

Crowdfunding

Crowd funding is a collaborative process of a group of people who are using their own money to support joint efforts of people and organizations. It is a practice of micro-financing from below that mobilizes people and resources. Typically, the submission of grant applications is done through web platforms that promote initiatives among its users and allow them to invest even small amounts. Differs from Crowdsourcing (from crowd, "crowd", and sourcing, from outsourcing, ie outsourcing company) which consists in the collective development of a project by many people outside the entity who created the project. People who work do so in general voluntarily, responding to an invitation to collaborate. The first historical example is the construction of the Statue of Liberty in New York. To celebrate in 1876 the centenary of the declaration of independence of the USA, with the joint efforts of the United States who built the stand and France instead built the statue. There are 7 types of subdivision:

- 1. Peer to peer lending:** a large number of people lends money to a counterparty, on payment of an interest rate;
- 2. Equity crowd funding:** the sale of the equity shares that are offered at a wide range of investors. Investors expect to receive a return from growth in the value of units or shares and the possible distribution of the interim results.
- 3. Reward-based crowd funding:** Investors give resources to a project, or to a company in exchange for products / services.
- 4. Donation-based crowd funding:** they are real gifts of limited amounts amount to support goals and charitable projects that require significant financial commitments.
- 5. Profit sharing / revenue sharing:** the company decides to share the profits or future revenues with those who have agreed to fund the company at the current time.
- 6. Debts-securities crowd funding:** there are those investing in debt instruments issued by the enterprise.
- 7. Hybrid models:** combination of the above types.