

Financial Inclusion and Crowdfunding - A study of European Countries

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Abstract. *Financial Inclusion appears to be a means of achieving the millennium development goals (MDGs) which can exterminate poverty and help populaces to come out of the trap known as “poverty trap”. Crowdfunding, on the other hand, helps people find investors or contributors for their business or cause. They are usually people who do not have access to the formal financial market or do not want to borrow money at high interest rates. The study was aimed to review the position of European countries in terms of financial inclusion and Fintech from the Findex data 2017 from the World Bank. The crowdfunding data was gathered from the website of the European Crowdfunding Network which helps to propagate the idea of crowdfunding in European countries. The study found that most countries in Europe have a high number of populations inclusive in the formal financial system and thus can access various financial services offered by these institutions. Also, crowdfunding has seen a sharp increase in the amount of money raised and projects funded in the last few years which was possible through the penetration of Fintech services in these countries. The study will be helpful for the companies which want to launch their crowdfunding platforms and also for the people who like to project their business on these platforms.*

Keywords: Crowdfunding, Financial Inclusion, Fintech, Europe, Poverty

JEL Codes: O33, P36

1. Introduction

Financial inclusion implies that an individual has an account at a formal financial institution, this helps them to save and borrow money. Financial inclusion can be determined by the main indicators: owning a bank account, saving and borrowing money (Zins and Weill, 2016). Financial inclusion can be simply put as the consumption of formal financial services by the poor and financially excluded population (Beck et al., 2007). Bruhn and Lovo (2014) stated that financial inclusion bears the economic fruits and helps marginalized people to increase their income by either/both saving or/and borrowing money. With higher financial inclusion, people who were hitherto financially excluded may be able to spend on education, save and launch enterprises, and this will eventually contribute to poverty decline and economic development (Ozili, 2018). Financial inclusion aims at surging the number of people who are financially excluded from the formal financial system to have access to formal financial services mainly through having a bank account, which will help to achieve inclusive economic growth (Beck et al., 2007). Expanding access of the underprivileged population to the formal financial system has numerous benefits including greater efficiency in the distribution of resources, social and political strength, more innovation, and economic growth (Ahamed and Mallick, 2019). People often come across unexpected emergencies of funds for disease, death, major investment, and loss of employment. Financial inclusion will help people to save money for such emergencies or borrow money from financial institutions (Collins et al., 2009).

Technology has reshaped every aspect of our lives for the last few decades. Financial services are no exception. An amalgamation of technology and finance has paved the way to financial inclusion. Digitization

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of financial services can help to achieve greater financial inclusion, as nearly 50% of individuals in developing countries own mobile phones (Demircuc-Kunt et al., 2018). Digital finance is more accessible and affordable than conventional finance services, which makes it easy for poor people in developing countries to save and borrow within the formal financial system, something they were hesitant to do before (Haider, 2018). Fintech considers that the delivery of financial services through technology and Crowdfunding is an application of the financing aspect of it (Baber, 2019a). A Fintech service company can be referred to as a service provider that uses an existing or innovative technology, which can range from blockchain to simple SMS, to deliver new financial services or to improve the delivery of existing financial services. Fintechs offer indeed similar services as banks, perhaps more efficiently because of technological characteristics, but in a diverse and customized way (Navaretti et al., 2018). One of the forms of fintech is crowdfunding. Crowdfunding is a process of raising capital, usually in small amounts, directly from a large group of contributors/backers, sidestepping conventional financing sources, typically through a web-based platform (Allon & Babich, 2020; Baber, 2020). Crowdfunding appeared and saw a surge in growth over the last decade and recognized itself as a significant alternative financing route for entrepreneurs, artists and social projects (Regner, 2020; Fanea-Ivanovici and Baber, 2021). Most authors have agreed on the four categories of crowdfunding: equity-based, lending-based, donation-based and reward-based (Kirby and Worner, 2014; Dorfleitner et al., 2017; Kim and Moor, 2017).

Technological innovations, such as web-based crowdfunding platforms, have “simplified interaction between those who want to invest money and those who need it” (Vismara, 2016). The growing curb on lending after the financial crisis of 2008 by banks made debtors look for options and falling interest rates made financiers pursue other ways to finance proposing better profit (Delivorias, 2017). Fisk et al. (2011) in their research found the motivation of individuals to participate in crowdfunding campaigns and also reasons for service providers to offer such services. Crowdfunding is really helpful for financially isolated firms and persons to raise funds successfully and affordably without much effort and bureaucracy (Baber & Fanea-Ivanovici, 2021). This study is aimed to investigate the financial inclusion state of European countries and digital finance from the Findex report. Different indicators will assess the percentage of the population who are financially included and use technology to access financial services. The study will then highlight the market volume of crowdfunding platforms and the potential of crowdfunding in European countries. The study will be helpful to understand the delivery of financial services through technology and how crowdfunding can be an alternative to full fill the gap between the financially inclusive and exclusive population, in addition, will provide the benefits of crowdfunding.

2. Literature Review

Financial inclusion has been the topic of various studies and some studies found that richer, more educated and older people are likely to be financially inclusive (Fungáčová and Weill, 2015; Allen et al., 2016). People with high financial literacy are also likely to be financially inclusive (Kostov et al., 2015). Ozili (2018) suggested that digital finance can help to achieve financial inclusion as there are many people without a financial account who own a mobile phone. Malady (2016) argued that people who are excluded from the financial system may have access to technology, but there is a lack of trust and credibility on the technological channels. Manyika et al. (2016) credited digital finance for helping banks to save costs by decreasing the waiting time for customers; reduce paperwork and even reduce the number of outlets. ADB (2016) suggested that there is a need for financial literacy to increase awareness and trust in the digital financial channels. Poverty only cannot be held responsible for financial exclusion, there are many other reasons for intentional exclusion, from the formal financial system which includes religion, culture, and lifestyle. The intended financial exclusion problem can be solved by providing tailored financial services to the communities, for example, Islamic finance and microfinance. Baber (2019b) studied financial inclusion and Fintech in Islamic finance and traditional finance and concluded that both systems are almost equally inclusive. The study also found that Fintech does help in the financial inclusion of already excluded

populations in both systems. Klapper and Singer (2014) in their study specified that access to the financial system can aid removing poverty, creating employment, encouraging high consumer demand, assuring savings and investments and helping to captivate emergency financial shocks. Some studies stressed the benefits of financial inclusion, like a person who was earlier financially excluded will now be able to invest in education, save money for future expenditures and be empowered to start a business, which will apparently lead to poverty reduction and economic growth (Ellis et al., 2010; Han and Melecky, 2013).

Ozili (2018) stated that there is a negative side to digital finance and financial inclusion. Digital finance companies target the people who are able to take part in the online environment rather than intending to target the marginalized people who are not able to open an account in formal financial institutions. Schuetz and Venkatesh (2019) suggested that blockchain technology holds the potential to connect rural Indians to local and global supply chains and thus can include the population in the financial system through technology. Durai and Stella (2019) concluded that digital finance including Internet banking, mobile banking, mobile wallets (apps), credit card and debit card have a significant influence on financial inclusion. Factors like affordability, security, and adaptability have a negative impact on its acceptance, but the future seems to be positive and promising. De Koker and Jentzsch (2013) suggested that even those people who are formally included continue to use informal finance and surprisingly owning a formal account would be positively associated with the use of informal financial instruments. Therefore, there is a need for a financial method that is formal and fulfil all needs which informal instruments were doing so far.

Boitan (2016) suggested that crowdfunding can be treated as a substitute for banking and countries with many crowdfunding platforms have shown significant financial inclusion. Crowdfunding has the potential to increase the financial inclusion of the population by adding access to the funds and can replace the informal harsh lenders in the rural population (Jenik et al., 2017). To guarantee that digital finance will help individuals, it is essential to have a trusted payment system, reliable physical infrastructure, clear protocols, and a dynamic consumer protection mechanism (Demirgüç-Kunt et al., 2018). Kim and De Moor (2017) stated that crowdfunding is a system of speedy and cost-effective raising the funds and it has the ability to reach financially marginalized and excluded populations through the diffusion of technology and the internet.

Salampasis and Mention (2018) deliberate World banks' report on Global Findex and analyzed the populace having a bank account in 2011 and 2014. The study established a substantial upsurge in the fraction of the population in the inclusive financial system. The study proposed that the propagation of affordable technology developments particularly mobile phone technology and innovation for the reason of such inclusive change. Biggs (2016) enlightened the prospects of crowdfunding and digital currency to provide access to financial services to the unbanked population. Fintech has the potential to open the doors of financial services for unbanked segments of the population and developing countries (Vives, 2017).

Financial inclusion has been effective for poverty reduction and generated higher income and savings among households mostly the poor (Churchill & Marisetty, 2020). Omar and Inaba, (2020) also suggested that their study provided strong evidence that financial inclusion significantly reduces poverty rates and income disparity in developing countries. Mohammed et al. (2017) examined the effect of financial inclusion on reducing poverty among the low-income household level for 35 countries in sub-Saharan Africa. Taking cross-sectional data of 2011, they suggested that financial inclusion pointedly reduced the level of poverty in sub-Saharan Africa through providing net wealth and larger welfare reimbursements to the poor. However, there are some studies that suggest no effect of financial inclusion on poverty but support the argument of financial stability through financial inclusion (Neaime & Gaysset, 2018).

3. Research methodology

Data of 28 countries in Europe are taken from World Bank's 2017 Global Findex report to analyze the financial inclusion and Fintech dimensions. The report was designed through the agents in every 144 countries of Gallup, Inc., which is a partner agency for doing the survey. The data were collected from a sample of more than 150,000 adults above 15 years of age. The Findex report embraces the various indicators which describe the percentage of the population using financial services delivered by the bank or financial institute. Around 1.2 billion people above 15 years of age have owned an account in the bank or financial institute since 2011. The report also revealed that the percentage of the population ageing above 15 years who got an account in the financial institution or through mobile money service between 2014 and 2017 has risen from 62% to 69%. In developing countries, the raise is higher than the overall which is from 54% to 63%.

For this study, financial inclusion is evaluated on three factors - 'the percentage of the population having account holders', 'savings account at a financial institution' and 'borrowing account at a financial institution. Holding an account means that a person or parties have a financial account at a financial institution like a bank or through a mobile money service provider. The savings account benefits people to save money for future expenditures like heavy buying, capital for entrepreneurship, retirement or emergencies. It is always better to save money for any immediate expense rather than borrowing money on interest at that time. A borrowing account is a loan account where people can borrow money to fulfil their immediate need or heavy investment purpose while paying back the money in easy instalments at a pre-determined interest rate. Fintech is measured on four parameters which are - 'Received wages: through a mobile phone', 'Used the internet to buy something online in the past year', 'Used the internet to pay bills in the past year' and 'Made digital payments in the past year'.

Crowdfunding data was gathered from the website of the European Crowdfunding Network (<https://eurocrowd.org/>) which helps to encourage crowdfunding as a feasible alternative in proposing job creation, social innovation and boost to entrepreneurship among the European public, policymakers, and stakeholders. The data of only a few countries were available, but essential information of almost all European countries was present on the website.

4. Results

Almost all European countries have a good percentage of the population inclusive in the financial system. Countries like Denmark, Finland, and the Netherlands have 100 per cent of the population owning an account at a financial institute. Romania is the only country in Europe with only 50 per cent of the population in the ambit of the population owning an account in the financial institute. On average 44% of the population has a saving account in Europe which is higher than the rest of the world. Borrowing is not so common in Europe and people do not prefer to borrow from financial institutes. There are many reasons that there is already saving for a planned investment or expenditure. Around 74% of the population has debit or credit cards which can help in emergency expenditure. Countries usually have sophisticated healthcare and education subsidies which make borrowing unnecessary for the citizens. Only 15% of the population has a borrowing account in the financial institute as shown in table (1). and equal per cent has borrowed money from family and friends in the last year. This population can be potential customers for banks but can be easily targeted by the crowdfunding platforms in the donation-based segment. Moreover, 24% population on average has borrowed money from a financial institute to start/ expand their business (commercial or farming), which was only 2% in 2014. This implies that entrepreneurship populations have seen a sharp rise of 22% in the European population. This significant rise in the demand for financing the business can be very well satisfied by the crowdfunding platforms.

Table 1: Financial Inclusion data of European Countries

Country	Financial institution account (% age 15+)	Saved at a financial institution (% age 15+)	Borrowed from a financial institution (% age 15+)
Austria	98%	56%	14%
Belgium	99%	56%	16%
Bulgaria	72%	28%	12%
Croatia	86%	36%	13%
Cyprus	89%	26%	9%
Czech Republic	81%	45%	15%
Denmark	100%	63%	21%
Estonia	98%	47%	14%
Finland	100%	55%	20%
France	94%	48%	18%
Germany	99%	55%	20%
Greece	85%	13%	2%
Hungary	75%	24%	7%
Ireland	95%	48%	17%
Italy	94%	45%	16%
Latvia	93%	28%	10%
Lithuania	83%	34%	13%
Luxembourg	99%	62%	21%
Malta	97%	47%	9%
Netherlands	100%	59%	12%
Poland	87%	33%	23%
Portugal	92%	32%	9%
Romania	58%	14%	15%
Slovak Republic	84%	50%	20%
Slovenia	98%	31%	16%
Spain	94%	51%	18%
Sweden	100%	75%	21%
United Kingdom	96%	64%	18%

(Source: World Bank's 2017 Global Findex database)

Using technology for delivering financial services is regarded as Fintech. Only 2% of the population on average has received wages through mobile phones. People often pay through an online gateway for the shopping they do online. This is merely an assumption for this study and around 78% of the population has purchased online in the past year. Around 51 per cent of the population has paid the bills online which leaves enough scope for the introduction of payment apps in European countries. Especially in Bulgaria, Greece, and Romania only less than 20% population has paid bills online as shown in table (2). Interestingly, around 82% of the population has made digital payments last year which was 75% in 2014 which signifies the penetration of digital finance in European countries. Again, countries like Bulgaria, Greece, and Romania

have less than 40% of the population using digital finance to make payments last year. A regression analysis was conducted between the financial inclusion (dependent variable) and Fintech (Independent variable) using SPSS. The results of the analysis are shown in table 3. A strong relationship can be seen between Fintech and financial inclusion among the European Countries.

Table 2: Fintech data of European Countries

Country	Received wages: through a mobile phone (% age 15+)	Used the internet to buy something online in the past year (% age 15+)	Used the internet to pay bills in the past year (% age 15+)	Made digital payments in the past year (% age 15+)
Austria	4%	44%	52%	94%
Belgium	6%	57%	67%	96%
Bulgaria	0%	22%	13%	41%
Croatia	4%	30%	45%	75%
Cyprus	1%	32%	29%	66%
Czech Republic	2%	54%	57%	76%
Denmark	2%	78%	82%	98%
Estonia	2%	47%	72%	94%
Finland	2%	61%	86%	98%
France	2%	56%	43%	90%
Germany	3%	67%	58%	97%
Greece	1%	22%	17%	57%
Hungary	0%	29%	30%	62%
Ireland	1%	59%	52%	91%
Italy	2%	55%	40%	86%
Latvia	5%	35%	58%	83%
Lithuania	4%	41%	50%	67%
Luxembourg	3%	51%	65%	97%
Malta	2%	47%	41%	79%
Netherlands	8%	76%	81%	97%
Poland	2%	48%	51%	79%
Portugal	1%	25%	30%	81%
Romania	0%	16%	12%	33%
Slovak Republic	2%	42%	53%	76%
Slovenia	0%	46%	45%	90%
Spain	2%	54%	48%	88%
Sweden	3%	72%	80%	98%
United Kingdom	2%	75%	62%	94%

(Source: World Bank's 2017 Global Findex database)

Table 3: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938 ^a	.880	.875	.03203
a. Predictors: (Constant), FINTECH				

Crowdfunding has seen steady growth in some countries like the Czech Republic, Austria, Finland, Denmark, and Estonia. Some countries have shown a sharp increase in crowdfunding projects and platforms which include the Netherlands, Germany, Italy and the United Kingdom as shown in table 4. Some countries were late in adopting this alternative finance like Latvia and Romania. Data of some countries was not available because Crowdfunding has made its mark yet or has not been accepted by the public or regulators. Some of the facts and figures about the European countries are stated below.

Table 4: Crowdfunding (Millions raised) of European Countries (Only countries with data)

Country	2014	2015	2016	2017	Mean	Std Dev
Austria	1	4.5	35	10	12.63	13.31
Belgium	0.4	0.67	7.4	6.7	3.79	3.27
Czech Republic	NA	NA	1.8	1.1	1.45	0.35
Denmark	0.1	2.2	3.7	1.8	1.95	1.28
Estonia	19.3	20.4	28.7	15.4	20.95	4.84
Finland	1.5	8	10.2	1.5	5.30	3.88
France	22.6	49	146	43.3	65.23	47.66
Germany	31.4	72.4	79.3	64.9	62.00	18.39
Ireland	1.2	13.9	2.7	NA	5.93	5.67
Italy	4.3	7.6	109.1	156.7	69.43	65.68
Latvia	NA	236	NA	NA	236.00	0.00
Netherlands	12.2	83.6	133.2	53.2	70.55	44.16
Poland	1.8	2	2.2	1.1	1.78	0.41
Romania	NA	NA	0.8	NA	0.80	0.00
Spain	4.7	14.4	35.9	13.5	17.13	11.48
Sweden	3.2	11.6	26.6	7.9	12.33	8.76
United Kingdom	1500	3000	3600	1900	2500.00	839.64

(Source: European Crowdfunding Network, 2018 (<https://eurocrowd.org/>) *NA: Data Not Available)

European countries have been at the forefront to invest in projects through crowdfunding. In Austria, Micro funds are raised for SMEs and around 70 projects have risen €11.14M since 2013. In 2015, Belgium is the seventh major crowdfunding market in Europe with €37M funds collected through crowdfunding. Bulgaria has seen a growth of 179% in the alternate finance industry from 2013-2015 and has reached €89M in 2015. However, Croatia has seen slow growth in crowdfunding and only 63 projects were raised on various platforms. Cyprian market is still emerging many platforms like “We Hug a Cause” supports cause projects but there is less success rate so far. The Czech Republic has mostly reward-based crowdfunding

platforms and has raised €9M in 2015. Overall, the figures raised through crowdfunding in the Czech Republic touched 24M CZK (approx. €0.89M), although the support and interest of backers remain positive. In 2015, €24M was raised through crowdfunding in Denmark. The total transaction value in the crowdfunding segment amounts to USD 25M in 2017.

Estonia, which is moving towards a digital economy, is classified in the top 10 European countries by alternative finance market volume, mostly in the lending segment, with a total volume, equal to €31.5M. Finland has the size of the Crowdfunding market was approximately EUR 84.4m in 2015. This was 48% higher than the previous year, according to market estimates. France has seen constant growth in online alternative finance from 76M in 2013 to 318M in 2015. France is the leading force in European online alternative finance. Germany, on the other hand, has the potential to be the largest alternative finance market in Europe as its online alternative finance grew by 115%, from EUR 140m in 2014 to EUR 249m in 2015. Crowdfunding is still in its infancy stage in Greece; the total transaction volume was in the range of EUR 0.2M to EUR 1M till 2014. Projects are usually related to social and artistic and often do not reach their target.

Crowdfunding has started to spread in Hungary. People are trying to know how it works. Only a few platforms are active and mostly donation or reward-based. Although Ireland has raised 3M with alternate finance in 2015, the records of crowdfunding are limited. Italy has seen a sharp increase of 287% in the crowdfunding market from 2014 to 2015. Around 30 platforms are active in Italy with Eur 31.61M total volume. In Lithuania, the transaction value in the peer to peer lending segment amounted to USD 10.5M in 2016. In Malta, one operating platform, ZAAR, start in December 2015. It is raised EUR 55,000 ranging from EUR 200 projects up to EUR 15,000 for the most successful project. The Netherlands has a promising market for crowdfunding and has performed well in Debt-Based and Peer-to-Peer Lending forms, whilst also performing relatively strongly in Rewards-based Crowdfunding and Equity-based Crowdfunding. The total volume raised in 2015 was EUR 111M, up from EUR 78M in 2014 and EUR 46M in 2013. Poland is facing strict regulations concerning gather money from the general public which acts as a barrier in the growth of crowdfunding else the market seems favourable. In 2015, Poland raised EUR 10M. Three platforms are working in Portugal in each category of reward-based, donation-based and lending based starting very early in 2011. There are no reliable numbers accessible about Crowdfunding volume in Romania. However, recently 1.2 M Euros were invested by Catalyst Romania Fund II in local technology startups investment platform SeedBlink. There are presently no statistics accessible for Crowdfunding volumes in Slovakia. The total number of Crowdfunding Platforms in Slovakia is limited, there are approximately 2 platforms.

The Crowdfunding volume in 2015 for Slovenia was EUR 0.8M. The first Crowdfunding Platforms started operating in Slovenia at the end of 2015. The Spanish alternative finance volume amounts to EUR 50M in 2015. According to "Crowdfunding in Spain. Annual Report 2016", in the last two years, the total amount of money raised through Crowdfunding increased from EUR 52,268,920 in 2015 to EUR 113,592,388 in 2016, which represents a growth of 116.09%. Despite the good data, Spain has very serious challenges to face in terms of growth as more customized crowdfunding platforms are emerging which are focused on niche segments of projects. Sweden raised EUR 13M through alternative financing in 2015. Between 2014 and 2015, a prominent platform based in Sweden went bankrupt. This slowed down the growth of this industry in the last few years. The UK has been at the top of all countries in Europe. Around 1.09M people invested, donated or lent via online alternative finance platforms in the UK. Donation-based Crowdfunding platforms are more popular and have grown by 507% from GBP 2M in 2014 to GBP 12m in 2015 followed by Equity-based Crowdfunding up by 295% from GBP 84M raised in 2014 to GBP 332M (including real estate Crowdfunding) in 2015

People usually choose to crowdfund as they do not have access to a bank or financial institute. People who approach a bank for a loan may be turned down as they fail to show collateral as the mortgage.

Banks also feel reluctant to provide the loan after the financial crisis of 2008 which led to the rise of Fintech. Entrepreneurship is a necessity for the growth of the economy. People with entrepreneurial intentions look for financiers or investors to finance their idea. Most of the time ideas are shelved after no investor shows interest in the project. Crowdfunding provides a safe playground for such entrepreneurs. Crowdfunding platforms act as an intermediary between contributors and project owners. Contributors have different intentions to contribute to an idea. In equity-based crowdfunding, contributors believe in an idea and want to be a shareholder in the business from the beginning. In lending crowdfunding, contributors want constant returns on the contribution. In reward-based crowdfunding, backers like the idea and want to get the product of the project in return for the contribution. In donation-based crowdfunding, people do benevolent contributions towards a project or a social cause. No matter what are the intentions, a backer has, there is always a financial transaction. A contribution is nothing but saving and borrowing. Thus, crowdfunding has to ability to include the people into the financial system from either side of the market-backer or project owner.

Thus, the results suggest that Fintech plays its role in financial inclusion. Similar results were found in the study of Loukoianova et al., (2018) and Arner et al., (2020) that advocated the role of fintech in improving financial inclusion. Fintech will be effective directly or indirectly for bridging the gap of financial equality and hence perpetuating the idea of financial inclusion. The results of Demir et al. (2020) also provided evidence that financial inclusion is a key channel through which Fintech reduces income inequality. China as an emerging economy has also witnessed economic growth and financial development through fintech in order to reduce poverty. Hence can be a roadmap and blueprint for developing economies and lessons from the European countries can be a motivation.

Information, communication and technology (ICT) has helped to endorse inclusive economic growth as well by advancing financial inclusion which stimulates financial sector development. The usage of the internet and financial services delivered through it will lower down poverty. Mushtaq & Bruneau, (2019) suggested the same results even in the presence of controlled variables such as level of economic development, inflation, government consumption and trade openness. Therefore, we conclude that technology and particularly financial technology will significantly reduce the poverty & inequality.

However, Fintech is not the ultimate solution to financial inclusion and cannot be treated as a silver bullet. Although the digital revolution in Europe has been a godsend for its overall financial inclusion, the policies should bring an equitable development and reduce the gap between the lower-income and higher-income groups. There should be a meaningful shift from 'excluded' to Fintech-enabled 'included' as suggested by Jones (2018). Crowdfunding a segment of Fintech can be utilized in the best possible way to include the poor people in the ambit of the financial system.

5. Conclusions

Financial inclusion seems to be a key means to help people come out of poverty. As mobile phone technology and the internet have reached far-flung areas of the world, it is possible to take the help of technology to get those people in the financial system who were left excluded. Opening financial institute or banks in rural areas may not be so easy and does not guarantee including people in the system. Fintech has revolutionized the way of delivering financial services with all convenience and security. Crowdfunding being the segment of Fintech has helped people to raise money which they could not have done following the traditional means of raising capital. Financial inclusion can be achieved by penetrating the Fintech services in the population which is excluded and crowdfunding can play a significant role in helping people to borrow money for a cause or start their business. Crowdlending may not be possible for such a population as it may lead to a further poverty trap. Donation-based and reward-based crowdfunding can be suitable for this

population. Donation-based Crowdfunding platforms can target the niche market segment of the population who are in abject poor condition but have a small existing business or want to start a business. The study concludes that crowdfunding has the potential to be a tool for inclusive growth and can help the marginalized population to get their financier for their small business.

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