
Legal And Shariah Framework of Crowdfunding in Batling Covid-19: Some Observation in Indonesia

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Abstract

Crowdfunding provides a group with an alternative investment option. Its existence makes it simple for people in an organisation who have limited funds. Especially for those who have been afflicted by the COVID 19 pandemic. Crowdfunding can be an alternative financing method for Indonesian small and medium-sized businesses. The purpose of this study is to investigate the legal and Shariah framework for crowdfunding in Indonesia. This paper also investigates how Crowdfunding can benefit the Micro, Small, and Medium Enterprises (MSMEs) sectors during Covid-19 in Indonesia. The report employs qualitative legal research as its methodology. A descriptive and analytical process is used to analyse the data. This paper found that Crowdfunding benefits the MSMEs sector during the Covid-19 period. Some models of crowdfunding are based on the Shariah principles of wakaf, zakat, waqf, and sadaqah. There is no clear law governing online crowdfunding. Online crowdfunding is also vulnerable to fraud, hijacking, and illegal activity. As such, it is critical to improve Indonesia's legal and regulatory framework for crowdfunding activities.

Keyword: Legal Framework, Crowdfunding, Micro, Small, and Medium Enterprises, Covid 19, Indonesia

BACKGROUND

Islamic finance has been developed in many jurisdictions (Mohd Zakhiri, 2012). The coronavirus pandemic is not only a health disaster, but it also has an economic impact. The micro, small, and medium-sized enterprises (MSMEs) are the business sector that has suffered the most from the coronavirus pandemic (COVID-19). In contrast to the 1998 crisis, MSMEs were heroes in reviving the national economy at the time. When Indonesia faced a monetary crisis in 1998, MSMEs acted as a buffer for the national economy. (Arif Budimanta, 2020)

Financial technology (Fintech) is one approach to empowering small and medium-sized businesses. According to the study, Covid-19 has caused Indonesia's economic growth to fall by 0.1 percent in 2020 (CEMSED, 2020). According to reports, there were 37,000 MSMEs entrepreneurs reported to the Ministry of Cooperatives and MSMEs affected by the Covid-19 outbreak (Ministry of Cooperatives and MSMEs, 2020). According to this data, 56 percent of MSMEs reported a drop in sales, 22 percent admitted to having capital issues, 15 percent said distribution was hampered, and 4 percent reported problems. (Ministry of Cooperatives and MSMEs, 2020). Trade and services, particularly fashion, culinary, and transportation services, are among the MSMEs most impacted by the spread of the COVID-19 pandemic. Furthermore, the government urged people to maintain social distances. (Yusuf Imam Santoso, 2020).

In an uncertain economic environment like today's, MSMEs must act as a buffer for the national economy. MSMEs tend to be a cornerstone of the domestic economy's growth in this financial situation. The sustainability of MSMEs is an important goal in order to be saved from the effects of the Coronavirus pandemic. In the midst of a crisis, the role of MSMEs is critical enough to keep the real sector afloat. MSMEs must continue to exist in order to manufacture, participate, and avoid job losses.

MSMEs are critical to the survival of the Indonesian economy because they create jobs for the Indonesian workforce.(Riska Rahman, 2020)

The health of MSME entrepreneurs' cash flow is a source of concern. They are having difficulty paying employee fees and salaries. In the end, many UMKM actors were forced to sign work contracts. Meanwhile, small and medium-sized businesses face supply constraints as a result of distribution disruptions caused by the Covid-19 pandemic. Furthermore, the deterioration in demand confirms the survival of domestic small and medium-sized businesses. The government must have capital-friendly legal instruments for small and medium-sized businesses(Petir Garda Bhwana,2020).

So far, MSMEs have had difficulty obtaining funding from banks. This is due to the difficulties that MSMEs face in meeting the creditworthiness standards of traditional lending institutions. Creditworthiness refers to the requirements for receiving credit from a bank (Database,2020).

In general, MSMEs' assets are insufficient to serve as bank collateral, subjecting them to high interest rates. Despite the fact that the Indonesian government already has Small and Micro Business Credit (K.U.R.), it still makes it difficult for MSMEs due to insufficient collateral. Medium-sized businesses have a better chance of having K.U.R.(Arin Ramadhiani Soleha, 2020)

Fintech lending is one way for MSMEs to get access to capital. Crowdfunding, or collective fundraising, is a fintech product that provides solutions to economic difficulties. Capital and collateral, in particular, to build and develop a business (Anisah Novitarani, 2020).

Crowdfunding is intended for those who want to grow a business but are constrained by limited resources, rapid technological advancements, and easy access to data. Exchanges and transfers of internet data allow crowdfunding platforms to grow more quickly and gain public acceptance. Crowdfunding must be a source of funding for the MSMEs sector in order for them to grow and develop their market.(Mesut Piskin, 2019).

Crowdfunding is a method of raising funds for a large number of investors through the use of an Internet platform and small contributions (Bradford, 2012). Crowdfunding has emerged as an alternative source of funding for various projects and is gradually gaining popularity. What appears to be a trend at first, followed only by cash-strapped start-ups? This mechanism, for example, is one of the sources of alternative financing to assist them in pursuing pre-start capital (Mokhtarrudin, Mahsurah&Muhamad, 2017).

Although Fintech, as previously mentioned, or Crowdfunding, has many benefits, there are risks. There are frequently unauthorised Fintechs, and personal data storage is confiscated for unauthorised access. Not all MSMEs, particularly those with limited knowledge, understand how to use technology-based financial services (Suryanto, 2020). Some start-ups offer a high-profit lure that turns out to be a scam in the end. In general, the services provided by these businesses rely on traditional financing while channeling loans with higher interest rates. Furthermore, the rise of unregistered or illegal Fintech will trap small and medium-sized businesses in a debt spiral, volatility, and high interest rates.

Indonesian Crowdfunding Legal Framework

Crowdfunding first appeared in Indonesia in 2012, with Wujudkan.com, an award-winning crowdfunding company in the creative industry. Gandenggangan.com, a debt-based crowdfunding company, and Ayobeduli.com, a donation-based crowdfunding company (Nugroho&Rachmaniyah, 2019). The Indonesian Financial Technology Regulation continues to refer to the Indonesian Civil Code (Burgerlijk Weboek), Law No 19 of 2016 amending Law No 11 of 2008 on information and electronic transactions, Bank Indonesia Law No 23 of 1999, and the Financial Services Authority Law No 21 of 2011.

In Indonesia, two separate state agencies, Bank Indonesia and the Financial Services Authority, regulate and supervise fintech businesses (O.J.K.). Bank Indonesia is in charge of regulating and supervising payment system and financial services technology (SP-Tekfin). O.J.K. is in charge of handling and managing fintech operations outside of monetary and payment systems. O.J.K. is a self-governing entity with extensive regulatory authority and oversight of financial services (Santi et al., 2017). O.J.K. currently only regulates Crowdfunding, which promises benefits under Financial Services Authority (POJK) Regulation No.37/POJK-04/2018 on Fund Donation Services via Share Offers Based on Information Technology. Non-investment crowdfunding is governed by Fundraising or Products Law No. 9 of 1961.

The Development of Shariah Crowdfunding in Indonesia

Fintech involvement in the form of Shariah-compliant crowdfunding will increase financing in Islamic banking. The Shariah crowdfunding principle must be guided by the al-Quran and al-Sunnah. This idea is included in Fatwa Number 117 / DSN-MUI / II / 2018 issued by the National Shariah Council-Indonesian Ulema Council (DSN-MUI). Shariah crowdfunding, as defined by the DSN-MUI Fatwa, must be conducted in accordance with Islamic law. Compliance with Shariah will determine the suitability of Shariah in terms of crowdfunding Shariah, which must be free of maysir (uncertainty), gharar (gambling), riba (interest), and wrongdoing. The National Shariah Council must monitor legal issues relating to Shariah crowdfunding activities in accordance with Shariah. As a result, individuals should not be hesitant to invest through the Shariah crowdfunding site.

When it comes to implementing Crowdfunding, the most common issue is one of legality. Many contract violations will disadvantage the entrepreneur as a debtor due to the lack of Islamic Crowdfunding regulation. Many online companies have been granted permission by the Ministry of Cooperatives, but their partner banks refuse to cooperate because they have not obtained OJK's consent.

As a result, studying maqasid Shariah crowdfunding transactions is critical for MSMEs to keep up with technological developments. It is expected that S.M.E.s will be able to select appropriate institutions. To avoid damage that could jeopardise their business. Based on the aforementioned phenomena, this study addresses MSMEs in dealing with the effects of Covid-19.

LITERATURE REVIEW

Crowdfunding is an alternative method of funding a project that relies on small donations from a large number of people, most of whom are members of the general public. The lack of regulating legislation limits Islamic Crowdfunding's enormous potential in Asia and the Middle East. The principle that is frequently encountered when introducing Crowdfunding is that of legality. According to Firdaus Djaelani, while the Ministry of Cooperatives has approved several online businesses, their partner banks are unwilling to cooperate because they have not obtained OJK approval (Indotelko,2020).

The crowdfunding start-up market is currently over-growing, even before developments related to equity crowdfunding emerge. The startup published draught regulations concerning public funds raised from an information technology-based stock sale via equity crowdfunding). Equity crowdfunding is a stock offering service provided by the issuer in which shares are sold directly to investors via an electronic system via the internet. Such developments could provide an alternative source of funding for small businesses or finance start-ups. The group will give the company money in exchange for ownership shares. (Mehmet Asutay, Sheheb Mahzan,2020).

The Shariah scheme is gradually opening up Islamic banking opportunities to collect and invest funds through Crowdfunding. In this sense, because Islamic banking products will rely on them to grow, the funds raised through Crowdfunding must be free of exploitation. Furthermore, the government must use Islamic law crowdfunding mechanisms, and Shariah law must be used to avoid the elements of riba, gharar, and maysir.(Ahmad Muroqobin, Yunita Wulandari, 2017).

Crowdfunding is a popular alternative form of business funding around the world. Crowdfunding funds rolling businesses or joint ventures. Crowd-funding enables a business initiative or social cause fundraising to be carried out through tens or even hundreds of collaborative projects. Crowdfunding typically appears on a website forum where project owners meet with public funds. The project owner would then offer a reciprocity good or service (Anisah,2018)

The Financial Services Authority (O.J.K.) has so far classified crowdfunding into several categories, namely:

1. Donation-based or crowd-sourced fundraising.

Donation fundraising is a form of reward, with donors receiving individual prizes based on their contributions. Crowdfunding of this nature has traditionally been practised in Indonesia.

2. Crowdfunding based on loans.

The funds submitted in this framework are loans from the government that regulates repaid with clear plans.

3. **Equity-based Crowdfunding** is a public scheme fund that is compensated in the form of a percentage of project shares owned (Ramadhani and Irma Tripalupi, 2019).

The parties in Islamic Crowdfunding are split into four, namely:

1. Project promoters, initiators/project proponents can be individuals, groups, or corporations.
2. Community investors, who can be individuals or organisations, are potential funders.
3. Crowdfunding managers are another term for platform organisers.
4. Shariah Council, where the Shariah Board in Indonesia consists of DSN-MUI and D.P.S.The number 222.

Crowdfunding is an idea and its implementation of Shariah law in Indonesia must be guided by the al-Qur'an and al-Sunnah. Islamic law must meet several conditions, the most important of which is that economic transactions in Islam must be based on real industrial wheels, rather than transactions prohibited by Islamic Crowdfunding. Shariah crowdfunding can be seen as Shariah compliance with the definition of from the perspective of Shariah enforcement. The al-Quran and the al-Sunnah want to direct the application of Shariah crowdfunding principles; it must be free of *riba*, *gharar*, and *maysir*. The matter was discussed in accordance with DSN MUI Fatwa Number 117 / DSN-MUI / II2018 on Shariah-based Information Technology Funding Services.

DISCUSSIONS AND ANALYSIS

COVID-19's impact on Indonesian SMEs According to one study, Covid-19 would reduce Indonesia's percentage of economic growth by 0.1 percent in 2020. 2020 (Ministry of SMSEs and Cooperation). The following are the actual effects of Covid-19 on Indonesia's S.M.E. market.

(a). The decrease in the activity of buying and selling.

To prevent the Coronavirus from spreading further, the government used social distancing, which reduced the community's trading practises. According to Mukroni, the head of the Nusantara Warteg

Group (Kowantara), the Coronavirus reduced the turnover of warteg (food street entrepreneurs) in Indonesia, particularly Jabodetabek, by 50% (The Kompas, 2020)

(b). Difficult for raw materials to search

The Indonesian government's social distancing strategy reduced production activities. Some businesses implement a Work From Home policy, while others prefer to lay off their employees in mass layoffs.

According to the most recent data from Jakarta, as many as 30,137 employees confirmed having lost their jobs as a result of mass layoffs. In contrast, 132,2799 other workers lost their income as a result of being sent home without pay. (Office of Manpower, Transmigration, and Energy, 2020).

The domino effect of layoffs and laid-off workers has brought production capability to an all-time low. Whether you like it or not, this situation has contributed to a lack of raw materials for domestic production or excessive price increases.

The S.M.E. sector for cake and bread makers, for example, is perplexed by rising egg and sugar prices. As a result, the selling price of the commodity was raised. Given the current state of people's purchasing power, this option is regarded as risky (Yusuf Imam Santoso, 2020).

(c) Chain of Distribution and Supply

The Government of Indonesia continues to strive to maximise distribution channels in Indonesia through significant infrastructure development. The project has been in the works since President Joko Widodo took office for the first time in his first term. The results are significant: delivery networks are faster, the government is reducing price differences, and the people's economy is speeding up. But now, everything that Covid-19 has destroyed has been restored. According to data from the Indonesian Toll Road Association, the average daily traffic (LHR) of all toll roads in Indonesia has decreased by 40-60% since early March 2020. (A.T.I.). The severe decline occurred in the Jakarta area. If the number of passing vehicles reached 3,19 million in February, only 1,06 million remained at the end of March. This condition is expected to persist during the Coronavirus pandemic. It is extremely detrimental to MSMEs. Distribution activities will be halted by business players. Entrepreneurs, particularly small and medium-sized businesses that have expanded their market scope beyond the region or even across the islands, are unable to export their goods. (Soleha, Arin Ramadhiani, 2020).

Crowdfunding Model for S.M.E.s in Indonesia

Crowdfunding is one of the financial technology investment sites. It is made up of four parts: an invoice, a financial consultant, an aggregator, and an investor (Zaki Abdullah, 2019). Crowdfunding is a participatory online activity in which individuals, institutions, non-profit organisations, or businesses propose to other groups of individuals through flexible communication. They each perform a voluntary task and benefit from each other's efforts. They make use of their respective talents, tools, knowledge, and experience (Arolas and de-Guevara, 2012).

Crowdfunding has been around since 2003, and the concept of a crowdfunding system is not a new one (Freedman and Nutting, 2015). It is necessary to demonstrate the acquisition of capital, concepts, reviews, and simple transaction activity solutions to the 'crowd' or the broader community. 2014 (Belleflamme et al.). Crowdfunding is a modern term for raising funds from a group of people interested in the economy from various backgrounds who want to help each other based on their specific needs and requirements. As a result, Crowdfunding is a global group fundraising technique that employs an internet social network business.

Donation-based Crowdfunding is the first funding model. The initial method of crowdfunding operation collects donation funds for social needs such as building schools and purchasing orphanages for riding restoration, disaster relief, and so on. The donation is derived from zakat payments, endowment fees, and so on (Arifin,2020).

People who willingly invest funds are referred to as contributors because they receive no return on their investment. Many websites in Indonesia host this donation-based crowdfunding programme, including kitabisa.com, wujudkan.com, and ayopeduli.com.

Product-based funds will be the next generation of crowdfunding services. Crowdfunding is also considered a reward. The depositor, or the person who spends the money, will not return the deposited funds. Otherwise, they will receive a gift or other reward in the form of one-of-a-kind and unusual services or privileges. The prize structure and amount are determined by the capital or share of the pay-up. This funding is used to support capital, such as creative industry start-ups, such as Indiegogo.com and kickstarter.com.

The final type of crowdfunding service is investment-based. There are two types of investment models: loan/financing-based and equity/ownership-based. Capital depositors are referred to as investors in this service because they can gain the return or profit-sharing offered by those who apply for a funding campaign through the crowdfunding platform within a specified time frame. Minimum investment levels range from IDR 50,000 to IDR 1,000,000, with varying risk and return levels. According to Dewi (2018), Indonesian citizens have a strong desire to invest in peer-to-peer fintech loans. In Indonesia, the Financial Services Authority (O.J.K.) has already approved a few Islamic crowdfunding platforms. There are several distinctions between Islamic and traditional crowdfunding services in their agreement. The Shariah Supervisory Board of the MUI oversees the Shariah-based transaction (D.P.S.). D.P.S. must make certain that maysir (speculation), gharar (uncertainty), and riba are not included (usury). In some areas, Islamic Cooperatives and Baitul Mal are also associates owned by Islamic crowdfunding business services. Any aspects of monitoring and assistance are also carried out in accordance with Shariah.

The Development of Islamic Crowdfunding in Indonesia

A crowdfunding movement in Indonesia discovered unique projects in a variety of ways. The Corruption Eradication Commission filed a "Coin for Prieta" lawsuit in 2009. (K.P.K.). However, the financial digitalization phenomenon is gaining traction. Donating to each social institution's online site was suggested by online sites. Meanwhile, in order to collect funds, social institutions frequently enlist the help of experts. This expert could be a person or group who can raise funds from large groups of people. Some individuals or organisations create endowments through crowdfunding service websites. The crowdfunding platform for business facilities is designed to raise funds for social events.

From 144 official fintech lending firms, thirteen types of fintech companies tend to use sharia values until October 2019. (Zaki,2019). The company is already on O.J.K. and provides investment crowdfunding services. Some organisations also offer fundraising services for charitable causes such as zakat, infaq, and waqf. The traditional form of company is managed by the other Fintech financing firms. They do, however, offer Shariah-compliant fundraising services, such as Gandengtangan.co.id.

Only a few of the 144 companies listed above were Shariah-compliant Fintech firms. The Islamic crowdfunding company, on the other hand, is managed by other firms and has not yet been formally registered and monitored by O.J.K. (Zaki, 2019)

Peer-to-peer lending channels are defined in Financial Services Authority (POJK) Regulation No. 77 on Information Technology-based Money Lend and Borrow Services issued in 2016. However, no specific legislation governing Shariah-based investment crowdfunding has yet to be established. Shariah-based finance includes Shariah-compliant rules for fund services. This legislation protects

D.P.S. regulations in fund collection services, Shariah compliance principles, contract processes, and standard operating procedures (S.O.P.s). (Nadirsyah Hosen, 2017)

The equity-based crowdfunding regulations (POJK No. 37 of 2018) address equity-based Crowdfunding by information and technology services. This legislation, like the one that governs peer-to-peer lending, does not yet govern Islamic stock offerings or the requirements for companies to be included on the list of stock offerings. Of course, in order to open up markets for people interested in Islamic finance, this must be addressed right away. This equity-based financial service is still provided by only one fintech firm, Santara. Id., Id., Id., Id., Id., I (Ramadhani Irma, 2019).

MUI issued Fatwa No.117 of 2018 on Information Technology Related Finance Services Based on Shariah Principles in such a legal vacuum. It states that fintech implementation must not conflict with Shariah principles, such as contracts, products, or services, in order to avoid maysir, gharar, riba, and haram elements. According to this fatwa, the arrangement used in Islamic Fintech to finance business actors also adheres to musharakah and mudharabah contracts. This legislation aims to expand Indonesia's Islamic fintech technology. Fintech companies that want to raise funds through Islamic crowdfunding should go through the O.J.K. and apply for MUI certification. (Anisah, 2020)

A start-up company can also use an equity-based crowdfunding platform like Santara. Id, which provides this service. However, none of the start-ups have offered shares via the official Islamic crowdfunding site, and there isn't even a start-up offering Islamic funding of this type. Traditional fintech firms are also receiving funding from Indonesian start-ups. (Zaki, 2020)

The application process for funding on the crowdfunding service platform is relatively simple. Only assurances provided by service partners are required, followed by due diligence and campaign processes. However, the service's reach remains limited. Only Jakarta, Bogor, Depok, Tangerang, and Bekasi are served by Gandengtanganco. Identifier (Jabodetabek). Meanwhile, Id has not yet reached the entirety of Java. Danasyariah.id has fewer on-site campaigns than other sites (always less than five movements). (Anisah 2020).

Shariah Crowd-funding Implementation and Risk in Indonesia

To clarify Article 7 paragraph (2) letter (d) of O.J.K. Regulation, No 24 of 2015 concerning B.U.S. and U.U.S. products and activities, the definition of 'adequate operational readiness' shall include information technology readiness, human resources, policy, and regulatory compliance (S.O.P.) (Nadirsyah Hosen, 2017)

BNI Syariah's Hasanah Waqf product is Islamic Crowdfunding, which already has S.O.P.s to create Islamic bank products. The BNI Syariah Hashanah endowment funds are collected using a Crowdfunding system that is easily accessible via the internet. People who want to endow their wealth can do so by selecting a Nazir (waqf manager) for the project on the Hasanah Waqf website. Hasanah Waqf is a fundraising project launched by BNI Syariah to promote the group of members. The funds raised would then be allocated to constructive activities, such as commercial towers, hospitals, and educational institutions. Five Waqf or Nazir management institutions have collaborated with BNI Syariah, the Dompot Dhuafa Foundation, the Rumah Zakat Foundation, the Global Waqf, the Al-Azhar Islamic Boarding School Foundation, and the Indonesian Waqf Board. BNI Syariah provides digital services to assist the community in making the representation that allows prospective endowments or waqif providers to distribute waqf anytime and anywhere via gadgets or smartphones based on waqif preferences. Crowdfunding methodology is used to raise funds for clients in a more traditional manner (Zaki, 2020).

There are various threats to the ease of use provided by the Islamic crowdfunding technique that may result in legal issues in Indonesia. The risk of fraud in the form of cybercrime will lead to money laundering crimes and the risk of cyberattacks. Various Shariah-related risks that crowdfunding

practitioners face can result in legal issues or are commonly referred to as legal issues. Many legal issues are involved in the implementation of Islamic Crowdfunding, including:

(a) Cybercrime Offenses

The growth of the internet has had several positive effects in various fields, one of which is the industrial sector. Islamic crowd-funding began in this manner, allowing for fundraising via the internet. However, the internet, like a coin with two sides, frequently has an opposing hand in addition to having a positive effect. Cybercrime refers to crimes that have a negative impact on internet growth. Cybercrime refers to the use of computer networks for high-tech criminal and illegal purposes, which takes advantage of the ease of digital technology.

(b) Money laundering

Money laundering, money laundering, or money laundering are all practises that meet the elements of a criminal offence under Law No. 8 of 2010 on the Prevention and Eradication of Money Laundering Crimes. If there is no fatwa, financial goods, such as Islamic Crowdfunding, must first be assessed by DSN-MUI. To make a product worthy of being branded with Shariah and halal stamps, DSN-MUI has two criteria: syar'i and qannan. Syar'i refers to everything that falls under the purview of Indonesian Shariah and DSN-MUI fatwas. The second requirement is qannan, which refers to anything used in Indonesia in accordance with other regulations (positive law).

In reality, Indves.com, one of Indonesia's Shariah crowdfunding sites, encountered difficulties. Internal constraints for indves.com include technical and strategic dimensions. External barriers are posed by the immature Islamic economic market, which necessitates education. The majority of Indonesians appear to be afraid of investing as well. They are more likely to support rather than spend on deposits. The deposits are visible because approximately 60 million Indonesians have a savings account as of January 2017. There are only 3.8 million of them in the form of a bank account.

Indves.com, one of Indonesia's Shariah crowdfunding websites, encountered difficulties. The internal constraints that indves.com faces are technological and strategic in nature. The immature Islamic economic market, which requires education, is an external impediment. The majority of Indonesians appear to be apprehensive about investing. They would rather invest in deposits than spend them. The stakes are evident from the fact that approximately 60 million Indonesians had a savings account as of January 2017. Only 3.8 million of them exist in the form of a bank account. As such, it is a duty for regulator to enhance the Islamic economy system (Mohd Zakhiri, 2017).

Conclusion

Despite the fact that Islamic Fintech companies that provide crowdfunding services are still small in comparison to conventional Fintech, Islamic Fintech has excellent potential in Indonesia due to the Muslim majority population. Crowdfunding services provided by Islamic fintech companies can increase MSMEs' capacity for direct financing. People can select which business fields to invest in at a lower cost and with a higher return rate than the banking sector. Islamic Fintech crowdfunding services can work with regional partners to reduce fraud and the risk of business failure. However, not every funding campaign was a success. Campaign success is influenced by funding goals, campaign duration, payback periods, and return rate. The minimum investment amount has a negative impact, indicating that the minimum expenditure in the Islamic crowdfunding service is already adequate. The growing number of Islamic Fintech companies in Indonesia can be seen by an Internet user as a sign of the potential for Islamic Fintech. Because Islamic Fintech and the halal sector are inextricably linked, the prospect can help the halal industry grow in Indonesia. Islamic Fintech, in addition to being an alternative financing facility for the halal industry, can also be a digital marketing tool for halal MSMEs. Crowdfunding helps the S.M.E. sector in Indonesia. There is no specific law governing online Crowdfunding in the Shariah concept of zakat, waqf, and sodoqah. Crowdfunding online is vulnerable

to online fraud, hijacking, and illegal activity. As a result, Indonesia's legal and regulatory framework for crowdfunding activities should be strengthened.

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