



CROWDFUNDING AS AN INNOVATIVE TRANSFORMATION IN FINANCE: INSIGHTS, OPPORTUNITIES, AND RECOMMENDATIONS

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ABSTRACT

Purpose- The purpose of this article is to explore and analyze the transformative impact of crowdfunding, with a specific focus on the reward-based Fongogo crowdfunding platform in Turkey. The study aims to understand how crowdfunding disrupts traditional financing models, fosters collaboration and innovation, and contributes to financial inclusion for small businesses and startups. Additionally, the purpose involves comparing the project results of Fongogo with international examples to provide insights into Turkey's crowdfunding landscape.

Methodology- The study employs a case study approach, focusing on the reward-based crowdfunding platform Fongogo. Data is collected and analyzed from the Fongogo platform in Turkey to gain insights into supporter dynamics, project success, and regional influences. Comparative analysis is conducted by comparing Fongogo's results with international crowdfunding examples. Additionally, literature on crowdfunding is reviewed to identify key success factors, such as project presentation, category, funding type, location, and team size.

Findings- The findings of the study reveal the diverse models and advantages of crowdfunding, emphasizing its transformative potential in the financial sector. Insights from Fongogo data shed light on supporter dynamics, the impact of project location, and the influence of technological literacy on crowdfunding success in Turkey. The comparative analysis with international examples provides a broader perspective on crowdfunding success factors, highlighting areas where Turkey's crowdfunding potential can be enhanced.

Conclusion- In conclusion, the study advocates for the strategic positioning of crowdfunding as a vital financial tool in Turkey. The findings underscore the importance of user-friendly platforms, transparent operations, and effective communication by project owners. The impact of the new Crowdfunding Regulation in Turkey is discussed, acknowledging the need for further assessment as its implementation progresses. The study encourages leveraging the lessons learned from successful projects, both locally and internationally, to guide new initiatives and strengthen Turkey's crowdfunding ecosystem. Ultimately, the article aims to contribute insights to researchers, policymakers, and practitioners interested in the dynamic landscape of crowdfunding in Turkey and beyond.

Keywords: Financial inclusion, reward-based crowdfunding, financial innovation, digital platforms

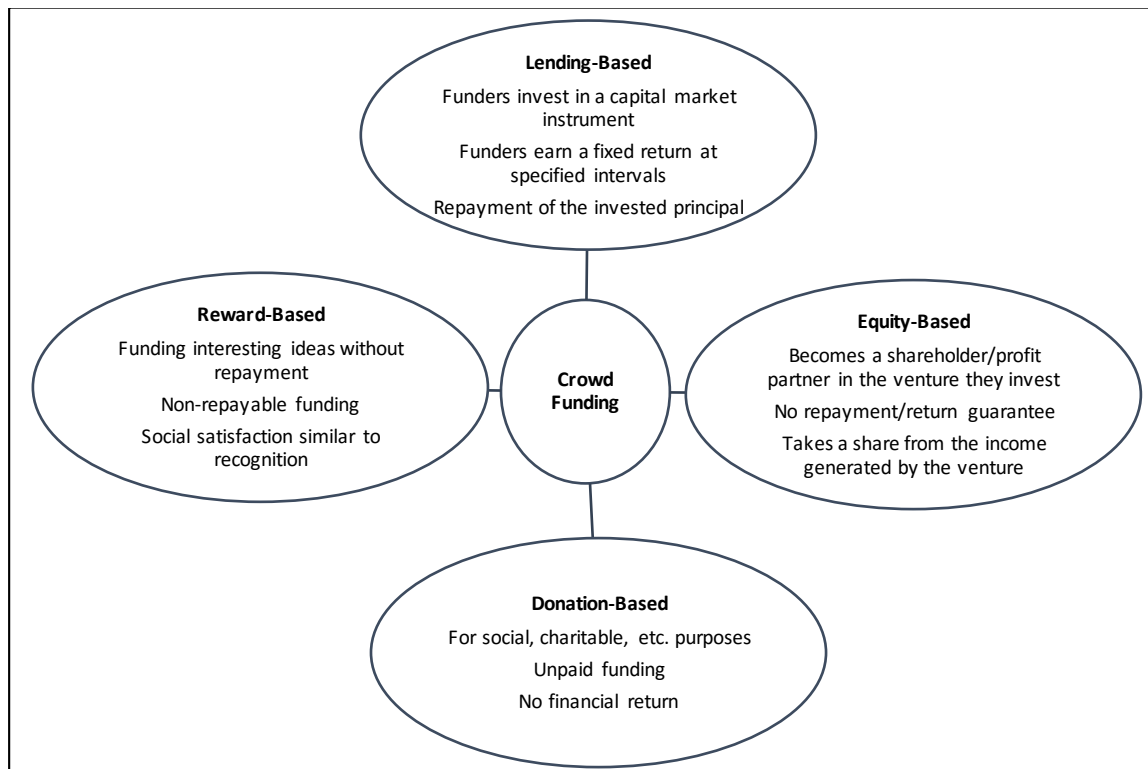
JEL Codes: G23, L26, M13, O16, O35

1. INTRODUCTION

In today's financial landscape, a new era is unfolding, driven by changing customer preferences and the ascent of digital platforms. Financial technology (FinTech) solutions, leveraging technological advancements to reach masses more easily and quickly, have become widespread across various fields. Crowdfunding, originating as an online financing alternative in advanced countries like Austria, the United Kingdom, the Netherlands, Italy, and the United States, has evolved from traditional financing methods conducted within closed and private channels. This method has also expanded to developing countries.

The crowdfunding model fosters collaboration and innovation by bringing together entrepreneurs seeking funding for their projects with small investors. Crowdfunding takes various forms, including reward-based, donation-based, lending-based, or partnership-based (Figure.1). These models can be selected based on the needs and target audience of the projects, providing entrepreneurs and projects with advantages such as flexibility and diversity.

Figure 1: Types of Crowdfunding



The crowdfunding challenges traditional financing models by uniting millions of individuals with small amounts of capital to support projects and entrepreneurs. The strengthening of the internet and mobile technology, the ascent of social media, and the flexibility of raising funds through online platforms are just a few of the significant advantages distinguishing crowdfunding from other financing methods. Traditional financing and crowdfunding each bring unique advantages, and their appropriateness depends on variables such as project type, size, and target audience. Conventional financing, commonly facilitated through banks and financial institutions, instills corporate trust and stability. Typically, it relies on factors like credit history, assets, and financial status, assessing the borrower's creditworthiness. Larger enterprises and projects often find it advantageous to attract substantial investments through traditional financing methods.

On the other hand, crowdfunding has the potential to elevate community interest and engagement in a project, nurturing customer loyalty and bolstering project success. Drawing funds from numerous individuals in small amounts, crowdfunding offers entrepreneurs support from diverse sources. Moreover, it presents a faster and more flexible financing process, enabling entrepreneurs to swiftly raise funds and launch projects.

Crucially, digital marketing trends play a pivotal role, especially in optimizing crowdfunding efforts. Crowdfunding aligns seamlessly with social media and viral marketing trends, allowing projects to reach a broad audience through various social media channels. Crowdfunding campaigns frequently leverage digital platforms and compelling video content to forge emotional connections, aligning with the prevailing trends in digital marketing. These trends further contribute to the widespread popularity of various crowdfunding platforms, empowering individuals to select platforms tailored to their projects and extend their reach to a broader audience.

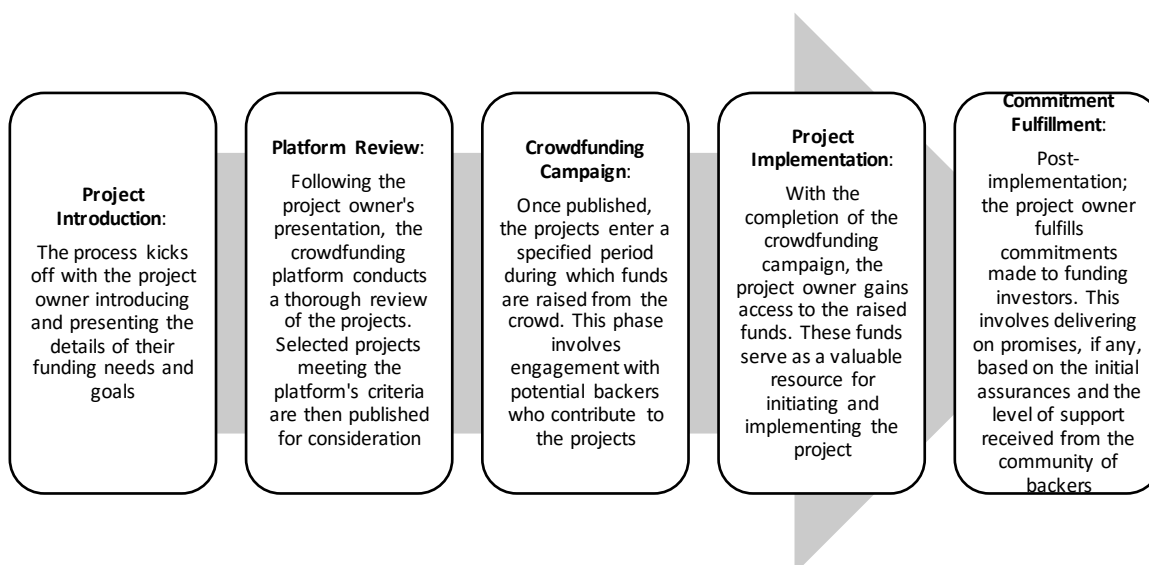
On a global scale, one of the key reasons for the growth of the crowdfunding market is the shift in customer preferences towards supporting innovative and socially impactful projects. The stringent criteria of traditional financing sources lead financial institutions to hesitate in investing in risky or unconventional ideas. Crowdfunding, however, offers an alternative avenue for entrepreneurs and individuals to showcase their projects and receive support from a global audience. The transparency and democratic structure of the crowdfunding model attract supporters who can contribute to projects they believe in directly, witnessing the impact of their investments.

Reward/donation-based crowdfunding, especially in creative projects such as film, music, and video games, has gained popularity in recent years, offering non-monetary rewards to supporters. Equity-based crowdfunding, allowing investors to become shareholders in startups or small businesses, thrives on the tendency of supporters to seek financial returns and support promising ventures. On the other hand, crowdfunding for social causes and charities addresses the inclination of supporters to contribute to projects aligned with their values and those that have a positive impact on society.

Following the global financial crisis of 2008 and amplified by the funding challenges that grew with the 2019 Covid-19 pandemic, new formations and ideas emerged. As funding opportunities diminished for micro, small, and medium-sized enterprises, crowdfunding platforms emerged as alternative and innovative solutions for raising funds. Furthermore, in developed economies, where access to traditional financing is easier, crowdfunding is used as a complementary source, enabling entrepreneurs to validate their ideas and gain market support before approaching institutional investors. In developing economies, crowdfunding plays a more significant role in filling the financing gap for small businesses and startups. Additionally, individuals are turning to alternative investment vehicles like crowdfunding rather than traditional savings and investment options in a low-interest environment.

The crowdfunding process unfolds in five key steps involving main stakeholders: project owners, funding investors, and crowdfunding platforms (Figure.2). First, the project owner introduces and outlines the details of the projects requiring funding. Subsequently, the platform conducts a thorough review and publishes the selected projects that align with their criteria. Within the designated timeframe, funds are accumulated from the crowd in accordance with crowdfunding regulations. Once the funds are raised, the project owner commences utilizing them as a resource for the project, marking the initiation of the implementation phase. Finally, the commitments made to funding investors are honored based on the initially provided assurances and the level of support from project backers. This process underscores the collaborative nature of crowdfunding, where projects receive support from a diverse community of small investors. During this process, the preparation of the project and the determination of the targeted funding amount are strategically crucial for fund procurement. It is essential to present the purpose, scope, expected outcomes, and fund size accurately for both passing the crowdfunding platform's initial review and attracting investors to provide funds. Entrepreneurs typically choose a crowdfunding platform based on the offered fund size and other provided opportunities, aside from financial means.

Figure 2: Key steps in Crowdfunding Process



Reviewing the literature on crowdfunding, project success is analyzed by achieving campaign goals, and projects reaching their support targets within the specified timeframe are considered successful. Various criteria influence the success of a project, including its presentation, category, funding type, location, start date, expected support duration, the number of visuals and content, updates made during the campaign, and the number of frequently asked questions, comments, rewards, team size, project website, tags, target amount, funds collected toward the goal, and support ratio.

In this chapter, we will focus on successful crowdfunding examples and key factors influencing success, examining this dynamic financing model from the perspective of Turkey. Evaluations supported by international examples are crucial for strengthening Turkey's crowdfunding ecosystem and enhancing its position on the global stage. Recommendations will be provided to increase Turkey's crowdfunding potential and encourage the widespread use of this effective financing tool, drawing insights from both local and global success stories. The aim is to contribute to making crowdfunding a strategic financial instrument for Turkey in light of these analyses.

2. LITERATURE REVIEW

The comprehensive literature below provides insights into the diverse factors influencing crowdfunding success across various regions and sectors.

(Yang, Lin, & Chen, 2023) According to research on crowdfunding success criteria, project owners should create a short video, compelling promotional content, and effectively present projects on social media. The study identifies key factors such as role, actors, product, sound effects, and emotion in the most investment-attracting film projects.

(Tanapol Rattanasamaakrn, 2023) Examining the crowdfunding ecosystem in Thailand, the study considers regulatory frameworks, financial literacy, access to financial services for farmers and agricultural stakeholders, and the level of trust in crowdfunding. Three main components—donors, financial portals, and investors—form the crowdfunding ecosystem, with the study suggesting the need for regulatory improvements to facilitate access for cooperative businesses in the agricultural sector.

(Borrero-Domínguez, Cordon-Lagares, & Hernandez-Garrido, 2022) analyzes 134 projects supported by socio-economic organizations in Spain on the Goteo platform. This study identifies founders' experience and project location as key success factors. Projects led by university-educated founders surpass their funding goals, and local project locations play a crucial role in obtaining more funding from local investors. Additionally, non-profit associations outperform cooperatives, for-profits, and foundations in crowdfunding success. (Borrero-Domínguez, Cordon-Lagares, & Hernandez-Garrido, 2020) examines data from 335 reward-based crowdfunding projects on the Goteo platform from January 2017 to October 2018. This study identifies statistically significant correlations between variables such as experience, location, human capital, and gender with crowdfunding project success. Notably, project success is linked to the experience of project members, while geographic location influences backers to support locally situated projects. The study also suggests that crowdfunding does not perform well in supporting social impact initiatives involving ecological typology.

(Miglo, 2022) analyzes crowdfunding campaigns of technology firms in the UK. This research emphasizes the importance of setting realistic campaign goals to enhance success probabilities. Factors such as superior broadband access and a higher number of highly educated individuals in cities contribute significantly to crowdfunding success. Providing regular updates, videos, and images during campaigns is highlighted to address the importance of overcoming information gaps.

(Tatchemo, Nongni, Danmou, & Woukeng, 2022) investigates crowdfunding activities in Cameroon. This study, based on 50 project leaders conducting funding campaigns from 2017 to 2020, reveals a positive correlation between education level, professional experience, capital size, professional investor contributions, and crowdfunding project success. The study also emphasizes the need for improved education on crowdfunding platforms, particularly for entrepreneurs with lower educational levels.

(Zvilichovsky, Danziger, & Steinhart, 2022) Examining success criteria and participant motivations in Kickstarter campaigns, data from the platform was analyzed. Results highlight the importance of individual backers, with up to 33% of successful campaigns relying on the marginal support of the top three average backers.

(Ryoba, Qu, & Zhou, 2020) To determine critical features affecting project success on crowdfunding platforms, 424,980 projects from Kickstarter (October 2018) were analyzed. A subset of nine features, including project description length, reward word count, video count, update count, funding goal amount, reward level count, projects created by content creators (past experience), projects supported by content creators, and comment count, was derived for highly accurate success predictions.

(Ullah & Zhou, 2020) Analyzing 2015 data from Kickstarter, this study reveals that concise project descriptions, realistic funding goals, appropriate campaign durations, and increased interaction with backers contribute to higher crowdfunding success rates. Founder types, project duration, and prior project creation influence crowdfunding success, with certain strategies such as team-based funding being more successful.

(Otterloo, 2022) Analyzing data from 35 crowdfunding projects on Kickstarter, this study emphasizes the importance of understanding project failure from a project management perspective and promoting crowdfunding platforms' perception as fair, transparent, and trustworthy.

(Chen, Chang, Chen, & Chuang, 2022) A research focusing on Kickstarter and Indiegogo projects suggests that promoting and improving advertising in the project feature section to increase supporter numbers and fundraising amounts is beneficial. Additionally, it advises not setting excessively high fundraising targets for campaign success.

(Miglo, 2022) (second reference): Revisiting technology firms' crowdfunding success factors in the UK, this study compares theoretical predictions with empirical results. Analyzing 2,388 campaigns on Kickstarter from 2011 to 2020, the study underscores the effectiveness of direct signaling over indirect signaling. Factors such as the number of project backers, the presence of preliminary information in project sections, and the prominence of information contribute to campaign success.

(Shi, Yang, Wei, & Wang, 2021) searches Kickstarter in the U.S. and underscores the importance of audio in crowdfunding success, with a multi-model deep learning approach proving effective in obtaining more information.

(Wang, Zheng, & Yenchun, 2020) Investigating success criteria and risk reduction in crowdfunding projects in the U.S., this study compares 77,654 Kickstarter projects with 3,260 venture capital projects from 2012 to 2017. Successful crowdfunding activities, particularly in hardware, electronics, and fashion, are found to lead to increased subsequent venture capital.

(Mardhiyyah, Rasyidi, & Hidayah, 2020) Investigating factors influencing people's participation in agricultural business investments through crowdfunding, data from 468 agricultural projects organized by PT. XYZ in Indonesia were analyzed. Factors such as project duration, perceived project risk, and project domain significantly affect investor participation.

(Alazazi, Wang, & Allan, 2020) examines data from 9,948 campaigns on the donation-based crowdfunding platform Gofundme.com in the United States. This study concludes that incorporating social media shares, likes, and updates enhances campaign success.

(Prasobpiboon, Ratanabanchuen, Chandrachai, & Triukose, 2021) Examining crowdfunding in Thailand, the study identifies positive impacts of entrepreneurial experience, multimedia usage, and detailed project descriptions on investors. Campaign conditions, including campaign

duration, fundraising goals, and reward delivery time, have a negative relationship with supporter contributions. Individual and social satisfaction significantly influence crowdfunding support.

(Kılıç, Aydın, & Tarhan, 2021) focuses on Fongogo, Turkey's reward-based crowdfunding platform with the highest project count. This study analyzes project data to identify factors influencing success. Location, update frequency, comment count, campaign duration, and target amount are identified as key success factors. Among the methods used to examine the decline in project success are machine learning algorithms, Pearson correlation, mutual information statistics, and univariate feature selection. According to the analysis results, a positive relationship was found between the number of people supporting the project and the success rate. Additionally, an increase in the number of supporters led to an increase in updates and comments. A correlation was also found between location data and the number of supporters, with projects in the Marmara region having a higher number of supporters.

By examining over 26,000 projects on Kickstarter (Desai, Gupta, & Truong, 2015), factors influencing the success of projects were explored. According to the analysis results, language features that positively influence project success include:

- Reciprocity: Expressions such as offering rewards or gifts in return for donation funds.
- Social interaction: Expressions promoting friendship.
- Emotional appeal: Expressions that are inspiring, passionate, influential, or voluntary.
- Gratitude: Expressions of gratitude.
- Plural expression: Usage of plural expressions instead of the first-person singular.

The impact of rewards was also evaluated, leading to the following conclusions:

- Projects with common souvenirs like signed mugs, keychains, shirts tended to be unsuccessful.
- Projects with deliverable rewards were more popular.
- Projects with somewhat exclusive rewards were more popular.
- Personalized thank-you notes and emails had a more positive impact. The study emphasized that positive language use positively influences project success and suggested further research to examine the preferences of fund supporters and the effects of reward types on projects.

3. GLOBAL CROWDFUNDING MARKET OVERVIEW AND REGIONAL INSIGHTS

As mentioned in the literature review, several studies have been conducted using data from Kickstarter, which is one of the most popular and widely used crowdfunding platforms globally. According to its website, as of January 14, 2024; 23 million people have backed a project, \$7,770,181,682 has been pledged, and 252,139 projects have successfully received funding since its launch on April 28, 2009 (Table.1).

Table 1: Kickstarter Platform Summary Statistics

Category	Launched Projects (LP)	Share in LP	Total (Mio USD)	Share in Total	Successful (Mio USD)	Unsuccessful (Mio USD)	Live (Thousand USD)	Live Projects	Success Rate-%
Art	51.930	8%	208	3%	190	18	496	149	49
Comics	26.703	4%	238	3%	228	9	1.040	150	66
Crafts	14.089	2%	29	0%	24	4	135	47	27
Dance	4.562	1%	16	0%	15	1	2	7	61
Design	54.333	9%	1.660	21%	1.540	110	3.220	176	43
Fashion	39.337	6%	245	3%	216	29	509	99	31
Film & Video	85.465	14%	568	7%	482	85	1.140	255	38
Food	34.868	6%	207	3%	177	30	166	68	26
Games	83.252	14%	2.350	30%	2.230	118	4.990	468	49
Journalism	6.375	1%	21	0%	19	3	7	6	23
Music	69.310	11%	291	4%	268	23	695	112	50

Photography	13.955	2%	63	1%	56	7	52	30	35
Publishing	64.106	10%	344	4%	316	27	1.280	236	38
Technology	53.448	9%	1.480	19%	1.340	135	5.380	220	23
Theater	13.180	2%	51	1%	46	5	49	22	60
All	614.913	100%	7.770	100%	7.150	603	19.000	2.045	41

Source: (Kickstarter, 2024)

Most successfully funded projects raise less than \$10,000. As of January 14, 2024, among those projects whose funding is complete; among 252,140 successfully funded projects, 165,725 projects (66% of the successfully funded projects) raised less than USD 10,000 (Table.2).

Table 2: Kickstarter Platform Successfully Funded Project Statistics

	Successful Funded Projects	Less than \$1,000 Raised	\$1,000 to \$9,999 Raised	\$10,000 to \$19,999 Raised	\$20,000 to \$99,999 Raised	\$100 K to \$999,999 Raised	\$1 M Raised
All	252,140	32,418	133,307	36,523	38,451	10,644	797
Games	40,396	4,087	17,223	6,575	8,833	3,338	340
Music	34,899	3,376	24,132	4,975	2,296	118	2
Film & Video	32,551	3,896	18,192	5,058	4,860	533	12
Art	25,143	6,752	14,391	2,255	1,561	179	5
Publishing	24,081	3,267	14,811	3,329	2,391	275	8
Design	23,088	1,587	7,727	3,875	6,861	2,852	186
Comics	17,613	2,002	11,090	2,236	1,976	304	5
Technology	12,307	649	3,190	1,854	3,962	2,432	220
Fashion	12,184	2,174	5,751	1,938	1,956	359	6
Food	9,043	812	3,624	2,178	2,283	134	12
Theater	7,872	1,114	5,690	709	340	19	0
Photography	4,878	897	2,557	768	600	56	0
Crafts	3,797	1,276	1,983	290	226	21	1
Dance	2,793	252	2,168	282	89	2	0
Journalism	1,495	277	778	201	217	22	0

Source: (Kickstarter, 2024)

Among the unsuccessfully funded projects; 15% concluded without receiving a single pledge. Notably, 20% of projects that managed to raise over 20% of their funding goal ultimately achieved successful funding, as illustrated in Table 3.

Table 3: Kickstarter Platform Unsuccessfully Funded Project Statistics

	Unsuccessful Funded Projects	0% Funded	1% to 20% Funded	21% to 40% Funded	41% to 60% Funded	61% to 80% Funded	81% to 99% Funded
All	360,728	56,320	236,315	37,554	16,797	7,318	6,452
Film & Video	52,659	10,298	34,284	4,795	2,030	846	406
Games	42,388	2,986	27,963	5,628	2,956	1,529	1,326
Technology	40,921	5,722	29,542	2,823	1,286	593	955
Publishing	39,789	7,420	26,419	3,691	1,494	515	250
Music	34,299	7,649	21,141	3,593	1,280	391	245
Design	31,069	2,026	20,060	4,446	2,157	1,051	1,327
Fashion	27,054	4,746	17,207	2,771	1,254	553	523
Art	26,638	4,293	15,729	3,462	1,647	773	734
Food	25,757	4,366	18,178	2,001	774	254	184
Crafts	10,245	1,755	6,810	916	409	179	176
Photography	9,047	2,031	5,579	923	318	143	53
Comics	8,940	554	5,599	1,426	796	369	196
Theater	5,286	917	3,418	624	210	75	42
Journalism	4,874	1,268	3,215	268	76	23	24
Dance	1,762	289	1,171	187	80	24	11

Source: (Kickstarter, 2024)

Based on (Statista, 2023), the global crowdfunding market size will surge to 1.41 billion US dollars (USD) by the end of 2023, subsequently doubling and surpassing 3.62 billion USD by the year 2030. Projections for 2023 indicate an average funding per campaign of 7,750 USD. Examining global transaction values, the United States takes the lead with the highest observed transaction value of 451.3 million USD. With a compounded annual growth rate (CAGR) of 2.02%, the total transaction value is predicted to reach 520 million USD by 2027. The average funding per campaign in the United States reached 6,430 USD as of September 2023.

In the European crowdfunding market, the estimated transaction value is 303.1 million USD by the close of 2023, with a projected CAGR of 2.11%, expected to reach 329.50 million USD by 2027. In 2023, the average funding per campaign in crowdfunding stood at 6,100 USD. Notably, the 'Witcher - Old World' tabletop game, securing around 7.4 million USD as of November 2023, claimed the title of the most funded project on Kickstarter in Europe. Another notable project, '7th continent - What Goes Up, Must Come Down,' initiated in Paris, secured the second position with approximately 7.1 million USD in donations. For the United Kingdom, a transaction value of 61.55 million USD is anticipated in 2023. With a CAGR of 1.15% from 2023 to 2027, this figure is expected to reach 64.44 million USD by 2027. The average funding per campaign in 2023 reached 16,390 USD, and as of November 2023, 'Dark Souls - The Board Game' became the highest-funded project on Kickstarter, raising 3.77 million British Pounds. Another noteworthy game, 'Monster Hunter World,' followed with 3.44 million British Pounds in donations (Statista, 2023).

In the Asian crowdfunding market, the estimated transaction value for 2023 is 0.38 billion USD, with an annual growth rate of 1.29% (CAGR, 2023-2027). The average funding per campaign in 2023 is projected to be 25,400 USD. Among other markets, Africa has the smallest scale, with the expected transaction value in the crowdfunding market reaching 1.37 million USD in 2023. Projected to exhibit a 6.31% CAGR from 2023 to 2027, the total is expected to reach 1.75 million USD by 2027. The average funding per campaign in the crowdfunding market was 360 USD in 2023. For Australia and Oceania, the transaction value in the crowdfunding market is estimated to reach 3.13 million USD in 2023. With a 1.48% CAGR (2023-2027), it is expected to reach a total of 3.32 million USD by 2027. The average funding per campaign in the crowdfunding market was 410 USD in 2023. At a national level, the transaction value in the crowdfunding market for Turkey is predicted to reach 15.68 million USD in 2023. With a 5.41% CAGR (2023-2027), it is expected to total 19.36 million USD by 2027. The average funding per campaign in the crowdfunding market was 11,280 USD in 2023 (Statista, 2023).

4. CROWDFUNDING IN TURKEY

Crowdfunding, in Turkey, is an investment system created for the purpose of raising the financial resources needed by business ideas and entrepreneurial companies planning to produce high-value and competitive technological products and services. Various funding platforms operate with the aim of supporting new ideas focused on technology and innovation. These platforms are structured both vertically, focusing on specific sectors, and horizontally, providing funds to ventures in various industries, offering a broad perspective. Particularly, technology and innovative projects are considered a priority area in vertical structures.

The Crowdfunding Regulation (III-35/A.2) was published in the Official Gazette numbered 31641 on October 27, 2021, and came into effect. This regulation consolidates the principles related to equity and debt-based crowdfunding in a single regulation. Crowdfunding platforms that raise funds in exchange for rewards and donations are exempt from the provisions of this regulation.

With the new Crowdfunding Regulation, the definition of a venture company has been updated, a definition for companies funded for the first time has been introduced, and the establishment and operational principles of both equity-based and debt-based crowdfunding platforms have been specified. The regulation has also revised and updated the conditions for being listed on the Capital Markets Board (CMB/SPK) and the establishment of crowdfunding platforms. Another innovation is that, for each campaign, platforms can provide funds up to a maximum of 50% of their total equity, and the targeted fund amount for each campaign is limited to a maximum of 20%.

Another change introduced is the increase in the annual investment limit for non-professional investors outside the scope of qualified investors. For equity-based and debt-based crowdfunding platforms, the maximum annual investment limit for non-qualified individual investors is 50,000 TL. For debt-based crowdfunding platforms, an additional restriction has been imposed: non-qualified investors, excluding qualified investors, can invest a maximum of 20,000 TL in a project. Another investment limit for both platform types is that investors cannot declare more than 10% of their income annually to the platform, and the annual investment amount should not exceed 200,000 TL. The CMB website lists the companies engaged in crowdfunding activities (Table.1)

Table 4: Capital Market Board Listed Equity Based Crowd Funding Companies

Title of the Company	Date of Listing
Vakıf Yatırım Menkul Değerler A.Ş.	01.04.2021
Global Kitle Fonlama Platformu A.Ş.	08.04.2021
Halk Yatırım Menkul Değerler A.Ş.	30.09.2021
Dijital Kitle Fonlama Platformu A.Ş.	14.10.2021
İnfo Yatırım Menkul Değerler A.Ş.	25.11.2021
Fongogo Kitle Fonlama Platformu A.Ş.	06.01.2022
Girişim Kitle Fonlama Platformu A.Ş.	24.02.2022
Basefunder Kitle Fonlama Platformu A.Ş.	21.07.2022
Global Menkul Değerler A.Ş.	21.03.2023

Ecofolio Kitle Fonlama Platformu A.Ş.	13.04.2023
Nar Kitle Fonlama Platformu A.Ş.	05.05.2023
Startupfon Kitle Fonlama Platformu A.Ş.	28.09.2023
Forte Kitle Fonlama Platformu A.Ş.	22.11.2023
Mag Kitle Fonlama Platformu A.Ş.	21.12.2023

Source: (CMB, 2024)

Among the listed companies, the Fongogo Platform hosts equity-based financing as well as reward/donation-based projects. Due to the recent publication of equity-based regulations, there is not yet sufficient data available to conduct an analysis in this area. Therefore, the focus of the study has been directed towards the Fongogo reward-based platform data.

Within the scope of this study, reward/donation-based projects have been analyzed. Between December 20, 2013, and September 7, 2023, 414 projects were successfully completed, with a targeted funding amount of 9,241,782 TL. The total amount of funds raised was 10,039,559 TL, and the average project target achievement percentage was 109%. Half of the total projects are in the "Film and Photography" category. The highest number of supporters was in the music category in 2020 with 976 supporters, while the lowest number of supporters was in the education category in 2021 with 3 supporters. Looking at the numerical distribution of the 414 projects over the years, the highest number of projects was reached in 2019, and there has generally been a decreasing trend since 2019. The project with the highest number of supporters (976) has a duration of 35 days (Table.5).

Table 5: Fongogo Reward Based Project Statistics (2013/12-2023/09)

	# of Supporters	Fund Targeted (TRY)	Fund Collected (TRY)	Target Success Ratio -%
Environment	1.889	386.964	411.320	106%
Dance & Performance	124	31.000	33.240	107%
Other	1900	398.145	439.480	110%
Education	4.153	1.781.713	1.888.375	106%
Film - Photography	12.158	4.568.800	4.998.397	109%
Food & Beverage	513	327.300	351.530	107%
Culture & Art	2637	737.250	843.180	114%
Fashion & Design	149	38.000	38.780	102%
Music	1.890	353.500	393.999	111%
Health & Beauty	802	185.000	198.950	108%
Sports	382	64.110	66.115	103%
Technology	232	242.000	242.553	100%
Tourism	113	43.000	44.740	104%
Publishing/Video/Podcast	181	85.000	88.900	105%
Total	27.123	9.241.782	10.039.559	109%

Source: (Fongogo, 2023)

The global crowdfunding market size is projected to surge to 1.41 billion USD by the end of 2023, with further growth expected to surpass 3.62 billion USD by 2030. In contrast, the predicted transaction value for the Turkish crowdfunding market is expected to reach 15.68 million USD in 2023, with a projected total of 19.36 million USD by 2027. From this, we can infer that the Turkish crowdfunding market is relatively smaller in scale compared to the global market.

Table 6: Fongogo Reward Based Project Statistics (2023)

Category	Number of Projects	Successful Projects	Fund Targeted	Fund Collected
Film & Photography	67	29	1.127.000,00 ₺	1.244.750,00 ₺
Disaster support	5	3	725.000,00 ₺	772.840,00 ₺
Education	8	6	447.750,00 ₺	471.587,00 ₺
Publishing/Video/Podcast	2	2	78.000,00 ₺	101.630,00 ₺
Culture & Art	17	6	407.000,00 ₺	70.400,00 ₺
Technology	5	1	30.001,00 ₺	30.550,00 ₺
Health & Beauty	3	1	30.000,00 ₺	30.000,00 ₺
Entrepreneurship	2	1	1.000,00 ₺	7.830,00 ₺
Others	3	1	7.500,00 ₺	7.600,00 ₺
Environment	3	0	0,00 ₺	0,00 ₺
Food & Beverage	2	0	0,00 ₺	0,00 ₺
Music	4	0	0,00 ₺	0,00 ₺
Total	121	50	2.853.251,00 ₺	2.737.187,00 ₺

Source: Fongogo

6. GENERAL EVALUATION AND CONCLUSION

Crowdfunding serves as a dynamic and versatile means of financial participation, offering diverse models like equity-based financing, debt-based financing, donation, and reward-based funding. This flexibility meets the varied entrepreneurial needs, emphasizing transparency and democratic engagement, exemplified by contributors providing non-financial rewards.

Globally, crowdfunding's growth is fueled by shifting customer preferences towards social impact projects. Developed economies view it as a complement to traditional finance, while in developing economies, it bridges critical financing gaps for small businesses. However, the full potential of crowdfunding in Turkey, especially in sectors like sustainability, agriculture, and education, is yet to be fully realized.

The recent Crowdfunding Regulation in Turkey introduces comprehensive rules for equity and debt platforms, prioritizing investor protection. As it is relatively recent, assessing its success requires more time, and notably, it excludes activities involving rewards and donations.

Analyzing global trends reveals gaming projects achieving global success, in contrast to Turkey where art projects thrive locally. Gaming targets a tech-savvy, global audience, while film and photography projects, with their cultural focus, find success on a local scale. Understanding these dynamics is crucial for project success.

Looking ahead, crowdfunding is poised for continual global growth, appealing to diverse funding sources. Technological integrations like blockchain enhance transparency, security, and efficiency. Regulatory frameworks are expected to adapt, ensuring a stable environment, possibly prompting larger corporations to explore crowdfunding for direct customer engagement and market testing.

The Turkish crowdfunding market, buoyed by a tech-savvy population, is expected to grow. Entrepreneurs can leverage crowdfunding for accessible funding, spurring innovation and entrepreneurship. Increased investor participation, from individual backers to institutional investors, is anticipated as the regulatory environment evolves, aligning with global trends emphasizing social impact and sustainability. Integration with FinTech solutions could further enhance accessibility, attracting a broader audience and streamlining fundraising for entrepreneurs.

Several insights and lessons emerge for the crowdfunding landscape in Turkey:

- i. **Growth Potential and Awareness:** The Turkish crowdfunding market shows growth potential, but increased awareness and participation are needed. Platforms have an opportunity to educate the public on crowdfunding's benefits, especially in underrepresented sectors.
- ii. **Sector-Specific Strategies:** Focusing on sectors with existing interest, like the success seen in art projects in Turkey, can be advantageous for project owners.
- iii. **Technological Literacy:** User-friendly platforms are crucial to facilitate access for audiences with varying technological literacy levels, including clear interfaces and educational initiatives.
- iv. **Transparency and Trust:** Prioritizing transparency and trust-building methods is essential for crowdfunding campaign success.
- v. **Localization Strategies:** Developing strategies based on project locations, considering regional differences, can maximize campaign impact.
- vi. **Regulatory Environment:** Continuous assessment and adaptation of regulations are necessary for investor protection and platform accountability.
- vii. **Diversification of Funding Sources:** Diversifying funding sources, including crowdfunding, can contribute to the growth of innovative projects and startups.
- viii. **Social Impact Projects:** The global trend towards sustainability and social responsibility may lead to a shift in Turkey towards social impact projects, aligning with backers' preferences.

From the individual investors' perspective, the followings are recommended:

- i. **Project Viability:** Investors look for well-defined and feasible project plans. Detailed breakdowns of how funds will be used and the project's potential impact contribute to investor confidence.
- ii. **Communication and Updates:** Regular communication and project updates are crucial. Investors appreciate being kept informed about project progress, milestones achieved, and any challenges faced. This builds trust and demonstrates commitment.
- iii. **Financial Transparency:** Clarity on financial matters is essential. A breakdown of budget allocation, funding goals, and how the funds will be utilized assures investors that their contributions are being managed responsibly.
- iv. **Rewards and Incentives:** Providing attractive and meaningful rewards can significantly impact investor interest. Offering exclusive incentives or early access can motivate backers to contribute more.
- v. **Community Engagement:** Investors value projects that actively engage with their communities. Responding to comments, addressing concerns, and involving backers in decision-making processes create a sense of belonging and investment in the project's success.

- vi. **Creator Credibility:** The credibility of the project creator is a key consideration for investors. A transparent creator profile, showcasing relevant experience, and highlighting past successful projects can instill confidence.

In this respect, insights for project owners can be summarized as followed:

- i. **Clear Project Description:** Clearly articulate your project, its goals, and the impact you aim to achieve. Use language that is easily understandable to a broad audience.
- ii. **Regular Updates:** Keep backers informed with regular updates throughout the campaign and after funding. Share progress, achievements, and any challenges you're addressing.
- iii. **Detailed Budget Breakdown:** Provide a detailed breakdown of how funds will be allocated. Transparent budgeting builds confidence and demonstrates responsible financial management.
- iv. **Compelling Rewards:** Design attractive rewards that align with different contribution levels. Consider exclusive perks, early access, or personalized items to entice backers.
- v. **Engaging Multimedia:** Utilize high-quality visuals, videos, and infographics to make your campaign visually appealing. Multimedia content helps convey your message effectively.
- vi. **Community Building:** Foster a sense of community by actively engaging with backers. Respond promptly to comments, seek input, and involve backers in decision-making when appropriate.
- vii. **Demonstrate Impact:** Clearly outline how the funds will contribute to the project's success. Showcase the positive impact backers can make by supporting your initiative.
- viii. **Creator Profile:** Develop a comprehensive creator profile that highlights your expertise, experience, and any relevant accomplishments. A strong creator profile builds trust with potential investors.

In conclusion, while the Turkish crowdfunding market is still developing, numerous opportunities for growth and improvement exist. These lessons emphasize the importance of understanding local dynamics, technological literacy, and continuous adaptation to regulatory changes, fostering a thriving crowdfunding ecosystem in Turkey.

Contributors

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