CROWDFUNDING AS A MEANS OF LITERACY AND FINANCIAL INCLUSION IN THE COMMUNITY

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Abstract

The development of financial technology (fintech) has brought significant changes to the global financial system, including in Indonesia. One of the most rapidly growing innovations is crowdfunding, a public-based funding mechanism conducted through digital platforms. This study aims to explain the role of crowdfunding as a tool to enhance financial literacy and inclusion in the digital era. The research employs a qualitative descriptive literature study approach, utilizing academic references, OJK reports, and case studies of Indonesian crowdfunding platforms such as KitaBisa, GandengTangan, and Bizhare. The results indicate that crowdfunding functions not only as an alternative financing source but also as an educational medium that strengthens public understanding of financial transparency, risk management, and social responsibility. Furthermore, crowdfunding promotes financial inclusion by providing access to capital for underserved groups outside the formal banking system. Therefore, crowdfunding plays a strategic role in fostering an inclusive, transparent, and participatory financial ecosystem.

1. INTRODUCTION

Background Problem

The development of digital technology has brought about significant transformations in global financial services, including in Indonesia. Financial technology (fintech) has emerged as an innovation that combines technology and financial services to improve efficiency, access, and financial inclusion (Addo, 2022) [1]. The increasing adoption of smartphones and internet connectivity has accelerated the adoption of fintech services in various categories such as payments, loans, and crowdfunding (OJK, 2024) [2].

By 2024, Indonesia had seen a rapid growth in fintech platforms; the crowdfunding sector showed significant growth as a financing alternative for social, creative, and MSME projects (OJK, 2024) [2]. On the other hand, although access to financial products has increased—reflected in the inclusion index—the public's financial literacy rate remains relatively low. SNLIK 2023 data shows an inclusion index of 85.10%, but literacy is only 49.68% (OJK, 2023) [3]. This gap means that many users have access but do not adequately understand the risks and mechanisms of financial products (Mishra et al., 2024) [4].

In this context, crowdfunding has a dual potential: in addition to being an alternative funding source, it also serves as a practical learning medium about financial aspects—such as project assessment, risk management, and the importance of transparency. The literature shows that participatory experiences (hands-on) are an effective way to improve financial and digital literacy (Belleflamme et al., 2020) [5]; platforms that include project information and fund usage reports can strengthen user understanding (Ayu Aprialita et al., 2024) [6].

Furthermore, recent studies confirm that the digitalization of financial services strengthens financial resilience and inclusion when accompanied by adequate literacy (Ariana et al., 2024) [7]. In Indonesia, a study examining the relationship between digital literacy and the welfare of MSMEs found a positive correlation: the higher the digital/financial literacy, the better the MSMEs' ability to access and utilize digital funding instruments (Gosal and Nainggolan, 2023) [8]. Furthermore, the literature also shows that the role of communities and the value of digital mutual cooperation (collective funding) strengthen local socio-economic aspects when managed transparently and accountably (Hasan et al., 2024) [9].

Against this backdrop, a more systematic study is needed to examine how crowdfunding—as an easily accessible fintech phenomenon—functions as a means of literacy and promotes financial inclusion. This understanding is crucial so that regulators, platforms, and the public can maximize crowdfunding's benefits while mitigating risks such as fictitious projects and low consumer protection.

Problem Formulation

Based on the background above, the problem formulation in this research is as follows:

a. What is the role of crowdfunding in improving people's financial literacy?
b. How does crowdfunding contribute to expanding financial inclusion in the digital era?

Research Purposes

The purpose of writing this article is to:

a. Analyzing the role of crowdfunding as a means of education and increasing public financial literacy.
b. Explaining the contribution of crowdfunding to strengthening financial inclusion in Indonesia.

2. LITERATURE REVIEW

Crowdfunding Concept

Crowdfunding comes from two words, crowd and funding, which means funding sourced from many individuals collectively through a digital platform. According to Belleflamme et al. (2020) [1], crowdfunding is a mechanism for collecting capital from a large number of people via the internet to fund projects, businesses, or social activities.

In practice, crowdfunding serves not only as a fundraising tool, but also as a means of public participation in supporting innovative ideas and social activities (Ayu Aprialita et al., 2024) [2]. According to the Financial Services Authority (OJK, 2024) [3], crowdfunding models in Indonesia are divided into several main types:

a. Donation-based crowdfunding, which is collecting funds for social activities without any return, for example the KitaBisa platform.
b. Reward-based crowdfunding, where supporters receive rewards in the form of products or services.
c. Lending-based crowdfunding, which involves loans with certain interest rates, such as GandengTangan.
d. Equity-based crowdfunding, where investors acquire ownership shares or profit sharing, such as Bizhare.

The development of crowdfunding in Indonesia is driven by advances in financial technology and increasing public trust in digital platforms (Ariana et al., 2024) [4]. Crowdfunding also expands access to capital for small and medium-sized businesses often hampered by conventional banking procedures (Hasan et al., 2024) [5].

Financial Literacy

Financial literacy is defined as a person's ability to understand, manage, and make appropriate decisions regarding personal and business finances. According to Addo et al. (2022) [6], financial literacy involves three main components: knowledge, attitude, and behavior. People with high financial literacy tend to be better able to manage income, assess risks, and plan for their future finances effectively.

The Financial Services Authority (OJK) (2023) [7] explains that Indonesians' financial literacy is still relatively low compared to their level of financial inclusion. This indicates that even though people have access to financial services, their understanding of how to use these products is still limited. Research by Mishra et al. (2024) [8] shows that increasing digital financial literacy has a direct impact on people's ability to make rational and safe financial decisions, especially among women and MSMEs.

Crowdfunding can act as an educational tool, as it allows users to practice financial literacy concepts directly, such as calculating returns, assessing risks, and understanding project reports (Gosal and Nainggolan, 2023) [9].

Financial Inclusion

Financial inclusion refers to easy public access to a variety of formal financial products and services that are safe, affordable, and beneficial (OJK, 2023) [7]. The goal is to ensure that all levels of society, especially low-income groups and micro-entrepreneurs, can participate in the formal financial system.

Ariana et al. (2024) [4] emphasized that a high level of financial literacy is a crucial factor in supporting financial inclusion. Without a good understanding, people tend to be reluctant to utilize digital services such as crowdfunding. Crowdfunding provides alternative access for groups of people who do not qualify for traditional bank credit, thus expanding financial inclusion through a community-based approach (Hasan et al., 2024) [5].

The Relationship between Crowdfunding, Financial Literacy, and Financial Inclusion

Crowdfunding has a synergistic relationship with financial literacy and inclusion.

According to Addo et al. (2022) [6], financial literacy improves a person's ability to assess investment risks and opportunities, thus encouraging participation in crowdfunding platforms. Conversely, the experience of participating in crowdfunding also enriches a person's financial literacy, creating a lasting educational effect.

Additionally, crowdfunding acts as a bridge to financial inclusion by opening access to financing for groups previously untouched by formal financial institutions (Gosal and Nainggolan, 2023) [9]. Through this interaction, people not only learn about money management but also participate in building an inclusive and competitive digital economic ecosystem.

In line with the findings of Hasan et al. (2024) [5], the combination of financial literacy and active participation in digital platforms such as crowdfunding can be a catalyst for improving the financial well-being of the Indonesian people.

3. RESEARCH METHODS

This research employed literature review and descriptive observation methods. Data were obtained from scientific publications, reports from official institutions such as the Financial Services Authority (OJK) (2023–2024), BAPPEBTI (Indonesian Commodity Futures Trading Regulatory Agency), and documentation and reports from Indonesian crowdfunding platforms such as KitaBisa, GandengTangan, and Bizhare.

4. RESULTS AND DISCUSSION

RESULTS

Overview of Crowdfunding Development in Indonesia

Indonesia's digital economy has shown significant growth over the past five years, particularly in the financial technology (fintech) sector. One subsector that has seen rapid growth is crowdfunding, which serves as an alternative funding source for business and social projects through online public participation.

According to data from the Financial Services Authority (OJK, 2024) [1], the number of registered crowdfunding platforms continues to increase and plays an active role in channeling public funds to various sectors such as MSMEs, the creative economy, and social activities.

Platforms like KitaBisa, GandengTangan, and Bizhare are concrete examples of the successful adaptation of financial technology in Indonesia. KitaBisa focuses on social and humanitarian funding, while GandengTangan and Bizhare specialize in business financing and micro-investment. These platforms not only facilitate access to capital but also introduce the public to the practices of transparency and accountability in digital finance (Belleflamme et al., 2020) [2].

Thus, crowdfunding in Indonesia not only serves as an economic tool, but also as a tool for social empowerment and financial education, as the community is directly involved in the process of collecting, managing, and monitoring funds.

Crowdfunding as a Means of Financial Literacy

Financial literacy is not just the ability to understand economic terms, but also the ability to make rational financial decisions. Crowdfunding indirectly serves as a practical financial learning medium for the public. Through active involvement in crowdfunding platforms, individuals learn about risk management, budgeting, and project feasibility assessment (Addo et al., 2022) [3].

For example, users participating in equity crowdfunding like Bizhare will understand the concepts of returns, investment diversification, and project risk. Meanwhile, participants on the KitaBisa platform learn about social accountability, how fundraising reports are presented, and the importance of verifying campaign transparency (Ayu Aprialita et al., 2024) [4].

Research by Gosal and Nainggolan (2023) [5] shows that the use of digital financial platforms can improve individuals' ability to understand financial products and encourage more planned financial behavior. Furthermore, Mishra et al. (2024) [6] found that direct experience in financial decision-making through digital platforms accelerates the improvement of digital financial literacy, especially among young people and small business owners. Thus, crowdfunding acts as a digital financial laboratory where people can learn, experiment, and understand financial behavior in a real-world context.

Crowdfunding and Community Financial Inclusion

One of the main problems in the traditional financial system is limited access to capital for low-income or unsecured individuals. Crowdfunding addresses this challenge by providing open and inclusive access to funding for both creators and funders.

Through digital systems, people can participate without the need for formal financial institutions (OJK, 2023) [7]. According to Ariana et al. (2024) [8], increasing financial inclusion depends heavily on people's ability to utilize digital services wisely. Crowdfunding provides this opportunity by reducing administrative barriers and opening participation to all groups.

Community-based funding models also strengthen the sense of social trust which is the basis for economic participation in digital society (Hasan et al., 2024) [9].

Furthermore, crowdfunding practices encourage the emergence of a collaborative economy, where people become not only consumers of financial products but also active partners in creating shared economic value. This aligns with the concept of inclusive finance, namely a financial system that is accessible, affordable, and beneficial to all levels of society, including vulnerable groups and MSMEs (OJK, 2023) [7].

The Impact of Crowdfunding on Financial Literacy and Inclusion

Literature analysis shows that the primary effect of participation in crowdfunding is increased financial awareness and trust in digital financial systems. Crowdfunding brings together two important aspects of financial literacy: knowledge and hands-on experience (Addo et al., 2022) [3]. From an inclusion perspective, crowdfunding expands the reach of financial services to those who previously lacked bank accounts or credit history.

Platforms such as GandengTangan even collaborate with social institutions to reach micro-entrepreneurs in remote areas, thus supporting the OJK's vision of strengthening the national financial inclusion ecosystem (OJK, 2024) [1].

This finding aligns with Ariana et al. (2024) [8], who asserted that financial digitalization supported by literacy can increase household financial resilience and encourage sustainable economic growth. In other words, crowdfunding is not only a financing tool, but also a social transformation tool that increases public financial awareness, trust, and participation.

DISCUSSION

The literature review shows that crowdfunding plays a dual role in the digital financial context: as an alternative funding instrument and a tool for public financial education. These two roles are closely interconnected and reinforce the research's primary objective: understanding how crowdfunding functions as a means of financial literacy and inclusion in the digital age.

Crowdfunding as a Medium for Digital Financial Literacy

Financial literacy is not only measured by knowledge level but also by direct experience in financial decision-making (Addo, 2022) [1]. Through active involvement in crowdfunding platforms, people experience experiential learning—learning through real-life experiences. When someone decides to support a particular project or investment on a platform like Bizhare, they will learn how to read the prospectus, assess potential risks, and calculate returns.

This differs from conventional financial literacy approaches, which tend to be theoretical. Research by Gosal and Nainggolan (2023) [2] shows that direct experience with digital transactions accelerates understanding of financial concepts, especially among groups of people participating in the formal financial system for the first time.

Furthermore, openness and transparency of crowdfunding project reports encourage learning about financial ethics, namely honesty, responsibility, and accountability (Ayu Aprialita et al., 2024) [3]. This demonstrates that financial literacy developed through digital platforms is not only cognitive, but also affective and moral, as people learn the values of financial integrity through hands-on practice.

Crowdfunding as a Driver of Financial Inclusion

Crowdfunding helps reduce structural barriers that have traditionally limited access to funding sources. Many small businesses and individuals without bank accounts or collateral can now obtain capital through community-based platforms (OJK, 2024) [4]. Thus, crowdfunding acts as a financial equalizer—a balance between groups with substantial access to capital and those previously marginalized.

Research by Ariana et al. (2024) [5] proves that the higher a person's digital and financial literacy, the more likely they are to participate in the digital financial ecosystem. Crowdfunding facilitates this because its interface is simple and easy to use, even for new users. This is a tangible form of digital inclusion that encourages financial inclusion, where people can learn and participate in the formal economic system. In addition, community-based finance models such as crowdfunding strengthen the community's social capital. Public participation in collective funding fosters a sense of digital mutual cooperation, a unique Indonesian social value that is now transforming into the digital economy (Hasan et al., 2024) [6]. This makes crowdfunding not only a financial innovation, but also a tool for community socio-economic empowerment.

Theoretical and Practical Implications

From a theoretical perspective, these findings strengthen the concept of the financial capability model, which emphasizes that financial literacy grows through direct experience and access to information (Addo, 2022) [1]. Crowdfunding becomes a vehicle for implementing this theory, because every participation in a funding campaign is a real learning opportunity.

Practically, these results have several important implications:

a. For the public, crowdfunding can be used as a means of learning financial management and investment with low risk.
b. For the government and the Financial Services Authority (OJK), this platform can be used as an effective financial literacy and inclusion campaign tool to reach underbanked segments of society.
c. For entrepreneurs and startups, crowdfunding provides funding opportunities while introducing brands and business ideas to the public.
d. Thus, crowdfunding not only helps with capital but also improves the quality of financial knowledge and trust in the national digital financial system.

Challenges and Future Development Directions

Despite offering many benefits, the implementation of crowdfunding in Indonesia still faces a number of obstacles. First, many people still do not understand the risks of digital investment, so they are vulnerable to fraud or fake campaigns (OJK, 2023) [7]. Second, the uneven level of digital literacy means that some community groups are unable to utilize the platform optimally (Mishra et al., 2024) [8]. Third, from a regulatory perspective, more intensive supervision and education are needed to ensure public trust is maintained.

Going forward, synergy is needed between regulators (OJK, BAPPEBTI), crowdfunding platforms, and educational institutions to expand digital practice-based financial education. Integrating financial literacy with the use of crowdfunding platforms in schools or universities can also be an innovative strategy in increasing the financial awareness of the younger generation.

5. CONCLUSION

Based on the results of the literature review and discussions that have been conducted, it can be concluded that crowdfunding has a strategic role in increasing financial literacy and inclusion in society in the digital era.

This innovation not only serves as an alternative funding vehicle for social projects, businesses, and MSMEs, but also as an educational tool that encourages the public to learn about risk, fund management, and financial transparency directly (Addo, 2022) [1]. Through engagement with platforms such as KitaBisa, GandengTangan, and Bizhare, the public gains practical experience in making financial decisions, assessing project feasibility, and understanding social responsibility (Ayu Aprialita et al., 2024) [2].

This active participation indirectly increases financial awareness and strengthens trust in the digital financial system (Gosal and Nainggolan, 2023) [3]. Furthermore, crowdfunding contributes to equitable financial access (financial inclusion) by opening up funding opportunities for groups underserved by formal financial institutions, such as MSMEs and low-income communities (Ariana et al., 2024) [4].

Crowdfunding is not just a financial innovation, but also a tool for social transformation that supports economic equality and community empowerment. However, challenges remain, particularly in terms of risk education, digital security, and consumer protection. Without adequate financial literacy, people are still potentially vulnerable to platform abuse or fraudulent campaigns (OJK, 2023) [5]. Therefore, increasing digital literacy and awareness is key to sustainably benefiting from crowdfunding.

6. SUGGESTION

For the Government and Regulators (OJK, BAPPEBTI): Continuous efforts are needed to integrate crowdfunding into the national financial literacy and inclusion program.
Public education needs to focus on understanding digital risks, project transparency, and investor protection.

For Crowdfunding Platforms: Platforms are expected to strengthen user education aspects, such as simple investment guides, risk simulations, and easy-to-read financial reports.
Collaboration with educational institutions and local communities can increase public participation and trust.

For the Community and MSMEs: The community is expected to utilize crowdfunding not only as a source of funding, but also as a means of learning about finance and digital entrepreneurship.
MSMEs can use this platform to build reputation, network, and transparent fund management experience.

For Academics and Higher Education: Universities can integrate crowdfunding case studies into finance, entrepreneurship, and digital economics courses to improve students' practical financial literacy. This will help prepare a younger generation that is financially literate and adaptable to modern financial technology.

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