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Creative Credit

How Credit Cards and Crowdfunding Finance Independent Films, Music, Books, and Games

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ABSTRACT

This paper examines how unsecured credit and crowdfunding finance independent creative works in the United States. Uncertain demand, limited collateral, and low or irregular incomes make filmmakers, musicians, authors, and game developers difficult borrowers for conventional lenders. Drawing on economic research, industry surveys, and 24 case studies of early films and filmmaking careers, the paper explores how creators combine distributor advances, personal resources, credit cards, and audience funding. Credit cards provide flexible financing based on personal creditworthiness, while crowdfunding offers an early test of demand and shares project risk with backers. The two often complement one another, with cards financing development and cost overruns, campaign proceeds repaying debt, and card-payment systems supporting pledges and subscriptions. Digital technologies have lowered production and distribution costs, bringing more projects within reach of these funding sources, while incremental royalty payments have increased the importance of working capital. Specialized financing against established revenue streams expands options for successful creators but leaves newcomers reliant on personal borrowing and audience support. The analysis highlights how access to varied financing arrangements enables creative experimentation, while recognizing the limits of evidence drawn from selected, often successful creators.

Keywords: Entrepreneurship & Finance; Household Finance; Innovation Finance & Accounting; Microeconomics: Decision-Making under Risk & Uncertainty; Microeconomics: Asymmetric & Private Information; Intellectual Property: Copyright Law; Economic & Social Impacts of Innovation.

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I. INTRODUCTION: NOBODY KNOWS

In 1993, Kevin Smith, then a 23-year-old convenience-store clerk in New Jersey, applied for several credit cards, which he used to buy film stock and pay for processing. He shot a feature film at night in the store where he worked by day. "I make *Clerks*," Smith later said, "and I make it on credit cards, twenty-seven thousand five hundred and seventy-five bucks."[1] Miramax bought the film for $227,000. It grossed about $3.1 million and launched a directing career that has lasted three decades.[2] Smith acknowledged the risk and accepted the consequences of failure. "You're going to go get another job. And if you have to, you're going to get a third job … so you pay off this credit card debt."[3]

Smith's story illustrates what Richard Caves called the "nobody knows" problem. Demand for creative output remains uncertain until creators have committed the money to produce it.[4] A creator's main asset is often the copyright in the work, which a conventional lender may struggle to value or claim as collateral. A credit card gets around both problems by lending to the person rather than the project. Lenders assess the borrower's creditworthiness, require no collateral or business case, and let the borrower draw on available credit as needed. For a filmmaker or musician with few assets and an uncertain income, a card is often the most accessible source of startup financing.

This white paper is part of a larger International Center for Law & Economics (ICLE) project on credit, competition, and consumer welfare. Its central proposition is that broad access to unsecured credit helps households manage income fluctuations and absorb shocks, and helps small businesses manage cash flow and grow.[5] This paper considers how unsecured credit and

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[1] *Why Kevin Smith Bet $27,575 on a Movie No One Showed Up For*, Big Think (interview transcript), https://bigthink.com/series/the-big-think-interview/kevin-smith-unreasonable (last visited Sept. 5, 2026). The $27,575 figure comes from the budget Smith submitted to Miramax. *See* Kevin Smith, Facebook Post (Dec. 27, 2015), *quoted in* Jamie Lovett, *Kevin Smith Shares Budget Breakdown for Clerks*, ComicBook.com (Sept. 6, 2017), https://comicbook.com/comicbook/news/kevin-smith-shares-budget-breakdown-for-clerks.

[2] *Ten Years of Kevin Smith's "Clerks"*, Today.com (2004), https://www.today.com/popculture/ten-years-kevin-smiths-clerks-wbna5933764 (reporting that Smith financed the film with dozens of credit cards, proceeds from selling his comic-book collection, flood-relief money, and a $3,000 gift from his parents, and that the film earned $3.1 million while playing in no more than 96 theaters); Kevin Smith, Interview, Variety (2020), *quoted in True Royalty Stories: Kevin Smith vs. Miramax*, Infinite Catalog (Oct. 1, 2021), https://www.infinitecatalog.com/blog/true-royalty-stories-kevin-smith-vs-miramax ("It took seven years for us to see any profit from that movie."). Secondary accounts and the 2004 documentary *Snowball Effect* report that Smith used eight to 10 cards with $2,000 limits. *See, e.g.*, Nathan Hilgartner, *Full Budget & Income Breakdown of Clerks*, Wrapbook (Mar. 22, 2023), https://www.wrapbook.com/blog/clerks-budget-breakdown.

[3] *Why Kevin Smith Bet $27,575 on a Movie No One Showed Up For*, *supra* note 1.

[4] Richard E. Caves, Creative Industries: Contracts Between Art and Commerce (2000).

[5] For the parent study's literature review, *see* Julian Morris, *Credit, Competition and Consumer Welfare: Literature Review* (Int'l Ctr. for L. & Econ., Sept. 2026) (on file with author). On credit and consumption smoothing, *see, e.g.*, Kyle F. Herkenhoff, *The Impact of Consumer Credit Access on Unemployment*, 86 Rev. Econ. Stud. 2605 (2019); J. Carter Braxton, Kyle F. Herkenhoff & Gordon M. Phillips, *Can the Unemployed Borrow? Implications for Public Insurance*, 132 J. Pol. Econ. 3025 (2024).

crowdfunding enable the production of independent creative works—films, recordings, books, and games—in the United States.

The creative sector merits separate treatment for three reasons. First, it is large. The Bureau of Economic Analysis estimates that arts and cultural production contributed $1.17 trillion to the economy in 2023, or 4.2% of U.S. gross domestic product, supporting 5.4 million jobs.[6] Second, the features that make lending to creators difficult are unusually pronounced, making the role of unsecured credit easier to observe. Third, a recent national survey suggests that U.S. artists carry credit-card debt somewhat more often than adults generally, although the surveys measure debt differently.[7] This paper seeks to understand why that might be the case.

Section II explains why independent creative works are hard to finance. Section III describes how distributors have traditionally borne the risk of creative production and how credit cards enable creators to finance works without a distributor. Section IV considers how digital production and distribution have changed the cost of creating works and the way creators receive payment, and what this means for financing. Section V examines crowdfunding and explains how it complements card credit. Section VI concludes. An appendix summarizes the evidence on how creators have financed independent films, music, and games, including case studies of the first films of 24 U.S. filmmakers.

A note on terms. "Unsecured credit" means borrowing without pledging specific assets. Examples include credit cards, personal loans, overdrafts, most buy-now-pay-later plans, and merchant cash advances. "Interchange" is the small fee the cardholder's bank receives each time a customer uses a card. It helps balance participation by cardholders and merchants, in part by funding cardholder benefits, supporting system security, and sustaining core standards, such as liability rules.[8]

"Distributors" are firms that connect creators with consumers of their works. "Creators" are independent filmmakers, musicians, writers, and game developers, and the small, privately held companies they form to support their work.

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[6] Bureau of Econ. Analysis, *Arts and Cultural Production Satellite Account, U.S. and States, 2023*, News Release BEA 25-13 (Apr. 2, 2025), https://bea.gov/news/2025/arts-and-cultural-production-satellite-account-us-and-states-2023 (reporting 6.6% real growth in arts and cultural production in 2023, compared with 2.9% for the overall economy).

[7] Among 2,618 adult artists surveyed, 43% had outstanding credit-card debt. Gwendolyn Rugg *et al.*, *National Survey of Artists: Findings Report* 26–32, 56–60 (NORC at the Univ. of Chi., Oct. 2025), https://www.norc.org/content/dam/norc-org/pdf2025/National%20Survey%20of%20Artists%20-%20Findings%20Report.pdf. A Federal Reserve survey found that approximately 37% of all adults had carried a credit-card balance in the preceding 12 months. Bd. of Governors of the Fed. Rsrv. Sys., *Economic Well-Being of U.S. Households in 2025* tbl. 40 (May 2026), https://www.federalreserve.gov/publications/2026-economic-well-being-of-us-households-in-2025-credit.htm.

[8] For a fuller explanation of the four-party card model, *see* Julian Morris, Todd J. Zywicki & Geoffrey A. Manne, *The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update* (Int'l Ctr. for L. & Econ., White Paper No. 2022-03-04, Mar. 2022), https://ssrn.com/abstract=4063914.

II. WHY CREATIVE WORK IS HARD TO FINANCE

Independent creators face three connected financing challenges. First, demand for a creative work remains uncertain even as creators incur production costs. Second, an unfinished work offers little reliable collateral, while its completion depends on skills and effort that a lender cannot repossess. Third, creators often have low and irregular incomes, making repayment harder to predict. Together, these features make creative projects and their creators difficult for conventional lenders to assess. This section examines each challenge in turn.

A. Uncertain Demand and Uneven Earnings

In his book *Creative Industries*, Caves identified several properties that distinguish the production of films, recordings, books, and art from the production of ordinary goods. The most important is that "nobody knows." Demand for a creative product remains uncertain until its completion and release, by which time creators have incurred almost all its costs. Related properties include "art for art's sake" (creators value the work itself, so may not require payment for some or all of their effort), the "motley crew" (production requires many specialized inputs, each essential), and "time flies" (projects are perishable and must meet deadlines).[9]

Studies of artistic labor markets broadly support Caves' observations. Pierre-Michel Menger found that these markets combine a chronic oversupply of aspirants with project-based employment and careers built around multiple jobs. Earnings are "extremely skewed," with a small share of artists earning disproportionately large amounts."[10] Similarly, Neil Alper and Gregory Wassall's review of six decades of U.S. census data found that artists work fewer hours, experience higher unemployment, and earn less, with more variable earnings, than comparable professional and technical workers.[11]

These characteristics make creative projects difficult for conventional lenders to assess. A bank financing a film must fund a project whose revenue is uncertain and whose costs largely precede any income. Completion depends on many essential inputs, and the creator may value the finished work for reasons unrelated to its commercial return.

Expert judgment does little to reduce this uncertainty. Arthur De Vany and David Walls found that box-office revenues for more than 2,000 films follow a Pareto distribution with infinite variance—a statistical pattern in which rare, enormous hits make outcomes exceptionally unpredictable. As a result, lenders cannot forecast any single film's revenue with meaningful precision.[12]

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[9] Caves, *supra* note 4.

[10] Pierre-Michel Menger, *Artistic Labor Markets and Careers*, 25 Ann. Rev. Soc. 541 (1999).

[11] Neil O. Alper & Gregory H. Wassall, *Artists' Careers and Their Labor Markets*, in 1 Handbook of the Economics of Art and Culture 813 (Victor A. Ginsburgh & David Throsby eds., 2006).

[12] Arthur De Vany & W. David Walls, *Uncertainty in the Movie Industry: Does Star Power Reduce the Terror of the Box Office?*, 23 J. Cultural Econ. 285 (1999), https://doi.org/10.1023/A:1007608125988. Evidence from book publishing is more mixed. Christian Peukert and Imke Reimers find that publishers' advances have tracked subsequent sales more closely as self-publishing has grown. Christian Peukert & Imke Reimers, *Digitization, Prediction, and Market Efficiency: Evidence from Book Publishing Deals*, 68 Mgmt. Sci. 6907 (2022), https://doi.org/10.1287/mnsc.2021.4237.

B. The Collateral Problem

The second problem is collateral. Secured lending works because the lender can seize and sell an asset that retains value if the borrower fails. The principal asset created by creative work is an intangible right, typically a copyright, whose value is as uncertain as the project itself. If the project fails, that right may have little or no value. A bank could take a security interest in the copyright, but the "nobody knows" problem makes such collateral unattractive.

The law adds another obstacle. In the United States, a lender must perfect its security interest in a registered copyright by recording it with the Copyright Office. This step protects the lender against competing claims, but it requires copyright registration, which usually happens after production is complete.[13] Even then, the lender faces an uneven bargain. If the project succeeds, the bank receives only the interest on the loan. If it fails, the collateral is worth little.

The contrast with patents is instructive. William Mann finds that, by 2013, 38% of U.S. patenting firms had at some point pledged their patents as collateral.[14] Yael Hochberg, Carlos Serrano, and Rosemarie Ziedonis find that venture lending to startups increases where patents trade more actively and buyers can more readily put them to other uses.[15] Patents have a registry, established valuation practices, and a secondary market. Copyrights in unproven creative works lack a comparable combination of these features. A study for the United Kingdom's Intellectual Property Office found that lenders there almost never secure loans against specific intellectual-property assets. Small borrowers usually offer personal assets as collateral instead.[16]

One creative asset that lenders do regard as good security is an established catalog with an observable royalty history. The market for royalty-backed finance, which dates at least to David Bowie's $55 million bond issue in 1997, serves artists who already have that history.[17] Financing an artist's first recording presents a fundamentally different problem.

In economic terms, this is the problem Oliver Hart and John Moore identified with human capital—a person's skills and productive abilities. A borrower cannot pledge it as collateral because the

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[13] *In re Peregrine Ent., Ltd.*, 116 B.R. 194 (C.D. Cal. 1990); David L. Wardle, *Revised UCC Article 9 and the Negative Pick-up Deal*, 10 UCLA Ent. L. Rev. 19 (2002), https://escholarship.org/uc/item/0k50m8p6 (explaining why lenders cannot perfect a security interest in a film before copyright registration and arguing that revised Article 9 did not displace *Peregrine*).

[14] William Mann, *Creditor Rights and Innovation: Evidence from Patent Collateral*, 130 J. Fin. Econ. 25 (2018), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2356015.

[15] Yael V. Hochberg, Carlos J. Serrano & Rosemarie H. Ziedonis, *Patent Collateral, Investor Commitment, and the Market for Venture Lending*, 130 J. Fin. Econ. 74 (2018), https://www.nber.org/papers/w20587.

[16] Martin Brassell & Kelvin King, *Banking on IP? The Role of Intellectual Property and Intangible Assets in Facilitating Business Finance* 14, 37 (U.K. Intell. Prop. Off. 2013), https://assets.publishing.service.gov.uk/media/5a7ec25ced915d74e33f23d6/ipresearch-bankingip.pdf.

[17] Nicole Chu, *Bowie Bonds: A Key to Unlocking the Wealth of Intellectual Property*, 21 Hastings Comm. & Ent. L.J. 469 (1998), https://repository.uclawsf.edu/hastings_comm_ent_law_journal/vol21/iss2/5; Trent Anderson, *Securitizing Stardust: The Legal Life of Bowie Bonds*, U. Miami L. Rev. (Oct. 31, 2025), https://lawreview.law.miami.edu/securitizing-stardust-the-legal-life-of-bowie-bonds.

person who embodies it can walk away.[18] Before a creative work is finished, much of its value lies in the creator's skills and effort. A lender financing a film relies on a director's ability to finish it and an audience's unknown willingness to watch it. The lender can repossess neither.

C. Low and Irregular Incomes

The third problem concerns the borrowers rather than the projects. According to the National Endowment for the Arts (NEA), about 2.9 million artists were in the U.S. labor force in 2024, representing about 1.6% of the workforce and a 26% increase since 2015.[19] Artists are far more likely than other workers to be self-employed. An earlier NEA analysis of American Community Survey data for 2012–2016 found that 34.1% of artists were self-employed, compared with 9.4% of the workforce as a whole. The share reached 55.9% among photographers, 53.8% among fine artists and animators, and 42.1% among writers and authors.[20]

Median incomes are low and, from a lender's perspective, irregular. A survey by NORC at the University of Chicago reports a median main-job income of $15,000 for U.S. artists. Half of respondents were self-employed, and 76% had held part-time positions in the previous year.[21] The NEA analysis also found that the standard deviation of earnings—a measure of how widely earnings vary—was nearly 50% higher for self-employed artists than for artists on payrolls. A small number of independent artists earn exceptionally high incomes—think Taylor Swift or Tom Holland—while most earn very little. [22]

Other surveys tell a similar story. A 2018 Music Industry Research Association survey of 1,227 U.S. musicians found a median music-related income of $21,300. Of those surveyed, 61% said their music income did not cover their living expenses.[23] The Authors Guild's 2023 survey of 5,699 published authors found a median book-related income of $10,000 for full-time authors and $2,000

[18] Oliver Hart & John Moore, *A Theory of Debt Based on the Inalienability of Human Capital*, 109 Q.J. Econ. 841 (1994).

[19] Nat'l Endowment for the Arts, Nat'l Arts Stat. & Evidence-Based Reporting Ctr., *Indicator A.1: Who Are the Artists?* 3–4 (May 2026), https://www.arts.gov/sites/default/files/a1-report-202605.pdf (analyzing U.S. Census Bureau American Community Survey data for 2015–2024).

[20] Nat'l Endowment for the Arts, *Artists and Other Cultural Workers: A Statistical Portrait* xi, 21–22 (Apr. 2019), https://www.arts.gov/sites/default/files/Artists_and_Other_Cultural_Workers.pdf.

[21] Rugg *et al.*, *supra* note 7, at 26–32.

[22] Nat'l Endowment for the Arts, *Artists and Other Cultural Workers*, *supra* note 20, at 23 (reporting earnings standard deviations of approximately $81,700 for self-employed artists and $56,000 for artists on payrolls in 2012–2016).

[23] Alan B. Krueger & Ying Zhen, *Inaugural Music Industry Research Association (MIRA) Survey of Musicians* 1–4 (Princeton Univ. Survey Rsch. Ctr., June 2018), https://psrc.princeton.edu/document/122 (reporting unweighted results from an online survey conducted April–June 2018).

for authors as a whole.[24] Creatives Rebuild New York's 2022 survey of more than 13,000 New York State artists found that 62% had no emergency savings.[25]

A program run by Creatives Rebuild New York shows how financial support can free artists to spend more time on their work. The program paid 2,400 artists, chosen by lottery, $1,000 a month for 18 months. A study found that recipients spent about 3.9 more hours a week on art and 2.4 fewer hours on other work than applicants who were not selected.[26]

Artists with low and uncertain incomes are poor candidates for term loans, which require repayment over a set period. A bank lending to a business wants two or three years of accounts, a predictable revenue stream, an owner with a salary, and collateral. Creators typically have none of these. SignalFire, a venture investor in the sector, describes the problem from the lender's side. Creators "don't have W2s"—the tax forms documenting employee wages—"and instead have many sources of income that are unpredictable," making them "very difficult for banks to underwrite."[27]

III. DISTRIBUTORS AND CREDIT CARDS

The problems identified in Section II led to intermediaries able to spread risk across many creators. Book and music publishers, movie studios and distributors, record labels, and games companies are prominent examples. For simplicity, this paper calls these intermediaries "distributors." Distributing works to consumers is one of their primary functions and the means through which they recover advances to creators.[28]

Distributors provide financing and absorb risk, but they also decide which projects receive backing. Credit cards offer creators another route, lending against personal creditworthiness without requiring collateral or a distributor's approval. This section examines both models, including how cards help creators cover production costs and gaps between expenses and income.

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[24] Authors Guild, *Key Takeaways from the 2023 Author Income Survey* (Sept. 27, 2023), https://authorsguild.org/news/key-takeaways-from-2023-author-income-survey.

[25] Karen K. Ho, *Economic Survey of Artists in New York Shows 57 Percent Earn $25,000 or Less*, ARTNEWS (June 27, 2024), https://www.artnews.com/art-news/news/economic-survey-artists-new-york-state-57-percent-earnings-25000-creatives-rebuild-1234710735 (reporting findings from Creatives Rebuild New York's *Portrait of New York State Artists* survey, which collected more than 13,000 responses from February–May 2022). Public-use data are available through ICPSR, Study No. 39025.

[26] Douglas Noonan & Joanna Woronkowicz, *Testing the Empirical Validity of the Work Preference Labor Supply Model: Evidence from a Guaranteed Income Program for Artists in New York State* (Ind. Univ. Arts, Econ. & Innovation Lab, Working Paper, Feb. 2026 draft), https://culturalaffairs.indiana.edu/programs/aeilab/testing-the-empirical-validity-of-the-work-preference-labor-supply-model-evidence-from-a-program-for-artists-in-new-york-state-draft-february-2026.pdf. Control-group respondents reported averaging 19.4 hours of arts work and 15.3 hours of other work per week. Respondents self-reported their hours, and changes in total earnings were not statistically significant.

[27] Yuanling Yuan, *Creator Economy Market Map*, SIGNALFIRE (May 3, 2024), https://signalfire.com/blog/creator-economy.

[28] "Publisher" might work, but the term has a narrower meaning in music. Music publishers typically acquire and license rights to musical compositions, while record labels acquire and license rights to sound recordings.

A. Advances and Risk Sharing

One solution to the "nobody knows" problem is an advance from firms that aggregate creative works. Film studios, record labels, and book publishers advance money to creators in exchange for rights to the finished work. They act as financiers and gatekeepers, spreading risk across a portfolio of works.[29]

In recorded music, a label typically pays the artist an advance and covers recording and marketing costs. It pays further royalties only after recovering the advance from the artist's royalty earnings. A report by the Rethink Music Initiative at the Berklee Institute of Creative Entrepreneurship describes the arrangement as "a recoupable account, akin to a loan, rather than an equity stake."[30] The report notes that the artist's share of recorded-music income typically ranges from 5% to 25%, with lower percentages going to less well-known artists, who present greater risk.

Because the label recovers the advance only from royalties, it absorbs the loss on a record that fails. Failure is common. The British Phonographic Industry estimates that only about one in 10 record-label investments in the United Kingdom breaks even.[31]

Trade book publishers work similarly. They pay authors an advance against future royalties and cover editing, printing, and marketing costs, recovering the advance before paying further royalties.[32]

In film, major studios finance most of their own productions. Independent producers instead assemble financing from distributors' commitments made before a film is complete. Under a "negative pick-up," a distributor "agrees to pay a fixed price upon delivery of the film." Under a "pre-sale," a distributor in a particular country commits to pay "an advance or a minimum guarantee" on delivery in exchange for local rights. Producers can borrow against these commitments, although the lender "will almost always require a completion guarantee"—a third party's commitment to ensure the film is finished.[33] Banks typically lend about 60% of the value of pre-sale contracts with independent distributors, and up to 80% when the distributor is a major studio.[34]

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[29] *See* Caves, *supra* note 4.

[30] Rethink Music Initiative, Berklee Inst. of Creative Entrepreneurship, *Fair Music: Transparency and Payment Flows in the Music Industry* 6, 14 (2015), https://www.musicbusinessworldwide.com/files/2016/04/Fair-Music-Transparency-and-Payment-Flows-in-the-Music-Industry.pdf. The report explains that deductions and cost recoupment can leave artists with little or no royalties. *Id.* at 14.

[31] Competition & Mkts. Auth., *Music and Streaming: Final Report* ¶ 1.53 (Nov. 29, 2022), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120610/Music_and_streaming_final_report.pdf (citing the British Phonographic Industry). The estimate covers the United Kingdom.

[32] *See* Caves, *supra* note 4.

[33] Schuyler Moore, *The 9 Types of Film Distribution Agreements*, Forbes (July 19, 2019), https://www.forbes.com/sites/schuylermoore/2019/07/19/types-of-film-distribution-agreements.

[34] Alexander Cuntz *et al.*, *IP Assets and Film Finance: A Primer on Standard Practices in the U.S.* 18–20 (World Intell. Prop. Org., Econ. Rsch. Working Paper No. 74, 2023),

B. Credit Cards and Creator Finance

A credit card sidesteps the problems described in Section II. Card issuers generally do not ask what the money is for or require collateral. They lend based on cardholders' credit ratings and histories, making credit cards particularly valuable to creators.

Evidence of this role comes from Aaron Chatterji and Robert Seamans's study of the removal of state interest-rate ceilings on card credit following the Supreme Court's *Marquette* decision in 1978. Allowing lenders to charge higher rates made credit available to would-be entrepreneurs whom lending restrictions and discrimination had previously shut out. After *Marquette*, transitions into self-employment rose most among Black entrepreneurs and in states with a history of lending discrimination.[35] The same logic applies to creators, whose uncertain incomes make lending riskier and may require lenders to charge higher interest rates. If card issuers cannot charge rates that reflect those risks, many of these creators may lose access to credit.

The ability to charge rates that reflect risk reduces the need for costly due diligence—the lender's assessment of a borrower and project. For creators seeking relatively small loans, the fixed costs of documentation, appraisal, and negotiation make credit cards more attractive. As one business owner put it in a recent survey, "It's a heck of a lot easier to go swipe a credit card than to get a loan."[36]

The same applies from the lender's side. In 2012, the United Kingdom's Creative Industries Council estimated that lenders spent between £20,000 and £50,000 ($27,000–$67,500) on due diligence for creative businesses.[37] Assuming similar costs in the United States, processing a loan application for less than $50,000 would likely be unprofitable, leaving credit cards among the few realistic options for such businesses.

Credit cards have another feature that term loans lack. Issuers make credit available before borrowers need it. A cardholder with 10 cards, each with a $2,000 limit, can draw on up to $20,000 in available credit as needed. That flexibility is especially valuable for projects with unpredictable costs, such as a film that needs another day of shooting or a tour that requires an unexpected vehicle repair.

Creators also often finance short-term costs that they recover within weeks or months. A band on tour pays for vehicles, lodging, and crew weeks before receiving ticket revenue. A self-published

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https://www.wipo.int/edocs/pubdocs/en/wipo-pub-econstat-wp-74-en-ip-assets-and-film-finance-a-primer-on-standard-practices-in-the-u-s.pdf.

[35] Aaron K. Chatterji & Robert C. Seamans, *Entrepreneurial Finance, Credit Cards, and Race*, 106 J. Fin. Econ. 182 (2012); *Marquette Nat'l Bank of Minneapolis v. First of Omaha Serv. Corp.*, 439 U.S. 299 (1978).

[36] Ufuk Akcigit *et al.*, *Credit Card Entrepreneurs* 1, 4, 12–14 (Nat'l Bureau of Econ. Rsch., Working Paper No. 33618, Mar. 2025), https://bfi.uchicago.edu/wp-content/uploads/2025/03/BFI_WP_2025-44-2.pdf. The paper controls for sector but reports no industry-specific results, so it offers no separate findings for arts, entertainment, or media firms.

[37] Creative Indus. Council, *Access to Finance Working Group Report* 9–17 (Dec. 2012), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/79140/CE-ReportDec2012e-without-Registration1.pdf.

author pays an editor and cover designer months before receiving royalties. Revolving credit, which borrowers can draw on again as they repay it, suits these needs.

Interchange—the fee the cardholder's bank receives on card transactions—also makes cards valuable to creators. It funds benefits that typically include fraud prevention, insurance, rewards, and an interest-free period between a purchase and the monthly payment deadline.[38] That period is particularly useful when creators' regular payouts do not match the timing of their expenses.

In 2020, Karat Financial launched a Visa business card for online creators, using interchange to provide a short-term, interest-free credit line. The card requires full payment each month, and Karat assesses applicants using observable business activity, follower counts, and other indicators of success.[39] Co-founder Eric Wei explained the approach. "If Alexandra Botez has 800,000 followers, and let's say a tenth of them are paying a monthly subscription fee on Twitch, you can actually back into what these creators' income streams are."[40] Botez, a chess streamer with a six-figure income, had twice been refused a business card by conventional banks. Karat has extended credit to creators on a much broader scale, reporting more than $1 billion in total credit underwritten across its customers by September 2025.[41]

The Saturation Production Credit Card offers another example of interchange supporting new credit options for creators. Since January 2026, it has offered film and video production companies a charge card based on production revenue rather than personal credit scores.[42] Like the Karat Black card, it helps cover short-term gaps between income and expenses and requires full payment each month.

Survey evidence also shows the importance of credit cards to creators. The NORC survey found that 43% of U.S. artists carried credit-card debt, compared with 28% who carried mortgage debt, 27% with car loans, and 20% with student loans.[43] For comparison, the Federal Reserve's Survey of Household Economics and Decisionmaking found that 82% of all adults held a credit card and

[38] *See* Morris, Zywicki & Manne, *The Effects of Price Controls on Payment-Card Interchange Fees*, *supra* note 8.

[39] Natasha Mascarenhas, *A Bank for the Creator Economy, Karat Raises $26M in Series A Funding*, TechCrunch (July 1, 2021), https://techcrunch.com/2021/07/01/a-bank-for-the-creator-economy-karat-raises-26m-in-series-a-funding; Karat, https://www.trykarat.com (last visited Oct. 24, 2026).

[40] Mascarenhas, *supra* note 39.

[41] Dean Takahashi, *Karat Financial Raises $70M and Teams with Visa on New Personal Credit Card for Creators*, GamesBeat (July 19, 2023), https://gamesbeat.com/karat-financial-raises-70m-and-teams-with-visa-on-new-personal-credit-card-for-creators; *Karat Financial's Push to Put Creators on Equal Financial Footing*, NetInfluencer (Sept. 23, 2025), https://www.netinfluencer.com/karat-financial-push-to-put-creators-on-equal-financial-footing (reporting "over $1 billion in underwritten credit"). The TechCrunch and NetInfluencer articles report Botez's credit rejections. *See* Mascarenhas, *supra* note 39. The figures come from Karat.

[42] Press Release, Saturation, *Saturation Introduces Production Credit Card Built for Film and Video Teams* (Jan. 23, 2026), https://www.barchart.com/story/news/37206731/saturation-introduces-production-credit-card-built-for-film-and-video-teams (describing a charge card with no annual fee and reporting that the company managed $2.7 billion in production budgets across 19,628 projects in 2025).

[43] Rugg *et al.*, *supra* note 7, at 56–60.

about 37% had carried a balance in the preceding 12 months.[44] The surveys measure different periods and populations, so the comparison do warrant caution.

IV. DIGITAL TECHNOLOGY AND CREATIVE FINANCE

Over the past two decades, digital technologies have changed how creators produce and distribute their work and receive payment. Lower production and distribution costs have brought more projects within reach of personal savings, credit cards, and crowdfunding. But competition for attention remains intense, and payments often arrive gradually, long after creators incur costs. This section examines how these changes expand opportunities for independent creators while reshaping their financing needs.

A. Lower Production Costs

Digital recording and production, and now artificial intelligence (AI), have dramatically reduced the cost of producing high-quality content.

Until relatively recently, recording a professional-quality album generally required access to expensive studios, specialized equipment, and teams of engineers and producers. Digital audio workstations, inexpensive microphones, and software-based mixing and mastering tools now let musicians do much of this work from their bedrooms, at a fraction of the equipment cost.[45]

Similar developments in digital photography, video editing, graphic design, and desktop publishing have enabled independent filmmakers, artists, and authors to produce work that once required substantial investment in equipment and specialized services. By 2008, for example, a digital still camera costing a few thousand dollars could shoot professional-quality high-definition video. Joel Waldfogel reports that the number of U.S. feature films released each year rose from about 500 in 1990 to nearly 3,000 in 2012.[46]

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[44] Bd. of Governors of the Fed. Rsrv. Sys., *supra* note 7 (also reporting that lenders denied one-third of credit applicants or approved them for less than they requested). NORC asks whether respondents currently have credit-card debt. The Federal Reserve's Survey of Household Economics and Decisionmaking asks whether cardholders carried a balance at any point during the preceding year. The measures capture different periods and populations.

[45] Andrew Leyshon, Reformatted: Code, Networks, and the Transformation of the Music Industry 110–37 (2014) (explaining how affordable digital recording equipment and software let musicians perform production work that once required professional studios); *see also* Amandine Pras, Catherine Guastavino & Maryse Lavoie, *The Impact of Technological Advances on Recording Studio Practices*, 64 J. Am. Soc'y for Info. Sci. & Tech. 612 (2013), https://doi.org/10.1002/asi.22840.

[46] Joel Waldfogel, *Cinematic Explosion: New Products, Unpredictability and Realized Quality in the Digital Era*, 64 J. Indus. Econ. 755 (2016), https://doi.org/10.1111/joie.12117. The figures come from the working-paper version and may differ slightly from those in the published article. *See* Joel Waldfogel, *Cinematic Explosion: Movies, Gatekeepers, and Product Discovery in the Digital Era* 7, 16 (Fung Inst., Univ. of Cal., Berkeley, Sept. 9, 2013), http://funginstitute.berkeley.edu/wp-content/uploads/2013/12/Cinematic-Explosion-Waldfogel_0.pdf.

Generative AI is accelerating this process, enabling creators to produce or refine images, music, video, and text using inexpensive, general-purpose computing tools.[47] Creators can increasingly use AI for parts of tasks that once required illustrators, session musicians, animators, or other specialists.

Artistic skill and professional expertise remain important, but these tools reduce the cost of experimentation, developing prototypes, and bringing creative projects to market. Because creators cannot predict a new work's appeal, cheaper experimentation can bring large gains. Digitization tripled the number of new music releases between 2000 and 2008. Luis Aguiar and Waldfogel estimate that the surge in new releases benefited consumers far more tha+n greater access to existing niche recordings alone. Their estimate of those benefits may be more than 10 times as large as estimates focused only on that expanded access.[48]

Lower production costs also mean that relatively modest personal savings, credit-card borrowing, or crowdfunding can now finance projects that once required substantial backing from publishers, record labels, or studios.[49]

B. Lower Distribution Costs

Digital distribution has dramatically reduced the fixed cost of reaching an audience. Traditionally, artists and other creators depended on intermediaries—record labels, publishers, galleries, broadcasters, and film distributors—that controlled access to physical distribution networks and scarce retail or exhibition space. Manufacturing and distributing CDs, printing and shipping books, and securing shelf space in bookstores and record shops required substantial upfront spending. Reaching audiences in different geographic markets required additional investment.

The internet has largely eliminated these physical distribution costs for digital content. Musicians can make recordings available worldwide through streaming services, including Spotify, Apple Music, and YouTube. Authors can publish and distribute e-books through Amazon Kindle Direct Publishing and other services, while visual artists can display and sell their work through online marketplaces and social media.

Digital platforms also aggregate large audiences and provide search, recommendation, and payment systems that individual creators would struggle to replicate. Together, these changes let

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[47] Jamie Vickers *et al.*, *What AI Could Mean for Film and TV Production and the Industry's Future*, McKinsey & Co. (Jan. 23, 2026), https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/what-ai-could-mean-for-film-and-tv-production-and-the-industrys-future (discussing AI applications in development, production, and postproduction); *see also* Kirsten Hermes, *Generative AI as a Tool to Support Film Composition and Sound Design: An Industry Case Study*, in Innovation in Music (Russ Hepworth-Sawyer *et al.* eds., forthcoming).

[48] Luis Aguiar & Joel Waldfogel, *Quality Predictability and the Welfare Benefits from New Products: Evidence from the Digitization of Recorded Music*, 126 J. Pol. Econ. 492 (2018), https://doi.org/10.1086/696229. A working-paper version is available at https://www.nber.org/papers/w22675.

[49] *See* Sean A. Pager & Eric Priest, *The Cost of Music: Has Digitization Made Copyright Obsolete?*, 15 N.Y.U. J. Intell. Prop. & Ent. L. 225 (2025), https://jipel.law.nyu.edu/the-cost-of-music-has-digitization-made-copyright-obsolete (explaining that cheaper recording technology leaves professional expertise essential and commercially competitive recordings costly).

creators distribute works commercially on a much smaller scale and reach global audiences without first securing contracts with traditional gatekeepers. The costs of attracting attention remain, however. As the volume of content has grown, competition for audiences has intensified, making marketing, promotion, and the ability to stand out increasingly important to commercial success.[50]

In music, digital distributors such as DistroKid place recordings on major streaming services for an annual fee starting at $24.99. DistroKid advertises that artists "keep 100% of earnings."[51] A musician no longer needs a label to reach listeners. Spotify reports that it paid the music industry more than $11 billion in 2025, with "roughly half" of those royalties going to independent artists and labels.

Streaming royalties come from a pool allocated according to each track's share of streams. Since April 2024, Spotify has excluded tracks with fewer than 1,000 streams in the preceding 12 months from that pool.[52] Streaming income therefore arrives in small increments, often long after musicians incur recording and touring costs.

In film, streaming platforms have become important buyers of completed productions and financiers of new ones. Netflix, Amazon, Apple, and others compete with traditional distributors for finished independent films. At the 2025 Sundance Film Festival, for example, Netflix acquired *Train Dreams*, an independently financed drama, for a reported price of more than $15 million.[53]

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[50] Joel Waldfogel, *How Digitization Has Created a Golden Age of Music, Movies, Books, and Television*, 31 J. Econ. Persps. 195 (2017), https://doi.org/10.1257/jep.31.3.195 (documenting how digitization has lowered the costs of bringing creative works to market and increased their number and quality); Joel Waldfogel, Digital Renaissance: What Data and Economics Tell Us About the Future of Popular Culture (2018) (examining how lower production, distribution, and promotion costs have affected music, books, film, and television); Luis Aguiar & Joel Waldfogel, *Platforms, Power, and Promotion: Evidence from Spotify Playlists*, 69 J. Indus. Econ. 653 (2021), https://doi.org/10.1111/joie.12263 (examining streaming platforms' influence on music discovery and promotion); Erik Brynjolfsson, Yu (Jeffrey) Hu & Michael D. Smith, *Consumer Surplus in the Digital Economy: Estimating the Value of Increased Product Variety at Online Booksellers*, 49 Mgmt. Sci. 1580 (2003), https://doi.org/10.1287/mnsc.49.11.1580.20580 (finding that online booksellers offered far more titles than physical bookstores and estimating the resulting gains to consumers).

[51] DistroKid, *Pricing*, https://distrokid.com/pricing (last visited Oct. 18, 2026).

[52] Press Release, Spotify, *As Spotify Turns 20, the Most Global and Diverse Music Industry in History Has Taken Shape* (Mar. 11, 2026), https://newsroom.spotify.com/2026-03-11/loud-and-clear-music-economics-highlights (reporting company figures, including that more than 1,500 artists generated over $1 million in Spotify royalties in 2025); Murray Stassen, *Changes to Spotify's Royalty Model, Including the 1,000 Annual Streams Royalty Policy, Are Officially Live as of April 1*, Music Bus. Worldwide (Apr. 2, 2024), https://musicbusinessworldwide.com/changes-to-spotifys-royalty-model-including-the-1000-annual-streams-royalty-policy-are-officially-live (quoting Spotify's statement that tracks with at least 1,000 annual streams account for "99.5% of all streams").

[53] Samantha Masunaga, *Sluggish Sundance Indie Film Market Comes to Life with Neon, Netflix Deals*, L.A. Times (Jan. 29, 2025), https://www.latimes.com/entertainment-arts/business/story/2025-01-29/neon-inks-first-deal-of-sundance-with-together-acquisition; Matt Donnelly, *Indie Film Sales Find Momentum as Sundance Gives Way to EFM*, Variety (Feb. 7, 2025), https://variety.com/2025/film/news/sundance-film-sales-indie-market-efm-1236300799 (reporting that Netflix paid "$15 million-plus" for *Train Dreams*).

In recent years, the market has become more selective, with fewer large acquisitions than during the streaming industry's earlier expansion.[54] Streamers' own film output has also leaned toward smaller budgets. By the late 2010s, Netflix planned to release 55 films annually, including 35 with budgets of $20 million or less.[55]

For television series they commission, streaming platforms have frequently used a cost-plus model, paying production costs plus a negotiated premium in exchange for extensive rights to the work.[56] Like traditional studio financing, this arrangement transfers much of the financing and commercial risk from the producer to the distributor, while limiting the producer's share of the profits if the work succeeds.

Streaming also gives independent filmmakers direct access to audiences through video on demand, extending a route once available mainly through direct video and DVD sales and rentals. Services such as YouTube, Amazon Video Direct, and Apple, along with social media platforms such as Instagram and TikTok, offer ways for independent producers to upload videos and earn royalties or a share of revenue from purchases, rentals, or advertising-supported viewing.[57] By sharply reducing distribution costs, these services have helped drive an explosion in video content.

The effect of lower distribution costs has arguably been greatest in publishing. Amazon launched Kindle Direct Publishing in November 2007 and, since June 2010, has offered authors a 70% royalty

[54] *See* Adam Chitwood & Umberto Gonzalez, *What's Behind the Ice Cold Sundance Market?*, TheWrap (Jan. 30, 2025), https://thewrap.com/why-sundance-movies-arent-selling (quoting an agent who said buyers "have become much more methodical and strategic with what they acquire"); Adam Chitwood & Umberto Gonzalez, *Sundance Preview: Can New Buyers and a Final Park City Hurrah Heat Up the Indie Market?*, TheWrap (Jan. 22, 2026), https://www.thewrap.com/industry-news/business/sundance-2026-market-preview-films-sales (quoting a documentary executive who said fewer competition films now secure distribution deals).

[55] Allègre L. Hadida *et al.*, *Hollywood Studio Filmmaking in the Age of Netflix: A Tale of Two Institutional Logics*, 45 J. Cultural Econ. 213, 222 (2021), https://doi.org/10.1007/s10824-020-09379-z.

[56] Michelle Castillo, *Netflix Tries a Different Model for TV Shows, Paying More Up Front but Keeping More Later on Big Hits, Insiders Say*, CNBC (Aug. 15, 2018), https://www.cnbc.com/2018/08/15/netflix-cost-plus-model-tv-shows-revenue-upside.html (reporting that Netflix typically pays production costs plus about 30%).

[57] *YouTube Partner Earnings Overview*, YouTube Help, https://support.google.com/youtube/answer/72902 (last visited Oct. 23, 2026) (explaining that creators receive 55% of net advertising revenue from their long-form videos); Press Release, Amazon, *Amazon Announces Amazon Video Direct* (May 10, 2016), https://press.aboutamazon.com/2016/5/amazon-announces-amazon-video-direct-giving-video-providers-a-self-service-program-to-reach-amazon-customers-including-tens-of-millions-of-prime-members. In February 2021, Prime Video Direct stopped accepting unsolicited documentaries and short films. Anthony Kaufman, *Upload Prohibited: Amazon Prime Video Direct Locks Out Docs and Shorts*, Filmmaker Mag. (Feb. 16, 2021), https://filmmakermagazine.com/?p=111340. Amazon's current submission guidance lists documentaries as an accepted content category but continues to exclude short films. *See* Amazon, *Title Hub: Add a Standalone or Series Title*, Video Central (updated Oct. 22, 2026), https://videocentral.amazon.com/support/title-management-tools/title-hub-add-a-standalone-or-series-title.

on qualifying e-books.[58] Combined with print-on-demand services, this has largely eliminated the need to finance an upfront print run. Bowker, which issues International Standard Book Numbers (ISBNs) in the United States, recorded more than 3.5 million self-published titles in 2025, up from about 2.5 million in 2024.[59]

Waldfogel and Imke Reimers found that the number of self-published works grew by almost 300% between 2006 and 2012. By late 2012, self-published works accounted for about a tenth of best-seller listings and almost a third in romance.[60]

The fall in fixed costs is visible in individual cases. In 1991, E. Lynn Harris printed 5,000 copies of *Invisible Life* using savings, a revenue-sharing arrangement with AIDS-service organizations, and a printer "that would work with him to arrange payment." In 2007, Lisa Genova paid $450 to print the first copies of *Still Alice* after numerous literary agents and publishers turned it down. The book quickly became a bestseller, and Simon & Schuster acquired it.[61] Many others have followed similar paths, including Hugh Howey, whose *Silo* series began on Kindle Direct Publishing, and Andy Weir, who first published *The Martian* in installments on his website.[62]

C. Changing Payments and Financing Needs

While digital production has dramatically reduced the cost of producing marketable creative works, digital distribution has fundamentally changed how creators receive payment. Traditionally, musicians, authors, and filmmakers received much of their income from sales of individual products, such as records, books, and DVDs, or licensing agreements with distributors, broadcasters, and other intermediaries. These arrangements often included substantial upfront payments,

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[58] Press Release, Amazon, *How Amazon's Self-Publishing Service Has Empowered Authors and Diversified Publishing over the Last 15 Years* (Nov. 17, 2022), https://www.aboutamazon.com/news/books-and-authors/amazon-self-publishing-empowers-authors (reporting that Amazon combined its e-book and print publishing services in 2016 and that the KDP Select Global Fund exceeded $45 million per month); Press Release, Amazon, *70 Percent Royalty Option for Kindle Digital Text Platform Now Available* (June 30, 2010), https://press.aboutamazon.com/2010/6/70-percent-royalty-option-for-kindle-digital-text-platform-now-available.

[59] Jim Milliot, *Book Output Topped 4 Million in 2025*, Publishers Wkly. (Mar. 23, 2026), https://www.publishersweekly.com/pw/print/20260323/99943-book-output-topped-4-million-in-2025.html (reporting Bowker data showing 3,529,980 self-published titles in 2025 and 2,545,885 in 2024). These figures count ISBNs assigned, not copies sold.

[60] Joel Waldfogel & Imke Reimers, *Storming the Gatekeepers: Digital Disintermediation in the Market for Books*, 31 Info. Econ. & Pol'y 47 (2015), https://doi.org/10.1016/j.infoecopol.2015.02.001.

[61] Alissa Quart, *E. Lynn Harris: Tales of the Good Life*, Publishers Wkly. (Apr. 19, 1999); *E. Lynn Harris*, in *Contemporary Black Biography*, Encyclopedia.com (updated May 23, 2018), https://www.encyclopedia.com/people/literature-and-arts/journalism-and-publishing-biographies/e-lynn-harris (citing Publishers Wkly., Dec. 6, 1993); The Week Staff, *Author of the Week: Lisa Genova*, The Week (updated Jan. 8, 2015), https://theweek.com/articles/509029/author-week-lisa-genova.

[62] Rachel Randall, *How Hugh Howey Turned His Self-Published Story "Wool" into a Success (& a Book Deal)*, Writer's Digest (Jan. 23, 2014), https://writersdigest.com/be-inspired/how-hugh-howey-turned-his-self-published-story-wool-into-a-success-a-book-deal (reporting that the opening chapters of *Wool* appeared as a 99-cent Kindle e-book in July 2011); Zach Weissmueller, *The Man Behind The Martian*, Reason (Dec. 12, 2015), https://reason.com/2015/12/12/the-man-behind-the-martian (reporting that Weir serialized the novel free on his website before selling a 99-cent Kindle edition).

such as advances against future royalties, that helped creators recover production costs before consumers purchased the finished work.

Digital distribution increasingly ties payments to ongoing consumption, including streams, downloads, subscriptions, advertising impressions, and other audience activity. Music-streaming services typically distribute revenue to rights holders according to their share of eligible streams, instead of paying a fixed amount for each recording purchased.[63] Similarly, Kindle Unlimited compensates participating authors according to pages read, while video creators may receive advertising revenue based on audience engagement.[64]

These changes have two implications for financing independent works. First, lower fixed costs of production and distribution bring more projects within reach of personal credit. In 1985, producing, marketing, and distributing an independent single cost about $70,000 at the low end, while major labels would spend more than $400,000, measured in 2025 dollars. Today, the low-end cost is about $1,000.[65] Publishing costs have fallen similarly. An independently produced book typically cost about $50,000 in 1985, compared with $75,000 for a major publisher, also in 2025 dollars. Today, self-publishing costs around $1,500.[66]

Second, digital distribution enables creators to earn revenue from audiences who might never purchase their work outright, while shifting more of the risk of commercial failure onto creators. Many independent creators now receive small payments over extended periods, conditional on attracting and retaining audiences. They must often cover production costs long before revenue arrives, worsening cash-flow problems. A study for the United Kingdom's Intellectual Property Office found evidence that music creators "are providing or sourcing more of the upfront financing for their careers." Featured artists increasingly "become reasonably established before they are contracted by a record company."[67]

Digital platforms also support alternative payment mechanisms, including crowdfunding, subscriptions, tipping, and direct patronage. These let creators earn revenue before or during

[63] Ruth Towse, *Dealing with Digital: The Economic Organisation of Streamed Music*, 42 MEDIA, CULTURE & SOC'Y 1461 (2020), https://doi.org/10.1177/0163443720919376 (explaining the shift from revenue from individual music sales to payments funded by subscriptions and advertising); *see also* House of Commons Digit., Culture, Media & Sport Comm., *Economics of Music Streaming*, 2021–22, HC 50, ¶¶ 30–31 (U.K.) (describing recording advances, recoupment, and contractual arrangements).

[64] Spotify for Artists, *How Royalties Work on Spotify*, https://artists.spotify.com/royalties-guide (last visited Nov. 11, 2026) (explaining how rights holders' shares of eligible streams determine their shares of subscription and advertising revenue); Amazon Kindle Direct Publ'g, *Kindle Edition Normalized Page (KENP)*, https://kdp.amazon.com/en_US/help/topic/G5HHMLVVEW48MQYW (last visited Nov. 11, 2026) (explaining how pages read determine authors' payments from the subscription fund).

[65] Julian Morris, *Production and Distribution Costs of Creative Works, 1955–2025* (unpublished spreadsheet, Oct. 21, 2026) (on file with author) (providing low, central, and high cost estimates for each medium, converted to 2025 dollars using the Consumer Price Index for All Urban Consumers).

[66] *Id.*

[67] David Hesmondhalgh *et al.*, *Music Creators' Earnings in the Digital Era* 17 (U.K. Intell. Prop. Off. 2021), https://assets.publishing.service.gov.uk/media/614c760fd3bf7f719095b5ad/music-creators-earnings-report.pdf.

production, reducing their dependence on sales after completion.[68] For most creators, the sums remain small. Among 27,760 Patreon creators in early 2017, median earnings were $33 a month.[69] The result is a more diverse but fragmented payment system, in which access to working capital—the cash needed to cover ongoing expenses—can be especially important.[70]

Replacing a single sale with a stream of royalties also changes how creators repay loans. A filmmaker expecting to sell a finished film to a distributor might use a credit card to bridge the gap until that payment arrives. A filmmaker expecting a gradual flow of YouTube revenue may be willing to borrow much less.

Musicians receiving monthly streaming payments and authors receiving Kindle Direct Publishing royalties also need credit to cover recurring gaps between expenses and income. Sound Royalties, a firm that advances money against royalty streams, puts the typical wait for royalties at about 18 months.[71]

An established streaming-income record can itself support financing. By February 2025, beatBread had made nearly 1,500 advances ranging from $1,000 to $10 million against streaming royalties, accepting artists with as little as $80 a month in streaming income. Sound Royalties offers advances starting at $5,000 against royalty income of at least $5,000 a year, with "no personal guarantees, collateral, or financial statements."[72]

Similar options have emerged for video creators. Spotter raised $200 million to license back catalogs from YouTube creators with at least 1 million monthly views. Creative Juice launched a $50

[68] Tobias Regner, *Crowdfunding a Monthly Income: An Analysis of the Membership Platform Patreon*, 45 J. Cultural Econ. 133 (2021), https://doi.org/10.1007/s10824-020-09381-5 (using transaction-level Patreon data to document recurring, audience-funded income for creators).

[69] Paul Crosby & Jordi McKenzie, *Should Subscription-Based Content Creators Display Their Earnings on Crowdfunding Platforms? Evidence from Patreon*, 16 J. Bus. Venturing Insights e00264 (2021), https://doi.org/10.1016/j.jbvi.2021.e00264 (reporting mean earnings of $204 per month).

[70] Janek Meyn *et al.*, *Consequences of Platforms' Remuneration Models for Digital Content: Initial Evidence and a Research Agenda for Streaming Services*, 51 J. Acad. Mktg. Sci. 114 (2023), https://doi.org/10.1007/s11747-022-00875-6 (showing that streaming-revenue allocation rules can substantially affect payments to rights holders).

[71] Andy Kaufmann, *Industry Profile: Sound Royalties*, Music Connection (June 4, 2019), https://www.musicconnection.com/industry-profile-sound-royalties (quoting founder Alex Heiche on typical royalty-payment delays).

[72] Murray Stassen, *After Paying Out Nearly 1,500 Advances of Between $1,000 and $10M to Date, beatBread Secures More Than $140M in Institutional Funding*, Music Bus. Worldwide (Feb. 20, 2025), https://www.musicbusinessworldwide.com/after-paying-out-nearly-1500-advances-of-between-1000-and-10m-to-date-and-with-access-to-hundreds-of-millions-of-dollars-in-funding-beatbread-launches-deal-comparison-tool-for-indie-artists; MusicWeek Staff, *Sound Royalties Celebrates 10 Years of Financing Music Creators*, Music Week (Aug. 6, 2024), https://www.musicweek.com/talent/read/sound-royalties-celebrates-10-years-of-financing-music-creators/090234; Sound Royalties, *How a Sound Royalties Advance Works: The Funding Process from Start to Finish* (Jan. 10, 2020), https://soundroyalties.com/how-it-works-the-funding-process-from-start-to-finish.

million fund to advance cash in exchange for a share of future revenue.[73] These products rely on an observable revenue history. They primarily serve established creators with online followings and offer little help to those just starting out or using more traditional distribution models.

V. CROWDFUNDING AND CREATIVE FINANCE

ArtistShare, the first dedicated crowdfunding site, was founded in 2001 and launched its first project in October 2003. Fans financed Maria Schneider's *Concert in the Garden* by buying "participation" at tiers ranging from $12.95 to $120. In 2005, it became the first crowdfunded album to win a Grammy.[74]

Indiegogo launched in January 2008 as a film-financing platform.[75] Kickstarter followed in April 2009, offering upfront project funding conditional on reaching a goal. Its founding idea was simple. "What if people could go to a site and pledge to buy tickets for a show? And if enough money was pledged they would be charged and the show would happen. If not, it wouldn't."[76]

Economists call this all-or-nothing arrangement an "assurance contract," sometimes also called a "provision-point mechanism." Contributors pay only if enough others pledge to fund the work.[77] Patreon, founded in 2013, OnlyFans, founded in 2016, and Substack, founded in 2017, offer ongoing subscriptions. These add an element of a "club good"—something members can share without

[73] Amanda Silberling, *Creative Juice Raises $15M and Launches $50M Fund to Invest in YouTube Creators*, TechCrunch (Apr. 20, 2022), https://techcrunch.com/2022/04/20/creative-juice-investment-creators-youtube; Amanda Silberling, *Spotter Raises $200M to Invest in YouTubers' Back Catalogs*, TechCrunch (Feb. 16, 2022), https://techcrunch.com/2022/02/16/spotter-invest-youtubers-back-catalog; Press Release, Jellysmack, *Jellysmack Launches an Ambitious New YouTube Catalog Licensing Venture* (Jan. 24, 2022), https://www.prnewswire.com/news-releases/jellysmack-launches-an-ambitious-new-youtube-catalog-licensing-venture-as-part-of-its-creator-program-earmarking-500m-in-capital-to-fund-accomplished-creators-301466089.html.

[74] ArtistShare, *ArtistShare Celebrates Its 10 Year Anniversary* (Oct. 2013), https://www.artistshare.com/Home/News/1310; ArtistShare, *Concert in the Garden* (July 1, 2004), https://www.artistshare.com/projects/experience/1/2/1 (project page); Nat'l Endowment for the Arts, *Revisiting Maria Schneider* (Dec. 13, 2021), https://www.arts.gov/stories/podcast/revisiting-maria-schneider (podcast); Mike Masnick, *SellaBand Bankruptcy Shows Poor Execution; Not a Condemnation of Fan Funding*, Techdirt (Feb. 24, 2010), https://www.techdirt.com/2010/02/24/sellaband-bankruptcy-shows-poor-execution-not-a-condemnation-of-fan-funding.

[75] Jane Clark, *Web Offers Indie Films Chance Beyond Sundance*, MSNBC (Jan. 13, 2008), https://www.nbcnews.com/id/wbna22804292 (discussing *Iraq for Sale*); Tess Townsend, *How Indiegogo's Danae Ringelmann Built a Crowdfunding Giant*, Inc. (Apr. 2016), https://www.inc.com/magazine/201604/tess-townsend/indiegogo-danae-ringelmann-crowdfunding.html (reporting 600,000 campaigns and more than $850 million raised by early 2016).

[76] Kickstarter, *Our Mission Is to Help Bring Creative Projects to Life*, https://www.kickstarter.com/about (last visited Sept. 7, 2026).

[77] On assurance contracts, *see* Mark Bagnoli & Barton L. Lipman, *Provision of Public Goods: Fully Implementing the Core Through Private Contributions*, 56 Rev. Econ. Stud. 583 (1989); Alexander Tabarrok, *The Private Provision of Public Goods via Dominant Assurance Contracts*, 96 Pub. Choice 345 (1998). On club goods, *see* James M. Buchanan, *An Economic Theory of Clubs*, 32 Economica 1 (1965).

diminishing one another's enjoyment, while excluding nonmembers. Supporters pay for continued participation, often including exclusive content or access to creators.[78]

Crowdfunding grew rapidly, with substantial activity in creative projects. By January 2013, Kickstarter reported $102.7 million pledged to film and video projects from 891,979 backers. Kickstarter-funded films accounted for about a tenth of the Sundance, South by Southwest, and Tribeca lineups in 2012 and 2013.[79] In 2014, the platform processed $529 million in pledges.[80] Secondary tallies put cumulative pledges at about $9.4 billion by early 2026, including $2.85 billion for games, $617 million for film and video, and $332 million for comics.[81] Patreon reports paying creators more than $10 billion since 2013.[82] OnlyFans has reportedly paid about $30 billion since 2016, although how much of that content falls within this paper's definition of creative work is unclear.[83]

Some of the largest creative campaigns have come from creators with established audiences. In 2022, Brandon Sanderson raised $41.8 million for four novels, including *Tress of the Emerald Sea*. Critical Role raised $11.4 million in 2019 for an animated special that became *The Legend of Vox Machina*. In 2014, LeVar Burton raised $5.4 million to revive *Reading Rainbow*.[84]

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[78] Patreon, *The Story of Patreon*, https://www.patreon.com/about (last visited Nov. 11, 2026); Sara Fischer, *Patreon Hits $10 Billion in Creator Payouts*, Axios (Aug. 5, 2025), https://www.axios.com/2025/08/05/patreon-10-billion-creator-economy-ai (reporting company figures). OnlyFans launched in November 2016. *See* Sam Gutelle, *As OnlyFans Celebrates Its Tenth Birthday, It Counts More than 5,000 Seven-Figure Earners*, Tubefilter (Aug. 26, 2026), https://www.tubefilter.com/2026/08/26/onlyfans-million-dollar-earners-keily-blair-earnings.

[79] Yancey Strickler, Eli Dvorkin & Elisabeth Holm, *$100 Million Pledged to Independent Film*, Kickstarter (Jan. 3, 2013), https://www.kickstarter.com/blog/100-million-pledged-to-independent-film; Eli Dvorkin, *Kickstarter-Funded Films Headline Sundance*, Kickstarter (Feb. 1, 2013), https://www.kickstarter.com/blog/kickstarter-funded-films-headline-sundance; Elizabeth Blair, *For Would-Be Sundancers, Kickstarter Can Fuel Films*, NPR (Jan. 25, 2013), https://www.npr.org/2013/01/25/170191605/for-would-be-sundancers-kickstarter-can-fuel-films.

[80] Sarah Perez, *Kickstarter Drops Amazon Payments for Stripe*, TechCrunch (Jan. 6, 2015), https://techcrunch.com/2015/01/06/kickstarter-drops-amazon-payments-for-stripe (reporting that Amazon Payments had processed $1.2 billion for Kickstarter and that 22,000 projects secured funding and backers pledged $529 million in 2014); Kickstarter, *Fees*, https://www.kickstarter.com/help/fees (last visited Sept. 7, 2026) (listing a 5% platform fee and processing fees of 3% plus $0.30 per pledge, or 5% plus $0.08 for pledges under $10, with no fees for unsuccessful campaigns).

[81] Craig Smith, *Kickstarter Statistics (2026): Total Pledged, Backers, Success Rate & Top Projects*, DMR (Feb. 27, 2026), https://expandedramblings.com/index.php/kickstarter-statistics (reporting $9,413,200,705 in cumulative pledges, including $2.85 billion for games, $617.20 million for film and video, and $332.35 million for comics).

[82] Fischer, *supra* note 78.

[83] Todd Spangler, *OnlyFans Millionaires: Site Says 5,076 Creators Have Earned More Than $1 Million to Date*, Variety (Aug. 25, 2026), https://variety.com/2026/digital/news/onlyfans-millionaires-creators-earned-more-than-1-million-1236842444; Gutelle, *supra* note 78 (reporting cumulative creator payouts of $30 billion).

[84] Dragonsteel Ent., *Surprise! Four Secret Novels by Brandon Sanderson*, Kickstarter (2022), https://www.kickstarter.com/projects/dragonsteel/surprise-four-secret-novels-by-brandon-sanderson (raising $41,754,153 from 185,341 backers); Critical Role, *Critical Role: The Legend of Vox Machina Animated Special*, Kickstarter (2019), https://www.kickstarter.com/projects/criticalrole/critical-role-the-

Crowdfunding provides both financing and an early test of demand, with backers sharing the risk that a project will fail. It can also work alongside credit cards, which help creators cover development costs, overruns, and short-term expenses. This section examines those roles and the limits of crowdfunding as a source of creative finance.

A. Crowdfunding as a Market Test

Card credit is debt. Crowdfunding is closer to equity in how it shares project risk. A backer puts money into a work before it exists and risks losing that money if the creator never delivers. If the project succeeds, the backer receives the work or an associated reward. ArtistShare has sold "participation" in recordings since its inception. Since 2016, U.S. creators have also been able to sell equity to the public under the crowdfunding exemption of the Jumpstart Our Business Startups (JOBS) Act.[85] Reward crowdfunding differs from equity ownership because the backer's potential return is limited to the reward. In either case, backers risk losing their contributions, while creators remain liable for card debt.

Cards and crowdfunding therefore address different problems. A card sidesteps the collateral problem but does not directly address the "nobody knows" problem. The issuer lends against the borrower's credit history, revealing the creator's desire to produce the work but nothing about demand for it. The creator can draw on available credit without first demonstrating that demand and must repay the debt regardless of the work's success, with interest if the balance remains beyond the interest-free period.

A crowdfunding campaign lets creators sell works in advance, usually releasing funds only after pledges reach a minimum target. It provides early evidence of demand, helping creators and other potential funders assess whether to proceed. Compared with card credit, crowdfunding also creates greater moral hazard—the risk that creators will neglect their commitments or misuse funds after receiving payment—because backers provide money before completion without the discipline of a loan-repayment obligation.[86]

Other theoretical work reaches similar conclusions. Gilles Chemla and Katrin Tinn model crowdfunding as a market test that signals whether demand justifies investment.[87] Paul Belleflamme,

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legend-of-vox-machina-animated-s (raising $11,385,449 from 88,887 backers); Reading Rainbow, *Bring Reading Rainbow Back for Every Child, Everywhere!*, Kickstarter (2014), https://www.kickstarter.com/projects/readingrainbow/bring-reading-rainbow-back-for-every-child-everywh (raising $5,408,916 from 105,857 backers).

[85] ArtistShare, *Concert in the Garden*, *supra* note 74. Regulation Crowdfunding provides the U.S. equity-crowdfunding exemption. 17 C.F.R. pt. 227 (2016). The Securities and Exchange Commission adopted it under Title III of the Jumpstart Our Business Startups Act, Pub. L. No. 112-106, 126 Stat. 306 (2012).

[86] See e.g. Roland Strausz, *A Theory of Crowdfunding: A Mechanism Design Approach with Demand Uncertainty and Moral Hazard*, 107 Am. Econ. Rev. 1430 (2017), https://www.aeaweb.org/articles?id=10.1257/aer.20151700.

[87] Gilles Chemla & Katrin Tinn, *Learning Through Crowdfunding*, 66 Mgmt. Sci. 1783 (2020), https://pubsonline.informs.org/doi/10.1287/mnsc.2018.3278; *see also* Matthew Ellman & Sjaak Hurkens, *Optimal Crowdfunding Design*, 184 J. Econ. Theory 104939 (2019), https://www.sciencedirect.com/science/article/abs/pii/S0022053119300870.

Thomas Lambert, and Armin Schwienbacher show that creators prefer pre-order crowdfunding when the capital required is small relative to the potential market, as it is for a typical creative project.[88] Anton Miglo models the choice between bank loans and crowdfunding and finds that the largest projects combine a short campaign with a loan.[89] Ting Xu's empirical work on Kickstarter finds that strong early pledging increases the probability that a creator continues and commercializes the project.[90] Table 1 compares the two forms of financing.

Table 1. Card Credit and Reward Crowdfunding Compared

Dimension	Credit card (debt)	Reward crowdfunding (Kickstarter model)
What is assessed	Borrower's credit history	Project demand, as revealed by pledges
Who assesses it	Issuer's credit-scoring model	Creator's network and the public
Timing	Credit available in advance, within the available limit	A 30- to 60-day campaign, with funds released only if the funding goal is met
Information produced	No direct evidence of demand for the work	An early demand signal
Obligation	Repay principal and any interest, regardless of the project's outcome	Deliver the promised reward, without scheduled loan repayments
Direct cost to creator	Interest on revolving balances and any annual fee	Platform and transaction fees, plus reward production and fulfillment
Indirect cost	High use of available credit can lower the borrower's credit score	Campaign labor and the reputational cost of public failure
Use restrictions	Generally available for legal purchases	A describable project with deliverable rewards; "Kickstarter is not a store"
Suited to	Working capital, unpredictable costs, and projects difficult to describe in advance	Launches and projects with identifiable audiences and output that can be sold in advance
Who bears project failure	Creator remains liable for the debt	Backers risk losing their pledges; about 9% of funded projects fail to deliver
Typical outcome	Debt repaid after a sale or other cash receipt, or carried as a revolving balance	Kickstarter's 2026 tally reports funding success rates of about 43% overall, 38% for film and video, 52% for games, and 69% for comics

[88] Paul Belleflamme, Thomas Lambert & Armin Schwienbacher, *Crowdfunding: Tapping the Right Crowd*, 29 J. Bus. Venturing 585 (2014). A preprint is available at https://perso.uclouvain.be/paul.belleflamme/papers/JBV2013.pdf.

[89] Anton Miglo, *Crowdfunding and Bank Financing: Substitutes or Complements?*, 59 Small Bus. Econ. 1115 (2022), https://doi.org/10.1007/s11187-021-00571-9.

[90] Ting Xu, *Learning from the Crowd: The Feedback Value of Crowdfunding* (rev. Oct. 2018) (unpublished manuscript), https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2637699.

Sources: Kickstarter fee and policy pages; Ethan Mollick's 2014 study and 2015 fulfillment study; secondary tallies of Kickstarter statistics.[91]

B. How Cards and Crowdfunding Work Together

While cards and crowdfunding offer alternative ways to fund creative projects, they often work together.

First, crowdfunding provides additional funding when cards or other credit sources are unavailable. The contraction of credit after the financial crisis helped drive early demand for Kickstarter and sharply reduced funding for movies. In January 2010, CNNMoney reported from the Sundance Film Festival under the headline "No Cash, No Credit, No Movie: Filmmakers Face Credit Crunch."[92]

The headline understated crowdfunding's potential to fill that gap. Keongtae Kim and Il-Horn Hann studied Kickstarter technology and games projects from 2009–2013 and found that areas with sharper declines in house prices saw significantly more crowdfunding projects.[93] Falling house prices reduced home equity, a major source of household borrowing collateral. Households that could no longer borrow against their homes turned to Kickstarter.[94] Crowdfunding thus filled a gap in home-secured lending, without necessarily displacing card credit.

Second, creators use cards to cover costs before a crowdfunding campaign and to pay for overruns afterward. Singer-songwriter Amanda Palmer's $250,000 in "bills and loans," incurred before her

[91] Kickstarter, *Fees*, *supra* note 80; Kickstarter, *Why Is Funding All-or-Nothing?* (Sept. 2, 2026), https://help.kickstarter.com/hc/en-us/articles/115005047893; Yancey Strickler, Perry Chen & Charles Adler, *Kickstarter Is Not a Store*, Kickstarter (Sept. 20, 2012), https://www.kickstarter.com/blog/kickstarter-is-not-a-store; Ethan Mollick, *The Dynamics of Crowdfunding: An Exploratory Study*, 29 J. Bus. Venturing 1 (2014) (examining more than 48,500 projects and finding that approximately three-quarters delivered products later than promised); Ethan Mollick, *Delivery Rates on Kickstarter* (Univ. of Pa., Wharton Sch., Dec. 2015) (surveying 47,188 backers and finding that 9% of funded projects failed to deliver); Smith, *supra* note 81; Nat'l Archive of Data on Arts & Culture, *Arts-Related Kickstarter Campaign Success Rates, 2009–2020*, https://www.icpsr.umich.edu/sites/nadac/infographics-kickstarter-data-arts-related-kickstarter-campaign-success-rates-2009-2020 (last visited Nov. 11, 2026) (drawing on *Kickstarter Data, Global, 2009–2020*, ICPSR Study No. 38050).

[92] Cindy Waxer, *No Cash, No Credit, No Movie: Filmmakers Face Credit Crunch*, CNNMoney (Jan. 21, 2010), https://money.cnn.com/2010/01/21/smallbusiness/sundance_credit_cards/index.htm (reporting that Indiegogo had hosted 2,300 projects); Jeff Steele, *Bad News: It's Harder Than Ever to Finance Ultra-Low-Budget Films*, TheWrap (Apr. 29, 2010), https://www.thewrap.com/bad-news-its-harder-ever-finance-ultra-low-budget-films-16833.

[93] Keongtae Kim & Il-Horn Hann, *Crowdfunding and the Democratization of Access to Capital—An Illusion? Evidence from Housing Prices*, 30 Info. Sys. Rsch. 276 (2019), https://pubsonline.informs.org/doi/10.1287/isre.2018.0802 (analyzing 9,120 Kickstarter technology and games projects that raised more than $257 million from April 2009–December 2013). The effect on project numbers was larger in areas with lower socioeconomic status, but the effect on successful projects was statistically significant only in areas with higher socioeconomic status.

[94] *Id.*

campaign and paid from its proceeds, illustrates the first use.[95] Mollick and Venkat Kuppuswamy surveyed funded Kickstarter projects after their campaigns and found that 37% had exceeded their budgets and only 31% had delivered on time. More than a fifth had used additional self-funding, and 15% had turned to friends and family.[96] Crowdfunding proceeds cover the planned budget, but creators must find additional money if costs run higher than expected.

Nataly Dawn's experience illustrates the problem. Her 2011 Kickstarter campaign for *How I Knew Her* album raised $104,788 against a $20,000 goal. Even so, Dawn later said she "ended up opening up some credit cards, I think three or four, and borrowing some money from my parents." At one point, she was "about $40,000 in debt."[97] We are not aware of systematic studies of how creators finance overruns, but other creators likely use cards in similar circumstances, especially when they lack a track record or friends and family able to provide substantial support.

Third, cards provide the payment infrastructure for crowdfunding. Kickstarter accepts pledges by debit or credit card and, in Germany, by direct debit. It collects payment only if a campaign reaches its goal. Indiegogo also charges backers only after a successful campaign, while GoFundMe imposes no such funding condition. Indiegogo and GoFundMe accept cards directly or through wallets such as Apple Pay and PayPal.[98] Patreon, OnlyFans, Substack, and other subscription-based fan platforms likewise rely primarily on cards.

Fourth, a successful campaign signals potential to other funders. Olav Sorenson and co-authors matched 55,005 Kickstarter projects to venture investments and found that successful technology campaigns in a region predicted subsequent venture investment there.[99] Mollick and Kuppuswamy similarly report that 23% of successful projects later raised outside financing.[100] In a later survey covering 61,654 successful Kickstarter projects, Mollick found that each dollar raised on the

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[95] Amanda Palmer, *Where All This Kickstarter Money Is Going*, AMANDAPALMER.NET (May 22, 2012), https://blog.amandapalmer.net/20120522.

[96] Ethan Mollick & Venkat Kuppuswamy, *After the Campaign: Outcomes of Crowdfunding* (Jan. 2014) (unpublished manuscript), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2376997 (surveying Kickstarter technology, product-design, and video-game projects with goals above $5,000 that completed their campaigns between 2009 and July 2012, and finding that more than 90% of the 230 successful projects that responded remained ongoing ventures); Mollick, *Delivery Rates on Kickstarter*, *supra* note 91.

[97] Time Staff, *Nataly Dawn on Her New Album How I Knew Her and Why Kickstarter Fans Can Be Fickle*, TIME (Feb. 12, 2013), https://time.com/archive/7232641/nataly-dawn-on-her-new-album-how-i-knew-her-and-why-kickstarter-fans-can-be-fickle; Nataly Dawn, *Nataly Dawn's First Solo Album*, Kickstarter (2011), http://www.kickstarter.com/projects/555488012/nataly-dawns-first-solo-album (raising $104,788 from 2,315 backers against a $20,000 goal).

[98] Kickstarter, *What Forms of Payment Can I Use to Make a Pledge?* (Aug. 6, 2026), https://help.kickstarter.com/en-us/articles/16236687; Kickstarter, *When Is My Card Charged?* (Aug. 6, 2026), https://help.kickstarter.com/en-us/articles/16236544; Indiegogo, *When Will I Be Charged for My Pledge?* (updated Oct. 12, 2026), https://help.indiegogo.com/article/565-when-will-i-be-charged-for-my-pledge; GoFundMe, *Payment Options for Donors* (July 8, 2026), https://support.gofundme.com/hc/en-us/articles/4402563115412.

[99] Olav Sorenson *et al.*, *Expand Innovation Finance via Crowdfunding*, 354 SCIENCE 1526 (2016), https://escholarship.org/content/qt5v66b9mr/qt5v66b9mr.pdf.

[100] Mollick & Kuppuswamy, *supra* note 96.

platform was associated with an average of $2.46 in additional revenue elsewhere, although the effect was smaller for film.[101]

For a creator with no credit history, a funded campaign provides an observable revenue record, and delivering the project demonstrates an ability to follow through. Together, these can help establish a financial track record. The creator-finance products described in Sections III.B and IV.C—including Karat's use of follower data and advances against royalties—rely on similar signals.

Fifth, crowdfunding and cards address different gaps between income and expenses. Cards provide immediate funding for emergencies and short-term needs, such as a lens for a shoot or a microphone for a recording session. Crowdfunding can repay card balances accumulated during development, as Palmer's campaign did. It is less suited to covering living costs. Campaigns often budget for some of these expenses but rarely cover them in full.[102] Liz Dowthwaite found that even very successful Kickstarter campaigns by webcomic artists rarely paid for more than the project itself, while Patreon income rarely exceeded $1,000 a month.[103]

VI. CONCLUSION

Independent creators face what Caves called the "nobody knows" problem. A work's commercial appeal remains uncertain until its completion and release. Its principal asset is often an intangible right with little reliable collateral value, while the creator's income tends to be low and irregular.

These features make creators poor candidates for conventional bank loans. They often rely on savings, spouses, friends, and family. Distributors—including film studios, record labels, and book and game publishers—also provide substantial financing through purchases and advances, with further royalties payable after they recover the advance. By spreading risk across many works, distributors can build valuable portfolios and generate income. Their financing decisions have also historically shaped which works reach audiences.

Creators without advances must cover costs until buyers or audiences provide revenue. Unsecured consumer credit has often filled that gap, lending against personal creditworthiness without

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[101] Ethan R. Mollick, *Containing Multitudes: The Many Impacts of Kickstarter Funding* (July 2016) (unpublished manuscript), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2808000 (reporting a 95% confidence interval of $1.82–$3.09, based on figures that creators of successful projects self-reported).

[102] *See, e.g.*, Tom Allen, *Q&AA (Questions & Attempted Answers) About the New Film Project and the Kickstarter Campaign to Fund It*, Tom Allen (Mar. 26, 2015), https://tomallen.info/qaa-questions-attempted-answers-about-the-new-film-project-and-the-kickstarter-campaign-to-fund-it (budgeting £1,000 for each filmmaker's living costs); Snow, *Lilancholy Paperback*, BackerKit, https://www.backerkit.com/c/projects/snow/lilancholy-paperback (last visited Nov. 6, 2026) (including the author's living expenses during fulfillment); Amanda Palmer, *A Welcome to Many, Being "Neil Gaiman's Woman," and a Question for You*, Patreon (Oct. 3, 2021), https://www.patreon.com/amandapalmer/posts/welcome-to-many-56895395 (explaining that patronage covered her rent and groceries alongside artistic expenses).

[103] Liz Dowthwaite, *Crowdfunding Webcomics: The Role of Incentives and Reciprocity in Monetising Free Content* (Sept. 2017) (Ph.D. dissertation, Univ. of Nottingham), https://repository.nottingham.ac.uk/bitstreams/7f3da1fe-476b-4e8f-9329-d06a27aeade3/download.

requiring project collateral or a distributor's approval. Its flexibility also helps creators cover unexpected costs and recurring gaps between expenses and income.

Over the past two decades, digital production and distribution have brought more first works within reach of personal savings and credit-card limits. Cheaper experimentation has expanded the range of works available to consumers. Competition for attention remains intense, however, and the shift from large upfront payments toward smaller, recurring royalties can prolong creators' financing needs. Specialized lenders now advance money against established revenue streams, but new creators still need ways to finance work before they have that history.

Reward crowdfunding, available since 2003 and expanded dramatically by Kickstarter's arrival in 2009, provides another route. It helped replace home-secured credit lost after the 2007–2008 financial crisis and often complements unsecured borrowing. Campaigns reveal some audience demand before creators commit the full production budget, while backers share the risk of failure. Cards can cover campaign preparation and overruns, and campaign proceeds can repay debt and potentially strengthen creators' credit standing. Subscription patronage also provides recurring income for some creators, although payments often remain modest.

These forms of finance address different parts of the same problem. Distributors spread risk, crowdfunding tests demand, and cards provide flexible funding without project collateral. Card-payment systems also connect creators to the backers and subscribers who support them. Together, these options give more creators a chance to produce work whose audience—and value—has yet to emerge.

APPENDIX: FUNDING SOURCES

This appendix reviews evidence on how independent filmmakers, musicians, and game developers finance their work, drawing on surveys and case studies to illustrate the roles of personal funds, credit cards, and crowdfunding.

A. Independent Film Financing

The Center for Media & Social Impact surveyed independent documentary filmmakers in 2016, 2018, and 2020. In each survey, grants were the most common primary funding source, followed by personal finances. Broadcast television networks ranked third in 2016 and 2018 but fell to fifth in 2020, when streaming networks tied with individual donors for third place. The shift reflects the changing distribution landscape.[104] Inge Sørensen and Nick Higgins describe the same period as one of "budget polarisation," with a few large, streamer-commissioned documentaries alongside a growing number of films made on little or no budget.[105]

Broader surveys of film financing are scarce, so we drew on interviews and other sources to assemble 24 case studies of how prominent filmmakers financed their early work. Table A1 summarizes the findings, which reveal several patterns.

First, personal resources—savings, day-job earnings, family, friends, deferred wages, and windfalls—played an even larger role than in the documentary surveys. None of the cases documents a conventional bank loan. Only *Stranger Than Paradise* and *Swingers* document substantial outside financing of the kind described in the table, although the former involved several investors.

Spike Lee's account of *She's Gotta Have It* illustrates the process. His grandmother provided seed money, and the filmmakers raised the rest "stage by stage" during shooting. His producer telephoned "everybody we knew in the world … to please, please, please send money, their hundreds, fifties, whatever." Secondary accounts report that Lee also used credit cards to fill the gaps.[106]

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[104] Caty Borum Chattoo, *The State of the Documentary Field: 2016 Survey of Documentary Industry Members* 15–19 (Ctr. for Media & Soc. Impact, Am. Univ., with the Int'l Documentary Ass'n, Sept. 2016), https://cmsimpact.org/wp-content/uploads/2016/09/CMSI-IDA-State-of-the-Documentary-Field-Study_9-26-16-f.pdf; Caty Borum Chattoo & Will Harder, *State of the Documentary Field 2018* 12, 31–34 (Ctr. for Media & Soc. Impact 2018), https://cmsimpact.org/wp-content/uploads/2016/08/CMSI-State-of-Documentary-Field-2018.pdf; Caty Borum Chattoo & Will Harder, *State of the Documentary Field 2020* 35–45 (Ctr. for Media & Soc. Impact 2020), https://cmsimpact.org/wp-content/uploads/2016/08/CMSI_KeyFindingsReport.pdf. The National Endowment for the Arts funded the 2018 and 2020 surveys.

[105] Inge Sørensen & Nick Higgins, *Documentary Funding in the Age of the Streamers*, in The Intellect Handbook of Documentary ch. 24 (Kate Nash & Deane Williams eds., 2025). An accepted manuscript is available at https://research-portal.uws.ac.uk/files/57037948/2024_01_19_Soerensen_et_al_Streamers_accepted_-_for_Pure.pdf.

[106] Marlaine Glicksman, *Spike Lee Interview*, Film Comment (Sept.–Oct. 1986), https://www.filmcomment.com/article/spike-lee-interview-glicksman-shes-gotta-have-it. Lee credits his grandmother with providing seed money. *See Spike Lee on His Timely Reboot of "She's Gotta Have It"*, CBS News (Nov. 25, 2017), https://www.cbsnews.com/news/spike-lee-on-shes-gotta-have-it-new-series-

Second, cards appear in 12 of the 24 cases, spanning the period. They provided the principal financing for *Clerks* and *Better Luck Tomorrow*. Robert Townsend gives the most detailed account of assembling several cards into a financing package. He used five bank cards and several store cards—15 in all—matching each to an expense, such as film stock, wardrobe, or crew fuel.[107]

Third, in most cases involving cards, the amounts were modest in absolute terms, and a single sale to a distributor repaid the debt. Cards effectively served as bridge loans. Although none of the interviews quantifies interest costs, access to $20,000–$150,000 in unsecured credit appears to have mattered more to filmmakers without collateral or a track record. Justin Lin's account suggests the personal sacrifices involved: "I was literally for three months eating oatmeal straight, at every meal."[108]

Fourth, Esther Robinson explicitly managed interest costs. She carried $12,000 in card debt from her documentary for seven years, moving the balance from one 0% balance-transfer offer to another. Competition among issuers effectively gave her an interest-free loan for the film.[109]

Fifth, the documented commercial disappointments include films financed through savings and family support. Sean Baker lost money on two early films, while Charles Burnett's *Killer of Sheep* earned nothing for 30 years because financing for its music clearances remained unavailable.[110] These cases suggest that filmmakers who borrow on cards may believe their work has commercial

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netflix. Secondary accounts also report that he used credit cards. *See* Michael Germanovsky, *Credit Card Movies: How to Fund Cinematic Dreams*, Fox Bus. (Nov. 2, 2012, updated Jan. 11, 2016), https://www.foxbusiness.com/features/credit-card-movies-how-to-fund-cinematic-dreams; Parfit, *Spike Lee Is Making His Groundbreaking Film "She's Gotta Have It" into a TV Series*, Ambrosia for Heads (Sept. 2016), https://ambrosiaforheads.com/2016/09/spike-lee-shes-gotta-have-it-tv-series. *See generally* Spike Lee, Spike Lee's Gotta Have It: Inside Guerrilla Filmmaking (1987). For the $10,000 Jerome Foundation grant, *see* Vadim Rizov, *Joint Financing: Spike Lee Has Never Had an Easy Time Funding His Films*, MTV News (July 26, 2013), https://www.mtv.com/news/2770944/spike-lee-film-funding.

[107] Germanovsky, *supra* note 106 (reporting fifteen cards, $40,000 in debt, and a $40,000 check from Goldwyn). The article also claims that Robert Rodriguez maxed out several credit cards to finance *El Mariachi* and that credit cards funded nearly all of *The Blair Witch Project*. Contemporaneous filmmaker accounts contradict those claims. Rodriguez's $7,225 came from a paid medical trial, savings, and a friend's land sale. Haxan used its own funds, some credit-card borrowing, and fees from John Pierson's *Split Screen*. *See* Peter Broderick, *The ABCs of No-Budget Filmmaking*, Filmmaker Mag. (Winter 1993), https://www.peterbroderick.com/writing/writing/abcsofnobudgetfilmmaking.html; *Into the Woods*, Filmmaker Mag. (Winter 1999), https://filmmakermagazine.com/archives/issues/winter1999/into_the_woods.php. This brief therefore does not rely on Germanovsky's claims about those two films. Germanovsky also supplies the account of Esther B. Robinson's *A Walk Into the Sea*.

[108] Allan Axibal, *Just In-credible* (UCLA Int'l Inst., Apr. 23, 2004), https://international.ucla.edu/institute/article/10372 (interview with Justin Lin).

[109] Germanovsky, *supra* note 106.

[110] Am. Film Inst., *Killer of Sheep*, AFI Catalog of Feature Films, https://catalog.afi.com/Catalog/MovieDetails/67305 (last visited Nov. 11, 2026) (reporting that Steven Soderbergh donated $75,000 toward $142,000 in music-licensing fees that distributor Dennis Doros could not otherwise afford).

potential. The sample cannot establish that conclusion, however. It is small and drawn from prominent filmmakers, and unsuccessful card-financed films may have attracted little or no attention.

Table A1. How 24 Ultra-Low-Budget Independent Films Were Financed, 1977–2011

Film (director, year)	Production cost	Documented sources of financing	Outcome
Killer of Sheep (Burnett, 1977)	$10,000	$3,000 Louis B. Mayer grant and $7,000 of Burnett's own money; filmed on weekends over several years	No commercial release for 30 years. Music-rights clearances cost $142,000; a donor contributed $75,000 in 2007 to help secure release.
Return of the Secaucus Seven (John Sayles, 1980)	$60,000	Sayles's screenwriting fees from Roger Corman films; Sayles declined Corman's financing offer	About $2 million gross
Stranger Than Paradise (Jim Jarmusch, 1984)	$8,000 for the first segment; $110,000 total	Forty minutes of film stock from Wim Wenders; German and British investors, including Channel 4	Samuel Goldwyn acquired the film; more than $1 million gross in 15 weeks
She's Gotta Have It (Lee, 1986)	$175,000, largely deferred	Seed money from Lee's grandmother; $18,000 New York State Council on the Arts grant and $10,000 Jerome Foundation grant; a rescinded $20,000 American Film Institute grant; small contributions solicited from friends and family during shooting; reported credit-card borrowing; deferred salaries; Lee's father's score	Island Pictures paid more than twice the budget; $7.1 million gross
Hollywood Shuffle (Townsend, 1987)	About $100,000	$60,000 from acting fees and savings, plus "an additional $40,000 on credit cards"; five bank cards and several store cards, totaling 15, with film stock on Mastercard, wardrobe on a Saks card, and crew fuel on a Mobil card; leftover film stock from other productions	Goldwyn paid $100,000, including a $40,000 check that cleared the card debt; more than $5 million gross
Roger & Me (Michael Moore, 1989)	$160,000–$200,000	Sale of Moore's house and furnishings; three years of weekly bingo games; a wrongful-discharge settlement; hundreds of small Michigan investors; foundation grants	Warner Bros. paid $3 million
Slacker (Richard Linklater, 1990)	About $23,000 for the first print; "well over 150 grand" by release	"Supportive family and friends, credit cards, any savings, additional loans"; unpaid crew of 150	Orion Classics released the film
Straight Out of Brooklyn (Matty Rich, 1991)	$450,000	First eight minutes financed with "his mother's and sister's credit cards"; $77,000 from listeners following an appeal on WBLS radio; family and friends; deferred payments	Goldwyn released the film; $2.7 million gross

Film (director, year)	Production cost	Documented sources of financing	Outcome
Clerks (Kevin Smith, 1994)	$27,575	Credit cards; sale of Smith's comic-book collection; flood-insurance money; $3,000 from his parents	Miramax paid $227,000; $3.1 million gross; profit payments after seven years
The Brothers McMullen (Ed Burns, 1995)	$25,000	Loans from friends and family; equipment borrowed from Burns's day job at *Entertainment Tonight*	Sundance Grand Jury Prize; more than $10 million gross
Swingers (Doug Liman, 1996)	$200,000–$250,000	One private investor, a business associate of Liman's father, after "probably 100 people" declined	Miramax paid $5 million
Following (Christopher Nolan, 1998)	About $6,000	Half of Nolan's salary from corporate-video work; filming on weekends over a year, according to secondary accounts	$126,052 gross; led to *Memento*
The Blair Witch Project (1999)	$20,000–$35,000 initially; $500,000 including postproduction	Filmmakers' own money; "a lot of … kind of credit card stuff," according to Eduardo Sánchez in 2017; fees from John Pierson's *Split Screen*; small investors	Artisan paid $1.1 million; $248 million worldwide gross
Better Luck Tomorrow (Lin, 2002)	$250,000	"I just had to apply for ten credit cards and I got myself into six figures in debt"; deferred actor payments; $10,000 from MC Hammer for postproduction	MTV Films/Paramount release; about $3.8 million gross, "more than 15 times" the budget
Spellbound (Jeffrey Blitz and Sean Welch, 2002)	Not available	"Maxed out 14 credit cards"	Academy Award nomination; about $6 million gross
Primer (Shane Carruth, 2004)	$7,000	Carruth's own money; he later wished he had "maxed out maybe one more credit card"	Sundance Grand Jury Prize
Super Size Me (Morgan Spurlock, 2004)	$65,000	Spurlock's earnings from an MTV web show	$6.2 million gross in early release
The Puffy Chair (Jay and Mark Duplass, 2005)	$15,480	"We borrowed $15,000 from our parents"; took a year to sell	Roadside Attractions/Netflix release
A Walk Into the Sea (Robinson, 2007)	Not available	Private equity, public grants, and credit cards; $12,000 in card debt carried for seven years through successive 0% balance-transfer offers	Documentary released in 2007
Paranormal Activity (Oren Peli, 2007)	$15,000	Peli's savings	Paramount paid $350,000; $194 million worldwide gross
Around (Dan Spaltro, 2008)	About $150,000	$150,000 on 40 personal credit cards; "My credit score looks like a batting average"	Three-quarters of the debt repaid by 2010
I Will Follow (Ava DuVernay, 2010)	$50,000	DuVernay's savings; "I had $50,000 and I had to make it all in for that amount"	Self-distributed

Film (director, year)	Production cost	Documented sources of financing	Outcome
Joe Swanberg features (2005–2011)	"A few thousand dollars" each	Credit cards; proceeds from each sale financed the next film; still paying "hundreds of dollars a month" in 2014	Sales to IFC; continuing filmmaking career
Four Letter Words; *Prince of Broadway* (Baker, 2000; 2008)	$50,000; $46,000 plus $100,000 for release	Savings from publishing and television work; later borrowed rent money from his parents	"Lost every cent"; recovered $28,000 from the $100,000 release investment

Sources: See the accompanying note.[111]

[111] For *Killer of Sheep*, *see* Am. Film Inst., *supra* note 110. For *Stranger Than Paradise*, *see* Am. Film Inst., *Stranger Than Paradise*, AFI CATALOG OF FEATURE FILMS, https://catalog.afi.com/Catalog/moviedetails/67292 (last visited Nov. 11, 2026). The entries cite contemporaneous reports in the New York Times, LA Weekly, and Variety. For *Return of the Secaucus Seven*, *see* Richard Armstrong, *Sayles, John*, SENSES OF CINEMA (Apr. 2004), https://www.sensesofcinema.com/2004/great-directors/sayles. For *She's Gotta Have It*, *see* Glicksman, *supra* note 106; Am. Film Inst., *She's Gotta Have It*, AFI CATALOG OF FEATURE FILMS, https://catalog.afi.com/Catalog/MovieDetails/57471 (last visited Nov. 11, 2026); Sean Axmaker, *She's Gotta Have It*, TURNER CLASSIC MOVIES (Jan. 5, 2016), https://www.tcm.com/articles/1150830/shes-gotta-have-it (reporting a $7.1 million gross). Lee, *supra* note 106; John Pierson, *Spike, Mike, Slackers & Dykes* (1995). For *Hollywood Shuffle*, *see* Fred Topel, *Robert Townsend: "Hollywood Shuffle" Still Resonates*, UPI (Feb. 28, 2023), https://www.upi.com/Entertainment_News/Movies/2023/02/28/Robert-Townsend-Hollywood-Shuffle-Criterion/5871677526062; Mark Olsen, *He Put $40,000 on Credit Cards to Make His First Film. Now "Hollywood Shuffle" Is a Classic*, L.A. TIMES (Mar. 1, 2023). Accounts conflict on the amount Townsend borrowed. Olsen reports $40,000, while the Guardian reports $60,000, a $100,000 purchase by Goldwyn, and the film's gross. *See* Andrew Lawrence, *Robert Townsend on Making Biting Satire Hollywood Shuffle*, GUARDIAN (Nov. 29, 2022), https://www.theguardian.com/film/2022/nov/29/robert-townsend-on-making-hollywood-shuffle. *See* Dennis Hunt, *Townsend Takes Credit for "Shuffle"; "The Manchurian Candidate" Is Delayed*, L.A. TIMES (Dec. 11, 1987), https://www.latimes.com/archives/la-xpm-1987-12-11-ca-18669-story.html. For *Roger & Me*, *see* Jonathan Rosenbaum, *Nihilism for the Masses*, CHI. READER (Feb. 2, 1990), reprinted at https://jonathanrosenbaum.net/2024/12/nihilism-for-the-masses. For *Slacker*, *see* Richard Linklater, *From the Archives: Linklater on Linklater*, AUSTIN CHRON. (July 24, 2020), https://www.austinchronicle.com/screens/2020-07-24/from-the-archives-linklater-on-linklater (reprinting a 1991 account). For *Straight Out of Brooklyn*, *see* Wire Report, *Story Behind Smash Movie*, MICH. CITIZEN (July 28, 1991), at 10, https://digital.bentley.umich.edu/micitizen/micitizen.1991.07.28.001/10; Roger Ebert, *Straight Out of Brooklyn*, ROGEREBERT.COM (June 28, 1991), https://www.rogerebert.com/reviews/straight-out-of-brooklyn-1991; Brett Yates, *Straight Out of Brooklyn and Back Again*, RED HOOK STAR-REVUE (June 3, 2019), https://www.star-revue.com/straight-out-of-brooklyn-and-back-again; Kathy Huffhines, *"Brooklyn" Filmmaker Started with His Own Anger*, DET. FREE PRESS (June 23, 1991) (reporting the $77,000 figure). For *Clerks*, *see supra* notes 1–2. For *The Brothers McMullen*, *see Ed Burns: A New York Love Story*, CBS NEWS (Aug. 16, 2015), https://www.cbsnews.com/news/ed-burns-a-new-york-love-story. For *Swingers*, *see* Alex French & Howie Kahn, *An Oral History of Swingers*, GRANTLAND (Jan. 22, 2014), https://grantland.com/features/an-oral-history-swingers. For *Following*, the salary detail comes from secondary accounts citing Jeffrey Ressner, *The Traditionalist*, DGA Q. (Spring 2012). For *The Blair Witch Project*, *see Into the Woods*, *supra* note 107; *Blair Witch Project: Directing an Indie Film Phenomenon w/ Eduardo Sanchez*, INDIE FILM HUSTLE, No. 191 (Oct. 23, 2017), https://indiefilmhustle.com/blair-witch-project-eduardo-sanchez (interview with Eduardo Sánchez; machine-generated transcript); Tim Gray, *"Blair Witch Project" Cast a Marketing Spell on Audiences 20 Years Ago*, VARIETY (Feb. 1, 2019),

B. Music and Game Financing

Evidence on how musicians finance their work is even scarcer. What evidence exists suggests they borrow more often to cover ongoing expenses than to produce a recording. Jack Conte's accounts for Pomplamoose's 2014 tour, for example, show $147,802 in expenses against $135,983 in income. The band put "$17,000 on one credit card and $7,000 on the other" and covered the loss with Patreon and iTunes income.[112]

Cards have also financed recordings. Joe Satriani financed his 1986 album *Not of This Earth* with $5,000 in checks that came with a credit-card offer, using them to prepay a recording studio. He repaid the debt through work as a touring guitarist with the Greg Kihn Band.[113]

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https://variety.com/2019/vintage/features/blair-witch-project-1203123291 (quoting Charles Lyons's Sept. 8, 1999, reporting in Variety). For *Better Luck Tomorrow*, *see* Axibal, *supra* note 108; Nathan Liu, *Better Luck Tomorrow 20 Years Later*, Asian CineVision (Dec. 13, 2022), https://www.asiancinevision.org/better-luck-tomorrow-20-years-later. For *Spellbound* and *Around*, *see* Waxer, *supra* note 92. For *Primer*, *see* Tralee Pearce, *Geek Primer: How Shane Carruth Created an Award-Winning Debut Film for $7,000*, Globe & Mail (Sept. 2004), https://www.theglobeandmail.com/arts/geek-primer-how-shane-carruth-created-an-award-winning-debut-film-for-7000/article1144765. For *Super Size Me*, *see "Super Size Me" Guy Has Become Big Cheese*, Today.com (2004), https://www.today.com/popculture/super-size-me-guy-has-become-big-cheese-wbna5165084. For *The Puffy Chair*, *see* Eugene Hernandez, *indieWIRE Interview: Jay Duplass and Mark Duplass, Creators of "The Puffy Chair"*, IndieWire (July 17, 2006), https://www.indiewire.com/2006/07/indiewire-interview-jay-duplass-and-mark-duplass-creators-of-the-puffy-chair-76432; M. Rebekah Otto, *Creative Accounting: The Puffy Chair*, Believer (May 1, 2009), https://www.thebeliever.net/creative-accounting-the-puffy-chair (providing an itemized $15,480 budget). For *Paranormal Activity*, *see* David Edelstein, *"Paranormal Activity," a Cinema-Verite Frightfest*, NPR (Oct. 9, 2009), https://www.npr.org/transcripts/113631926; Ethan Alter, *How "Paranormal Activity" Became the Scariest, Most Successful DIY Horror Movie Ever*, Yahoo Ent. (Oct. 12, 2022), https://www.yahoo.com/entertainment/paranormal-activity-oren-peli-203800125.html. For *I Will Follow*, *see* Scott Myers, *Go Into the Story Interview: Ava DuVernay*, Go Into the Story (May 26, 2025), https://gointothestory.blcklst.com/go-into-the-story-interview-ava-duvernay-03fff6fc7406 (republishing a 2013 interview). For Joe Swanberg, *see* Esther B. Robinson, *"Happy Christmas" Director Joe Swanberg on the Financial Life of the Independent Filmmaker*, Filmmaker Mag. (July 25, 2014), https://filmmakermagazine.com/86888-happy-christmas-director-joe-swanberg-on-the-financial-life-of-the-independent-filmmaker. For Sean Baker, *see* The Editors, *To Win Four Oscars, Sean Baker Had to Go Broke Again and Again*, WealthSimple Mag. (Mar. 2, 2025), https://www.wealthsimple.com/en-ca/magazine/sean-baker (revisiting a 2017 interview); Damon Wise, *"Red Rocket" Director Sean Baker on His Indie Career and the Stress of Stretching a Budget During COVID: "All That Manic Energy, Somehow, Was Captured"*, Deadline (Jan. 23, 2022), https://deadline.com/2022/01/sean-baker-red-rocket-a24-director-magazine-dialogue-1234917511.

[112] Jack Conte, *Pomplamoose 2014 Tour Profits*, Medium (Nov. 2014), https://medium.com/@jackconte/pomplamoose-2014-tour-profits-67435851ba37 (itemizing expenses of $26,450 for production, $17,589 for lodging and food, $11,816 for transportation, $5,445 for insurance, $48,094 for salaries and per diems, $21,945 for marketing and merchandise, and $16,463 for commissions, against revenue of $97,519 from tickets, $29,714 from merchandise, and $8,750 from sponsorship).

[113] Jeff Haden, *How I Did It: Joe Satriani*, Inc. (June 2014), https://www.inc.com/magazine/201406/jeff-haden/how-entrepreneur-guitar-player-joe-satriani-founded-g3.html ("I got a credit card offer in my mailbox. It came with $5,000 worth of checks."). Satriani identifies the album in his memoir. Joe Satriani & Jake Brown, Strange Beautiful Music: A Musical Memoir chs. 5–6 (2014).

Palmer had no touring income in the eight months before her 2012 Kickstarter campaign, so she "borrowed from various friends and family" and accumulated "stacks of bills and loans." She put the cost of reaching "DAY ONE of kickstarter" at $250,000, which she planned to repay first from the $1.19 million the campaign raised.[114]

Game developers also rely heavily on personal funds. A 2025 Game Developers Conference survey of more than 3,000 developers found that 56% had put their own money into their current game—twice the 28% using publishing or project financing.[115]

Digital storefronts also let developers sell unfinished work. Dayi Lin, Cor-Paul Bezemer, and Ahmed Hassan found that about 15% of games on Steam in 2016 had participated in its Early Access program, which lets players pay for games still in development. Of those games, 88% were independent titles.[116] Case studies of six developers by Alberto Nucciarelli and co-authors suggest that crowdfunding has given established independent studios greater freedom to decide whether to work with a publisher.[117]

[114] Palmer, *Where All This Kickstarter Money Is Going*, *supra* note 95 (budgeting, against $1 million in pledges, approximately $105,000 for CD-books, $30,000 for vinyl, $80,000 for art books, $150,000 for management commission, $75,000–$100,000 for Kickstarter and card-processing fees, and $80,000–$100,000 for videos). The campaign ultimately raised $1,192,793 from 24,883 backers.

[115] Press Release, Game Developers Conference, *The 2025 Game Industry Survey Reveals Increasing Impact of Layoffs, Concerns with the Usage of Generative AI, Funding Challenges and More* (Jan. 21, 2025), https://www.businesswire.com/news/home/20250121745145/en.

[116] Dayi Lin, Cor-Paul Bezemer & Ahmed E. Hassan, *An Empirical Study of Early Access Games on the Steam Platform*, 23 Empirical Software Eng'g 771 (2018), https://doi.org/10.1007/s10664-017-9531-3 (examining 8,025 games in March 2016 and finding that only about one-third of Early Access games had left the program).

[117] Alberto Nucciarelli *et al.*, *From Value Chains to Technological Platforms: The Effects of Crowdfunding in the Digital Game Industry*, 78 J. Bus. Rsch. 341 (2017), https://doi.org/10.1016/j.jbusres.2016.12.030.