

Greater Access to Affordable Education Through Finance

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Background: What is Social Finance?

Investors are looking for ways to finance their money and make an impact on society. To investors, social responsibility is a trend that has been steadily growing in recent years as more people become aware of their power as global citizens. Social responsibility is a moral obligation to take care of the needs and interests of society while maximizing shareholder value (*What is social responsibility to investors? n.d.*). A promising way to support change and positively impact society is through Social finance. According to Croll (2022), "Social finance is a term used to describe a range of financial products and services that have a social or environmental purpose". This growing market of products and services allows investors and companies to use their money to make a positive impact.

The FinTech Market and its products

According to the Harvard Business Review, the Financial Technology (FinTech) Industry has seen enormous growth and has captured more impact-related investment funds than any other industry (Bulger and Rouen, 2022). At the same time, it has attracted the attention of many stockholders who want to invest in new business ideas. Statista shows that the value of the fintech companies worldwide reached 105 billion US dollars in 2020 and the United States generated 79 billion US dollars of value (AppStudio, 2022). Some popular FinTech products (apps) are in digital banking, Investment, P2P Payment, Insurance, Money savings, Crypto exchange platform, RegTech Apps, and crowdfunding. A promising investment trend to focus on is crowdfunding. Through crowdfunding, people can raise money with the help of friends, family, individual investors, or customers. Some statistics of crowdfunding apps have positive results. The market crowdfunding is expected to reach \$300 billion by 2025, and some projects are expected to generate 17.2 billion per year (Kishore, 2022).

Problem Statement: Not Enough help with Education

A market that can benefit from crowdfunding app opportunities can be Education. Americans believe college costs hold people back from pursuing higher education. In a survey done by the

NORC, 75% cannot afford the cost of college, 30% don't have the information needed to know how to apply to college, and 29% show that no one in their family has gone to college (University of Chicago, 2022). A big concern for students is student debt. Only 8% of students are confident that they will successfully be able to pay for college. Student debt is the second highest after mortgage debt, with \$1.7 trillion (Redlin, 2022). Grants and scholarships are available to help fund educational costs however it is not enough for some who may fall short and the only option will be a loan. Some people consider whether taking a loan to obtain a degree is worth the cost. Education is a lifelong pursuit that can significantly impact the present and future of someone's life. Forty percent of crowdfunding investments are focused on business and entrepreneurship, while only 20% focus on social causes (Stevanovic, 2022). Americans believe that people should be able to attend college regardless of income. Therefore, the focus on this sector is necessary. Participating in the education market can impact society, and benefit investors, big companies, students, and anyone who wants to achieve their educational goals.

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