platforms in bringing people who need money together with those who provide money. The definitions given by institutions regarding collective financing tend to vary but always contain three dimensions (Ismael, 2023): (1) gathering small sums of money, (2) from many borrowers and allocating to many lenders, and/or (3) using technology. These four categories of collective financing platforms are based on the aim of the following:

Crowdfunding platforms have emerged as a viable alternative to traditional funding sources for entrepreneurs and startups, offering unique advantages and challenges. These platforms democratize access to capital, enabling entrepreneurs to secure funding from a diverse pool of small investors, which contrasts with the often stringent requirements of banks and financial institutions (Ante Roncevic, 2023). The effectiveness of crowdfunding varies by region and context, but it has shown potential in fostering innovation and supporting entrepreneurial ecosystems, particularly in areas with limited access to traditional financing (Al-silefane & Ismael, 2023) (Lehner et al., 2015).

2.3.1 Advantages of Crowdfunding:

Accessibility: Crowdfunding allows entrepreneurs to reach a broader audience, overcoming barriers posed by traditional funding sources (Hoque, 2024).

Market Validation: Successful campaigns can serve as proof of concept, attracting further investment and interest from larger investors (Gedda et al., 2016).

Community Engagement: It fosters a sense of community and support around a project, enhancing customer loyalty and brand awareness (Lehner et al., 2015).

2.3.2 Challenges of Crowdfunding:

Trust Issues: Many potential backers may be hesitant to invest due to concerns about the legitimacy of campaigns.

Regulatory Hurdles: Inconsistent regulations across regions can complicate the crowdfunding landscape, limiting its effectiveness (Hoque, 2024).

Knowledge Gaps: Entrepreneurs often lack the necessary knowledge to effectively launch and manage crowdfunding campaigns (Al-silefane & Ismael, 2023).

2.4 Crowdfunding models. : It consists of four forms:

2.4.1 Donation-based crowdfunding: It is the simplest and most common type of crowdfunding. In this model, the donors' contributions are for charitable purposes (Strausz, 2017). Such funding is mostly done to improve social and charity-based projects, as there are no gains expected by the party that invests. However, purely social-based funding platforms are less common. They are mostly used to give gifts to charity-based organizations. Possible contributors to a fundraising campaign could be investing in a cause they feel passionate about, probably to enable a music band to embark on a tour. They may receive scattered mails of gratitude by the founders. There is no money to be gained (Golic, 2014). The donation-based model does not only apply to non-profit businesses, as there may be individuals who can donate to a cause if, later on, they can use the resultant funds for their purchase of a particular product that can be obtained on the open market. Obviously, the risk factors here tend to be low, as they do not have to be repaid by the developers, meaning they do not see any return on their investment either.

2.4.2 Reward-based crowdfunding: It provides backers with a non-monetary return (Lester Allan Lasrado, 2013). Here, entrepreneurs encourage customers to pre-order their goods, which, at times, comes with a cheaper price tag than usual. (Linda Paul, 2024). The entrepreneurs can decide to give gifts to the customers, which are rewards other than financial, but entrepreneurs never give interest or profits derived from their businesses. Taking into account the discussion of the ethical dilemma, as well as cases that have occurred so far, because of the presence of an intermediary who has a risk level to both the entrepreneur and the donors. In some worse-case scenarios, the entrepreneur will not be in a position to manufacture the suggested product, hence the donors will not gain the expected reward. People who have adopted behaviors use the role of funders in such crowdfunding.

2.4.3 Equity-based crowdfunding: It is a model wherein the financiers always demand a return on their money. It can also be termed as the profit-sharing model. In the profit-sharing model (Ricarda B. Bouncken, 2015), the entrepreneurs persuade people to invest money in exchange for a share of the future profits.

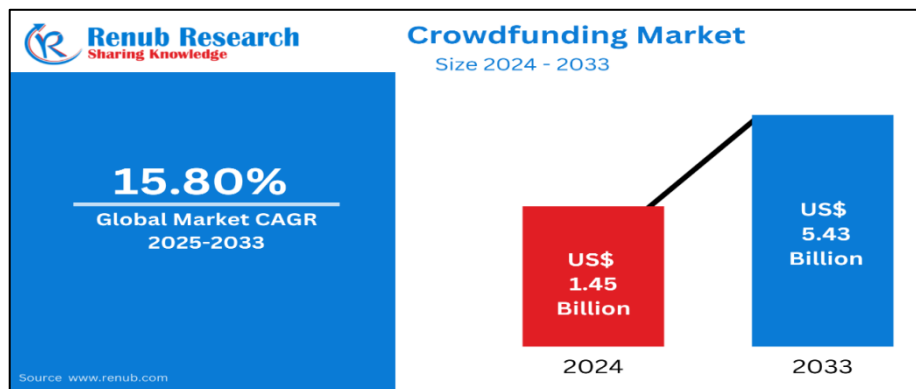
2.4.4 Equity crowdfunding: It involves a significant amount of commercial and legal considerations from both the intermediary crowdfunding institutions and the investors (Bruno Torres, 2024), it clearly falls within the realm of securities sales. Among the more well-known equity crowdfunding sites are Crowdcube, Seedrs, and IPOVillage. For instance, in the United States, laws for equity crowdfunding are in the process of being developed. It appears that with the equity-based model, larger amounts of capital are raised compared to the reward-based model, although most platforms are largely concerned with the reward-based model.

3- Experiences of some leading countries in crowdfunding for financing startups with the case of Algeria:

3.1 The evolution of crowdfunding platforms:

Through a forward-looking study by Renub Research, the global crowdfunding market is expected to reach USD 5.43 billion by 2033, up from USD 1.45 billion in 2024, with a compound annual growth rate of 15.80% between 2025 and 2033. The increasing digitisation in the industry, which increases efficiency and the use of new and emerging technologies, the trend towards sustainability and ethical business, and intelligent worldwide developments are just a few factors that drive the market forward (Figure 1).

Figure 1: Global Crowdfunding Market Size (2025- 2033).



Source: Renub Research .

3.2 Some crowdfunding platforms in the Arab region:

Table (1): Crowdfunding platforms in the Arab region

crowdfunding platforms	Country
Afkarmena	Jordan
Liwwa	
Dubai Next	The Emirates
Beehive Eureeca	
Cofundly	Tunisia
Afrikwity	
Chriky	Algeria
Twiiiza	
Scopeer	Saudi Arabia
Manafa	
Tharwa	
Raqamyah	
Bakhet & Osool Investment	
Sukuk Capital	
Limited Emkan	
Digital Wethaq	
Build Palestine	Palestine
Crowdpal	
Help For Leb	Lebanon
Shekra	Egypt
Yomken	
Madad	

Although the number of Crowdfunding platforms has been rising in a number of Arab countries in the recent past, thus increasing the total number of significant platforms in Arab countries to about 32 Crowdfunding platforms. In Jordan, for instance, there are only two platforms that utilize Crowdfunding in order to raise funds for financing social projects meant for helping those who cannot access the conventional banking system. The objectives of Crowdfunding in Jordan are offering funding support for Jordanian entrepreneurs in order to attract and persuade investors

for investing in innovative projects, including those that are educational in nature, in addition to creative initiatives in return for basic financial rewards for supporters.

In the United Arab Emirates, the UAE considers the activity of the crowd-funding platforms to be very important, in the context of the state strategy to encourage Small Medium Sized Enterprises. Since they form the back bone of the economy in the UAE, based on figures from the Ministry of Economy, these businesses make up more than 94% of the number of firms operating in the country and are also responsible for around 68% of the gross domestic product.

Regarding employment in the private sector, which represents more than 60% of the GDP, and regarding government plans to increase this figure closer to 70% by the year 2021.

Despite this, the data shows that between 50% and 70% of the number of funding applications submitted by small and medium-sized enterprises to banks are rejected. This means SMEs only receive a small amount of funds from banks, which is only about 4% of the whole, and this is low compared to the recorded rate of 8% for Arab states or 9.3% for Middle Eastern and North African states.

There has been a number of platforms that support the crowdfunding operations in the United Arab Emirates, the primary ones being "Dubai Next," "Beehive," and "Eureka." "Dubai Next" has been categorized as the first government-backed crowdfunding platform that works towards providing support to the youth who are considered to be creative.

In the Kingdom of Bahrain, platforms are one of the alternatives for empowering startups, medium, and small enterprises with a mission to support a fintech ecosystem for increasing the offerings of financial services-which act to bridge part of the financial gap in Bahrain-and provide suitable opportunities to investors, lenders, and stakeholders for developing innovative solutions within the Kingdom.

In Tunisia, such an investment is anticipated to be further reinforced through the growth in exports and the creation of job opportunities for the youth. At present, there are only two platforms in Tunisia that take part in the activity of crowdfunding: "Jovendi" and "Afrikwity." In Algeria, it is still in the formation stage, with draft proposals and regulations regarding such an activity; however, there are still platforms like "Cherki" and "Wiza."

“Which provide simple lending services for some social projects and entrepreneurs in order to help them develop their startups and small and medium-sized enterprises.” The Tashreeqi Company provides simple loan services to some social projects as well as entrepreneurs to help them develop their start-ups, small, and medium-scale businesses.

In the case of Saudi Arabia, the significance of the “Vision 2030” includes the development and encouragement of the SMEs sector by providing easy access to funding options. The next aim of the vision would be to raise the share of lending offered by banks to this sector.

Credit to this sector is at present at 5% and is also slated to increase to 20% by 2030. There are eight platforms engaged with the use of crowdfunding based in the Saudi market, and they include "Sooqoor," "Manafia," "Tharwa Financial," "Digital Platform," "Investment Assets and Securities," "Securities," "Limited Liability Company," and "Financial Documents."

In Palestine, there are two platforms: “We Build Palestine” and “Crowdbal.” These platforms are actively involved in crowdfunding events at the community level, and “We Build Palestine” is the first crowdfunding platform to support initiatives that have a positive impact on the Palestinian community. This platform analyzes the

requirements of the people and then launches promotional events to generate funds for initiatives and inventions aimed at young people and small and medium-sized enterprises. "Crowdpal," on the other hand, is the first equity crowdfunding platform.

In the case of Lebanon, the main type of activity done by crowd-funding platforms pertains to lending, with some minor activity pertaining to the investment made into joint-stock companies. "Saaed Lebanon" is one of the most prominent crowd-funding platforms operating within the boundaries of Lebanon.

In Egypt, there are three major fundraising sites: Shokra, Youmken, or "Mada." These platforms act as a point of contact for collecting donations for individuals in need, especially those experiencing financial difficulties, and in certain social situations, for covering medical or educational and emergency costs, aside from being used for the funding of startups, SMEs, or more.

Table (2): The regulatory framework for crowdfunding platforms in the Arab region.

Country	Reward-based) (Crowdfunding	Donations-Based) (Crowdfunding	Equity-based) (Crowdfunding	(Peer to P2P) Lending
The Emirates	-	-	✓	✓
Bahrain			✓	✓
Tunisia	-	-	✓	✓
Saudia Arabia	-	-	✓	✓
Iraq	-	-	-	-
Oman	-	-	-	✓
Qatar	-	-	-	-
Kuwait	-	✓	-	-
Lebanon		-	✓	-
Libya	-	-	-	-
Egypt	-	✓	✓	✓

Source: AMF. (2021). "Modern Financial Technologies: Crowdfunding Platforms."

Through **Table 2**, we observe the interest of supervisory authorities in Arab countries in issuing regulatory frameworks specific to each of the crowdfunding platforms based on lending.

And the participation in ownership, while the regulatory frameworks specific to community finance platforms based on donations and rewards are still limited in many Arab countries despite the expected positive impacts of these platforms on supporting sustainable development in the Arab homeland, as they are platforms that do not primarily aim to achieve profit but rather to support the community and develop its skills and innovations.

In general, the current regulatory frameworks in several Arab countries allow for the active operation of crowdfunding platforms, whether those based on lending or equity issuance, as is practiced in Bahrain, the UAE, Saudi Arabia, and Lebanon. Meanwhile, the current regulatory framework in Kuwait and Morocco permits the operation of crowdfunding platforms based on donation collection according to specific arrangements.

Table3: Regulatory frameworks responsible for regulating the activities of crowdfunding platforms in Arab countries

The state	Effort
Jordan	does not exist.
The United Arab	Bank Central Bank of the United Arab Emirates Dubai Financial Services Authority (DFSA)

Emirates	Abu Dhabi Global Market (ADGM) Securities and Commodities Authority
Bahrain	Central Bank of Bahrain
Tunisia	The Central Bank of Tunisia
Algeria	does not exist
Djibouti.	does not exist
Saudi Arabia	The Saudi Central Bank - Platforms based on debt financing in Saudi Arabia
	Financial Market Authority - Institutions Based on Equity Financing
Sudan	Central Bank of Sudan
Syrian	does not exist
Somalia	does not exist
Iraq	The Central Bank of Iraq
Oman	The Central Bank of Oman in the case of institutions based on debt financing.
	The Capital Market Authority in the case of platforms based on equity financing
Kuwait	does not exist
Qatar	Banker Central Bank of Qatar
Libya	does not exist
Mauritania.	does not exist
Egypt	The Financial Supervisory Authority Egypt
Yemen	does not exist
Lebanon	Lebanon's Financial Markets Authority
Palestine	does not exist

Source: Arabcrowdfunding.com

Through Table 3 above, it is observed that the operation of crowdfunding platforms based on the lending model is organized by the regulatory laws and regulations formulated by the central banks in the UAE, Bahrain, Tunisia, and Saudi Arabia. At the same time, the operation of the crowdfunding platforms based on equity participation is organized by the regulatory laws and regulations formulated by the financial market authorities and the regulatory bodies, in a manner similar to that in the case of the UAE, Saudi Arabia, Egypt, and Morocco. With regards to the state of Bahrain, the central bank itself organizes the operation of crowdfunding platforms based on equity participation. Furthermore, some free financial zones organize the operation of crowdfunding platforms, in a manner similar to that practiced by the Dubai Financial Services Authority and the Abu Dhabi Global Market in the UAE. Other Arab countries are also studying the regulation of this activity, in collaboration with the concerned authorities, as in Palestine, Libya, and Oman. The Capital Markets Authority, Kuwait, is currently working on their project to create a regulatory environment for financial technologies pertaining to the distribution of financial securities, including the activity of equity-based crowdfunding websites, to protect and ensure the rights of its users, in compliance with the provisions and objectives of the law of the concerned regulatory authority.

Other free financial zones regulate the work of community financing platforms that fall under their supervisory scope. This includes, for example, the Dubai Financial Services Authority and the Abu Dhabi Global Market in the UAE. The remaining Arab states are working on studying the regulation of this activity in cooperation with the relevant authorities, much like what is taking place in Palestine, Libya, and Oman. Kuwait's Capital Markets Authority has begun implementing its project to set up a regulatory framework regarding financial technologies related to the issuance of financial securities, including the activity of community financing platforms based on profit-sharing, to protect clients and preserve their rights according to the provisions and objectives of the relevant regulatory authority's laws. For Qatar and Lebanon, there are

no special frameworks; instead, they are subject to general rules aimed at the protection of investors. Crowdfunding platforms based on lending shall be subject to the regulatory frameworks special to banks. Some of them are subject to a regulatory framework for financial intermediaries. In Oman, some are subject to the regulatory framework of the financial intermediary companies, while others are under the regulatory rules of banks.

4.Conclusion:

This research paper focused on the contemporary financial technology of crowdfunding.

This study has been able to demonstrate that the use of crowdfunding sites could be a potential substitute for other means for entrepreneurs, as they fill a gap that inhibits entrepreneurs from obtaining funds, especially using equity funding models as well as peer-to-peer lending, thus offering a solution for the issues identified regarding raising money from outside sources.

In Algeria, filling the capital-gap and helping new businesses come into being is one of the main motivations for using crowdfunding platforms. They, however, face certain challenges that need a proper and overall strategy in order to speed up the move towards the digital economy, and the implementation of the legislative and regulatory structure for the new mean of financing. Of particular worry is the reliance of the funders in general for the data provided by the entrepreneurs in the crowdfunding campaign, which makes it difficult for them to carry out reality checks, considering the lack of data and the inability to process it.

The role that crowdfunding platforms play in the significance of raising funds also extends its advantages to startups and innovative projects, as it not only aids them in making their ideas viable, but also gets free marketing and basic knowledge about markets and ways to reach potential customers.

The success of the entrepreneur in securing funding support from crowdfunding platforms is related to the manner of carefully choosing the most suited platforms depending on the type of the project he has, as well as the formulation of a comprehensive and accurate business model of how the projected return on investment will be realized. This is done through the manner of fundraising as well as representing the project uniquely in a bid to convince the fund providers (investors) to help turn the project into a reality through funding. This is as stated in the first and second hypotheses.

- Crowdfunding sites, as stated by the third hypothesis, are where the crowd provides funds for a particular innovative idea by offering a contribution of a relatively small amount of cash either as a reward, a donation, or maybe for stock, as online sites usually do, as stated by the models for crowdfunding their innovative ideas for startups.

Under the fourth hypothesis, crowdfunding itself is categorized into two groups, and this is based on the scale of crowdfunding, which may at times be both categories. The categories involve commercial and charitable crowdfunding, where, in the former, the funders receive an expected return, but in the case of charitable crowdfunding, the funders receive no direct returns. The demands of all the people who contribute funds are met by the different models of crowdfunding.

Recommendations:

- On the basis of this intervention, a number of issues have been identified that must be clarified in order to define crowdfunding accurately. Hence, future research can:

- The discussion about crowdfunding, as well as various aspects of crowdfunding, and merits of crowdfunding are quite engaging for future studies. In the sense that there are

uncertainties about the successful and non-successful crowdfunding projects. In spite of the fact that the successful nature of crowdfunding has been hinted at.

- The Crowdfunding project launch. The need to encourage governments and other organizations to develop harmony in legislation across the entire world. The vast number of projects and sites established today find themselves in a world with minimum checks and balances. The process of fundraising using crowdfunding is always attractive to startups in their early stages. However, most projects that use crowdfunding are known to fail in their delivery. Also, fraud by founders has been an aspect that undermines the ethics involved. In the absence of developed legislation and ethics that may be applicable. It is shown from different stakeholders that it is almost necessary to develop appropriate legislation. In turn, people who supply funds will be encouraged to get involved in crowdfunding. The significance of the use of crowdfunding in securing funds for startups in their earlier stages has been emphasized; hence, it should be an important alternative source for different initiatives.

- It is important to discuss the cases and implications of crowdfunding projects with all stakeholders, including entrepreneurs, individual donors, crowdfunding platforms, and authorities. A thorough awareness of all factors associated with crowdfunding projects is very important. Thus, it can be seen that future research work should focus on how these factors will influence crowdfunding projects. There are cases where the violation of ethics can hinder the development of crowdfunding as an industry. Thus, it becomes important to discuss the ethical concerns associated with anti-climb with guarantees in all crowdfunding projects with proper analysis. Joint legislation will be required, and researchers should empower the authorities in this area.

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