

A Normative Analysis of the Operation of Public Welfare Crowd Funding Platform -- Taking “Qingsongchou” as an Example

Shaofen Fang

Yunnan University, Cheng Gong county of Kun ming city in Yunnan province, China

891155967@qq.com

Keywords: Public welfare crowd funding platform, Standardization, Qingsongchou.

Abstract: In recent years, as a new model of “Internet + finance + public welfare”, public welfare crowd funding has made it easier for citizens to participate in public welfare crowd funding undertakings compared with the traditional form of charity. “Qingsongchou” has become the first batch of platforms with public fund raising qualification announced by the ministry of civil affairs, which has a strong representative. By analyzing the operation process of “Qingsongchou”, this paper discusses the problems existing in the operation process of the public welfare crowd funding platform, and puts forward the standardization strategy from three aspects, including whether the platform has the qualification of public donation, strict auditing of project information, and reducing the management cost, so as to provide certain reference significance for the operation of the non-standard public welfare crowd funding platform.

1. Introduction

Public welfare crowd funding refers to the financing method in which the sponsor gives free donations to the sponsor's projects, but the sponsor does not give returns or returns them in the form of postcards, souvenirs, etc. In the traditional charity donation, the donor usually has no clear and direct way to know the status of the donation and the recipient. However, through the public welfare crowd funding platform, any donor has the right to decide whether to make his or her donation public. The donor can contact and communicate with the recipient, and can also follow the development of the project. It is more open to raise funds through the release of fund raising projects through Internet platforms compared with the traditional form of public welfare fund raising. One of the earliest public welfare crowd funding platforms in China, dreamnet, entered the public spotlight in 2011. However, in 2014, southern metropolis daily reported the new era of “public welfare crowd funding”, which kicked off the stage of public welfare crowd funding. Public welfare crowd funding through online platforms is an innovative public financing mode, which breaks through the traditional public financing mode by means of “Internet + finance + public welfare”. The form of public welfare crowd funding is very novel and lively. In general, projects of public interest can be realized through the public welfare crowd funding platform, thus providing the platform with development space. Up to now, there are abundant research literatures on crowd funding and public welfare crowd funding both at home and abroad. However, due to the new public welfare crowd funding, most of the relevant research results are scattered in various newspapers and magazines. This paper takes “Qingsongchou” as an example in the public welfare crowd funding platform of the first batch of public fund raising qualifications to analyze, and discusses the standardized management of the platform of public welfare crowd funding.

2. Summary of Public Welfare Crowd Funding

2.1 Definition of Public Welfare Crowd Funding

Public welfare crowd funding refers to the release of fund raising projects through the Internet and the connection of applicants and supporters through the platform. In the broad sense, public welfare crowd funding refers to public fund raising, that is, raising funds or other resources for the

public. In the narrow sense, public welfare crowd funding refers to public welfare organizations or individuals launching public fund raising projects on the crowd funding platform, and supporters supporting the project with funds or other items. Through the network, the public welfare crowd funding platform carries out fund raising activities for public projects. Its advantage is that it can not only reduce the various costs generated by the financing activities, but also obtain more support, and also help the publisher and the sponsor to have real-time interaction.

2.2 Features of Public Welfare Crowd Funding

Public welfare crowd funding has the following characteristics: 1. The main purpose is to launch public financing projects and set clear project purposes. 2. Set clear fund raising goals within the specified period. 3. Set a clear amount of money to be raised, and choose different amounts. 4. Supporters can get different levels of feedback by donating different amounts. 5. The identity and qualification requirements for the sponsor project are not high.

3. Overview of Public Welfare Crowd Funding Platform

3.1 Public Welfare Crowd Funding Platform

The establishment of the public welfare crowd funding platform is applied for in accordance with the corporate operation. It can be registered through the industrial and commercial departments, and relevant activities can be carried out after obtaining the license. Through an open platform, market-oriented operation and large-scale funds, public welfare crowd funding combines Internet finance with network philanthropy in a new mode, breaking through the limitations of traditional space and time and providing solid and powerful help to more individuals and organizations in need. At present, there are three categories of public welfare crowd funding platforms in China. Second, set up a special public welfare crowd funding platform; Third, a public welfare crowd funding platform is set up in a comprehensive network crowd funding platform.” Public welfare crowd funding” is regarded as an innovative Internet donation model, mainly because the public welfare crowd funding platform provides project sponsors with more abundant online resources through the Internet.

3.2 The First Batch of Platforms Qualified for Public Subscription

Although the rise of public welfare crowd funding is not long, there are a large number of public welfare crowd funding platforms in development, and only 22 public welfare crowd funding platforms have obtained the qualification of public donations at present. In August 2016, relevant experts conducted a formal review on 29 platforms, and the final 13 platforms passed the review. On the same month, 20, the ministry of civil affairs announced the first batch of shortlists, and the “Qingsongchou” platform was included in the list. As one of the first public welfare crowd funding platforms qualified for public donations, the operation research of “Qingsongchou” is feasible. The following is a brief introduction of “Qingsongchou” platform.

3.3 Introduction of the “Qingsongchou” Platform

Established in September 2014, “Qingsongchou” is a platform to realize the willingness to help each other through the circle of friends and relatives. According to the data on the official website of “Qingsongchou”, the number of users registered in “Qingsongchou” has exceeded 550 million, and the accumulated fund raising has exceeded 25.5 billion yuan, showing its influence. According to the report of the financial website on January 10, 2017, “Qingsongchou” won the title of the most socially responsible new financial enterprise of hurun in China 2017 and was listed in the top 50 of hurun new finance in China for the first time. However, there are only two crowd funding platforms on the list, namely “Qingsongchou” and taobao crowd funding.

4. Operation Process of “Qingsongchou” Platform

The operation of public welfare crowd funding is usually conducted by the initiator to input the

project on the platform according to the requirements, and then the relevant balance the staff of the platform shall audit the project, and only after the audit is passed can it be published on the platform. Cause the raise the operation process of the platform is very similar. This paper mainly shows the “Qingsongchou” platform. The process of operation Line analysis.

4.1 To Launch Fund Raising Projects

The project is launched on the platform of “Qingsongchou”, which has three channels: WeChat public account, “Qingsongchou” mobile APP, and the official website of “Qingsongchou”. If the project is launched on WeChat public account, first pay attention to WeChat public account of “Qingsongchou”. After entering the public account, click “raise fund”. Enter the required section on this page, browse the instructions for initiating the project, and complete the project. Choose to read and agree to the “Qingsongchou” project launch terms and the sponsor undertaking. The operating procedures of the “Qingsongchou” APP and the official website of “Qingsongchou” are basically the same.

4.2 Examining and Approving Fund Raising Projects

When the project is submitted, it can only be released after review by the staff of the website. If the project is not approved, it will be sent to the personal circle of friends. The project will be shown as unaudited and relevant materials are not submitted. According to the specific content of the project released by the sponsors, the staff of the “Qingsongchou” platform will ask the sponsors to provide key materials related to the published content.

4.3 Release Fund Raising Projects

After the project is approved, the applicant can publish the project information. At this point, the project supporter can click to enter and browse the project. The supporter decides whether to support the fund raising project, enters the support amount by himself, and chooses to pay. The funds supported by the supporters will go directly to the third-party payment account arranged by the platform, and will not go directly to the project sponsor's name or “Qingsongchou” account.

4.4 Progress of the Project

After the sponsors initiate the project, they need to interact with supporters on a regular basis and upload pictures to report the progress of the project. The sponsor can keep in touch with the supporters via the platform from the project launch to the end of the project, including thanking or answering the supporters' questions.

4.5 Failure of the Project

Failure to raise the target amount within a set period is a project failure. In the process of initiating the project, there is an opportunity to choose to modify the target amount. If it is urgent to use the fund raising, you can apply for early termination. When the project fails, third-party payment accounts will return the payments to supporters.

4.6 Project Success

Raising the target amount within the target time is the success of the project. When the project sponsor withdraws the funds raised, the “Qingsongchou” platform will charge 0 service fee. When the project is successful, the initiator is required to timely feedback information in the interactive area of the platform, and explain the use and direction of funds. Withdraw after completing the project verification, which can be further verified after the project management project verification.

5. Standard Analysis of “Qingsongchou” Platform

The “Qingsongchou” platform has been eligible for public donations, but many public welfare crowd funding has not been eligible for public donations and is also carrying out fund raising activities. There are many problems in public welfare crowd funding, and problems such as

inadequate supervision of relevant platforms in the later stage of the project begin to emerge. As the representative platform selected in this paper, “Qingsongchou” is representative in the operation of public welfare crowd funding platform.

5.1 Qualified for Public Subscription

At present, the ministry of civil affairs has issued two batches of platforms qualified for public donations, the first batch of 13, the second batch of 9. As one of the first public welfare crowd funding platforms to obtain the qualification of public donations, “Qingsongchou” is the first. If the platform that has not obtained the qualification to raise funds is not conducive to the standardized management of the platform, there is even the possibility of leaking the privacy of the claimant and fund raising fraud. In traditional charity activities, the public usually passively participates in charity activities, mainly because of the lack of information transparency. However, now relying on the public welfare crowd funding on the network platform, the operational and management requirements for public welfare crowd funding projects have been improved, and it is more convenient for the public to participate.

5.2 Strictly Examine the Authenticity of the Information

The “Qingsongchou” platform will review the materials submitted by the sponsors in a timely manner, and whether the project initiation conforms to the “Qingsongchou” project initiation clause. The project sponsor needs to guarantee that the project cannot be released on other similar platforms while the “Qingsongchou” platform is launched. After the project is completed, the project sponsor needs to provide the purpose of the raised funds and guarantee that the funds will not be diverted for other purposes. The platform should review the authenticity and authenticity of the project sponsor and solicitation materials, take security protection measures such as signing relevant agreements to ensure that the personal information and personal situation released by the platform are complete and true, so as to maintain the fairness of its social evaluation.

5.3 Strengthening Project Management

When releasing fund raising projects on the “Qingsongchou” platform, relevant supporting materials should be provided. If the applicant's fund raising project fails, the target amount is not met within the set period. In this case, the platform is obliged to return the donations made by supporters or investors, and the funds will be returned to the other party's account by the way of the original donation. However, some supporters donate or invest in physical objects, and the platform needs to return the physical objects or property rights or other related supporters, which will undoubtedly increase the management cost of the platform. Based on the analysis of the literature, relevant studies have found that the trust of potential donors to social platforms or charities greatly affects their willingness to donate large amounts of money.

5.4 Suggestions on Promoting the Standardization of the Operation of Public Welfare Crowd Funding Platforms

5.4.1 Cooperate with platforms qualified for public subscription

Many public welfare crowd funding platforms are carrying out fund-raising activities in public, and those without qualifications or organizations are not allowed to make public donations, but they can apply to the registered civil affairs department for the qualification certificate of public donations after two years of legal registration and operation. Organizations or platforms that do not have the qualification certificate for public donations can choose to cooperate with those organizations or platforms that have the qualification for public donations, and the cooperative objects can carry out fund-raising activities and manage money and other items.

5.4.2 Establish strict qualification review procedures

The public welfare crowd funding platform shall strictly review the authenticity of the help information released by the initiators, and strictly review the identity and qualifications of the initiator and the content of the project released. Relevant agreements shall be signed to clarify the

rights and obligations between the platform and the initiator. When individuals in a fund raising platform by project, public welfare and the raise organization can choose to require fund raising platform about the agreement, such as in the “Qingsongchou” launched a program to read and agreed to the sponsor letter of commitment , the project sponsor commitment involved in the project related material such as words, pictures, prove completely true, and effective. All the money received by the project sponsor will be used for the assistance of the person being helped, and will not be diverted for other purposes.

5.4.3 Strengthen the monitoring of project progress

As an open website platform, the public welfare crowd funding platform can better give play to the advantages of integrating resources and matching social resources and social needs. The public welfare crowd funding platform should strictly manage the platform in accordance with the related provisions of the charity law and move towards standardization. Improving the success rate of the project is not only conducive to the development of the platform, but also conducive to reducing the project management costs and making better contributions to the development of public welfare undertakings. Through unified platform resources such as public welfare crowd funding, resources can be better integrated and utilized, project information can be effectively released, and demand and supply can be corresponded to each other, so that people can contribute and contribute as much as possible.

6. Conclusion

As time goes on, public welfare crowd funding is playing an increasingly important role, and there will be more and more public welfare crowd funding organizations. The development of China's charity law is still in its preliminary stage, and there is certain clear regulation of public welfare crowd funding organizations. In the future, more public welfare crowd funding organizations will gradually step onto the road of standardized management. As one of the first charity organizations published by the ministry of civil affairs of the People's Republic of China, Internet fund raising information platforms like “Qingsongchou” will also play an exemplary role in the media, under the supervision of the public and under the supervision of the law, so that more and more public welfare crowd funding organizations will be qualified for public fund raising.

Acknowledgements

This research was financially supported by Dong Lu young scholar training project of Yunnan University(WX069051).

References

- [1] yan xiaonan. Impact of the charity law on public welfare crowd funding [J]. Shang,2016, (17):241-242.
- [2] zhong zhijin. public welfare crowd funding in social media: research on fund raising ability and information transparency of micro public welfare [J]. Journalism and communication research, 2015, (08): 68-83.
- [3] guo yuxi. Public welfare crowd funding for the new model of “Internet + finance + public welfare”. Proceedings of “decision-making BBS -- academic symposium on enterprise administration and innovation” (part ii) [C]. Beijing: Peking University school of economics and management press, 2016,1-8.
- [4] song li. Analysis of public welfare operation mode based on crowd funding [J]. China business review,2016, (03):77-79.
- [5] cui jiaojiao. New media empowerment and connectivity action: network mobilization research

of public welfare crowd funding [D]. Nanjing: nanjing university,2016.

[6] Paul Belleamme, Thomas Lambert and Armin Schwiener. crowd funding: An Industrial Organization Perspective [EB/OL]. HTTP: economix by. Fr/PDF/Workshops / 2010 -DBM/Belleflamme - al PDF.

[7] wang qian. Research on the development of public welfare crowd funding in China [D]. Jilin: jilin university,2015.

[8] wen bo. Development status of crowd funding modes at home and abroad and development Suggestions in China [J]. Foreign trade and economics,2015, (08):75-76.

[9] Yang ruiyu, ma xiao. Status quo of online public welfare crowd funding and research on risk prevention [J]. Study and practice,2017, (02):81-88.

[10] ke xiang. An analysis of the operation of China's Internet public welfare crowd funding platform and its risk control mechanism [J]. Hainan finance,2016, (11):64-68.

[11] xu congcong, bao jinyong, peng jinfu, et al. Exploration and practice of public welfare crowd funding for college students in the context of mobile Internet [J]. China business review,2015, (19):143-146.

[12] Cheng Jie China “easily raised:” dream miss you “speak” boldly out [J]. Journal of zhongguancun, 2015, (8): 41-43.

[13] mu haojie, shi yanji. Analysis of WeChat public welfare crowd funding for “easy raising” [J]. Journal of press research,2016, (18):342-343.

[14] zou fei. Problems and countermeasures for the development of China's public welfare crowd funding [J]. Economic research guide,2016, (31):45-48.

[15] ning guangjing. public welfare crowd funding for public welfare “just warm up” [N]. New financial observation,2015-03-09(033).

[16] xu xiaoling. Opportunity or challenge: an analysis of the development of social organizations under the intervention of public welfare crowd funding [J]. Theory guide,2016, (04):36-40.

[17] li yi. Legislation regulation of personal information reuse in network environment [J]. Journal of chongqing university (social science edition),2014, (03):129-134.

[18] Sargeant, A&Lee, S. Donor trust and relationship commitment in the u. k. harity sector: the impact on behavior, Nonprofit and Voluntary sector Quarterly, vol33,2004,Pp185-202.

[19] xu jingping, zhao mingfang. Research on the development and business model of China public welfare crowd funding [J]. Economic and trade practice,2016, (12):4-7.

[20] gou aiping, tian jiang. Some related factors affecting the fund raising ability of projects in public welfare crowd funding -- taking the example of crowd funding network [J]. Logistics engineering and management,2016, (10):139-142.

[21] zhang quanlin. Improving mechanism specification of “Qingsongchou” [N]. Henan daily, 2016-04-06 (010).

[22] zeng xue. Legal basis and mechanism construction of public welfare crowd funding [D]. Sichuan: sichuan normal university,2016.