

## Chapter 7

# Initial Coin Offerings as a Form of Alternative Financing for Start-Ups: A Systematic Literature Review and Bibliometric Analysis

**S. Baranidharan**



<https://orcid.org/0000-0002-7780-4045>

*School of Business and Management, Christ University, India*

### **ABSTRACT**

*This chapter aims to provide a comprehensive overview of the field of initial coin offerings ICOs as a form of alternative financing for start-ups. Through a systematic literature review and bibliometric analysis, the study explores the current understanding of ICOs, the potential uses of fractional ownership of digital assets, and the opportunities and challenges associated with this form of fundraising. The study also highlights the importance of study, which provided the first comprehensive explanation of ICOs and their characteristics. The findings of the research suggest that ICOs have the potential to revolutionize the way start-ups raise funds, but they also present significant challenges and risks. The study encourages further research to continue exploring the opportunities and challenges presented by ICOs, as well as the potential impact of regulatory and legal frameworks on the ICO market. Overall, this chapter provides valuable insights into the complex and evolving topic of ICOs and their implications for start-ups, investors, and the broader economy.*

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## **INTRODUCTION**

Start-up firms can face challenges in acquiring funds for their operations and management. The literature indicates that private financial markets, such as peer-to-peer lending, are often used by investors to share assets among different loans, and this can be particularly beneficial with the development of technology. However, it can be difficult for Start-ups to acquire financial support from traditional sources like banks and financial institutions because of asymmetrical information and vague business plans. Many Start-ups turn to alternative financing methods such as venture capital and angel investors, which are supported by governments and public agencies through acceleration programs and research grants, among others. Even with these options, some Start-ups still encounter difficulties in the fundraising stage due to venture capitalists' uncertainty of the Start-up's ability to create value in the future.

However, even with support from various agencies, some Start-ups still encounter difficulties in the fundraising stages. A key issue in this regard is that venture capitalists may have difficulty envisioning how Start-ups will create value in the future. This means that only certain sectors of business may be able to attract private investment.

In light of these challenges, it is suggested in this exploratory discussion that the digital environment can be used to promote and communicate the value of particular businesses, and that a digital asset exchange market can facilitate this possibility. The current study examines how the concept of Initial Coin Offerings (ICOs) can be used by Start-ups to access finance in the digital environment.

This study argues that the digital environment can help overcome these challenges by providing a way for Start-ups to communicate and promote their value to potential investors through a digital asset exchange market. The study examines how Initial Coin Offerings (ICOs) can be used to access finance, as well as the legal and regulatory environment surrounding digital assets that need to be considered. It also looks into the concept of fractional ownership of digital assets as a way for Start-ups to raise funds by sharing ownership of their assets among multiple parties. The study also acknowledges that while majority of the research around ICOs focus on cryptocurrency and its effect on speculation, The concept of tokenization, issuing digital coin/tokens to acquire funds from the public is getting traction as well. The difficulties that Start-up firms may face in obtaining funding for their operations and management. The text references the private financial market, specifically peer-to-peer lending, which is commonly used by investors to share assets among different loans. The advancement of technology in this field can lead to improved investment opportunities. The source cited in the passage, Babaei and Bamdad (2020), likely provides more information on the specific ways in which technology has improved the peer-to-peer lending process for investors.

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