

The contribution of the crowdfunding industry to promoting financial inclusion goals - Case study of Chriky and Kheyma platforms in Algeria-

مساهمة صناعة التمويل الجماعي في تعزيز أهداف الشمول المالي

– دراسة حالة منصتي شريك و خيمة في الجزائر –

Babas Mounira¹

LEMAC, Faculty of SECG, Setif 1 University - Algeria

mounira.babas@univ-setif.dz

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Abstract:

The research aims to study the extent to which the crowdfunding contributes to promoting the goals of financial inclusion, with a case study of Chriky and Kheyma platforms in Algeria, using the descriptive analytical method. It was found that crowdfunding is a fast, low-cost and procedures-based method that contributes to promoting financial inclusion goals by facilitating access to funding, finding innovative models and accessing new asset classes and investments. The crowdfunding industry is considered an emerging industry in Algeria, despite that, Chriky platform contributes to promoting the goals of financial inclusion by financing a number of projects (170 projects) with varying amounts and different sectors in 34 states of the country. Kheyma platform also contributed to solidarity actions by collecting donations from the Algerian diaspora, helping poor families and acquiring the means to confront the epidemic.

Key words: Crowdfunding, Financial Inclusion Objectives, Chriky Platform, Kheyma Platform, Algeria.

ملخص:

يهدف البحث إلى دراسة مدى مساهمة صناعة التمويل الجماعي في تعزيز أهداف الشمول المالي، مع دراسة حالة منصتي شريك و خيمة في الجزائر، وذلك باستعمال المنهج الوصفي التحليلي. وتم التوصل أن التمويل الجماعي طريقة سريعة وقليلة التكلفة والإجراءات تساهم في تعزيز أهداف الشمول المالي من خلال تسهيل الوصول إلى التمويل وإيجاد نماذج مبتكرة والوصول إلى فئة أصول واستثمارات جديدة. وتعتبر صناعة التمويل الجماعي صناعة مستحدثة في الجزائر، بالرغم من ذلك تساهم منصة شريك في تعزيز أهداف الشمول المالي من خلال تمويل عدد من المشاريع (170 مشروعاً) بمبالغ متباينة وقطاعات مختلفة في 34 ولاية من الوطن، كما ساهمت منصة خيمة في الأعمال التضامنية عن طريق جمع التبرعات من الشتات الجزائري لمساعدة الأسر الفقيرة واقتناء الوسائل لمواجهة الوباء. الكلمات المفتاحية: تمويل جماعي، أهداف الشمول المالي، منصة شريك، منصة خيمة، الجزائر.

¹ - Corresponding author: Babas Mounira, mounira.babas@univ-setif.dz.

1. INTRODUCTION

Crowdfunding is an innovative financial industry, based on the principle of pooling financial resources from the public to finance individuals, entrepreneurial projects and SMEs through digital platforms. It is considered an alternative financing mechanism to traditional financing that promotes financial inclusion. The latter seeks to deliver and disseminate formal financial and banking products and services to all groups and institutions, especially marginalized groups of society with low incomes, at simple costs and procedures, which leads to an improvement in the standard of living, empowering women, promoting equal opportunities and financing SMEs...etc;

Crowdfunding has known a clear development since the repercussions of the global financial crisis in 2008 and the decline in customer confidence in financial institutions, which led to the search for alternative financing mechanisms, and crowdfunding platforms were a way to do so. These platforms led to an increase in the access of many individuals and projects to sources of funding with affordable costs, easy and simple procedures, especially the financially excluded projects and social classes located in rural and remote areas, which led to closing the financing gap and creating new markets, job opportunities and sources of income, increasing levels of social inclusion, reducing poverty and promoting growth and economic development;

Given the importance of the crowdfunding industry as an innovative mechanism in financing and achieving the goals of financial inclusion, Algeria has worked on this industry since 2020 within the framework of the supplementary finance law of the same year, and entrusted the Committee for the Regulation and Control of Stock Exchange Operations (COSOB) with the task of regulating this industry. The Chriky platform and the Kheyma platform are a model for the crowdfunding mechanism in Algeria, as the two platforms play an important role in the field of financing individuals and SMEs projects, especially in light of the epidemic crisis (Covid-19) in various states of the country and in various sectors, which led to the promotion of financial inclusion goals.

From the above, the problem of this research has been formulated in the following main question:

How much do crowdfunding platforms contribute to promoting financial inclusion goals? and what is the reality of Chriky and Kheyma platforms in Algeria in this field?

The main question has the following sub-questions:

- 1- What is crowdfunding? What are its types and advantages?
- 2- What is financial inclusion? What are its goals?
- 3- How does crowdfunding contribute to achieving financial inclusion goals?
- 4- How much has Chriky and Kheyma platforms contributed to promoting the objectives of financial inclusion in Algeria, especially in the light of the Covid-19 pandemic?

To answer the main question and sub-questions, the following hypothesis was adopted:

- 1- Speed, affordable costs and simplified procedures are the major conditions of successful crowdfunding platforms.

2- Chriky and Kheyma platforms have contributed to promoting the goals of financial inclusion in Algeria, especially in light of the corona pandemic.

Research Importance: The topic of crowdfunding and financial inclusion are recent topics that have become the focus of many researchers' attention, because of the role of these platforms in providing funding for financially excluded individuals, entrepreneurial projects and SMEs, the latter of which has become the focus of economic development, through its contribution to GDP, increased tax revenues and the provision of jobs and incomes for families, which leads to increased levels of financial inclusion, as the latter has become a development goal that many countries of the world seek to achieve in the pursuit of sustainable development goals.

Research Objectives: This research paper aims to achieve the following points:

- 1- Understanding the fundamentals of the crowdfunding industry;
- 2- Knowing the concept of financial inclusion, and the various goals it seeks to achieve;
- 3- Understanding how crowdfunding can contribute to achieving financial inclusion goals;
- 4- Knowing the extent to which Chriky and Kheyma platforms contribute to promoting the goals of financial inclusion in Algeria, especially in light of the epidemic pandemic.

Research methodology: To study the subject, to answer the main question and sub-questions, the analytical descriptive method was used, the latter based on data collection and analysis in order to reach results. For that many references that are closely related to the subject were adopted to pursue scientific objectivity.

The literature review: Among the previous studies we mention the following:

1- **Study of Nadira. M (Août 2014)** entitled: "*The Impact Of Digital Crowdfunding On Financial Inclusion*": This study aimed to know the impact of crowdfunding on levels of financial inclusion. It was concluded that crowdfunding contributes to increasing access to funding, increased levels of innovation, access to new investments and expanding market, leading to greater financial inclusion. However, crowdfunding still faces a set of challenges, such as the lack of a regulatory framework, weak technology, lack of awareness and financial culture.¹

2- **Study of Tyler Aveni & Ivo Jenik (July 2017)** entitled: "*Crowdfunding in China: The Financial Inclusion Dimension*": In this research paper, the impact of crowdfunding platforms (P2P lending) on financial inclusion in China was studied. The research found that Crowdfunding has led to improving access to finance by individuals, SMEs and achieving economic development, especially in rural and agricultural areas. The availability of a set of conditions such as internet access helped this, however, crowdfunding in China still faces a set of challenges.²

3- **Study of Ivo Jenik & al (March 2017)** entitled: "*Crowdfunding and Financial Inclusion*": This study aimed to find out how crowdfunding contributes to enhancing financial inclusion. It was found that crowdfunding platforms of all types contribute to improving levels of access to funding, finding innovative models and accessing a new asset class. It was also concluded that the crowdfunding industry still faces a number of challenges, such as the lack of an appropriate regulatory framework, weak technology, and a low level of financial culture, especially in developing countries.³

4- **Study of Ivo Jenik & al (July 2016)** entitled: “Will Crowdfunding Help Financial Inclusion of Unserved Crowds?”: This study sought to introduce the crowdfunding industry, its types of platforms and its development at the global level (2012-2015), in addition to how crowdfunding contributes to enhancing the financial inclusion of marginalized groups. The risks of crowdfunding were also reviewed, especially in terms of demand, which calls for laws to regulate this industry.⁴

▪ **What distinguishes this study from previous studies:**

1- Exposure to the crowdfunding industry and financial inclusion from the theoretical side, with an attempt to show the extent to which crowdfunding platforms contribute to promoting the goals of financial inclusion;

2- Projecting the experience to the case of Algeria by analyzing and studying the case of the Chriky and Kheyma platforms and their role in promoting the goals of financial inclusion in Algeria, especially in light of the Covid-19 crisis.

Research plan: This research consists of three main axes:

- **The first axis:** the fundamentals of the crowdfunding industry;

- **The second axis:** the objectives of financial inclusion and crowdfunding What relationship?

- **The third axis:** Chriky and Kheyma platforms and their contribution to promoting the goals of financial inclusion in Algeria.

2. Fundamentals of the crowdfunding industry:

Crowdfunding is one of the modern financial technology techniques that has changed the map of the world of finance in recent years. To learn about the basics of this industry, the following points will be addressed.

2.1. Definition of crowdfunding: Crowdfunding can be defined as:

- **Belleflamme & al** define it as: "an open call, mostly through the internet, for the provision of financial resources either in the form of donation or in exchange for the future product or some form or reward and/or voting rights."⁵
- **The European Commission** defines it by defining a crowdfunding platform: "Crowdfunding platforms are websites that enable interaction between fundraisers and the crowd. Financial pledgers can be made and collected through the crowdfunding platform. Fundraiser are usually charged a fee by crowdfunding platforms in the fundraising campaign has been successful. In return crowdfunding platforms are expected to provide a secure and easy to use service."⁶
- It is also defined as: "efforts by individual entrepreneurs or groups to fund their ventures by drawing small contributions from large groups of individuals over the internet without using standard financial intermediaries."⁷

From it, crowdfunding can be defined as: *direct financing through web platforms, to finance various entrepreneurial projects, especially micro, small and medium enterprises, by a large crowd of the public, which leads to reducing costs and speeding up financing procedures.*

From the previous definitions, it is clear that crowdfunding includes three interventionists:⁸

- The crowd or contributors;
- Crowdfunding platform;

- The crowdfunding campaign creator.

2.2. The history of the crowdfunding industry: Crowdfunding dates back to the arts, charities and political campaigns. Famous projects funded through small contributions include the Statue of Liberty, Mozart's Concerto for piano and the translation of Homer's Iliad into English.⁹

The recent increase in the crowdfunding industry is due to the emergence and development of the Internet (particularly web 2). The first online crowdfunding campaign took place in 1997, when British rock band Marillion raised money from their fans for an overseas tour. The first crowdfunding platform ArtistShare was launched in 2003, a website that enables musicians to solicit donations from their fans to produce digital recordings. The success of ArtistShare has inspired many other crowdfunding platforms to enter the market, most notably Indiegogo in 2008 and Kickstarter in 2009.¹⁰

Crowdfunding appeared in an organized manner in the wake of the 2008 global financial crisis, due to the difficulties faced by craftsmen, businessmen and companies at an early stage of fundraising, as traditional banks were less willing to lend.¹¹ Thus crowdfunding has expanded from financing art and philanthropy to financing various SMEs. The size of this industry is expected to reach \$100 billion by 2025, and become the leading financial channel for SMEs.¹²

2.3. Types of crowdfunding campaigns: The primary criterion for distinguishing between the different types of crowdfunding is the type of return received, and invoice trading is also seen as a form of crowdfunding.¹³

Based on this, the types of crowdfunding can be divided as shown in the following table.

Table 1. Types of crowdfunding

Type	Concept
Investment-based crowdfunding	This type of financing allows financing a project by issuing equity instruments (shares) or debt instruments (bonds) through the platform.
Lending-based crowdfunding	Also known as crowdlending or peer-to-peer lending, companies or individuals seek public funds through platforms in the form of a loan agreement.
Reward-based crowdfunding	Individuals donate to a project or business with the expectation of receiving a non-monetary reward such as goods or services at a later stage in return for their contributions.
Donation-based crowdfunding	Individuals donate funds to meet a funding goal for a specific project (charity) without receiving any financial or material return, and can result in various non-financial compensation, such as an artist-signed CD or tickets to the shows.
Invoice trading crowdfunding	It is a form of asset-based financing in which companies sell unpaid invoices or liabilities individually or in bundles to a group of investors through an online platform.
Hybrid models	These models combine many of the previously mentioned types of crowdfunding.

Source: - European Commission, *Crowdfunding in the EU Capital Markets Union*, Commission Staff Working Document, 2016, pp.8-9;

- DGCCRF, *Le financement participatif ou le crowdfunding*, Fevrier 2016. From the site:

https://www.economie.gouv.fr/files/files/directions_services/dgccrf/documentation/fiches_pratiques/fiches/financement-participatif-crowdfunding.pdf (1/1/2022)

2.4. The advantages of crowdfunding: Crowdfunding is characterized by a set of advantages and characteristics, which makes it a distinguished financial industry. These advantages can be summarized in the following points:¹⁴

- Compared to other sources of fundraising, crowdfunding offers some flexibility, it is a less risky financial instrument, because in most crowdfunding methods there is no financial obligation to pay and interest rates, except for lending-based crowdfunding, although interest rates are usually lower than those imposed by banks;

- Crowdfunding is simple in its procedures, faster and less bureaucratic, requiring a few administrative documents to be filled and no collateral required;

- Crowdfunding allows not only money to be obtained, but other types of resources such as customer ideas and feedback on various issues such as product features, design, pricing strategy or customer demographics;

- Crowdfunding can be considered as a channel to implement a marketing communications campaign that helps to promote the idea of the project;

- The removal of geographical restrictions reducing the territorial isolation of entrepreneurs;

- Increasing the scope of risk distribution especially for small investors with small portfolios;

- Crowdfunding eliminates intermediaries, reducing systemic risks and administrative costs;

- By centralizing data on available investment opportunities, the flow of information from institutions at an early stage to potential investors can be facilitated more quickly than before.¹⁵

3. Objectives of financial inclusion and crowdfunding.....What relationship?

Financial inclusion seeks to achieve a set of goals, the latter of which crowdfunding works to enhance through a set of mechanisms. To learn about the concept and objectives of financial inclusion, and the role of crowdfunding platforms in promoting it, the following points will be addressed .

3.1. Definition of Financial Inclusion: Financial inclusion can be defined as:

• *The World Bank*, in its 2014 Global Financial Development Report, defined financial inclusion as: "The proportion of individuals and firms that use financial services. Of course, the different aspects are interrelated."¹⁶

• *The United Nations (UN)* defined it as: "Access to a range of financial services such as savings, credit, insurance and other payment services at an affordable cost."¹⁷

It is noted from the first definition that it focused on defining financial inclusion through the percentage of financial services use. As for the second definition, it focused on the access aspect. Therefore, the concept of financial inclusion has expanded in recent years and has become multi-dimensional to include the following dimensions:¹⁸

- **The access:** includes the possibility of an opportunity to use financial services;

- **The use:** refers to the actual use of financial services;

- **The cost:** The cost includes the monetary and non-monetary costs of accessing and using financial services, such as bank fees or proximity to financial institutions;

- **The quality:** The quality dimension measures whether financial services meet the needs and protection of consumers.

3.2. Financial inclusion goals: Financial inclusion seeks to achieve a set of goals that can be summarized in the following points:¹⁹

- ✓ Financial inclusion expands the capital base of the financial system, by encouraging savings habits and building a formal borrowing system and access to financial services such as financing, payments and insurance among a broad segment of the financially excluded population;
- ✓ The availability and accessibility of financial services plays a vital role in broadening and deepening the financial system, laying the foundation for long-term economic development, particularly through increased participation of low-income groups;
- ✓ Financial inclusion promotes social inclusion, for example, by depositing savings into a government-regulated bank account or fixed deposit. Individuals are protected through deposit insurance and credit guarantee systems and laws. Moreover, financial inclusion makes the transfer of government funds to beneficiaries of social welfare programs that are cheaper, faster and less prone to leakage, which benefits both government and beneficiaries;
- ✓ Financial inclusion is a step forward towards poverty reduction;
- ✓ Financial inclusion is beneficial to both consumers and financial service providers, as accessing financial services allows individuals to save money, coordinate consumption of financial products and invest in the future;
- ✓ Access to credit enables companies to expand, invest more, create jobs, stimulate growth and reduce inequality;
- ✓ Hannig and Jansen showed that financial institutions that meet the needs of low-income individuals tend to stay well during crises and help sustain local economic activity. In addition, Prasad also notes that the lack of adequate access to credit for SMEs has negative effects on overall employment growth because these firms tend to be more labor intensive in their operations;
- ✓ Increasing levels of financial inclusion can facilitate greater participation of different sectors of the economy in the formal financial system;
- ✓ It helps in promoting the financial culture of vulnerable sections of society through financial advice and reducing reliance on unreliable and costly financing;
- ✓ Financial inclusion encourages innovation to deliver financial products in a cost-effective manner through the use of technology
- ✓ Financial inclusion enhances competition and helps provide market-based incentives for sustainable financial access.

The main objectives of financial inclusion can be summarized in the following figure.

Fig.1. Financial Inclusion Goals



Source: Prepared by the researcher based on the above.

3.3. Crowdfunding as a Mechanism for Enhancing Financial Inclusion and Achieving its Goals: The G20 under the Global Partnership for Financial Inclusion (GPFI) stated that crowdfunding can deepen financial inclusion, as: *"It can be a quick way to raise funds with potentially few regulatory requirements; it can be cost-efficient and can produce a good return for the lender; and its potential market reach is limited only by access barriers to the platform and regulatory restrictions where applicable."*²⁰

Thus, the contribution of crowdfunding as a mechanism to promote the goals of financial inclusion can be summarized through the following:

3.3.1. Improving access to finance: Crowdfunding improves access to funding by:²¹

- Lending-based crowdfunding is a form of digital finance, through which financially excluded groups and companies can be reached;
- Crowdfunding platforms are developed to serve micro, small, medium and emerging companies and individuals who have a limited credit profile or do not have a credit history. Crowd funded loans may become a gateway to traditional lenders, because they allow building their credit history over time, thereby access to future financing;
- Completing financial and credit transactions very quickly and at low cost;
- Investment-based crowdfunding is an important mechanism that s SMEs can use to bridge the financing gap in many countries, especially in countries with underdeveloped capital markets.

3.3.2. Finding innovative models and mechanisms: Crowdfunding facilitates the digitization of traditional forms of funding, where crowdfunding platforms can use core financial products and services or adapt new technologies to replace traditional financial institutions, such as Kenya's M-changa, a crowdfunding platform that digitizes mobile fundraising. Crowdfunding can also play an important role in promoting government schemes to effectively channel remittances and investment flows. Platforms can also facilitate access to diaspora communities by providing investment opportunities in their home countries, while lowering transaction costs.²²

3.3.3. Access to the new asset class and investments: Financially excluded communities through crowdfunding can raise capital to improve their businesses and establish themselves, which will create new opportunities and stimulate new investment ideas, which can be highly profitable with the right management and good capital. Deprived individuals will also discover opportunities in their markets where they can invest and earn additional income to improve their lives and a way to recover from emergencies and disasters.²³

The contribution of crowdfunding to furthering the goals of financial inclusion can be represented in the next scheme.

Fig.2. The contribution of crowdfunding to advancing the goals of financial inclusion

Crowdfunding advances the goals of financial inclusion by:

<ul style="list-style-type: none"> • <u>Improving access to finance:</u> - Financing financially excluded groups; - Strengthening the credit profile; - Complete transactions quickly and at low cost; - Closing the financing gap in developing countries. 	<ul style="list-style-type: none"> • <u>Finding innovate models and mechanisms:</u> -New technologies replace traditional intermediaries; -strengthening government schemes; -Access to diaspora communities. 	<ul style="list-style-type: none"> • <u>Access to a new asset class and investments:</u> - raising capital to improve the business; - Creating new opportunities and stimulating new investment ideas; - Creating new market opportunities; - Emergency recovery.
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Source: Prepared by the researcher based on the above.

4. Analysis and discussion of the role of Chriky and Kheyma platform in promoting financial inclusion goals in Algeria:

The crowdfunding industry in Algeria is a new industry, the number of platforms is very limited despite its importance. That is why Algeria has worked since 2020 to pay attention to this industry in order to encourage financing of individuals, entrepreneurial projects and SMEs who are financially excluded. To learn about the regulation of the crowdfunding industry in Algeria, the existing platforms and the extent to which the Chriky and Kheyma platforms contribute to achieving the goals of financial inclusion, the following points will be addressed.

4.1. The crowdfunding industry and its regulation in Algeria: Initially, before crowdfunding platforms are identified in Algeria, the crowdfunding industry must be identified and regulated in Algeria:

- ✓ Crowdfunding in Algeria is a modern practice, representing certain cultural values and stemming from religious principles that encourage mutual assistance, as the Algerian participates in promoting participatory financing through the establishment of an investment fund responsible for participating in the capital of SMEs;²⁴
- ✓ The Supplementary Finance Law issued on June 4, 2020 and the Official journal N° 33 in Article 45 stated the following:²⁵
 - The status of crowdfunding advisor responsible for the creation and management, on the internet, of crowdfunding advice platforms and the placement of funds from the general public, in crowdfunding projects is instituted;
 - The status of crowdfunding investment advisor may be commercial companies created for this purpose, brokers in stock market transactions approved to carry out advisory activities in the placement of securities and financial products, as well as investment fund management companies.

- A regulation of the Committee for Regulating and Monitoring Stock Exchange Operations (COSOB) will specify the conditions for the approval, exercise and control of participatory investment advisers.

The Committee for Regulating and Monitoring Stock Exchange Operations (COSOB) proposed in this context a simplified regulatory system for crowdfunding that includes many aspects, as shown in the following table.

Table 2. Regulation of crowdfunding activity by COSOB in Algeria

<p>▪ The type of authorized platforms:</p>
<p>The participatory financing or Crowdfunding operations covered by the regulations are those materializing through equity investments in the capital of existing joint-stock companies or those to be created by the holders of participatory investment projects.</p>
<p>▪ The conditions of approval:</p>
<p>- Do not set any requirement for minimum capital or for the legal status of the crowdfunding investment advisor; - Appoint a manager in charge of the activity of participatory investment advisor, with a diploma in the economic or financial field and a certification in the field of securities trading; - Have appropriate material and computer resources; - Set up an internal control mechanism adjusted to the volume of activity.</p>
<p>▪ The conditions of exercise:</p>
<p>The crowdfunding advisor must observe the following rules: - Not to exceed more than 100 participants per crowdfunding project; - Finance participatory investment projects located in Algeria; - Select investors on a suitability test, carried out online, to collect their objectives as well as their knowledge of the associated risks; - Avoid conflicts of interest; - Designate a financial service provider bank.</p>
<p>▪ On crowdfunding projects:</p>
<p>- Crowdfunding projects are exempt from the obligation to file an information notice with the COSOB and from obtaining a visa; - The securities issued are not listed on the stock exchange; - Crowdfunding investment projects must be accompanied by an information document detailing the nature and overall amount of the project, the funds to be raised by stage of the project, if applicable, the eligible investors, the mode of participation and the reimbursement method.</p>
<p>▪ Due diligence:</p>
<p>The crowdfunding investment advisor must set up a due process diligence to verify and ensure: - The viability of the project, the competence and probity of the project leader; - Consistency of information relating to the project; - The publication of an information document in accordance with the regulations; - Publication of periodic financial statements and relevant information.</p>
<p>▪ Subscription and fundraising</p>
<p>- The participatory investment advisor (commercial company) is responsible for collecting subscription forms for projects only. - The CIP Creates a bank account dedicated to each project for deposits and payments; - The funds will be released by the provider bank when the amount of the project is reached.</p>
<p>▪ Control of crowdfunding advisers:</p>
<p>- Control and investigation measures applicable to stock exchange intermediaries (IOB) are extended to crowdfunding advisers.</p>

Source: COSOB, Rapport Annuel 2020, 2020, pp.26-27.

4.2. Crowdfunding platforms in Algeria: There are four crowdfunding platforms in Algeria, represented in the following table.

Table 3. Crowdfunding platforms in Algeria

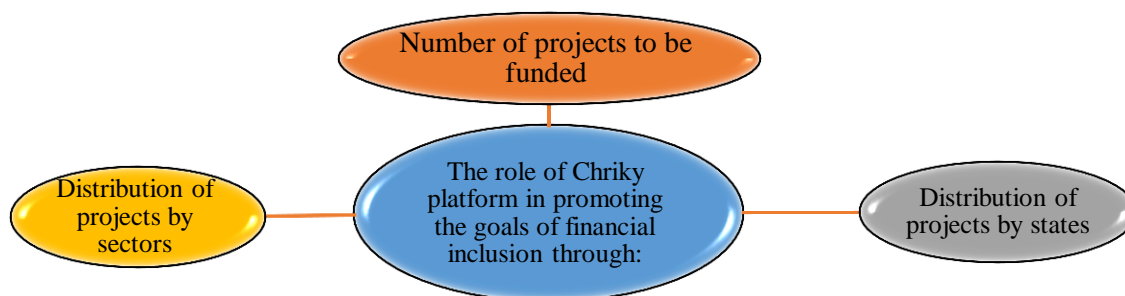
Platform	History	Objectives	Site	Legal regulation
Twizza	2013	It is the first crowdfunding platform to be established in Algeria, targeting individuals, associations, entrepreneurs and holders of creative, scientific, sports and solidarity projects.	www.twizza.com	According to the French legal framework
Chriky	2014	A stock-based crowdfunding platform, project participants receive stakes in the company they funded. The platform provides project leaders with a financial study, fundraising campaign and support after the launch of the company. The platform also allows active companies that want to invest more money to launch fundraising campaigns in order to increase their capital.	www.chriky.com	According to the French legal framework
Ninvesti	2019	Created by French-Algerian entrepreneurs from the digital community, with the aim of creating a link between financiers and project leaders in Algeria to face the difficulties faced by SMEs and start-ups in the field of raising funds and obtaining a bank loan.	www.ninvesti.com	Approved by COSOB in accordance with Algerian law under the status of digital intermediary consultant (CIN)
Kheyma	2020	Created due to the COVID-19 pandemic crisis, the platform is 100% dedicated to solidarity actions, where business projects are evaluated by the tent team to ensure transparency of operations and effectiveness of procedures.	www.kheyma.com	Approved by COSOB in accordance with Algerian law under the status of digital intermediary consultant (CIN)

Source: prepared by the researcher based on: - The official website of the above-mentioned platforms; - Sansari Sara & Cheurfa Hakima, Les plateformes du Crowdfunding, alternatives numériques pour les PME en temps du COVID-19. Cas : Plateforme Algérienne NINVESTI, Revue des Sciences Economiques, de Gestion et Sciences Commerciales, University M'sila, Vol 12, No 1, 2020, p.300.

4.3. The role of Chriky and Kheyma platforms in promoting the goals of financial inclusion in Algeria:

4.3.1. The role of Chriky platform: The role of Chriky platform in promoting the goals of financial inclusion in Algeria will be analyzed through what is shown in the following figure.

Fig.3. The role of Chriky platform in promoting the goals of financial inclusion



Source: prepared by the researcher.

a. An overview of Chriky platform and how it works: Chriky platform is a limited liability company, established in 2014 with a capital of 100.000.00 DA, called chriky&CO, headquarters is located at 1 Ali Sharif Street - El-Kobba - Algeria. It is a crowdfunding platform whose role is to connect between Internet users, represented by entrepreneurs or business leaders, innovators and holders of ideas or projects on the one hand, and investors who want to support and finance innovative projects, start-ups, SMEs on the other hand. The way it works is as follows: ²⁶

- Registration and access to the platform’s website is free and available 24 hours a day, 7 days a week. The platform complies with applicable regulations on confidentiality of information and user privacy;
- The entrepreneur presents the forms submitted for this purpose by providing a brief description of the project, transferring the required administrative and financial documents. The project must include the following:
 - The amount of the initial contribution of the promoter of the ideas or the project or the amount of capital, and the number of existing shareholders and associate companies;
 - ∂ The percentage of the capital to be sold;
 - ∂ The price of the share or share to be sold.
- The Entrepreneur undertakes, declares and guarantees to investors the following:
 - ∂ The company has been or will be properly incorporated in Algeria;
 - ∂ the company is duly authorized by its statutes, in a position to properly carry out its social activities, as they are currently or will be carried out in accordance with the description to be performed under the project;
 - ∂ The shares are transferred to the investors in full ownership and in accordance with the legal provisions.
- Chriky platform gets paid in case of successful fundraising and creation of a new company or the opening of the capital of an active company.

b. Number of projects subject to funding: According to the statistics collected from the platform’s website, the number of projects subject to funding until 31/07/2022, amounted to 170 projects, distributed across the states of the country. The following table shows the number of projects subject to funding and the percentage of funding related to these projects.

Table 4. Projects subject to funding through the Chriky platform

number of projects	106	26	38	Total number of projects 170 projects
Financing ratio (%)	90	60	20	

Source: Prepared by the researcher based on the official website of the platform: <https://www.chriky.com>

It is noted from the table that there are a significant number of projects under funding, 170 projects, which is a huge number that indicates the appetite of entrepreneurs for this type of financing, despite its recentness in Algeria, due to the ease of its procedures. Among these projects, 106 projects with a financing rate of 90%, as the financing campaign is nearing its end, which confirms that the platform will contribute to promoting the goals of financial inclusion, by providing the necessary financing to various individuals and owners of emerging, SMEs, with simplified procedures, whether in order to establish new projects or expand existing institutions, which will lead to:

- Increasing employment levels, creating job opportunities and sources of income;
- Strengthening the credit history of these projects in the future, which will help them obtain financing from the banking sector without hindrances;
- Creating new investment opportunities, which will contribute to economic development and social development.

C. Number of projects subject to funding by states: It is noted with regard to the projects subject to funding that they are distributed over 34 states across the country, they are not restricted to certain regions or states, as this platform reaches the far south of the state of Adrar, thus financing projects and groups located in remote areas. The following table shows the number of projects subject to funding in concerned states.

Table 5. The number of projects subject to financing in various states of the country through Chriky platform

the state	Algiers,	Oran	Chlef	Batna	Constantine	Bejaia	Adrar	Ouargla	Boumerdes
number of projects	53	18	1	1	2	12	9	2	4
the state	Sidi Bel-Abbes,	Tipaza	Relizane	Tebessa	Ain Defla	Jijel	Msila	Tizi-Ouzou	Biskra
number of projects	4	3	2	2	1	1	1	9	2
the state	Ain Temouchent	Annaba	Blida	Laghouat	Djelfa	Mostaganem	Ain Defla	Tlemcen	Tiaret
number of projects	3	4	7	1	2	2	1	9	1
the state	Ghardaia	Setif	Saida	El Oued	Mascara	Medea	Guelma	Total: 34 states	
number of projects	3	3	1	3	1	1	1	Total: 170 projects	

Source: Prepared by the researcher based on the official website of the platform: <https://www.chriky.com>

From Table 5, it is clear that the projects subject to funding are distributed across 34 states across the country, reaching up to the desert areas in the south such as Adrar, Ghardaia and Ouargla, but despite this spread, the major states in the country still possess the largest percentage of the projects subject to funding, such as Algiers with 53 projects (31.17% of the total projects funded), followed by Oran with 18 projects or 10.58%, Bejaia with 12 projects, then Adrar, Tizi Ouzou and Tlemcen with 9 projects, then Blida with 7 projects, then the rest of the states.

d. Number of projects subject to funding by sectors: The financing of projects at the level of the platform included all sectors, such as agriculture, industry, trade, crafts, tourism, medicine, pharmacy and technology ... etc., which indicates the comprehensiveness of financing this platform for all sectors, especially in light of the collapse of oil prices and Algeria’s adoption of the strategy of economic diversification, encouraging and financing emerging institutions and sectors that would lead to economic development, such as the agricultural sector. The amounts of funding varied from one project to another according to the needs of each sector. The following table shows some projects subject to funding at the platform level.

Table 6. Some of the projects financed through Chriky platform

Project	Amount (DZD)	Funding Ratio (%)	State
Aures farm in order to acquire sheep heads, benefit from their wool and breed them in order to make profits	100.000	60	Batna
Glass recycling	1.000.000	20	Bejaia
Non-profit medical clinic (social and humanitarian interest)	79.000.000	90	Algiers
Jam production factory	20.000.000	90	Tipaza
Artisanat is a marketplace for handmade products in order to promote this market nationally and internationally	1.000.000	60	Adrar
Jewelery art workshop	2.000.000	90	Msila
Pivot irrigation for the purchase of center pivot irrigation equipment that is used in dry and semi-desert areas	70.000.000	90	Oran
Factory for the manufacture of livestock and poultry feed	5.000.000	20	Algiers
A tourist hotel in the south of the desert	20.000.000	90	Adrar
dialysis clinic	30.000.000	60	Blida
Cow Breeding Project (Dairy Cows)	100.000.000	60	Setif
Buying a plot of land to grow olives	3.000.000	90	Mascara
Buying tools for shoe making	500.000	90	Medea
Cultivation of a land area of 400 hectares	200.000.000	90	Ghardaia
Manufacture of corporate furniture for employee comfort	4500.000	20	Oran
Create a tourism investment	3500.000	90	Tizi-Ouzou
Create a mini peanut butter making enterprise	1.000.000	90	Mascara
Project to buy apartments for disadvantaged families	1.000.000.000	90	Algiers
Establishment of a vocational training school	1.000.000	90	Tlemcen
Expansion of a company to import and export textiles and clothing	5.000.000	90	Bejaia
Investing in solar panels	10.000	60	Oran
Advertising and publicity workshop in all languages	2.000.000	90	Annaba
Expansion of a private sports school	20.000.000	90	Ain Temouch-ent
Create a website for online sales with home delivery	70.000.000	90	Algiers

Source: Prepared by the researcher based on the official website of the platform: <https://www.chriky.com>

4.3.2. The role of the Kheyma platform in promoting the goals of financial inclusion in light of the Corona pandemic:

a. What is Kheyma platform: Kheyma platform is a crowdfunding platform focused on the countries of the Arab Maghreb, allowing financing projects in Algeria, Tunisia and Morocco to bring about development in their countries of origin. This platform allows:²⁷

- Financing charitable projects;
- Financing artistic and cultural projects;
- Obtaining stakes in companies, start-ups and economic projects.

Through the Kheyma platform, project leaders can send a summary of their initiatives to the site: project@kheyma.com, where the project is evaluated by the Kheyma team to ensure the transparency of operations and the effectiveness of the proposed actions. The Kheyma platform ensures data confidentiality and preservation.²⁸

b. Projects funded through the Kheyma platform in light of the COVID-19 crisis: Kheyma platform was established in light of the COVID-19 epidemic crisis for solidarity actions, as three projects were funded 100% through this platform. These projects are represented in the following table:

Table 7. Projects funded through Kheyma platform in light of the COVID-19 crisis

The project	Project Objective	Amount	Financing ratio
Tiziclean (Tizi Ouzou)	Raising donations for a campaign to clean up the Yakouren forest and the village of Tadmit. This campaign was in partnership with the Algerian Youth and Sports Directorate, as well as the local associations, the Youth Center in Yakouren and the Itran Association of Tadmit.	€4000.00	100%
Sila Networks	Sila Networks Algeria is an association that brings together Algerians and people of Algerian origin in Europe and around the world. Sila Networks launches a fundraising campaign to support the efforts made in Algeria to confront the crisis resulting from the Covid-19 epidemic. The fundraising is divided between support for equipment purchase programs and support for families in need.	10.000.00 €	100%
Vivre ensemble	The Vivre Ensemble group organizes a set of solidarity boxes directly associated with the covid-19 crisis. The goal is to finance the purchase of masks, gloves and surgical clothing.	8000.00 €	100%

Source: Prepared by the researcher based on the official website of the platform: <https://www.kheyma.com>

From the table above:

- Kheyma platform financed three projects by 100%, which are solidarity projects of a social nature;
- The pandemic of the covid-19 and its imposes from the logic of the social spacing and several work has stopped for many families, especially in remote areas in critical and needed to finance in

order to acquire the necessities of life. Kheyma platform has contributed to the financing of the Sila Association and fundraising at 10.000.00 € and more than 20% of the financing of needy families, which emphasizes the extent of Algerians, especially the Algerian diaspora on this type of funding, especially what has donated contributions;

- Kheyma platform also financed the Vivre ensemble at 8000.00€ for the purchase of masks, gloves and protective clothing, especially for hospital workers and clinics that suffered from patients with corona virus in all regions of the homeland;

- Although lack of solidarity projects carried out during the pandemic period, it has led to a major role in the financing of families, needy classes and hospital workers, which is relatively relieved of the suffering of the epidemiological crisis, especially under the disruption of the work and the policy of closure to eliminate the spread of the epidemic.

5. CONCLUSION

Through this research, the extent to which crowdfunding platforms contribute to promoting financial inclusion objectives has been examined, with this projected on the case of Algeria by studying and analysing the role of Chriky and Kheyma platforms. The following findings have been reached:

- Crowdfunding formulas vary according to the return received, making it a financial industry with many advantages, as it is a simple tool and low-cost financing, allowing risk distribution, promotion of ideas, reduced regional isolation of entrepreneurs and empowerment of leaders and SMEs;
- The issue of financial inclusion is of great importance, the achievement of financial inclusion encourages and deepens the formal financial system, increase financial integration of financially excluded classes and to various enterprises especially SMEs;
- Crowdfunding contributes to enhancing the goals of financial inclusion. It improves the access of startups and SMEs to financing sources with easy procedures and simple costs, which allows them to build their credit record. It also works on finding innovative models of financing through digital platforms instead of financing through financial institutions, allowing them to access new types of assets that allow business improvement and discover new investment opportunities;
- The Crowdfunding industry is considered a new industry in Algeria. The interest in it began in the year 2020 within the framework of the supplementary finance law, the task of organizing it was entrusted to the Committee for Regulating and Monitoring Stock Exchange Operations (COSOB). It established a set of procedures related to the type of platforms authorized, conditions for approval and practice, requirements for participatory investment projects, the method of fundraising, control and supervision measures for crowdfunding advisors;
- Chriky platform works to enhance the goals of financial inclusion in Algeria by financing projects for individuals and SMEs, where the number of projects under funding reached 170 projects, distributed over 34 states across the country, reaching even remote areas in the sub-Saharan. The projects subject to funding touched most of the economic sectors such as agriculture, industry, trade, tourism, crafts...etc, which confirms the platform's endeavor to

finance projects, which allows for increased employment, creation of sources of income and the creation of new investment opportunities;

- Kheyma platform was established in 2020 as a financing mechanism to meet the challenges of COVID-19. This platform has funded three projects of a social nature, especially by the Algerian diaspora, where it helped poor and needy families, and also purchased the necessary materials to confront the epidemiological crisis, especially for hospital centers that suffered from the pressure of patients with the virus.

Research Suggestions: Based on the research study that was carried out, the following can be suggested:

- The corona pandemic has proven the necessity of adopting digitization in all fields, including the financial sector, and crowdfunding is a way for that, so it is necessary to work on developing this industry to be more prepared in the future.
- The crowdfunding industry is a modern financial industry that many peoples in Algeria do not know, so it is necessary to work on spreading the culture of this industry, because of its advantages;
- Providing digital infrastructure for the development of this industry;
- Providing the legal framework for crowdfunding platforms to ensure the protection of the parties to the transaction;
- The corona pandemic has proven the necessity of adopting digitization in all fields, including the financial sector, and crowdfunding is a way for that, so it is necessary to work on developing this industry to be more prepared in the future.

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