

CROWDFUNDING AS A PROSPECTIVE WAY OF FINANCING

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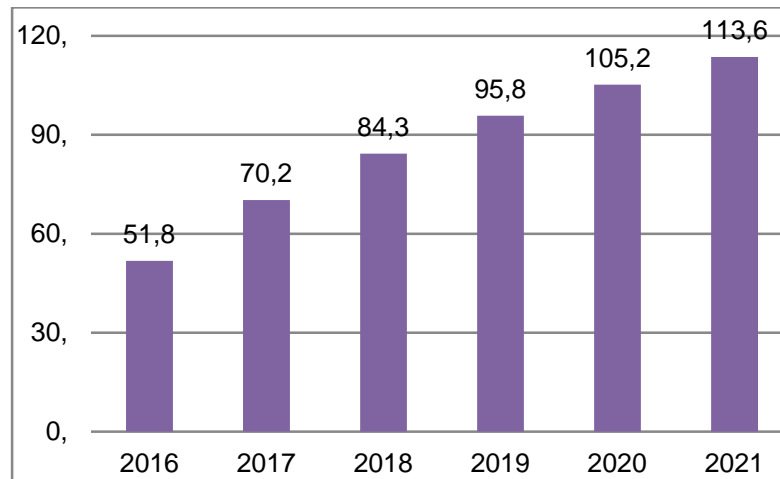
The Belarusian economy currently requires new mechanisms to accelerate economic growth, one of which is the creation of crowdfund platforms. Recently crowdfunding has become a popular alternative to bank lending method of organizing fundraising for entrepreneurs, inventors, people involved in creative philanthropy.

This thesis examines such a segment of the financial technology market as “crowdfunding” (specialization in non-financial business models).

Crowdfunding is a collective collaboration of people who voluntarily unite their money or other resources together, usually over the Internet, to support the efforts of other people or organizations [1].

Non-financial (or non-investment) crowdfunding is a business model that doesn't involve the sponsor of financial income.

The global crowdfunding market is estimated at \$105.2 million in 2020, and the revenue is projected to reach \$114 million by 2021, which means an expected compound annual growth rate (2016-2022 years) of about 17%.



Picture 1. - Global crowdfunding market (2016-2021), USD million

The largest platforms in terms of the amount of money invested in this sphere of fintech in the Republic of Belarus are Ulej and Talaka.

Ulej was launched in April 2015, but in six months it managed to collect about 500 million rubles [3]. However, the launch of new projects is currently on hold. Nevertheless, payments for projects are still carried out at this moment.

The Talaka was launched in 2013. At the moment there are 2336 active projects in the fields of education, national culture, social assistance, art and technology, which face 8321 open tasks, solved by 617 companies "Talakosht" [4].

As for legal regulation Belarus hasn't adopted special laws on crowdfunding. Nevertheless, crowdfunding projects are being actively implemented. Their participants are obliged to comply with the existing tax, currency, banking and other rules, including the rules for the provision and use of gratuitous sponsorship, stipulated by the Decree of the President of the Republic of Belarus dated July 1, 2005 No. 300 "On the provision and use of gratuitous (sponsored) assistance».

The awareness of «crowdfunding» arouses interest among ordinary people. A survey was conducted for 70 people, which included the following questions:

1. Do you know what crowdfunding is?
2. If so, what platforms do you know?
3. Would you invest in a platform project (at no cost)?

Having conducted a survey among ordinary users, we can see that less than 50% (namely 39%) know about "crowdfunding". Only 44% of those who know about crowdfunding were able to name some of the platforms, which indicates a lack of awareness in this area. Only 20% of those surveyed who knew about the existence of crowdfunding platforms would like to become investors at no cost, that is, investors in a non-financial crowdfunding.

From this we can conclude that ordinary users are not sufficiently aware of crowdfunding. The main reasons for the low interest of investors in alternative investments are the low level of trust and information transparency of the crowdfunding market.

In our country crowdfunding despite certain mental and legal barriers is developing quite actively. There are both large and niche crowdfunding platforms, they have their own success stories. Taking into account the difficulties with the lending and equity capital market, as well as the low entrepreneurial activity of citizens, we would like to believe that the development of crowdfunding will be able to provide additional opportunities for small business and social initiatives.

Additional measures for the development of investment with the help of crowdfunding platforms can be: establishment of requirements for operators of investment platforms to verify the accuracy of information provided by the person attracting investments, including legal verification of the documents provided, verification of persons attracting investments; establishing requirements for operators of investment platforms for broader disclosure of information about persons attracting investments and investment projects, statistics on default on obligations.

Thus, according to the results of the study of the development of crowdfunding platforms, it can be concluded that the main goal of crowdfunding is wide access to the financial market of legal entities and individuals for the development of innovative projects and startups. The rapid growth in the development of crowdfunding is associated, in particular, with the increased requirements for citizens, business projects from financial organizations, since traditional financial institutions mainly lend only to clients with a good reputation and credit history.

So the crowdfunding market is growing rapidly and gaining high popularity. Further development of crowdfunding will contribute to:

- inflow of additional capital to the direct investment market;
- development of innovative sectors of the economy;
- improvement of the quality of doing business;
- rise of the investment attractiveness of companies for investors;
- development of the financial market.

In conclusion, we can say that crowdfunding is a high-tech and quite convenient instrument for modernizing the financial and investment system. Creating an enabling environment on crowdfunding

platforms will increase their attractiveness to a wider range of investors. Crowdfunding currently doesn't fully compete with banking products, but it can occupy a significant share of the lending market in the future.

Список использованных источников

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