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## GRINS – Growing Resilient, INclusive and Sustainable

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### SPOKE 4

## D4.2.2 – Policy briefs and best practices for financial inclusion and participation to EU Capital Markets

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# Sustainable crowdfunding and cultural contexts: Evidence from a longitudinal multi-country analysis<sup>1</sup>

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## Executive summary

Crowdfunding has become an important channel for financing entrepreneurial projects that conventional banking and venture capital often overlook. In recent years, crowdfunding platforms have increasingly engaged with sustainability, supporting ventures committed to social and environmental impact. However, little is known about whether platforms that prioritize sustainability gain strategic advantages, and under what cultural conditions such strategies are effective.

This study examines 573 equity crowdfunding platforms (ECF) across 37 OECD countries over the period 2008–2023. The study finds that platforms with a social orientation outperform other platforms in terms of investor participation and campaign success. However, the cultural environment plays a key role: the benefits of sustainable positioning are weaker in countries with high levels of cultural individualism and masculinity, where collective engagement and social responsibility are less embedded in social norms.

The results demonstrate that sustainability can be a source of competitive advantage in digital finance, but its effectiveness depends on contextual conditions. These findings carry relevant implications not only for platform managers and entrepreneurs but also for regulators and policymakers promoting sustainable finance and inclusive digital markets.

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<sup>1</sup> Based on the paper: “Faré, L., Meoli, M., & Vismara, S. (2024). Sustainable crowdfunding and cultural contexts: Evidence from a longitudinal multi-country analysis. *Finance Research Letters*, 70, 106345.”

## Context and relevance of the issue

Crowdfunding has emerged as a key component of financial innovation, democratizing access to capital for startups and small firms (Block et al., 2018; Cumming et al., 2021). Beyond funding innovation, crowdfunding has also become a tool for advancing sustainability objectives by channeling resources toward socially responsible and community-based initiatives (Messeni Petruzzelli et al., 2019; Vismara, 2019). Policymakers recognize its potential, with the European Union explicitly encouraging sustainable crowdfunding within Regulation (EU) 2020/1503 to support a transition toward more responsible finance.

However, most research has focused on whether entrepreneurs and investors engage with sustainability (Hornuf et al., 2022; Troise et al., 2021), while very little attention has been given to the role of crowdfunding platforms themselves as strategic actors influencing sustainability in finance (Cumming et al., 2024). This study fills that gap by examining whether platforms that incorporate social criteria into their selection of projects are more successful and under what conditions.

The study also introduces a cultural dimension to sustainable finance, showing that the effectiveness of social orientation depends on national cultural traits, particularly individualism and masculinity. These findings add nuance to the belief that sustainability strategies universally enhance performance, emphasizing that policy support should consider local cultural barriers to sustainability adoption in digital finance.

## Methodology

This study relies on a longitudinal dataset of 573 equity crowdfunding (ECF) platforms operating in 37 OECD countries over the period 2008–2023, resulting in 3,745 platform–year observations. Platforms were identified using national crowdfunding registries, fintech associations, and alternative finance reports. Platform performance is measured by the number of registered investors, a widely adopted proxy of platform attractiveness and market success in the crowdfunding literature (Ahlers et al., 2015; Vismara, 2016).

To identify whether a platform has a sustainability orientation, we manually examined platform documentation and websites to verify the inclusion of social impact criteria in project selection. Following Cumming et al. (2024), a platform is defined as social-oriented if it selects or promotes ventures addressing social issues related to human capital, product responsibility, stakeholder involvement, or social opportunities, as categorized by the MSCI ESG Intangible Value Assessment framework. To analyze the role of cultural context, the study incorporates Hofstede's cultural dimensions of Individualism and Masculinity as moderating variables, capturing country-level variation in collective versus self-oriented cultural values.

The econometric analysis is based on linear panel regression models with random effects and robust standard errors clustered at the platform level, while controlling for platform characteristics, macroeconomic context, and institutional quality. Robustness tests include

alternative performance outcomes such as the platform's likelihood of survival and the number of successful campaigns, as well as a control for platform quality.

## Findings

The empirical analysis provides four main findings:

1. Sustainability orientation improves platform performance: Social-oriented platforms attract more investors than non-social platforms. Sustainability engagement serves as a signal of legitimacy, increasing public trust and visibility.
2. Cultural individualism weakens sustainability benefits: In countries where individualism is high, social orientation generates smaller performance gains. These are environments where collective action is weaker, reducing investor sensitivity to socially motivated campaigns.
3. Masculine cultural environments reduce sustainability benefits: In countries with high masculinity scores, platforms receive less benefit from social positioning. Strong competition and market success norms may reduce interest in social-purpose investment.
4. Platform strategy matters: Platforms offering both equity and debt instruments and specializing in specific industries (e.g., green energy, health) perform better, suggesting complementarity between professionalization and sustainability strategies.

These findings provide evidence that sustainability pays off in digital finance, but its success depends on socio-cultural context, making the role of policy crucial in enabling equitable access to sustainable finance instruments.

## Policy Implications

The findings offer relevant insights for policymakers who are designing regulatory initiatives to support sustainable finance and digital financial inclusion. The results suggest that sustainability strategies in crowdfunding must be supported by policy frameworks to maximize their effectiveness across different cultural and market contexts. In particular, regulators should encourage crowdfunding platforms to integrate social impact criteria into project selection by:

- Introducing ESG disclosure requirements for crowdfunding platforms, ensuring basic transparency on sustainability criteria, impact selection policies, and risk communication without imposing excessive administrative burdens.
- Including sustainability governance standards in the authorization and supervision process of platforms under Regulation (EU) 2020/1503, encouraging the creation of impact committees or ESG oversight mechanisms within platform governance.
- Establishing a European sustainability label for crowdfunding platforms to certify credible sustainability practices and prevent greenwashing, similar to existing EU labels in green bonds and sustainable investment funds.

- Creating incentive-compatible frameworks such as reduced supervisory fees, access to public co-funding schemes, or eligibility for sustainable innovation funds for platforms demonstrating consistent social impact orientation.
- Supporting harmonized data collection and reporting on sustainability in crowdfunding markets by requiring standardized metrics for social impact campaigns and facilitating benchmarking across EU member states.

## Conclusions

This study demonstrates that sustainability can be a strategic driver of performance in digital finance, providing evidence that equity crowdfunding platforms with a social orientation attract more investors, list more successful campaigns, and are more likely to remain active over time. However, the analysis also reveals that cultural context plays a decisive role in shaping the effectiveness of sustainability strategies, as platforms operating in countries characterized by higher levels of individualism and masculinity derive fewer performance benefits from their social focus. These findings indicate that sustainability in crowdfunding is not only a matter of platform strategy but also of institutional and cultural environment, reinforcing the need for supportive policy frameworks that reduce contextual barriers and foster impact-driven innovation. By integrating sustainability principles into platform governance and regulation, policymakers can unlock the potential of crowdfunding to support inclusive entrepreneurship, socially responsible investment, and the broader transition toward a sustainable economy.

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