

Name _____

From Friends to Funds: The World of Peer-to-Peer Lending and Crowdfunding

Short Answer Key

- Borrowers and lenders connect through online profiles on a P2P platform. Borrowers request loans, and lenders choose borrowers to lend money to. The P2P platform facilitates this process by creating a marketplace for lending and handles the transfer of funds and repayment.
- Setting a funding goal is important in Crowdfunding because it defines the amount of money needed to bring a project to life. If the goal is not reached, no money is collected, ensuring that the project can't proceed without adequate support. Backers want assurance that their contributions will have a tangible impact, and setting a goal helps in achieving this transparency.
- Engagement with the audience is an advantage because it allows creators to build a community around their project. By directly interacting with backers, creators can gather feedback, generate excitement, and maintain interest throughout the project's development. It fosters a sense of involvement and connection that can lead to long-term support.
- P2P Lending can benefit small businesses by providing them with access to loans that they might not obtain from traditional banks. This can help them expand their operations, invest in new equipment, or hire more employees. P2P loans often have competitive interest rates, making them an attractive option for small businesses looking for financial support.
- **Answer: Creators can offer a wide range of rewards or incentives to backers, such as:

Exclusive access to the project or product.

Limited-edition merchandise or copies of the final product.

Personalized thank-you notes or acknowledgments.

Behind-the-scenes updates and insights.

Special mentions in project credits.

Invitations to launch events or parties.**

