

A Review On Revolutionizing Crowdfunding: A Hybrid Platform for the Future

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Abstract

Crowdfunding platforms have redefined the financial landscape, enabling innovators and entrepreneurs to access capital like never before. This paper introduces a hybrid crowdfunding platform designed to merge the best aspects of existing models, offering a unique and versatile solution. Through a comprehensive review of the crowdfunding ecosystem, this paper presents an in-depth analysis of the strengths and limitations of current platforms.

The hybrid crowdfunding system described herein combines donation-based, reward-based, and equity-based elements, allowing fundraisers to tailor their campaigns to specific needs. This innovative approach aims to bridge the gaps present in the current crowdfunding landscape and offer a platform that can support a wide range of projects and campaigns. The analysis covers the historical evolution, existing models, and challenges faced by contemporary crowdfunding platforms, culminating in a critical examination of the strengths and weaknesses of each.

The proposed hybrid system is positioned as a versatile and adaptable solution, promising to enhance crowdfunding's capacity to drive innovation and support entrepreneurial endeavors across various sectors.

Keyword: *crowdfunding, hybrid crowdfunding, investment, crowd, finance, Hybrid model, diversification, accessibility, risk mitigation, innovation, community engagement, transparency, funding options, success stories, user experience.*

Introduction:

Crowdfunding platforms have revolutionized the way individuals and businesses access capital, ushering in a new era of democratized finance. Crowdfunding has transcended traditional methods of fundraising, enabling innovators and creators to leverage the power of the crowd to bring their ideas to life. It has disrupted the financial landscape, fostering a dynamic ecosystem where entrepreneurs, artists, and philanthropists can directly connect with backers who share their vision.

The rise of crowdfunding platforms can be attributed to the proliferation of the internet and social media, which have connected millions of people worldwide. This interconnectedness has paved the way for a collaborative approach to funding, where backers can collectively support projects, startups, and charitable causes. Crowdfunding has emerged as a potent force for innovation and social change, empowering creators to test their concepts, validate market demand, and build communities around their initiatives.

This review paper aims to provide a comprehensive analysis of the crowdfunding industry, from its historical evolution to its modern applications, challenges, and emerging trends. By delving into the intricacies of crowdfunding, we aim to offer valuable insights to researchers, policymakers, investors, and entrepreneurs interested in this transformative financial and innovation ecosystem.

History:

The history of crowdfunding can be traced back to ancient civilizations where communities pooled resources to support a common cause or project. However, the modern concept of crowdfunding began to take shape in the early 21st century, spurred by the convergence of technology and social connectivity.

The pivotal moment in crowdfunding's history occurred with the launch of Kickstarter in 2009. Kickstarter introduced the world to the idea of reward-based crowdfunding, where backers receive non-financial rewards, such as the products or experiences they are funding. This platform set the stage for the explosive growth of crowdfunding as it successfully facilitated numerous projects, including the Pebble smartwatch and the Oculus Rift virtual reality headset.

Equity-based crowdfunding platforms emerged as a natural evolution, allowing investors to acquire shares in early-stage companies. The Jumpstart Our Business Startups (JOBS) Act in the United States, enacted in 2012, played a significant role in legalizing equity crowdfunding, opening new avenues for small businesses to access capital.

Over the years, various crowdfunding models have gained prominence, including donation-based crowdfunding for charitable initiatives and disaster relief, debt-based crowdfunding for business financing, and reward-based crowdfunding for creative projects. This historical evolution has led to a diverse crowdfunding landscape, catering to a wide range of fundraising needs.

Literature Survey:

Crowdfunding platforms as new financing alternatives

The use of the Internet and the appearance of online platforms have revolutionized communication between human beings. This has allowed new financing alternatives such as CFPs to be available to entrepreneurs and their new innovative products. In recent years, CFPs have gained notoriety among capital-constrained entrepreneurs and small investors. Digital financing sources such as the CFP reduce the costs of access to information and facilitate communication between entrepreneurs and investors. The Internet and online platforms have made it easier for homeowners to express their ideas more efficiently and for investors to learn more quickly. Even so, banking entities continue to be the main sources of investment attraction for the start-up of business projects. Some of the traditional sources for financing new projects are business angels, venture capital and private equity investors.

Crowdfunding is a method of raising capital in small amounts from a large group of investors without traditional financial intermediaries, but usually with the help of a platform. One of the characteristics of this method is the democratization of financing, allowing all types of entrepreneurs to take advantage of opportunities to enhance their products. Although the term crowdfunding dates back to times before the use of digital platforms, its implementation has been a creative method to finance business projects, revolutionizing the market. It is important to emphasize those small investors can widely benefit from CFPs by finding more opportunities to generate financial returns in times of low deposit rates, helping to reduce the risks associated with investment decisions. As for entrepreneurs, the advantages are multiple, since the interaction in the CFPs allows obtaining feedback by taking advantage of the collective skills and knowledge of the investors, which can help them develop their products or services before being launched on the market.

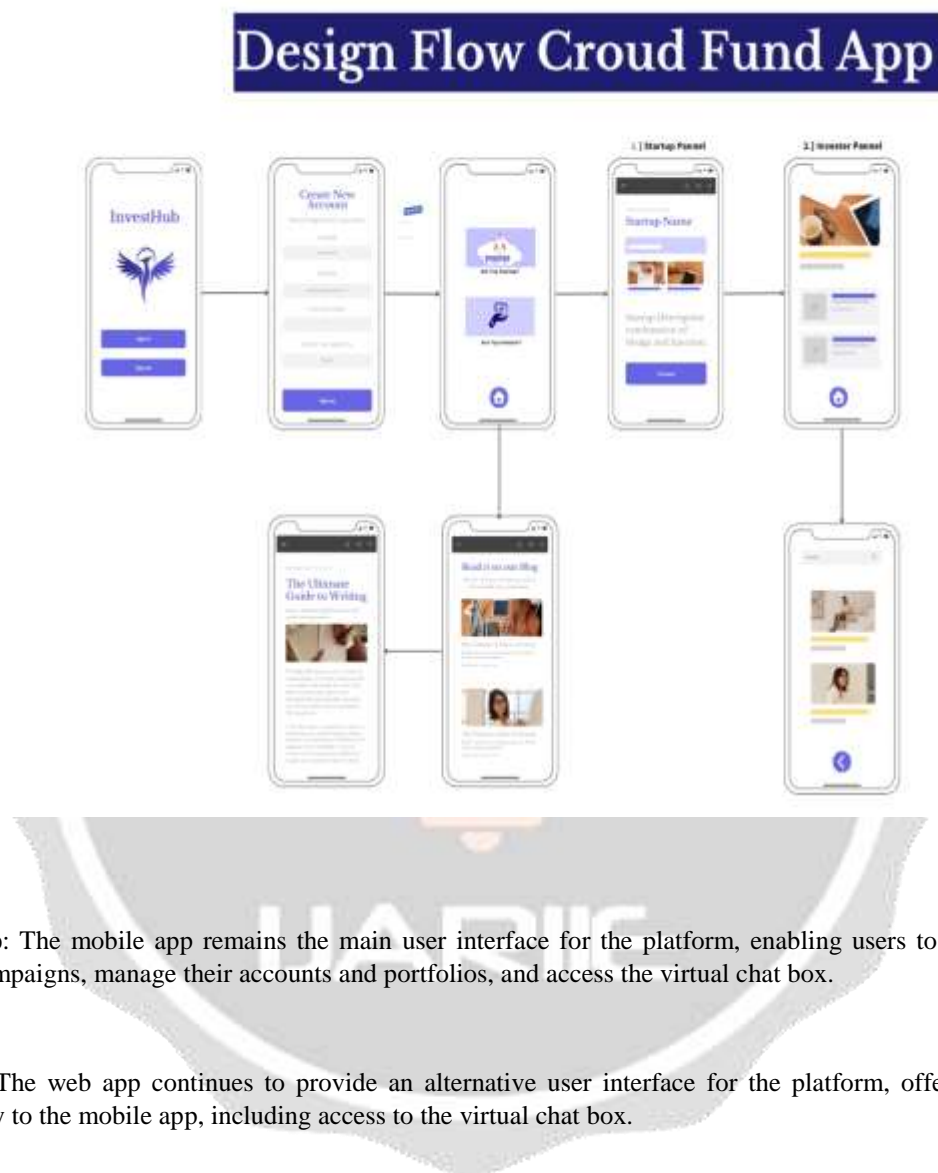
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System Architecture:



Front-end

Mobile app: The mobile app remains the main user interface for the platform, enabling users to browse and invest in campaigns, manage their accounts and portfolios, and access the virtual chat box.

Web app: The web app continues to provide an alternative user interface for the platform, offering similar functionality to the mobile app, including access to the virtual chat box.

Back-end

API: The API retains its role of exposing the platform's functionality to the mobile and web apps, handling user requests related to campaign browsing, investment management, account management, and chat box interactions.

Database: The database continues to store all platform data, including campaign information, user information, investment data, and chat messages

Additional components

Email server: The email server remains in place to send notifications about new campaigns, investment confirmations, campaign updates, and chat-related messages, such as new messages or notifications.

Push notification server: The push notification server continues to send push notifications to users' mobile devices about new campaigns, investment confirmations, campaign updates, and chat-related activities.

Conclusion:

The development of an all-in-one hybrid crowdfunding platform represents a significant leap in the evolution of fundraising mechanisms. This platform addresses the limitations of existing crowdfunding models by integrating equity fundraising, social service and event fundraising, and sponsorship opportunities into a unified ecosystem. The innovative user-friendly interface ensures accessibility for users of all ages, enhancing inclusivity and usability.

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