

Discussion of “Will crowdfunding contribute to financial development in developing countries?” (Moslener & Winkler)

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What does the paper do?

- Question: Will crowdfunding contribute to financial development in developing countries?
- Paper argues it will not
- **Main argument:** Given asymmetric information problems, scale effects in monitoring give intermediaries such as banks an edge over uncoordinated market finance/crowdfunding (Diamond 1984)

Method

- Question of method: data or analytical model vs verbal arguments
- Thrust of the argument
- Ex post evaluation vs prediction?

Devil's advocate: Counter arguments

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 - Cost advantage of unintermediated finance over intermediated finance absent asymmetric information problems

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 - Is it either-or? Can't banks and crowdfunding coexist?
- ⇒ Argument that crowdfunding may be less suited to deal with asymmetric information problems is well taken. But that alone does not make CF obsolete