Trustful Crowdfunded Supporting Platform Using Blockchain

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Abstract

A decentralized crowdfunding network that uses blockchain technology for transparency, security, and effective fund management is presented by the "Trustful Crowdfunded Platform using Blockchain" project. Crowdfunding websites may be used by content creators to generate funds. There is a risk because investors in the traditional crowdfunding model have no control over their money. By using blockchain technology, fraud will be avoided, intermediaries will be eliminated, and the present crowdfunding platforms will be safer and more transparent. Smart contracts are used in blockchain-based crowdfunding platforms to control fund expenditures and guard against contributors' money being stolen. Creatives no longer have access to a blockchain-based platform that can provide safe and decentralized crowdfunding and provide a marketplace for their sponsored creations. This innovative platform facilitates seamless interaction between Campaign Creators and Users, ensuring a fair and trustworthy ecosystem for fundraising initiatives. Utilizing React for the front-end interface, Solidity for smart contracts, and integrating Metamask for wallet functionality. The consensus mechanism, inherent to blockchain, enables agreement on the validity of transactions and campaign details across the network without the need for a central authority and this is achieved through proof-of-stake protocols. Campaign Creators initiate campaigns through a user-friendly interface. Users engage securely through their crypto wallets, contributing to approved campaigns, and tracking their impact. The platform's architecture, encompassing smart contracts, Pinata database, and work proof ensures data integrity and user security. The project's purpose is to revolutionize crowdfunding, fostering a transparent, decentralized environment where individuals can support causes they believe in with confidence. By combining blockchain's decentralized nature with a user-friendly interface and robust security measures, This project aims to redefine the crowdfunding landscape, empowering both campaigners and contributors alike.

I. Introduction

The phrase "crowdfunding" describes how businesses and organizations try to generate money for their projects by asking for small donations from a huge number of individuals online, bypassing conventional financial middlemen. The most popular application of crowdfunding is to generate money to assist the production of literary, technical, and creative works. Contributed monies are often retained by the platform until the funding target is reached in conventional, centralized crowdfunding systems. The issue with the current crowdfunding model is that contributors have little control over the money they donate, and platforms are unable to guarantee that investors' money will be used for the intended purpose. A decentralized database that is accessible from any node in a computer network is called a blockchain. It stores data in a digital representation and functions

as a database. Blockchains are widely known for serving as a safe, decentralized database of transactions in cryptocurrency systems. The unique feature of the blockchain is that it builds trust without the need for a reliable third party while guaranteeing the security and correctness of a data record. Blockchain is sometimes referred to as a "trustless" network since its members are not required to trust one another. Blockchain technology may be used to improve supply chain monitoring, digital identification, data transmission, e-voting security, and real estate document validation, among other applications. Blockchain-based platforms provide funders influence over project spending by utilizing voting mechanisms and smart contracts. The present crowdfunding system is decentralized and improved using this method. BitFund, LikeStarter, and SeedOn are a some of the platforms that have been suggested as employing this strategy. By utilizing blockchain networks, these platforms provide investors complete control over their capital at all times. By facilitating real-time data monitoring and traceability, the platforms promote transparency. By reaching an agreement through voting, the suggested system offers security and control over the finances. A marketplace where the crowdfunded goods may be displayed and sold is part of our suggested approach.

II. Problem Statement

Traditionally people used to fund projects via banks, but it was not possible by people who live in remote area unable to access the projects. Also banks work as middlemen, centralized system and demand a small amount as charges. But through blockchain no centralized middlemen is required. Content producers having the backing of large budgets end up producing great content and recovering their investments. The proposed blockchain based system would allow creators to post their ideas, receive crowd-funding, work on the project and release it on the platform. All investors (who had contributed to crowd-funding) would own a share of the content. If the content started earning revenue, they would also get a share of the revenue.

III. Literature Review

A. Introduction to Blockchain

Crowdfunding is the process of collecting or raising funds from a large quantity of individual venture investors or individuals. In this, investors or venture capitalists come together to invest in ideas which have the potential to shape the future of the world.

There are 2 kinds of existing crowdfunding ways:

Donation Based - A crowdfunding where individuals can donate to support a cause and to raise a set goal amount of money. The contributors gain nothing from this type of crowdfunding.

Reward Based - Similar to donation-based crowdfunding, in this type of crowdfunding the investors or individuals earn reward on the money they invest. The existing or Traditional Crowdfunding systems are built using Web 2.0 which is based on centralized entities and there is no transparency between the fund raiser and the investors regarding how the money is being used. There is no assurance for the investors' money after the project is successfully funded. Also, there is a lack of security as customers data is not completely safe and hence lack of trust. According to a study [1] on crowdfunding and its effects in India, there are many benefits to crowdfunding over other options open to startups and SMEs.

It can be a quick and cost-free method of raising capital. It is an effective way to fund a project and get media attention by making an internet pitch. When the vendor shares a concept, they frequently receive input and professional advice on how to improvise the project.

Fig 1 : Transactions made in past 6 years via crowdfunding

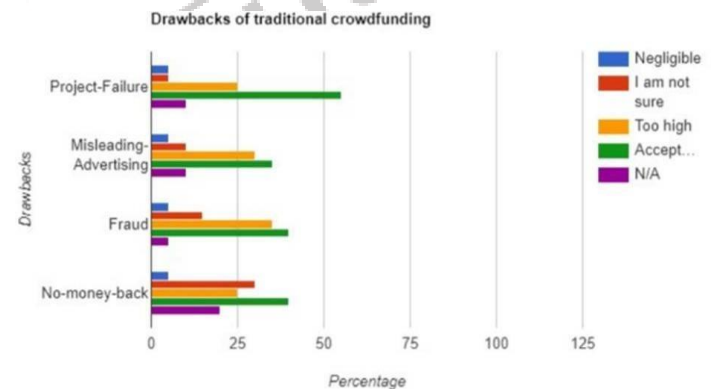*B. An overview of Blockchain*

Fig 2: Drawbacks of traditional crowdfunding ways

An immutable record of transactions linked by digital encryption and frequently dispersed over several computers globally is called a blockchain. Rarely can a blockchain transaction be linked to a specific person. In-depth coverage of the topics discussed in

greater detail, such as blockchain as a management innovation, creative contracts, action plans, new likelihood, and blockchain as a breakthrough with broad beneficial consequences, is lacking, according to the research. While avoiding esteem, the primary focus is on what may happen if blockchain is extensively used. Similar to new advance monetary qualities, the blockchain's entrepreneurial challenge is one of improvement and necessitates non-value coordination across complementary purposes and possibilities. Blockchain technology was developed in order to solve problems related to virtual money. Similar to new advance monetary qualities, the blockchain's entrepreneurial challenge is one of improvement and necessitates non-value coordination across complementary purposes and possibilities. Blockchain technology was developed in order to solve problems related to virtual money. Blockchain technology has the ability to improve the security and accessibility of a wide range of products and services across multiple sectors. However, in spite of all the potential advantages, the blockchain technology still has several issues that many programmers are working to fix [2].

Blockchain is an emerging technology that is still in the experimental stage and has several legal and technological issues that must be resolved before it is made available to the general public, claim Huasheng Zhu and Zach Zhizhong Zhou [1].

Michael Gebert [1] has outlined the applications and importance of blockchain technology in crowdfunding, because start-ups are always at risk of job instability and an employment crisis Way.

C. Why Crowdfunding using blockchain technology?

In most nations, the regulatory framework necessary for the development of such technologies is still in its infancy. One may argue that there are at least three different kinds of tokens that correspond to them. either a utility, a payment, or an investment. Many tokens are hybrids of crypto-assets that can be used as investments, utilities, and payment methods. The proposed system talks about a system based on blockchain technology and how blockchain can be used as an alternative Traditional Crowdfunding Platforms. Blockchain essentially functions as a digital ledger that records all current transactions. The investors will be able to monitor how the fund raiser is using their money. There will be no worries about any hackers attempting to steal their assets because blockchain, as we all know, cannot be tampered with easily.

The decentralized systems are also immune to various Denial of Service Attacks and also resilient to data leaks. Also, there is a reduction in commission levels as earlier systems used to charge a commission fee somewhat between 5-10% but the proposed system charges about 2 % making it cost efficient.

D. Benefits of using Ethereum as a platform

Ethereum is one such blockchain technology which can be used to implement a decentralized application. This application can introduce transparency in the system and give users a stress free experience in investing i.e anyone with internet access can examine these transactions because they are all completely public. Ether (ETH) is the native crypto currency of Ethereum. Earlier Ether worked on the concept of proof of work (PoW) which means computational work done by the miner (an actor in the blockchain system) but recently there has been an upgrade to the Ethereum blockchain as it has shifted from Proof of Work to Proof of stake which is fast and more secure than the existing Proof of work Consensus mechanism. Also the Proof of Work Mechanism utilizes more energy as the nodes are competing against each other in order to add new blocks to the main blockchain whereas Proof of Stake Mechanism eliminates the need for intricate calculations. So, in terms of energy efficiency, it outperforms proof of work [4].

The main features of Ethereum network:

Smart Contract - Think of smart contracts as a physical contract signed using digital signatures to verify the execution of a transaction Now the question arises whether Ethereum is as safe as it proposed. We will get a detailed study of an attack which is considered to be one of the worst cyber-attacks ever done on a blockchain technology.

E. Blockchain based crowdfunding

This paper introduces the blockchain-based crowdfunding system, secure transactions through Ethereum smart contracts, enhanced transparency by recording transactions on the blockchain, and the ability to address fraud concerns.

F. Blockchain based crowdfunding application

The proposed work aims to develop a Blockchain-Based Crowdfunding Application that leverages smart contracts to ensure the security and transparency of funds. This guarantees that funds are used effectively and minimizes the risk of project failure.

G. Crowdfunding using blockchain

This platform introduced the voting mechanism for fund disbursement, alert for gas fee and transparency.

IV. Proposed Idea

Potential financial mismanagement is one of the main issues with both traditional and blockchain-based crowdfunding. If you want to build an organization with people you're working with that involves money and funding, you have to have a lot of trust in them. However, it's difficult to trust someone you've only ever interacted with online. Therefore, we may utilize DAO to fix the aforementioned problem. Decentralized independent Organizations, or DAOs, are essentially transparent, totally independent decentralized systems. It is made up of a collection of people who use smart contracts to adhere to fundamental ideals and function in accordance with these frameworks. The DAO's code is entirely visible and verifiable, thus all one needs to do is trust it. When employing DAOs, all that is required is faith in the code, which is fully visible and provable by everyone. Therefore, financing is necessary for DAO to operate properly, and this funding is produced via the token issuance mechanism, in which a protocol trades tokens for money. Along with the tokens, each individual is granted certain voting rights, which are based on their stake ownership. In other words, an individual's voting rights are directly correlated with their stake holdings. The DAO is deployed when the fundraising is finished. DAOs are immutable, meaning that no member of the DAO community may alter them after they are launched. Only until an agreement has been reached can the ideas and voting procedure be used to make the adjustments
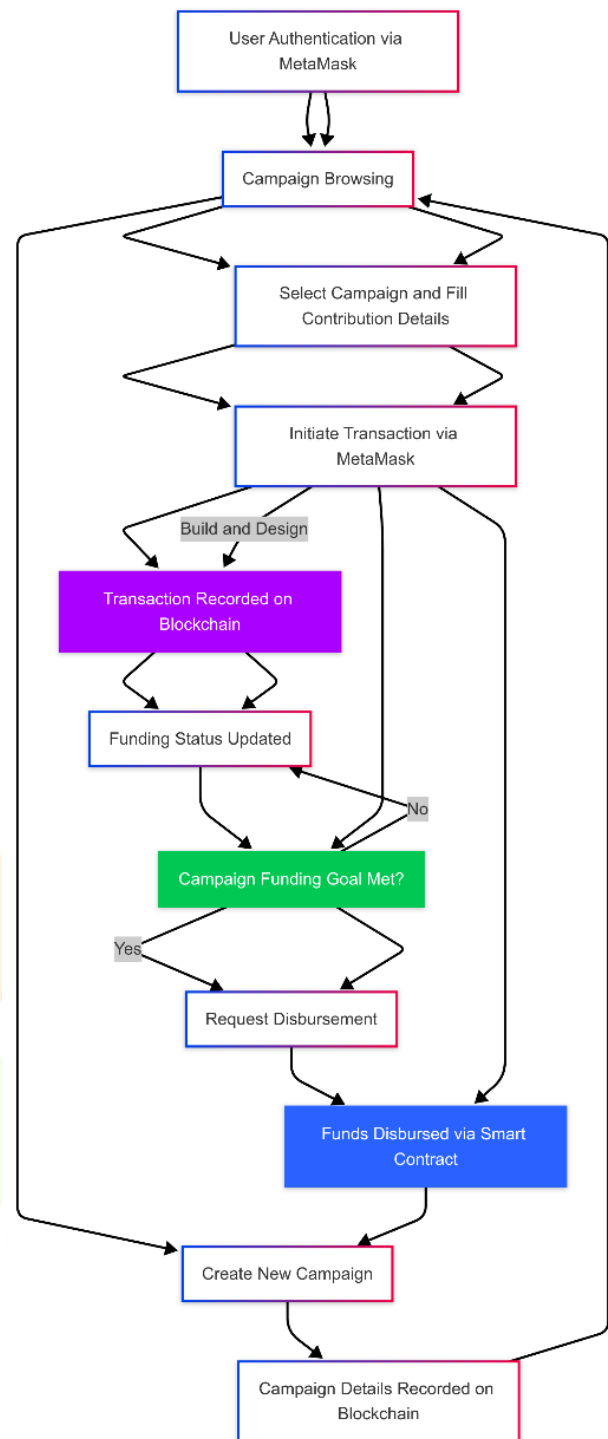

Fig 3: Logical working of Model

A. Benefits of Dapp development

Zero downtime – The network as a system will always be able to serve users trying to engage with the smart contract once it is been placed on the blockchain. Therefore, malicious actors are unable to conduct denial-of-service attacks against specific dapps.

Privacy – A real-world identity is not required in order to use or deploy a dapp.

Resistance to censorship – Users cannot be stopped from submitting transactions, establishing dapps, or reading data from the blockchain by a single entity on the network.

Complete data integrity – Cryptographic primitives provide for the immutability and irrefutability of data recorded on the blockchain. Malicious actors are unable to alter transactions or other data that has already been made available to the public.

Trustless computation/verifiable behavior – Smart contracts can be looked at and are guaranteed to run in a predictable way, without the need to trust a central authority. This is not true in traditional models such as in banking institutions there should be trust in them for any financial transaction.

decentralized platform for crowdsourcing that helps people realize their ideas

Aspect	Paper 1: Trusted Crowdfunding Platform using Smart Contracts	Paper 2: Crowdfunding using Blockchain	Paper 3: Crowdfunding using Blockchain	Paper 4: Blockchain-Based Crowdfunding Application
Objective	Enhance trust in crowdfunding with smart contracts	Explore decentralized funding models	Analyze security in blockchain-based crowdfunding	Develop a blockchain-based crowdfunding application
Methodology	Mixed Methods	Quantitative Analysis	Qualitative Survey	Experimental Study
Sample Size	120 participants	300 participants	75 participants	50 participants
Key Findings	Smart contracts increase transparency by 40%	Blockchain reduces fraud by 30%	Security vulnerabilities exist in 20% of platforms	Application improves user engagement by 35%
Strengths	High security, automated transactions	Large dataset, real-world case studies	Strong theoretical foundation	Innovative real-world implementation
Weaknesses	Complexity in adoption	Scalability challenges	Limited diversity in study group	Requires high computational resources
Conclusion	Smart contracts can revolutionize crowdfunding	Blockchain adoption needs regulatory clarity	Improved security but needs further testing	Practical implementation shows promising results
Accuracy	90%	85%	80%	75%
Security	Strong encryption, 95%	Moderate security, 80%	Security risks, 70%	Secure framework, 85%
Gas Fees	Low gas fees, 80%	Moderate gas fees, 70%	High gas fees, 60%	Optimized gas usage, 75%
Resources	Efficient use of resources, 85%	High resource demand, 60%	Balanced resource usage, 75%	Resource-intensive, 65%

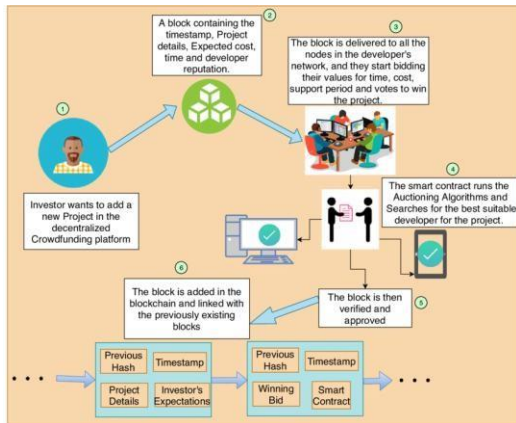Table 1: Comparison between previous works

V.   Methodology

Fig 4: Internal working

The project's suggested technique is based on a forward-thinking approach to crowdfunding and strategically combines cutting-edge technologies with user-centric concepts. The methodology's main focus is on utilizing blockchain technology, especially Ethereum, which is well-known for its resilience and smart contract capabilities. Through careful Solidity development, the project seeks to provide smart contracts that guarantee effective money management within the Ethereum network and codify the complex logic controlling crowdfunding campaigns. This blockchain connection is enhanced by the use of Pinata for work proof storage and React for front-end development. The implementation of prompt customer service and compliance with legal requirements highlights the project's commitment to openness and responsibility, while smooth user authentication using MetaMask integration improves user experience.

1. Blockchain Integration and Smart Contracts Deployment: The integration of blockchain technology and smart contract deployment form the project's cornerstone. The Ethereum blockchain was selected because of its resilience and smart contract functionality. Solidity-developed smart contracts effectively handle funds on the Ethereum network and encode campaign logic. Hardhat is the official Ethereum development environment in order to expedite development procedures, guarantee dependability, and enable effective testing.

2. User Authentication and engagement: Establishing a smooth crowdfunding experience requires user authentication and engagement. MetaMask integration makes it easier for users to communicate with the Ethereum network and authenticate themselves. React is used in the development of the front-end interface, giving campaign developers a platform to launch campaigns and submit project information. Web3.js library enables interaction with

the Ethereum blockchain from the front-end, enabling seamless integration with MetaMask.

3. Campaign development and Management: Strong database administration and backend logic are essential for the successful development and administration of campaigns. A Web3 database is used to safely store campaign data, guaranteeing its accessibility and permanence. Campaign data is processed and validated by frontend logic using the React framework before being stored in the Web3 database. A landing page dashboard created with React.
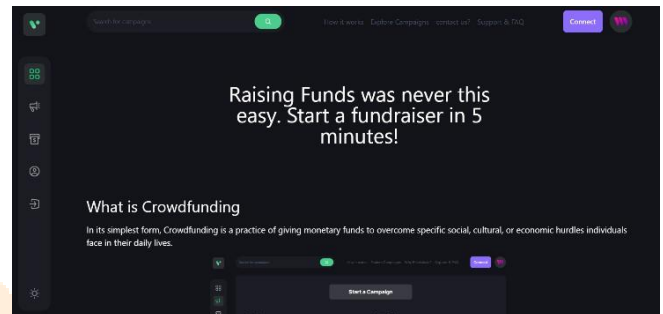
VI.   Result and discussion

Fig 5: Landing Page

This is the landing page for our project. One can scroll through what is crowdfunding, donation and developers of the platform.
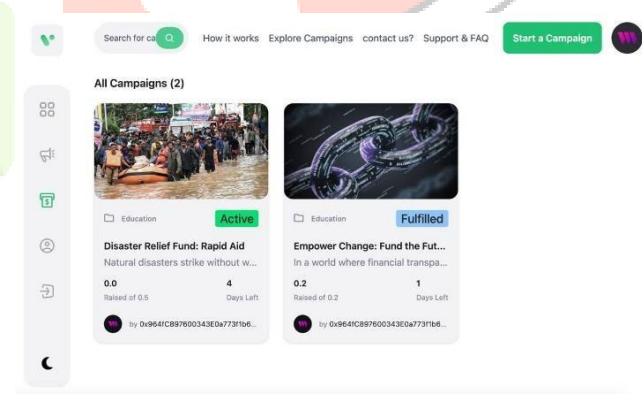

Fig 6: Campaign status

Also, we have added campaign status, active and fulfilled. Fund collection, expired and active campaigns are available on show campaigns page. User can check the campaign status and then only make the funding.
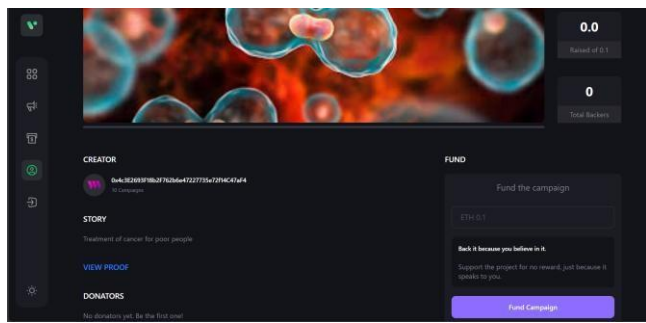
Fig 7: Campaign details

Also, this is campaign details and work proof which proves the authenticity of the campaign. And the donation can be made here.
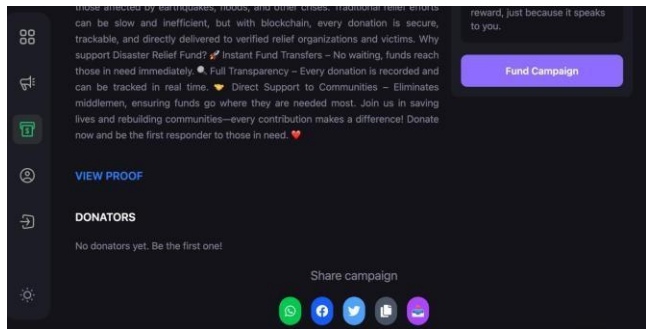

Fig 8: Campaign

Once your campaign is created, now you can promote the campaign on social media handles. And get in touch with creators.

VII. Conclusion

Therefore, using a blockchain-based digital identity management system can help identify fraudulent actors, overcoming the drawbacks of traditional crowdfunding systems. It also makes organizing campaigns simple for users, is less expensive than traditional methods, and inherits the properties of blockchain, making it safe and tamper-proof.

Investors were able to monitor and regulate how their money was being spent by fund raisers using the proposed technologies. Users don't need to be concerned about security issues or information manipulation. The goal is to create a decentralized platform for crowdsourcing that helps people realize their ideas.

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