

# How does the financial market expertise of a team, leading an Initial Coin Offering, affect the performance of the ICO?

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## ABSTRACT,

*Initial Coin Offerings have emerged as a popular method for fundraising in the blockchain industry, attracting quite some attention from entrepreneurs and investors. This research investigates how the financial market expertise of a team, leading an Initial Coin Offering, affects the performance of the ICO. In this research, a total of 56 ICOs with 350 different persons will be investigated, ranging between 2017 and 2022. The dataset includes various variables such as capital-raised funds, team size, reaching the hard cap, market expertise of a team, duration of the ICO, the use of the ERC20 platform, and the use of a whitelist registration.*

*Contrary to initial expectations, the results of this study show that there is no significant correlation between the financial market expertise of a team leading an ICO and the performance of the ICO. Despite the original belief that teams with a higher financial market expertise would have a better ICO performance, the findings suggest that other factors, such as reaching the hard cap, using a whitelist registration, and the duration of the ICO might play more significant roles in determining ICO performances. The outcome of this research indicates to potential investors that they do not have to select their ICO investments regarding the financial market expertise of a team. For the team that is planning to make an ICO, this research shows that they do not have to select people with financial market expertise for their team; there is no correlation between the financial market expertise in the team and the ICO performance.*

**Graduation Committee members:**

## Keywords

ICO, financial market expertise, teams, performance, regression analysis, team background

# 1. INTRODUCTION

In the last decennium, the crypto market has grown and evaluated. Although there have been plenty of opportunities for people to make profits (Liu & Tsyvinski, 2021), the future of the crypto market still looks open. People are not sure what to expect and how to handle this market. Some people think that the crypto market is a bubble (Shu & Zhu, 2020), while others are investigating whether cryptocurrencies can fulfill the current money system (Ammous, 2018).

Therefore, it is important to understand the resilience of cryptocurrencies. People are struggling with the market in real life, and in academic studies, there are still a lot of uncertainties as well. There is still a lot of fluctuation in both price and volatility in the market, but there has always been resilience in the crypto market.

In this growing market, Initial Coin Offerings (ICOs) have been becoming a popular way of raising money for companies (Aslan et al., 2023), (Fisch, 2019), (Adhami et al., 2018). Initial Coin Offerings can be defined as open calls for funding promoted by organizations, companies, and entrepreneurs to raise money through cryptocurrencies, in exchange for a 'token' that can be sold on the Internet or used in the future to obtain products or services and, at times, profits (Belleflamme et al., 2014). To use an ICO in a responsible way, you have to know what key determinants make an ICO a good investment. Previous studies have shown that teams behind an ICO are an important factor in the performance of an ICO (Roosenboom et al., 2020), (Aslan et al., 2023), although some people do think that momentum in the crypto market is important as well (Cong et al., 2021). These studies do see the relationship between the team behind the ICO and its performance. This is the point where the current literature stops. In this thesis, I will expand the literature on the teams leading an ICO and investigate whether there is a relationship between the financial market expertise of a team leading an Initial Coin Offering and the performance of the ICO.

## 1.1 Research Objective

In this research, the potential relationship between the financial market expertise of a team leading an Initial Coin Offering and the performance of the ICO will be tested. If the data concludes that there is a relation between both variables, it is important to know how strong this relation is. This is an addition to the other articles that concluded that a good team does make a difference in ICO performances (Roosenboom et al., 2020), (Aslan et al., 2023). By examining various factors of financial market expertise such as degrees and qualifications, industry experience, and financial market participation, the degree of financial market expertise of team members will be determined. This helps the expansion of the already existing literature of the ICO teams.

Previous studies have already shown how to rate an ICO's performance (Chitsazan et al., 2022). They conclude that the amount of capital raised is the most important factor in the performance of an ICO. These studies will be used to rate the ICOs that are investigated in this research. A regression analysis will be used in order to examine the

relationship between the Y variable and the X variables. This provides data to answer the research question.

## 1.2 Research Question

The research question in this thesis is:

- How does the level of financial market expertise of a team, leading an Initial Coin Offering, affect the performance of the ICO?

By gathering various data and information, and testing this data with a regression model, this research tries to answer the research question.

## 1.3 Hypothesis

The hypothesis in this research is:

The level of financial market expertise of a team leading an Initial Coin Offering positively correlates with the performance of the ICO.

The hypothesis suggests that teams with a higher level of financial market expertise are more likely to have better performances in their ICOs. Financial market expertise has various aspects, such as knowledge of investment strategies, understanding of market trends, educational level, and experience in financial market-related jobs. When a team possesses a higher level of financial market expertise, it is likely that they make more informed decisions in the whole ICO process. This includes effective token valuation, writing a good and complete whitepaper, and well-designed marketing and investor relations strategies. Next to this, their expertise enables them to attract more potential investors and build trust within this group of potential investors. Additionally, a team with strong financial market expertise can better navigate market fluctuations and manage risks associated with ICOs better. This adaptability and risk management capability contribute to the overall increase of the performance of ICOs.

To test this hypothesis, this research gathers and examines data on various ICOs and analyses the financial market expertise of the team members.

## 1.4 Relevance

### 1.4.1 Academic Relevance

The academic relevance of this thesis is the idea of understanding the relationship between the level of financial market expertise of a team that is leading an ICO and the success of that ICO. Despite the growing amount of ICOs as a new method for companies to raise money (Howell et al., 2020), (Chod & Lyandres, 2021), there is still limited research regarding the relationship between team expertise and ICO performance. This research aims to give a better understanding of the role of financial market expertise in ICO performance.

### 1.4.2 Practical Relevance

The practical relevance of this thesis contributes to a better understanding and implementation of the whole ICO process. The results of this thesis can help an organization to increase the performance of an ICO that they are planning to do. The organization can use the insights from this study to appoint a team that has the knowledge of the financial market needed to make the ICO process a success. Or, if this concludes that there is no relationship, the organization could focus on other solutions that have a positive impact on the performance of their ICO. By using the findings, organizations can manage the risks of the ICO and protect their investors. Next to this, this information can also help investors that try to find a good ICO project to invest in. By using the findings of this research, they know if they need to invest in an ICO that has people with financial market expertise, or not.

## 2. LITERATURE REVIEW

To answer the research question, there is literature needed that will be used during this research. The main sources that will be used in this thesis are described in this literature review, and all sources used can be found in the list of references.

### 2.1 The Definition of ICOs

The exact definition of an ICO is given in the article by Belleflamme (Belleflamme et al., 2014). The article gives the definition that an Initial Coin Offering can be defined as open calls for funding promoted by organizations, companies, and entrepreneurs to raise money through cryptocurrencies, in exchange for a 'token' that can be sold on the Internet or used in the future to obtain products or services and, at times, profits. This is a relatively new way of raising money, but the number of ICOs is increasing rapidly.

### 2.2 The Success Rate of the ICOs in the Past

(Adhami et al., 2018) examines the data from 253 companies that did an ICO and their success rate. He tried to answer the question of why so many companies did do an ICO and found the answer in the success rate. The authors found that the success rate is quite high (81.0%), and projects originate primarily in the United States, Russia, the United Kingdom, and Canada. In total, by the end of 2017, a total of more than \$5.3 billion was raised by ICOs, according to market observers.

(Howell et al., 2020) writes about the rise of Initial Coin Offerings as a new form of raising money for a company. The authors are using a sample of more than 1500 ICOs that collectively raised \$12.9 billion. An important part of

the article is about potential problems that ICOs can face. These factors include things such as legal and regulatory uncertainties. These are the main reasons for a failing ICO, according to this article. This is due to the lack of regulation in the relatively new way of raising money. The article concludes with a discussion about the future of ICOs, such as their role in democratizing access to capital, innovations, and the advantages compared to traditional markets.

### 2.3 Determinants of the Performance in ICOs

(Roosenboom et al., 2020) is analyzing a total of 630 ICOs undertaken between August 2015 and the end of December 2017. The writers try to understand the determinants of both funder and ex-post success of ICOs launched and concluded that the quality of the team behind the project is the most important factor for the success of an ICO. A strong team with a track record of successful ventures and relevant industry experience is more likely to attract investors and achieve a successful ICO. But this was not the only determinant that came out of the project. Other factors such as the level of investor trust, the amount of capital raised, and the quality of the project's whitepaper came out to be important.

(Chitsazan et al., 2022) is explaining how ICOs have become increasingly popular in recent years. They also present an analysis of the ICO successes. The authors made a list of 17 different measures that determine the performance of the ICO. The different measures will make the foundation of the ICO performance rating of this research. The author states that the performance of an ICO is measured in two different stages of the process: the ICO launching and the post-ICO launching phase. The 17 different measures are divided among these stages in the following way:

ICO launching phase:

- Amount of raised fund (in USD)
- Reaching the hard cap
- Reaching a percentage of the hard cap
- Reaching the soft cap
- Reaching the soft cap
- Exceeding the soft cap
- Number of investors
- Duration of the ICO

Post-ICO launching phase:

- Listing on crypto exchange
- The number of exchange listing
- Under-pricing / return
- Token volatility
- The rank of the ICO based on the market capitalization
- Liquidity / volume traded
- Actual product development

- Employment growth of the funded business
- Survival of the project

These different measures help this thesis research to measure already proven independent variables to test the 'new' independent variable 'financial market expertise of a team leading an ICO'.

### 3. METHODOLOGY

This research will be separated into two different parts. The first part is about collecting the data. This data will be put together in an Excel document to have a clear overview of all the information that is gathered from different sources. The second part is about analysing the data. The data that is collected will be analysed via a regression model.

#### 3.1 Dependent Variable

In the first part, all the data needed will be collected. There are two different types of variables that are needed for the regression analysis: the dependent and the independent variable. In this case study, the dependent variable is the performance of the ICO. This variable will be measured by analysing the amount of raised funds in USD. The amount of raised funds in USD is a good measurement of ICO performance due to several reasons. The first one is standardization. Measuring the funds raised in a common currency like USD allows for easier comparison and benchmarking between the different ICOs. It provides a common measurement that investors analysts can use to evaluate the performance of an ICO. Secondly, a higher amount of funds raised indicates a higher level of investor interest and confidence in the project. It proves that investors are willing to spend some of their capital to support the ICO project, which can be seen as a positive signal for its potential success. The last reason is that if the amount of raised funds is high, the ICO project has a stronger financial foundation that helps contribute to the goal of the ICO. It allows the team to fund development, marketing, and operations, which increases the changes to make the ICO a success.

The data of this variable will be gathered through different websites. Not all websites do have information about all the ICOs that have taken place. Sites that will be used in finding the amount of raised funds in USD are icoholder.com, icodrops.com, cryptototem.com, icomarks.com, cryptobriefing.com, crunchbase.com, and cryptobrowser.io. These sites were selected after doing some investigation before the research. These websites were high-rated when it came to truth and were used in other researches about ICOs as well.

#### 3.2 Independent Variables

In this research, there are different independent variables that are measured. This to see whether the impact of the financial market expertise of a team leading an Initial Coin Offering is significant. The other independent variables are proven to be relevant in other articles, which can be found in the literature review. These variables will be shortly explained, as well as the variables this research is about; the financial market expertise of a team leading an ICO.

##### 3.2.1 Financial Market Expertise of a Team Leading an ICO

This independent variable is the level of financial market expertise of a team leading an Initial Coin Offering. To put a number to this variable, it is important that the whitepapers of the different ICOs will be analysed. Most ICOs do have an Advisory Board. This Advisory Board can help the core team of an ICO to make decisions. But since the impact of this Advisory Board is relatively small and can differ a lot, these people will not be included in this research.

In these whitepapers, the team members of the project are listed. After all the team members are listed, there will be a closer look at all the people and whether they have expertise in the financial market. This can be done in different ways, such as their degrees and qualifications, industry experience, and financial market participation. Sometimes, there is a brief description of the team members in the whitepaper with their degrees in college and their work history. But most of the time, it is only their name and their responsibilities in the ICO project. If this is the case, there are other methods to get the information needed. Most of this data is from LinkedIn. Here, people put their school history and their work experience into a digital CV. By analysing people's LinkedIn, you can get an overview of what they did in college and their work expertise. Also, some people do have their own websites with their personal data on them, or other persons have written about these people and put this information on their websites. This data will be checked to be right.

After going through those possible ways to find out whether a person does have financial market expertise, there are two options: yes or no. The results will be collected in the Excel file. After analysing every team member from an Initial Coin Offering, you have a broad overview of the people and their financial market expertise. All the people analysed, there is a percentage of people that do have financial market expertise. This percentage is calculated and is an independent variable.

##### 3.2.2 Team Size

Another variable that is important for the performance of the ICO is the number of team members. A large team behind an ICO makes investors believe that the company will have enough people to carry out the project. As the number of contracts increases, more contributions will be made for the project's future endeavours (Aslan et al., 2023).

The number of team members can be found in the whitepapers of the ICOs. This research will only focus on the core team members of an ICO. Most Initial Coin Offerings do have an Advisory Board. The impact of these people is relatively small and can differ a lot, so these people are not included in the team size.

For the regression model, this variable will be a numeric variable.

##### 3.2.3 Duration of the ICO

The duration of the Initial Coin Offering is announced by a project team as an active period for investors to make an investment in an ICO. This "duration of offering" is described in the ICO's whitepaper. Previous studies have shown that it is important for ICOs to keep the ICO duration as short as possible to increase the ICO performance (Aslan et al., 2023).

The planned duration of the ICO can be found in the whitepapers. Sometimes, if the hard cap is reached, the ICO stops before the planned data. The data of the actual duration of the ICO can be found on different websites, such as icoholder.com, icodrops.com, icomarks.com, and cryptobrowser.io.

For the regression model, this variable will be a numeric variable.

### 3.2.4 Reaching the Hard Cap

An ICO project may also set a hard cap, which is the maximum amount that can be raised by a project (Aslan et al., 2023). It is rare not to set a hard cap, as it is important for potential investors to see the clear and concise fundraising goal of a start-up. Reaching the hard cap indicates that there is enough trust and belief within the investor group to make the ICO a successful one.

The data of this variable can be found on different websites that analyse past ICOs. Websites that are used for this variable are icoholder.com, icodrops.com, icomarks.com, and cryptototem.com.

For the regression model, this variable will be converted into a dummy variable. A dummy variable is a numerical variable used in regression analysis to represent subgroups of the sample in a study. In this case, there is the choice of whether an ICO project reached its hard cap or not. If the ICO reached the hard cap, it is 1, and if it did not, it is 0.

### 3.2.5 Using the ERC20 Platform

Ethereum is a prominent platform for conducting ICOs. The Ethereum standard is ERC20, and it provides a set of rules for transferring tokens and enables interacting applications such as wallets and crypto exchanges (Aslan et al., 2023). Investors may recognize ICOs using Ethereum's infrastructure in a safer manner than other token exchange platforms. That is why using the ERC20 platform has a positive effect on the performance of an ICO.

Whether an ICO did use the ERC20 platform can be found in the whitepaper of the ICO. In the whitepaper, the Initial Coin Offering project tells the potential investor if they use the ERC20 platform or another one.

For the regression model, this variable will be converted into a dummy variable. The dummy variable equals 1 if the ICO is conducted on the ERC20 blockchain, and 0 if the project does not use the ERC20 blockchain and runs on its own or another technology.

### 3.2.6 Using a Whitelist Registration

ICO projects can make the decision to have a strict investor policy, known as KYC (Know Your Customer). This KYC policy makes potential investors provide information regarding their addresses, citizenship, and photo IDs to verify their identity (Aslan et al., 2023). Whitelists require registration for participation. Thanks to these procedures, illegal activities by investors who prefer anonymity can be prevented. However, such procedures may also discourage potential investors not willing to share their personal data due to cyber security threats. Empirical analysis revealed contradictory results on the effect of the implementation of a whitelist on the performance of ICOs (Aslan et al., 2023).

Whether an ICO did use a whitelist registration can be found in the whitepaper of the ICO. In the whitepaper, the

Initial Coin Offering project tells the potential investor if they use a whitelist registration or not.

For the regression model, this variable will be converted into a dummy variable. The dummy variable equals 1 if the ICO worked with a whitelist registration, and 0 if the project did not use a whitelist registration.

## 4. DATA DESCRIPTION

### 4.1 ICO Performances

The ICO performances will be measured via the amount of raised funds. A list of all the ICOs that will be analysed can be found in Appendix 1, sheet 1 'List of ICOs'. The total number of ICOs that will be analysed is 56.

The performances of all those 56 ICOs can be found in Appendix 1, sheet 3 'Results'. This number is the amount of raised funds in USD. This is a very big number, the lowest amount of raised funds is \$1.850.000,- and the highest amount of raised funds is \$75.000.000,-. This is why in the regression analysis, the numbers are put into their logarithmic number. By doing this, the numbers are much easier to read, while their actual difference stays the same. These logarithmic numbers can be found in Appendix 1, sheet 4 'Results (2)'. These numbers will be used in the regression analysis as the Y variable.

#### 4.2.1 Financial Market Expertise of the Team

For this research, the financial market expertise of team members, leading an ICO, is needed. In total, this research will focus on a total of 56 different ICOs. The ICOs can be found in Appendix 1, sheet 1 'List of ICOs'. These 56 different ICOs have a total of 350 people working on these ICOs. The names of the team members of the ICO can be found in the whitepapers of the ICOs. These names can be found in Appendix 1, sheet 2 'Team Members'. In this sheet, there are also the results of the financial market expertise of the ICO team members.

After all the team members have been analysed and summarized, there is a percentage of team members with financial market expertise. These results can be found in Appendix 1, sheet 2 'Team Members'. This number is also put in the sheet with all the results combined, which can be found in Appendix 1, sheets 3 and 4 'Results' and 'Results (2)'.

#### 4.2.2 Team Size

The team size of all the 56 ICOs can be found in Appendix 1 sheets 3 and 4 'Results' and 'Results (2)'. This number does not include the number of the possible Advisory Board, as explained in the Methodology.

#### 4.2.3 Duration of the ICO

The duration of the ICOs in this research can be found in Appendix 1 sheets 3 and 4 'Results' and 'Results (2)'. This number is in days.

#### 4.2.4 Reaching the Hard Cap

Whether the ICO projects reached their hard cap can be found in Appendix 1 sheets 3 and 5 'Results' and 'Results (2)'. The information is converted into a dummy variable. If there is a 1, this means that the ICO reached its hard cap, and if there is a 0, it means that the Initial Coin Offering did not reach the hard cap.

#### 4.2.5 Using the ERC20 Platform

Whether the ICO projects were using the ERC20 platform can be found in Appendix 1 sheets 3 and 4 'Results' and 'Results (2)'. The information is converted into a dummy variable. If there is a 1, this means that the ICO did use the ERC20 platform, and if there is a 0, it means that the Initial Coin Offering did not use the ERC20 platform.

#### 4.2.6 Using a whitelist registration

Whether the ICO projects were using a whitelist registration or not can be found in Appendix 1 sheets 3 and 4 'Results' and 'Results (2)'. The information is converted into a dummy variable. If there is a 1, this means that the ICO used a whitelist registration, and if there is a 0, it means that the Initial Coin Offering did not use a whitelist registration.

### 5. RESULTS

#### 5.1 Regression Analysis

We use the Data Analysis tool in Excel to analyse this data in the regression analysis. The results of the regression analysis can be found in Appendix 1 sheet 5 'Regression Analysis' and in Figure 1.

Regression Statistics	
Multiple R	0,55098259
R Square	0,30358181
Adjusted R Square	0,21830612
Standard Error	0,93108366
Observations	56

  

ANOVA					
	df	SS	MS	F	Significance F
Regression	6	18,5173628	3,08622714	3,56000392	0,00526228
Residual	49	42,4789222	0,86691678		
Total	55	60,996285			

  

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	15,9457192	0,51967709	30,6838888	1,1928E-33	14,901389	16,9900494	14,901389	16,9900494
% of people with financial market expertise	-0,336203	0,01196923	-28,100521	0,58546319	-1,5658012	0,89379522	-1,5658012	0,89379522
Team size (number of people)	0,05061477	0,04576177	1,1064021	0,27410612	-0,041347	0,1425765	-0,041347	0,1425765
Duration of the ICO (in days)	-0,0203843	0,00949791	-2,1461845	0,03683683	-0,039471	-0,0012975	-0,039471	-0,0012975
Reaching the hard cap	0,74235205	0,31547972	2,35308962	0,02267614	0,10837182	1,37633227	0,10837182	1,37633227
Using the ERC20 platform	-0,1451637	0,35184974	-0,4125731	0,68171907	-0,8522323	0,56190478	-0,8522323	0,56190478
Using a whitelist registration	0,01881674	0,28719765	2,15467202	0,03612993	0,04167145	1,19596203	0,04167145	1,19596203

Figure 1 .Regression Analysis

To understand this data, we need to understand what these numbers mean.

##### 5.1.1 R Square

R-squared (R<sup>2</sup>) is a statistical measure that represents the proportion of the variance for a dependent variable that's explained by an independent variable or variables in a regression model (Hayes, 2020). The R Square explains roughly how much percent of the variability of the Y variable can be explained by the entire set of X variables. This research, explains how much variability of the amount of raised funds in USD can be explained by the 6 independent variables.

This R Square ranges between 1.0 and 0.0. R Square of 1.0 indicates a perfect fit, whereas 0.0 represent a model that does not explain any of the variation in the response variable about its mean (Hayes, 2020). Although there are no hard rules on this model, in finance, an R Square above 0.7 would generally be seen as showing a high level of correlation, whereas a measure below 0.4 would show a low correlation.

In this research, the R Square has a level of 0.31. This can be found in Appendix 1 sheet 5 'Regression Analysis' and in Figure 2.

#### Regression Statistics

Multiple R	0,55098259
R Square	0,30358181
Adjusted R Square	0,21830612
Standard Error	0,93108366
Observations	56

Figure 2 .Regression Statistics

Everything below 0.4 would be considered a low correlation (Hayes, 2020), and this number is a bit lower than that. This suggests that there is no correlation between the Y variable and all the X variables. This does not say anything about the variable 'financial market expertise of a team leading an ICO'. This only says that all the six X variables combined can predict about 31% of the outcome. To investigate if the level of market expertise of a team leading an ICO does have an impact on the performance of the Initial Coin Offering, we have to look deeper into the regression analysis.

##### 5.1.2 Significance F

The significance F in a regression analysis refers to the statistical relevance of the overall model (Armstrong et al., 2002). It is derived from the F-test, which is used to assess whether the regression model, as a whole, explains a significant amount of the variation in the independent variable. In this case, it explains if the variation in the performance of the ICO can be explained by the six independent variables. It provides an assessment of the overall fit of the model and the collective influence of the independent variables.

In the regression model of this research, the significance F is 0,0053... This can be found in Appendix 1 sheet 5 'Regression Analysis' and in Figure 3.

ANOVA	df	SS	MS	F	Significance F
Regression	6	18,5173628	3,08622714	3,56000392	0,00526228
Residual	49	42,4789222	0,86691678		
Total	55	60,996285			

Figure 3 .Anova Analysis

Similar to the R square literature, there is no hard rule for what is right and what is wrong, but the most common significance levels used in research are 0.05 (5%) and 0.01 (1%). These levels are often considered conventional or standard choices (Armstrong et al., 2002). The higher the significance F level, the less the model explains a significant amount of the variation in the dependent variable.

In this research, the Significance F level is below both 0.01 and 0.05. This means that the model explains a significant amount of variation in the dependent variable. In other words, the model explains a significant amount of variation in the ICO performance. Now, we can continue to examine the individual X variables. By doing this, we

can also conclude if there is a relationship between the financial market expertise of a team leading an ICO and the performance of the ICO.

### 5.1.3 Coefficients and P-values

The coefficient for each explanatory variable tells us the average expected change in the response variable, assuming the other explanatory variables remain constant (Glen, 2022). In other words, if the variable ‘team size’ changes and the other 5 variables remain constant, how much would the ICO performance change? This is a perfect method to test the hypothesis that is stated in 1.3 Hypothesis.

The results of all the different coefficients and p-values can be found in Appendix 1 sheet 5 ‘Regression Analysis’ and in Figure 4.

	Coefficients	P-value
Intercept	15,9457192	1.1928E-33
% of people with market expertise	-0,336003	0,58546319
Team size (number of people)	0,05061477	0,27410612
Duration of the ICO (in days)	-0,0203843	0,03683683
Reaching the hard cap	0,74235205	0,02267614
Using the ERC20 platform	-0,1451637	0,68171907
Using a whitelist registration	0,61881674	0,03612993

**Figure 4 .Coefficient Values**

Similar to the R square and Significance F literature, there is no hard rule about what is right and what is wrong. But same as in the Significance F literature, the most commonly used p-values in research are 0.05 (5%) and 0.01 (1%). In this research, the accepted significance level is set at 0.05.

#### 5.1.3.1 % of People with Financial Market Expertise

The P-value of the variable ‘% of people with financial market expertise’ is 0.58. This number is higher than both 0.01 and 0.05. The P-value of 0.58 shows that the results are not statistically significant, and we fail to reject the null hypothesis. In other words, this number tells us that by only relying on these results, we cannot conclude that the % of people with financial market expertise affects the ICO performance. This also answers the Research Question stated in 1.2 Research Question and the hypothesis in 1.3 Hypothesis.

#### 5.1.3.2 Team Size

The P-value of the variable ‘team size’ is 0.27. This number is higher than both 0.01 and 0.05. The P-value of 0.27 shows that the results are not statistically significant, and we fail to reject the null hypothesis. In other words, this number tells us that by only relying on these results, we cannot conclude that the team size affects the ICO performance.

#### 5.1.3.3 Duration of the ICO

The P-value of the variable ‘duration of the ICO (in days)’ is 0.037. This number is above 0.01 but below 0.05, which indicates that the results are statistically significant, and we reject the null hypothesis. In other words, this number tells us that by only relying on these results, we can

conclude that the duration of the ICO affects the ICO performance. This is a negative relationship since the coefficient is a negative number (-0.020). The shorter the duration of the ICO, the better performance of the ICO.

#### 5.1.3.4 Reaching the hard cap

The P-value of the variable ‘reaching the hard cap’ is 0.023. This number is above 0.01 but below 0.05, which indicates that the results are statistically significant, and we reject the null hypothesis. In other words, this number tells us that by only relying on these results, we can conclude that reaching the hard cap affects the ICO performance. This is a positive relationship since the coefficient is a positive number (0.742). If the ICO reaches the hard cap, the better the performance of the ICO.

#### 5.1.3.5 Using the ERC20 platform

The P-value of the variable ‘using the ERC20 platform’ is 0.682. This number is higher than both 0.01 and 0.05. The P-value of 0.682 shows that the results are not statistically significant, and we fail to reject the null hypothesis. In other words, this number tells us that by only relying on these results, we cannot conclude that using the ERC20 platform affects the ICO performance.

#### 5.1.3.6 Using a whitelist registration

The P-value of the variable ‘using a whitelist registration’ is 0.036. This number is above 0.01 but below 0.05, which indicates that the results are statistically significant, and we reject the null hypothesis. In other words, this number tells us that by only relying on these results, we can conclude that using a whitelist registration affects the ICO performance. This is a positive relationship since the coefficient is a positive number (0.619). If the ICO uses a whitelist registration, the better the performance of the ICO.

## 6. CONCLUSION

The conclusion of this research, while looking at the results in 6. Results and answering the Research Question, this research shows that the level of financial market expertise of a team, that is leading an ICO, does not affect the performance of the ICO. In the Regression Analysis made in this research, this variable does not show any statistical relevance to the performance of the ICO. The P-value of the variable is way too high, which gives no other option than failing to reject the null hypothesis.

It also concludes that the number of people on the team and the use of the ERC20 platform do not have an effect on the ICO performance, something that is contradictory to other research. The other variables (duration of the ICO, reaching the hard cap, and using a whitelist registration) do influence the performance of the ICO. These influences correspond with the already existing literature.

This is not a contradiction to the already existing literature, but an addition. The existing literature writes that the team leading an ICO does have an impact on the performance of the ICO, but not what characteristics on the team do have an influence of the performance. Combing both the existing literature and this research, you can make the conclusion that there are characteristics of a team leading an ICO that influence the performance of the ICO, but the financial market expertise of the team is not one of those characteristics. This conclusion rejects the hypothesis, in which was stated that the financial market

expertise of a team does influence the performance of the ICO.

These findings of the research are an addition to the literature and could help investors that are looking for an ICO to invest in. The investor knows, after reading this research, that the financial market expertise of a team does not influence the outcome of the ICO. Next to this, a person that wants to run its own ICO and wants to select people, now knows that he or she does not need to have people with financial market expertise in the team. This is important information for the person that selects people, because it can save a lot of money to not include people with financial market expertise, and the performance of the ICO will not change anyway.

Follow-up research could be trying to answer which characteristics do have an influence on the performance of an ICO. This could be different things, such as experience in ICOs, software experience in the team, or the people on the Advisory Board. Answering these questions would create an even better understanding of the ICO process and could make the performances even better.

### **6.1. Discussion**

The results of this research show that the team size, the % of financial market expertise in a team leading an ICO, and the use of the ERC20 platform do not have a significant relation with the performance of the ICO. The % of financial market expertise in a team was a never examined variable, but the other two have been examined before, with the conclusion that they do have a significant relationship to the performance of the ICO. This contradicts each other. Follow-up research is needed to see if these X variables do have a relation with the Y variable.

Furthermore, there could be some challenges that occur during the research. This is important to consider and to point out.

### **6.2 Limitations**

1. Data availability: although the Initial Coin Offering programs are rising rapidly (Petukhina et al., 2021), (Adhami et al., 2018), it is still a relatively new market which can bring the problem of data availability. Obtaining reliable and comprehensive data on the performance of ICOs can be challenging. Data may not be online or accessible.
2. The subjectivity of market expertise of team members: Assessing the market expertise of an ICO team member can be subjective or difficult to determine. Different measures or definitions of financial market expertise may yield varying results. Some team members will be easy to analyse, others may need some more attention.
3. Outliers: Regression analysis can be sensitive to outliers (Stephanie Glen, 2021), which are extreme values that deviate significantly from the overall pattern of the data. Outliers can distort the regression line and affect the model's predictive power.
4. Lack of information on team members: sometimes, it can be very hard to examine the financial market expertise of an ICO team member. Especially on certain occasions, like people from China, there is very limited personal data available due to regulations of their government.
5. The use of the same set of websites can create a bias in the research. It can result in a limited perspective because the research is relying on a handful of websites. The websites can also have incomplete or outdated data, which can lead to a decreasing accuracy of the research.



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