

dacxichain®

EBOOK

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# The Evolution of Equity Crowdfunding

From 18th Century Altruism  
to Web3 Transformation

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# Introduction

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**Rapid innovation and hyper-connectivity has revolutionized almost everything we do. And the way we raise capital is no exception.**

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Gone are the days when venture capital or bank loans were the only ways to turn an idea into reality. In their place, the era of equity crowdfunding has dawned. It's a paradigm-shifting approach to fundraising that has democratized the investment landscape. In these halcyon days, anyone can be an angel investor; even your grandmother who still uses a landline.

But as we marvel at equity crowdfunding's recent strides, it's crucial to look back and appreciate how we got here. From its understated beginnings in 18th-century Ireland, to the cutting-edge, blockchain-driven platforms of today – like Dacxi Chain. Let's unpack the compelling, ever-evolving tale of a financial revolution that has blurred, redefined, and removed the boundaries of community, investment, and entrepreneurship.

1700s

## Crowdfunding's Irish Roots

### SWIFT LOANS AND SWIFT IDEAS

The concept of pooling resources for collective benefit is not new. Long before the internet was even a twinkle in the world's eye, a little thing we now know as 'crowdfunding' was already beginning to take form.

Back in the 18th century, in Dublin's dimly lit taverns and community halls, renowned satirist Jonathan Swift – best known for his literary masterpiece "Gulliver's Travels" – emerged as an unexpected crowdfunding pioneer.



In between pints of beer, Swift began an initiative known as the Irish Loan Fund. Aimed at serving the low-income (but creditworthy) population of Dublin, the fund granted small, short-term loans to individuals who otherwise wouldn't have had access to capital.

It wasn't just a charity; it was a carefully thought-out financial mechanism.

Where traditional loan systems of the time were often rigged against the borrower, Swift's fund was remarkably pro-community. The loans were offered at low interest, creating an equitable system that empowered borrowers to take charge of their financial destiny.

The initiative's success didn't just stop at the Dublin city limits. By 1843, an astonishing 300 similar loan funds had sprung up across Ireland. They were powered not only by the vested interests of their beneficiaries, but also by charitable contributions from the wealthier segments of society.

Swift's early financial innovation evolved into an intricate tapestry of social responsibility, community involvement, and financial pragmatism. It was a remarkable feat in leveraging community resources for the greater good – and it laid the conceptual groundwork for crowdfunding as we know it today.

1800s

# Crowdfunding Gets Monumental

## THE AGE OF STATUES AND CREDIT UNIONS

As the calendar pages flipped from the 1700s to the 1800s, the concept of collective financial efforts traveled across borders. The 19th century – rich in innovation and revolution – would further refine these ideas, as they matured and adapted to the changing socio-economic landscape.

In 1850s Germany – in the midst of a society still recovering from wars and financial crises – the credit union model was born. Credit unions saw members contribute a small amount of capital, in return for the ability to borrow at reasonable interest rates. These credit unions were more than financial institutions; they were the very embodiment of financial solidarity and mutual benefit. Built on trust and cooperative principles, the model provided many of the foundations on which our modern financial systems would be built.

Meanwhile, across the Atlantic, Joseph Pulitzer (the renowned newspaper magnate) was about to apply the power of collective financing to something monumental; the Statue of Liberty. When the U.S. government found itself unable to fund the statue's pedestal, Pulitzer saw an opportunity for public involvement. He used his newspaper, "The New York World," to launch a fundraising campaign that doubled as an emotional call to arms. Pulitzer's eloquence and audacity in asking for public funds tapped into the collective American spirit of liberty and democracy – and the result was overwhelming.



Pulitzer managed to raise a jaw-dropping \$100,000 – equivalent to millions today – from over 160,000 donors. People from all walks of life, not just the wealthy elite, contributed to this monumental endeavor. It was the late 19th century's version of a Kickstarter campaign – only with more patriotic flair, bronze, and oxidized copper.

These two moments – Germany's community-based credit unions and Pulitzer's crowd-sourced pedestal – served as high-water marks in crowdfunding's history. Whether for practical financial support or the creation of enduring symbols, these moments showcased the incredible potential of what can be achieved when communities come together.

1900s

## Community Over Banks

### THE QUIET EXPANSION OF COLLECTIVE FINANCING

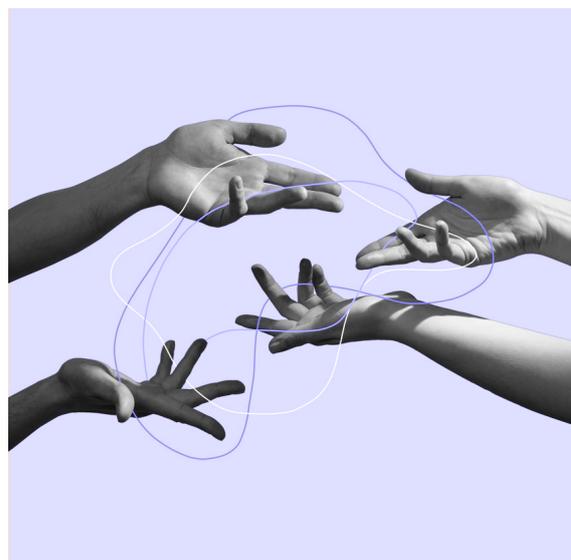
As the world lunged forward into the 20th century, the global landscape was undergoing seismic shifts. From political revolutions to technological innovations, everything was changing. Through it all, collective financing remained an enduring constant – while also evolving with the times.

Germany's credit union concept continued to gain global traction. These financial cooperatives cropped up in other parts of Europe, North America, and even as far as Australia. Their core mission remained unchanged: to empower local communities through collective savings and fair, community-backed lending.

The resilience of these community funding models proved remarkable. In the face of two World Wars, the Great Depression, and overwhelming economic challenges, credit unions not only survived; they thrived. It was clear that people wanted their financial contributions to directly benefit their community – rather than simply filling the banks' coffers.

In fact, during times of financial crisis, many turned to their local credit unions as a more trustworthy alternative to mainstream banks. This further solidified their important position in the financial ecosystem. They became a key testing ground for innovative financial products. Often developed in direct response to community needs, many of these products later found their way into the mainstream banking system.

This era set the stage for the more sophisticated forms of collective financing that would soon emerge. It reinforced the idea that, when it comes to safeguarding financial well-being, there's immense power in the collective. This was a lesson that the financial world would revisit multiple times in the century to come. Each time refining and expanding on the concept of crowdfunding.



1976

## The Dawn of Microfinance

### THE BIRTH OF A REVOLUTION

Amidst the labyrinthine alleys of 1976 Bangladesh, the course of crowdfunding changed forever. A young economist named Muhammad Yunus had a modest \$27 in his wallet, and an audacious vision in his sights. He lent this seemingly insignificant amount to 42 local women, so they could fund their own small ventures — such as weaving, sewing, or selling produce. This was no ordinary act of charity. It was the pioneering cornerstone of modern microfinance, and a venture that would later flourish into the iconic Grameen Bank.

Yunus's approach was revolutionary in more ways than one. First, it demonstrated that — given the opportunity — even impoverished people could reliably repay loans. The women all repaid Yunus in full, validating his hypothesis that poverty shouldn't be a barrier to accessing financial resources.



Second, it removed the bureaucracy and crippling interest rates typical to traditional banks. Instead, the emphasis was placed on mutual trust and community accountability. Borrowers formed groups, and each member had to successfully repay their loan before another could borrow. This structure instilled a sense of collective responsibility, fostered community support, and increased financial education among the borrowers.

Third, Yunus's approach ultimately showed that banking services could be both profitable and socially impactful. The Grameen Bank, which grew out of Yunus's early experiments, broke the mold of traditional banking. It aimed to ease poverty and empower the poor in Bangladesh by offering micro-credit. Known as the 'Bank for the Poor', it became an institution in its own right. Pioneering several innovative financial products tailored specifically for low-income populations — including savings accounts, insurance, and more.

The success of Yunus's experiment didn't go unnoticed. His model became a blueprint for microfinance institutions worldwide. And in 2006, Yunus and the Grameen Bank were jointly awarded the Nobel Peace Prize. What started as a modest experiment in a tiny Bangladeshi village had ignited a global movement. Ultimately proving that, when it comes to financial inclusion, sometimes all it takes is \$27 and the audacity to challenge the status quo.

1997

## Crowdfunding's Rockstar Moment

**FAN POWER AMPLIFIED**

In 1997, crowdfunding was plucked out of its nascent conceptual phase, and thrust into popular culture's glaring spotlight.

The British rock band, Marillion, was at a crossroads. Their American fans were clamoring for a U.S. tour, but the financial logistics were an insurmountable challenge. Record labels and traditional funding sources were no longer the reliable patrons they once were—especially for a band that was seen to be a little past its peak.

Undeterred, the band took an unprecedented route. Leveraging the budding power of the Internet and their die-hard fan base, they orchestrated an online fundraising campaign. The campaign aimed to secure \$60,000—enough to finance Marillion's much-anticipated U.S. tour. This wasn't as simple as selling merchandise or VIP passes. The band was asking for upfront financial support from their fans, to help bring their live music across the Atlantic. And it worked.

This was monumental. Marillion's actions challenged the prevailing notion that music production and distribution was restricted to big record labels. This proved that artists could bypass traditional gatekeepers, and go directly to their audience for funding. The concept of "by the fans, for the fans" was given new life, as people showed that they were willing to put their money where their fandom was.



Marillion's campaign success also inspired the creation of dedicated crowdfunding platforms, tailor-made for artists and creators—like 2003's ArtistShare. Before these platforms emerged, crowdfunding was a disparate and disorganized activity. But now, there was infrastructure. There was a clear mechanism that could be leveraged by artists, entrepreneurs, and dreamers of all stripes. ArtistShare became a model for the slew of crowdfunding platforms that would follow, including giants like Kickstarter and IndieGoGo.

With their \$60,000 campaign, Marillion unknowingly redefined the economic landscape for artists. They created a new precedent for fan-funded ventures. This watershed moment rippled far beyond the music industry, and altered creative funding for decades to come.

2006

## Crowdfunding Makes Its Name

AN ENTREPRENEURIAL MISSTEP AND A NEW MONIKER

Crowdfunding's mechanisms had been steadily evolving for over a century. But it wasn't until 2006 that this collective financial endeavor earned its catchy and iconic name; "crowdfunding."

The term was first coined by entrepreneur, Michael Sullivan, during the launch of his videoblog incubator project, fundavlog.

Fundavlog was a platform where videobloggers could directly connect with their audience to raise money to fund their projects. Sullivan hoped to capture the same lightning in a bottle as Marillion had almost a decade earlier. Unfortunately, this time, lightning didn't strike twice. But while fundavlog eventually faded into the background, the term 'crowdfunding' stuck. It became the umbrella descriptor for an entire industry, and remains an integral part of our financial and cultural vocabulary to this day.

Part of the term's enduring success lies in the way it so succinctly captures the very core of the concept; a crowd pooling together to fund a larger goal. It also illustrates the community-led heart of initiatives like Marillion's campaign and Yunus's microloans.

Giving crowdfunding a name also gave it identity, solidity, and a life of its own. It brought legitimacy to a fledgling industry still finding its footing. The simple, catchy, and memorable moniker made it easier for both laypeople and professionals to discuss, analyze, and engage with it.

From Kickstarter to GoFundMe, Indiegogo to Patreon—the subsequent explosion of crowdfunding platforms owes a small but significant linguistic debt to Sullivan. While his ill-fated fundavlog may be a footnote in the history of entrepreneurship, its contribution to crowdfunding is a bold and underlined headline.



2008

# Necessity is the Mother of Innovation

## THE CRISIS THAT CATAPULTED CONTEMPORARY CROWDFUNDING

When the global economy came crashing down in 2008, the financial floor was ripped out from under millions of individuals and businesses. Traditional lending institutions tightened their belts. Loans and capital became as scarce as trust in Wall Street. But as the saying goes, necessity is the mother of invention. And the recession soon became fertile ground for financial innovation.

As far as financial innovations go, Kickstarter and IndieGoGo were two of the biggest. With conventional funding avenues drying up, these crowdfunding platforms emerged out of the desert like a financial oasis. For countless sinking business ventures, they were the badly-needed lifeboats. But they turned out to be more than rescue vessels. They were the visionaries that democratized finance—enabling anyone with an idea and an internet connection to seek funding from the crowd.



Kickstarter originally focused on creative projects. It became the artistic mecca, where a musician could fund an album, a writer could publish a novel, and a filmmaker could produce a documentary—all backed by fervent supporters who believed in their vision. IndieGoGo cast a broader net, offering a platform for anyone with a dream or a cause to raise money—whether it was for a groundbreaking invention, a medical treatment, or even social activism.

The Global Financial Crisis also helped shape Kickstarter and IndieGoGo's core values. Many blamed risk-averse banks and complex investment funds for the crisis. Kickstarter and IndieGoGo differentiated themselves by making inclusivity and transparency an integral part of their businesses. With these platforms, the barriers to entry were lowered for both entrepreneurs and investors. For the first time, a far more diverse set of projects found opportunities for funding.

Strangely enough, 2008's tumultuous financial climate was the crowdfunding industry's perfect storm. It created a sense of urgency to look beyond traditional financial systems, and consider more democratic and transparent options. So while the Great Recession left financial ruin in its wake, it also propelled the crowdfunding movement into the mainstream. Democratizing access to capital, and sending the next generation of entrepreneurs full steam ahead.

2012

## Regulatory Blessings

### THE JOBS ACT AND THE LEGITIMIZATION OF EQUITY CROWDFUNDING

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While the GFC's aftershocks still rippled across the financial landscape, a different kind of tectonic shift lay ahead. The Jumpstart Our Business Startups (JOBS) Act changed the game for entrepreneurs and investors alike. It legitimized equity crowdfunding – opening the floodgates for average investors to take a stake in early-stage startups.

Before, equity investment opportunities were largely reserved for accredited investors. That is, individuals or institutions that met strict financial criteria. With the JOBS Act, the democratization of the investment landscape could truly begin.

This sweeping change reached beyond American startups. Its ripple effect was felt across the global crowdfunding industry – adding an accelerant to already blazing platforms like the UK'S Crowdcube and Seedrs.

These platforms operated in less restricted regulatory environments, but they lacked global recognition. The JOBS Act provided that recognition. It signaled that equity crowdfunding wasn't just a temporary trend, but a viable and enduring financial instrument that warranted regulatory oversight.

Hot on the heels of the JOBS Act, came Fundable. Fundable was the first business-focused crowdfunding platform. A startup could now not only pitch its vision to a crowd, but could also offer equity in return for funding. This incentivized a broader range of backers to buy into long-term success.

Start-ups weren't the only ones who benefited. Small businesses – long the backbone of the American economy – now had a direct lifeline not just to capital, but also to a community of invested supporters.

As for Crowdcube, Seedrs, and other international platforms, the JOBS Act served as a much-needed regulatory template. It helped harmonize crowdfunding laws across different jurisdictions, which made it far easier for startups to tap into a global pool of investors.

The JOBS Act of 2012 was the legislative blessing that equity crowdfunding needed to transition from the fringes into the financial mainstream. It widened the road that platforms like Crowdcube and Seedrs were paving. It announced to the world that crowdfunding was more than just a buzzword; it was a revolutionary way for businesses to seek capital and share success.

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**Post-2012**

# The Rise of the Regional Titans

## SNOWBALL EFFECT, EQUITISE, ANGELS DEN, WEFUNDER, AND STARTENGINE

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The JOBS Act of 2012 sent its repercussions reverberating all over the world. It unleashed a new generation of powerful regional platforms, which would forever change the equity crowdfunding landscape.

### **The Land of the Free: WeFunder and StartEngine in the US**

Platforms like WeFunder and StartEngine were quick to capitalize on the new regulations. WeFunder boasted a user-friendly interface and a broad range of investment options – bringing crowdfunding down to the layperson’s level. StartEngine took a different route, focusing on helping tech startups bridge the perilous “valley of death” between initial funding and commercial viability. Together, these platforms not only democratized access to capital, but also empowered everyday people to invest in innovative companies.

### **Across the Pond: Angels Den in the UK**

Meanwhile, in the United Kingdom, Angels Den was leading the charge. Billed as more than just a crowdfunding platform, Angels Den stood out by offering an incubator-type environment – providing start-ups with mentoring and business advice as well as capital. This holistic approach turned Angels Den into a powerhouse of European crowdfunding.

### **Down Under: Equitise in Australia**

Equitise has seen huge success in Australia’s equity crowdfunding space. With an emphasis on trans-Tasman opportunities, the platform facilitates efficient capital-raising for companies in both Australia and New Zealand – linking entrepreneurs to a diverse pool of investors across the region.

### **The Kiwi Contributor: Snowball Effect in New Zealand**

New Zealand’s Snowball Effect has become synonymous with high-quality, thoroughly vetted investment opportunities. Taking a rigorous approach to project selection, Snowball Effect ensures that only the most promising startups make it onto their platform – providing a high level of assurance for potential investors.

Each of these platforms epitomizes the strides crowdfunding has made since the JOBS Act. But they also underscore a looming challenge: the ability to reach a global scale.

Although highly successful within their own regions, these platforms highlight the fragmented nature of different markets and regulatory landscapes.

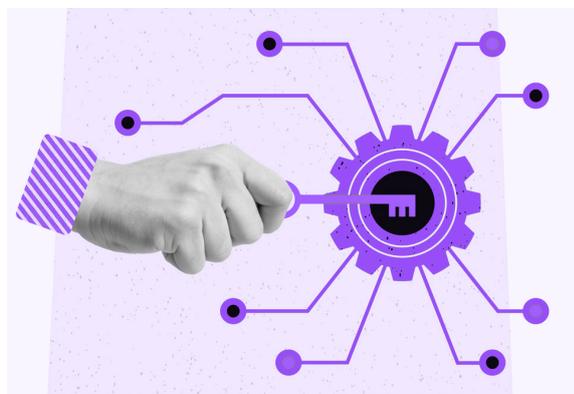
So, while crowdfunding has proven to be a multifaceted tool for financial democratization, the next frontier undoubtedly lies in releasing its global potential.

2017

## Crypto Joins the Game

### FILECOIN BREAKS RECORDS AND BLOCKCHAIN JOINS THE CROWD

In 2017, the crowdfunding landscape changed forever, when cryptocurrency and blockchain technology entered the fray.



Until this point, crowdfunding was mostly synonymous with traditional fiat currencies. But then came Filecoin. The Filecoin project aimed to create a decentralized storage platform that would compete with centralized giants like Amazon's AWS. Filecoin's key difference was that anyone could lend their unused storage space, and earn Filecoin in return. It was a compelling narrative of decentralization and peer-to-peer economics, and it resonated widely.

The world witnessed just how widely, when Filecoin raised an astonishing \$257 million through its Initial Coin Offering (ICO) on the Ethereum blockchain.

Filecoin's ambitious campaign obliterated prior fundraising records. Its success was seen as proof of blockchain's potential, beyond just cryptocurrencies like Bitcoin and Ethereum.

But it wasn't just a significant moment for blockchain; it was also a paradigm-changing milestone for crowdfunding itself.

ICOs offered a new way to raise capital. They highlighted the evolving synergy between crowdfunding and emerging technologies. They leveraged blockchain's decentralized architecture and cryptography to offer heightened levels of transparency, security, automation, and efficiency. The use of underlying smart contracts automated much of the process, and the Ethereum platform allowed for an unprecedented level of interoperability.

The gargantuan sum of \$257 million also indicated the enormous public interest in blockchain technologies at the time. Indeed, cryptocurrency prices were surging, and mainstream adoption was booming. It became clear that crowdfunding was no longer just for indie films or hardware gadgets. With blockchain's capabilities—and Ethereum's possibilities—sophisticated, large-scale infrastructure projects could now also capture the public's imagination; and their investment.

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**Post-2017**

# The Acceleration of Evolution

## THE EXPLOSION IN EQUITY CROWDFUNDING

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If Filecoin was a blockbuster, the following years were riveting sequels. Each one brought new nuance, depth, and a cast of characters that elevated the entire franchise. Let's dive into the intricate web of innovation that surged post-2017, and turbocharged the equity crowdfunding universe.

### **Regulatory Boosters**

Before regulatory fine-tuning, crowdfunding was like trying to navigate an obstacle course blindfolded. In 2020, the European Union – the consummate rule-maker – began streamlining regulations. Their rulebook didn't just harmonize practices across its sprawling territory; it also made fundraising ventures less risky and more feasible.

### **AI: The Machine-learning Matchmaker**

Platforms began using AI algorithms to ensure the investment equivalent of a perfect Tinder match. Predictive analytics and risk assessments acted like relationship counselors, leading to fewer breakups and more happily-ever-afters in the investor/startup marriage.

### **Wall Street Joins Main Street**

Initially, equity crowdfunding was like the indie band you discovered before they became mainstream. However, venture capitalists soon jumped on board the bandwagon. Established firms began co-investing with the crowd. This was huge validation. Like a fusion gig, where folk instruments jammed seamlessly with electric guitars – amplifying the melody of fundraising.

### **Niche is The New Norm**

The generalist platforms of yesteryear started giving way to highly focused niche stages. Dedicated platforms emerged for everything from clean energy startups, to healthcare disruptors. This led to deeper dialogue between startups and investors who had the same vested interests, and spoke the same industry language.

### **Blockchain: Beyond the Hype**

If Filecoin felt like the pinnacle of blockchain's crowdfunding romance, more was on the horizon. In recent years, blockchain has evolved beyond a one-hit-wonder into an underlying rhythm section. It continues to drive transparency and tokenization in ever-more nuanced ways.

### **The Educated Masses**

Google isn't the only source of enlightenment anymore. Investors, especially the newbies, can now find solace in webinars, tutorials, and a treasure trove of material –all tailored to transform them from novices to savvy backers.

### **The Proof is in the Exit**

Talk is cheap, but IPOs and acquisitions are not. Companies that bootstrapped their infancy through crowdfunding have not only survived but thrived. Many have moved on to successful exits that have further solidified crowdfunding's sterling reputation.

### **A Conscience in Crowdfunding**

Finally, investing has grown a conscience. Or maybe it's always had one, and we're just beginning to notice. Either way, ESG-focused investments are on the rise –and they're attracting a new wave of socially responsible investors.

Crowdfunding's story isn't a tale of solitary genius. True to its very essence, it's been a collective push towards democratization. A landscape transformed not by a single disruptor, but by a collaborative effort from regulators, technologists, investors, and innovators alike.

**And it's time to introduce one of those innovators; Dacxi Chain.**

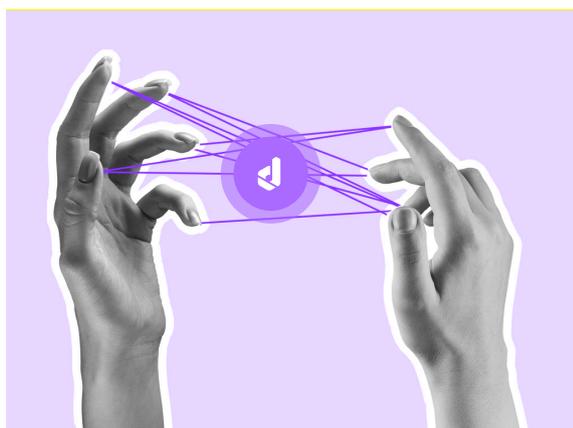
2020s

## The Dacxi Chain Era

### THE ZENITH OF CROWDFUNDING AND A NEW FINANCIAL PARADIGM

As crowdfunding's timeline moves deeper into the 2020s, a groundbreaking development emerges onto the scene. It's called Dacxi Chain.

Dacxi Chain is the vital next step in the ongoing crowdfunding revolution. Harnessing the power of blockchain technology, Dacxi Chain connects the world's diverse crowdfunding platforms into a singular global network.



It provides regional crowdfunding platforms the tools and technical support they need to facilitate cross-border transfers. Tearing down regulatory red tape, so they can at last seamlessly reach an international audience of investors and entrepreneurs.

Dacxi Chain's aspirations extend beyond a stand-alone platform. It's building comprehensive Web3 infrastructure and essential technical tools. Creating the pipes, ecosystem, and cross-border payment solutions needed to usher in equity crowdfunding's global era.

Web3 is the next stage of the internet; a decentralized, user-centric, transparent, and secure environment.

Dacxi Chain leverages these traits to bring unparalleled transparency, efficiency, and security to equity financing. In doing so, it will democratize fund-raising for entrepreneurs—and broaden the possibilities for investors.

At the core of Dacxi Chain lies the network. Crowdfunding platforms that join Dacxi Chain gain access to the investor audience of every other platform in the network. This means entrepreneurs get far more eyes on their campaigns—and investors get countless more life-changing opportunities. It means crowdfunding is transformed from disparate regional operators, into a holistic and integrated global powerhouse.

From 18th century Ireland to 21st century Dacxi Chain, crowdfunding has traveled lightyears. It has evolved from altruistic efforts, to complex international equity systems, to game-changing blockchain technologies.

Crowdfunding has so far been an evolutionary saga, characterized by innovation, ambition, and collective engagement. And each step of the way, it's stayed true to its core mission; the democratization of finance.

As we write the next chapters of this compelling story, Dacxi Chain is already setting the ink. Expect a future rife with unbounded globalization, game-changing innovation, and all-encompassing inclusivity. So welcome to the future — it's not just a promise but a living, breathing reality. In the world shaped by Dacxi Chain, the revolution isn't looming — **it's already underway.**

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