

# The Bare Minimum about Crowd Funding

Strategic Innovation and Artificial Intelligence - Velvet Edition

---

Dr. Philippe J.S. De Brouwer

Honorary Consul of Belgium in Kraków

guest professor at the UJ, AGH, UEK and UW

board member of AGH and ISK

SVP at HSBC in Kraków

2024-03-12

executive master of business administration



**emba@uw**

University of Warsaw

## Definition

---



### Definition (Crowdfunding)

Crowdfunding is sourcing funding from many contributors

Different styles of Crowdfunding:

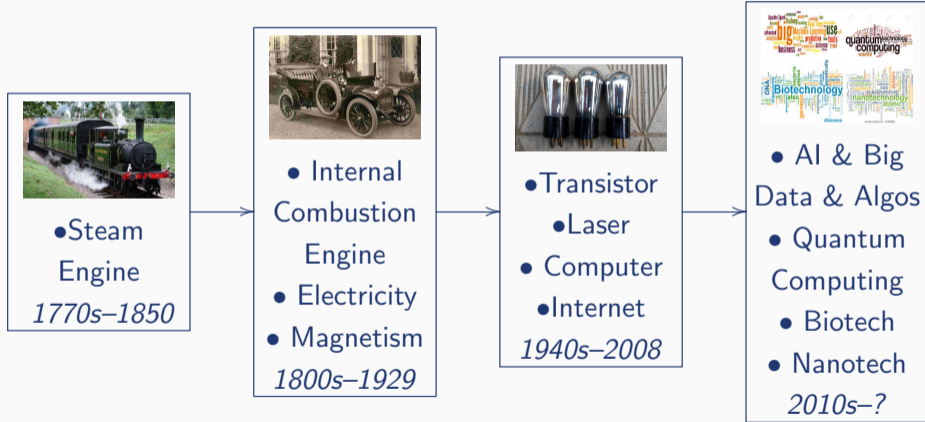
1. equity
2. product
3. sponsoring

- Product crowdfunding / Rewards based crowdfunding — eg. Pebble Watch, Ubuntu Phone
- Debt based crowdfunding (P2P lending) — eg. Lending Club
- Donation based crowdfunding — eg. GoFundMe
- Equity crowdfunding
- mini-IPO

# Science and Progress

---

# Science is the motor of welfare



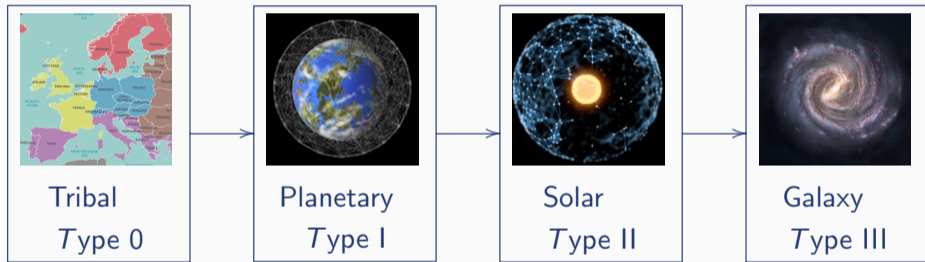
**Figure 1:** A simplified model of science propelling welfare and economy.

# The real role of Crowdfunding

---



## The Kardashev scale



**Figure 2:** A theory about development of intelligent societies — see eg. Kaku, 2009.

## Crowdfunding as an enabler towards a Type I society

- Misconception about ownership of deposits in banks
- Crowdfunding reflects the values of the society
- Crowdfunding is one of those many signs of a Type I society

- ... is since 2008 is a distributed ledger system with no bank in between
- ... is an engine to create trust in a trust-less world
- ... is a step in democratizing money

In short they are engines to evolve to a more compassionate society and hence a little step in the direction of a Type I society

## Questions

- Are the masses always right?
- Should we have ethical concerns (what should be allowed and what not?)

## The next steps

- decentralized mortgages
- decentralized ownership registers
- decentralized money
- decentralized equity and product funding

## Does all this make banks redundant?

As long as humans as biological entities exist, there will be a need for:

- a trusted partner to diversify your portfolio
- an ecosystem to find relevant investments for you
- an ecosystem to help you started in your environment
- a provider of insurance, hedging, etc.
- a trusted partner to do customer due diligence, to check for anti-money laundering, fraud, funding of criminal activities, etc.
- a rock in the shore if crowdfunding becomes a victim of its own success

- Banks are the natural organizations to organize crowdfunding
- a bank has all it takes to allow P2P lending and crowdfunding to co-exist with its own service through its balance sheet
- transparency and honesty will be key, but ... crowdfunding is part of the future of banks

## What can Crowdfunding do for you

---

## Advantages

1. direct access to customer, customer engagement
2. “free” publicity and PR
3. remain in charge
4. get direct feedback from your market
5. ...



## Reasons NOT to use Crowdfunding

1. risk of failure and the shame it entails
2. arrogance (“I know all and don’t need the money”)
3. inability to engage (or do something unpopular)

## Remember that ...

1. Galileo Galilei did not invent the telescope in 1609 – he improved the idea of Hans Lippershey (1608)
2. Christopher Columbus did not “discover” the “Americas” in 1492 – the first people arrived 15,000 years ago (26,000), the Vikings in 1021
3. Thomas Edison did not invent the light-bulb in 1879 [the carbon filament light bulb] – Joseph Swan, created the first successful electric lamp and gave public demonstrations of it in late 1878 and early 1879
4. Graham Bell did not invent the telephone in 1876 – Innocenzo Manzetti planned the device in 1844, and may have made one in 1864
5. Prof. Markovitz did not have the best solution for a portfolio theory — see eg. De Brouwer, 2012
6. Prof. Higgs did not first describe the “Higgs Boson” in 19 October 1964 – Francois Englert first published the idea in August 1964, and so did 4 other the same year.

1. If you want a million help a million people
2. Create something cool or engage and show the Greater Good in what you do
3. Never ask for charity
4. Connect to your audience
5. Follow through and never give up, your idea is great!
6. provide mugs but better relate rewards to the product or service; real participation is even better
7. Run a campaign to gain trust!

## Conclusion

---

1. Crowdfunding is part of a movement that cannot be stopped
2. Crowdfunding is part of a movement that will change our world
3. Banks have to re-invent themselves to survive in the long term, but they have a pole-position and a real role to play



# Appendices

---

- all images in this presentation are or images that were released under the Creative Commons License or produced by the Author
- all other rights retained by the author, but feel free to use for non-commercial purposes!

### References

---

-  De Brouwer, Philippe J. S. (2012). *Maslowian Portfolio Theory, a Coherent Approach to Strategic Asset Allocation*. Brussels: VUBPress.
-  Kaku, Michio (2009). *Physics of the impossible: A scientific exploration into the world of phasers, force fields, teleportation, and time travel*. Anchor.



## Nomenclature

---

IPO Initial Public Offering

LSE London Stock Exchange

P2P peer to peer

PR Public Relations