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Revistia
Submitted: 04/09/2018 - Accepted: 02/11/2018 - Published: 28/12/2018

The Dynamics of Crowdfunding in a Frontier Market: An Exploratory Research on Romania

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DOI: 10.26417/ejme.v1i2.p7-17

Abstract

In the last ten years digitalisation has maximised the power of online communities and has created a strong link to directly sustaining and financing innovation. One of the disruptive digital outcomes is crowdfunding which represents an alternative way of financing innovative ideas or projects by raising small amounts of money from a large number of individuals through dedicated online platforms usually using a reward-based model where funders receive something in return for backing a project. A starting point of this study was a research conducted by Ethan Mollick (2013) on projects initiated on Kickstarter crowdfunding platform between 2009 and 2012 that gives a perspective on the dynamics of success and failure among crowdfunded ventures. In this paper the key findings of the above mentioned study are further developed in the context of the Romanian crowdfunding market by taking into account the level of preparedness when starting a campaign, the number of updates after publishing the prospectus and the type of compelling rewards offered by the issuers as a framework. The database consists of data regarding the projects initiated between 2016-2018 on the top three crowdfunding platforms in Romania. The study delivers insights into the level of development and the understanding of the crowdfunding phenomenon in Romania, describing the ability to get funded or get extra funds and also the main features of the most funded campaign categories. The main chapters of the paper highlight a literature review of the dynamics of crowdfunding, presentation and analysis of data and conclusions regarding changes in the way online communities understand crowdfunding phenomenon and decide to be involved in it.

Keywords*:* crowdfunding, social investment, online community, social media, mass collaboration, digitalization, financial inclusion

Introduction

1. Literature review

Having its roots in USA back in 2005, the crowdfunding phenomenon gained a lot of attention from researchers around the world studying the sharing economy. They have studied the mechanisms of the most developed crowdfunding platforms in the world, like Kickstarter and Indiegogo, the motivation of funders to be involved or the level of money raised. The purpose of this article is to offer a perspective on the level of development and the understanding of the crowdfunding phenomenon in frontier markets such as Romania (the findings could also be applicable to Croatia, Estonia, Serbia or Slovenia) by studying top three crowdfunding platforms in Romania and all their projects initiated from the beginning of 2016 until October 2017.

Crowdfunding represents an "open call – mostly through the Internet – for the provision of financial resources" (Leimeister et al., 2015). Crowdfunding it's also defined as an "alternative form of funding easy to access by a large number of entrepreneurs" (Schweinbacher et al., 2015) or like a "popular outlet for financing independent creative projects" (Duvall, Colistra, 2017). As De Buysere et al. (2012) mentioned in their study, crowdfunding represents also a "disruptive technology for financial intermediation" based on collective effort of individuals to support projects initiated by other people, most of them unknown until the launch moment of the project. During the last 12 years crowdfunding played an important role in supporting entrepreneurs, by creating and funding jobs in the creative industries and enriching the European society and culture especially after the challenging period of financial crisis from 2008. Since we talk about the "democratization of finance" (Mollick et al., 2016), crowdfunding can represent also a solution for big global problems like unemployment, poverty and social exclusion, because crowdfunding platforms can help both not-profit and for-profit projects and ideas (Read et al., 2016).

A company can obtain capital from internal resources (the personal contribution of the project initiator or reinvested profits) or external ones like loans, initial public offerings, direct investments or money raised in crowdfunding campaigns. Through crowdfunding entrepreneurs at the beginning of their path in the innovation field have the possibility to start their own business by getting capital from funders in order to finance their ideas and using the social networks for marketing and communication purposes. Crowdfunding offers also non-financial benefits (Schwartz, 2014) like instant validation of product need in the market, price, demand, market segmentation, customer feedback about product (sometimes even before the launch), direct link with customers or online communication with no additional costs. This is one of the reasons why when taking into account the possibility of having a crowdfunding campaign for a project, project initiators should first of all consider planning the process and take their time in developing accurate and efficient presentation so they can obtain the best reaction from backers, whether this feedback

consists of funding, debating or sharing the news with others and creating word-of-mouth.

As the goal of this empirical research is to provide a local perspective regarding a contemporary phenomenon, I propose a case study on the Romanian market. For this we used information available online extracted from three most active platforms in Romania. The dataset created contains all projects uploaded online between beginning of 2016 and October 2017. For all 72 projects we extracted data regarding project name, launch date, initial amount needed, amount raised at the end of the campaign, number of backers, average amount donated, if it contains video or photos, number of words in description, etc.

During this research we will refer to crowdfunding as an "alternative form of funding, easy to access by a large number of entrepreneurs" (Schweinbacher et al., 2015) with the amendment that in the Romanian case study we will talk about project initiators not about entrepreneurs willing to start a new business. During the research we will try to find the answer to several questions regarding crowdfunding. Does Romania understand the crowdfunding phenomenon as it is perceived in most developed countries or it has transformed it at the local level? What influences the success or the failure of a crowdfunding campaign? What kind of developments need to be done in order to bring crowdfunding to the next level?

Crowdfunding mechanism and models

When we discuss about crowdfunding we should have in mind three stakeholders: the project initiator, the backer and the platform which intermediates the collaboration between bakers who want to support a campaign from different inner reasons and project initiators. Crowdfunding platforms represent an infrastructure or an open access to funding to enable project owners to succeed. They offer transparency and an easy process to access funds, as well as full control for project owners over funded actions without any legal constrains. Since launch, crowdfunding platforms have assumed only the role of intermediating the message between project initiators and funders without being in contact or controlling any of their actions. Usually, platform owners offer a functional and easy to access both by project initiators and funders website, desirably with a good structure and, most importantly, secure from the transaction point of view in order to discourage fraud or other types of risks. Crowdfunding platforms are also defined as "internet based platforms" (Belleflamme et al., 2015) that have the scope to link fundraisers to backers. Platforms "focus on matching of project initiators and backers by providing information about the projects and functionalities" (Leimeister et al., 2015).

Steps in creating a crowdfunding campaign

In order to start the crowdfunding campaign, project initiators have to create an account on the selected platform and follow the steps until they have the project

published. Depending on the platform the application is published with or without a prior review. The project initiator has to define the goal or the amount of money he needs to raise in order to complete the project, the duration of the online campaign, the minimum amount of money that can be donated and the reward tiers. During this steps project initiators have to publish a convincing pitch in order to catch the attention of the online audience.

Usually, platforms suggest users to upload a short video created in advance in order to have a more attractive call to action. Taking into consideration that the vast majority of online audience of these types of platforms are youngsters the campaign should be aligned with their preferred type of media communication. After the campaign is launched the project initiator can choose to keep the audience updated with the evolution of the project, the amount of money raised or the status of production of goods. Behind the scenes information, interviews with team members or with partners they choose for the project, updates regarding media opportunities they had during the launch of the campaign, answers to comments received on page and other types of communication are important to show the dedication and constant effort made by the team and the ability to manage the project until the end. When the campaign ends and the goal has been achieved, the project owner will receive the money and will pay the platform a fee. Platform owners usually publish a set of questions and answers regarding the fee they will perceive from the amount of money raised by founders when the campaign ends. If the goal of the campaign was not achieved all money will be returned to backers, in case of fixed campaigns, or will be kept by project initiator, in case of flexible campaigns. It is important to mention that platforms do not charge for the online registration of an account and they do not apply any member fee per fundraiser.

Project initiators, named also founders, have the responsibility to offer all the relevant information in order to convince the online audience to back their project online. This means that they should describe the idea or the product, they should show how it is made, what type of materials they have used, what kind of partners they have worked with or they want to work with. Taking into account the new type of online audience represented by millennials and their short attention span especially when they are online, project initiators should create and upload videos in order to say the story faster and also professional pictures with their team members and sketches of the product. They should also establish the number of pledges with the amount of money they can receive from backers and the type of reward if it is the case of reward-based platform.

Financing models in crowdfunding

In crowdfunding there are four financial models. The first one is reward-based crowdfunding where funders' objective for funding is to gain a non-financial reward or a symbolic one such as a token gift, an invitation to an event or to be able to buy

the first edition release of the backed product. The second one is called donation crowdfunding where a donor backs a project without any existential reward. This is also called philanthropic or sponsorship-based incentive. In other words, the project initiator asks for support with no expected compensation. The third one is lending crowdfunding where backers offer credit being repaid plus interest. And last, in equity crowdfunding or crowd investing the backers get shares, equity-like instruments or revenue sharing in the project.

The most popular category is the reward-based crowdfunding where we can find two types of campaigns adopted by the majority of platforms and mentioned by Schweinbacher et al. (2015) in his research paper: all-or-nothing (AON) model or fixed model and keep-it-all (KIA) or flexible model. In the fixed model the project initiator creates a goal of the campaign and, at the end of it, receives the money only if the amount is equal with or exceeds the initial goal. Otherwise, all the amount raised it is sent back to the funders and the campaign it is declared unsuccessful. Kickstarter, one of the biggest crowdfunding platform in the world, adopted only the AON model for campaigns developed on their website and charge a 5% fee for successful campaigns out of the total amount raised.

As we mentioned earlier in this article, Kickstarter, like any other crowdfunding platform, represents just an intermediary between project initiators and funders and it is not responsible for the project initiators actions after the campaign closes. By proposing an AON crowdfunding campaign entrepreneurs signal the quality of the project, bigger capital expectations and propose more reward levels than KIA. Also, AON model offers to possible investors the feeling that project initiators are determined to launch the product they proposed a crowdfunding campaign for, to communicate harder about project on all social media networks, to attract more media attention or to create qualitative videos and photos all for the success of the campaign. AON founders offer more information to their online audience about projects (Schweinbacher et al., 2015), details about team members, many updates and respond to comments they receive in order to create and maintain a good relationship with audience.

As Schweinbacher et al. (2015) mentioned, AON models offer a guarantee to the crowd that the entrepreneur does not start a project with unrealistically low funding. Also, the AON crowdfunding campaigns can motivate better the team members to be as active as they can during the campaign in order to achieve or to outreach the target. The Kickstarter platform mentions on its website that by choosing the AON model founders can statistically raise more money than with a KIA model. From the funders perspective, they are more attracted by AON projects due to the sense of urgency they create than to fund a project that does not reach its goal and accepts to raise only a percentage of the final goal. Also, AON projects are less risky for both funders and founders, funders being charged only if the project achieves the target and helping

founders to achieve their initial goal and to accomplish what they assumed initially without any compromises.

The KIA model helps the project initiator to keep the money raised during the campaign without taking into consideration the initial goal. So, if the money raised are less than the initial goal, the project initiator will keep the amount. This model is used especialy when projects are scaled or when they are already started and the crowdfunding budget represents only a step to continue it. This type of campaigns is less successful in meeting their fundraising target. Usually, people are choosing this type of model when they are not sure about the team efforts and when the project they propose has small fixed costs and all that they obtain is good to receive. These two models of funding represent also a differentiator for crowdfunding platforms: some of them offer just the all-or-nothing type of funding, like Kickstarter, while others accept both types of funding. Also, in terms of fees paid by project initiators to platforms they vary based on the type of funding accepted. For all-or-nothing funding, the fee (which is a percentage of the amount raised) is paid only if they reach their goal, while for flexible funding project initiators pay the fee without taking into consideration the amount of money raised. Another difference is that the flexible funding is used sometimes for humanitarian causes, while all-or-nothing is used only for projects developed in the creative industries.

Backers motivations to engage in crowdfunding campaigns

As Duncum (2011) mentioned in his paper consumers are not taken into consideration only at the end of the creation process. Now it's about prosumers and about "a participatory culture that shifts the focus of creation from the individual to community engagement, to collaboration and networking". The level of participation for the online audience during crowdfunding campaigns is "an extension of the participatory culture" (Jenkins, 2006). In participatory culture "young people creatively respond to a plethora of electronic signals and cultural commodities in ways that surprise their makers, finding meanings and identities never meant to be there and defying simple nostrums that bewail the manipulation or passivity of "consumers" (Willis, 2003).

These types of crowdfunding models cover different kinds of motivations a backer may have. If until recent consumers have been taken into consideration at the end of the creation process, nowadays they are part of it since the early beginning, being considered an active asset for the creative industry. Some of them just want to see the project launched, meaning that their expectations are not correlated with a financial benefit because they do not expect something in return. Others support projects because they see there a financial opportunity, investing an amount and having the patience to receive back much more as it is the lending or equity crowdfunding. Recognition it is also a reason why backers support different campaigns with shares in social media, comments or directly with money.

Whether they want to highlight some personal values or they want to be recognized by others when their name is published online, it seems that crowdfunding is nurturing their self-esteem. After backing a project usually funders become real ambassadors for that idea, taking care to communicate about it on their personal social networks and to promote it any time they have the opportunity to do it in order to help the project succeed. Funders usually empathize with project initiators having the same values, being flexible and open to change, understanding fast the potential and the need to have that project backed. Also, personal network like family and friends represents one of the most important group of backers. The emotional connection with project initiators it is also an important motivation for funders to engage in some types of projects. Another factor is represented by the proximity between initiators and investors. Agrawal et. al. (2010) showed in his article that geographical proximity it is very important during backing.

Non-financial benefits for project initiators

Project initiators should also be aware of the great potential social networks have in promoting a new product and in raising capital. Having more control than in any other form of financing like loans or venture capital, crowdfunding represent a more convenient way to finance a start-up, keeping 100% ownership, deciding what type of rewards to offer and when it is feasible to send them to backers. Even so, some project initiators exert caution in sharing too many details regarding their project, as they try to protect their ideas.

Going back to non-financial benefits, many researchers noted the fact that it is important to create communities around projects using social networks. By creating a Facebook page of the project, the founder of the campaign will have the opportunity to benefit longer of the attention of online audience, even after the end of the crowdfunding campaign. Backers can be informed about the evolution of the project, about the team efforts to launch the project, to send all the rewards and thetiming and rewards received. In addition, in case of a success and a plan to launch a second crowdfunding campaign, they will have the opportunity to re-engage the existing community because they know what their direct interest are and then to deliver the message to others.

Crowdfunding in Europe

In order to highlight the different stages of development of crowdfunding in Europe we will compare statistics regarding the amounts raised year to date in 2018 and the amounts expected to be raised in 2022 in the most developed countries like United Kingdom, France, Germany and Netherlands and also emerging countries like Croatia, Estonia, Serbia, Slovenia. In the end we will have a deep dive on Romania's case study, a frontier market. The term was first introduced by the International Finance Corporation (a member of the World Bank) and is commonly used to describe equity

markets of the smaller and less accessible, but still investable countries of the developing world, perceived as riskier (eg. countries in Eastern Europe).

Moreover, when referring to crowdfunding as a financial innovation one must take into account the level of financial inclusion in each country we analyze. According to European Commission's data in the European Union 7% of people over 18 years do not have a bank account, Romania being the one with the highest rate of unbanked population: only 38% of people over 18 have a bank account, which means 61% of the active population.

In order to measure the current status of financial inclusion in Romania the Romanian Commercial Bank issued a survey in 2016 where the main finding is that 57% of teenagers with ages between 14 – 18 are bank customers and only 40% of them make online payments. Also, from this survey we find out that the financial education comes mainly from the family (80%), while school only accounts for 15% of the subjects. Another important aspect regarding financial inclusion is represented by the infrastructure in this domain. In 2015 44% of population was living in the rural areas, which are less bancarized, while Germany had 29.4% and France 20.7% rural population.

In this context we will keep in mind that when discussing and analyzing the level of development of crowdfunding in Europe it is important to remember the financial and educational context at the local level. The European Commission conducted a study regarding crowdfunding and found out that even if crowdfunding phenomenon is developing fast at the European level, it still remains concentrated in a few developed countries like United Kingdom, France, Germany, the Netherlands and Italy and is still a national phenomenon with limited cross-border activity. In addition, the most recent statistics issued by European Commission showed that at the end of 2014 there were 510 platform in the EU 28% of which (143) being based in the United Kingdom. After UK, the next country is France with 77 platforms, Germany with 65 platforms and the Netherlands with 58. Regarding the type of funding, in 2014 the top three were reward based crowdfunding (30.4%), equity crowdfunding (22.9%) and lending crowdfunding (21%).

The majority of platforms were offering just one type of funding. European Commission recognizes the importance of crowdfunding as an alternative source of capital for small and medium sized enterprises, organizing twice a year meetings between European authorities and the crowdfunding sector in order to share best practices, promote convergence and keep developments under review. The European Commission also monitors the evolution of the sector in order to anticipate the moment when cross-border funding will grow and have a greater impact. That will be the moment when European Union will develop a single policy on crowdfunding. From online statistics published on statista.com regarding crowdfunding expectations, we can see in Fig.1 that in 2022 the transaction value amount is

expected to raise the most in more developed countries. There are also expected developments in emerging and frontier markets, but the rates are lower (Fig.2).

Fig. 1 Transaction value amount (m Euro) developed countries

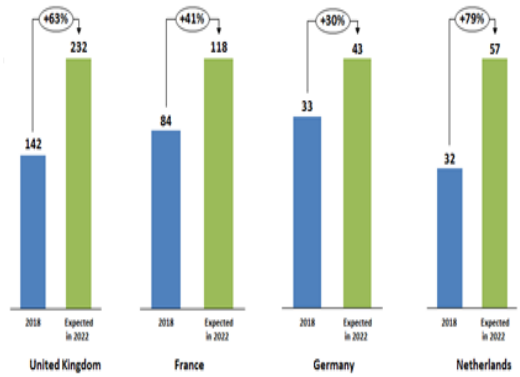
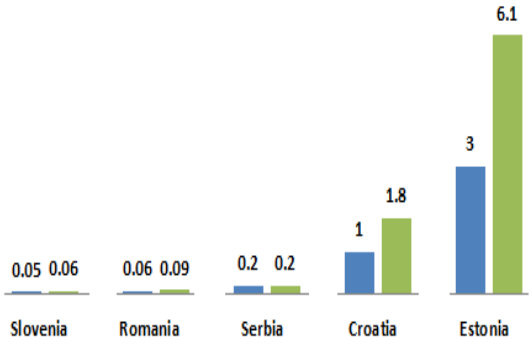


Fig. 2 Transaction value amount (m Euro) emerging and frontier countries



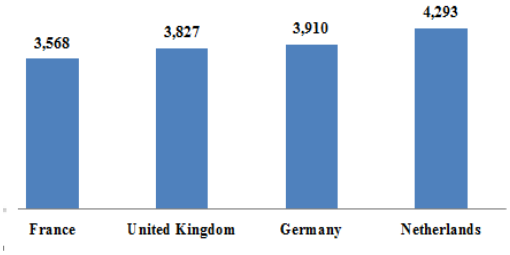


Fig. 3 Average funding amount per campaign in 2018 (Euro) - developed countries

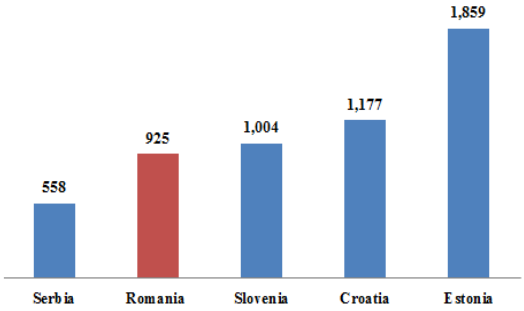


Fig. 4 Average funding amount per campaign in 2018 (Euro) - emerging and frontier countries

Romanian crowdfunding sector

As an exploratory empirical research, the scope of this paper is to develop initial evidence regarding the level of preparedness when starting a crowdfunding campaign in Romania and to show the direct correlation with the level of success or failure among crowdfunded campaigns. During this study we will take into consideration also the level of preparedness when starting a campaign, the number of updates after publishing the prospectus and the type of compelling rewards offered by the issuers as a framework. The database consists of data regarding the projects initiated in 2016 and 2017 (until October 2017) on top three crowdfunding platforms in Romania (crestemidei.ro, wearehere.ro and multifinantare.ro), taking into account the number of campaigns, the amount of money raised and the online awareness.

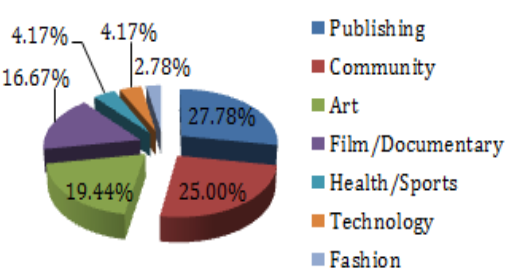
Even though crowdfunding has a continuous growth in the financial sector, the topic is not broadly covered by Romanian researchers. Until now the main approaches found refer to crowdfunding as an alternative source of funding projects in Poland and Romania (Toader et al., 2014), crowdfunding policies of dedicated websites (Balau, 2016) and sharing economy in Romania and highlighting the post-communist specificity (Andrei, Zait, 2017). These studies also suggest in their conclusion that a closer view on how crowdfunding campaigns are developed online and what kind of triggers function better is necessary.

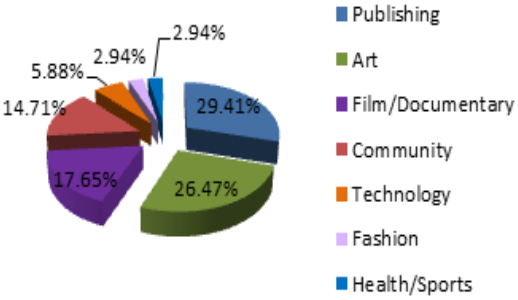
As the goal of this empirical research is to provide also a local perspective regarding a contemporary phenomenon, I propose a case study on the Romanian market. For this we used information available online extracted from three most active platforms in Romania. The dataset created contains all projects uploaded online between beginning of 2016 and October 2017. For all 72 projects we extracted data regarding project name, launch date, initial amount needed, amount raised at the end of the campaign, number of backers, average amount donated, if it contains video or photos, number of words in description, etc. The platforms analysed are all reward based platforms: crestemidei.ro (45 projects), wearehere.ro (18 projects) and multifinantare.ro (9 projects).

Multifinantare.ro it is the first crowdfunding platform launched in Romania in 2011 based on AON financing model. It takes 0% fee for successful humanitarian projects, 6% for Creative projects and 10% for Capital projects, being the only one with charging different fees depending on the category of the project. Crestemidei.ro was launched in 2012, adopted the AON financing model and takes 7% of the amount raised in case of a successful campaign. Wearehere.ro platform was launched in 2013; it offers both AON and KIA financing models and it charges 6% / 9% of the amount raised depending on the financial model.

We centralized the projects into seven categories: Art, Community, Fashion, Film/Documentary, Health/Sports, Publishing and Technology. As we can see in the Fig. 5, categories that gathered the most projects are: Publishing (27.78%), Community (25%), Art (19.44%) and Film/Documentary (16.67%).

Figure 5. Projects by category Fig. 6 Funded projects by category



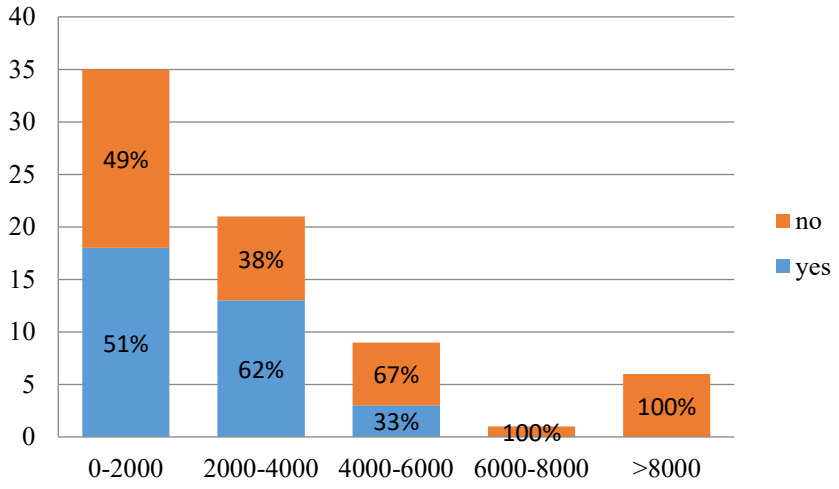


The most funded categories (and also the one that raised more money) are the same four categories (Fig. 6), but we notice some important changes: the Art category, that was the third in the number of proposed projects occupies the second position in the most funded category, while Film/Documentary category that was on the fourth place in the number of projects is now on the third position. We can also notice that most projects that are in the Community category are not convincing backers to support them or are issued without an appropriate communication plan.

Even though we cover only 2 years of data, regarding the evolution year on year, we can say that the amount of money raised grew continuously quarter after quarter, showing that the awareness and trust in crowdfunding are also growing in Romania. In terms of number of backers, the evolution year on year showed us an increase with low interest from backers during summer months (July, August) and peaks of interest between October – December, the period of the year easily associated with personal costs.

Trying to see how the success of a project was influenced by the goal, we split the goals amount (in euro) in five categories: 0 - 2.000 euro, 2.000 - 4.000 euro, 4.000 - 6.000 euro, 6.000 - 8.000 euro and greater than 8.000 euro (Fig. 6).

Figure 6. Projects by goal



As we can see in the Fig. 9 35 out of 72 projects analyzed are situated in the first category, with goals between 0-2000 euro and a level of success of 51%. The biggest percentage of successful projects are situated in the second category with goals between 2.000 – 4.000 euro and a 62% percentage of success. Also, we can conclude that projects over 4.000 euro have a less chance of success. The study reveals a significant negative relation (-0,315 Pearson Correlation) between the funding level and the goal (split into 5 categories: <2000; 2000 - 4000; 4000 - 6000; 6000 - 8000;

>8000 euro) which indicates that the funding level is higher when the goal is set lower.

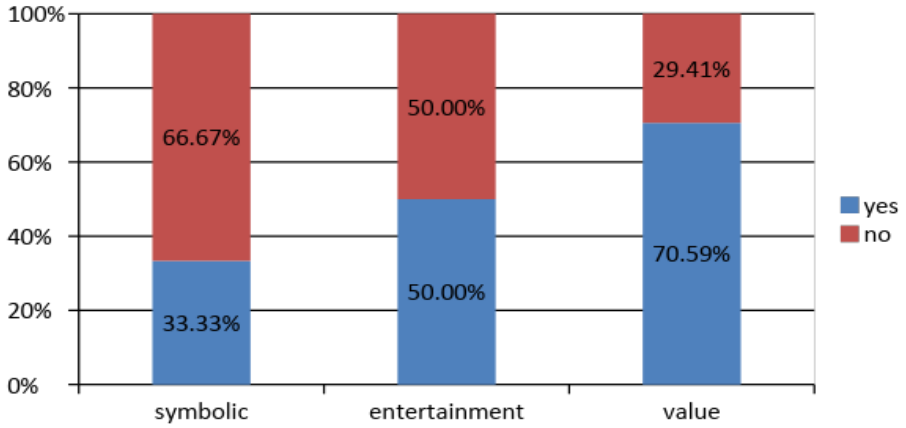
Trying to identify what else can influence the success of the project depending on the goal we have taken into consideration only the successful projects with the number of backers and the average amount / backer. We can see in Table.1 that the category with project goals between 2.000 – 4.000 euro have over 110 backers and an average amount of 47.84 have indeed the biggest chance to achieve and probably to overachieve the target.

Table 1. Projects by goal

Goal categories	Average number of backers	Average amount of donation
0-2000	49,28	30,90
2000-4000	111,00	47,84
4000-6000	136,33	38,48

Also, it can be observed that the type of reward represents a really important aspect that most probably will transform followers into backers. We also segmented rewards into three categories (symbolic, entertainment and value). The percentage of projects declared successful is the highest when the rewards have a higher value (Fig. 7). Fundable.com recommend to project initiators to talk about rewards with family and friends in order to test their reaction in front of the reward tiers.

Figure 7. Types of rewards and rate of success



As Molick (2013) mentions, another important aspect in becoming successful in crowdfunding campaign is related to the "quality signals" the project initiators send via their projects. X. Chen et al (2009) observed the "role of preparedness as a signal of quality" and by this we refer to creating videos, offer a good description for your

project, stay in contact with followers, manage the social network account day by day, offer pictures with the team members and proofs of concept regarding the project submitted.

Out of 72 projects analyzed only 6 projects did not submit a video, 5 of them being declared unsuccessful in the end. These 6 projects without videos were on wearehere.ro and multifinantare.ro, none of them were on crestemidei.ro platform. This suggests that crestemidei.ro requires a mandatory video at the beginning of the campaign. This is also in line with the recommendation received by project initiators on bigger platforms, like Kickstarter, which sets as a first rule the creation of a video. Kickstarter also announces a prospective issuer from the beginning that without a video the chances to get funded are smaller. 62% of the projects that did not submit any photo or illustration (18 out of 72 – 25%) were not funded, compared with the 52% average of not funded ideas. These quality signals create a direct impact in the engagement of backers, in their willingness to share the news about a project on their social networks or to finance the project. As it was mentioned before it is less attractive for backers to invest money and time into a project with low chances of success because they do not want to be associated with failure.

Other important insights regarding the correlation between project components and the rate of success are the following:

- there is a strong correlation (0.418 Pearson Correlation) between the funding level (the percentage of a project's goal that is funded by backers) and the number of information updates during the campaign.
- the analysis found a positive relation (0.276 Pearson Correlation) between the funding level and the length of the presentation videos (natural logarithm).
- There was an insignificant weak correlation (0,026 Pearson Correlation) between the funding level and the number of words used in the campaign presentation.
- The average amount raised per backer in 2017 versus 2016 has increased by 52.3% in 2017, from 24.2 euro/backer to 36.8 euro/backer.

Table 2. Descriptive statistics

Category	Percent of projects	Average funded level	Average no. of updates	Average no. of backers	Average donation	Average goal	Average video duration	Average number of words
Publishing	27.78%	72.7%	2.40	48.25	24.46	1215.32	149.85	608.00
Community	25.00%	39.6%	1.28	25.06	28.00	705.67	133.06	701.83
Art	19.44%	72.7%	1.86	58.14	27.95	1685.76	139.93	596.07
Film/Documentary	16.67%	57.5%	1.75	63.83	37.65	1915.48	135.08	606.75
Technology	4.17%	87.5%	2.67	84.00	34.47	2558.89	113.67	712.67
Fashion	2.78%	71.7%	0.50	25.50	70.60	1086.50	173.50	696.00
Health/Sports	4.17%	38.1%	0.50	3.00	13.17	118.52	107.33	256.33
Grand Total	**100.00%**	**61%**	**1.80**	**45.94**	**29.45**	**1302.78**	**138.64**	**621.08**

Conclusions

The evolution of new technologies during the last 20 years has created a path for disruptive innovation and especially for new models of financing, crowdfunding being one of them. It democratizes the access to capital without taking into consideration if the project initiator is an NGO, a public person or just a student with a great idea in mind. The stage of development in Romania is still at the beginning, with a small number of platforms and campaigns initiated. Media coverage of the subject could help the industry become more popular. In addition, given that a backer has to donate online the amount he/she desires, the crowdfunding level of development is strongly influenced by the level of bankarization in Romania (the extent of population to an entire range of banking services) where only 61% of the active population owns a bank account and only 38% of them use internet banking.

Taking these into consideration the research provides strong evidence that a better media coverage on crowdfunding topic together with a better communication strategy and implementation both from platform owners and from project initiators will raise the awareness and attract more backers and, as a consequence, higher amounts of money raised. This paper is only an initial step in describing the specific feature of crowdfunding in Romania and shows the actual stage and an increasing trend, both in the number of backers and in the amount raised year after year. To better understand its evolution and also to enhance the positive social and economic effects of crowdfunding, data should be analysed yearly and formal recommendation, also derived from the insights provided by the European Commission on this subject, should be more closely followed by the stakeholders.

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