

A Study on Crowd funding Platforms and the nature of funding in Two Major Platforms Kiva and Ketto

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ABSTRACT:

The Main goal is to observe the crowdfunding patterns for different purposes in two platforms of Kiva and KETTO and the nature of donors and receivers and also to analyze the stories that has attracted funding for different purposes globally. To the story and all the details, we collected data from the website and analyse them on the basis of the most successful story from each platform. At last, we conclude it by admitting that Kiva and Ketto plays a huge role in helping out people who are in need and it will definitely made a big impact on them with all the financial issues they had.

I. INTRODUCTION:

Crowdfunding platforms allow people to collect money from many different people. They provide services which will be available through these platforms, like fundraising campaigns, getting contributions or for investments. They will also take some charge as fee for all the services they provide. The most popular crowdfunding platforms include Kickstarter, Indiegogo, and GoFundMe but in this study, we will be focusing on only two platform they are KIVA and KETTO.

Crowdfunding have mainly four types they are: -

a) Donation Based

Donation Based can be used as a platform for charitable donors in which there are three other different categories: non-profit organizations, businesses, and private citizens. A charity can design an own web page that includes details about the group and the causes it supports, as well as buttons that let website users donate to the charity or launch a fundraising campaign on its behalf.

b) Reward Based

The rewards-based model employs a flexible financing strategy since projects are allowed to maintain the funds even if they fall short of their financial goals. This business model was utilized by the project's owner to solicit donations for a particular project and provide non-cash perks in return. The investee offers the incentives, which have symbolic significance. Because the owner needs to make sure there is enough money left over for the project, the prize value is lower than the donation amount.

c) Peer to Peer Lending

P2P lending is the new financing mechanism for loans; it is not actually crowdsourcing, but it has elements of it. The main distinction is that the lenders and borrowers in P2P lending are strangers. Borrowers that want a loan with a lower interest rate than banking institutions employ this strategy.

d) Equity Based

Equity crowdfunding research focused mostly on investor decision-making, discovering a number of signals or other significant cues that impact how investors choose which Equity crowdfunding agreements to support. At the moment, there is also some discussion over how entrepreneurs see Equity crowdfunding in comparison to other alternative equity capital.

From the above introduction we can understand that KIVA is Peer to Peer lending platform and KETTO is Donation based platform.

II. LITERATURE REVIEW

In this study we are reviewing the Factors influencing crowdfunding. To provide a good knowledge on crowdfunding it is very important to study this, it will also give a nice opportunity for people who need financial support.

Crowdfunding systems are capable of properly collecting donations from a wide range of individuals and allocating cash to initiatives, projects or other financial requirements.

Crowdfunding can improve both our economy and society but there is a shortage of discussion and practical data which shows how internet crowdfunding delivers value. When Microfinance institution use Kiva platform to raise funds, their sustainability improves and their interest rates fall. Further data shows that crowdfunding initially helps Micro finance institutions achieve better sustainability, and they can also utilize the extra resources. The benefits of using crowdfunding platforms are far broader than merely viewing them as an alternative financing source to cut financial expenditures. **(Luo X, et al.,2022)**

Crowd fundraising in the Indian sector is not very welcoming to foreign investors, People are still not prepared for this idea and also when target amounts are not met, investors may lose faith and to avoid this risk, the crowd funding platform project would be carefully rated. They need to eventually introduce public awareness and make more involvement, and also need to consider developing an offline loan. Crowd funding's capital creation capacity is gaining traction in this dynamic country. Crowd fundraising based on donations and rewards is quite popular in India. It will open up new investment opportunities and diversifies investors' product portfolios and it will be the key to the growth of India's start-up ecosystem. **(Abhrajit Sarkar,2016)**

Crowdfunding is becoming increasingly popular. As a result, new developments are continually testing scientific knowledge. In general, the empirical value of crowdfunding in new companies is fast increasing, with crowdfunding predicted to reach a global volume of USD 90 billion by 2020. The expanding importance of crowdfunding, have recently consolidated crowdfunding research. Crowdfunding may be used as a market test to see if potential consumers are interested in a crowdfunding offer. The most common type of crowdsourcing is reward-based crowdfunding. **(Ricarda B. Bouncken, et al.,2015)**

III. PROCEDURE

In this study we used secondary data which was collected directly from the original website of KETTO and KIVA. This research includes data of people who tried to raise money for their needs and fact finding based on that. Here we used only secondary data for analysis and interpretation. Secondary data was collected from original websites of KIVA and KETTO and journals based on the topic. In this study the sample units were

people who need money from global level. The sample size was 30 in case of KIVA and 21 in case of KETTO.

IV. ANALYSIS

Descriptive analysis

In this study most of the respondents were females and in case of loans for arts in we found that from a total 30 only one success story was there was only success story for arts. The number of success story for agriculture loans, and their total 30 loan only 6 of were based on the agriculture which means agriculture have at least 6 success story from the data. loans for cloth selling in this also we can see that from total 30 data's only one success story was there was only success story for cloth selling. The number of success story for Animal Farming loan of total 30 loan 7 of were loans based on the animal farming which means farming have at least 7 success story from the data. The number of success story for Business loan of total 30 loan 2 of were loans based on the business loans which means business have at two success story from the data. The detail of loans for Single parent in this also we can see that from total 30 data's only one success story was there was only success story for single parent. The number of success story for Education loans is total 30 loan 3 of were loans based on the education which means education have at least 3 success story from the data. The number of success story for Food loans of total 30 loan 2 of were loans based on the Food which means Food have at least 2 success story from the data. It shows the number of success story for medical loan total 30 loan 4 of were loans based on the medical which means medical have at least 4 success story from the data. The number of success story for service loans total 30 loan 3 of were loans based on the service which means service have at least 3 success story from the data.

Ketto is one of the best medical crowdfunding platforms, so most people use this for medical financial assistance. Based on the analysis, we can see that in most cases fund raisers got more than they set as their target, and the greatest advantage is that they were able to collect the funds quickly. Previously, many people considered Ketto to be just a way to raise money for medical purposes, but nowadays the mindset has changed, and people are also raising money for educational purposes. Based on this table, we can see those two stories out of 22 is being raised for educational purposes, the amount raised was \$69295. In addition to raising funds for medical purposes, many have also raised funds through Ketto for charity purposes.

Many of these people are contributing to this as well. Among the 22 data, two are for charity purposes and they were successful in raising money in a short amount of time.

VI. FINDINGS

Animal Farming had the highest success story from the total of 30 data of the receivers in KIVA Crowdfunding platform. In case of agriculture there were only 6 success story from the data in which it means only 3 people got their loan successfully for in the KIVA Crowdfunding platform. Business loan, Food Loan has only two success story for each of them of a total of 30 data's in case of the KIVA platform, which is higher compared to Arts, Cloth selling but lower than Animal farming and Agriculture. In the data for Service Loan and Education there were only 3 success story each from the data in which it means only 3 people got their loan successfully for each in the KIVA Crowdfunding medical loan had only four success story but it was higher compared to business loan, Food loan and Arts. In Ketto, medical purposes are more popular than other fundraising initiatives, out of 22 data, eight are targeted at medical care. Medical causes tend to attract more contributions and responses than other causes, and in most cases, fundraisers achieved their target amount or even more. Other initiative that has gained popularity is those for charity purposes. A lot of people are getting involved in these initiatives these days, and many people are contributing to them. Various other initiatives, including education, library access and internet to rural areas, environmental protection, etc., also gained some importance, but the number of people contributing and the time taken are not as rapid as medical ones.

V. CONCLUSION

Crowdfunding plays a huge role in people's life as from the study we came across a lot of people who got a second chance in their life with the help of these two major crowdfunding platforms (KIVA and KETTO) they both are crowdfunding but KIVA was for Raising Loans and KETTO was used for raising money for Mostly medical issues. Both had one thing in common that both of them use story which will influence donors emotionally mostly with pictures.

In KIVA platform we came to a conclusion that the Animal Farming had the highest success story of 7 from a total of 30, which means that story of Animal farming was the one which influenced donors to give the money for the loan. In the case of KETTO, most of the groups or people raise funds for medical purposes, but things are changing nowadays because many

people are using KETTO for other purposes as well, and many are contributing to these efforts. As a conclusion, we want to emphasize the fact that these platforms are extremely useful and helpful in many ways. They will connect borrowers and receivers, and will help them to get adequate funding for their projects.

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