

**THE SUCCESS FACTORS OF INITIAL
COIN OFFERINGS
FROM THE PERSPECTIVE OF RETAIL
INVESTORS AND
SOPHISTICATED PLAYERS OR EXPERTS**
Master's Thesis

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Eskişehir 2022

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SOPHISTICATED PLAYERS EXPERTS**

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MASTER'S THESIS

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July 2022

FINAL APPROVAL FOR THESIS

This thesis “The Success Factors Of Initial Coin Offerings From The Perspective Of Retail Investors And Sophisticated Players (Experts)” has been prepared and submitted by Mohamed ABUKAR in partial fulfillment of the requirement in “Anadolu University Directive on Graduate education and Examination ” for the Degree of Master of Arts in Finance Department has been examined and approved on 29/06/2022.

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ABSTRACT
THE SUCCESS FACTORS OF THE INITIAL COIN OFFERING FROM THE
PERSPECTIVE OF THE RETAIL INVESTORS AND SOPHISTICATED PLAYERS
(ADVISORS, MARKETERS, EXPERTS, AND FOUNDERS)

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A novel form of ICO fundraising built on cryptocurrency tokens has captured the attention of investors in recent years. The ICO industry has developed rapidly in modern days, and it emerged as a major option to traditional fundraising mechanisms for firms in the venture or start-up period. From the retail investors' and sophisticated players (experts)' perspectives, little is revealed about the success factors of ICOs. To focus on this, the objective of this study is to discover the success factors of initial coin offering from retail investors' and sophisticated players (experts)' perspectives. To meet the targets of this thesis, a quantitative study was conducted, employing questionnaires for individual ICOs, retail investors, and sophisticated players (experts). This thesis accomplished its goal by analyzing the literature and conducting empirical research, and a list of initial coin offerings' success variables was already discovered. It was revealed that all stakeholders are solely driven by the prospect of productively earning a financial gain on their venture capital. In this thesis, we examine characteristics that have a significant effect on firms' ability to accomplish their fundraising targets using initial coin offerings. And then, we determined a set of variables from existing studies and then tried to find to further validate the consequence of these variables while existing unknown ones through questionnaires distributed to 100 respondents who have participated in initial coin offerings and contributed their experience with different levels of success. Furthermore, the conclusions of this thesis exposed that the success of initial coin offerings is also connected to the product, token use case, community, token value creation model, roadmap, funding goal, smart contract audit, regulation, founders' tokens

vesting, campaign duration, escrow, marketing, location factor, token distribution founders teams' experiences, the amount information on the whitepaper, accepting several currencies, cryptocurrencies' price, social networks such LinkedIn, Telegram, Twitter and GitHub, and disclosure of teams' information. The findings are useful for initial coin offerings entrepreneurs and investors because the success of the initial coin offerings benefits both sides.

Keywords: Tokens, Initial Coin Offerings, Success factors, Fundraising, Start-Ups,

ÖZET
İLK DİJİTAL PARA ARZLARINI VE BAŞARIYI BELİRLEYEN
FAKTÖRLER

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Son yıllarda, kripto para jetonlarına dayalı yenilikçi bir ICO kitle fonlaması biçimi, yatırımcıların dikkatini çekti. ICO endüstrisi son yıllarda hızla gelişti ve girişim veya başlangıç aşamasındaki şirketler için geleneksel fon yaratma mekanizmalarına önemli bir alternatif olarak ortaya çıktı. Bireysel yatırımcıların ve sofistike oyuncuların (uzmanların) bakış açılarından ve ICO'ların başarı faktörleri hakkında çok az şey ortaya çıkıyor. Buna odaklanmak için bu tezin amacı, bireysel yatırımcıların ve sofistike oyuncuların (uzmanların) bakış açılarından ICO'ların başarı faktörlerini belirlemektir. Bu tezin hedeflerine ulaşmak için, bireysel ICO lar, bireysel yatırımcılar ve sofistike oyuncular (uzmanlar) için anketler kullanan nicel bir çalışma yapılmıştır. Bu tez, literatürü analiz ederek ve ampirik araştırmalar yaparak amacına ulaştı ve ICO'lar için bir başarı faktörleri listesi belirlendi. Tüm yatırımcıların yalnızca yatırımlarından başarılı bir şekilde finansal getiri elde etme beklentisiyle yönlendirildiği kanıtlanmıştır. Bu tezde, firmaların ICO'ları kullanarak fon yaratma hedeflerini gerçekleştirme yetenekleri üzerinde önemli bir etkiye sahip olan özellikleri inceliyoruz. İlk önce mevcut literatürden bir dizi faktör belirledik ve daha sonra ilk madeni para tekliflerine katılan ve deneyimlerine farklı başarı seviyelerinde katkıda bulunan 100 katılımcıya dağıtılan anketler aracılığıyla yenilerini ortaya çıkarırken bu faktörlerin etkisini daha fazla doğrulamaya çalışıyoruz. Ayrıca, çalışmanın bulguları, ICO'ların başarısının aynı zamanda ürün, token değer yaratma modeli ve token kullanım durumu, topluluk, düzenleme, yol haritası, pazarlama, token dağıtımı, fonlama hedefi, kampanya süresi, akıllı sözleşme denetimi, kurucuların jetonları, emanet, konum faktörü, kurucu ekiplerin deneyimleri, teknik incelemedeki miktar bilgisi, çeşitli para birimlerinin kabul edilmesi, kripto para birimlerinin fiyatı, LinkedIn, Telegram, Twitter ve GitHub gibi

sosyal ađlar ve ekiplerin bilgilerinin ifşası. Her iki taraf da ICO'nun başarısından yararlandığından, bulgular ICO'ların girişimcileri ve yatırımcıları için önemlidir.

Anahtar Sözcükler: Başarı Faktörleri, İlk Dijital Para Arzı, Kitlesele Fonlama, Filiz Şirket, Simgeler

**STATEMENT OF COMPLIANCE WITH ETHICAL PRINCIPLES AND
RULES**

I hereby truthfully declare that this thesis is an original work prepared by me; that I have behaved in accordance with the scientific ethical principles and rules throughout the stages of preparation, data collection, analysis and presentation of my work; that I have cited the sources of all the data and information that could be obtained within the scope of this study, and included these sources in references section; and that this study has been scanned for plagiarism with : scientific plagiarism detection program” used by Anadolu University, and that “ it does not have any plagiarism” whatsoever. I also declare that, if a case contrary to my declaration is detected in my work at any tim, I hereby express my consent to all the ethical and legal consequences that are involved.

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Mohamed Abdullahi Nor ABUKAR

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ABBREVIATIONS

ICO	Initial Coin Offerings
DLT	Distributed Ledger Technologies
BTC	Bitcoin
IPO	Initial Public Offering
ESMA	European Securities and Markets Authority
KYC	Know Your Customer
AML	Anti-Money Laundry

ACKNOWLEDGEMENT

I would like to thank the Turkish Government Scholarship managed by YTB for making it possible for me to study here in Eskişehir, Turkey. I also want to thank all the family and friends for their motivations, constant support, and prayers throughout the time of the study. And also, I would like to take this opportunity to first and foremost to thank my supervisor Prof. Dr. Serpil ALTINIRMAK for her tireless support and guidance. I admit your massive help during writing this thesis. Besides my supervisor, I would to thank our department teachers, the institute, and the whole staff of Anadolu University for their support during my study career.

CHAPTER ONE

1. INTRODUCTION

A novel form of ICO fundraising built on cryptocurrency tokens has captured the attention of investors in recent years. The ICO industry has developed rapidly in modern days, and it emerged as a major option to traditional fundraising mechanisms for firms in the venture or start-up period. From the retail investors' and sophisticated players (experts)' perspectives, little is revealed about the success factors of ICOs.

Debt and equity have been used to fund businesses for decades, but until Distributed Ledger Technologies (DLT) and an innovative new method of raising capital called an Initial Coin Offering (ICO), the basics stayed the same.

Since the middle of 2017, academics and financial institutions alike have become increasingly interested in blockchain technologies, largely due to the subsequent rise in the price of Bitcoin, which has been a widely discussed topic in mainstream media for years. The most interesting institutions in cryptocurrencies are private banks, governments, and corporations (Zhao et al. 2016).

Nodes and computers record and share data on the blockchain. A distributed ledger is the technology used. There are two types of blockchain: one that uses bits of data known as “blocks” for exchange, one that uses a chain of these blocks to construct blockchains. Blockchains are classified into two types: public blockchains and regulated blockchains. The public blockchain has no central owner, whereas regulated blockchains enable some administration and oversight (DLT, 2018).

One of the most well-known blockchain technology applications are cryptocurrencies and Initial Coin Offerings (ICO). Initial coin offerings, in particular, have been used by software companies to raise money early in their lifetimes, allowing them to innovate and build new blockchain-based applications. In the past few months, larger corporations like Facebook have expressed an interest in cryptocurrencies, but not for the purpose of raising money through an ICO.

Initial coin offerings (ICOs), a new way to raise money based on cryptocurrency tokens, were started in 2016 to get the attention of business owners and investors. In addition

to the considerable surge in popularity of cryptocurrencies such as Bitcoin and Ethereum, which is an electronic money that functions on a decentralized network, initial coin offerings (ICOs) and token sales also saw significant growth in popularity in 2017 (Russolillo, 2017).

Initial Coin Offering (ICO) is a method of funding projects via the internet whereby a start-ups issue tokens to a group of investors. This method is also known as a cryptocurrency crowdfunding campaign (Fisch, 2019a). The newly produced tokens cannot be purchased directly with fiat currencies (such as pounds, euros, and so on), and people interested in purchasing tokens must utilize the major altcoins (i.e., Bitcoin, Ethereum).

Fenu et al. (2018) emphasized how important it is for new cryptocurrencies to be offered to the public in exchange for already existing cryptocurrencies. This is done to fund projects that will help blockchain technology improve. For this purpose, software companies started using ICOs as a crowdfunding tool ("Wall Street Journal", 2017). However, in this process, despite the simplicity of use, ICOs used for fraudulent transactions are also encountered (Roubini, 2018). We should not be surprised that many ICO-funded firms fail because few of them were truly innovative. The Dot Com Bubble of the 1990s was evoked by the euphoria of ICOs for tiny firms, however this image vanished with the decline of bitcoin in 2017.

Tokens are classified into two types: utility tokens, which provide holders with accessibility to the issuer's products or services, and security tokens, which provide holders with financial rights such as earnings and the right to vote, debt-like legal protections, and tangible possessions such as art and real estate.

The issuing of both commodities and security tokens is referred to as a "initial coin offering," as previously stated (Liu Chen and Wang Haoquan, 2019).

When investors take part in initial coin offerings (ICOs), they give digital currencies like Bitcoin and Ethereum in exchange for tokens. Every venture that raises capital through an initial coin offering (ICO) is required to establish a "soft cap," which refers to the smallest possible sum of money that can be amassed through investor participation in the ICO.

Since blockchain technology emerged and attracted more investors due to some of the hype that skyrocketed its price and caused a bubble, While financial markets have seen tremendous money raised by start-ups, it is unclear whether this is bubble enthusiasm around cryptocurrencies such as bitcoin and Ethereum.

Some large projects with outstanding concepts but no actual product failed in initial coin offerings because the market situation was unfavorable. After the entry of certain ICOs into the secondary market, the prices quickly decreased and are now lower than the initial coin offerings' price. The main thing that worries people is that initial coin offerings allow businesses to get money from people and organizations with less experience without first telling them enough about the risks. Before producing a working product, several businesses ask for funding from non-professional investors.

Because initial coin offerings (ICOs) are extremely volatile and risky investments, investors run the risk of losing all of the money that they have invested in the ICO. Token prices are notoriously hard to predict, and people who hold them won't be able to cash them out for a long time. In addition, businesses that sell safety tokens shall comply with the applicable regulations. When ICOs are registered outside of what the EU rules cover, they do not follow the rules and do not help investors. (ESMA, 2017).

Since ICOs have been innovated, investors have gotten opportunities to invest in start-ups, aiming for the projected success of the business for a potential good result. It is vital to provide investors with guidance on how to properly invest in and support ICOs. Small investors, without a doubt, are unable to conduct comprehensive analyses and evaluate potential investments. Investors must assess investment chances by utilizing the ICO's success indicators to effectively earn a financial return on investment. From the perspective of investors, nothing is known about the success criteria of ICOs. In the context of this study, success factors include those that influence the success of initial coin offerings.

The purpose of this thesis is to investigate the factors that contribute to the success of initial coin offerings (ICOs) from the points of view of both ordinary investors and skilled participants (experts).

This is the research question: What are the key success factors for ICOs from the viewpoints of retail investors and sophisticated players?

This thesis aims to figure out what makes ICOs successful from the point of view of market participants like retail investors and more experienced players (experts). The first group of retail investors included those with a strong interest in the ICO business and who have previously explored or invested in coins. Venture capitalists that invest in businesses and have a deep understanding of the ICO industry because tokens are used as an investment

form make up the second group of ICO consultants, marketers, PR specialists, legal advisers, and other ICO professionals.

The following are the study's objectives:

1. To assess the literature on the success factors of ICOs and other early-stage fundraising forms from the perspectives of retail investors and sophisticated participants (experts) on the definitions of ICO crowdfunding, the various types of crowdfunding, investor motives, and success factors.

2. Conduct empirical research to uncover ICO success factors from the perspectives of both retail investors and sophisticated players (experts).

3. Present a summary of what makes the initial coin offering successful, based on what we have read and what we have seen in the real world.

4. Creating success criteria to boost the success rate of investing in ICOs by including small investors and professionals in the decision-making process.

In this study, a quantitative study (unstructured survey) was used as a research design (questionnaires). The significance of this study stems from the scarcity of studies in the areas.

In the first part of this section, we will cover the fundamentals of initial coin offerings (ICOs) with regard to blockchain technology and digital currencies. Then, in the second section, we go over ICOs in greater depth. In the third and final subsection, we take a look at the existing literature on initial coin offering success criteria. Because there is not a lot of academic literature on the topic, some sources from the grey literature are cited instead of scientific ones, even though scientific sources are cited whenever possible.

1.1 Blockchain, Initial Coin Offerings, And Cryptocurrencies

Aside from cryptocurrencies like Bitcoin, blockchain technology is being used for a variety of other purposes as well (Nakamoto, 2008).

The blockchain makes sure that transactions can't be changed or undone by using a peer-to-peer network to confirm and store them. As a result, they are exceedingly safe and suitable for a wide range of financial transactions (Feng et al., 2018). Indeed, since blockchain technology grows, it is now viable to tokenize assets other than (digital) cash (Tapscott et al, 2017). While a coin (like Bitcoin) is its own self-contained cryptocurrency that operates on its own blockchain (platform), a token is a cryptocurrency that operates on

a separate blockchain altogether (controlled by a different coin) (Amsden & Schweizer, 2019).

Investors have said that the Ethereum project was a turning point for blockchain because it made it possible to make decentralized apps and digital currencies based on blockchain that could represent a wide variety of assets (Buterin, 2014; Y. Chen, 2018). Following this development, developers became aware of the notion of tokenizing aspects of projects and funding them through ICOs (Buterin, 2014).

Willett (2012) highlighted the idea of using initial coin offers (ICOs) as a means of obtaining funds. Millions of projects have used ICOs to raise funds since then (Icobench, 2020). Initial coin offerings are appealing due to their lack of regulation; (2) “cost efficiency due to the absence of intermediary costs; (3) a larger pool of potential investors due to the absence of investment or marketing restrictions; and (4) rapid liquidity for investors following successful listing, as tokens can be sold almost immediately, at almost no cost to the project” (Amsden & Schweizer, 2019).

1.2 Utilizing Initial coin offering In Practice

ICOs are highly diverse, although initial coin offerings are largely unregulated. The company doing the initial coin offerings can use an existing blockchain platform or build a new one. It is also possible for a company to specify its minimum (soft cap) and maximum (hard cap) goals for an ICO, as well as who can participate in the ICO and what cryptocurrencies they accept.

Kaal and Dell’Erba (2017) created a roadmap to show the typical ICO procedure in order to better identify initial coin offerings (ICOs). For example, Reddit is frequently used as a platform for announcing initial coin offering activities to the cryptocurrency community. Following that, investors in the initiative are given access to the executive summary of the project. The next step in the process often involves drafting a whitepaper that provides a more in-depth description of the project and can be linked to a business strategy. The final step in this initial stage is to create a whitepaper outlining the project's technical requirements, to the extent that they are clear at this early stage (Kaal & Dell’Erba, 2017).

Initial coin offerings are later unveiled in stages. Ryshin (2018) revealed that once the sale begins, an ICO may go through three stages: private sale, public sale, and pre-sale. The initial steps are typically used to seek greater contributions from a few investors who seek markdowns. Some initial coin offerings just involve selling coins to a large number of people, while most pre-ICOs are only made available to a small number of investors at first. The public ICO is published when the pre-ICO offers have been signed. This is the beginning of such a free marketing scheme. The tokens will be accessible for buying on cryptocurrency exchanges once the public sale begins (Kaal & Dell'Erba, 2017).

1.3 The Main steps in an ICO

Nicos (2020), initial coin offerings are a fairly new concept, with significant case-by-case variations in how they are carried out and no uniform protocol that is constantly followed. However, there are specific procedures that appear to be followed by the majority of ICOs.

Pre-announcement is the initial phase, which is designed to inform the general public about the initiative. This is generally performed through disclosures on blockchain-related forums and websites, as well as on cryptocurrency exchanges (Reddit, Twitter, and Telegram). The pre-statement includes a concise description of the project (concept, purpose, and execution processes) as well as information about the project's team members. The public begins to provide comments to the team based on these initial pieces of information. This is an important technique in these early phases, first because it explains how humans interact with the ideas and the product, and secondly, because the feedback helps the team develop their project before moving on to the next stage, which is the offer. The offering is the project's final result, which has been publicly announced and made available. The white paper is an important part of the package. In that it explains the whole project in detail, the white paper is akin to a project letter of intent. The executive overview of the work, the inspiration, the principal notion, information on the project's marketability, investor information, including token networks, details about the team and advisers, and a plan of implementation are all included in the white paper's framework. The disclosure of all of the project's technical particulars, as well as the publication of the computational code contained within the proposal for the project, is an additional essential component of the offer stage.

This enables specialists to examine the code for any flaws or omissions. When the offer comes public, the team is focused on its public relations effort. Since ICOs are intended for the public at large, information dissemination is critical throughout the ICO process. Both PR and campaign techniques are critical to the success of an ICO. Even before the first step of the pre-announcement, project owners guarantee that they can use social media platforms as quickly and efficiently as possible to monitor information going to the public and respond to criticisms. However, particularly after the offer comes public, the public relations campaign plays an important role in ICO procedure. To attract investors, project owners typically hire communication gurus who publicize the upcoming ICO by offering presentations at conferences and giving online presentations. The deployment of so-called Airdrops is one of the most prevalent marketing strategies employed as part of the project. Designers transfer free tokens to the public's electronic wallets through airdrops.

The next step is the crowd sale. There are now two options for how the public sale is carried out. In the first scenario, “project owners issue the tokens on a set date, and investors can purchase them by trading their major cryptocurrencies (such as bitcoin or Ethereum) for the appropriate amount of tokens, based on the token's price relative to the main cryptocurrency”. In the second scenario, project owners are originally supported by investors, who then receive tokens once the initiative has progressed to a certain stage.

Because it is the most crucial phase in fundraising, the crowd sale is a delicate step in the process. To foster confidence and transparency, several ICO issuers use escrow services and, in certain cases, escrow-based milestones. Escrow is indeed a financial contract in which a third party controls payments and operations and restricts cash disbursement.

These third-party candidates collect and hold the capital generated from shareholders inside an escrow account before releasing it to the publisher once a series of preconditions, disclosed to investors, are met. This procedure enhances the amount of confidence between both the management team and indeed the donors, increasing the likelihood of the ICO's success. The development team does not obtain immediate access to all of the funds received because escrow-based milestones are employed; rather, the funds are distributed in installments and according to specified milestones set by the issuer. This approach boosts investor confidence even more because investors can see escrow-based milestones as a result

of increases and meet the white paper's aims because the steering committee can only access the money raised if these milestones are met.

The issued coin must then be specified on a cryptocurrency exchange as the final step. There are already over 200 bitcoin exchanges, each with its listing fees and regulations. Filling out a lengthy listing form containing details about the study as well as the team, but also technical details concerning the coin/token, is required when launching a new coin to an exchange. Top exchanges require a legal document (the issuer must be a legal entity) as well as a legal opinion letter from a law firm defining the legal features of the coin, with a focus on whether the currency is governed by authority and whether any license is required. Some exchanges also demand a thorough smart contract review, which might take up to a week to execute. And once the application and the relevant documentation are completed, it takes a few weeks for the exchange to review an application and list the token (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

1.4 Main features of an ICOs.

Though initial coin offerings are relatively new and continuously growing phenomena, the way they are done already demonstrates how they are distinct from traditional methods of financing. ICOs are known for being efficient, global, easy to participate in, broad in scope in regards to what they finance, not legally approved, concentrated on extremely early phases of project development, and posing a major risk to investors. The next paragraphs go through these features in further detail.

There is no effective regulatory framework in place to control the handling of initial coin offerings. As a result, regulatory limitations from both investors and promoters have loosened or vanished entirely. Given the global nature of ICOs, the lack of a specialized legal framework can offer certain risks to investors, which have been acknowledged by the majority of the world's major regulatory organizations thus far. (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

ICOs are typically held early in the history of the goods or services they are meant to support, putting investors at greater risk. Another feature of ICOs is that they are not funded directly with fiat cash; instead, investors must buy tokens using specific cryptocurrencies.

Furthermore, because most ICOs are only available for a limited time, fundraising occurs swiftly.

Finally, ICOs rely only on blockchain technology, implying that they take place on decentralized electronic platforms. Funds are transferred directly to fundraisers, eliminating the need for intermediaries and significantly cutting fundraising costs. Finally, ICOs rely only on blockchain technology, implying that they take place on decentralized electronic platforms. Funds are transferred directly to fundraisers, eliminating the need for intermediaries and significantly cutting fundraising costs. One benefit for investors is that there are digital trading platforms where they can quickly exchange their tokens and liquidate their investment without suffering any early redemption penalty. Because there is frequently no marketplace in traditional venture capital financing, where the liquidation period for stakeholders in start-ups typically lasts years, the availability of such a secondary market is a significant aspect for investors (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

2. COMPARING INITIAL COIN OFFERINGS WITH INITIAL PUBLIC OFFERINGS AND CROWDFUNDING

Initial public offerings (IPOs) and crowdsourcing are the most similar traditional fundraising types to initial coin offerings. While IPOs and crowdfunding have some similarities, initial coin offerings (ICOs) have a number of major differences.

2.1 ICOs and IPOs

Both initial coin offerings and initial public offerings have the same fundamental goal: to generate revenue. Both ends are the same, indicating that project shareholders are seeking cash from investors or funders. There are, however, several major variances. Investors in initial public offerings (IPOs) purchase shares in established enterprises that have already expanded their company's resources and assets and commenced to generate cash flows. Investors acquire shares, which indicate ownership in the company, in proportion to the number of shares purchased.

As shareholders, IPO investors have voting rights on significant business decisions and are entitled to benefits if the company goes bankrupt and has to be liquidated. Finally, there are two sorts of returns that IPO investors normally receive: dividends and capital gains.

Initial coin offers, on the other hand, take place at any level of a project's development, most commonly in the early stages of a startup with no completed product or service and hence no revenue generation. Digital tokens are given to investors in exchange for exclusive access to and use of a proposed product or service.

“Token holders may not have any ownership rights in the project's operating firm (at least not in the majority of ICOs thus far), and hence no dividend or compensation rights if the company is liquidated”. They primarily want capital gains, anticipating that as the product/service is developed, the need for the token will rise, causing the token's price to rise as well, provided that the token distribution is limited to a certain number of tokens (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

The price varies greatly as well. In IPOs, certain valuation processes are employed to price newly issued shares, and the IPO industry frequently hires investment banks to assist them in calculating an acceptable price based on a list of company and market criteria.

Pricing in initial coin offering is a challenging operation because no basic analysis can be conducted, first due to the lack of record of success data, and second due to the structure of the initial coin offerings, which is impossible to make money. In terms of price volatility, the cryptocurrency market has no market regulations (i.e., market limits, order size limitations) to prevent extreme volatility, and big token holders are better capable of manipulating the market because founders/entrepreneurs do not have a lock-up period.

Another significant distinction is the extent of intermediaries. The majority of initial public offers (IPOs) are managed by underwriters, who are heavily involved in many aspects of the offering, from providing assistance and filing papers to executing the entire sale. Developers are more heavily involved in ICOs, and advisers play a significant role, although not to the extent as in IPOs. Finally, IPOs are extensively regulated, with specific rules for offers, marketing, and disclosure. Regulatory standards for initial coin offerings are either uncertain or non-existent (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

2.2 ICOs: Crowdfunding

Initial coin offerings (ICOs) are a type of blockchain-based crowdfunding. These two funding forms are more similar to ICOs and IPOs for four primary reasons: (a) they both occur at an early stage of a company's growth, (b) they both use more online technology

infrastructure than IPOs, (c) they both consider the effective use of social media for spreading information, and (d) retail investors play a larger role in both forms when compared to IPOs, which aim relatively high. However, as detailed in the following paragraphs, there are still substantial disparities between the two.

For instance, there are already several kinds of crowdfunding that are generally acknowledged informal regulatory papers. Donation (a), reward (b), loan (peer-to-peer, minibonds), and equity crowdfunding are four widely used classifications based on the type of incentive received by the funder (d). This allows for the creation of distinct legal criteria for each type of crowdfunding, and the legal frameworks for financial gain-based fundraising (points c and d) are currently more stringent than it is for donation- and incentives fundraising. In the case of ICOs, there is no logical category to identify projects with similar characteristics. Because there are different types of crowdfunding, there is another significant difference between the two funding methods: “in all ICOs, investors receive tokens, whereas, in crowdfunding, investors may receive nothing (donation), something non-monetary (reward), financial security (equity crowdfunding), or a claim (peer-to-peer lending)” (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

In terms of new products, fundraising goods and services are often a little further advanced than initial coin offers. The fact that tokens are sold in a secondary market, whilst crowdfunding does not, is a key distinction between the two types of financing (with a few individual exceptions that are due to platform initiatives). This indicates, first and primarily, that tokens have a value and, second, that investors have a unique chance, both of which are important features traditional fundraising lacks (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

Finally, the usage of blockchain technology in the initial coin offerings results in a few payment-related peculiarities. Traditional methods like bank accounts and credit cards are used to raise funds in crowdfunding campaigns, and project owners receive the funds in fiat currencies. Entrepreneurs earn bitcoin in exchange for selling their tokens in initial coin offerings, and payment transactions are carried out via blockchain technology without the participation of a bank (Nicos Daskalakis and Panagiotis Georgiseas, 2020).

CHAPTER TWO

2. LITERATURE REVIEW

A crowdfunding literature review and an initial coin offering literature review are separated because of the lack of published papers and academically proven works on ICOs. A comparable method and idea could explain the decision to use study crowdfunding. To be clear, when we talk about crowdfunding, we're only referring to equity crowdfunding or

crowd-investing, which offers investors a share in the business. In contrast to traditional crowdfunding (which is practically never repaid), crowd-investing is more comparable to an initial coin offering (ICO), for example, the motive of agents (receive dividends). Belleflamme et al. (2014) state participants in all kinds of crowdfunding benefit from being a member of a closed group.

According to Belleflamme et al (2014) crowdfunding campaigns have three fundamental aspects: the pre-sale of a product; the willingness to pay; and the community benefits. Thus, crowdfunding looks a lot like a token sale or the initial coin offerings (ICOs). Ferrerira and Pereira (2018) demonstrate that the motives of equity and reward crowdfunding investors are identical. Due to the fact that both campaigns have the potential to be created to address the same aims and incentives, the data that is now available for reward crowdfunding can be applied to equity crowdfunding that has objectives that are comparable.

Ahlers et al. (2015) a good plan is the only way crowdfunding can succeed. Studies show that patents etc. intangible assets have no impact on crowdfunding campaigns. However, factors that express the project well increase the success of crowdfunding (Xiao, S., Tan, X., Dong, 2014). Again, the amount of money requested is effective on success (E Mollick, 2014). While very high amounts of money cannot be given as an indicator of quality, projects with smaller amounts can be easily funded. In addition, effective and honest communication with visitors and users on the platform is very important (Xiao, 2014).

The willingness of investors to realize an investment is directly related to their financing objectives. There is an important connection between the amount invested and the return expectation (Li, 2018).

Zvilichovsky et al. (2015) emphasize that crowdfunding is a peer-economy phenomenon that works on both sides of the market. The author identifies a reciprocal relationship between improved success in crowdfunding campaigns and trying to play both sides of the market, as well as a causative link between the two phenomena.

The success factors of ICOs and the investment characteristics of buyers, which have been used to measure the success drivers of ICOs, are the subjects of this study. Although ICOs are a new sort of crowdsourcing, this thesis presents a literature assessment of the success criteria in other types of crowdfunding. This research examined the success

determinants of the many early-stage investment models for start-ups that are the most similar to crowdfunding: angel financing, venture capital, seed capital, and other forms of crowdfunding.

The goal of this chapter is to do a literature review on the crowdfunding model, with the main focus on the factors that affect the success of initial coin offering (ICO) campaigns. The first section contains definitions and overviews of ICOs and traditional crowdfunding, as well as a description of the various types of crowdsourcing and a synopsis of the investor's motives.

In the second section of the text, we went over the findings of the empirical research that was done on the recognition of the different types of execution indicators for crowdfunding campaigns from the perspective of investors.

The factors that contribute to the success of initial coin offerings (ICOs) and other types of crowdfunding are discussed in the third section. This section also looked into whether the investment criteria of venture capitalists and business angels can be used to accurately predict the success of an initial coin offering (ICO) crowdfunding campaign.

2.1 Crowdfunding Meaning

It was in 2016 that investors began to take notice of cryptocurrency token-based crowdfunding known as initial coin offerings (ICOs). Initial coin offerings (ICOs) are a new and unique way for new businesses to get money, so scientists don't know much about them.

In the literature on cryptocurrencies, an initial coin offering (ICO) is usually described as a new and innovative way for organizations, companies, start-ups, and entrepreneurs to raise money using cryptocurrencies. They do this by attracting funds through a blockchain in exchange for tokens that can be sold on a secondary market or used by holders in the future to get access to a platform of services that the start-up plans to create. When the goal of the ICO is reached and the project goes live, these tokens can be used as real money.

According to the findings of the research carried out by Adhami et al. (2018) the concept of an initial coin offering (ICO) is analogous to that of a crowdfunding model.

Crowdfunding is an innovative technique of financing for early-stage start-ups that have been utilized by entrepreneurs to obtain funds for the project's initial phase.

Accumulating funds from a wide variety of people as part of a community of customers or investors over the course of the past ten years has resulted in the provision of one-of-a-kind advantages resulting from their participation and has offered an alternative to the traditional funding methods of banks, business angels, and venture capitalists (Belleflamme et al., 2013).

Belleflamme et al. (2014) Identify “crowdfunding by using the following criteria: Crowdfunding could be described as an open demand for financial resources, usually over the Internet, for the procurement of financial resources in the form of a donation, a potential product, or some other form of reward to promote projects for specific purposes.”

According to Mollick (2014) argues “Crowdfunding refers to the attempts by entrepreneurial individuals and organizations – artistic, educational, and for-profit – to finance their projects by relying on relatively limited donations from a relatively large number of individuals using the internet, without the use of traditional financial intermediaries”.

According to Mollick (2013) Crowdfunding initiatives come in all shapes and sizes, depending on their goals, “from small artistic projects to entrepreneurs seeking millions of dollars in seed capital as an alternative to traditional venture capital investment”.

In terms of support, the initial coin offering (ICO) is comparable to a crowdfunding initiative. Tokens that can be traded on the secondary market or used as utility tokens for services or products are what distinguishes an initial coin offering campaign from a traditional crowd funding campaign. During an ICO campaign, you can trade tokens for cryptocurrencies, but you can't trade cryptocurrencies for tokens during a regular crowdfunding campaign (Adhami et al., 2018).

2.2 Forms for Crowdfunding

Funders choose to take part in any type of crowdsourcing based on how well they think it will work (Mollick & Kuppuswamy, 2014). According to Mollick (2014) and Ahlers et al. (2015) distinguish four common forms of crowdfunding that may differ depending on the aims of funders: “patronage, lending, reward-based, and equity crowdfunding models”.

Donation-based crowdfunding is used by people who don't expect a return on their money and instead act as charitable donors. (Mollick & Kuppuswamy, 2014). However,

Bouaiss et al. (2015) everyone agreed that donation crowdsourcing is not widely available on well-known crowdfunding platforms. In the second type of funding, the donors expect a return on their money invested in a project (Mollick & Kuppuswamy, 2014). Loan financing arranges an online loan market; the crowdfunding campaign works in the same way as a financial broker, matching supply and demand for cash (Bouaiss et al., 2015).

Funders get a reward for supporting a project while they choose the third strategy, which involves pre-selling goods to prospective customers. Symbolic rewards and bonuses, such as Facebook thanks or filming invitations (Bouaiss et al., 2015).

A "low-paying contract" appears to be in place, but the funder is actually bound to the developer by a large sum of money and complete control over the project, whereas traditional equity or loan financing would bind the developer to obligations. (Bouaiss et al., 2015).

Finally, when it happens the equity crowdfunding, the funder is viewed like a lender and earns equity or a related payout, such as shares in future profits: direct cash reward, dividends, capital gains, or even returns on future initial public offerings (IPOs) or acquisitions (Mollick & Kuppuswamy, 2014). Online participants in equity investing will only be paid if the startup makes a return. High-risk start-ups backed via equity crowdfunding are frequently tied to technology and the Internet (Bouaiss et al., 2015).

Ahlers et al (2015) “Equity crowdfunding is a type of fundraising in which an entrepreneur sells a defined sum of equity or bond-like stock in a business to a group of small investors in an open call for funding on Internet-based platforms,”. Equity-based crowdfunding can generate vast amounts of money (Belleflamme et al., 2013).

2.3 Investor's Motivations

According to Cholakova and Clarysse (2015), Whether donors spend for equity or pledge is influenced by financial (extrinsic) and nonfinancial (intrinsic) factors. Except for traditional venture capital, crowdfunding funders' evaluation criteria are guided by the funder's interest rather than the prospect of financial gain (Frydrych et al., 2016). Equity investors, on the other hand, are motivated by financial gain and are only interested in making a profit (Ahlers et al., 2015).

Other types of crowdfunding (reward-based, donation-based, and lending-based) get the attention of non-financial funders, who prefer to support projects with clear objectives (Cholakova & Clarysse, 2015; Schwienbacher, A., & Larralde, 2016). Funders' motivations for investing in crowdfunding campaigns were investigated by (Agrawal et al., 2014).

To sum up, people donate for five main reasons: to get early access to creative products (equity crowdfunding), to interact with the target audience, to promote a product, service, or idea, and to make the contract official.

Gerber and Hui (2016) examined that Funders' motivations for participating in crowdfunding were investigated, and the following reasons for becoming a supporter were identified: receive incentives, help others, and be a part of a community.

2.4 Initial Coin Offering Crowdfunding

People donate for five main reasons: to get early access to creative products (equity crowdfunding), to interact with the target audience, to promote a product, service, or idea, and to make the contract official.

The notion of equity crowdfunding has been adapted into initial coin offerings (ICOs) because ICOs collect funds during the early phases of a startup endeavor in exchange for a part of the company's stock. ICOs are a form of crowdsourcing (Yadav, 2018).

The motivation of ICO investors is investigated by comparing ICOs to various modes of crowdfunding. Adhami et al. (2018)'s study found that investors in initial coin offerings (ICOs) had similar motives as crowdfunders. Although there are some parts of ICO crowdfunding campaigns that are similar to those of other types of fundraising, ICO crowdfunding is its own distinct type of fundraising that has its own set of characteristics, protocols, and goals.

The targets of the initial coin offerings projects are to improve blockchain technologies, issue new cryptocurrencies, or include other fintech services. ICO ventures, as opposed to other traditional types of crowdfunding, provide investors with tokens in exchange for cryptocurrency, along with different rights that are tied to the tokens (profit share, voting rights, access to the future services of the created platform). Initial coin offerings (ICOs) sell digital tokens. This is different from crowdfunding campaigns, which promise to make a product in the future (Cerezo & Sanchez, 2018).

Initial coin offering (ICO) investors frequently lack financial tools that guarantee them stock rights to the venture's cash flows (Cerezo & Sanchez, 2018). As Adhami et al. (2018) explained, each token will serve a variety of objectives and offer holders a variety of rights, making it impossible to determine whether a token is a financial instrument or not.

The entrepreneur will apply for greater pricing than the post-crowdfunding market price during a crowdfunding campaign, however, the token is generally sold at a lower price during an ICO token sale (Cerezo & Sanchez, 2018). Only by analyzing project and project promoter-related attributes will the success drivers of an ICO campaign be determined. Unlike other types of crowdfunding, ICOs are based on decentralized cryptocurrency blockchains and do not require the use of intermediary channels (Adhami et al., 2018).

2.4.1 Crowdfunding Success Measures

As institutional investors get more used to crowdfunding, they may be able to invest in start-ups with the hope of getting their money back in the future in a way that is profitable because the company did well. A successful crowdfunding campaign, a completed project, and a well-functioning organization are all indicators of crowdfunding success.

2.4.2 Successful Crowdfunding Campaign

Any crowdfunding campaign's primary purpose is to raise funds. According to Kickstarter, the failure rate for crowdfunding efforts has surpassed 50%, with only 11% of all campaigns receiving any financing (Frydrych et al., 2016).

According to the research carried out by Adhami, et al. (2018) initial coin offerings have an extremely high success rate of 81 percent. Even though several projects fell short of their fundraising goals, it is still crucial for campaigns to be successful, not just for entrepreneurs and platforms but also for investors in the funds that they manage.

2.4.2.1 Ex-Post Benefits, Project Delivery Success, And A Effective Organization

Aside from the campaign's success, it is critical for investors to examine the possibility of crowdfunding enterprises prospering (Cumming et al., 2020).

Mollick & Kuppuswamy (2014) examined whether successful crowdfunding translates into successfully delivering the product, a profitable firm, and ex-post gains such as increased money, staff, promotion, and a wider consumer base. Funds are raised in advance, and the

fundraiser, particularly in reward-based crowdfunding, has no clear legal responsibility to deliver what was committed during the crowdfunding campaign. This is especially true when the commitments made during the crowdfunding campaign are in the form of rewards (Mollick, 2014). Even though the crowdfunding campaigns were successful, not all good ideas were put into action well. There were also problems with fraud and delivery delays.

Mollick (2014) found that only a few programs couldn't do what they said they would, but the main problem was that many projects took longer than planned, especially larger projects or programs that were able to go above and beyond their goals.. Because budgets and deadlines are set earlier in the crowdfunding process and there is no ability to change them later, these enterprises are vulnerable to delays or market failure (Mollick & Kuppuswamy, 2014).

Investors in equity crowdfunding seek a financial benefit based on the probability of investment success, a startup's ability to raise equity value by forming a venture, and project execution accomplishment. When investors are able to make a profit by selling tokens on an exchange shortly after the initial coin offering (ICO) at a price that is higher than the ICO price, they have successfully established the value of the token.

2.5 Success Factors of ICOs

As a starting point, we'll outline an investigation into what factors contribute to ICO success. Because there is not much research on the success factors for ICO crowdfunding projects, we begin by looking at studies on various forms of crowdfunding that are relevant for start-up businesses (mainly reward crowdfunding and equity crowdfunding).

Lastly, we look at whether the investment criteria of venture capitalists and business angels can be used to predict whether the ICO fundraising method will work or not.

For this reason, we look at assessments of venture capital funding and angel invest or funding, two methods of early-stage start-up financing that are most comparable to ICO crowdfunding on the spectrum of the fundraising life cycle.

2.5.1 Factors Influencing The Success Of The ICO Funding Form

Successful ICOs are characterized by their ability to raise funds and their ability to attract investors. A lack of research on the success factors and investor investment requirements of ICO financing types has made it difficult to forecast the success of ICOs. In light of the newness of the initial coin offering concept, the research is limited to an empirical review (Adhami et al., 2018). Through the analytical part of their research, they also found out what factors affect the success of ICO funding from an investor's point of view.

When funding initial coin offerings, investors and developers face uncertainty, risk, and a difference in how much they know. Adhami et al. (2018) looked into the relationship between the ICO project's consistency and availability of information and the likelihood of success for an investor.

2.5.1.1 The Planning Stage Of ICOs

The ICO section's planning stage is broken into five segments. First, we go through the five components in depth, which are white paper, white paper excellence and information quality, legal implications of such white paper, technical features of the white paper, and information on how revenues and tokens will be used. All of these elements are important to the achievement of the initial coin offering. Significantly, all initial coin offering investors devote more time to comprehending the white paper that has the hall meaning of ICOs.

2.5.1.1.1 White paper

The white paper is a promotional tool used to promote blockchain firms that need a coherent description for investor presentations. It is an authorized document that describes the solution step by step, assisting in understanding the fundamental problem. Furthermore, it is a guideline that defines the technological and commercial project elements that make this project unique and successful. White papers, similar to IPO prospectuses, are the primary document in ICOs (Barsan, 2017). While white papers vary widely and; “they typically include information on (1) the business model; (2) the technical aspects; (3) the token details, including utility and/or rights, supply, allocation, and distribution; (4) the use of proceeds; (5) the issuing entities; (6) the law applicable to the ICO and its regulatory status; and (7) the ICO launch—the duration, hard and soft cap, and which I will discuss later”.

Adhami et al. (2018) investigated “the importance of two pieces of information for venture success that could assist investors in overcoming the information asymmetry problem: the availability of a "white paper" and the release of the ICO project's source code”.

A "white paper" is a document that is published by the developer of an initial coin offering. Its purpose is to provide a comprehensive overview of the conditions that are associated with the sale of tokens.

According to Adhami et al. (2018) say that the availability of the computer code for an initial coin offering (ICO) project has a big effect on how likely it is that the ICO will be successful, while the presence of a white paper has no effect on this probability. Because white papers are not accredited or audited and have different levels of information quality, their existence is not highly regarded by potential investors. Amsden (2019) says that the length of each page of a white paper makes it more likely that the paper will be successful. This means that the length of each page of a white paper and the success of the paper have a positive relationship. While its same idea argues that bad whitepaper decreases the chance of success (Fisch, 2019a).

According to Conley (2017), a founder's lack of preparedness and vision might be indicated by an unclear, incomplete, or nonexistent white paper.

2.5.1.1.2 Quality And Depth of Information in A White Paper

It has been shown through empirical research that there is a correlation between the quality of the white papers and the success of the initial coin offerings. Lyandres et al. (2018) Lyandres et al. (2018) found that the number of unique words in the white paper is linked to both the amount of money raised and the chance that the issued token will be listed on cryptocurrency exchanges.

Previous surveys have shown that investors don't trust the free information that ICOs offer (Blaseg, 2018).

Ante et al. (2018) it is essential to have a white paper, but there is no connection between the quality of the white paper and the quantity of money raised in initial coin offerings (ICOs). In contrast to the IPO market, the initial coin offering (ICO) market is currently unregulated; as a result, the information that is disclosed in the white paper is limited and can occasionally be misleading (Feng et al. 2018). As a result, initial coin

offerings investors may lack sufficient real benchmarks against which to base their investment decisions (Benedetti & Kostovetsky, 2021; Momtaz, 2018b).

ICO performance is linked to the disclosure of several sorts of information in white papers, according to research summarized here.

2.5.1.1.3 The White Paper's Legal Aspects

Adhami et al. (2018) found that only 8% of ICO white papers stated which jurisdictions were applicable. Zetsche et al. (2018) Most white papers fail to mention whether or not an ICO is subject to regulatory oversight, as only 28.5% of them do. Because the vast majority of the ICOs in this sample were financial successes, this research shows that investors are concerned about regulatory risks. It is necessary to conduct more recent research with a greater number of participants to examine the impact of legal elements and legal disclosure on ICOs. Regulatory uncertainty can make it hard for token issuers, especially in the early stages of the market, to figure out what the right law and jurisdiction are.

2.5.1.1.4 The White Paper's Technical Aspects

Putting the focus on technical problems: research shows that potential investors are worried about problems with technology, but they are not worried about problems caused by regulations. Fisch (2019b) says that when a technical white paper is published, the amount of money raised goes up by a large amount. Similarly, Feng et al. (2018) also find that the amount raised in initial coin offerings (ICOs) is related to the blockchain architecture that the issuers choose. Lyandres et al. (2018) say that white papers with more technical language have a better chance of being listed. Momtaz (2019a) says that the market uncertainty brought on by technological defects has a significantly bigger negative influence on ICO revenues than regulatory initiatives do. This is a significant finding. These results show that investors think a technical white paper is a reliable sign of an issuer's technological know-how, which is an important part of technical blockchain projects.

2.5.1.1.5 Proceeds And Token Allocation Disclosure

In IPOs, however, the use of funds must be disclosed, while the majority of initial coin offerings do not reveal information about the usage of profits (Leone et al. 2007). For example, Adhami et al. (2018) found that 30.8% of the initial coin offers made this information available.

Studies have also looked at the relationship between initial coin offerings' success and the use of profit disclosure. Howell et al. (2018a) found a link between ICOs that tell people about their profits and ICOs that get more token liquidity and funding. . However, Bourveau et al. (2018) It has been discovered that such disclosure has no bearing on the success of an ICO. Again, the discrepancies are largely attributable to different ICO samples.

White papers for initial coin offerings (ICOs) often contain information about token allocation, such as the percentage of tokens allocated to founders, advisers, early investors, general investors, and so on. This information may also include the total number of tokens available for purchase. Bourveau et al. (2018) the amount raised is adversely correlated with providing information about token allocation. This could show that token allocation is frequently not ideal and that disclosing information about it has a detrimental impact on fundraising.

2.5.1.2 The Management Team And Advisers

Growing evidence suggests that the quality of a company's management team can have a major impact on its success and performance in the traditional financial markets, meaning that management team quality is an important signal in the face of uncertainty. Since ICOs carry a greater degree of risk, researchers have looked into the relationship between information about the team and the performance of ICOs. For instance, Amsden and Schweizer (2019), Bourveau et al. (2018), and Lyandres et al. (2018) the size of the team has a positive correlation with the likelihood of a token listing.

Studies, training of management, number of recognition, etc. indicates that factors have an impact on success. The fact that this information is positive in the face of uncertainty increases ICO performance (Amsden & Schweizer, 2019). Momtaz (2019b) says that the founders' past fundraising experience, education, and social network clout all help an ICO do well. Howell et al. (2018) entrepreneurial knowledge and experience are linked to ICO success. In addition to, if the companys have a CEO with more than 500 LinkedIn connections will significantly increase the amount of funds raised. Momtaz (2019b) talks about the positive impact of the CEO's working in the company for many years on the long-term performance of the company. Momtaz (2019c) stated in his study that the emotions of CEOs (sharing on social networks) are effective in the bad pricing of ICOs.

The ICO's advisory board often includes commercial and technical experts, as well as members of the project's leadership team. The correlation between initial coin offerings' advisors and success factors has been studied. Amsden and Schweizer (2019) the number of advisers is proportional to the amount of money raised and the number of marketable tokens that are made available after the ICO.

Giudici and Adhami (2018) found a link between the size of the advisory board and the performance of the initial coin offering. Ante et al. (2018) the ICO's success is directly linked to its management team, its network size, and the number of advisors it has. Advisors help an ICO succeed through both their knowledge and their connections. They also send the message that projects with more advisors are of a higher quality. Yavin (2018)) found that some advisers for initial coin offerings join projects without doing even the most fundamental forms of due diligence. As a result, these advisers do not indicate high quality or contribute to the success of a project.

2.5.1.3 Tokenomics And Token Designs

This section focuses on token design and tokenomics (token economics) concerns such as token type based on token holders' rights, token number and pricing, lock-up duration, sales and resale restrictions, and token currency suitable for token purchase. The success of initial coin offerings depends on all of these factors.

2.5.1.3.1 Token Type

According to the introduction, utility tokens and security tokens are the two tokens that are offered in token offers. Utility tokens give access to services or products offered by the organization that issued them without giving up any ownership or control rights. (Momtaz (2019a). Financial rights are granted to holders of security tokens in the same way that equity, debt, and other financial instruments do (Collomb et al. 2018). Because the value of security tokens is depending on the price of the underlying assets, they are subject to securities legislation in most jurisdictions (Hacker P, 2017; Klayman JA, 2018; Momtaz P, 2019).

However, when looking at the connection between utility tokens and the performance of initial coin offerings (ICOs), it was found that there is not a significant difference in the amount of money raised between utility tokens and security tokens. These findings, however, should not be used to decide whether a blockchain business should issue utility tokens or

security tokens; rather, that decision should be made based on the entire token design and business strategy of the blockchain business. In the same way, projects are starting to use a "dual token model" in which both utility tokens and security tokens are made at the same time (Damani S, 2018).

2.5.1.3.2 Token Fraction For Sale

After the token issuer has finished producing all of the tokens (usually with the assistance of a smart contract), it is necessary for them to decide what proportion of the total number of tokens will be put up for sale in order to generate revenue.

Multiple investigations have come to the conclusion that selling a greater proportion of tokens results in a lower quantity of earnings and an increased likelihood of being tracked down (Adhami et al., 2018; Amsden & Schweizer, 2019; Lyandres et al., 2018). Because the ICO industry is not regulated and is hard to understand, our research shows that an issuer's ability to keep a larger percentage of its tokens shows the quality of the project and the dedication of the people who started it (Davydiuk et al. 2019). Davydiuk et al. (2019), the higher the post-ICO success, the better the retention

2.5.1.4 The Hard and Soft Caps

When beginning a token sale, issuers of soft caps have to make the decision whether or not to include a restriction known as a soft cap. The minimum amount of capital that an issuer wants to bring in is referred to as the "soft cap." When initial coin offerings (ICOs) don't reach their soft caps, the investors who put money into them usually get their money back. When Lee et al. (2018) talk about the "all-or-nothing" nature of ICOs, they "suggest that a soft cap requirement decreases investor risk."

When it comes to the connection between soft cap and ICO performance, the research that has been done thus far has produced inconclusive findings. Amsden and Schweizer (2019) found that "a soft cap requirement is positively associated with the amount raised". Lee et al. (2018) the presence of a soft cap does not influence the success of the ICO.

Bourveau et al. (2018) discussed “that including a soft cap requirement is negatively associated with the amount raised”.

An issuer may set a maximum funding goal for an initial coin offering (ICO), known as a "hard cap". Empirical research indicates that the typical hard cap ranges from \$43 million to \$93 million. However, the distribution is extremely skewed, and the median value ranges from \$20 million to \$23 million. The research found that initial coin offerings (ICOs) tend to set hard caps that are very high and very unlikely to be reached. For instance, Lyandres et al. (2018) initial coin offerings have the potential to raise an average of 46 percent of their hard cap, although only 26 percent of ICOs end up reaching their hard cap; and Lee et al. (2018) only 12.2 percent of initial coin offerings reached their maximum funding goal. In addition, Lyandres et al. (2018) found that "a greater hard cap is inversely associated with ICO performance". According to the IPO and crowdfunding literature, big offerings send a negative signal to the market. These findings validate these conclusions." (Lyandres et al., 2018; E. Mollick, 2014).

2.5.1.5 Token Availability

Typically, token issuers will have a set number of tokens available for purchase with the expectation that the token's price will increase as a result of increased demand in the market for the token. According to Catalini and Gans (2019)), initial coin offerings should have a predetermined fixed supply in order to maximize the amount received through initial coin offerings. Howell et al. (2018b) find that "the ability to create future tokens is negatively related to the amount raised," which is in line with this theoretical model. As a result, Cohney et al. (2018) found that more than 20 percent of the top 50 ICOs in 2017 promised a stable supply of tokens, but the actual smart contract code failed to reflect these claims.

2.5.1.6 Mechanism for Locking-Up

Cohney et al. (2018) say that it is up to the issuer to decide whether early contributors and founders have to agree to a lock-up period during which they can't sell their tokens. Cong et al. (2018) present their argument for the inclusion of a lock-up period in incentive-compatible tokens in a study that is purely theoretical. There is a link between successful initial coin offerings (ICOs) and the "lock-up" method. In particular, Bourveau et al. (2018) found that the lock-up periods for insiders were significantly longer in ICOs that

raised a greater amount of money. According to the findings of Howell et al. (2018b), token vesting information is strongly connected to the liquidity of the secondary market as well as the trading volume on the first day. Based on these findings, lock-up could be considered a quality indicator.

Nevertheless, Cohn et al. (2018) suggest that despite the fact that many ICOs make claims about lock-up techniques, they do not follow through with them in the source code. They looked at the claims made in the disclosure documents and compared them to how the digital tokens actually worked for the top 50 initial coin offerings (ICOs) that raised the most money in 2017. They found that 37 of the 37 ICOs that claimed to have a lock-up mechanism did not actually code it into their digital tokens.

2.5.1.7 Currency Accepted

Investors are required to send money (in the form of either cryptocurrency or fiat currency) to an address associated with a smart contract, which then transfers a predetermined number of tokens to the investors. Studies of the real world show that initial coin offerings usually lead to the creation of two separate currencies (e.g., Amsden & Schweizer, 2019; Howell, S. T., M. Niessner, 2018). Lee et al. (2018) showed that the initial coin offerings (ICOs) that accept multiple currencies have a significantly higher chance of being successful and generate higher gross revenues overall.

In general, one can take either reading into account. To begin with, accepting a wide variety of cryptocurrencies calls for a high level of technical knowledge and, as a result, is indicative of the quality of the project (Amsden & Schweizer, 2019). Second, "given that cryptocurrencies are volatile, it's good to have more than one way to pay when doing business in crypto markets."

2.5.1.8 Legal Aspects

Before we look at the aspects that may influence the success of an ICO, we must first consider the regulatory landscape, which has a direct impact on the industry's activity. Because the industry is still in its early stages, laws are still unclear, adding to market uncertainty and distorting the analysis of success criteria. As new rules come into play restricting where investors may participate and what firms can provide in terms of token sales, the criteria that previously predicted success may no longer be applicable in the future.

Despite the fact that Mastercoin played host to the very first initial coin offerings (ICOs) in 2013, ICOs are still considered to be a relatively novel concept. When compared to more traditional financial markets that have been in operation for a considerable amount of time, the initial coin offering (ICO) market is poorly regulated because of its relative infancy. The initial coin offering (ICO) market was largely unregulated until 2018, leaving investors open to a variety of fraudulent schemes. The Financial Times says that the ICO market was mostly unregulated until 2018. This is despite the fact that ICOs let companies raise money without selling shares because there aren't many regulations and accreditation requirements (Richard, 2018).

2.5.1.8.1 Restriction on Sales

Anyone with access to a computer can take part in token issuances because the process is carried out over the internet (Rohr & Wright, 2017). However, initial coin offerings may choose to exclude residents from particular areas due to regulatory constraints. For Rhue (2018) finds “that 33% of her sample ICOs exclude Chinese citizens and 27% exclude US citizens”.

The relationship between jurisdictional limits and ICO success has also been studied. Lee et al. (2018) showed that initial coin offerings (ICOs) that limit sales to particular countries have a lower chance of being successful. In a similar vein, Momtaz (2018) shows that the number of country limits has a positive relationship with ICO underpricing. This suggests that issuers who choose to limit the pool of eligible investors have an obligation to offer greater incentives to the investors who are still participating in the ICO. In addition, Momtaz found that initial coin offerings (ICOs) that restrict participation to users in specific countries have a greater chance of being listed on cryptocurrency exchanges. It is possible that the issuer reduces the risk of regulatory action by preventing citizens of certain countries from participating in initial coin offerings (ICOs). This is a plausible explanation.

According to the findings of Bourveau et al. (2018), initial coin offerings (ICOs) that do not allow US investors to participate have a greater chance of being successfully completed and bringing in a greater amount of capital in certain jurisdictions. In accordance with the interpretation presented in Momtaz (2018), it was proposed that, in accordance with Momtaz (2019), this may make the likelihood of future regulation and intervention by the SEC less likely. Howell et al. (2018a), on the other hand, say that the restrictions on US

investments have nothing to do with the success of initial coin offerings (higher liquidity and volatility).

Because blockchain companies carefully selected their initial coin offering (ICO) locations for regulatory reasons, the jurisdictions in which they issue tokens may be different from the jurisdictions in which they operate (Novak M, 2019). Specifically, Huang et al. (2018) demonstrate that governments that forcefully express their regulatory plans, as opposed to outright banning initial coin offerings (ICOs) or doing nothing at all, are more likely to see ICOs take place in their jurisdictions. They also point out that countries with well-developed financial markets and better-developed information and communication technologies have a higher incidence of initial coin offerings (ICOs). According to the findings of Benedetti and Kostovetsky (2021), "listed ICOs are more likely to take place in countries with better World Bank rankings in Rule of Law and higher GDP per capita." In addition, a report that was published in 2018 by Fabric Venture and Token Data reveals that there is a significant gap between the countries that are leading in terms of legal domicile and the countries that are leading in terms of the location of the founders. For example, in 2017, legal organizations with their headquarters in Switzerland raised \$1.06 billion, which is significantly more than the \$177 million that Swiss founders brought in.

2.5.1.8.2 Know Your Customer (KYC) Rules

Bitcoin and other cryptocurrencies pose a greater threat of money laundering and terrorism financing due to their decentralized and anonymous nature (Luu L, 2018). Thus, KYC regulations must be followed by ICOs.

Lee, et al. (2018) When know-your-customer (KYC) regulations are in place, initial coin offerings (ICOs) are less likely to raise the money they need. And also, investors who prefer to remain anonymous may be deterred by KYC processes. These findings are consistent with the "negative relationship between ICO underpricing and adopting KYC" found by Mumtaz (2019). Momtaz argues that this outcome is in line with information eliciting theories in IPOs, which suggest that businesses can better price their tokens if they learn more about their potential investors during the book-building process. However, Burns and Moro (2018) find "that whitelist or KYC is positively related to the amount raised, suggesting that adopting KYC signals legitimacy and quality of the projects." According to Yadav's (2018) semi-structured interviews, KYC is a significant indicator of ICO success.

2.5.1.9 Technology and Source Code

Because initial coin offerings involve giving out digital tokens over the internet, token creators must make their code public through a central repository, which is usually GitHub. Adhami et al. (2018) found that 40% of ICOs provided source code, and Amsden and Schweizer (2019) found that 48% of ICOs disclosed their source code on GitHub.

Multiple empirical studies have found that making the source code publicly available has a positive and statistically significant relationship with (1) completing the ICO and (2) the likelihood of tokens being listed on crypto exchanges. As an example, Adhami et al. (2018) demonstrated these results, which indicate that only 20.8% of failed offerings involve projects with full or partial code transparency, while 70.8% involve projects where the source code is not publicly available. Specifically, Bourveau et al. (2018) Similar to how 51% of successful ICOs have made their source code public, only 15% of unsuccessful ones have done so. Blaseg's (2018)) research shows that new startups with better source codes are more likely to be listed on a cryptocurrency exchange soon after their initial coin offerings (ICOs).

According to Adhami et al. (2018), showing the source code enables potential investors to verify the project's technical validity prior to investing and thus sends a crucial signal about the issuers' technical capabilities. Similarly, Rhue (2018) finds that the number of vulnerabilities discovered by Etherscan in a token's code has a negative and strong correlation with its market capitalization. Howell et al. (2018b) also found a negative correlation between the time since the last token revision and the token's market value, suggesting that developer activity on GitHub is a promising sign for potential backers. The success of an initial coin offering (ICO) is correlated with the number of positive reviews it has on the code-hosting site GitHub. GitHub encourages openness by letting anyone who wants to check the quality of the code and see how it's changing in real time.

Information asymmetry is particularly severe when it comes to the technical aspects of initial coin offerings. Despite the fact that investors care about technical issues such as the availability of the source code, they are not concerned with the quality of the code. Cohney et al. (2018) provide empirical support for this claim by showing that there are substantial discrepancies between promises made in white papers and the actual code, and that the number of uncoded promises makes no difference to the total amount of funding. However,

Cohney et al. (2018) found that in the long run, the number of uncoded promises has a negative correlation with price appreciation, suggesting that information asymmetry is diminishing.

2.5.1.10 Marketing and Social Media

Going worldwide, according to the tech companies, was the key to ICO marketing success. According to available research, however, gaining visibility was notably difficult due to the number of competitors. There are few ways to advertise cryptocurrency projects, so businesses should rely on crypto-specific advertisement networks to reach the right people. Researchers emphasized attractive industry influencers, such as a large YouTube channel, as a method of advertising.

2.5.1.11 Social Media

In contrast to initial public offerings (IPOs), in which the underwriter is in charge of marketing the company to possible investors, initial coin offerings (ICOs) are entirely the responsibility of the token issuers (Rhue, 2018). Social media is a significant marketing and communication platform that may be used for publicizing initial coin offerings (ICOs) and spreading information about the status of project development and the underlying assets (Chanson M, Gjoen J, Risius M, 2018). As a result, the use of social media helps to reduce the difference in knowledge and the lack of clarity in the project.

Empirical surveys indicate that the vast majority of initial coin offerings (ICOs) maintain a presence on social media platforms, with Twitter and Telegram dominating the field. To be more specific, initial coin offerings using the Rhue (2018) platform use an average of eight social media sites, some of which include Twitter, Facebook, and Telegram. According to Howell et al. (2018b), out of a sample of 453 ICOs, 83 percent have a Telegram group that has an average of over 5000 members, and 97 percent have an official Twitter account that has an average of 22,200 followers. Both of these statistics are significantly higher than the percentage of ICOs that do not have a Telegram group.

According to the findings of the study, the presence of an initial coin offering (ICO) and its activities on social media are two of the most essential factors that will decide how successful the ICO will be. According to what Bourveau et al. (2018) found, engagement on

social media is linked to the success of an initial coin offering (ICO), the amount of money raised, and the ease of use of the currency issued.

In their research, authors such as Benedetti and Kostovetsky (2021) came to the conclusion that there is a connection between the successful use of Twitter and initial coin offerings (ICOs). It has been demonstrated by Amsden and Schweizer (2019) that the presence of a Telegram group increases the probability of token trading after the ICO has been completed. In addition, Howell et al. (2018a) demonstrated that the number of Twitter and Telegram followers has been found to have a positive connection to liquidity; however, only the former is meaningfully correlated with long-term gains. This finding was made possible by the fact that Twitter and Telegram are both social media platforms.

These results suggest that token issuers and blockchain-based businesses should deliberately utilize social media in order to influence investor behavior in the ICO space, given the importance of these platforms. Momtaz et al. (2019) found that “market sentiments and market liquidity are strongly associated with listing and with social media activity, suggesting that issuers have an incentive to create a positive investor sentiment and that they can do it through social media”.

2.5.1.9.1 ICO Ratings and Online Forums

The ICO industry uses ICOBench and other online communities to evaluate projects and share information. Discussions in forums and opinions on informative websites are those of independent analysts and experts. Token investor candidates who follow those who invest in cryptocurrencies and have not yet invested may think that information asymmetry is reduced by using these sites. In fact, research supports these views. It has been found that the ICO performance estimates on websites with independent expert opinions are accurate. Fundraising and sales are easier for projects with a higher ICIBench rating, as stated by Lee et al. (2018). Rhue (2018) showed that reputation and hype scores of ICO Drops were positively and significantly associated with higher ROI. Momtaz (2019b) stated in his study that the high measurement of management quality by ICOBench has a positive effect on performance and even gross income.

Contrary to the positive opinions mentioned above, there are some negative opinions. Accordingly, inconsistent statements between different websites and rating sources are confusing (Rhue, 2018). In addition, it is seen that some of these websites misuse the

advantage of preventing information asymmetry and maliciously show different ratings (Hartmann 2018; Poutintsev 2018). Moreover, this issue may be a source of concern for investors who realize these (Bourvean, 2018). Cohey et al. (2018) stated that investors face difficulties in finding the right information. According to research by Mai et al. (2018), Bitcoin price predictions made on online forums are more accurate than those made on Twitter. Chanson et al. (2018) found similar things and came to the conclusion that how the media portrays cryptocurrency investments has a big effect on how people who own or invest in them act.

2.5.1.10 Blockchain Platform

Take a look at how Ethereum's ICO is still an innovative fundraising technique that has sparked the interest of many firms and entrepreneurs. Ethereum was created as a remedy to Bitcoin's restrictions, despite Vitalik's support for Digital Gold. As a result, at the age of 19, he began to envision an ideal decentralized society: one in which any type of bureaucratic, administrative, or financial transaction could be carried out without the use of middlemen. "Codify, decentralize, secure, and trade just about anything," according to the Ethereum platform. To put the concept to the test, several projects are in the process.

The ICO platform itself may be a determining factor in the project's ultimate success. It is the responsibility of the ICO team to decide during the ICO on which platform the tokens will be distributed. To a large extent, the Ethereum network determines the success of ICOs. ICOs (initial coin offerings) and smart contract development are two of the most popular uses for Ethereum (ERC20), a blockchain-based platform. Ethereum's built-in smart contract feature and use of the Turing programming language boost security and cut down on the need for supplementary software, which helps explain the platform's immense popularity. Ethereum transactions, on the other hand, are very slow.

Fisch (2019a) showed that Ethereum-based tokens have a positive effect on ICO value since they are less risky than new technology. Howell et al. (2018a) Over the end of five months, it was stated that Ethereum blockchain usage is highly connected with ICO valuations. Amsden and Schweizer (2019) say that "there is a significant relationship between launching a token on the Ethereum platform and tradability success, but a negative link between the amount raised and Ethereum platform usage". Using Ethereum as a platform

increases the likelihood of meeting even the most basic investment requirements (Adhami et al., 2018). As a counterpoint, "it decreased overall funds received, probably because large initiatives generally establish their own platforms" (Amsden & Schweizer, 2019).

2.5.1.11 ICO Sale

Token sales, also called initial coin offerings (ICOs), are when digital tokens are sold before they are released in exchange for well-known cryptocurrencies like Bitcoin and Ether. Recently, ICOs have been very popular as a source of initial financing of blockchain-based start-ups and projects.

2.5.1.11.1 ICO Presale

ICOs perform private and public pre-sales, primarily targeting institutional investors. In these pre-sales, they offer some discounts and bonuses for investors to increase the risk they take. Pre-sales are common, with estimates ranging from 40% in ICO samples analyzed by Benedetti and Kostovetsky (2021) to 64% in ICO samples analyzed by Adhami et al. (2018) to 44% in ICO samples analyzed by Momtaz (2019a). In fact, the goals of pre-sales could account for their widespread acceptance. Based on this;

- 1) Reducing the cost of offering ICOs
- 2) To be able to determine the token demand and make the right pricing It can be shown as.

Lyandres et al. (2018) found that successful initial coin offerings (ICOs) tend to have strong pre-sales. It has been determined that 39.5% of successful ICOs are offered to the market by pre-sales. It has been determined that the success of unsuccessful ICOs can increase by 15.2% through pre-sales (Lee et al. 2018). In their study, Li and Mann (2018) determined that investors do not have equal information, investors with early knowledge will join the market early, and those with late knowledge will act with herd psychology. In other words, pre-sales are interpreted as evidence of the positive opinions of previous investors in terms of new investors. Research in the fields of public offerings and crowdfunding has shown that this is the case (Lyandres et al., 2018).

However, other research has found either no correlation or even a negative correlation between ICO performance and pre-sales. To give just one example, Momtaz (2019a) discovered that pre-sales often result in a decrease of \$7.11 million in the overall

amount of funds raised during the ICO. In some other studies, it has been stated that a pre-sale statement is understood as proof that the issuer is insecure about ICO (Amsden & Schweizer, 2019; Li, J., 2018). However, it has been proven by studies that investors are aware of this situation. Therefore, offering high bonuses reduces the first day returns in the market. It has even been found that ICOs that offer high bonuses are 10.9% less likely to be successful (Lee et al., 2018).

2.5.1.11.2 ICO Sale and Duration

Research shows that ICO sales last between 25 and 40 days on average (Adhami et al., 2018). Another finding from these studies is that there is an inverse correlation between the success of the initial coin offering (ICO) and the length of time it lasts. While it is stated that it takes an average of 30 days to complete the sale of successful ICOs, it has been determined that this period takes an average of 37.8 days in unsuccessful ICOs (Lee et al., 2018). Researchers who looked into crowdfunding, (Mollick, 2014) came to the same conclusion, which is that investors are more likely to act when time is tight.

Here, we can discuss a different aspect of ICOs. Investors in initial coin offerings (ICOs) put up significant capital despite the fact that they understand they will not receive a satisfactory return on their money. In initial coin offerings (ICOs), investors take a risk because they offer no security. He has three points to make on the subject. First of all, ICOs are not governed by any laws. The reason for this is that (2) most cryptocurrencies are not backed by a corporation. Three, initial coin offerings (ICOs) do not require any sort of contractual obligation from participants. These three factors distinguish initial coin offerings (ICOs) from more conventional offerings (Liu C, 2019). Asymmetric information and adverse selection issues are compounded in the absence of underwriters in these supplies (Habib MA, 2001).

Despite these challenges, why are ICOs attractive to investors? While serious projects create liquidity in a short time, the big bonuses are also attractive to investors. ICOs are also unique in that they are offered in limited numbers. Therefore, the higher the demand of an ICO, the higher its value (Trimborn et al. 2018).

2.5.1.11.3 Post-ICO

After the ICO, issuers use their energies and technologies to develop a blockchain platform and seek funding sources. They then add their tokens to cryptocurrency exchanges, allowing them to start trading on the secondary market. During the main token issuance, a portion of the tokens are reserved to encourage staff, founders and future network participants.

2.5.1.12 Exchange Listing

Initial coin offerings (ICOs) typically list their tokens for sale on cryptocurrency exchanges after the completion of the token sale. The issued tokens are then sold on the secondary market once the ICO has run its course. Getting listed is a must for any successful ICO because of how important it is as a place to trade tokens (Amsden & Schweizer, 2019). Therefore, the ICO's listing on an exchange is used as a success metric in studies like Amsden and Schweizer's (2019) and Lyandres et al.'s (2018).

Unlike initial public offerings (IPOs), tokens do not immediately trade on a cryptocurrency exchange after an ICO. A token's debut on an exchange can take anywhere from a week to six months, if it ever happens at all (Feng et al., 2018). Empirical studies show that the time it takes for an ICO to be listed on an exchange after its token sales have concluded varies widely. In general, it takes between 18.5 and 93 days on average.

Lyandres et al. (2018) found that “a token is traded on average on six different exchanges and that the number of exchanges is positively associated with success. This suggests that exchanges are willing to trade tokens of successful ICOs and that successful ICOs are willing to pay listing fees”. The study finds that larger ICOs have better odds of being listed. According to the research of Benedetti (2019), larger ICOs have a better chance of being included in exchange listings. Benedetti (2019) looks into the effects of token cross-listings and finds that trading volume, liquidity, and return all increase significantly.

Adhami et al. (2018) conducted an empirical study to determine whether the method of token distribution affects the success of an initial coin offering (ICO). The results indicate that a pre-ICO campaign significantly increases the success rate of an ICO. analyzed the correlation between the method of token distribution and the success of an initial coin offering. The results indicate that a pre-ICO campaign significantly increases the success rate of an ICO. The purpose of a pre-ICO is to test the market with a smaller, more targeted token

sale by selling tokens in advance to a select group of investors (Adhami et al., 2018). Adhami et al. (2018) say that bonus programs don't make or break an initial coin offering (ICO) campaign, but they do improve its chances of success.

The success of the initial coin offering (ICO) is bolstered when token-related features are valued by investors. Adhami et al. (2018) say that the success of the ICO project is closely tied to the right to use the services and the right to a share of the startup's profits.

There is little correlation between the value of a token's function, management rights, and the ability to contribute to the success of the ICO project. In a recent article, Adhami et al. (2018) argued that investors should care about the method of token sale the entrepreneur chooses. He claimed that this inclination boosts an ICO's chances of success.

2.5.1.13 ICO Underpricing and Token Returns

Underpricing occurs when the bid price is set, on average, lower than its true value. In the context of IPOs, this phenomenon has been the subject of much research, with various theories presented to explain possible explanations for the underpricing of the IPO. The concept of information asymmetry underpins the vast majority of the research. If you compare the ICO process to that of an initial public offering (IPO), you may be able to figure out why ICO prices are too low.

2.5.1.13.1 Underpricing and First-Day Returns

When the issue price is determined to be less than the true value, this is known as underpricing. The process of an initial coin offering (ICO) is similar to that of a security's initial public offering (IPO), but there are some important differences. For this reason, it may be useful to examine the studies on public offerings in order to understand the underpricing problem in ICOs.

The low pricing in public offering transactions can be explained with the help of some theories. Research has shown that these concepts can be applied to undervalued initial coin offerings (ICOs). The willingness of an ICO to underprice its tokens in order to attract a large user base is an important signal for investors, especially given the high level of information asymmetry in ICOs (Momtaz, 2019b).

In the absence of performance measures, liquidity is a key indicator of ICO quality for early investors, as noted by Howell et al. (2018) and echoed by Benedetti and Kostovetsky

(2021). The network model developed by Cong et al. In his view, the addition of a new investor to the platform increases the value of the entire network.

Many researchers have looked for the causes of ICO underpricing, including Momtaz (2019a), Benedetti and Kostovetsky (2021), Lyandres et al. (2018), and Felix and Von Eije (2019). Pre-sales were found to have a negative effect on underpricing by Benedetti and Kostovetsky (2021) and Felix and von Eije (2019). Based on this finding, Howell et al. (2018) and Lee et al. (2018) came to the conclusion that early investment demand indicates token demand, which in turn helps to establish a fair price at which to launch an initial coin offering (ICO). Felix and von Eije (2019) and Lyandres et al. (2018) say that successful pre-sales create a waterfall of information at the ICO's launch, and investors start putting money in regardless of this information.

2.5.1.13.2 Performance and Returns Over The Long Term

According to the study Momtaz (2019a) found that the median ICO declines by 30% with considerable favorable skewness over a holding period of 1–24 months. His research shows that 40% of initial coin offerings (ICOs) are priced too high. Many ICOs are priced too low.

2.5.1.13.3 Behavioral Biases in ICOs

In the context of ICOs, several empirical research examined investors' behavioral sentiment biases, herding behavior, and speculative bubbles. First, empirical studies demonstrate a strong correlation between investor sentiment and ICO market performance, which is in line with IPO research. "Market sentiment is positively associated with underpricing" (Felix TH, 2019). First-day returns, as well as weekly, monthly, and quarterly returns, were found to be positively correlated with parallel market returns by Lee et al. (2018), indicating that a thriving crypto market boosts investor confidence. Momtaz et al. (2019) found that listing is inextricably linked to market sentiment and liquidity. This means that businesses have a reason to hold an ICO even when crypto markets are volatile.

The effects of Ether and Bitcoin price fluctuations on initial coin offerings have also been studied by academics. Shocks to both Ether and Bitcoin have an effect on initial coin offerings (ICOs), but the effect on Ether is larger, as reported by Masiak et al. (2018). They also found that ICO price swings are longer-lived than those of Bitcoin and Ether, with a bullish ICO market persisting for around four weeks. According to Momtaz's (2019)

research, the price of Bitcoin has a positive correlation with both the amount raised and the first-day returns. This suggests that issuers may time their fundraising to hot markets and engage in "pump and dump" methods that may harm investors, as found by Bourveau et al. (2018), who found a positive correlation between historical Bitcoin returns and extremely negative returns in the subsequent 3, 6, and 12 months.

Empirical studies of the cryptocurrency market have also uncovered signs of herding. According to Calderón (2018), the herding behavior in the ICO market is seen when the market is enjoying favorable returns but is reversed when the market is experiencing negative returns. It has been shown by Bouri et al. (2018). According to the Economic Policy Ambiguity Index, there is a correlation between herd mentality and a high level of policy uncertainty. Their results suggest that investors become more confident in the (upward) direction of cryptocurrencies and seek to mimic the trading strategies of others when market volatility increases. As a rule, herding is a well-documented phenomenon in the cryptocurrency market. Because of the herding phenomenon, these results are important because they suggest that the efficient market hypothesis, which says that investors trade in a smart way, is false.

Sherman (2018) The author examines the ICO market's speculative bubbles. "Unsustainable increases in asset prices produced by investors trading on a pattern of price increases rather than information on underlying values" is how speculative bubbles are characterized (Gerding EF, 2007). In a bubble, "informed investors buy up prices in anticipation of noisy traders joining the market," according to one theory. When people with psychological biases in their investment decision-making enter the market, it creates more "noise." (Gerding EF, 2007). Sherman (2018) and Bianchetti et al. (2018) citing evidence of cryptocurrency bubbles in 2017, "Investors pump huge quantities of money into the ICOs, and the prices of coins issued in ICOs are only rising because other investors also funnel money into them,".

2.5.2 Traditional Forms of Crowdfunding Success Factors

There is discussion about what makes traditional forms of crowdsourcing work, as well as what investors look for in crowdfunding investment ideas.

Mollick (2014) asserted and looked into what elements influence whether or not a crowdfunding campaign is successful. People have also said that the basis of all crowdfunding models is the same: backers put money into something with the hope of getting something back. Kraus et al. (2016) discussed crowdfunding project success depends on a variety of things.

According to Ahlers et al. (2015) say that whether or not the project's financial goal was met, the number of investors, the total amount raised, and the speed of the campaign are all signs of successful fundraising.

Lukkarinen et al. (2016) Success variables for various crowdfunding projects were examined. These; "campaign features, networks and clarity of company concept and offer". Before the campaign, the founder defines the following characteristics: "the fundraising arm, the minimum investment, the campaign period, and the financial information."

According to Frydrych et al. (2014) observed that several factors affect the credibility and success of a project. These factors include the crowdfunding goal and final amount raised, the crowdfunding length, the reward-level arrangement, the visual pitch, and the composition of the founding team. The characteristics of successful crowdfunding projects are related to progress, as indicated by the authors of the aforementioned studies on the components of effective online crowdfunding campaigns.

2.5.2.1 Campaign Characteristics

The following review focuses on the project's fundraising goal, campaign length, incentive thresholds, visual pitch, and founding team structure.

2.5.2.1.1 Funding Target

Before starting a crowdfunding campaign, the founders set a fundraising target that is linked to the legitimacy of the campaign and its success. When the crowdfunding goal is higher, then achieving legitimacy becomes more complex and the entrepreneurs must have more persuasive information and share justifications with funders about the need and use of funds.

Several studies, such as those by Mollick et al. (2014) and Cumming et al. (2020), have found that ambitious funding goals hurt the success of reward-based crowdfunding campaigns. Other authors offer a diverse set of outcomes for various types of crowdfunding.

Research by Belleflamme et al. (2013), Lukkarinen et al. (2016), and Ralcheva and Roosenboom (2016) shows that low funding objectives perform better in reward-based crowdfunding and that high funding goals perform better in equity crowdfunding.

Both "all or nothing" and "keep it all" models exist for crowdfunding platforms, with the former requiring the founder to accept any funds raised over the minimum financing goal and the latter allowing the founder to keep whatever is raised. Cumming et al. (2020) conclude that campaigns with a "all or nothing" option have a better chance of success than those with a "keep it all" option, despite the latter's comparatively lower aim.

2.5.2.1.2 Campaign Duration

According to Frydrych et al. (2014) found that a longer crowdfunding campaign duration displayed an ambiguous narrative for the project, resulting in less investment, while a shorter crowdfunding campaign duration showed more trust and attracted financiers to donate.

According to Cordova, Dolci, & Gianfrate, 2015; Frydrych et al., 2016; E. R. Mollick & Kuppuswamy, 2014 show that projects of a shorter length are associated with a greater possibility of accomplishment and provide a signal of trust. The average time of a successful crowdfunding campaign is 34 days, whereas failing initiatives take 37 days.

2.5.2.1.3 Reward-levels

Potential funders are influenced by reward levels, which make them think of a good outcome (Frydrych et al., 2016).

Rewards are used in a planned way to make a project more popular and get more potential backers (Thürriidl, C. and Kamleitner, 2016).

Most business owners employ between six and eleven distinct incentive tiers. People are less likely to invest in a project if the rewards are too expensive or don't make sense. Frydrych et al. (2016) found that successful reward-based crowdfunding is linked to prizes that are real, priced fairly, and appropriate.

2.5.2.1.4 Visual Pitch

Mollick (2014) argues that visual pitch sends an explicit message to investors about the project's consistency and preparedness, and its use expects success.

Frydrych et al. (2014) Although the study found that making a video is a successful narrative tool, the findings did not indicate a direct link between the visual pitch and active crowdfunding.

Rather than reviewing and grading a business plan through textual or visual presentations, the online community in reward-based crowdfunding works together to co-create and promote a company's idea (Frydrych, D., 2014). Most crowdfunding projects now include a video pitch, therefore using video has become an essential aspect.

2.5.2.1.5 Financial Provision

Both reward-based and equity-based crowdfunding campaigns benefit from having access to detailed financial information (Ahlers et al., 2015). Investors' confidence in the project's earnings estimate and risk considerations would be greatly diminished if the founders refused to include financial forecasts or predictions.

The organization's validity and the success of the crowdfunding campaign also depend on other aspects of the initiative, such as the composition and characteristics of the founding team (Ahlers et al., 2015; Frydrych et al., 2014). Investors' decision-making and success projections are heavily influenced by data about the company's founders and management team (e.g., education level, experience, structure). The success percentage of individual projects is lower than that of projects that involve entrepreneurial teams. Investors consider not only the business plan but also the founder's motivation and track record for putting it into action (Frydrych et al., 2014).

2.5.2.1.6 Social Network Size

Funders regularly participate in online platforms to exchange information, and the crowdfunding process is related to social networking (Ordanini et al., 2011).

The founders' social networks have a direct impact on how successful their crowdfunding campaigns are. Successful entrepreneurs tend to have extensive social networks (Belleflamme et al., 2013).

Ahlers et al. (2015) say that social media is a good way to get to crowd funding and other financial resources. It's easier to locate and evaluate investment opportunities thanks to social media.

Using the social network of founders, funders such as friends, families, and community members may learn about the opportunities to invest and useful information, as well as provide support to the founders (Agrawal et al., 2015; E. Mollick, 2014).

From the investor's perspective, a social network helps to eliminate information asymmetries. Personal ties and networks are used to fund early-stage projects (Agrawal et al., 2014).

Quality and success of a campaign can be gauged by the number of early backers. The size and quality of the founders' social networks are correlated with the likelihood of their campaigns' success on crowdfunding platforms. These networks play a role in increasing the project's credibility, confidence, and prestige, as well as in validating the venture's efficiency (Vismara, 2016).

Vismara's (2016), The study provides empirical support for the importance of entrepreneurs' networks in equity crowdfunding by showing that these networks have a significant impact on lowering information asymmetry and increasing the appeal of pitches, which in turn draws in more investors and funds. Connecting online crowdfunding sites to social media networks (like Facebook) boosts the trustworthiness of investing activities and promotes herding (Burtch et al., 2013). Use of "social networking networks is an excellent indication of the success of a crowdfunding campaign," says Forbes. That's according to a study done by Lukkarinen et al. (2016).

Additionally, integrating online crowdfunding platforms with social media (like Facebook) increases herd behavior by making investment operations more open and trustworthy (Verschoore, J. R., and Zuquette, 2016).

Crowdfunding, according to Colombo et al. (2015), creates more valuable internal social capital than external social capital established by founders, etc., on social networks like LinkedIn and Facebook.

Colombo et al. (2015) showed that the early contributions from internal social capital are crucial to the success of fundraising initiatives, whereas social capital from the outside has a negligible effect on the success of crowdfunding projects. To feel like they belong to the group of founders and investors early on in a campaign, entrepreneurs should lean on and support the projects of other members of the crowdfunding community. (Hui et al., 2014).

Ahlers et al. (2015) Inconsistent data has been recorded and suggested little to no correlation between social media use and monetary success.

2.5.2.1.7 Entrepreneurial Communication With Potential Investors

The success of a crowdfunding project depends on how often the business owner and their investors talk to each other (Mollick, 2014).

The opportunity to be a part of the online community is one of the motivations that some funders use to motivate them to participate in a crowdfunding campaign (Agrawal et al., 2014). During the crowdfunding campaign, business owners should keep their backers updated on the project's status through regular uploads of textual and visual updates, as well as through the use of photos, blogs, and other online instruments (Kraus et al., 2016).

Kuppuswamy and Bayus (2013)) did an experiment to find out how important project updates are during the whole project financing cycle. Updates are strongly suggested for project creators as a means of communicating with possible donors and ensuring the project's visibility.

Crosetto and Regner (2014) have confirmed that "quite early in the life of a crowdfunding project future success can be predicted," according to their research on success determinants for crowdfunding initiatives. The goal of a project and how long it lasts are bad indicators of its success, but the number of pitch videos and blog posts are good indicators of how well a project communicates with potential funders.

2.5.2.1.8 Understandability

The understandability of a startup's offering or idea may have a role in the campaign's success in crowdfunding. According to Lukkarinen et al. (2016), showed the findings of their research show a strong link between a start-business-to-consumer up's orientation and campaign success.

2.5.2.1.9 Reputation and Legitimacy,

Frydrych et al. (2016) found that the legitimacy of the organization behind an entrepreneurial idea can explain why some ideas work and others don't.

Establishing online credibility is challenging for start-ups because they lack a track record of financial stability, an operational track record, and tangible assets. Frydrych, et al. (2016) Financing goal and total funding, crowdfunding duration, reward level structure, visual pitch, and founding team makeup are all believed to be related to legitimacy and

success in crowdfunding campaigns. Since early support is crucial and determines subsequent success, the platform members quickly identify low-legitimacy projects and show minimal interest or financial backing, while genuine ventures raise the necessary capital with a little margin (Frydrych et al., 2016). To the contrary of venture capital, it is more challenging to assess the signal of heterogeneous investors' quality in crowdfunding, leading to additional investment being tied to project legitimacy rather than the signal of early investors' quality (Mollick & Nanda, 2016).

Kim and Viswanathan argued in 2016 that early investors with talent, especially those with experience in app development and investing, had a big effect on later investors' decisions and led to a lot of success with fundraising, but their results were contradictory.

Successful crowdfunding campaigns have compelling and compelling tales that reinforce the positive benefits and validity of the project (Frydrych et al., 2016).

Through the use of a compelling narrative, investors can learn more about the linkages between the founder's idea, vision, fundraising objective, project development process, and financial prospects. According to the writers of this piece, crowdfunding campaigns have a better chance of success when a lengthy business plan is swapped out for a more succinct pitch. Frydrych et al. (2016) say that crowdfunding campaigns are more likely to be successful if backers actively contribute to and shape the story of the business.

2.5.2.1.10 Signals of Project Quality and Preparedness

Crowdfunding investors select and make decisions based on signals indicating the quality of a project and its likelihood of success. Indicators of quality that predict crowdfunding success were revealed by Mollick (2014), and they include preparedness and the size of one's social network in relation to investors.

According to Chen et al. (2009) found a positive correlation between readiness and VC funding decisions. The authors also come to the conclusion that readiness is linked to the strength of a business plan and the decision to invest in it.

Both the credibility of the entrepreneur and the success of the crowdfunding campaign depend on how well the founder can put the business plan into action.

Mollick (2014) Spelling mistakes in project pitches are an indication of unreadiness and low quality, as are the generation of video and the active delivery of updates to funders. In addition, he claims, an entrepreneur's social network isn't as important as the quality of

their products. According to Mollick (2014), the choice to invest in an entrepreneurial effort is tied to a reasonable appraisal of the project's possibilities for success, and the majority of the gathering and analysis of the quality signals of a crowdfunding project occurs during this evaluation phase.

As indicated by Ahlers et al. (2015) in their study on the impact of crowdfunding project quality on fundraising success, larger-quality efforts are more likely to acquire funding and provide a higher return on investment. The goal of this study was to find out if human capital, social capital, and intellectual capital are the most important quality signals for new and small donors when deciding whether or not to invest in an equity crowdfunding project.

Ahlers et al. (2015) did a study to find out what factors affect the success of fundraising. They found that the most important factor is human capital, which includes experience and management skills, qualified board members with MBA degrees, and the structure of the board.

According to research by Ralcheva and Roosenboom (2016), having a business angel as a backer increases the likelihood of a successful equity crowdfunding campaign. (Ralcheva & Roosenboom, 2016) Success in the online equity crowdfunding market may depend on having access to outside cash through traditional investors, who act as a third-party signaling system.

2.5.2.1.11 Information Asymmetry

According to research by Ralcheva and Roosenboom (2016), having a business angel as a backer increases the likelihood of a successful equity crowdfunding campaign. Success in the online equity crowdfunding market may depend on having access to outside cash through traditional investors, who act as a third-party signaling system.

In comparison to founders, funders have less information (Agrawal et al., 2014). Investors lack the required knowledge to adequately analyze and anticipate the likelihood of success of proposed crowdfunding initiatives before financing takes place (Belleflamme & Lambert, 2016). Due to the tiny size of their contributions, crowd investors have less incentive to conduct due research (Ahlers et al., 2015).

Crowdfunders in an equity crowdfunding model face substantial risk due to a lack of information about the founder's ability to generate future equity value through the creation

of a company, whereas in a reward-based crowdfunding model, the information asymmetry problem is related to the entrepreneur's ability to deliver the product (Agrawal et al., 2014).

Due to the nature of the funding mechanism, investors typically face two main threats: either a delay in receiving their promised goods or blatant fraud (Belleflamme & Lambert, 2016). According to the research of Ahlers et al. (2015), the quality of a project has a positive correlation with the success of equity crowdfunding, while uncertainty has a negative correlation. When evaluating alternative investment prospects and their prospective return on investment, the funders are trying to solve the knowledge asymmetry challenge.

When there is a lot of uncertainty about a project, investors are less willing to put money into it. According to research by Ahlers et al. (2015), information asymmetry can be mitigated if business owners effectively communicate the venture's intangible value to potential investors. By holding equity shares, the founders can demonstrate confidence in the equity crowdfunding enterprise.

As stated by Vismara (2016), in conventional corporate finance, equity retention is seen as a measure of quality. Investors are less likely to be interested in business owners who sell a larger share of their companies. So, the actions of entrepreneurs matter a great deal for the success of their businesses.

Another method to signal venture quality and mitigate the danger of information asymmetry is to make use of financial projections and estimations, which can be used to assess the expected return on investment and the associated risk. Ahlers et al. (2015) found that maintaining equity and giving more information about investment risk and internal governance are signs of a good venture that can be linked to crowdfunding success and a better chance of getting a higher return on investment.

The study by Ralcheva and Roosenboom (2016) found that keeping stock on hand did not increase the likelihood of a successful fundraising round. When they first started out, most business owners probably didn't put much of their own money into the business.

Funders can help solve the problem of founders and investors not having the same access to important information (Agrawal et al., 2014) by looking at reputation signals, regulations, and crowd due diligence.

2.5.3 Keys to Early-Stage Company Financing Success

Although both accredited venture capitalists and non-accredited crowdfunding investors give seed money for startups, I do not believe that these two types of investors employ the same selection and assessment criteria. Crowdfunding success, however, is shown to be controlled by the same underlying dynamics as other types of entrepreneurial investment, as discovered by Mollick (2014; 2013). Crowdfunders, like other sources of startup finance, assess a project's merits based on its product, its team, and its chances of success, as one investor put it. Even though crowdfunding and venture capital are very different, investors use similar criteria to judge the quality of projects (E. R. Mollick, 2013).

According to Mollick (2013), says that venture capitalists and crowdfunding investors should look for evidence of the entrepreneur's (team's) past performance, readiness, and endorsements from third parties as signs of a good venture and a good chance of success.

2.5.3.1 Indicators of the Entrepreneur's Past Success (Team)

Venture capitalists place a premium on a company's founders who have already found success (E. R. Mollick, 2013). Even people who have never used crowdfunding before are more likely to put their money behind a team that has been successful in the past. Mollick argues that entrepreneurs who have been successful in the past are more likely to be successful in the future and get funding because of this (E. R. Mollick, 2013).

Gompers et al. (2006) argue that “entrepreneurs who succeeded in a prior venture have a 30% chance of succeeding in their next venture”.

2.5.3.2 Preparedness

Venture capitalists are generally looking for signs of preparedness as a sign of quality. Preparedness is also viewed by crowd-funders as a quality indicator that promotes crowdfunding success.

According to Mollick (2014), Because most crowdfunding initiatives deliver late, according to Mollick's research, "preparedness, especially in the form of functional prototypes and shown products, maybe less emphasized" Mollick (2013).

However, Mollick (2013) still, being ready is a big part of crowdfunding's success, and Mollick (2013) showed that crowdfunding investors judge the quality of entrepreneurial projects in a logical way.

2.5.3.3 Endorsements from Third Parties

Venture capitalists place a high value on recommendations from people they know and trust as a predictor of a project's quality and its likelihood of being funded. Because social media networks are less confident in crowdfunding, third-party endorsements are less reliable (E. R. Mollick, 2013).

Mollick (2013) says that endorsements should still help get quality signals in crowdfunding, even though recommendations from crowdfunding social media platforms (like blogs) are less trustworthy.

Lukkarinen et al. (2016) looked at whether or not the investment and success assessment criteria typical of early-stage fundraising (venture capitalists and company angels) were important in predicting crowdfunding success. These criteria were utilized by the authors (Lukkarinen et al., 2016) to evaluate investments: the market, the idea, the scalability, the terms, the stage, and the team (their credentials, experience, skills, and motivation).

Contrary to Mollick's findings, Lukkarinen et al. (2016) found that none of the conventional investment criteria employed by VCs and angel investors were particularly relevant in determining the ultimate success of equity crowdfunding campaigns. But Lukkarinen et al. (2016) say that the success of venture capitalists and angel investors may be linked to traditional investment criteria on equity crowdfunding platforms that are aimed at more experienced investors.

Bouaïss et al. (2015) equity crowdfunding suggested. is “nearly similar to institutionalized funding of risk capital and especially funding that can be invested in start-ups by business angels”. According to Sudek's (2006) research, the four most important characteristics of an entrepreneur that angel investors look for when determining whether or not to make an investment in a startup are the following: the entrepreneur's reliability; the quality of the management team; the entrepreneur's enthusiasm and dedication; and the availability of exit options. Furthermore, the top three most crucial management team attributes for success are enthusiasm, tenacity, and transparency (Sudek, 2006).

As the study by Gompers et al. (2020) argued that the management team is more significant to venture capitalists than business-related features like products or technology when making investments. Also, venture capitalists think that the team is more important

than the firm when it comes to deciding whether or not the investment will be successful in the end. This is especially true for early-stage and IT investors.

Venture capitalists gave no business-related component a grade above 10% in terms of success or failure. This includes the company model, technology, market, and industry. Alternatively, later-stage venture funders placed a higher premium on business-related attributes (P. A. Gompers et al., 2020). Capability, experience in business, enthusiasm, and previous entrepreneurial experience are the most sought-after traits in a management team (P. A. Gompers et al., 2020).

In a nutshell, in Taraba et al. (2014), the characteristics of successful early-stage investors in technical start-ups were investigated. Investors are likely to base their investment decisions in part on the following rating criteria: team members' complementary knowledge and experience; technical expertise and commercial skills; marketing; market development; market entry barriers; product demand; level of innovation; and customer value-added (Taraba et al. 2014). Miloud et al. (2012) and Chemmanur et al. (2012) discovered that the quality of the entrepreneur founder(s) and the entire entrepreneurial team is positively associated with the valuation of early-stage enterprises.

2.5.4 Conclusions of The Literature Review

Due to the newness of initial coin offerings as a fundraising tool, there is currently limited research on the topic. There are currently four completed research projects. And all these studies were being conducted to determine what makes initial coin offerings (ICOs) successful. The impacts of the parameters studied in these four publications are summarized in Table 1. (positive, negative, or mixed). If multiple studies have examined a given issue, that effect's column will reflect the mean value of those studies' findings. This means that even if two studies find opposite results for the same factor, we still count the effect as positive even if one study finds no effect. When one study finds a positive impact while another finds a negative one, the results are considered mixed.

Table 2.1. *Success factors examined extensively*

Factor	Effect	Studies and interpretations
White paper	Mixed	No consequence (Adhami et al., 2018), Page length increased the fortuitous of success (Amsden & Schweizer, 2019). A unscrupulous whitepaper decreases the chance of success (Fisch, 2019a).

Use of Ethereum	Positive	Using Ethereum as a platform increases the probability of meeting minimal funding requirements (Amsden & Schweizer, 2019; Fenu et al., 2018; Fisch, 2019a). On the other side, it resulted in a decline in overall investment, presumably due to the fact that large initiatives frequently develop their platforms (Amsden & Schweizer, 2019).
Code availability on GitHub	Positive	The effect is positive (Adhami et al., 2018; Amsden & Schweizer, 2019). Good GitHub ratings had a positive correlation. (Fisch, 2019a). GitHub creates transparency, allowing people who are interested to check the quality of the code and watch its progress.
Pre-ICO	Mixed	Adhami et al. (2018) Pre-ICOs, it was argued, that had a positive influence. It was shown to be negative by Amsden and Schweizer (2019). For investors, pre-ICOs can be a source of anxiety.
Jurisdiction	Positive	The addition of jurisdiction to the whitepaper had a significant positive correlation. (Adhami et al., 2018). The use of a tax haven jurisdiction seemed to have no impact. (Amsden & Schweizer, 2019).
Social media use	Positive	Twitter has no bearing on the question (Adhami et al., 2018; Fisch, 2019a), Perhaps it was because practically every company had one (Fisch, 2019a). Use of Telegram influenced positively (Amsden & Schweizer, 2019).
Accepting FIAT	Negative	This may cause developers to appear uncertain about the success of their ICO, which may increase a project's susceptibility to law enforcement and regulatory intrusion. (as in the freezing of bank accounts) (Amsden & Schweizer, 2019).
ICO Bonus Schemes	Positive	Unaffected. In the essence of the token becoming tradable, it has a little beneficial effect (Amsden & Schweizer, 2019).
Use of utility tokens	Positive	The initial coin offering (ICO) is more likely to be successful if donors are given tokens that give them access to the network and profit rights (Adhami et al., 2018).
Team	Positive	Not thoroughly investigated. A CEO with a huge LinkedIn network (500+) appears to have a beneficial impact (Amsden & Schweizer, 2019). Team size had a positive effect in one study (Amsden & Schweizer, 2019), but no effect in another (Fenu et al., 2018).

Volatility and Return	Mixed	The volatility and returns of the cryptocurrency (e.g., Bitcoin) linked to the underlying blockchain had no influence. (Adhami et al., 2018), or, depending on the situation, a negative or positive influence (Amsden & Schweizer, 2019). Higher Ethereum pricing, in particular, reduces the probability of investing in ICOs, whereas higher volatility raised it. (Amsden & Schweizer, 2019).
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Tablo 2.1 (*devam*) *success factors examined extensively*

The same study showed that duties related to tokens, like governance rights, the ability to participate in the ICO design and development process, or the currency, have no effect on the success of ICOs.

Due to a dearth of material on ICO success characteristics, I presented a literature study of the specified success elements of traditional crowdfunding and other kinds of early-stage start-up financing, which are most analogous to ICO crowdsourcing in the funding life cycle.

Based on what has been written about traditional forms of crowdsourcing success criteria, the following crowdfunding campaigns and business characteristics have a lot to do with the success of a crowdfunding campaign.

Crowdfunding campaigns are successful based on a combination of campaign and project criteria.

Goals for fundraising

- In reward-based crowdfunding, smaller goals are more acceptable.
- When it comes to crowdsourcing for equity, setting higher goals is generally appropriate.
- A realistic goal improves the chances of a project's success.

Campaigns with a shorter length

- A crowdfunding campaign with a shorter duration is so much more efficient, reveals more confidence, and encourages backers to engage.

Reward-levels that are tangible, reasonably priced, and appropriate.

Pitch visual

- The visual pitch of a project is a strong indicator of its quality and preparation.

Financial information is given.

Characteristics of the founding team:

- composition.
- experience.
- education (doctoral or MBA degree).
- management skills.
- reputation.
- trustworthiness.

Size of the social network:

- Crowdfunding Community.
- private sector funding at the beginning (via traditional investors).
- The scale of social media networks.

Regulation:

- The goal of the rule is to make sure that regular investors don't get scammed, to cut down on the number of fraudulent schemes, and to force business owners to tell more about how and what they do.

CHAPTER THREE

3. EMPIRICAL RESEARCH METHODOLOGY

In this part of the thesis, the researcher talks about the research question, the research objectives, the research design, the research methodology, the research technique, the research questionnaire, the empirical research procedure, and the results.

3.1 The Aims and Objectives Of The Research

The objective of this research is to conduct empirical research with the intention of determining, from the perspectives of investors and experts in the field, the characteristics of initial coin offerings (ICOs) that lead to their successful completion. The following is a list of the goals that this study aims to accomplish:

1. To compile and assess a list of success factors for ICOs based on the questionnaire data.
2. To see how similar the success factors on the list are to those found in earlier studies.
3. To develop the list of success variables for initial coin offerings (ICOs) conclusions and recommendations.

3.2 Research Design, Method

This section explains why we choose a specific study strategy and procedure.

The quantitative research approach was chosen for the following reasons in decided to conduct out the objectives of this study:

1. In light of the fact that the ICO phenomenon is still relatively new and there hasn't been much research done on it in the past, the purpose of this project is to acquire a deeper understanding of a topic about which very little is already known (Richards, L. and Morse, 2007; Silverman & Marvasti, 2008).
2. Since the ICO phenomena is so new, and there is so little study on it, we want to learn as much as possible about it (Richards and Morse, 2007).
3. For issues where pre-emptive data reduction will hinder discovery, quantitative approaches are recommended. (Richards and Morse, 2007).
4. Structured questionnaires are used for the collection of quantitative data. The questionnaire has been carefully crafted to ensure reliable results. It starts a formal investigation, gives more information, confirms data already collected, and helps prove an existing theory.

3.3 Empirical Research Process and Results

This section discusses how to collect data for empirical research, how to analyze it, and what the outcomes of the questionnaires are.

3.3.1 Data Collection

In this study, we used Google Forms to conduct a survey (with structured questions) across many social media networks. Quantitative information is gathered by means of carefully designed surveys. The questionnaire is carefully constructed to ensure accuracy. In addition, it conducts a formal inquiry, provides additional data, verifies previously gathered data, and helps corroborate any hypotheses that may have been present. It will consist of multiple-choice questions like these: Multiple-choice questions are a type of closed-ended question in which the respondent is asked to select one (in the case of a single-select multiple-choice question) or more (in the case of a multiple-select question) possible answers. SPSS, which stands for Statistical Package for the Social Sciences, will be used to look at the data and figure out what it means.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

This section discusses the data analysis and interpretation that was done for the study; prior to this section, all primary and secondary data that was considered necessary was collected and compiled. The primary data was collected with the help of a structured questionnaire form, which was then converted into an excel sheet and tabulated within a well-known software program called SPSS. This was done so that raw data from respondents could be analyzed and turned into text that made sense and was easy to understand.

4.1 Demographic profile of respondents

Table 4.1. *Demographic profile of respondents*

	Indicators	Frequency	Percent %
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Gender	Female	43	43%
	Male	57	57%
	Total	100	100%

Table 4.1. is shown that the gender of the participants who took part in the study. To begin, 57 of the 100 respondents (57%) were male. As a result, the table above shows that the majority of respondents were male. However, 43 respondents, or (43 percent), were female, comprising nearly the minority of respondents. As a result, our study showed that men and women are semi-equally involving the initial coin offering financing.

Table 4.2. *Respondents ages*

	Indicators	Frequency	Percent
Age	18-25	20	20%
	25-35	56	56%
	35-45	20	20%
	Above 45	4	4%
	Total	100	100%

Table 4.2 describes and exhibits the respondents' ages. 20 respondents were between the ages of 18 and 25 (out of a total sample of equivalent (20.0 percent). 56.0 percent of those questioned were between the ages of 25 and 35. Furthermore, 20 (20.0 percent) of respondents were between the ages of 35 and 45, while 4 respondents (4.0 percent) were over the age of 45.

This analysis shows that most of the people who answered were between the ages of 25 and 35. Based on our survey, 56 percent of people who are interested in initial coin offerings are younger than 35 years old.

Table 4.3. *Educational background*

	Indicators	Frequency	Percent
Educational background	Secondary	1	1%
	Diploma	6	6%

	Undergraduate	28	28%
	Postgraduate	65	65%
	Total	100	100%

Table 4.3 displays the educational background of the respondents who completed the study questionnaire. The respondents who took part in the designed questionnaire are listed in the table. One participant was equivalent to (1.0 percent) of the secondary out of the 100 respondents. 6 respondents (6.0 percent) were diploma level, 28 respondents (28.0 percent) were undergraduate level, and the remaining 65 respondents (65.0 percent) were postgraduates, and it is indicating that the majority of those involved in an initial coin offering are postgraduates.

Table 4.4 Explains the respondents experience

	Indicators	Frequency	Percent
Experience	Less than one year	26	26%
	Between 2-3 years	54	54%
	Between 3-4 years	17	17%
	Five years and above	3	3%
	Total	100	100%

Table 4.4 shows the experience of the respondents who filled out the questionnaire in the study and the experience they have from initial coin offerings. 26 out of the 100 respondents had less than one year of experience which is equal to 26%. While 54 of the respondents had between 2-3 years of experience which is a percentage equal to 54%. And also, 17 respondents in the study were between 3-4 years. While the 3 of the respondents had five years and above which is equal to 3%, which is a minority group in our study, while 54% of the majority group were between 2-3. As the result, the initial coin offering became widely popular, and most of the country started to welcome this new financing.

Table 4.5 Level of involvement in the initial coin offerings

	Indicators	Frequency	Percent
Level of involvement	Investor	61	61%
	Advisor	7	7%
	Expert	13	13%
	Consultant	5	5%
	Marketer	3	3%

	Total	100	100%
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Table 4.5 depicts the respondents' level of involvement in the initial coin offering. 61 out of 100 of the respondents were investors which is equivalent to (61.0%) which is meant it is the majority group in the study. This also shows that initial coin offerings are a new way to raise money in the 21st century, which is why so many developing countries are interested in them because of the decentralization of funds around the world. In our study, 7 percent of the respondents were the initial coin offerings project advisor, who has allowed us to contribute their experience in the field which could make our study stronger and will attract more of our targeted population. 5 of the respondents were a consultant of the companies, which are operating projects, that have been financed through the initial coin offerings.

The last 1% of respondents were marketers. These were the people who persuaded investors to put money into projects that were meant to be funded by initial coin offerings. They did this by using social media like Facebook, Instagram, Telegram, and Twitter.

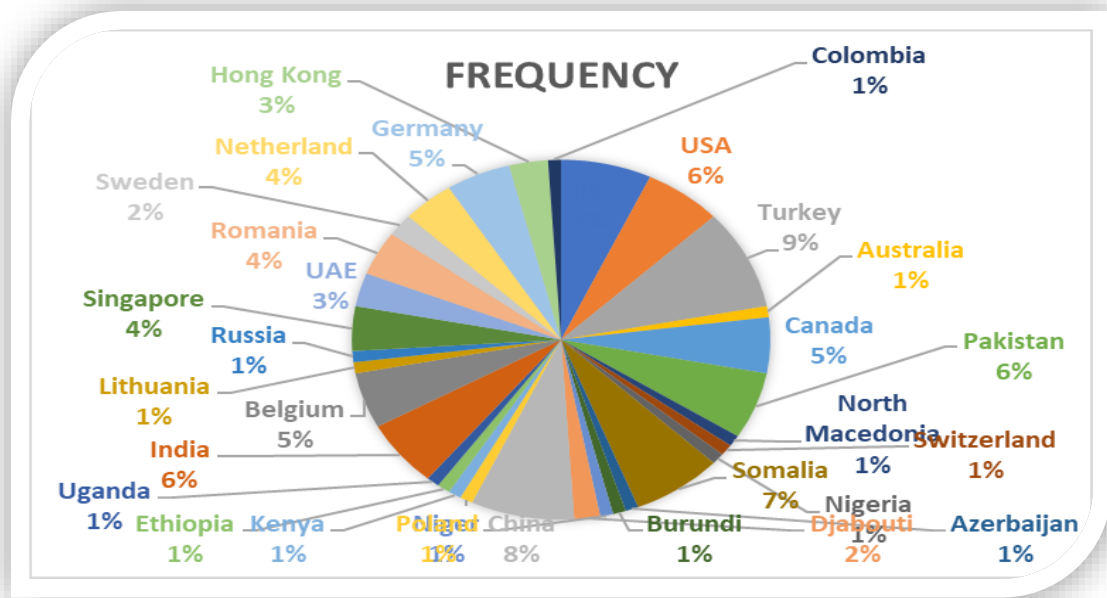


Figure 4.1 provides an explanation of the respondents' place of residence.

Figure 4.1 exhibits the respondents' domicile, which shows that most of our study's respondents were from Turkey, and our target population was living all around the world,

such as Africa, Europa, and America, because initial coin offering is one of the decentralized financial systems, which crossed borders and allows so many different investors around the world. Our respondents were from different countries, but rationally can be different or can be greater than by number from country to country.

4.2 The Project's Key Success Factors

The qualities of the project that have been determined in advance of the ICO's launch and that are related to the idea's intended outcome constitute the project's success factors. When it comes to determining whether a project was successful, experts in the field are divided. Other studies looked at the data using different critical success factors to see if the results could be different, but they still came to the same conclusions.

The tables following this one show the total number of respondents who agreed with the statement, including both those who strongly agreed and those who agreed. People who strongly disagreed with the items were put together with those who just disagreed, and people who weren't sure were put in the neutral category.

The interpretation in the next paragraph is based on a comparison of findings from three categories.

Table 4.6. *A project will succeed if its token is exchanged on the secondary market, not the first day of trading*

	Indicators	Frequency	Percent
Valid	Strongly agree	16	16%
	Agree	82	82%
	Disagree	2	2%
	Total	100	100%

According to the findings in table 4.6, the vast majority of respondents agreed with the statement that a project will only be successful if its token is traded in the secondary market, rather than being bought and sold on the first day of trading. This is in contrast to the respondents who disagreed with the statement and the respondents who were unsure how they felt about the matter (neutral). The percentage who consented to the statement was 98% while those that not sure (neutral) are zero and those that opposed were 2%. This demonstrates that the majority of respondents believe the project will succeed only if the

token is exchanged in the secondary market rather than being bought and sold on the first day of trading. Furthermore, initial coin offers (ICOs) are a type of ICO.

Investors know that if the initial coin offers aren't sold on the secondary market, it'll be a waste of money, since their money and expected rewards will be returned to them.

ICOs (initial coin offerings) have finally arrived. Results show that ICO investors agree on the idea that a project will be successful only if its token is exchanged on the secondary market, rather than bought and sold on the first day of trading. This is because both new and experienced investors think that coins are involved and that scammers are providing them if this is not the case.

The majority of respondents agreed that a project will succeed only if its token is exchanged on the secondary market rather than being bought and sold on the first day of trading. The percentage who consented to the statement is 98%, which is the majority of the respondents that show how this statement is significantly reliable, and those opposed to the statement were 2% which is insignificant, while there were no those not sure (neutral).

In short, the investors in ICOs, particularly the unskilled investors should consider the coins that are traded on the secondary market which is truly reliable and trustworthy. The coins that are not traded on the secondary market are an unsuccessful investment and are suspected by scammers.

Table 4.7 *The binary variable of soft-cap accomplishment is also used as a success indicator*

	Indicators	Frequency	Percent
Valid	Strongly agree	12	12%
	Agree	87	87%
	Disagree	1	1%
	Total	100	100%

Table 4.7 shows that respondents generally agreed with the success measure's binary variable of soft-cap attainment. Ninety-nine percent of respondents agreed with the statement, zero percent were unsure (neutral), and one percent were opposed to it, which is a negligible minority. According to the results, most participants in the ICO market agreed that reaching the soft cap is a good indicator of success. In conclusion, our research shows that reaching the soft cap is a key part of the success of an ICO.

Table 4.8 *The most prevalent indicator of a project's success is the amount of funding raised*

	Indicators	Frequency	Percent
Valid	Strongly agree	28	28%
	Agree	66	66%
	Disagree	6	6%
	Total	100	100%

As indicated in Table 4.8, the majority of respondents agree that the most prevalent measure of a project's success is the total quantity of capital achieved, as opposed to those who disagree and those who are unsure (neutral). Six percent of respondents disagreed with the statement, while there were none who were unsure (neutral). As a consequence, the proportion of respondents who agreed with the statement was 94%, which has a substantial impact on the success of initial coin offerings. Most of the people who answered said that the total amount of money the project's founders raised had a big effect on how well the ICO did.

Table 4.9. *The industry in which the ICO is produced influences its success, as some provide greater outcomes than others*

	Indicators	Frequency	Percent
Valid	Strongly agree	22	22%
	Agree	75	75%
	Disagree	3	3%
	Total	100	100%

Table 4.9 shows that the majority of respondents thought that the industry in which an ICO project is generated is the most important factor in predicting its success. 97% of respondents agreed with the statement, while 3% disagreed. The majority of respondents claimed the industry in which an ICO is formed is the first element affecting its performance, because some businesses produce greater outcomes than others. Most of the people who answered said that the first thing that determines the success of an initial coin offering project is the industry in which it is made, since some industries produce better results in general than others.

Table 4.10. *The experience of the founders in the project's industry is deemed irrelevant.*

	Indicators	Frequency	Percent
	Strongly agree	7	7%

Valid	Agree	49	49%
	Disagree	42	42%
	Strongly Disagree	2	2%
	Total	100	100%

In compared to those who opposed the project and those who were not sure, the results in Table 4.10 reveal that the semi-majority of respondents agreed that the founders' experience in the project's industry is not deemed relevant. The percentage of respondents who agreed with the statement was 56 percent, while the amount of those who disagreed was 44 percent. As a result of the research, half of the respondents believe the founders' experience in the project's industry is irrelevant, while the other half disagree. Finally, this factor causes contradiction among the respondents which may not conclude most of the respondents that allow deciding the experience of the founders in the industry of the project is not considered relevant. Consequently, our study suggests forthcoming research to replicate this factor to find reliable and trustworthy results that market participants in initial coin offerings allow to decide whether this factor causes the success of initial coin offerings or not.

Table 4.11. *The literature shows that location affects a project's success*

	Indicators	Frequency	Percent
Valid	Strongly agree	18	18%
	Agree	78	78%
	Disagree	4	4%
	Total	100	100%

The majority of respondents (as shown in Table 4.11) agreed that the site is widely considered in the literature and has been demonstrated to have an impact on the success of the project, as opposed to the minority who were opposed or unsure (neutral). Among those polled, 96% were in agreement, 0% were unsure, and 4% were opposed to the statement. Location is perceived by many respondents to be important to the success of a project, and this is supported by evidence from the literature.

Therefore, our research reveals that geographical proximity is a significant determinant of ICO success. In addition, Table 4.11 demonstrates that the majority of respondents agreed that location is widely considered in the literature and revealed to have an impact on the success of the project, as compared to those who disagreed or were unclear. In a survey, 96% of participants indicated their agreement with the statement; 0% were undecided; and 4% strongly disagreed.

Based on the results, the vast majority of respondents agree that the project's location is an important factor that has been discussed extensively in the academic literature and has been shown to affect the project's performance, while only a minority of respondents express concern about the founders' relative inexperience in the field. Our research also shows that where an ICO is launched has a big impact on how well it does.

Table 4.12. *The white paper is the most important source of information, and its length affects the project's success*

	Indicators	Frequency	Percent
Valid	Strongly agree	22	22%
	Agree	77	77%
	Disagree	1	1%
	Total	100	100%

Most respondents agreed that the whitepaper is the most essential source of information in an ICO, and many also believe that the length of the whitepaper is directly related to the success of the project (see Table 4.12). The percentage of people who agreed with the statement was 99.99 percent, the number of people who were undecided was 0.0 percent, and the percentage of people who disagreed with the statement was 1.0 percent. Respondents were nearly unanimous in their assessment of the whitepaper's status as the project's most crucial informational resource, and many held the opinion that the whitepaper's length had a direct bearing on its likelihood of success. Our research shows that the whitepaper is the most important document related to ICOs. It is often seen as the most important factor in ICO success, which could lead to more people joining the ICO market.

The majority of respondents also agreed that the whitepaper is the most essential source of information and that the length of the whitepaper impacts project success, whereas a smaller number of respondents were not sure or disagreed. Ninety-nine percent of respondents agreed with the statement; none were unsure, and one percent were in disagreement. While the majority of respondents agree that the whitepaper is the most important source of information in ICOs and that the length of the whitepaper influences project success, a sizable minority of respondents maintain that the whitepaper is not the most important source of information in ICOs and that the length of the whitepaper does not influence project success. Finally, our research reveals that the whitepaper is the most trusted source of information during ICOs and that the length of the whitepaper has a significant impact on the success of the project.

Table 4.13. *Technical whitepapers are thought to help to a project's success due to their quality and technical skill*

	Indicators	Frequency	Percent
Valid	Strongly agree	28	28%
	Agree	70	70%
	Disagree	2	2%
	Total	100	100%

Table 4.13 displays the results of a survey asking whether or not respondents believed technical whitepapers contributed to project success. The majority of respondents said they did (neutral). Among those polled, 98% agreed with the statement, 0% were unsure, and 2% were opposed. The majority of respondents shared the view that technical whitepapers are a good indicator of a project's quality and technical expertise, and hence contribute to the success of an ICO. Our research confirms that technical whitepapers are viewed as an indicator of a project's quality and technical expertise, both of which are thought to play a role in the success of initial coin offerings.

Table 4.14. *Arguments assume technical whitepapers have a good impact solely at the beginning of the initial coin offerings campaign*

	Indicators	Frequency	Percent
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Valid	Strongly agree	13	13%
	Agree	75	75%
	Strong disagree	1	1%
	Disagree	11	11%
	Total	100	100%

Table 4.14 shows that, when comparing those who agreed with the statement "Arguments are presuming that technical whitepapers do not influence a positive outcome in the long term," to those who disagreed and were unsure, the vast majority of respondents agreed (neutral). The statement was supported by 88% of respondents, 0% were unsure, and 12% were opposed. The majority of respondents agreed with the statement, "Arguments are presuming that technical whitepapers do not affect a positive outcome in the long run but have only a positive impact at the beginning of the ICO campaign." Therefore, our research confirms the arguments' assumption that technical whitepapers have no lasting effect on the success of an ICO and are instead only useful at the outset. Lastly, our research helps people who are new to the ICO market and other market players decide where to put their money.

4.3 The Success Factors of The Campaign

The variables that contributed to the success of the campaign are centered on the relevant aspects that were prepared before the start of the campaign and during the time that it was running.

Table 4. 15. *Proponents of shorter campaigns argue that they are more likely to succeed where lengthier ones have failed*

	Indicators	Frequency	Percent
Valid	Strongly agree	16	16%
	Agree	69	69%
	Strong disagree	1	1%
	Disagree	14	14%
	Total	100	100

According to results in Table 4.15, the majority of the respondents concurred with the common argument, which says that a longer campaign affects negatively the project's

performance and that shorter campaigns will most likely mean better outcomes in comparison with those who opposed and those that were not sure. The percentage of respondents who agreed with the statement was 85%, while those that were not sure were zero, and the percentages that opposed it were 15%. Therefore, findings indicate that the majority of respondents held the same view that the common argument, which says that a longer campaign affects negatively the project’s performance and that shorter campaigns will most likely mean better outcomes, while an insignificant number of the respondents opposed that the common argument is that a longer campaign affects negatively the project’s performance and shorter campaigns will most likely mean better outcomes, and this significantly influences initial coin offerings’ success. Finally, our study confirms the common argument that a longer campaign negatively affects the project’s performance and that shorter campaigns will most likely mean better outcomes. Without a doubt, this helps initial coin offerings’ market participants decide on their investment in initial coin offerings.

Agreed with the statement was 85% while those that were not sure were zero, and the percentages that opposed were 15%. Consequently, findings indicate that the majority of respondents held the same view of the common argument which says that a longer campaign affects negatively the project’s performance and shorter campaigns will most likely mean.

Table 4.16. *A number of research point to a beneficial influence on the success of token pre-sales*

	Indicators	Frequency	Percent
Valid	Strongly agree	15	15%
	Agree	81	81%
	Disagree	4	4%
	Total	100	100%

While there were few who disagreed or were unsure, table 4.16 shows that the vast majority of respondents agreed that the several studies suggest a beneficial impact on pre-sales of tokens. Ninety-six percent of respondents found themselves in agreement with the statement, with zero percent finding themselves unsure and four percent finding themselves in opposition. Therefore, the results show that most respondents agreed with the conventional argument that "many studies showed a beneficial impact on the success of pre-sales of tokens," while only a small fraction of respondents disagreed. Finally, our research lends

credence to the widely held view that a high number of tokens sold in advance correlates with a successful initial coin offering. There's no doubt that this aids people in making decisions about investing in initial coin offerings in the market.

Table 4.17. *Pre-sales may impact ICOs since they are an immediate need for funds and could lead to token dumping in the secondary market*

	Indicators	Frequency	Percent
Valid	Strongly agree	18	18%
	Agree	72	72%
	Strongly Disagree	1	1
	Disagree	9	9%
	Total	100	100%

According to table 4.17, most respondents think that pre-sales could have a negative effect on ICOs since they are seen as a pressing need for funds and could lead to the dumping of tokens in the secondary market. Ninety percent of respondents agreed with the statement, with zero percent expressing uncertainty and ten percent voicing opposition. Therefore, results show that the majority of respondents agree that pre-sales may have a negative effect on initial coin offerings because it is seen as an immediate need for capital and may lead to the dumping of tokens in the secondary market, with a small percentage of respondents holding the opposite view.

Finally, our research provides more evidence that pre-sales could have a negative effect on ICOs since they are seen as a pressing need for funds that could lead to the sale of tokens at a discount on the secondary market. There's no doubt that this aids people in making decisions about investing in initial coin offerings in the market. Compared to those who were against it or weren't sure, most respondents agreed that pre-sales could hurt ICOs because

they are seen as a quick way to get money and could lead to tokens being dumped on the secondary market.

Table 4.18. *ICOs with greater bonuses are seen as possible scams and are less likely to succeed*

	Indicators	Frequency	Percent
Valid	Strongly agree	22	22%
	Agree	74	74%
	Disagree	4	4%
	Total	100	100%

The majority of respondents agreed, as shown in table 4.18, that the presence of bonus schemes can negatively influence the success of a project, since ICO projects with greater bonuses are viewed as possible frauds and are less likely to succeed than those who opposed it and were not sure. Ninety-six percent of respondents found themselves in agreement with the statement, with zero percent finding themselves unsure and four percent finding themselves in opposition. So, the results show that most respondents agreed that the existence of bonus schemes might hurt the success of a project because ICO projects with bigger bonuses are seen as possible scams and are less likely to succeed. However, a small number of respondents disagreed, saying that the existence of bonus schemes might hurt the success of a project.

Our research shows that larger bonus ICO initiatives are viewed as potential scams and have a lower chance of success, suggesting that the existence of incentive schemes may negatively influence the success of a project. Most of the people who responded agreed that bonus schemes could hurt the success of a project because initial coin offerings (ICOs) with bigger bonuses are seen as possible scams and are less likely to succeed than those who were against the idea or weren't sure.

Table 4.19. *Lower token prices seem to boost a project's success since investors are more interested in cheaper tokens that allow them to acquire from multiple projects*

	Indicators	Frequency	Percent
Valid	Strongly agree	26	22%
	Agree	73	73%
	Disagree	1	1%
	Total	100	100%

According to table 4.19's results, the majority of respondents agree that cheaper tokens seem to have a good influence on the project's performance since investors are more interested in cheaper tokens that allow them to buy numerous tokens from different projects. Ninety-nine percent of those who answered agreed with the statement, 1% were not sure, and 1% were against it. Therefore, results show that the majority of respondents shared the view that cheaper tokens seem to have a positive influence on the project's success because investors are more interested in cheaper tokens that allow them to buy several tokens from different projects. However, there was a small percentage of respondents who disagreed, suggesting that token price is not the only factor in determining a project's success. Finally, our research shows that investors are more interested in cheaper tokens because it allows them to buy more tokens from a wider variety of companies.

Table 4.20. *Reasonable hard-cap financing thresholds can contribute to a successful project*

	Indicators	Frequency	Percent
Valid	Strongly agree	24	24%
	Agree	73	73%
	Disagree	3	3%
	Total	100	100%

Table 4.20 shows that, when comparing those who agreed with the statement to those who disagreed or were unsure, the majority of respondents agreed that the existence of hard-cap financing thresholds, which have been previously established and whose limits are reasonable, also contribute to a successful project. A whopping 97% of respondents expressed agreement with the remark, with 0% expressing uncertainty and 3% voicing opposition. Therefore, results show that the majority of respondents shared the view that hard-cap financing thresholds, which were previously established and their limits are reasonable, also contribute to a successful project, while the small number of respondents who opposed hard-cap financing thresholds previously established and their limits are reasonable, also significantly influenced the initial stages of the project.

Lastly, our research shows that the stated, correct limitations on hard-cap financing also help the project succeed.

Table 4.21. *Soft-cap financing thresholds are positively impacting the success of the initial coin offerings*

	Indicators	Frequency	Percent
Valid	Strongly agree	21	21%
	Agree	79	79%
	Total	100	100%

Table 4.21 shows that, when asked whether soft-cap financing thresholds affect the success of initial coin offerings, the majority of respondents agreed that they do. The percentage of respondents who agreed with the statement was 100% while those that were not sure were zero, and the percentages that opposed were zero. Consequently, findings indicate that the majority of respondents held the identical point of view that Soft-cap financing thresholds are positively impacting the success of the initial coin offerings, there were no respondents who opposed that Soft-cap financing thresholds are positively impacting the success of the initial coin offerings, and this significantly influences initial coin offerings' success. Finally, our study confirms that the Soft-cap financing thresholds are positively impacting the success of the initial coin offerings.

Table 4.22. *Accepting multiple currencies demonstrates the project's technical knowledge. Multi-currency projects are more successful*

	Indicators	Frequency	Percent
Valid	Strongly agree	58	58%
	Agree	41	41%
	Disagree	1	1%
	Total	100	100%

According to Table 4.22, most respondents agree that the ability to deal in many currencies is indicative of a high-quality project that displays expert technical expertise. Thus, projects that take many currencies tend to fare better than their counterparts that don't. Ninety-nine percent of those who answered agreed with the statement, 1% were not sure, and 1% were against it. In conclusion, the results show that the vast majority of respondents share the perspective that the project's quality may be inferred from its display of technical expertise in dealing with many currency types. Thus, projects that take many currencies tend

to be more successful, and no one has argued that this isn't a sign of quality and a testament to the team's technical prowess.

Therefore, the success of initial coin offerings is heavily influenced by whether or not the project accepts multiple currencies. Accepting a variety of currencies, as we have found in our research, is an indicator of a project's high quality and demonstrates its technological competence. Multi-currency ventures are more likely to succeed.

Table 4.23. *The cryptocurrency price affects project success. As most ICOs are based on ethereum, cheaper ether prices stimulate ICO investment*

	Indicators	Frequency	Percent
Valid	Strongly agree	54	54%
	Agree	43	43%
	Disagree	3	3%
	Total	100	100%

Table 4.23 shows that most respondents agree that the price of cryptocurrencies affects the success of a project. Since most ICO projects leverage Ethereum technology, a decrease in the cost of Ether boosts the appeal of investing in an ICO, suggesting a positive correlation between the two. A whopping 97% of respondents expressed agreement with the remark, with 0% expressing uncertainty and 3% voicing opposition. Therefore, the majority of respondents seem to agree that the price of cryptocurrencies has an effect on the success of a project. Most ICOs are built on Ethereum, so when the price of Ether drops, the investment in the ICO becomes more appealing to potential backers. This positive relationship between cryptocurrency prices and ICO success was disputed by a small minority of respondents. As our research confirms, the price of cryptocurrencies is shown to have an effect on the success of a project. So long as initial coin offerings (ICOs) are built on Ethereum, a drop in the price of Ether makes it more attractive to invest in ICOs.

Table 4.24. *Investors can judge a project's technical quality based on how well the code or code parts are written*

	Indicators	Frequency	Percent
	Strongly agree	43	43%

Valid	Agree	56	56%
	Disagree	1	1%
	Total	100	100%

Table 4.24 displays the percentage of respondents who agreed with the statement "the existence and availability of high-quality code or code sections positively influences a project's success," with the remaining percentage being split between those who disagreed and those who were unsure. Ninety-nine percent of those who answered agreed with the statement, 1% were not sure, and 1% were against it. Therefore, results show that most respondents shared the view that having access to high-quality code or code parts positively affects a project's success, providing investors with an opportunity to evaluate the technical quality of the endeavor. But a small number of respondents said they didn't agree, suggesting that investors would benefit from being able to judge the level of technical quality in a project.

Finally, our research reveals that investors are afforded an opportunity to evaluate the technical quality of a project thanks to the existence and availability of high-quality codes or code sections.

Table 4.25. *External ratings have a big impact on a project's success, as they can predict the initial coin offering's success with precision*

	Indicators	Frequency	Percent
Valid	Strongly agree	31	31%
	Agree	63	63%
	Strongly Disagree	2	2
	Disagree	4	4%
	Total	100	100%

As shown in Table 4.25, the majority of respondents agreed that an external rating has a significant impact on a project's performance since it can predict the success of an ICO with high accuracy, in contrast to those who disagreed and those who weren't sure. Of those who responded, 94% were in agreement, 0% were unsure, and 6% were in opposition to the statement. Consequently, results show that the vast majority of respondents shared the view that an external rating has a significant impact on a project's success since it may accurately

predict an ICO's success. However, there was a small percentage of respondents who disagreed with this assessment. Our research confirms that the rating assigned by third parties has a significant impact on the performance of a project and is a strong predictor of an ICO's success.

4.4 Success Factors of Social Networks In Initial Coin Offerings

Social media platforms are a part of today's environment, and making proper use of them may help promote a project and impact its success, just as they can be used to influence investor behavior.

Table 4.26. *The most used social networks that impact the success of ico projects are twitter and Github*

	Indicators	Frequency	Percent
Valid	Strongly agree	30	30%
	Agree	68	68%
	Strongly Disagree	1	1
	Disagree	1	1%
	Total	100	100%

Results in Table 4.26 show that the majority of the respondents concurred that the most used social networks that impact the success of ICO projects are Twitter and GitHub, in comparison with those who opposed and those that were not sure. The percentage of respondents who agreed with the statement was 98% while those that were not sure were zero, and the percentages that opposed were 2%. Consequently, findings indicate that the majority of respondents held a similar point of view that the most used social networks that impact the success of ICO projects are Twitter and GitHub, there were an insignificant number of respondents who opposed that The most used social networks that impact the success of ICO projects are Twitter and GitHub, and this significantly influences initial coin offerings' success. In conclusion, our study confirms that the most used social networks that impact the success of ICO projects are Twitter and GitHub.

Table 4.27. *Twitter's use by icos for high-intensity activity yields short-term gains but long-term losses*

	Indicators	Frequency	Percent
	Strongly agree	26	26%

Valid	Agree	69	69%
	Strongly Disagree	1	1
	Disagree	4	4%
	Total	100	100%

Table 4.27 shows that, when comparing those who agreed with the statement to those who disagreed or were unsure, the majority of respondents agreed that ICOs' use of Twitter for high-intensity activity on Twitter is associated with positive returns in the very short term but negative returns over the long term. Ninety-five percent of those polled expressed agreement with the statement, with zero unsure and five percent opposed. Accordingly, results show that most respondents shared the opinion that ICOs' heavy use of Twitter for short-term gains but long-term losses is inevitable, with only a small minority disagreeing. In the end, our research shows that a lot of activity on Twitter by ICOs is linked to good returns in the very short term but bad returns in the long term.

Table 4. 28. ICO projects need a Twitter account to communicate with investors

	Indicators	Frequency	Percent
Valid	Strongly agree	26	26%
	Agree	70	70%
	Strongly Disagree	1	1
	Disagree	3	3%
	Total	100	100%

Table 4.28 displays the responses from the survey, showing that the majority of respondents agree that having a Twitter account for an ICO project is important, as it allows for better communication with investors. Ninety-six percent of respondents found themselves in agreement with the statement, with no respondents expressing uncertainty and only four percent taking a stand against it. So, the results show that most respondents agreed that an ICO project needs a Twitter account because it helps them communicate better with investors. No one disagreed with the idea that an ICO project needs a Twitter account because it helps them communicate better with investors, which has a big effect on the success of ICOs.

The findings of our research show that having a Twitter account for an ICO project is crucial, as it allows for more direct interaction between the project and its investors.

Table 4.29. *Using Github as a source of public code also helps the project, especially during token pre-sales*

	Indicators	Frequency	Percent
Valid	Strongly agree	32	32%
	Agree	65	65%
	Strongly Disagree	1	1
	Disagree	2	2%
	Total	100	100%

Table 4.29 shows that, when comparing those who agreed with the statement to those who disagreed or were unsure, the vast majority of respondents agreed that using GitHub as a source of publicly available code contributes positively to the success of the project, especially during pre-sales of tokens. Ninety-seven percent of the people polled agreed with the statement, 0% were not sure, and 3% were strongly against it. Accordingly, results show that most respondents shared the view that using GitHub as a source of available public code contributes positively to the success of the project, especially during pre-sales of tokens, while a small percentage of respondents held the view that using GitHub as a source of available public code contributes negatively to the success of the project.

Our research confirms that utilizing GitHub as a source of publicly available code can positively contribute to the success of the project, especially during token pre-sales.

Table 4.30. *The use of the team members on the linkedin account has attracted more investors and has made more trustworthiness on the project team. and also reduce information asymmetries in initial coin offerings*

	Indicators	Frequency	Percent
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Valid	Strongly agree	26	26%
	Agree	71	71%
	Strongly Disagree	1	1
	Disagree	2	2%
	Total	100	100%

Results in Table 4.30 show that the majority of the respondents consented that the use of the team members on the LinkedIn account has attracted more investors and has made more trustworthiness on the project team, and also reduce information asymmetries in initial coin offerings, in comparison with those who opposed and those that were not sure. The percentage of respondents who agreed with the statement was 97% while those that were not sure were zero, and the percentages that opposed were 3%. Accordingly, findings indicate that the majority of respondents held the identical point of view that the use of the team members on the LinkedIn account has attracted more investors and has made more trustworthiness on the project team. And also reduce information asymmetries in initial coin offerings, there were an insignificant number of respondents who opposed that the use of the team members on the LinkedIn account has attracted more investors and has made more trustworthiness on the project team, and also reduce information asymmetries in initial coin offerings, and this significantly influences initial coin offerings' success. In summary, our study confirms that the use of the team members on the LinkedIn account has attracted more investors and has made more trustworthiness on the project team. And also reduce information asymmetries in initial coin offerings.

Table 4.31. *The use of twitter is a further way to reduce information asymmetries in initial coin offerings*

	Indicators	Frequency	Percent
Valid	Strongly agree	76	76%
	Agree	19	19%
	Strongly Disagree	1	1
	Disagree	6	6%
	Total	100	100%

Results in Table 4.31 show that the majority of the respondents consented that the use of Twitter is a further way to reduce information asymmetries in initial coin offerings, in comparison with those who opposed and those that were not sure. The percentage of respondents who agreed with the statement was 93% while those that were not sure were zero, and the percentages that opposed were 7%. Accordingly, findings indicate that the majority of respondents held an equal point of view that the use of Twitter is a further way to reduce information asymmetries in initial coin offerings, there were an insignificant number of respondents who opposed that the use of Twitter is a further way to reduce information asymmetries in initial coin offerings, and this significantly influences initial coin offerings' success. Finally, our study verifies that the use of Twitter is a further way to reduce information asymmetries in initial coin offering.

Table 4.32. *The community is vital to the success of initial coin offerings*

	Indicators	Frequency	Percent
Valid	Strongly agree	31	31%
	Agree	65	65%
	Strongly Disagree	2	2
	Disagree	2	2%
	Total	100	100%

Table 4.32 shows that, compared to those who disagreed or were unsure, the vast majority of respondents agreed that the community is highly essential and that it plays a very crucial role in judging the success of initial coin offerings. The percentage of people who agreed with the statement was 96%, the number of people who were indifferent was 0%, and the percentage of people who were opposed to the statement was 4%. Thus, results show that most respondents shared the view that the community is very important and that it plays a very crucial role in analyzing the success of ICOs, while only a small fraction of respondents disagreed. Our research shows that the community is very important, which makes it an important factor to consider when judging the success of an ICO.

4.5 The Human Capital Success Factors In Initial Coin Offerings

Some earlier research have focused on human capital success elements as well. The following are the most important traits of the founding team: (i) work experience; (ii) blockchain project experience; (iii) entrepreneurial profile; (iv) number of founders; (v) existence of social media profiles.

Table 4.33. *Larger founding teams and advisor numbers correlate positively with a project's success*

	Indicators	Frequency	Percent
Valid	Strongly agree	27	27%
	Agree	69	69%
	Strongly Disagree	2	2
	Disagree	2	2%
	Total	100	100%

Table 4.33 displays the results of a survey asking respondents whether they believe a project's success is correlated with the size of its founding team and the number of advisers. The results demonstrate that the majority of respondents agree that larger teams are associated with favorable outcomes. The percentage of people who agreed with the statement was 96%, the number of people who were indifferent was 0%, and the percentage of people who were opposed to the statement was 4%. Conclusions drawn from this research show that the majority of respondents shared the view that a larger founding team and more advisers are associated with a higher probability of a successful project. However, there was a small minority of respondents who disagreed with the notion that a larger founding team and more advisers increased the likelihood of a successful project.

Our research shows that the more people who are involved in the beginning of a project, the more likely it is to be successful.

Table 4.34. *In new ventures, team size is vital for exchanging information and overcoming gaps*

	Indicators	Frequency	Percent
Valid	Strongly agree	18	18%
	Agree	81	81%
	Disagree	1	1%
	Total	100	100%

According to table 4.34, most respondents agreed that a larger team is better suited to new initiatives because it allows for more opportunities for sharing knowledge and filling up knowledge gaps. Ninety-nine percent of those who answered agreed with the statement, 1% were not sure, and 1% were against it. Thus, results show that most respondents shared the view that a large team is beneficial to a new venture because it facilitates the sharing of knowledge and the closing of knowledge gaps; while a small percentage of respondents disagreed, the vast majority agreed that a large team is beneficial to a new venture because it facilitates the sharing of knowledge and the closing of knowledge gaps, which in turn has a substantial impact on the venture's early success. Lastly, our research shows that the size of a team is important in new projects because it makes it easier for people to share their knowledge and fill in knowledge gaps.

Table 4.35. *Diverse teams are more likely to succeed in new ventures and make better decisions*

	Indicators	Frequency	Percent
Valid	Strongly agree	17	17%
	Agree	79	79%
	Disagree	4	4%
	Total	100	100%

To summarize, table 4.35 shows that the majority of respondents agreed that teams with varied members are crucial to improving decision-making and organizational performance and that new enterprises are more successful if they include diverse teams. Ninety-six percent of respondents found themselves in agreement with the statement, with zero percent finding themselves unsure and four percent finding themselves in opposition. Conclusions drawn from this research show that the vast majority of respondents shared the

view that teams with diverse members are important to improve decision-making and organizational performance, and that new ventures are more successful if they have diverse teams. However, there were a small number of respondents who disagreed with these claims. Last but not least, our research confirms that diverse teams are more likely to succeed in new enterprises and that this is due in part to the fact that better decisions and higher organizational performance result from having a more well-rounded team.

Table 4.36. *Education and entrepreneurial experience are irrelevant to the success of an ico enterprise*

	Indicators	Frequency	Percent
Valid	Strongly agree	4	4%
	Agree	68	68%
	Strongly Disagree	5	5
	Disagree	23	23%
	Total	100	100%

Table 4.36 displays the percentage of respondents that agree (as opposed to disagree or are unsure) that soft-cap fundraising thresholds are having a favorable effect on the success of ICOs. Of those polled, 72% were in agreement, 0% were undecided, and 28% were strongly opposed to the remark. So, the results show that most of the people who answered the survey agreed that education and business experience are not important to the success of an ICO project. However, about 30% of the people who answered the survey disagreed.

In conclusion, our study suggests that education and entrepreneurial experience as influencing initial coin offerings' success, and they should be repeated in the upcoming research.

Table 4.37. *The publication of team information is associated with more funds raised*

	Indicators	Frequency	Percent
	Strongly agree	44	44%

Valid	Agree	51	51%
	Strongly Disagree	1	1%
	Disagree	4	4%
	Total	100	100%

Table 4.37. shows that, overall, more respondents agreed than disagreed or were unsure whether or not the sharing of teams' information is associated with increased funds raised. 95% of the people who answered agreed with the statement, 0% were not sure, and 5% disagreed. Therefore, results show that most respondents shared the notion that disclosing teams' information is associated with increased fundraising, with a small minority disagreeing. The success of initial coin offerings is heavily influenced by the degree to which teams' background information is made public. Last but not least, our research shows that teams get more donations when they are open about what they do.

Table 4.38. *Emotional intelligence can be a success factor in ico projects, especially if the ceo's affective attributes are considered*

	Indicators	Frequency	Percent
Valid	Strongly agree	18	18%
	Agree	79	79%
	Disagree	3	3%
	Total	100	100%

Table 4.38 shows that when considering the CEO's affective features, the majority of respondents agree that emotional intelligence can also be a successful element of ICO initiatives, whilst only a small percentage of respondents disagree or are unsure. Ninety-seven percent of respondents found themselves in agreement with the statement, with zero percent being indifferent and three percent strongly disagreeing. Consequently, results show that most respondents shared the view that emotional intelligence can be a success factor of ICO projects, especially when the CEO's affective traits are taken into account, while a small percentage of respondents disagreed, indicating that innovative research has demonstrated the importance of emotional intelligence in the success of initial coin offerings.

Lastly, our research backs up the findings of the novel study that EQ might be a factor in the success of ICO projects, especially when the emotional qualities of the CEO are taken into account.

Table 39. *There is a link between how long it takes to fund raise through an initial coin offering (ico) and how good the team that started the company is*

	Indicators	Frequency	Percent
Valid	Strongly agree	25	25%
	Agree	69	69%
	Strongly Disagree	2	2
	Disagree	4	4%
	Total	100	100%

Table 4.39 displays the percentage of respondents who agreed with the statement, "There exists a positive association between the amount of time needed to raise cash via an Initial Coin Offering and the quality of the company's founding team." Of those who responded, 94% were in agreement, 0% were unsure, and 6% were in opposition to the statement. Accordingly, results show that most respondents shared the opinion that there is a positive correlation between the time it takes to raise capital through an ICO and the quality of the company's founding team, while a small percentage of respondents disagreed. Our findings confirm that the quality of a company's founding team correlates positively with the length of time it takes to raise capital through an Initial Coin Offering (ICO).

Table 4.40. *Verifying the experience and reputation of icos team members is significant*

	Indicators	Frequency	Percent
Valid	Strongly agree	35	35%
	Agree	65	65%
	Total	100	100%

Table 4.40 displays the responses received from the survey, showing that the majority of respondents agreed with the statement "Knowing more about the team's experience and past reputation favorably influences the success of ICOs." One hundred percent of respondents agreed with the statement, with no respondents expressing uncertainty or disagreement. Therefore, results show that almost all respondents agreed with the idea that a team's history of accomplishments and positive reputation are important factors in the success of an initial coin offering (ICO), and that no respondents disagreed with the premise. In conclusion, our research shows that ICOs do better when they tell people about the team's experience and reputation.

4.6 Data quality control

4.6.1 Validity

A validity test was conducted before employing the research instruments to gather data from the target respondents to determine whether the questions could obtain the information needed to answer the study's objectives. To do so, my supervisor at Anadolu University and an ethical group familiar with this study's research area were asked to look over the questions and see if they could get the information needed to answer the study's objectives. There were no irrelevant questions in our study after my supervisor and ethic group examined and rated the ones they thought were important. Finally, having field specialists examine our questions ensures that they are pertinent to gaining information regarding the subject of investigation.

In our study, we also used SPSS (Statistical Package for the Social Sciences) software to test the validity of the questionnaire, and we found the results below.

Table 4.41. *Testing the validity of a questionnaire using Pearson Correlation coefficient*

No	Question	Obtained Value	Critical value	Validity
1	Q1	0.337>	0.19	Valid
2	Q2	0.388>	0.19	Valid
3	Q3	0.542>	0.19	Valid
4	Q4	0.277>	0.19	Valid
5	Q5	0.311>	0.19	Valid
6	Q6	0.306>	0.19	Valid

7	Q7	0.380>	0.19	Valid
8	Q8	0.153<	0.19	Invalid
9	Q9	0.324>	0.19	Valid
10	Q10	0.598>	0.19	Valid
11	Q11	0.384>	0.19	Valid
12	Q12	0.344>	0.19	Valid
13	Q13	0.369>	0.19	Valid
14	Q14	0.276>	0.19	Valid
15	Q15	0.392>	0.19	Valid
16	Q16	0.219>	0.19	Valid
17	Q17	0.047<	0.19	Invalid
18	Q18	0.340>	0.19	Valid
19	Q19	0.286>	0.19	Valid
20	Q20	0.438>	0.19	Valid
21	Q21	0.267>	0.19	Valid
22	Q22	0.570>	0.19	Valid
23	Q23	0.567>	0.19	Valid
24	Q24	0.496>	0.19	Valid
25	Q25	0.576>	0.19	Valid
26	Q26	0.504>	0.19	Valid
27	Q27	0.570>	0.19	Valid
28	Q28	0.536>	0.19	Valid
29	Q29	0.487>	0.19	Valid
30	Q30	0.455>	0.19	Valid
31	Q31	0.253>	0.19	Valid
32	Q32	0.348>	0.19	Valid
33	Q33	0.390>	0.19	Valid
34	Q34	0.394>	0.19	Valid
35	Q35	0.16<	0.19	Invalid

Table 4.41. (Devam) Testing the validity of a questionnaire using Pearson Correlation coefficient

The validity of the study's questionnaire is calculated using the Pearson Correlation coefficient, as shown in Table 4.41 The sample of our study was 100 respondents, and the degree of the free down is 98 (N-2) which is (100-2) and the table above shows the obtained value that is tested in the SPSS Pearson Correlation coefficient. In a nutshell, if the obtained value exceeds the critical value, it is highly significant, and the inquiry is valid. Three of the

35 questions in the table above are invalid, while the remaining 32 are correct. In conclusion, 91 percent of our questions are legitimate in our study, indicating that our questionnaire is reliable and collects information on the topic under investigation.

4.6.2 Reliability

The following step was to evaluate the questionnaire's reliability after determining the questionnaire's validity, which meant that the questions were capable of getting the information needed to address the study's objectives. The next phase was to determine whether the instrument would allow for the collection of consistent or equivalent information from respondents, which was tested using Cronbach's coefficient alpha. Cronbach's alpha was employed in the study with the help of SPSS to examine the reliability. Cronbach's coefficient alpha (α), which assesses the amount to which instruments can acquire consistent information about what is being researched, was used to determine the reliability of the instruments utilized in this study. The outcomes are listed in the table below.

Table 42. *Reliability of questionnaire*

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.814	.833	35

The table demonstrates that the Cronbach reliability coefficients for the questionnaire variables were higher than the acceptable level which was 0.814 words (M., 2005). As a result, the questionnaire was deemed credible for data collection.

CHAPTER FIVE

5. DISCUSSION, CONCLUSION, AND RECOMMENDATIONS

This section is provided and assessed the findings of previous research as well as this empirical study. In this section, we examined the study's findings, its limitations, and the directions we think future research should go. Our findings add to the scholarly literature on the success of initial coin offerings. The majority of previous study on the subject has been quantitative and based on secondary data. We aimed to uncover components that weren't studied in this previous research while looking at the components that were.

5.1. Theoretical and Empirical Research Findings

This thesis examined the favorable elements of ICOs from the perspectives of both expert players and regular investors. The final group of retail investors consists of those who have either already invested in cryptocurrencies or are seriously considering doing so because of their interest in the ICO industry. Venture capitalists invest in businesses and have a deep understanding of the ICO industry by adding tokens as a way to invest. ICO consultants, marketing and PR experts, legal advisors, and other experts who work across the ICO value chain are also in this group.

According to an empirical study, all investors are entirely motivated by the chance of making a profit (extrinsic motivations).

By showing that ICO investors are motivated by intrinsic incentives comparable to those of crowdfunding campaign investors, this study challenges the conclusions of Adhami et al. (2019) on the success determinants of ICOs.

The findings of the empirical research confirm the results of the previous study by Adhami et al. (2017) that listing an initial coin offering in the secondary market will play an important role in the success of the initial coin offerings.

Based on what we've found, the success of a project's token depends on how well it trades on the secondary market, not on how well it does on its first day of trading.

In conclusion, listing initial coin offerings on different platform play an important role in the initial coin offering success, and investors assess easily how the initial coin

offerings involve different platform and trade, this will increase the credibility of the initial coin offerings.

These results from the field confirm the conclusions drawn from the earlier study by Adhami et al. (2017) that the bonus programs have no major impact on generating funds, which bodes well for the success of the ICO. Our research, however, indicates that hefty bonus schemes are correlated with decreased performance in ICOs. Scammers, fraudsters, and those looking to take advantage of inexperienced or low-volume investors are often behind the high-bonus schemes that are often associated with initial coin offerings.

The United States and Canada are only two examples of the many nations that have passed laws to protect investors and reduce the likelihood of fraud and scams, while simultaneously mandating greater openness on the part of startups regarding their methods and results. So, Know Your Customer and Anti-Money Laundering rules are important for ICOs to follow if they want their projects to be successful.

Previous research by Adhami et al. (2017) found that having a whitepaper does not increase the success of an ICO because white papers contain information of varying quality, are not certified or audited, and are therefore not particularly appreciated by potential investors. This new study contradicts those findings. But our research shows that the whitepaper is the most important source of information and that the length of the whitepaper affects how well the ICO does in the long run.

Technical whitepapers, nonetheless, are thought to help to a project's success because they are regarded as a proof of their quality and technical ability.

Empirical research verified Mollick's (2014) results that the "most important success factors of an ICOs are the team and the product".

Also, our research backs up what Gompers et al. (2016) found, which is that investors care more about the quality of a company's management team than about its products or technologies when they decide whether or not to invest.

Previous empirical research (Sudek, 2006) found that the most important things about a successful team are its "composition, experience (experience and relevant industry experience), managerial skills, competencies, background, technology expertise, dedication, trustworthiness, and reputation."

Since the success of the crowdfunding, initial coin offerings, and long-term sustainability of the ICO project depends on the community's belief in the initiative, its use of the token economy, and the development of token value, this study corroborates the findings of previous studies (Mollick, 2014; Kuppuswamy and Bayus, 2015) that ICOs should be community-oriented.

The results of this research corroborate those of Kraus et al. (2016) and Petruyt (2016), which revealed that sharing updates on the ICO's product roadmap is essential to building support among investors. Our research shows that a big reason why ICOs have been so successful is that people use the Telegram messaging network a lot.

The results of this study corroborate those of a previous study by Agrawal et al. (2014), who concluded that, if the information of an early investor is made public, early investment through private networks is the most important determinant in the success of an initial coin offering (ICO). The success of ICOs can be directly attributed to the recommendations made in this report, which advocate for the full disclosure of investor information such as KYC and the founding teams.

Our research agrees with Mollick's (2014) finding that ICO success is tied to realistic financial goals.

The results of this study back up those of a previous one by Mollick (2014), who said that the success of an initial coin depends on a short campaign period, which shows confidence and a strong desire to succeed.

This study gives credibility to the conclusions drawn by Ahlers et al. (2015), who found that a strong social media presence is a prerequisite for ICO success. The results of this research make clear that advertising is critical for traders with short-term horizons (press releases, advertising, presentations of the product and vision on social media networks, blogs, and community marketing).

In this study, we agree with Mollick and Nanda (2015) that it is challenging to judge the quality signal of different investors; as a result, further funding is based on the legitimacy of the project itself rather than on the signal of the quality of early investors. Based on the results of empirical studies, it seems that for early funding through private networks to work well for initial coin offerings, the institutional investor's identity must be made public.

Our study aimed to widen the scope of what factors matter most for ICO success. According to the findings of this research, the geographical aspect of ICOs is crucial and has a significant impact on their performance. Many novice investors prefer to put their money into initial coin offerings (ICOs) from countries that have legislated to safeguard their citizens from the scams and frauds that have been linked to cryptocurrencies.

Lower token prices appear to have a positive impact on the project's success because investors are more interested in cheaper tokens that allow them to buy multiple tokens from different projects during the campaign of the initial coin offerings project, which is issued at a discounted price to attract investors. Notably, the project's discounted price for initial coin offerings contributes greatly to the success of these token sales.

Accepting many currencies is proof of the project's quality, according to this study, displaying technical understanding. Therefore, multi-currency projects have a better chance of being completed.

The success of a project is influenced by the price of cryptocurrencies, according to this study. Because most ICO projects are built on Ethereum technology, cheaper Ether prices make investing in the ICO more appealing.

In addition, this study demonstrates that the presence of high-quality code or code sections positively affects project performance since investors can evaluate the project's technical brilliance.

This research spent some time trying to establish whether or not third-party ratings affect the success of an ICO, and it came to the conclusion that they do. Ratings from independent sources can predict the success of the ICO with high accuracy.

Our research also shows that Twitter, Telegram, LinkedIn, and GitHub are the most frequently used social networks that affect the success of ICO initiatives. Using these accounts, the founding team of an ICO establishes trustworthiness and credibility, allowing potential backers to more quickly assess the project and decide whether or not to put money into it. In conclusion, the usage of social media like Twitter, Telegram, LinkedIn, and GitHub has a beneficial impact on the performance of initial coin offerings because it helps level the playing field by making information publicly available and facilitates more two-way communication with investors.

5.2. Conclusions

The results of the study are outlined in this chapter of the thesis. The research question was: what are the success characteristics of ICOs from the standpoint of market participants: regular investors and experts?

This thesis set out to answer the question, "What do retail investors and industry experts consider to be the most important factors in evaluating an initial coin offering (ICO)?" (Advisors, marketers, experts, and founders).

Three goals have been established in this study. The following main findings are given following these objectives.

1. According to the investigation of the very small amount of available literature on ICO success factors, there is a strong relationship between the presence of a programming code, a pre-ICO campaign, certain token-related functions, and jurisdiction choice.
2. Previous studies have linked the success of an ICO campaign to factors such as the size of the funding goal, the length of the campaign, the quality of the founding team, and the transparency of the finances. Investors in a crowdfunding campaign decide whether or not to back a project based on how well it looks, how prepared it is, and how likely it is to succeed.
3. Funding factors including team and product quality, which have traditionally been important for investment capital and business angels, are important in forecasting fundraising success.

Our research adds new information to the literature on the topic of successful ICOs. Existing studies were quantitative, and they relied on secondary data that may be found online for free. Even though we were interested in the things that have already been studied in the literature, we also wanted to find new things.

The following conclusions were drawn from the empirical research component of this thesis, which summarized evidence on the success determinants of ICOs from the perspective of retail investors and experts (advisors, marketers, experts, and founders).

5.2.1. Success Factors of The Project

Success factors could be any parts of the project that were planned before the ICO and have anything to do with the main idea or the desired result.

All scholars working in this field do not agree on what constitutes a successful endeavor. Other researchers conducted their analysis using various success indicators but achieved comparable results to account for the likelihood of differing outcomes.

After looking at real-world data from the point of view of investors and experts on what makes ICOs successful, this thesis comes to the following conclusions: (advisors, marketers, experts, and founders).

1. As this study shows, the success of an ICO is directly proportional to the volume of tokens traded in the secondary market rather than on the first day of trading (ICOs).
2. Soft-cap achievement, which is a binary variable, is also used to figure out how successful an ICO is.
3. The study also discovered that the amount of money raised is the most popular metric for determining a project's success, and that raising the full amount allows the project to begin sooner, which attracts more financiers. So, the total amount of funding for the project will depend on how well the ICOs do.
4. This study proved that geography is taken into account in the literature and that it has an effect on how projects turn out. In our study, if the initial coin offerings are launched from some countries such like, the United State of America and Canada, have adapted legislation to save small investors and limit the risk of fraud and scams, while also requiring more transparency from founders about the quality and effort. Because of this, ICOs compliance with KYC and AML regulations is connected to initial coin offerings success.
5. To begin with, the industry in which the ICO project is produced is known to have a greater impact on the project's success than others do. This study adds to the existing literature that the first factor identified as influencing the success of an initial coin offering project is the industry in which it is developed. As a result, unlike professional investors, small investors use a variety of news sources to examine the industry that launched the initial coin offering, which is directly tied to the success of the initial coin offering.

6. Respondents in our study disagreed with this assertion, claiming that the founders' experience in the project's business is irrelevant. As a result, some respondents agreed that the founders' expertise in the project's sector is irrelevant, while others disagreed and stated that the founders' experience in the project's industry should be deemed relevant. Finally, we urge that academics repeat this aspect and come up with a result that considerably benefits coin market investors.
7. People often think that the length of a whitepaper has something to do with how successful the initial coin offering is. To sum up, whenever the founders wrote the whitepaper thoroughly, clearly, and make it full of information this will make it easy to understand unprofessional traders and it is linked to the success of the initial coin offerings. Technical whitepapers are assumed to contribute to the success of a project, as they are assumed to be a sign of their quality and technical expertise. It seems likely, that some arguments assume that technical whitepapers do not influence a positive outcome in the long term but only have a positive impact at the beginning of the ICO campaign.

5.2.2. The Success Factors of The Campaign

The campaign's success will depend on the things that were planned for and put into place before, during, and after the campaign.

1. This study shows credence to the idea that longer campaigns have a negative effect on a project's performance and that shorter campaigns will almost certainly yield superior outcomes in initial coin offerings.
2. There is a significant relationship between pre-sales of tokens and the success of the initial coin offerings. The main characteristic of the pre-sales of tokens to attain success is that, during the pre-sale of the token period, tokens are sold at a discount price, which will attract retail investors that have a good willingness to increase the price in the future and could make a good return. Since investors are more interested in cheaper tokens that let them buy numerous tokens from different projects, it stands to reason that lower token prices would have a beneficial impact on the project's performance. Because of this pre-sale of tokens is linked to the success of initial coin offerings.

3. This research also confirms the theory that technical whitepapers do not have a long-term positive impact, but only have a favorable impact at the start of an ICO campaign.
4. In our analysis, there are contrasting opinions about ICO projects with greater bonuses that are considered scams and less likely to succeed. Other explanations suggest that initial coin offerings' projects with substantial bonuses are linked to the success of the initial coin offers.
5. There is a strong link between the success of initial coin offerings (ICOs) and the use of hard-cap fundraising criteria. In conclusion, when the project founders reach the hard cap, it means there is a good sign that this project will succeed because investors accepted and invested their money in the initial coin offering project, and they will receive some return from the money they put in into the project.
6. There is a significant positive relationship between soft-cap financing thresholds and the success of initial coin offerings. If the project set the soft-cap and reaches that amount, it means that the project is successful in the early phase of the project.
7. There is a significant and positive correlation between the acceptance of several currencies and the performance of the initial coin offerings (ICOs). The fact that multiple currencies are accepted as payment for the project is evidence of its high quality and reveals its developers' technical expertise. So, in initial coin offerings, projects that are willing to accept more than one currency have a better chance of being successful.
8. The results of the study indicate that the value of a cryptocurrency does have an effect on the success of a project. The majority of initial coin offering (ICO) initiatives are built on Ethereum technology, so when Ether prices drop, it makes investing in ICOs more attractive. Without a doubt, there is a link between the price of cryptocurrencies and the performance of initial coin offerings.
9. When high-quality code or code parts are easy to find, investors are better able to judge the technical merit of a project. This increases the likelihood that the project will be successful.

10. The results of this study show that the rating given by third parties has a big effect on the success of initial coin offerings (ICOs). This is because it is possible to predict the success of an ICO with a high level of accuracy.

5.2.3 Success Factors Of Social Networks In Initial Coin Offerings

1. This study found that Twitter and GitHub are the two social media platforms that have the most impact on the success of initial coin offerings. In spite of its popularity among ICOs and its users' ability to quickly disseminate information, Twitter has been linked to both positive and negative returns over the long term. There is solid evidence that including a Twitter account in your ICO project is a great way to communicate with potential backers and build excitement about your offering. In addition, small investors, in contrast to institutional investors, rely on a wide variety of informational channels in order to examine and select profitable initial coin offerings; one such channel is Twitter, which can be used to help reduce information asymmetry in ICOs. Finally, using GitHub as a repository for open source code is useful to the ICO project, especially during token pre-sales.
2. This study also proves that the use of the team members on the LinkedIn account has attracted more investors and has made more trustworthiness in the success of the initial coin offerings.
3. The community is another important factor in figuring out how successful initial coin offerings are, and its importance in this research cannot be overstated.
4. The findings of this study's analysis show that the size of the founding team and the number of advisers have a positive correlation with the success of a project. This is due to the fact that larger teams are connected with successful results of initial coin offerings (ICOs).
5. Consequently, the size of the team is particularly important in new ventures as a way of exchanging information and overcoming information gaps. In conclusion, teams with a broad membership are thought to be more effective at decision-making and organizational performance, and diverse teams are more likely to succeed in new endeavors.

6. In the course of our research, we came across a number of notions regarding ICO projects that were in direct opposition to one another. For example, education and previous business experience were regarded as unimportant as factors that contributed to the success of an ICO project. In our study, some of the respondents concurred that education and entrepreneurial experience are considered relevant as contributors to the success of the initial coin offerings, while others opposed that education and entrepreneurial experience are not considered contributors to the success of the initial coin offerings.
7. There is a considerable correlation between the dissemination of information about the team and the level of success seen by initial coin offerings (ICOs). It is also another way to fill in the information gaps that happen during initial coin offerings.
8. An innovative study found that emotional intelligence might be a success factor in ICO initiatives, especially when the CEO's affective attributes are taken into account.
9. How long it takes to raise money through an initial coin offering (ICO) depends on how good the team that started the company is.
10. Information regarding experience, the previous reputation of team members, and the performance of ICOs have a considerable positive relationship.

5.3 Future research and limitations

Due to the low number of studies, the contribution of previous research on elements that contribute to the success of initial coin offerings (ICOs) and the investment criteria of investors is still fairly limited. This thesis examines a subject that has received insufficient attention from academic researchers.

The results of this study, which are a list of factors that contribute to the success of an initial coin offering (ICO), are based on a synthesis of the perspectives offered by academic researchers in the reviewed lack of literature as well as the perspectives of ICO retail investors and industry experts.

The quantitative analysis was based on a theory that had been worked out ahead of time. This theory was used to judge the results of the empirical study.

The findings of this thesis provide early insights into starting to develop a body of knowledge about the success of initial coin offerings (ICOs) and the criteria for success from the perspectives of retail investors and professionals.

Further research could build on these findings and provide more conclusive proof by expanding the research model and making use of the quantitative research technique. This could lead to some statistically significant conclusions about the things that make initial coin offerings (ICOs) successful.

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