A REVIEW OF A FINTECH FINANCING PLATFORM: POTENTIAL AND CHALLENGES OF ISLAMIC CROWDFUNDING TO ENTREPRENEURS

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ABSTRACT

The emergence of financial technology, known as fintech, has altered the landscape of traditional financial institutions. Broadly defined, fintech is the application of technology in finance. Conventional and Islamic crowdfunding platforms are fintech innovations that offer a great alternative to traditional financial lenders like banks. This paper aims to provide insights regarding crowdfunding as an alternative fundraising source for entrepreneurs, especially start-ups, who usually face financial challenges. This paper uses a desk research methodology to review the extant literature on crowdfunding as an entrepreneur's funding source. Findings show that crowdfunding adoption is rapidly increasing and is embraced by many underserved entrepreneurs. As a promising alternative, it offers excellent potential by providing services at a lower transaction cost and greater efficiency. It also covers a broader market penetration. Islamic crowdfunding benefits even more, as the nature of Islamic financing helps to curb excessive credit expansion, thus helping to stabilise the economy. The application and importance of Islamic crowdfunding are in line with the three classes of Maqasid-Shariah, which are darūrāt (necessities), ḥājīyāt (needs), and taḥsīnīyāt (luxuries). Nevertheless, crowdfunding is not without problems and challenges. Major problems usually arise from regulatory and fraud issues, such as stolen ideas and lack of proper regulations. This paper may help create awareness about crowdfunding, its potential, and its challenges to entrepreneurs. The findings may also serve as reference points for future researchers to examine further the issues and challenges in the crowdfunding industry, especially Islamic crowdfunding, in promoting competency and sustainability for entrepreneurs’ interests.

Keywords: crowdfunding, entrepreneur, financing, fintech, Islamic crowdfunding, peer-to-peer lending
INTRODUCTION

Financial technology, or fintech, has taken the financial industry by storm. The combination of intelligence and automation from Industrial Revolution 4.0 (IR4.0) in the financial sector has given rise to fintech innovations that have affected business operations and increased efficiency and capabilities. IR4.0 and fintech see more involvement of automation, digital, and cyber-physical systems. Internet of Things (IoT), Radio Frequency Identification (RFID) Technologies, Cognitive Computing, Cybersecurity, cloud computing, mobile technologies, 3D printing, advanced robotics, and big data analytics are some of the technological innovations related to this industrial relation. These innovations have resulted in more adoption of computer systems, thus requiring less human intervention. The emergence of fintech also enables more market participants as barriers to entry are becoming lesser.

The history of fintech can be traced back to the first industrial revolution in the 18th century. The first industrial revolution depended on the power of water and steam to operate transports and machines. Transportation networks, such as railways and heavy machines in factories, had advanced using this power. Then, the second industrial revolution began in 1850. The use of electrical power marked this period. The introduction of hydroelectric power has resulted in a rapid industrialisation era. The early 1970s saw the third industrial revolution that brought about the adoption of computers and automation. Driven by the innovation of personal computers, many things have been automated. The automated process has enabled a higher production volume, thus making goods and services production more efficient. The fourth industrial revolution, developed in the 21st century, further automates the systems and processes using digital technology and cyber-physical systems. This industrial revolution has transformed the business world into digitalisation, which is unavoidable for almost all sectors of the economy. In brief, today's industrial revolution is centred on computers and advanced software technology.

The financial industry also experiences the revolution of a new business model due to fintech. Fintech helps to facilitate traditional financial services as people realise the potential of managing their finances on digital platforms. This fast-changing financial landscape, due to fintech, serves high-growth entrepreneurs in realising their potential by offering alternative sources of funds (Cicchiello, 2019). Fintech brings excellent tools for entrepreneurs looking to obtain financing sources efficiently. One of the significant fintech innovations in the financing area is crowdfunding. It is reported that the total value of the global crowdfunding market in 2021 was 13.64 billion USD (Statista, 2022). This amount is significantly huge. In comparison, crowdfunding raised 738.9 million USD of funds globally in 2016 (Statista, 2022a). The use of crowdfunding has also resulted in global economic growth and job creation (Cicchiello, 2019).
The existence of crowdfunding offers excellent potential for entrepreneurs to finance their businesses. Entrepreneurs undoubtedly help to increase a country's economic growth. The emergence of entrepreneurship has contributed significantly to job creation and innovation (Aljuwaiber, 2021). Unfortunately, although they play an essential role in developing the economy, many are denied access to funds due to perceived high risk. According to Mustafa et al. (2020), financial institutions usually hesitate to approve loan applications by entrepreneurs, especially from small and medium enterprises (SMEs). They are hesitant because they classify these applications as risky, and the applicants frequently fail to fulfill the requirements, such as having collateral, a good financial record, and complete supporting documents. The difficulty entrepreneurs face in raising funds is a significant issue that hinders their growth. Both conventional and Islamic crowdfunding platforms have emerged as compelling alternatives to traditional sources of capital. This paper aims to discuss the concept of crowdfunding that gives rise to the potential and challenges to entrepreneurs in engaging with crowdfunding. Based on extant literature, it presents an in-depth discussion of the key findings regarding the positive impacts, such as reduced cost and time, and the threats, including cybersecurity and lack of legal protection.

This paper is organised as follows. Section 2 briefly explains what crowdfunding is and how it works. Section 3 states the methodology employed. Section 4 discusses the potential of crowdfunding, while Section 5 presents its issues and challenges. Finally, Section 6 concludes the paper.

**CROWDFUNDING: THE OVERVIEW**

**The Mechanism of Crowdfunding**

What is crowdfunding? It is a way of raising capital through the internet from the crowd. Specifically, it is a platform where fund seekers obtain funds from the public by sharing details of the project's information, pictures, and videos on the internet. Crowdfunding is gaining popularity among fund seekers due to its more straightforward procedure than traditional fundraising methods, such as bank loans. Three parties that form the tripartite relationship in crowdfunding are the crowdfunding platform (CFP) operator, the fund seeker or issuer (entrepreneur) and the crowdfunder (investor or donator). The crowdfunding operator is the party that provides and manages an online platform to enable the issuers to reach the crowdfunders. The issuer or entrepreneur is the party that needs the money for a project. The project is not confined to new product development only. However, it can be anything from charity to profit-oriented projects. The issuer is responsible for launching a crowdfunding campaign on the online platform provided by the crowdfunding operator. The issuer must provide enough reliable information regarding the project to attract the crowd to participate in the campaign. Depending on the crowdfunding type, the crowdfunders offer financial support in return for a reward or profit or just for self-satisfaction. There are four categories of crowdfunding:

1. Donation: This campaign calls for contributions from the crowdfunders with no return or financial reward. The crowdfunders contribute only because of self-satisfaction. For example, to help accident and flood victims.

2. Reward: Entrepreneurs who raise funds through this platform promise the crowdfunders a reward, such as their exclusive release and limited product edition. This is why campaigns for this platform usually involve new projects in the research and development stage.

3. Equity: This crowdfunding type offers the funders the company's shares. However, unlike stockholders of listed firms, equity crowdfunding stockholders can only sell the shares once the company becomes publicly listed or someone is willing to buy them.
4. Peer-to-Peer Lending (P2P): This crowdfunding category pays interest to its crowdfunders and principal repayment at maturity. The interest rate is typically based on the fund seeker’s credit assessment.

**Islamic Crowdfunding**

Like other financing sources, crowdfunding also offers a Shariah-compliant version. Islamic crowdfunding consists of four parties instead of three. The other party is the Shariah committee, set to monitor that the platform’s operation strictly practices the Shariah principles (refer to Figure 2 and Figure 3). The main difference between conventional and Islamic crowdfunding lies in applying the Islamic tenets in the latter. For example, even though, in general, P2P Islamic crowdfunding has the same structure and standard operating procedure as conventional P2P, it must not involve any interest-based contract. Therefore, instead of paying interest, it offers a profit-sharing opportunity. The crowdfunders can share a percentage of the financed projects' profit. Examples of Islamic P2P models are Mudarabah's equity-based model and Murabahah's sale-based model (Saiti et al., 2019).

**Figure 2. Conventional crowdfunding's structure.**

**Figure 3. Islamic crowdfunding's structure.**
Maqasid-Shariah is the Islamic legal doctrine that guides the assessment of Islamic products or businesses in line with Shariah principles. Three classes of Maqasid-Shariah that can be used to explain the application of Islamic crowdfunding are:

- **Darūrāt (necessities):** Islamic crowdfunding allows Islamic finance to expand. Allowing entrepreneurs to get funds indicates the public's trust in a new business or project. Without the fund from crowdfunding, companies or projects might not survive, thus indicating the failure to protect these entrepreneurs' intellect (aql) and life (nafs). The continuity of their businesses depends on the availability of funding. This domain emphasises the necessity to uphold society's well-being. It must be addressed before proceeding to the next domain. In addition, crowdfunding cuts costs and reduces time, resulting in better business efficiency.

- **Hājīyāt (needs):** The difficulty in getting funds from financial institutions may cause the new business and project to be abandoned. This scenario is against this concept in Maqasid Shariah, where Islam encourages people to live in harmony without difficulty. The funding from this Islamic crowdfunding will encourage more Islamic entrepreneurs to start new ventures and companies. As more businesses are booming, so does the society's and country's economy.

- **Taḥsīnīyāt (luxuries):** In Islam, wanting a better life above the average standard is permissible. Therefore, through Islamic crowdfunding, businesses will not face capital shortages. They can grow and gain more profit. Consequently, more zakat collections can be obtained and used to build better "Ummah" and society.

The introduction of Shariah-compliant crowdfunding provides a halal alternative for Muslim entrepreneurs. However, it is not confined only to Muslims. Non-Muslims may choose to obtain funds from this platform. Due to Islam's strict principles, which prohibit intentionally dangerous and damaging activities, Islamic crowdfunding offers better protection for all parties than conventional crowdfunding.

**METHODOLOGY**

Using a desk research methodology, this paper is written based on the information gathered regarding crowdfunding's potential, issues, and challenges to entrepreneurs. In other words, it is written by conducting a review of secondary data and information from various academic journals, relevant articles, conference papers, and industry analyses through word searches on "crowdfunding," "entrepreneur," "financing," and "fintech" found in titles or abstracts. Table 1 summarises the "inclusion" and "exclusion" criteria of the sources. To ensure the information obtained are relevant and updated, only those published in 2012 and later are included. The articles identified are then analysed to extract the findings and information pertinent to entrepreneurs in their effort to raise funds thru crowdfunding platforms. This desk research methodology that selects articles based on the inclusion and exclusion criteria is adopted from studies by Nightingale (2009) and Pickering and Byrne (2014).

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<td>All relevant English-written publications.</td>
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<td>All publications consist of the keywords &quot;crowdfunding,&quot; &quot;entrepreneur,&quot; &quot;financing,&quot; and &quot;fintech&quot; in either title or abstract.</td>
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Financial constraint is major problem small businesses usually face (Mustafa et al., 2020; Abdul-Rahman & Nordin, 2018). The difficulty in obtaining funds is usually due to a lack of required collateral and a good financial record or credit history, especially for start-ups. Financial crises, recessions and the COVID-19 pandemic have worsened the problem recently. External financing, like loans from formal financial institutions, helps businesses grow. In other words, lack of access to the funds hinders their growth. The emergence of fintech has given rise to the development of an alternative financing platform known as crowdfunding to mitigate the problem and fulfil these businesses' demands that are not fulfilled by traditional financial institutions (Golubić, 2019). Crowdfunding is a fundraising method that allows business owners or founders to request funding from many individuals, through the internet, often in return for future products, interest payment or equity. It has become an essential alternative for entrepreneurs to raise capital to finance their businesses (Hafizi Zamri et al., 2018; Mollick, 2014; Belleflamme et al., 2014). Although some conventional crowdfunding models cannot be applied directly in Islamic finance due to non-Shariah-compliant issues, they serve as a ground model for Islamic crowdfunding. The altered crowdfunding models designed to fulfil the Shariah requirements have successfully helped to fund many Muslim social enterprises. Indeed, the funds have helped solve many social problems like unemployment and poverty, which later led to social equality and justice (Hoque et al., 2018).

The use of crowdfunding nowadays has allowed entrepreneurs to bypass the traditional banking system, which is more reluctant to lend to them, especially during the financial crisis. Crowdfunding has assumed the role of traditional financial institutions in providing loans to these businesses. It offers a platform to match entrepreneurs with potential investors and lenders as the banks are reluctant to do so due to high risk. Crowdfunding does not impose stringent restrictions as banks do, thus enabling many entrepreneurs to get access to the funds they need to start or grow their businesses. It is reported that the success rate of crowdfunding campaigns is more than 50%, while over 78% of them raise more than the set goals. This method of raising funds is growing immensely. It is projected that from 2012 to the mid-2020s, the global crowdfunding market can generate over $34.4 billion, reaching around $300 billion by 2025 (SkyQuest Technology Consulting Pvt. Ltd., 2022).

This fundraising platform is gaining popularity due to its more straightforward process and procedure than traditional financial channels. They operate at a lower cost and with greater efficiency. Compared to traditional financing alternatives like bank loans, which require complicated procedures, these non-traditional financing alternatives require more straightforward processes and fewer documents. For instance, no collateral is required to raise funds through this platform. It diminishes the traditional geographic constraints and reaches more potential investors and lenders. It cuts the troublesome and burdensome traditional financial institutions' procedures. It cuts the cost and time required because the businesses or entrepreneurs do not need to see face-to-face with the potential investors. The online platforms can reach an enormous crowd worldwide, and the information can be shared via other social media such as WhatsApp and email. In addition to offering great potential for fund sources, crowdfunding also offers funders value-added involvement and feedback using their skills and experiences regarding the products and services. It offers publicity and provides contacts while facilitating fundraising with minimum or no loss of control and ownership (Macht & Weatherston, 2014).

It is reported that crowdfunding has helped to develop and sustain the entrepreneurial ecosystem by offering easy access to financial resources. For example, Festa et al. (2022) prove that crowdfunding positively impacts young Tunisian entrepreneurs. Their study finds that crowdfunding helps young Tunisian entrepreneurs' start-ups obtain capital for their innovative projects. Likewise, Abdeldayem and Aldulaimi (2021) examine the adoption of crowdfunding and its success criteria as an alternative financing tool in the Middle East region. The study finds that crowdfunding positively impacts fundraising activities by utilising data from 1,910 respondents from Egypt, Iraq, Saudi Arabia, Bahrain, Kuwait, and United Arab Emirates.
(UAE). Indeed, the study's finding indicates that crowdfunding platforms are an effective fintech financing alternative for Middle Eastern entrepreneurs to raise capital. Concerning the types of crowdfunding, a study by Chidiac El Hajj et al. (2022) reveals that entrepreneurs are willing to transfer the shares to the funders if they can raise capital so the business can continue and survive. Specifically, they investigated entrepreneurs' perceptions of equity crowdfunding and their willingness to send appropriate signals to potential funders. The findings reveal that if the entrepreneurs were asked to choose between losing work and firms' equity holdings, they would choose the latter. It means they will surrender their shares in return for some funds. Their main objective is to save their businesses, jobs, and income. The findings indicate that the entrepreneurs are not confined to peer-to-peer crowdfunding but are also open to equity crowdfunding as long as they can raise the funds needed.

In conjunction with this finding, Yacoub et al. (2022) investigate the factors that drive sustainable entrepreneurs to engage in crowdfunding. They further examine the factors that influence the selection of each type of crowdfunding, which include equity, donation, reward, and mixed crowdfunding. They find that entrepreneurs choose equity crowdfunding because they are attracted to the funding opportunity and the communication tool it has. Relatedly, donation-based crowdfunding entrepreneurs see crowdfunding as a tool to market and communicate their products, services, or business projects. In the same vein, besides obtaining funds, the entrepreneurs who choose reward-based crowdfunding want to test the market with their products, brand, or ideas. Likewise, the mixed crowdfunding type is selected because the entrepreneurs believe they can create a craze around their product or service. In general, crowdfunding is seen as a good way to communicate, market and test their target market. Nevertheless, it is worth noting the moral hazard problem and market demand uncertainty that may significantly affect the choice between crowdfunding and bank financing. Miglo (2022) analyses the type of financing chosen by entrepreneurs. It is argued that large and long crowdfunding campaigns are less efficient than small and short campaigns in mitigating moral hazard problems. In addition, it also argued that high-quality firms with potentially large markets tend to select bank financing. The trade-off between bank financing and crowdfunding depends on several factors, such as bankruptcy cost, investment size, crowdfunding type, and signal received.

It is well known that crowdfunding attracts entrepreneurs by offering more opportunities to raise funds. However, other factors also contribute to this platform's popularity. One of the factors is the non-financial contribution of the funders. According to Brem et al. (2019), crowdfunding has changed fundraisers from merely solving the capital problem to being entrepreneurs by complementing their innovations and funds raised to enhance companies and products professionally. Crowdfunding campaigns can be an excellent indicator of the product's market acceptance, thus reducing the uncertainties when a company launches the product. St John et al. (2022) investigate the factors that motivate crowdfunders to participate in a crowdfunding project. Although value plays an important role, crowdfunders are also motivated by social factors: trust and a feeling of psychological ownership. Therefore, they suggest that the fund seekers should actively engage the crowd or the potential crowdfunders by soliciting them for advice. Logically, people will be more attracted to participate if they can actively engage in the projects they are interested in. Maehle (2020) stresses the importance of putting more effort when entrepreneurs communicate with potential investors. It is essential to validate the intangibility of sustainability claims. Consequently, they can have a good issuer and funders relationship. What the fund seekers must do is to provide enough information for the potential crowdfunders to see the project as something valuable. Something that has value. According to Smith (2014), crowdfunding encourages co-creativity between the fund seekers and funders. Specifically, he examines the interactions between video game studios (fund seekers) and players (potential funders) during crowdfunding campaigns. The study's findings show that communications between studios and prospective players influence the direction of a proposed project. The interaction between these two parties has significantly influenced the project details.

Alshebami (2022) investigates the factors determining the behavioural intention of young Saudi entrepreneurs to choose crowdfunding as a method of obtaining funds. Based on data gathered from 270
young Saudi entrepreneurs, the study's findings show that performance expectancy, social influence, perceived trust, and perceived risks influence their intention to choose to crowdfund. The use of crowdfunding helps these young entrepreneurs to overcome their financing problems. Cicchiello et al. (2021) investigate the relationship between gender and equity financing through crowdfunding. The study obtains data from 492 equity crowdfunding campaigns launched on platforms in Brazil, Chile, and Mexico between 2013 and 2017. In particular, they aim to examine the impact of gender disparity on the likelihood of raising capital using crowdfunding. The study's findings indicate that gender composition on the managerial board can influence the campaign's success rate. The involvement of at least one woman in the company's team increases the company's chance of achieving its targeted amount. Thus, it implies that companies should pay attention to gender equality issues when targeting to raise capital through crowdfunding.

In brief, extant literature shows that the emergence of crowdfunding which takes advantage of today's rapid technology development, especially the internet, has benefitted underserved fund-seeking companies, particularly small businesses. Applying the Shariah-compliant requirements to the basic models of conventional crowdfunding has given rise to the introduction of Islamic crowdfunding. Islamic crowdfunding offers a good funding source and provides better economic stability due to Islamic financing tools' characteristics that naturally control excessive credit expansion. Not only it helps to solve funding problems, but it also provides other value-added benefits such as publicity and marketing assistance to these companies. In addition, crowdfunding also benefits society by creating more job opportunities and economic growth (Khairuddin & Ishak, 2022). Therefore, it is important for the fund seekers or the entrepreneurs to clearly develop and communicate their campaigns in order to obtain the potential crowdfunders' trust. A trustful issuer-funder relationship is vital as part of the validation process for the funders to see the value of the projects, products, or services they support.

ISSUES AND CHALLENGES

Undeniably, crowdfunding has given rise to opportunities and greater efficiency for entrepreneurs to obtain funds. Nevertheless, there are still many challenges that those in the industry need to overcome in order to see more successful use of crowdfunding. The most fundamental problem concerning crowdfunding is the advancement of technology itself. Crowdfunding is an excellent alternative in places where internet service is efficient and easy to access. Internet access may be fine in certain countries. Yet, it is still a significant hitch for some parts of the world, especially in third-world countries (Nordin et al., 2017). The next serious issue is the need for more stringent regulations and government policies that can lead to massive threats to this sector. Since crowdfunding is carried out through the internet or online, it is vulnerable to cybercrimes. There is always a probability of scammers' and impostors' presence. Therefore to avoid falling victim, this financing alternative requires due diligence.

Rahman et al. (2020) look to develop an appropriate framework for Islamic equity crowdfunding, better known as Shariah-compliant equity-based crowdfunding in Malaysia. Adopting a sample of 200 entrepreneurs to analyse their intention of using crowdfunding to raise capital, they find that these entrepreneurs think that crowdfunding provides ease and convenience in raising capital. However, they are reluctant to share their thoughts and ideas online. Therefore, an appropriate framework must be implemented to protect the related parties and further enhance entrepreneurship development in Malaysia. Relatively, Hui et al. (2019) explore the development of global Islamic fintech by emphasising Malaysia's scenario through analytical research methods. In particular, they utilise available evidence on fintech to develop proposals to tackle the identified issues. They examine existing legal frameworks, including Bank Negara Malaysia's Regulatory Sandbox, to determine the capability of accommodating the rapid fintech development. They suggest improving the current regulatory framework as there is room for a better regulatory mechanism.
Ishak and Rahman (2021) study the potential application of the Mudarabah principle on crowdfunding platforms. Mudarabah refers to a partnership where one party provides the capital, the other party offers labour, and both share in the profits. Their findings indicate that it is not ideal to incorporate the concept of Mudarabah in crowdfunding due to the high risk involved. This argument is especially valid for equity-based Islamic crowdfunding because of its high risk. Sources of risk may include fake projects, insufficient regulations, and the structure of Mudarabah itself, which is a profit-sharing contract. They propose a greater monitoring level, tighter regulatory protection, better Mudarabah practice and higher awareness among parties. In relation to that, Ishak et al. (2022) further examine the applicability of the Mudarabah concept on crowdfunding as an alternative platform to fund the book publishing industry. They investigate the suitability of this fund alternative to be used, especially by the self-publishers and small publishers. They assert that Mudarabah crowdfunding could solve the book publishing industry's fund shortage. However, they conjecture that the project's progress must be scrutinised and closely monitored to mitigate the risk. Necessary steps should be taken to avoid fraudulent cases.

Cicchiello (2019) suggests that policymakers employ best practices from already successful systems, reduce red tape and implement high-impact policies to improve the equity crowdfunding industry. Therefore, it needs better preparation and policy coordination between European countries so that proper actions can be taken to steer the industry in the right direction. According to Cicchiello (2019), one of the European policymakers' challenges is reforming their entrepreneurial ecosystems. Troise et al. (2022) stress the importance of investigating the companies' future ability to grow and introduce successful innovations after the funding process. In other words, more attention should be paid to the companies' post-campaign performance and not focus only on their potential or projected performance. In conjunction with that, Troise (2020) asserts that the success probability of a campaign is influenced by the entrepreneurs' connections built before the campaign launch. They may establish a connection or relationship by providing a good participation record in previous campaigns. This strategy will make them known within the community, especially when they already have followers or supporters. A good relationship between the entrepreneur and the potential crowdfunders helps attract enough support, thus ensuring the campaign's success. In brief, attracting funders depends on more than just the current event. Potential funders want to know the performance of the project and the entrepreneur in the future and the past. A good relationship with potential funders by providing relevant information and a good reputation will help entrepreneurs raise the needed funds.

In brief, crowdfunding has become one of the popular financing alternatives, which has grown rapidly worldwide. Many entrepreneurs choose this platform because of its cheap transaction cost and efficiency. However, despite its benefits and potential, crowdfunding has some issues worth noting. Apart from the internet issue, publishing the idea on a public platform may attract someone to steal the concept or idea. While crowdfunding offers excellent potential, it is worth mentioning that legal regulations must be carefully considered and implemented to protect both entrepreneurs and funders. A good issuer-funder relationship during and post-campaign may ensure success and alleviate the negative issues related to crowdfunding.

**CONCLUSION**

Past studies document that crowdfunding positively impacts fundraising activities. It provides a conducive environment for entrepreneurial sector development by fulfilling the demand of underserved entrepreneurs, especially young entrepreneurs and start-ups. Although facing challenges like a lack of appropriate regulation may lead to fraud, the prospect of crowdfunding is promising. Designing and having better rules and regulations can help entrepreneurs to start and expand their businesses and consequently help to develop society and the nation's economy. The emergence and significance of Islamic crowdfunding can be explained by the concept of darūrāt (necessities), ḥājīyāt (needs), and taḥsīnīyāt (luxuries), the three classes
of Maqasid-Shariah. This paper offers thematic discussions regarding the potential and issues of crowdfunding as an alternative method for entrepreneurs to obtain funds. The information can help them to make wise and better-informed financing decisions to overcome the difficulty in obtaining funds from traditional financial institutions. The findings could also help the other related parties, such as the policymakers, authorities, investors, and platform operators, to identify the strengths and weaknesses of crowdfunding to improve its role in developing the entrepreneurship sector. The findings and discussions could foster a more comprehensive future study on crowdfunding by considering the characteristics of each type of crowdfunding. Future studies may also examine the impact of using crowdfunding on a firm's profitability and performance. Specifically, to investigate if there is any significant impact on a firm's performance using crowdfunding funds compared to bank loans. This paper's main limitations are that the findings and discussions are based on extant literature and published available information but do not depend on statistical observations or empirical studies. Therefore, further investigation using rigorous methods needs to be taken to understand the subject matter more.

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