

The Development of Crowdfunding in the United States: Case Study of USA Crowdfunding Platforms

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Abstract---In the United States, crowdfunding has focused mostly on individual needs. But when entire neighborhoods, towns, or issues need funding, options become fragmented—and the impact is often minimal in the age of social media, e-marketing, and digital transformation. This study shows that crowdfunding gives people the tools to mobilize support, unleash resources, and achieve results at scale. This technology believes in communities that support each other. Achieving the principle of equal investment opportunities to achieve economic development. Therefore, we will present the most important leading crowdfunding platforms in the United States (kickstarter, indiegogo, rise up crowdfunding.....)

Keywords---crowdfunding, backers, equity crowdfunding, United States.

Introduction

In an era of rapidly accelerating technological innovations, crowdfunding platforms have become an effective tool for promoting financial inclusion, particularly in developing countries. Platforms like kickstarter and indiegogo represent pioneering models in this field, enabling individuals and small projects to access the funding they need without relying on traditional means. This shift in financing mechanisms reflects a radical transformation in how communities interact with financial resources, contributing to sustainable development and advancing social justice. However, significant challenges still face these platforms, including gaps in access to funding and insufficient understanding of their impact on local communities and national economies.

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On the other hand, Crowdfunding platforms have paved the way for individuals and organizations to raise funds for various projects and ventures. By influencing the power of the internet and social media, these platforms enable entrepreneurs, artists, non-profits, and others to reach a vast audience of potential backers. Unlike traditional funding methods, which often rely on a small pool of wealthy investors or financial institutions, crowdfunding democratizes the fundraising process, allowing anyone with an idea to solicit funding from a large number of people worldwide.

- How crowdfunding platforms in the United States have successfully changed the structure of project financing ?

Importance of the Study

This study gains its importance from the urgent need to understand the role of crowdfunding platforms in enhancing financial inclusion, especially given the economic and social challenges faced by many communities.

Objectives

- To define the concept of crowdfunding.
- To learn about the importance of crowdfunding for the investor and project owner.
- To discuss the development of crowdfunding platforms in the United States .

Crowdfunding Definition

Crowdfunding is a type of financial innovation made possible by technological advancements. In other words, it is a sub-category of both FinTech and Alternative Finance-AltFi. It refers to market-based financing enabled by technology that operates outside of the traditional financial system and includes Internet markets.

Crowdfunding is also known as participatory or co-financing, which is a literal translation of the compound term "Crowdfunding" in English, which consists of two words "crowd," which means mass of people, and "funding," which means financial support, and thus the term means public financing. According to the World Bank, crowdfunding is a method for institutions to raise funds through the Internet (houam, 2023).



Figure 1: Diagramatic representation of Crowdfunding
Source: (Righi, Alberti, & Madhusudan, 2020)

Crowdfunding is a method of raising money for an idea, business by gathering investors who are interested in the project. The investors pitch in capital until the goal is met and the operation is processing. It is a kind of support to any entrepreneurial project, organization, art with an aim to break the traditional barriers of financing and to endorse social change past several years, It has shown huge improvement as a result of advance in the technology. It has three major aspects to it, the project proposers who come up with the idea, the investors that are interested in that idea, and the internet that brings them all together.

Type of Crowdfunding

Crowdfunding can be divided into four categories: loan, equity, reward, and donation. While loan, equity involves financial returns, reward, and donation have no payback. It is worth to be noted that platforms are also divided between traditional crowdfunding platforms, and Sharia-compliant platforms, both of which are encouraging to Directing surplus financial resources to sectors that lack them. The 4 principle forms are (Labadi, Naili , & abderazzek, 2022) :

- Equity crowdfunding: all participants receive a stake in the company. It is One of the kind of crowdfunding that's reaching popularity, because this allows most start-up companies to finance their business without giving up control to the investors.
- Donation crowdfunding: donations are dedicated to charity.
- Lending crowdfunding: lenders are reimbursed for their investment after a period of time.
- Reward crowdfunding: in return of their investments, investors receive a physical item or service related to the business they are supporting

Benefits of crowdfunding

The growing popularity of crowdfunding is no coincidence. It's a great way not only to invest but also to borrow when needed. For both borrowers and lenders, there are many advantages to choosing this type of investment and financing. Crowdfunding for real estate projects or other businesses can allow them to expand and for investors to earn a return. This great alternative to traditional financing instruments is beneficial because (Profitus, 2024):

- For investors :
 - allows investors to participate in a wide range of projects and to
 - contribute to the financing of exceptional projects;
 - it is a relatively safe investment (when investing on crowdfunding platforms, your investment is often secured by real estate or other assets);
 - it is a stable investment that allows you to invest and earn as much as you want;
 - allows you to choose the duration;
 - allows you to choose the investment property you like and the return (interest rate) it promises;
 - no need to have a large capital, you can invest as little as €100;
 - it is an excellent form of passive income;
 - offers a steady and asset-backed return.
- For the beneficiaries:
 - offers favorable borrowing conditions;
 - provides funding;
 - Quick access to the amount needed;
 - easy to solve financial worries or implement projects;
 - helps to predict the credibility of a project idea (investors tend to allocate their funds to those).

Crowdfunding companies in the United states:

1- Kickstarter platform:

Kickstarter is one of the most prominent Crowdfunding platforms in the United States, founded in 2009 with the aim of supporting creative projects across various fields such as technology, arts, design, and games. The platform operates through a reward-based Crowdfunding model, in which backers pledge financial support in exchange for future products, services, or other rewards. According to official statistics, by 2025 Kickstarter had raised more than \$8.7 billion from over 24.1 million backers, successfully funding more than 277,000 projects. One of the most notable examples of its impact is the

Pebble smart watch, which raised over \$10 million, demonstrating the platform's potential to transform innovative ideas into viable market products. Kickstarter's success highlights the growing importance of Crowdfunding as an alternative financing mechanism for entrepreneurs and creative professionals in the United States. (kickstarter, 2025)

Category	Information
Total pledged amount	9.136.750.316\$
Successfully funded projects	286.037 projects
Total backers	24.643.524 backers
Repeat backers	8.590.700 backers
Overall success rate	42.50%
Highest success category(comics)	68.54%
Launch date	April 28, 2009
Legal status	Public benefit corporation since 2015

Source: (kickstarter, kickstarter states, 2025).

The data highlights Kickstarter's position as a leading Crowdfunding platform. With over \$9.1 billion pledged and 286,037 projects funded, the platform demonstrates its effectiveness in financing creative initiatives. The presence of 24.6 million backers, including 8.6 million repeat supporters, reflects a loyal community that sustains project funding over time.

The overall success rate of 42.5% shows moderate efficiency, while category-specific variations, such as the high success of Comics projects (68.54%), indicate differences in audience engagement across sectors. Moreover, the transition into a Public Benefit Corporation in 2015 underscores Kickstarter's dual focus on financial sustainability and cultural impact. In sum, Kickstarter combines financial capacity, community loyalty, and cultural mission, making it a significant actor in the U.S. Crowdfunding landscape, though challenges remain for less popular categories.

2- Indiegogo platform :

Founded in 2008, Indiegogo has become one of the leading Crowdfunding platforms worldwide. Its mission is to support creators and entrepreneurs in transforming innovative ideas into tangible projects through community engagement. The platform attracts approximately 10 million visitors each month and operates across more than 235 countries and territories, with nearly 19,000 new campaigns launched monthly, demonstrating both significant global reach and high levels of activity. (indiegogo, 2024)

From a financial perspective, Indiegogo is characterized by its flexible funding models. It offers two main options: Fixed Funding, in which funds are only received if the target goal is reached, and Flexible Funding, which allows project owners to retain contributions even if the target is not achieved. Additionally, the In Demand feature enables campaigns to continue raising funds after their official end date, thereby increasing the likelihood of long-term financial sustainability. (indiegogo, how it works , 2024)

Socially, the platform highlights diversity and inclusivity; data shows that 47% of successful campaigns that surpassed their goals were led by women, reflecting Indiegogo's role in promoting equality within the Crowdfunding ecosystem. Overall, Indiegogo combines global accessibility, financial flexibility, and social impact, positioning itself as a major actor in the contemporary Crowdfunding landscape. (indiegogo, 2024)

Category	Information
founded	2008
Mission	To empower creators and entrepreneurs to bring innovate ideas to life through community support.
Global reach	Operates in 235+ contries and territories
Monthly visitors	About 10million visitors per month.
Campaign volume	Around 19.000 campaigns launched every month.
Gender diversity	47% of successful campaigns exceeding goals are led by women
Funding models	Fixed funding flexible funding (keep funds even if goal not met)
Post-campaign option	In demand: allows fundraising to continue after official campaign ends.

Source: (indiegogo, our story and how it works, 2024).

Indiegogo, founded in 2008, is a leading global Crowdfunding platform. It attracts around 10 million monthly visitors and operates in 235+ countries and territories, demonstrating extensive global reach. Approximately 19,000 new campaigns are launched each month, highlighting the platform's high activity level. Additionally, 47% of successful campaigns are led by women, indicating a significant contribution to diversity and inclusivity within the Crowdfunding ecosystem.

3- Equity Crowdfunding Platforms: Wefunder and Start Engine

Equity Crowdfunding has emerged as a vital financing mechanism for startups and small businesses in the United States, with Wefunder and Start Engine being among the leading platforms in this domain.

According to Ahlers et al. (2023), the characteristics of Crowdfunding platforms play a crucial role in determining campaign success. Platforms that provide higher levels of advisory support, transparent information for investors, and effective communication tools tend to achieve greater funding outcomes. In this respect, Wefunder and Start Engine stand out as platforms that enhance access to capital for early-stage ventures. (ahlers, cumming, gunther , & schweizer, 2023).

The study by Hornuf and Schwienbacher (2022) emphasizes the advantages of the U.S. regulatory environment, which is more flexible compared to other regions. This framework allows platforms such as Wefunder and Start Engine to attract larger amounts of investment and build wide investor networks, thereby strengthening their role in entrepreneurial finance. (Saul, Susanna, Alexander S. , & Jonas, 2022)

Furthermore, the systematic review by Buttice et al. (2023) highlights that Wefunder and Start Engine have become central subjects of academic research, not only because of their market relevance but also due to the diversity of industries they serve and the scale of investments they manage. Their activities contribute to expanding financial literacy among individual investors while simultaneously fostering innovation in financing models. (WALTHOFF-BORM, SCHWIENBACHER, & VANACKER, 2018)

In summary, Wefunder and Start Engine represent cornerstone examples of equity Crowdfunding in the United States. They combine market efficiency, institutional support, and favorable regulation, making them benchmark cases for studying alternative finance on a global scale.

4- RISE UP Crowdfunding:

Rise up Crowdfunding is an equity Crowdfunding portal founded in 2021 in redwood shores, California, with support from the coca-cola company. (rise-up-crowdfunding, 2023)

The platform was designed to promote diversity, equity and inclusion by providing access to capital for underrepresented entrepreneurs, including women, minorities, ... , rise up Crowdfunding charged a success-based fee of 7% of the capital raised plus 1% equity, while requiring companies to adhere to socially responsible practices such as equal pay, board diversity, and environmental sustainability. Despite its innovated and socially impactful mission, the platform has since closed new registrations for issuers and investors, raising questions about the sustainability of specialized Crowdfunding models in competitive financial markets (crowdfunding, 2021). This trend is further illustrated in figure 1, which shows the platform's decline in traffic between February and September 2025.

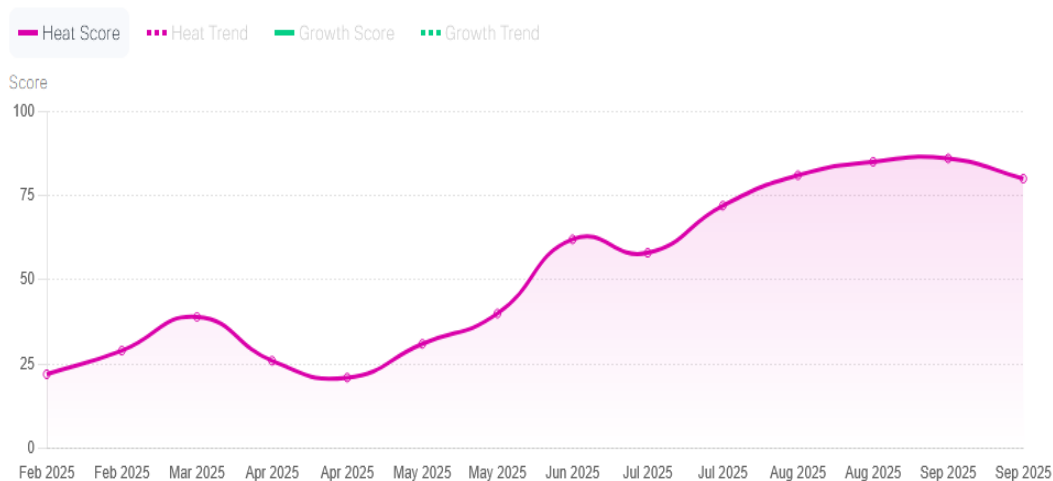


Figure 1: decline in rise up Crowdfunding's traffic score between February and september 2025

Source: (crowdfunding, 2025), available in

<https://www.crunchbase.com/organization/rise-up-crowdfunding>

According to Crunchbase analytics, the popularity of Rise Up Crowdfunding has declined significantly throughout 2025. The traffic score shows a downward trend from February to September 2025, reflecting a steady decrease in visibility and user engagement with the platform. This decline coincides with the company's decision to close new registrations for issuers and investors, which likely reduced both market activity and public interest. Such a pattern suggests that regulatory or sustainability challenges may have undermined the platform's long-term growth, making it a relevant case study for understanding the volatility of niche Crowdfunding portals.

June Regulation Crowdfunding by Platform

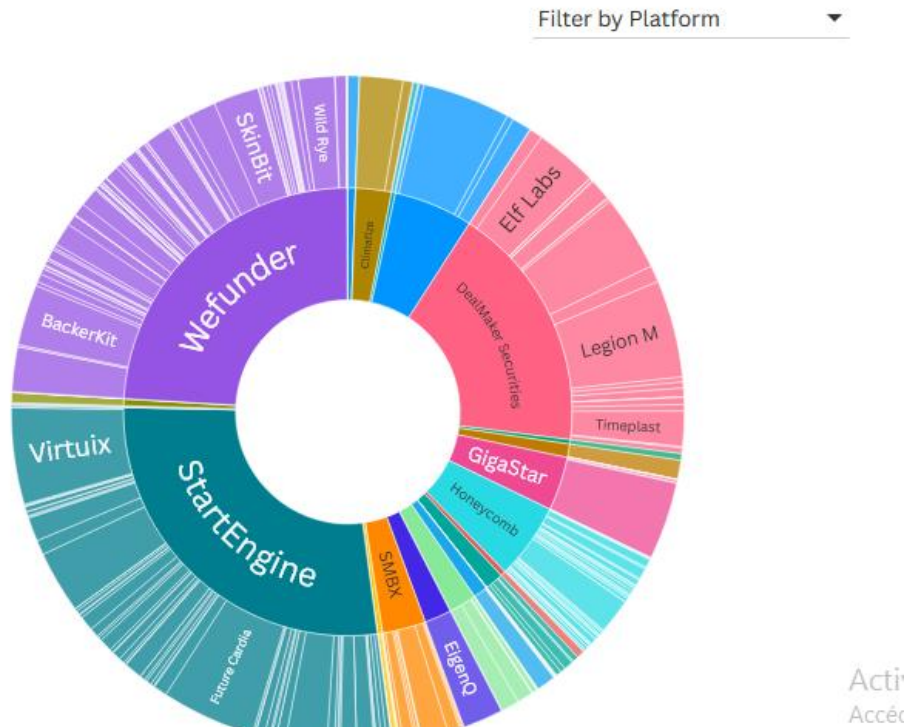
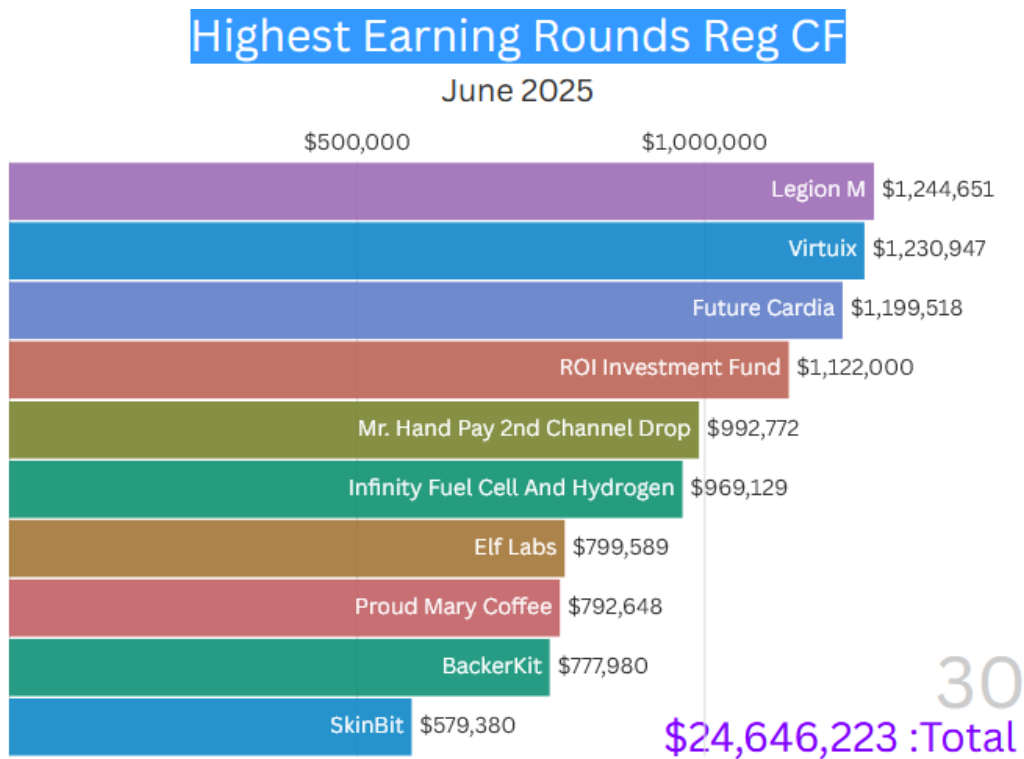


Figure 2: Reg Cf market share by platform, June 2025

Source: (kingscrowd, 2025)

While Rise Up Crowdfunding was founded with a unique mission to promote diversity and inclusion, its market presence remained limited compared to major competitors. As illustrated in Figure 2, the Regulation Crowdfunding (Reg CF) market in June 2025 was dominated by platforms such as Wefunder and Start Engine, which collectively accounted for the majority of funded campaigns. By contrast, specialized portals like Rise Up Crowdfunding held only marginal shares of the market, highlighting the difficulties faced by niche platforms in competing with larger, well-established players. This imbalance in market concentration may explain, at least in part, the platform's eventual decision to suspend new offerings.



As shown in Figure 3, equity Crowdfunding under Regulation Crowdfunding (Reg CF) in June 2025 was dominated by a few issuers, with Legion M, Virtuix, and Future Cardia each raising over USD 1.1 million. This concentration of capital suggests that well-established or highly visible companies are more likely to attract substantial investor interest, while smaller issuers remain underfunded. The total funding volume of more than USD 24.6 million highlights the financial relevance of Reg CF; however, the uneven distribution across campaigns also raises questions about accessibility and inclusiveness in Crowdfunding markets (KingsCrowd, 2025).

Conclusion

In conclusion, this study shows how important crowdsourcing is for helping people or enterprises obtain funding that banks and other lenders are either unable to supply or would only do so at a significant cost. Customers may get joy from helping a business or project grow, from supporting a community initiative, or from helping other people. Crowdfunding strategies may be strengthened by digital transformation, which may also result in higher returns than traditional financial services.

The discussion of Crowdfunding platforms in the United States highlights the diversity of models between reward-based platforms such as Kickstarter and Indiegogo, and equity-based platforms such as Equity Net and Ryse Up. While the former have proven successful in supporting creative projects, the latter provide promising investment opportunities but face regulatory and market challenges, which explains the success of some platforms and the failure of others such as Rise Up.

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