



Can Islamic crowdfunding support Indonesian Islamic Economic Masterplan?

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Abstract

Islamic crowdfunding is a crowdfunding platform designed to comply with Islamic principles, a collective effort to collect/raise funds to fund projects (including startups), provide financing for personal or business, and other needs through an internet platform following Islamic principles. As a country with the largest Muslim population globally, Indonesia sees this as an excellent opportunity to support its economic development. In this regard, the purpose of this article is to find out how the Islamic Crowdfunding opportunity is an alternative solution to Islamic funding in support of the Indonesian Islamic Economic Masterplan (MEKSI). Based on data from the Ministry of Finance (Kemenkeu) through the 5th Annual Islamic Finance Conference (AIFC), Islamic Fintech assets in Indonesia grew to reach 134 billion rupiahs in June 2021, representing 3 percent of total fintech assets in Indonesia. From this data, it can be interpreted that the opportunity for Islamic Crowdfunding, which is one of the products of Islamic Fintech as alternative funding, is still very wide open. Using SWOT analysis, we find in this paper that Islamic Crowdfunding could be an alternative to Islamic funding in Indonesia. Therefore, it is expected that the government and related agencies, especially the Financial Services Authority (OJK), can take the right steps in managing Islamic crowdfunding. It is also expected that Muslims can participate in campaigning or supporting the Indonesian Islamic Economic Masterplan (MEKSI) through Islamic Crowdfunding.

Keywords: Islamic Fintech, Islamic Crowdfunding, Islamic Funding, Indonesian Islamic Economic Masterplan (MEKSI)

1. Introduction

Since the first Islamic bank in Indonesia, the Indonesian Islamic financial system has developed rapidly in the last two decades. Not only Islamic banking but the financial industry has also developed non-Islamic banks. For example, Islamic insurance companies, Islamic pension funds, Islamic finance companies, Islamic bonds (Sukuk), Islamic mutual funds, and other Islamic capital market activities (Balala, 2020). Of course, this rapid development is also supported by Indonesia as the country with the largest Muslim population in the world. Bank Sentral Indonesia or Indonesian Central Bank (2020), stated that Indonesia, as a country with a Muslim majority population, has great potential to expand its market share in the halal industry. One of the innovations in financial technology or fintech that has attracted quite a bit of attention is the crowdfunding scheme that has emerged along with the startup trend. Due to its reliability, crowdfunding has become one of the most popular financial technology or

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fintech. Departing from this, Islamic crowdfunding as an instrument of Islamic fintech views this phenomenon as a positive thing or an opportunity in the future to be used as an alternative source of Islamic funding to support economic development in Indonesia. The advantage of Islamic crowdfunding compared to conventional crowdfunding is the existence of Islamic principles that are applied under the supervision of Islamic experts or Islamic boards. With Islamic principles, uncertainty will be minimized. In addition, debt-based crowdfunding or peer-to-peer lending (P2P) schemes are considered less suitable for Indonesian society with a Muslim majority population can be avoided. The difference between Islamic and conventional crowdfunding services lies in the contract. In Islamic crowdfunding, the contract is supervised by the MUI Islamic Supervisory Board/Dewan Pengawas Syariah (DPS) to ensure that there are no elements of *maysir* (speculation), *gharar* (uncertainty) and *usury* (unexplained additions according to Islamic law). In addition, partners owned by the Islamic crowdfunding business cooperate with Islamic Cooperatives and Baitul Mal in certain areas. The elements of supervision and assistance are also carried out following Islamic provisions.

In this case, the Indonesian government, the Financial Services Authority (OJK), began paying attention to conventional and Islamic crowdfunding services in 2016, issuing regulations governing information technology-based lending (peer-to-peer lending). In 2018, the issuance of regulations on equity crowdfunding services. otherwise known as equity-based crowdfunding. Peer-to-peer lending services can also be carried out through a crowdfunding mechanism by various investors in fintech companies (Abdullah and Susanto, 2019). However, the existing regulations do not yet regulate comprehensive rules regarding Islamic finance, especially Islamic crowdfunding. Based on the above background, this research has three objectives: first, to identify the development of Islamic crowdfunding in Indonesia. Second, projecting Islamic crowdfunding opportunities in Indonesia by looking at the success rate of funding campaigns based on Islamic crowdfunding platform investments. Third, analyze the impact of funding from Islamic crowdfunding to support the Indonesian Islamic Economic Masterplan (MEKSI).

2. Literature Review

Islamic Crowdfunding

Crowdfunding is one of the investment platforms in financial technology or fintech for short. Crowdfunding consists of four main elements: payments, financial advisors, aggregators, and investors. Initially, crowdfunding is a participatory online activity in which individuals, institutions, non-profit organizations or companies propose to other groups of individuals through flexible communication, to make voluntary contributions and provide benefits to one another, according to their respective capacities such as expertise, funds, knowledge, and experience (Estellés and González, 2012).

The concept of a crowdfunding method is not a new phenomenon, but the term crowdfunding was first coined in America in 2003. That is by involving "people" or the wider community to obtain funds, ideas, input, and solutions for business activity (Belleflamme *et al.*, 2013). Beaulieu et al (2015) said that crowdfunding is a new term used to collect money from many people who have different backgrounds to participate in the economy and finance each other based on specific needs and criteria. In short, crowdfunding is a technique of raising funds from the broader community for a project or business by utilizing the internet network. We provide several models of Islamic Crowdfunding illustrated in Table 1.

The first crowdfunding/funding model is donation-based crowdfunding. The goal is to collect donations for social projects such as building schools in rural areas, renovating orphanages, helping with disasters, distributing *zakat*, *waqf* contributions, etc. People who deposit funds are called donors because they do not return their invested capital. Several platforms accommodate donation-based crowdfunding services in Indonesia, such as kitabisa.com, embodied.com, and Ayopeduli.com.

Conventional types of donation-based crowdfunding do not violate Islamic principles. However, donation-based crowdfunding can be run using Islamic principles with religious principles such as *waqf*, *zakat*, *sodakoh*, etc.

Table 1. Islamic Crowdfunding Model

Financing for	Crowd Model	Potential Beneficiary	Contracts
Charity Product	Donation	Microfinance	Hibah, Qard Hasan
	Reward	Microfinance Small Enterprises Startups	Sale
Investment	Debt	Microfinance Small Enterprises	Murabahah Ijarah
		Equity	Microfinance Startups

Source: (Marzban *et al.*, 2014)

The second crowdfunding service model is reward-based crowdfunding or product-based fundraising. Savers will not get a refund for the deposited funds but will get rewards/gifts or rewards in the form of services or rights that are unique and rare. The type and amount of the prize depend on the paid-up capital. This type of funding is usually used to finance creative industry projects such as startups and games, and so on. Indiegogo.com and kickstarter.com are some examples of such services. This crowdfunding service scheme is still rare in Indonesia. Like donation-based crowdfunding, conventional reward-based crowdfunding is also not against Islamic principles. However, this type of crowdfunding can be run with Islamic principles by adding *al-Falah* elements.

The third crowdfunding service model is investment-based. There are two types of investment-based models: loans/financing and equity/ownership. In this service, capital savers are referred to as investors because they will get the return or profit-sharing promised by those who apply for funding through the crowdfunding platform within a certain period. The minimum nominal investment varies, ranging from IDR 50,000 to IDR 1,000,000 with different levels of risk and return. In Indonesia, several Islamic crowdfunding platforms have official permission from the Financial Services Authority/Otoritas Jasa Keuangan (OJK). Conventional equity-based crowdfunding does not conflict with Islamic principles. However, this type of crowdfunding can be strengthened by Islamic principles, namely by implementing a *Mudarabah* or *Musyarakah* contract.

The last crowdfunding service model is debt-based or loan-based peer-to-peer lending. The general public often refers to this type of crowdfunding as online loans or loans. Abdullah & Susamto (2019) stated that people in Indonesia have high intentions in fintech peer-to-peer lending. In addition to the ease of submitting compared to borrowing from a bank, loans through peer-to-peer lending can be used freely, even for consumptive needs. However, the ease of filing and the lack of supervision have led to many cases such as default, data misuse, and fraud by platforms that do not have permission from the OJK/Financial Service Authority. In addition, conventional debt-based crowdfunding also contains interest on loans or usury. In Islamic debt-based crowdfunding, usury is eliminated and replaced with sales contracts such as *Murabahah*, *Tawarruq*, and *Ijarah*.

Until now, investment-based crowdfunding services are still dominated by services that provide financing or debt-based crowdfunding compared to share ownership or equity-based crowdfunding. When compared to other crowdfunding models, equity-based crowdfunding is the newest type. Each

country has different regulations regarding the types of crowdfunding (Lukkarinen et al., 2016). This kind of equity-based mutual fund is also often referred to as Mini-Initial Public Offering (IPO) (Freedman & Nutting, 2015). In Indonesia, the government recently issued a regulation on equity-based crowdfunding services in December 2018 by Financial Service Authority/Otoritas Jasa Keuangan (OJK).

Legal certainty in crowdfunding-based equity schemes is the beginning of the development of crowdfunding in Indonesia. The role of OJK in issuing this regulation resulted in the first crowdfunding that had a legal umbrella, namely PT. Santara Dara Inspiratama or Santara. With difficulties and constraints related to applying for credit in banks, MSMEs can have alternative capital to develop their businesses. In addition to being a new alternative in MSME capital, Santara is a place for MSMEs to promote their business ideas and get helpful feedback for business development (Abdullah and Susanto, 2019). The problem is, Islamic Crowdfunding services in Indonesia are pretty rare. The regulatory body that regulates Islamic crowdfunding activities using an investment-based model is the OJK (*Otoritas Jasa Keuangan/Financial Services Authority*) as regulated in Law Number 21 of 2011 concerning the Financial Services Authority. Meanwhile, the types of donations and rewards are regulated in Law Number 9 of 1961 concerning the Collection of Money or Goods.

Indonesian Islamic Economics Masterplan

The Indonesian Islamic Economic Masterplan (MEKSI—Masterplan Ekonomi Syariah Indonesia) is an effort by the Government of the Republic of Indonesia and all stakeholders of the National Islamic Finance Committee/Komite Nasional Keuangan Syariah (KNKS) to support the development of Indonesia's Islamic economy. The first is improving and expanding the banking industry, capital market, non-bank Islamic finance industry, and social funds. The second is the establishment of the National Islamic Finance Committee (KNKS) as a coordinating agency to ensure that all relevant policymakers implement the Master Plan action plan effectively. The vision of this master plan is to realize "an independent, prosperous, and civilized Indonesia by becoming the world's leading Islamic economic center" (Komite Nasional Keuangan Syariah, 2018). In 2020, the master plan was revealed to be an Implementation Plan and Work Plan 2020-2024 based on solid coordination between stakeholders of the National Islamic Economic and Finance Committee/Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS) from the government, academia, industry players, NGOs, and the community. The plan consists of 30 strategic programs with a focus on developing and strengthening: (i) halal industry, (ii) Islamic finance, (iii) Islamic social finance, and (iv) Islamic business and entrepreneurship (Kemenkeu RI., 2021).

The Masterplan for Indonesian Islamic Economics has proposed programs that will be implemented in the short and medium-term. 4 main strategies aim to realize an independent, prosperous, and civil Indonesia by becoming the world's leading Islamic economic center. The four strategies are:

1. Strengthening the halal value chain consists of the halal food and beverage industry, the halal tourism industry, the Muslim fashion industry, the halal media, and recreation industry, the halal pharmaceutical and cosmetic industry, and the renewable energy industry.
2. Strengthening Islamic finance.
3. Strengthening micro, small and medium enterprises (MSMEs).
4. Strengthening the digital economy.

In addition to the primary strategy, there are basic strategies as a supporting ecosystem, namely: (1) strengthening regulations and governance, (2) developing research and development capacity, (3) increasing the quality and quantity of human resources, and (4) increasing awareness and public literacy (Komite Nasional Keuangan Syariah, 2018).

3. Method

We use secondary data obtained from various reliable literature sources. We use data obtained from the Global Islamic Fintech Report (2021) from Salam Gateway for the development and opportunities of Islamic Crowdfunding in Indonesia. We used data from the Indonesian Islamic Economic Masterplan (MEKSI). The Indonesian Ministry of Finance (Kemenkeu) database and the Financial Services Authority/Otoritas Jasa Keuangan (OJK) are also used to analyze Islamic crowdfunding for the economic sector. In short, this is a descriptive qualitative study comparing the datasets over a while. Then we analyze using a SWOT between Islamic Crowdfunding Opportunities to support the Indonesian Islamic Economic Plan.

4. Result and Discussion

Difference between Conventional and Islamic Crowdfunding

Conventionally, there are four crowdfunding types: reward-based crowdfunding, donation-based crowdfunding, equity crowdfunding, and debt crowdfunding. Islam allows this type of crowdfunding except for debt-based crowdfunding because there is usury in this type of conventional crowdfunding (Daskalakis *et al.*, 2018). However, debt-based crowdfunding can still be applied if it uses Islamic principles. For more details, Daskalakis *et al.*, (2018) make a table of differences as follows.

Table 2. The Diference of Crowdfunding

Crowdfunding Type	Conventional	Islamic
Reward-based crowdfunding	Materialism	The materialism that may include elements of al-Falah
Donation-based crowdfunding	Humanitarianism	Based on religious beliefs such as waqf, zakat, sodakoh, and so on
Equity crowdfunding	Angel investor, venture capitalist	Based on the Mudarabah contract, or Musyarakah
Debt crowdfunding	Lend with interest	Based on sales contracts such as <i>Murabaha, Tawarruq and Ijarah</i>

Source: (Daskalakis *et al.*, 2018)

Platform availability

Based on OJK data in the document "Registered and Licensed Fintech Lending Implementation at OJK as of September 8, 2021" a total of 107 crowdfunding platforms have been registered in Indonesia. Of the 107 platforms that have been registered, only eight platforms have Islamic business types, namely; Ammana.id, NATURAL, ISLAMIC FUND, ISLAMIC DUHA, qazwa.id, ETHIS, KAPITALBOOST, and Islamic PAPITUPI. In addition, there is one platform that has conventional and Islamic crowdfunding types, namely Investree. While the remaining 99 are crowdfunding platforms with conventional business (Otoritas Jasa Keuangan, 2021). Compared with the permit documents issued by the OJK as of December 28, 2020, the number of Islamic crowdfunding platforms in Indonesia has decreased. From the initial ten Islamic platforms in 2020 to only eight in 2021. The two platforms whose proof of registration was canceled were Bsalam and Islamic Fintech due to the inability to continue operational activities (Otoritas Jasa Keuangan, 2020).

Furthermore, researchers have encouraged the development of Islamic-based Islamic crowdfunding through journals containing platform creation. One of which Hendratmi *et al.*, (2020)

conducted a Forum Group Discussion (FGD) with 16 CEOs) startup companies, 2 CEOs of crowdfunding, fiqh experts, and website developer experts. The discussion results found that there are six risks of Islamic crowdfunding, namely technology risk, market, project investment, investors, compliance with Islamic principles, and startup companies. Based on these considerations, the following website design was made in Figure 1.

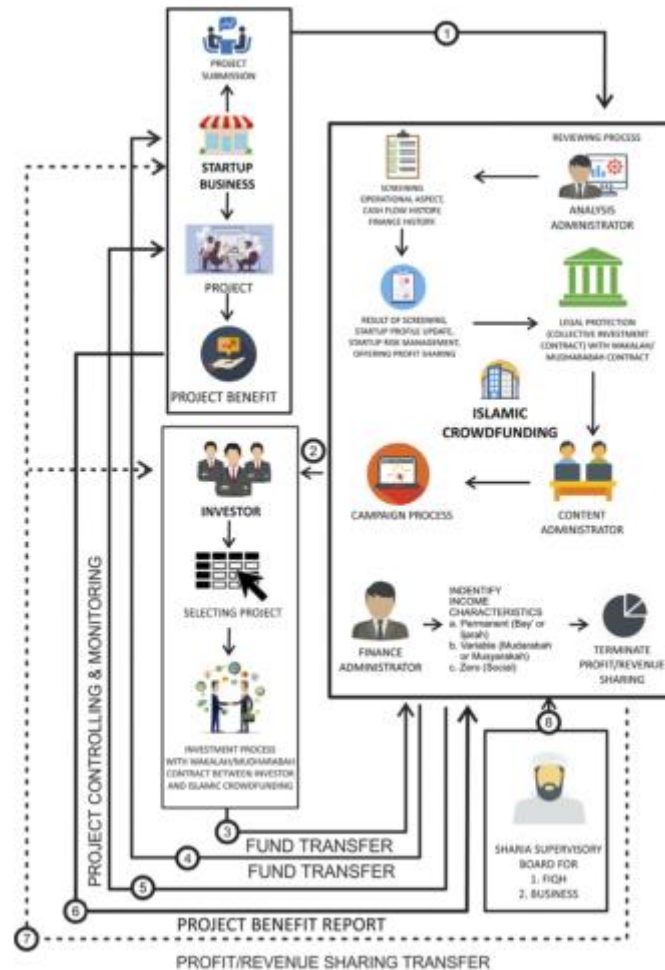


Figure 1. Crowdfunding Website Design. Source: Hendratmi et al., (2020)

Islamic crowdfunding website design by Hendratmi et al. (2020) already includes legality, Islamic principles, operational aspects, and risk aspects. However, the institutions involved in the payment mechanism have not yet been considered in developing the website design. Of the four types of crowdfunding, investment-based or equity-based crowdfunding is the most suitable type for the growth of MSMEs in Indonesia.

Prawiranegara & Prisma (2021) also designed an Islamic-based crowdfunding website like what was done by Hendratmi et al., (2020), but with the addition of technical explanations such as the use of the Lawavel framework and the Midtrans payment gateway. The output of the article is a web-based Islamic equity-crowdfunding platform that offers a system without interest, without penalties, and in the form of an agreed profit sharing. With black-box testing, this platform can function 100% correctly and is feasible to use.

Bahauddin (2019) developed blockchain and smart contract applications to create an Islamic crowdfunding platform. Four stakeholders play a role: applicants for funds, individuals, organizations or SMEs, funders, platform operators, and Islamic boards. The application of blockchain technology

and smart contracts that provide transparency will provide transparency of the flow of funds invested so that funders will be more confident that their funds are not misused for fake projects.

Opportunities and Challenges

Subagiyo (2019) stated that, as a country with the largest Muslim population globally, it has a very potential market potential for Islamic-based economic development. Even though financial literacy in conventional and Islamic banking is still low, the opportunities for Islamic fintech are still outstanding. The presence of Islamic fintech is the answer to the problems that occur in financial technology. However, the challenge that must be faced apart from the lack of literacy is the development of technology related to data security. Risks such as phishing or data theft must be considered in the development of Islamic fintech platforms.

The Indonesian government has consistently encouraged the development of Islamic finance, which is a critical instrument for creating productive, inclusive, and sustainable economic recovery from the Covid-19 pandemic and encouraging structural reforms through providing access to financing for the real sector. Through the 5th Annual Islamic Finance Conference (The AIFC), the Ministry of Finance explained that Islamic economics and finance have unique characteristics that give them a strategic role in economic recovery and future structural reforms. This is because of its role in encouraging the equitable distribution of community welfare, sustainable economy, and increasing access to financing through *zakat*, *infaq*, *waqf*, Green Sukuk innovation, and MSME financing (Kemenkeu RI., 2021). Moreover, Islamic finance has great potential to have grown beyond conventional financial markets in the last decade. Islamic fintech assets in Indonesia grew to 134 billion rupiahs in June 2021, representing 3 percent of total fintech assets in Indonesia (Puspasari, 2021). From this data, it can be interpreted that the opportunity for Islamic Crowdfunding is a product of Islamic Fintech for alternative Islamic funding is still very wide open.

Islamic-based financial technology in Indonesia has several opportunities as well as challenges. According to Yahya (2021), despite positive developments, challenges such as low Islamic financial literacy, infrastructure that still does not provide full support, immature regulations, and innovation are still not significant concerns. However, despite the existing challenges, there are still opportunities, including opening opportunities by the OJK to register Islamic-based financial technology officially and protected by the OJK. In addition, technological sophistication to accommodate investment and donation activities continues to develop, cases of illegal conventional financial technology are starting to occur in the community, and the majority of Indonesians who are Muslim are opportunities that can be achieved.

Furthermore, Rasyid et al., (2017) stated that the concept of Islamic crowdfunding could be an alternative for preventing money laundering and cybercrime. To encourage its development, it is necessary to socialize Islamic economics and financial technology to improve the quality of human resources. In addition, clear regulations need to be considered with special regulations related to Islamic crowdfunding, such as the one carried out by Bahrain.

Hiyanti et al. (2020) conducted research to see the opportunities and challenges of Islamic fintech in Indonesia. The opportunity in question is the opportunity for fintech players to obtain permits or official regulations from the Financial Services Authority/Otoritas Jasa Keuangan (OJK) to provide legal clarity so that the public can be more confident with the Islamic crowdfunding scheme. The second is the ease of investment and donation activities due to the use of technology. The third is the growth of conventional fintech in society, the majority of the Indonesian population is Muslim, and the opening of Indonesia in technological development. Furthermore, the challenges in question are the minimum capital for establishing a high Islamic fintech the lack of knowledge of the village community regarding Islamic fintech. The assumption that there is no difference between conventional fintech and Islamic

fintech, the lack of human resources who master Islamic principles and the competition for future technology is so tight.

Abdullah & Susamto (2019) observed the role of Islamic equity-based crowdfunding on halal MSMEs in Indonesia. From these observations, a SWOT analysis was obtained as in Table 3.

Table 3. SWOT Analysis Islamic Equity Crowdfunding

Strengths	Weaknesses
1. High Risk-High Return	1. Still not widely known by the public compared to the banking sector
2. Investor satisfaction in choosing an investment destination that is considered suitable	2. Business projects become less flexible
3. Easy investment with affordable value	3. Islamic fintech is still limited
4. Integration with the development of the halal industry	4. Human resources in digital marketing and extensive data management
	5. Limited partners and territories
Opportunities	Threats
1. Ease of financing for halal MSMEs	1. Risk of business failure
2. The campaign is not only for funding but also a marketing tool	2. There is a risk of fraud or fraud from the campaign
3. Open new job opportunities	3. There are still many unregistered Islamic companies
4. Indonesia's population, which is primarily Muslim	4. Islamic fintech regulations that are still separate from OJK and MUI
5. Increasing internet users	

Source : Abdullah & Susamto, (2019)

From the SWOT results made by Abdullah & Susamto (2019), it is known that despite the strengths and opportunities possessed, several things need to be considered, namely the scheme that is still not known by the wider community, and one of the main problems is the lack of human resources, especially in the field of digital marketing and big data management in this industry Islamic, (2018).

Still, in line with SWOT Abdullah & Susamto (2019), it was mentioned that compared to conventional crowdfunding, people are still unfamiliar with Islamic crowdfunding or Islamic-based crowdfunding. Where Islamic crowdfunding is considered complicated, and some misinterpret that Islamic crowdfunding is only intended for Muslims. Whereas Islamic crowdfunding is intended by the general public from all walks of life, what distinguishes it from conventional is the principle used, namely Islamic principles (Faudzi *et al.*, 2021).

Discussion

Rapid technological growth offers a new scheme, namely Islamic crowdfunding. Islamic crowdfunding was created to package conventional crowdfunding schemes with Islamic principles. Islamic principles are intended to avoid usury and provide transaction clarity that protects both the giver and the fundraiser. Although still a little in Indonesia. However, the growth trend of Islamic-based crowdfunding service providers still shows positive numbers.

The development of Islamic crowdfunding in Indonesia has several opportunities and challenges, including demand, production, and market factors and regulations. In terms of demand and market aspects, Indonesia's opportunities in Islamic crowdfunding lie in the high growth of the number of Muslims at the national and global levels, the growing growth of digital transactions and the Islamic fintech industry, and the expansion of the sector. In terms of production factors, the opportunity for

developing Islamic crowdfunding is on the capital side. Investment for digital startups is constantly increasing, and there is interest from foreign investors in national digital startups, the telecommunications infrastructure side whose condition continues to improve. Then on the human resources side, the level of ICT graduates in Indonesia is relatively high, and new types of jobs continue to develop. The challenges in terms of aspects and market demand include the current lack of digital economy capabilities in responding to demand and the market, the inequality of exposure to digital technology between regions, primarily urban and rural areas, and the lack of literacy of halal products and halal branding. The biggest challenge is that government regulations have not accommodated Islamic crowdfunding, and regulations from various institutions are deemed less harmonious and not well coordinated. Other challenges in terms of regulation include regulations related to consumer protection in the digital sector which are still lacking, and there are cybercrime and cyberattack issues that have not been resolved.

Regarding regulation and support regarding Islamic crowdfunding, the Indonesian government has not paid enough attention to the potential and issued regulations to develop this sector. Currently, there is only a regulation from the Financial Services Authority/*Otoritas Jasa Keuangan* POJK Number 77/POKL.01/2016 concerning Information Technology-Based Borrowing-Lending Services and POJK Number 13/POJK.02/2018 concerning Digital Financial Innovation in the Financial Sector as the legal umbrella. Moreover, the Fatwa of the National Islamic Council of the Indonesian Ulama Council/*Dewan Syariah Nasional Majelis Ulama Indonesia* (DSN MUI) Number 117/2018 concerning Information Technology-Based Financing Services Based on Islamic Principles.

In order to support the Indonesian Islamic Economic Masterplan (MEKSI), Indonesia Islamic Crowdfunding as an alternative to Islamic funding can carry out several strategies and activities. There are three steps suggested as a strategy for the development of Islamic Crowdfunding in Indonesia, namely by encouraging digital Islamic economic literacy, especially regarding Islamic crowdfunding to prepare human resources who are literate in the Islamic digital economy, encouraging digital transformation for MSMEs to strengthen national High-Value Customers (HVC), encouraging development and innovation of Islamic Crowdfunding infrastructure to support the development of HVC through the development of the digital economy, and support the strengthening of Islamic-compliant finance, regulation, and ecosystem in Islamic Crowdfunding.

Of the three strategies that have been mentioned, there are at least two primary programs that become priorities in the Master Plan for the Indonesian Islamic Economy (MEKSI) as follows.

1. Providing Islamic crowdfunding guidelines and Islamic compliance guidelines that the public can access

Increasing the business scale and benefits of Islamic crowdfunding requires guidelines for determining the halal standards of a product (goods/services) and transactions/financing models that are Islamic-compliant. This guide can discuss various things, ranging from digital product qualifications and company characteristics to business funding according to Islamic Islamic. These digital business guidelines and Islamic compliance guidelines will motivate business actors to produce products by Islamic values.

2. Improving digital literacy and halal value chain for Islamic crowdfunding players through exhibitions, competitions, and forums in potential areas

To develop the halal industry through Islamic crowdfunding, business actors need to have digital literacy, especially to access Islamic crowdfunding as an alternative source of financing and as a place to expand the market. Efforts to increase digital literacy can be carried out through collaboration with digital literacy programs by the Ministry of Communication and Information and other relevant policymakers. In addition, as a form of further support for developing the Islamic Crowdfunding business, industry players can be provided with mentoring, coaching, and business incubation facilities.

5. Conclusion

As financial technology, crowdfunding has a positive trend in Indonesia. One type of crowdfunding that needs attention and can be considered is Islamic-based crowdfunding. Indonesia, which has a majority Muslim population and the economy relies on MSMEs, makes Islamic-based crowdfunding have great potential to grow. The government is serious about accelerating the growth of the Islamic economic ecosystem through the Indonesian Islamic Economic Masterplan (MEKSI) by the National Islamic Finance Committee (KNKS). It is aimed to improve and expand the banking industry, capital market, non-bank Islamic finance industry, and social funds or crowdfunding. However, apart from the opportunities and efforts made for the growth of Islamic fintech in Indonesia, several challenges must be overcome: the lack of financial literacy, both conventional and Islamic, strengthening regulations to avoid fraud and human resources that must be developed.

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