Is Public Fundraising the Next Big Thing?

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London, England (RPRN) 09/28/13 — In the USA, the 1933 Securities Act placed a ban on the use of advertising to attract investors to private companies, but this ban has been very recently lifted, meaning even small start-ups can now advertise to consumers in an attempt to garner additional investment.

The aim of the ban in the first place was to prevent companies taking advantage of gullible people, who would run the risk of losing a lot of money into a business model they didn't truly understand. With some stronger regulations however, the government now believes that they can boost the economy by encouraging people to get involved in business investment.

Already, we're seeing companies spring up on the internet that aim to bring businesses and investors together in order to supply investment. There are a few different ways in which they're profiting from this, from having a registration and administration fees, to taking a cut of profits later in the business' life. These companies aren't actually all that new; what's changed is that they are no longer open to only registered investors with liquid capital of more than a million dollars, and they can appeal to potential consumers

rather than wait for them.

What all of this means is that businesses will now be able to advertise on their products, websites and even social media platforms like Facebook in order to fund their growth. Some small businesses have already taken to adding stickers to their products which directly encourage investment. It's a very modern process.

It's important to note that we're not quite at crowd funding yet. Those who invest will still have to be accredited investors, with verification still required, but the JOBS act of last year should encourage the government to work towards a situation in which more investors can get involved with brands that they like. Eventually, it's hoped that small, forward thinking companies will be invested in by those who like their advertising style, and see potential, whether they're a traditional investor or not.

With investment more readily available, small businesses will be able to hire companies that help optimise business processes such as Watt Works Consulting, and grow at a much quicker rate than they previously would have.

Public fundraising could have a major impact on the number of new businesses becoming successful over the next couple of years.

Media Contact Name: Amellia Hope

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About the author:

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