

# Psychological Aspects of Crowdfunding in FinTech Projects



# Crowd&Market

Crowd – a large number of people gathered together in a disorganized or unruly way

Market = Crowd?



Crowdfunding – is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.



Crowdfunding is a form of [crowdsourcing](#) and of [alternative finance](#). Used both in commerce and charity.



Crowdsourcing – online, distributed problem-solving and production model Crowdsourcing is channeling the experts' desire to solve a problem and then freely sharing the answer with everyone.

# Psychological attributes of a crowd



1. Unconsciousness, impulsivity
2. Sensitivity and sensuality
3. Imagination up to hallucinations
4. Absence of discourse or reasoning
5. Accepting or not accepting idea as a whole
6. Suggestibility
7. Irresponsibility
8. Changeability

# Psychological laws of crowd life cycle



1. Circular reaction (mutual emotional infection)
2. Common emotional condition and object of attention (event)
3. Readiness to react and act immediately
4. Genesis of new object of attention (interpreted event)
5. Activation (usually by leader)

# Why do people bring their money to indefinite projects?



1

They connect to the greater purpose of the campaign, such as being a part of an entrepreneurial community and supporting an innovative idea or product.



# Why do people bring their money to indefinite projects?



2

They connect to a physical aspect of the campaign like rewards and gains from investment.

# Why do people bring their money to indefinite projects?



3

They connect to the creative display of the campaign's presentation.

# Why do people bring their money to indefinite projects?



4

They want to see new products before the public.



# Why do people bring their money to indefinite projects?



5

Crowd behavior is heavily influenced by the loss of responsibility of the individual and the impression of universality of behavior, both of which increase with the size of the crowd.

# Managing factors, making a crowd to fund!

- 1 The crucial prerequisite is the use of the open call format and the large network of potential funders.
- 2 Minimizing perceived risks (AON model, breakdown of spending).
- 3 Always securing mutual benefit.
- 4 Simplifying the process of contribution.
- 5 Communicating charisma and reputation (conveying personal background and regalia, especially education and passed success).



# Managing factors, making a crowd to fund!

- 6 Activating reciprocity.
- 7 Intensive crowd marketing.
- 8 Stimulating self-awareness (videos with direct look, second person narratives).
- 9 Amplifying feeling of guilt (comparing the price to a cheap hedonic product; disclosing personal info).
- 10 Using NLP elements in communication (commands, mindsets, attention control, manipulation).



# Managing factors, making a crowd to fund!

- 11 Involving “Angels” (early funders) to contribute at the start.
- 12 Managing rumors.
- 13 Creating pseudo-panic situations and leading funders through the necessary way out.
- 14 Sharing the result—not necessarily only profit.
- 15 Simplifying the target audience.
- 16 Creating great visualization.



# References

During the presentation preparation the works of following authors were used:

- Gustav Lebone
- Nick Kolenda
- Serge Moskovici
- Fedor Murachkovski
- Arture Petrovski



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