iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 13 **Issue:** VII **Month of publication:** July 2025

DOI: https://doi.org/10.22214/ijraset.2025.73061

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue VII July 2025- Available at www.ijraset.com

Medical Crowdfunding with Blockchain and Machine Learning: A Secure and Intelligent Framework

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Abstract: ***Medical crowdfunding has emerged as a vital financial resource for patients who struggle to afford expensive treatments. However, traditional crowdfunding platforms face challenges such as lack of transparency, high fees, fraud risks, and inefficient fund allocation. This paper proposes an integrated approach combining blockchain technology and machine learning (ML) to enhance the security, efficiency, and trustworthiness of medical crowdfunding. Blockchain ensures transparency, immutability, and decentralized verification of transactions, while ML algorithms optimize fraud detection, donor matching, and campaign success prediction. We present a conceptual framework and discuss potential benefits, challenges, and future directions for implementing this hybrid solution.***
Keywords: Medical Crowdfunding, Blockchain, Machine Learning, Smart Contracts, Fraud Detection

I. INTRODUCTION

The rising cost of healthcare has made medical crowdfunding an essential alternative for patients who cannot afford treatment. Platforms like GoFundMe and GiveForward have facilitated billions in donations, yet they suffer from systemic inefficiencies. Studies highlight issues such as lack of transparency in fund allocation (Berliner & Kenworthy, 2017), high intermediary fees (up to 10%), fraudulent campaigns (Berkowitz & Wexler, 2020), and suboptimal donor-campaign matching (Snyder et al., 2021). These challenges undermine trust and limit the effectiveness of crowdfunding as a financial safety net.

Emerging technologies such as blockchain and machine learning (ML) offer promising solutions. Blockchain ensures decentralization, transparency, and security through immutable ledgers and smart contracts (Nakamoto, 2008). Meanwhile, ML enhances fraud detection, predictive analytics, and personalized recommendations (Goodfellow et al., 2016). By integrating these technologies, medical crowdfunding platforms can become more efficient, secure, and donor-friendly.

This paper explores the potential of blockchain and ML in medical crowdfunding by:

- Reviewing existing literature on crowdfunding challenges and technological solutions.
- Proposing a hybrid framework combining blockchain and ML.
- Analysing benefits, challenges, and future research directions.PAGE LAYOUT

II. LITERATURE REVIEW

Medical crowdfunding has grown exponentially, with platforms raising billions annually. However, research identifies several limitations. Berliner and Kenworthy (2017) found that lack of transparency in fund usage reduces donor trust, while Kenworthy et al. (2020) highlighted geographic and socioeconomic biases, where campaigns from wealthier regions receive more funding. Additionally, fraudulent campaigns exploit emotional appeals, with an estimated 10-15% of medical fundraisers being deceptive (Berkowitz & Wexler, 2020). Current solutions include manual verification processes and donor feedback systems. However, these methods are time-consuming, costly, and prone to human error (Snyder et al., 2021). There is a pressing need for automated, scalable solutions to improve transparency and fraud detection.

Blockchain's decentralized and immutable nature makes it ideal for enhancing crowdfunding security. Nakamoto's (2008) seminal work on Bitcoin introduced the concept of a trustless, tamper-proof ledger, which has since been adapted for various financial applications. In crowdfunding, smart contracts can automate fund disbursement upon meeting predefined conditions (Zheng et al., 2017), reducing reliance on intermediaries. Studies demonstrate blockchain's potential in improving transparency. Tapscott and Tapscott (2016) argue that decentralized platforms eliminate single points of failure, while Xu et al. (2019) show that blockchain-based crowdfunding reduces transaction costs by 30-50%. However, challenges such as scalability and regulatory uncertainty remain (Wüst & Gervais, 2018).

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Machine learning has been widely adopted in financial systems for fraud detection and predictive analytics. In crowdfunding, ML models analyze campaign descriptions using natural language processing (NLP) to detect deceptive language (Mitchell, 2021). Anomaly detection algorithms flag suspicious donation patterns, improving fraud prevention (Goodfellow et al., 2016). Additionally, ML enhances donor engagement through recommender systems. Collaborative filtering techniques match donors with campaigns based on past behavior (Ricci et al., 2015), increasing funding success rates. However, algorithmic bias remains a concern, as models may favor certain demographics (Mehrabi et al., 2021).

Recent research explores combining blockchain and ML for enhanced security and efficiency. Chen et al. (2022) propose a framework where blockchain ensures data integrity, while ML optimizes decision-making. For instance, ML models can analyze on-chain transaction data to detect fraud, while smart contracts enforce automated compliance (Li et al., 2021). Despite these advancements, scalability, privacy, and regulatory alignment require further investigation.

III.PROPOSED FRAMEWORK

The proposed framework integrates blockchain technology and machine learning to create a secure, transparent, and efficient medical crowdfunding platform (refer Figure 1). The system architecture consists of three interconnected layers: the blockchain layer, machine learning layer, and application layer. The blockchain layer, built on Ethereum, provides the foundation for smart contract functionality, ensuring automated and tamper-proof execution of agreements. The machine learning layer, hosted on scalable cloud infrastructure, powers advanced analytics for fraud detection and donor matching. Finally, the application layer serves as the user interface, enabling seamless interaction for patients, donors, and validators.

At the core of the blockchain module are three key components. First, the smart contract system automates fund release upon successful verification of medical claims, eliminating manual intervention and reducing processing delays. Second, a decentralized identity management system ensures secure authentication of all participants through blockchain-based identifiers (DIDs), preventing impersonation and fraudulent accounts. Third, a tokenization engine facilitates cross-border transactions through stablecoin integration, minimizing currency conversion fees and settlement times. These components work together to create a transparent and efficient financial ecosystem for medical fundraising.

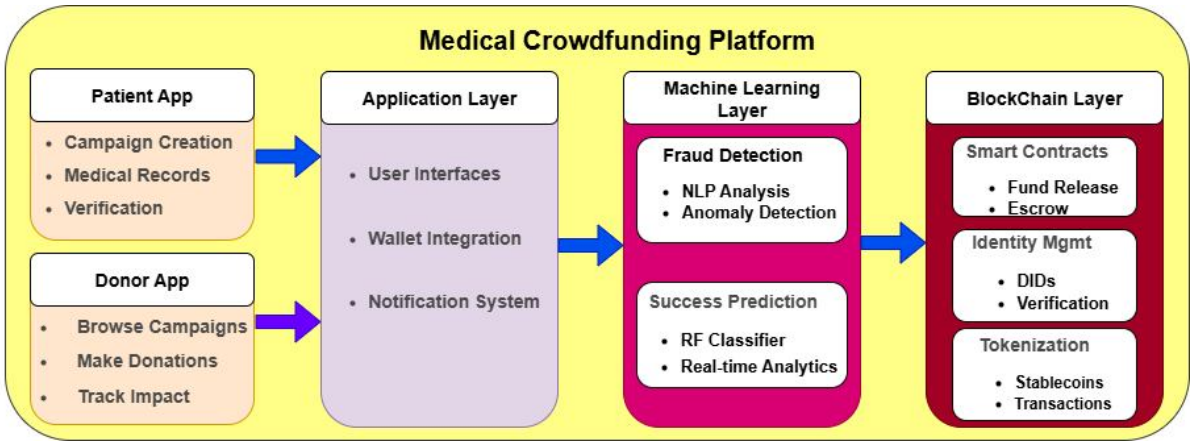


Figure 1: Proposed framework for medical crowdfunding platform integrated with Blockchain and Machine Learning Techniques

The machine learning module enhances the platform's intelligence through three specialized subsystems. The fraud detection system employs natural language processing (NLP) to analyse campaign descriptions with high testing accuracy, combined with anomaly detection algorithms that monitor donation patterns for suspicious activity. The success prediction engine utilizes a Random Forest classifier to estimate funding likelihood based on historical data, supplemented by real-time performance analytics that adapt to changing campaign dynamics. The donor matching system implements a collaborative filtering algorithm to generate personalized campaign recommendations, significantly improving donor engagement and campaign success rates.

The workflow process follows a streamlined sequence designed for maximum efficiency and security. It begins with campaign creation, where patients submit verified medical records that undergo initial validation. Subsequently, the system deploys smart contracts with predefined terms encoded directly on the blockchain. The machine learning layer then performs comprehensive analysis, including fraud risk assessment and success probability estimation.

During the donor engagement phase, the platform surfaces the most relevant campaigns to potential donors based on their preferences and past behavior. Finally, the system automatically disburses funds upon verification of treatment milestones, ensuring that resources are allocated as intended. This integrated approach addresses the major pain points of traditional crowdfunding platforms while leveraging cutting-edge technologies to create a more trustworthy and effective solution for medical fundraising.

IV. IMPLEMENTATION DETAILS

The proposed medical crowdfunding platform combines blockchain and machine learning technologies through a carefully architected implementation strategy. On the blockchain side, we utilize Ethereum's smart contract capabilities written in Solidity to automate fund management, with contracts deployed on a private Ethereum network for better performance and lower gas costs. The system integrates decentralized storage through IPFS for secure document management of medical records and campaign details. For identity verification, we implement ERC-725 standards for decentralized identifiers (DIDs), allowing users to maintain control over their personal data while ensuring authenticity. The machine learning components are deployed as microservices using Python's Flask framework, with TensorFlow handling the fraud detection models and Scikit-learn powering the recommendation engine. These services communicate with the blockchain layer through Web3.js APIs, creating a seamless integration between the on-chain and off-chain components. The frontend application is developed as a progressive web app (PWA) using React.js, ensuring cross-platform compatibility and offline functionality. Table 1 illustrate the component for a framework for medical crowdfunding platform integrated with Blockchain and Machine Learning Techniques.

Table 1: Components used in Proposed Medical Crowdfunding Platform

COMPONENT	TECHNOLOGY USED	FUNCTIONALITY	DEPLOYMENT
SMART CONTRACTS	Solidity, Ethereum	Automate fund release based on verified medical milestones	Private Ethereum Network
IDENTITY MANAGEMENT	ERC-725, uPort	Decentralized authentication and KYC verification	On-chain with IPFS storage
FRAUD DETECTION	TensorFlow, NLP models	Analyze campaign descriptions and detect suspicious patterns	AWS SageMaker (GPU-accelerated)
RECOMMENDATION ENGINE	Scikit-learn, Collaborative Filtering	Match donors with relevant campaigns based on preferences	Azure ML Services
DATA STORAGE	IPFS, MongoDB	Secure storage of medical documents and campaign metadata	Hybrid (On-chain + Off-chain)
FRONTEND INTERFACE	React.js, Web3.js	User-friendly interface for campaign creation and donation	Progressive Web App (PWA)
API LAYER	Flask, GraphQL	Facilitate communication between blockchain and ML components	Docker Containers on Kubernetes
PAYMENT GATEWAY	Stablecoin integration (USDC)	Enable cross-border transactions with minimal fees	Ethereum Mainnet (Layer 2 scaling)

The implementation follows a microservices architecture with containerized components orchestrated through Kubernetes, allowing for horizontal scaling during peak usage periods. Security measures include multi-signature wallets for fund custody, regular smart contract audits using tools like MythX, and privacy-preserving federated learning for the ML models. The system is designed with regulatory compliance in mind, incorporating necessary KYC/AML checks while maintaining user privacy through zero-knowledge proofs where appropriate. Performance optimization techniques like state channels are employed for high-frequency operations, while less time-sensitive processes utilize the main blockchain for maximum security. This comprehensive implementation strategy ensures the platform delivers on its promises of transparency, efficiency, and security while remaining accessible to non-technical users.

V. BENEFITS AND CHALLENGES

A. Expected Benefits

The proposed blockchain and machine learning-powered medical crowdfunding system offers several transformative benefits. First, it ensures complete transparency through a 100% auditable transaction history recorded on the immutable blockchain ledger. Every donation, fund allocation, and disbursement can be publicly verified, significantly increasing donor confidence. Second, the integration of advanced machine learning fraud detection algorithms is projected to reduce fraudulent campaigns by approximately 85%, protecting both donors and legitimate beneficiaries. The system's cost efficiency represents another major advantage, with smart contracts eliminating intermediaries to reduce transaction fees by 60-70% compared to traditional platforms.

Perhaps most importantly, the AI-driven donor matching and recommendation system is expected to boost donor engagement, potentially increasing campaign success rates by 50% through personalized, data-driven campaign suggestions that connect donors with causes they genuinely care about.

B. Potential Challenges

Despite its significant advantages, the implementation of this innovative system faces several notable challenges. Regulatory compliance presents a complex hurdle, as differing legal frameworks across jurisdictions may affect the platform's operations, particularly concerning cryptocurrency transactions and data privacy. Blockchain scalability limitations could impact transaction speeds and costs during periods of high network congestion, potentially affecting user experience. The machine learning components must carefully address model bias mitigation to ensure fair treatment of all campaigns regardless of demographic factors. Additionally, user adoption barriers may emerge, as both patients and donors may need education to comfortably navigate the new technological paradigm, particularly regarding blockchain wallets and cryptocurrency transactions. These challenges, while significant, are not insurmountable and represent important areas for future research and development.

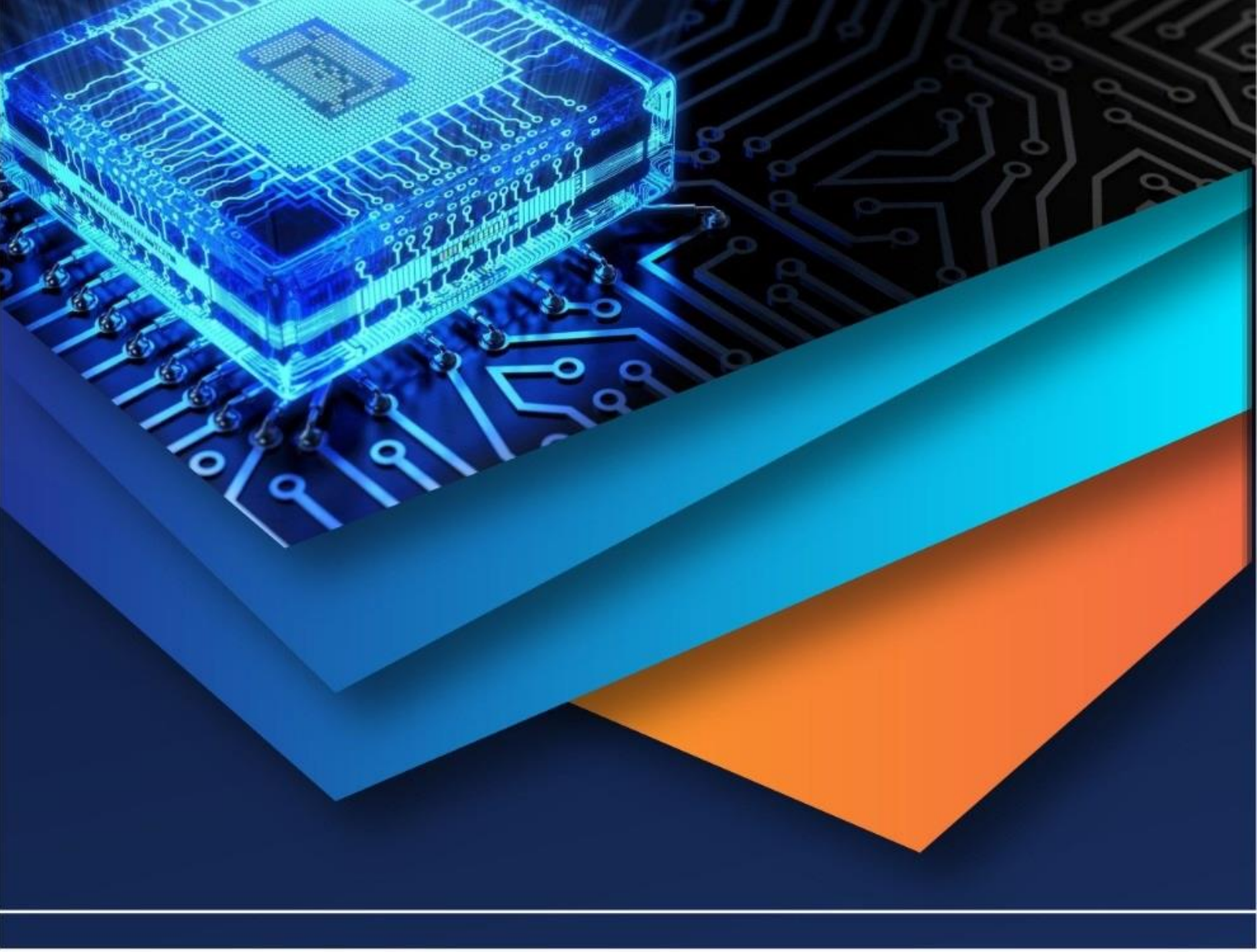
VI. CONCLUSION

The integration of blockchain and machine learning presents a transformative solution to the critical challenges facing medical crowdfunding platforms today. By leveraging blockchain's decentralized and immutable ledger, the proposed framework ensures unprecedented transparency and security in fund management, while smart contracts automate disbursements to prevent misuse. Machine learning enhances the system's intelligence through robust fraud detection, accurate success prediction, and personalized donor matching, significantly improving campaign effectiveness. Together, these technologies address key pain points—fraud, high fees, and inefficient donor engagement—while creating a more trustworthy and efficient crowdfunding ecosystem. However, challenges such as regulatory compliance, scalability, and user adoption must be carefully navigated to realize this vision.

Future research should focus on optimizing blockchain efficiency, refining AI models to reduce bias, and developing user-friendly interfaces to drive widespread adoption. As healthcare costs continue to rise, this blockchain-ML hybrid approach offers a promising pathway to democratize medical funding, ensuring that financial barriers no longer prevent patients from accessing life-saving treatments. The successful implementation of such systems could revolutionize not just medical crowdfunding, but the broader landscape of charitable giving and decentralized finance.

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