

Achieving Wealth Preservation via Islamic Crowdfunding: An Analysis from Maqasidic View

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Abstract

Crowdfunding, a modern scheme of raising funds via online platforms, has garnered significant attention recently. This study explores crowdfunding through the lens of Islamic jurisprudence, explicitly examining its compatibility with Maqasid al-Shariah (the high objectives of Islamic law). This study uses a qualitative research approach to explore the harmonious alignment of crowdfunding practices with Islamic principles. The findings illuminate that, despite its modern guise, crowdfunding is profoundly rooted in Islamic traditions, bolstered by diverse interpretations of the Quran and foundational Islamic beliefs. Remarkably, the study affirms that crowdfunding resonates with the essence of Maqasid al-Shariah, especially in its remarkable potential to preserve and enhance wealth (Māl). This study offers a Maqasid al-Shariah analysis of Islamic crowdfunding and shows how specific crowdfunding structures can act as practical instruments for preserving and redistributing wealth (Māl) in contemporary Muslim economies. By mapping crowdfunding structures to maqasid goals, the paper provides policymakers and Islamic institutions practical criteria for designing platforms and rules that expand



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access to capital, protect wealth, and keep transactions Shariah-compliant. The study contributes to the literature on Islamic finance and fintech by linking doctrinal analysis to policy and product design at the interface of faith and financial technology.

Keywords: *Crowdfunding, Islamic Crowdfunding, Maqasid al-Shariah, Islamic Finance, Fintech, Qualitative Research*

INTRODUCTION

Crowdfunding is a method of acquiring financial resources by soliciting modest contributions from a large number of individuals, rather than seeking substantial investments from a select group of knowledgeable investors (Belleflamme *et al.*, 2014). Pooling payments from various donors is a common practice facilitated by the Internet, as observed by Short *et al.* (2017). This process typically occurs without the involvement of conventional financial intermediaries, as highlighted by Mollick (2014). This trend emerged as a consequence of the implementation of crowdsourcing concepts in raising funds methods, leading to the development of novel community-driven financing avenues for various types of initiatives, such as enterprise, charitable, social, political, ecological and creative thinking endeavours, among others.

Broadly speaking, the phrase “crowdfunding” serves as a generic term that incorporates a diverse array of crowdfunding methods. At the most fundamental level, these kinds of structures can be distinguished based on their fundamental reasoning, which can be classified into two categories: facilitating investments or non-investment financing. Modern crowdsourcing, equity, motivation, and the contribution of crowdfunding have been recognised as fundamental models in both academic research and practical applications (Belleflamme *et al.*, 2014; Mollick, 2014). The initial two

models encompass the prevailing profit-making sorts, while the subsequent two categories encompass the prevailing nonprofit sorts.

It is challenging to pinpoint the precise number of crowdfunding platforms globally due to the constant changes in the landscape and the lack of real-time data updates. Nevertheless, analyses from previous years indicate that the number of these platforms is in the thousands. For instance, a report from 2015 highlighted over 1,300 distinct crowdfunding platforms in existence at that time ([Mohd Thas Thaker & Pitchay, 2018](#)). More recently, studies on Europe alone, revealing the presence of more than 300 active platforms ([Farè & Vismara, 2025](#); [Luft & Weinert, 2021](#)). These figures demonstrate the rapid growth and increasing diversity of the crowdfunding market, showcasing its dynamic nature and the expanding opportunities for entrepreneurs and creators seeking funding. However, Malaysia is not excluded from recognising the importance of crowdfunding, and its significance is clearly shown by a number of platforms in Malaysia, such as PitchIN, MyStartr, MDeC, and Ethis Kapital. Besides that, Malaysia is the first country in ASEAN to introduce a regulatory framework to facilitate equity crowdfunding and P2P financing that is regulated by the Securities Commission. Currently, there are ten equity crowdfunding (ECF) platforms registered with the Security Commission. Since its inception, the ECF platform has played a crucial role in raising RM560.4 million of funds for 305 issuers via 330 campaigns, as of December 2022 ([Capital Markets Malaysia, 2024](#)).

Therefore, the crowdfunding literature has significantly grown within the last few years, as illustrated by the growing interest in this topic ([Al-Daihani et al., 2025](#); [Belavina et al., 2020](#)). Literature on crowdfunding and Islamic finance has already concentrated largely on platform design, regulatory adherence, and the Shariah rulings on the individual contracts. Although there is a direct economic incentive, more detailed analysis of the context based on the Islamic perspective

is required. Not many analyses have been conducted on crowdfunding using the normative objectives of Islamic law and even fewer have connected the objectives to the tangible wealth preservation mechanisms. Most people acknowledge the immense benefits of crowdfunding, which surpass the challenges and risks associated with it. However, it's clear that there are legitimate concerns and legal considerations that require attention and resolution. To the best of our knowledge, no studies are available that connect common crowdfunding structures with the objectives of Maqasid al-Shariah, nor works that can use qualitative evidence based in doctrinal texts and the views of stakeholders on how to use crowdfunding to protect and circulate wealth in a manner that conforms to Islamic ethics. Practical elements such as sharing risk, access to micro-capital and access to charitable forms of financing are identified in the analysis and contribute to the congruency of the crowdfunding activity with the principle of protecting *Māl* and broader social goals like economic inclusion.

Thus, the main aim of this article is to consider the idea of crowdfunding and the ecosystem related to it. A definition of crowdfunding through an Islamic perspective is then provided. By highlighting crowdfunding as the means of achieving maqasid objectives, the paper offers policymakers, academic researchers and Islamic banks with a specific platform of access to formulating products and regulations that meet both innovation and shariah compliance.

LITERATURE REVIEW

The Definition of Crowdfunding

There are several definitions related to the concept of crowdfunding. According to the Cambridge Dictionary (2025), crowdfunding is described as the practice of getting a large number of

people to each give small amounts of money in order to provide the finance for a project, typically using the internet. In the same way, Schwienbacher & Larralde (2012) have defined crowdfunding as:

“An open call, primarily conducted via the Internet, seeks financial resources either as donations or in exchange for rewards and voting rights to support specific initiatives.”

A counselling team aimed at helping those in need defined crowdfunding as “a method of financing whereby small amounts of funds are raised from large numbers of individuals or legal entities to fund businesses, specific projects, individual consumption, or other needs.” Crowdfunding bypasses traditional financial intermediaries and connects fund users with retail funders through online web-based platforms.

Given the above definitions of crowdfunding, some differences can be seen, but they all have a few crucial elements; these can be summarised in the following points:

1. Crowdfunding involves the acquisition of small sums of money from a diverse range of sources, primarily non-professional investors.
2. financing entrepreneurs or selected projects.
3. This process utilises an online network that connects businesses with investors.

In summary, World Bank points out that crowdfunding functions as a platform that enables three key entities to collaborate: the project owner or entrepreneur seeking financial support, the investor, who is part of a group providing sponsorship for the initiative, and the crowdfunding platform, which acts as an intermediary between the initiative operator and the financier (Information for Development Program (infoDev)/The World Bank, 2013).

Crowdfunding Stakeholders

The practice of crowdfunding is based on the “win-win” theory since all players relish diverse reimbursements for their participation in the activity. Shneor *et al.* (2020) identified the 3 key stakeholders in the crowdfunding course: fundraisers, supporters, and the platform.

The Fundraiser

A fundraiser refers to an individual or organisation that initiates a public solicitation aimed at securing financial support for specific projects with defined objectives. Scholars in the field of literature have classified them into categories such as “fundraisers” (Kshetri, 2015; Wang *et al.*, 2018), “creators” (Skirnevskiy *et al.*, 2017), or “campaigners” (Hobbs *et al.*, 2016). The effectiveness of successful fundraisers can be derived not only from the financial resources acquired but also from the market validation outcomes resulting from widespread public endorsement and support. Such results can facilitate the establishment of connections with potential consumers, enabling economical marketing campaigns and providing valuable feedback for informing further product improvement initiatives (Frydrych *et al.*, 2014; Thürndl & Kamleitner, 2016; Wald *et al.*, 2019).

The Backer

A backer, whether an individual or a corporate entity, is defined as someone who offers financial assistance in response to a public declaration aimed at garnering support for project(s) that have a valid objective. The literature commonly refers to this group by various terms. For instance, Bitterl & Schreier (2018) have used the term “backers” to describe this group, whereas Liang *et al.* (2019) have referred to them as “funders”. Additionally, Efrat *et al.* (2019) and Steigenberger (2017) have used the term “supporters” to define this category. In the context of endowment crowdfunding, Bagheri *et al.* (2019) have used the term “donors” to describe this group, whereas in

rewards crowdfunding, Ryu & Kim (2018) have used “sponsors.” Finally, in the context of equity and lending, Ayatakshi-Endow et al. (2022) have referred to this group as “investors.”. Backers enhance the influence of clients by exerting an impact on the advancement of forthcoming market products and their potential demand possibilities. Additionally, their engagement in crowdfunding activities fosters a sense of affiliation towards specific communities (Aulia & Pimada, 2023; Chaney, 2019; Gerber et al., 2012; Steigenberger, 2017).

The Crowdfunding Platform

A crowdfunding platform, according to Shneor & Flåten (2015), is an online tool that links potential donors and fundraisers and permits interactions between them in pre-arranged scenarios. Successful campaigns and fees for ancillary services are how these platforms make money (Belleflamme et al., 2014). Simultaneously, as each campaign proves successful, their reputations increase, making them more desirable as organisers for subsequent fundraising events and engagement patterns. According to Thies et al. (2018), each campaign also helps the platform's user base grow by attracting new fundraisers, enhancing the significance of new members who register to back a particular cause, and turning them into prospective donors of future initiatives.

The Public Authorities

While government agencies may not have direct involvement in every transaction, their influence on the growth of the business and the dynamics between participants in crowdfunding transactions is noteworthy. Specifically, the regulation sets forth the fundamental principles governing different types of crowdfunding by delineating the necessary criteria for adherence that are specifically aimed at safeguarding the interests of consumers and investors. In contrast,

governmental entities possess a vested stake in advancing novel avenues for funding small and medium-sized enterprises within their localities, as their participation facilitates job creation and generates tax revenue. Additionally, they aim to facilitate widespread public participation in various civil, educational, and ecological endeavours that align with government policies and objectives. Research conducted by Kshetri (2015) and Ziegler *et al.* (2020) has revealed a significant positive correlation between the perceived suitability of national crowdfunding regulations and crowdfunding volumes per capita, both on a global scale and within specific regions.

Type of Crowdfunding

There exists a diverse range of crowdsourcing approaches (Pierrakis and Collins, 2013). Investors and business owners typically possess unique benefits inside their respective domains. The classification is ascertained according to the objectives of the projects. The existing body of literature has generally classified four fundamental categories. The following items are included:

Donation Crowdfunding

In this kind of arrangement, individuals contribute funds with the objective of achieving a predetermined fundraising goal for a particular nonprofit endeavour without expecting to receive reciprocal benefits (Pierrakis & Collins, 2013). The aforementioned strategy is widely regarded as a viable choice for social and community fundraising initiatives, medical expenditures, and various forms of philanthropic donations. Platforms such as Indiegogo and Kickstarter are examples of platforms that utilise donation-based crowdsourcing.

Reward Crowdfunding

This notion bears resemblance to a donation-based model, with the distinction that the individual offering monetary support anticipates receiving a form of compensation in return. Individuals contribute to a project or enterprise with the expectation of receiving non-financial compensation in return for their efforts at a later stage. Rewards encompass a range of offerings, including but not limited to product samples and apparel items such as shirts (Mochkabadi & Volkmann, 2020; Vulkan et al., 2016). Examples of crowdfunding platforms include Indiegogo, Kickstarter, and Rockethub (Cameron et al., 2013; Gallemore et al., 2019; Huang et al., 2022; Kesselman & Esquivel, 2019; Thongmak, 2024; Weigmann, 2013).

Debt Crowdfunding

This concept is also known as debt-based crowdsourcing or lending crowdfunding. Many individual investors contribute to a person or commercial in the shape of a loan using the crowdfunding approach. The loan is frequently repaid over time, with interest as an amortising investment (Pierrakis & Collins, 2013). It's comparable to typical bank borrowing, except that instead of one bank, a business borrows from several independent lenders, for example, Zopa, Funding Circle, Lending Club, Prosper, etc.

Equity Crowdfunding

This system, commonly known as "investment crowdfunding", combines elements of peer-to-peer lending and venture capital. Entrepreneurs procure capital for their enterprises. The process involves issuing company shares to external investors (Mochkabadi & Volkmann, 2020; Vulkan et al., 2016). Consequently, the investor assumes the role of a shareholder within the organisation. Entrepreneurs commonly employ the delegation of certain managerial responsibilities to shareholders during the start-up phase, primarily to

secure financial resources ([Zhao, 2019](#)). CrowdCube and Seedrs are two examples of crowdfunding platforms.

Table 1

Summary of Definitions of Types of Crowdfunding

Types	Definitions
Donation crowdfunding	Individuals donate for charitable purposes without any exchange
Reward crowdfunding	Individuals donate for humanitarian purposes with the expectation of tangible rewards such as T-shirts, albums, etc.
Debt crowdfunding	Individual investors lend money to a entrepreneurs or business. The loan is frequently repaid over time with interest
Equity crowdfunding	Individual investors buy shares from the businesses of entrepreneurs to become shareholders.

Source: Authors' analysis.

Islamic Crowdfunding

Several scholars have suggested that there is a symbiotic relationship between Islamic finance and crowdfunding, as both systems prioritise the equitable distribution of benefits and responsibilities among all participants in financial transactions ([Ishak & Rahman, 2021](#); [Mohsin & Muneeza, 2019](#)). In accordance with the findings of Saiti *et al.* ([2018](#)), the allocation of funds directly within the firm, rather than using traditional banking channels, results in the circulation of capital within the local community, rather than its outflow to a distant central headquarters. Islamic crowdfunding has a discernible influence on economic activity, since it engenders a tangible economic stimulus that accrues advantages to both the entrepreneur and the local economy.

Achsien & Purnamasari ([2016](#)) assert that crowdfunding typically aligns with the goals of Islamic financing. Islamic finance fundamentally adheres to Shariah regulations and is guided by

universal ethical standards and concepts of socially responsible funding. The primary objective of Islamic finance is to ensure equitable distribution of rewards and duties among all parties engaged in a transaction. Likewise, crowdfunding embodies analogous ideas and this approach offers novel potential for advancing Islamic finance. Islamic finance aligns with crowdfunding practices by treating clients as investors and offering them the chance for enhanced profits. Moreover, openness, accountability, reciprocal trust, and responsibility are of paramount importance in both crowdfunding and Islamic financing (Hidayat et al., 2025; Lajis, 2019). As a result, crowdfunding has gained interest in Islamic finance and has been given the specific term “Islamic Crowdfunding (ICF)” to distinguish it from traditional models.

In terms of role and purpose, Islamic crowdfunding appears to be like its traditional counterpart, except that the former must ensure that its operations are acceptable according to Islamic law. This requires not investing in any prohibited projects (Hendratmi et al., 2019). Furthermore, it is imperative to refrain from endorsing illegal drugs, including betting, drinking, pork, and everything else that is prohibited in Islam, within the context of Islamic crowdfunding. The idea also extends to Muslim-owned platforms, whether they have gained official Sharia-compliant support (Shabana, 2021). Additionally, a significant difference between conventional crowdfunding and Islamic crowdfunding is that the former includes riba (interest), whereas the latter explicitly prohibits it (Ishak & Rahman, 2021).

Moreover, Islamic crowdfunding has the potential to reach a wider audience without regional limitations and serves as a crucial instrument for wealth support and mobilisation. As a result, it encourages community involvement in the development of enterprises. This approach has a lot of potential to provide unique

value to the Muslim Ummah. It is worth noting that according to Wahjono *et al.* (2015), 9 out of the 10 followers of the Prophet Muhammad (PBUH) who were assured of attaining paradise were individuals engaged in entrepreneurial activities. Therefore, Islamic crowdfunding can be a vital option to replace any category of modern crowdfunding, as shown in Table 2.

Table 2

The Difference Between Conventional and Islamic Crowdfunding

Types of crowdfunding	Conventional	Islamic contract
Donation-based	Philanthropist	Waqf, zakat, sadaqah and hibah
Reward-based	Materialism	Bay' al-Salam and hibah
Debt-based	Lending based on interest	Murabaha, tawaruq, and ijarah
Equity-based	Angel investors, venture capitalist	Mudharabah and musharakah

Source: Khairuddin & Ishak (2020).

Shariah-compliant crowdfunding platforms function through contracts like Mudarabah (profit-sharing) and Musharakah (joint ventures), enabling individuals to aggregate cash for projects while equitably distributing profits and losses (Achsien & Purnamasari, 2016; Kamaruddin & Ishak, 2020; Ramli *et al.*, 2023). Within Islamic finance, peer to peer (P2P) lending often adheres to the Qard Hasan concept, providing interest-free loans to individuals in need. In this arrangement, lenders furnish capital without anticipating financial returns, while borrowers are required to repay only the principal amount of the loan. This strategy is especially advantageous for small enterprises, entrepreneurs, and people pursuing financial assistance

without succumbing to the pitfalls of interest-bearing loans ([Alonso, 2015](#)). Platforms that provide Qard Hasan loans seek to enhance financial inclusion, particularly for marginalised groups, by delivering ethical financial assistance rooted in mutual aid and communal solidarity.

Equity crowdfunding in Islamic finance is predominantly based on the Musharaka contract. Musharaka denotes a partnership in which individuals, including natural and legal entities, collaborate by providing capital and labour to co-manage and distribute a firm's earnings and losses. From an Islamic finance standpoint, equity-based crowdfunding encompasses essential attributes such as profit and loss sharing, enhanced accessibility for small and medium-sized investors, risk mitigation through diversified investments across various companies in bolstering startups, which subsequently stimulate job creation and economic growth.

In donation crowdfunding, donors contribute to Shariah-compliant non-profit projects and social development initiatives. In contrast, reward crowdfunding involves donors giving money to individuals in exchange for rewards, which can include gifts or the final product from the project owner. Donation-based Islamic crowdfunding (ICF) uses Islamic social finance mechanisms, such as Zakah, Waqf, and Shadaqah, to support crowdfunding activities. These types of wealth have been proposed as drivers of development and entrepreneurship, aimed at helping the needy escape poverty ([Sarif et.al, 2024](#)). Employing the "Bay as-Salam" contract for reward-based ICF allows crowdfunding investors to generate returns. In Indonesia, securities crowdfunding (SCF) is regarded as a new product offering that includes shares and sukuk based on Sharia principles, which can provide unique value ([Majid, 2024](#)).

Several studies pointed out that, as a nascent field, Islamic crowdfunding (ICF) faces several significant challenges hindering its

adoption (Alsmadi *et al.*, 2024; Mohd Thas Thaker, 2018; Saiti *et al.*, 2018). A primary concern is the issue of low Sharia compliance, a critical problem given that adherence to Islamic principles is the core tenet of ICF (Arzam *et al.*, 2023; Sudarwanto *et al.*, 2024). Researchers primarily attribute this challenge to insufficient regulatory support and suboptimal supervision of Sharia governance (Ishak & Rahman, 2021; Sudarwanto *et al.*, 2024). Furthermore, Ishak & Rahman (2021) stated that standard financing instruments, such as Mudarabah (a profit-sharing contract), are not always suitable for equity-based models because of their inherently high-risk nature. These risks include the potential for fraudulent projects and inadequate regulations to protect investor funds. Beyond these specific issues, ICF platforms also face general financial threats, such as the risk of default and large withdrawals (Amuda & Alabdulrahman, 2023). Consequently, it emphasised the crucial need for governments to provide a robust framework of laws, regulations, and permits, along with public outreach, to establish the necessary legal standing and build trust in the ecosystem.

Crowdfunding and Maqasid Al Shariah

In the financial services sector, crowdfunding has gained significant traction since the emergence of Fintech. Funds are channelled through technology, which facilitates the establishment of a decentralised communication model where both entities have comparable capabilities and are treated equally for the services rendered.

Islamic crowdfunding is a potent financial instrument that can significantly influence economic activity, leading to a remarkable economic upswing that benefits the entrepreneur and the local economy. Despite the potential developments that can be achieved using In the Islamic finance industry, the theoretical basis for integrating crowdfunding has not been discussed at length. Thus,

there is a dearth of studies on crowdfunding and the intention of Shariah.

The Theory of Maqasid Al Shariah

Maqāṣid al-Shari‘ah, or the objectives of Shari‘ah, represent important Islamic knowledge and a prominent discipline within Islamic jurisprudence. Ibn Ashur (2006) defined Maqāṣid as-Shari‘ah from two aspects – general and specific. The first (general) aspect of Maqāṣid is defined as “the purpose and wisdom behind the enactment of all or most Shari‘ah rulings.” Ibn Ashur defines the second (specific) aspect as “the specific modes that the lawgiver aims to achieve in order to secure particular benefits or to protect essential interests in daily activities, ensuring that individual interests do not overshadow general interests due to negligence or personal whims and desires.”

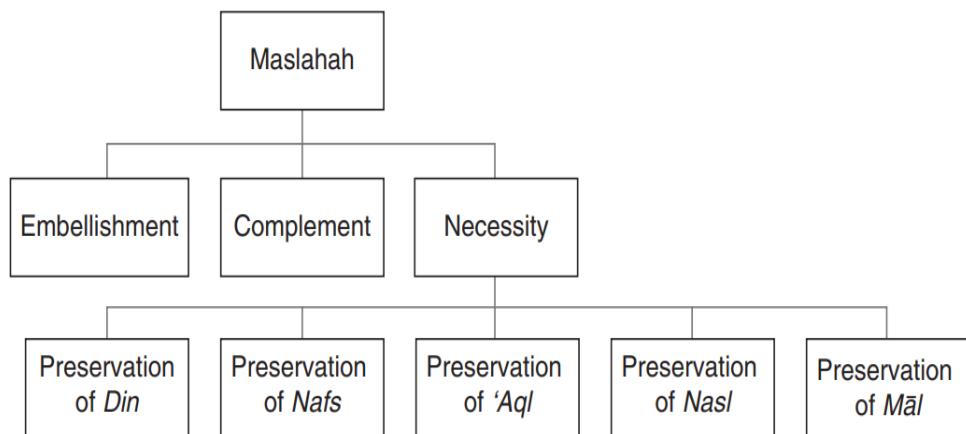
The most comprehensive definition, as mentioned by Al-Ayubi (1998), is: “Maqāṣid as-Shari‘ah is the meaning, wisdom and relatedness sought in enactment – whether general or specific – to achieve the best interests of humankind.” Further, Ibn Qayyim al-Jawziyyah (2019) said, “The Shari‘ah is based on wisdom and achieving peoples’ welfare in this life and in the hereafter. Shariah is all about justice, mercy, wisdom, and serving the interests of all human beings. Thus, any ruling that replaces justice with injustice, mercy with its opposite, serving the interest to causing harm, or wisdom with nonsense is a ruling that does not belong to the Shari‘ah even if it is claimed to be so according to some interpretations.”

Maqasid al-Shariah establishes the parameters for understanding Maslahah (public interest) and Mafṣadah (harm), as they serve as the framework for Maqasid al-Shariah. The Companions exercised the practical framework for Maqasid Al-Shariah by promoting the maslahah (public interest) and preventing mafṣadah (harm) (Duderija, 2014). However, prior to Al-Juwayni’s time, the concepts of maslahah and mafṣadah lacked thorough

conceptualisation. Al-Juwaini developed the first theory of al-maqsid based on the concepts of maslahah and mafṣadah, albeit he limited his theory to legal issues such as how to determine Shari'ah doctrines and decisions. Al-Ghazali, his pupil, developed Al-Juwaini's conceptual framework.

Figure 1

Al-Ghazali's Maqasid Al Shariah Framework



Source: Authors' analysis.

Al-Ghazali categorised maslahah into three distinct components, namely requirements (*daruriyāt*), complements (*hājiyāt*), and embellishments (*tahsiniyāt*). According to Al-Ghazali, necessities can be defined as the essential elements that, if absent, would disrupt the functioning of a nation's system. Complements refer to entities or factors that contribute to the facilitation of individuals' daily lives. In the context of moral and ethical behaviour, embellishments can be understood as attributes or qualities that are closely linked to said behaviour. He incorporated more intricate elements into the conservation of five vital aspects (*daruriyyāt khams*), specifically religion (din), life (nafs), intelligence (aql), progeny (nasl), and riches (māl). This sequence prioritises the five key components.

Consequently, numerous experts have provided comprehensive explanations of al-Ghazali's idea. Notable Scholarly works on the subject include investigations conducted by Ibn Ashur (2006) and Al-Shatibi (1997). Figure 1 depicts the theoretical foundation of al-Ghazali's maqasid.

Preservation of Wealth

Preservation of property (*māl*) entails the preservation of wealth from damage or loss, ensuring its sustained contribution to a decent life at the individual level and prosperity at Shariah operates at the level of society. Shariah places significant emphasis on property and wealth. While recognising the importance of wealth, Shariah emphasises the proper means of acquisition, prohibiting transactions that may expose it to damage or loss (Muhammad et al., 2013; Rezeki et al., 2023; Samad, 2019).

In the realm of finance, the focus of research on crowdfunding has primarily revolved around a crucial aspect, namely the safeguarding of wealth (*māl*). The Qur'an's "māl" meaning varies by context. The concept of wealth's core is regarded favourably, as indicated in the Qur'an's verses 2:215 and 2:272. According to Islamic belief, it is understood that Allah is the ultimate possessor of wealth, and men are appointed as vicegerents, known as "khulafā" or, singularly, "khalifah," to responsibly manage and utilise this wealth in accordance with the dictates of Allah, as stated in the Qur'an (57:7). In an alternative framework, wealth is regarded as a trial and examination bestowed by Allah, as said in the Qur'an 6:165, to assess individuals. The examination is evident in his discourse aimed at obtaining it and determining if he expresses gratitude or ingratitude towards these rewards, as said in the Qur'an 27:40. According to the Qur'an 2:261, wealth can be employed to attain the utmost level of moral integrity. Furthermore, the concept of wealth encompasses aspects of accountability and duty, as evidenced by references in the

Qur'an such as verses 24:33, 57:7, and 4:6. Similarly, the Prophet Muhammad (peace be upon him) prohibited individuals from wastefully dissipating their financial resources and possessions.

Muslim thinkers have extensively debated the notion of wealth over the years. According to Al-Shatibi (1997), wealth can be defined as any possessions that are obtained through legal means, are owned by an individual, and grant the owner exclusive ability to manage and dispose of their property. According to Al-Sūyūtī (1997), who cites al-Shafi'i, wealth is defined as "a valuable entity that holds the potential for exchange and can be indemnified in the event of damage." According to scholars of Maqasid al-Shariah, wealth is primarily This The concept is perceived based on its functionality and preservation. Ibn Ashur (2006) posited that the concept of conservancy of goods entails the protection of societal wealth from both wastefulness and fraudulent activities, without any quantifiable values or compensation. According to Al-Raisuni (2008), Al-Juwaini and Al-Ghazali emphasise the importance of safeguarding wealth through strict penalties for thieves. They believed that such measures were necessary to ensure the preservation of wealth. Additionally, Al-Shatibi argued that the preservation of money serves to prevent both injustice and the potential vulnerability of orphans. Instances of abuse, greed, dishonesty, and immorality are prevalent and have major repercussions across various contexts.

Contemporary Muslim thinkers are advocating for a novel perspective on wealth management. Auda (2008) proposes a contextual shift in the terminology employed, specifically transitioning from al-Juwaini's concept of "protection" and al-Ghazali's notion of "preservation" to "development". Therefore, we should prioritise wealth advancement over its mere maintenance. Scholars have further elaborated on the concept of wealth, particularly emphasising its role in safeguarding ownership rights, facilitating

investment and development of assets, acquisition, growth, transparency, equity, and circulation (Chapra, 2008; Dusuki & Bouheraoua, 2011).

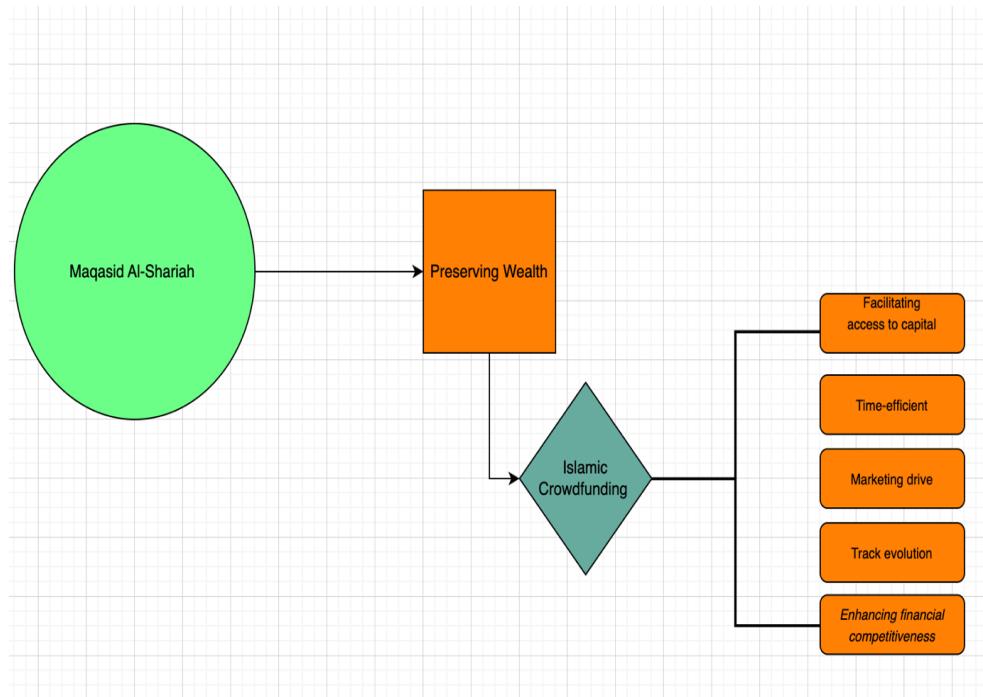
Regarding circulating wealth, the priorities of Maqasid al Shariah in the economy and financial activities include releasing money from stockpiling, addressing unequal distribution, and preventing wealth from being concentrated in a small number of people. This is necessary to ensure that wealth can be circulated among individuals to meet their essential needs, which would benefit the community. If wealth is handled efficiently, it can produce a balance in the economic strategy, as it is not consolidated in a few hands. Hence, wealth must always be distributed in society as widely as possible so that the gap between classes can be narrowed, especially between the wealthy and the needy (Muhammad et al., 2013; Rezeki et al., 2023; Samad, 2019).

In addition, Maqasid Shariah in financial transactions seeks to boost transparency in all its dimensions (Ibn Ashur, 2006). All contracts and transactions must be transparent, and all contracting stakeholders must be precise. Such information includes all significant facts about dealing specifically with the objects that can lead to conflict (Ishak, 2020). Next, they must reach a mutual agreement on the transaction before it can proceed. In this sense, Allah commands Muslims to write a contract in debt-related problems (al-Baqarah: 282). When Muslims are about to make a long-term financial commitment, this verse serves as a reminder to formalise the agreement, preserve all the facts, and secure honest witnesses (Ibn Kathīr, 1986). Since financial agreements contain the rights of many people, such preparation is crucial to avoid conflicts between the parties involved. Ineffective management of financial agreements can lead to negative consequences for certain individuals. Figure 2 illustrates the conceptual structure of the Crowdfunding Maqasid Framework

(CMF), which serves as a guide for evaluating crowdfunding activities in Islamic financing.

Figure 2

Crowdfunding Maqasid Framework (CMF)



Source: Authors' analysis.

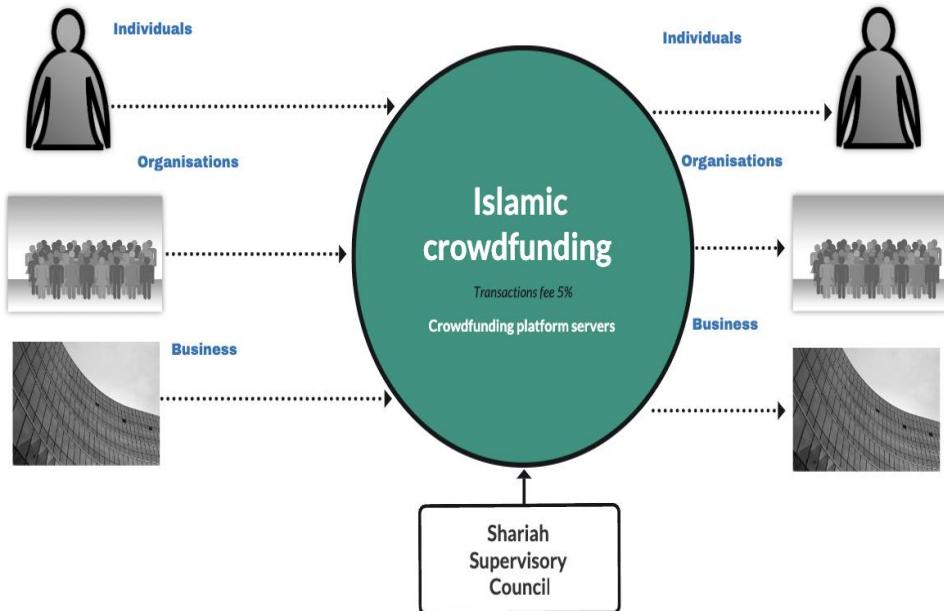
Modus Operandi for Islamic Crowdfunding

From a structuring aspect, Islamic crowdfunding has four parties involved. They are the fund seeker, the funder or investor, the platform operator and the Shariah supervisory council. To qualify as an Islamic crowdfunding platform, all activities and processes must conform to Shariah principles. All transactions and operations must be free from banned aspects such as gharar (uncertainty) and riba (usury). The Shariah supervisory council's primary responsibility is to ensure the operation's strict adherence to Shariah principles and procedures. Regular reviews and audits of the crowdfunding site

must be conducted. Figure 2 shows the basic structure of Islamic crowdfunding.

Figure 3

The Basic Structure of Islamic Crowdfunding



Source: Authors' analysis.

METHOD

This study employs a qualitative, conceptual research design to develop the Crowdfunding Maqasid Framework (CMF) through a combination of literature synthesised, doctrinal analysis, and analytical categorisation. Classical and contemporary books of scholars on Maqasid al-Shariah, particularly on *hifz al-māl* (preservation of wealth), were synthesised to establish the normative

basis, while doctrinal analysis of primary sources (Qur'an, Sunnah, Ijma' and Qiyas and juristic interpretations clarified the Shariah principles that are relevant to crowdfunding. Different crowdfunding models (donation, reward, equity, and debt-based) were then analytically mapped against the maqasid dimensions to propose the CMF. This approach is appropriate for conceptual research, as it systematises knowledge, grounds the framework in Islamic jurisprudence, and provides normative guidance for aligning modern crowdfunding practices with the higher objectives of Shariah.

RESULTS AND DISCUSSION

Based on the aforementioned, protection of wealth and property is one of the essential elements in maqasid al-Shariah. Islam gives an important status to wealth and has enacted rules and regulations to protect and preserve the wealth from violations and misuse. The Shariah-compliant structure of crowdfunding aligns with this objective by facilitating the legitimate mobilisation of capital through mutual consent and transparency. It provides entrepreneurs and start-ups access to financing without resorting to interest-based debt, while also enabling investors to participate in wealth creation through permissible and ethical channels. This ensures that wealth is accumulated and distributed in a way that avoids injustice or harm to any party. In this sense, crowdfunding embodies the maqasid principle of preserving wealth by promoting fair contracts, accountability, and Shariah-compliant investment opportunities. The strong link between maqasid al-Shariah and Islamic finance gives credibility to mechanisms such as crowdfunding, which can serve to realise the Shariah objective of protecting and preserving wealth ([Ishak & Mohammad Nasir, 2023](#); [Saied et al., 2024](#); [Ulumuddin, 2024](#)). Beyond this overarching alignment with maqasid al-Shariah, several specific objectives of crowdfunding can also be derived from the

proposed Crowdfunding Maqasid Framework (CMF). The framework provides a structured basis for evaluating crowdfunding activities within the context of Islamic finance, ensuring that they are not only Shariah-compliant but also aligned with broader socio-economic objectives. The following are some of the key objectives.

Facilitating Access to Capital

Crowdfunding enables start-up companies and individual entrepreneurs to secure funding for their initiatives without the restrictive barriers often encountered in traditional finance. From the Maqasid al-Shariah perspective, democratising access to capital reflects the principle of realising justice (*'adl*) by reducing financial exclusion. This benefit is especially significant for micro-entrepreneurs and start-ups in Muslim societies, who continue to receive inadequate support from conventional financial institutions. By providing them with a Shariah-compliant financing channel, Islamic crowdfunding promotes fairness and inclusivity (Abdullah & Oseni, 2017; Karakulah & Muneeza, 2024; Obaidullah & Khan, 2008; Ramli & Ishak, 2022). Within this framework, fraud, deception, and manipulation of any kind are categorically prohibited, as Islam disapproves of commercial practices that involve harm or injustice to contracting parties or the public at large, or that contravene Qur'anic injunctions and established ethical business norms.

In practice, this commitment to fairness and transparency is reflected in Shariah-compliant crowdfunding contracts such as *mudarabah* and *musharakah*. In these contracts, both parties must agree in advance on the profit-sharing ratio, which is determined proportionally rather than by a fixed amount (Armaini & Said, 2023; Irawan, 2023). Moreover, both parties share in the profit and loss, except in the case of *mudarabah* where the capital provider shall bear the loss provided that such losses are not due to the entrepreneur misconduct (*mudarib's ta`addi*), negligence (*taqsir*) or breach of

specified terms (*mukhalafah al-shurut*). This principle of risk-sharing distinguishes Islamic crowdfunding from conventional models, which frequently transfer the burden of risk disproportionately to one party. Thus, Islamic crowdfunding not only facilitates access to capital but also operationalises maqasid values by embedding fairness, inclusivity, and justice in the contractual structure.

At the same time, crowdfunding platforms must also address issues of confidentiality and business secrecy, especially in equity-based crowdfunding structures (*musharakah*) (Bouakkaz & Ferdjallah, 2023; Muneem *et al.*, 2024). A common concern is that involving financiers as partners may risk exposing sensitive business information. However, this can be resolved by stipulating clear conditions in the contract, such as limiting the financier's role in day-to-day management and ensuring confidentiality of business information. Such provisions align with the objectives of Shariah, which balances transparency in financial dealings with the protection of legitimate business interests. Such agreements to maintain secrecy are always honoured by prestigious institutions, especially those financial institutions whose activities are based on confidentiality.

The Marketing Drive

Internet marketing can attract media attention, gather feedback and offer professional suggestions for improving projects. Funding platforms such as Islamic P2P models function not only as financing mechanisms but also as powerful marketing tools. By leveraging digital platforms, entrepreneurs can gain visibility, attract media coverage and receive feedback and professional insights that contribute to project improvement (Mollick, 2014). Having said that, the key challenges in Islamic crowdfunding lie in the moral hazard risk related to the information asymmetry between fundraising and investors. To explain, projects are often initiated by small businesses or start-ups with limited track records. As such, investors may face

risks of misrepresentation or failure to deliver promised outcomes ([Ahlers et al., 2015](#)). In the context of Maqasid al-Shariah, moral hazard contradicts the principle of wealth preservation by exposing investors to excessive uncertainty (*gharar fahish*) and even fraud. Therefore, ensuring effective Shariah governance, third-party verification and transparent disclosure mechanisms is essential to mitigate such risks.

Beyond regulatory and governance considerations, crowdfunding platforms extend their role beyond mere financing by also functioning as marketing and community-building channels. This dimension strongly resonates with the maqasid al-Shariah principle of cooperation (*ta 'awun*) which states that collective engagement benefits both entrepreneurs and wider community by facilitating shared knowledge, feedback, and support. A notable example is LaunchGood, a global Muslim crowdfunding platform that connects entrepreneurs, charities, and social causes with international Muslim communities ([Bukhari et al., 2019](#); [Indrawanto, 2025](#); [Rama & Yaman, 2025](#)). Campaigns on this platform, ranging from halal start-ups to humanitarian relief initiatives, illustrate how cooperative participation reinforces the preservation of wealth while simultaneously advancing community welfare. In this way, crowdfunding contributes not only to financial sustainability but also to social solidarity, positioning it as a holistic instrument for achieving the objectives of Shariah.

Time-Efficient

Crowdfunding raises funds more rapidly than traditional banking or venture capital evaluations. Unlike conventional financing channels, which often involve lengthy institutional assessments, crowdfunding expedites the fundraising process by directly connecting entrepreneurs with investors. This enables entrepreneurs to access funds within a shorter time frame, seize emerging

opportunities, and sustain business momentum (Belleflamme *et al.*, 2015).

However, while this efficiency represents a major advantage, it also introduces new complexities, particularly when crowdfunding platforms operate across multiple jurisdictions (Zetsche & Preiner, 2018). Divergent financial regulations, inconsistent tax regimes, and the limited enforceability of contracts in different legal systems expose cross-border investors to risks. From the maqasid perspective, the absence of harmonised standards undermines the principles of justice and the preservation of wealth, since inconsistent regulation may expose participants to inequitable outcomes.

To address this, there is a pressing need to establish an enabling environment, which includes strengthening the regulatory framework and developing a standardised Shariah governance framework to ensure consistency and credibility. Besides that, ensuring platform scalability, fostering technological innovation, and establishing a sound governance structure are essential prerequisites for safeguarding participants' interests and achieving the long-term sustainability of crowdfunding as an instrument of Shariah-compliant finance. It is worth noting that the establishment of mutual recognition agreements (MRAs) between different jurisdictions and Islamic financial markets represents a major development. Such agreements can facilitate the streamlined offering of Islamic crowdfunding products across borders, thereby reinforcing the maqasid principles of justice through wealth circulation.

Enhancing Financial Competitiveness and the Shariah Governance Framework for Islamic Crowdfunding

In general, all non-bank financial institutions, including crowdfunding platforms, contribute to increasing competition in the financial services sector, thereby lowering user costs. To illustrate, by creating alternatives to bank-centred financing, crowdfunding

enhances efficiency, reduces costs, and stimulates innovation in the financial sector. This process resonates with the maqasid principle of *istikhlas* (stewardship) (Moll, 2023; Wan Ismail & Berghout, 2024) and *i'mar* (making the earth flourish) (Al-Ayubi & Halawatuddu'a, 2021; Ibrahim, 2020), as it ensures resources are circulated productively for the benefit of society. Ibn Ashur (2006) indicates the legitimate circulation of the wealth among the largest number of people would surely and definitely bring prosperity and happiness to the whole society. Furthermore, it will protect the entire society against the crimes and the greediness of a few opportunists. This objective has been strengthened by several rulings and commands, including those of contractual transfer of money and other financial transactions such as *Mudarabah*, *Musharakah*, *Muzara'ah*, *Mugharasah* and *Musaqah* (Laldin, 2008).

At the same time, competitiveness and innovation in Islamic crowdfunding cannot be sustained without a solid foundation of Shariah legitimacy. Shariah compliance is the core element of the operation of Islamic financial institutions as it gives legitimacy to their products and practices from the Shariah point of view. As an institution established within the boundaries of Shariah, Islamic crowdfunding is expected to ensure end-to-end Shariah compliance in terms of its objectives, operations and management. Inadequate consciousness of the whole process of Shariah compliance will expose the institutions to Shariah non-compliance risk.

In this context, the absence of a robust Shariah governance framework tailored for Islamic crowdfunding, the risk of Shariah non-compliance becomes significantly higher. Without clear structures of internal Shariah oversight, such breaches may go undetected by the service provider, ultimately undermining both investor confidence and the credibility of the industry. For jurisdiction aiming to develop a competitive Islamic financial ecosystem, establishing a sound

Shariah governance framework is not merely desirable but essential. Its objectives must include ensuring systematic stability, maintaining strict adherence to Shariah principles, and securing international recognition for the integrity of Islamic financial operations ([Muhamed et al., 2023, 2025](#); [Syarif & Aysan, 2024](#); [Zubair & Muneeza, 2021](#)).

Implications

While the crowdfunding literature has grown significantly, research has primarily concentrated on platform design, regulatory adherence, and the specific Shariah rulings on individual contracts. This paper addresses a critical gap by providing a more detailed analysis of crowdfunding from a normative Islamic perspective. To date, few studies have analysed crowdfunding through the lens of Islamic law's objectives (Maqasid al-Shariah) and even fewer have connected these objectives to tangible mechanisms for wealth preservation (*Māl*).

This research offers significant implications as one of the first efforts to integrate Maqasid al-Shariah with crowdfunding activities systematically. By doing so, it moves beyond acknowledging the immense benefits of crowdfunding to address the legitimate concerns and Maqasidic considerations that require resolution. The study provides a framework that connects common crowdfunding structures with the objectives of Islamic law, using qualitative evidence from doctrinal texts and stakeholder views to demonstrate how crowdfunding can protect and circulate wealth in conformity with Islamic ethics.

The practical implications are substantial. The analysis identifies key elements such as risk-sharing, access to micro-capital, and charitable financing as direct contributions to the congruency of crowdfunding with the principle of protecting wealth (*Māl*) and achieving broader social goals like economic inclusion. By highlighting crowdfunding as a means of attaining Maqasid, this

research offers a specific platform for policymakers, academic researchers, and Islamic financial institutions to formulate innovative products and regulations that are both commercially viable and Shariah-compliant.

This study is particularly timely as Maqasid al-Shariah is being promoted as a key reform for the Islamic finance industry to ensure its outcomes contribute to human well-being. Our findings align directly with the current direction of the Islamic finance industry, complementing initiatives like Value-Based Intermediation (VBI/VBIT) and the Securities Commission Malaysia's Maqasid al-Shariah Guideline.

CONCLUSION

The paper examined the concept of crowdfunding critically and attempted to assess its operations from a shariah perspective. As a result, the study adopted the Maqasid Al Shariah theory, particularly wealth preservation. According to the findings, the concept of crowdfunding is a vital means of funding many types of initiatives. Furthermore, crowdfunding is found to be compliant with Maqasid Al Shariah in terms of wealth protection by easing the access of funds, increasing money circulation, and promoting transparency. To summarise, Islamic finance and crowdfunding principles are complementary in different aspects because both emphasise the fair allocation of rewards and liabilities among all parties involved in a financial transaction.

This research offers significant advancements in both theory and application. Theoretically, it applies the Maqasid Al-Shariah theory, with a focus on wealth preservation, to expand our understanding of crowdfunding within the framework of Islamic finance. This research expands the theoretical groundwork for talks on Islamic finance and fintech by demonstrating the inherent alignment of crowdfunding

with Islamic principles and the Quran. The report also provides a nuanced viewpoint on how technologically driven financial innovations can uphold Shariah values by bridging the gap between modern financial technologies and traditional Islamic finance principles. Practically speaking, this study provides Islamic institutions and policymakers with insightful information. It offers a compelling case for advocating crowdfunding as a Shariah-compliant means of boosting transparency, wealth circulation and financial accessibility. Policymakers can use the research to formulate rules and guidelines that encourage ethical and responsible financial practices. Similarly, Islamic institutions can incorporate crowdfunding platforms into their services to expand the financial opportunities accessible to their communities. The results of this study can also help others looking for ethical investment options, including investors and entrepreneurs by enabling them to make well-informed decisions in the rapidly developing Islamic fintech sector.

Limitations and Direction for Future Research

The conceptual nature of this paper may limit its primary theoretical contribution. To supplement the theoretical foundations presented in this research, empirical studies evaluating the effectiveness of Shariah-compliant crowdfunding campaigns, the interests of Islamic donors and investors, and the social and economic outcomes of such investments and donations will give significant findings. Furthermore, further studies on comparing traditional and Islamic crowdfunding models might also help clarify the relative benefits and drawbacks of each. Therefore, future studies are recommended to expand on the experimental parts, including conducting a qualitative interview with relevant experts to understand the applicability of crowdfunding in the Islamic finance industry. Additionally, conduct a quantitative survey to assess

stakeholders' intentions regarding the application of various theories related to this phenomenon.

Author Contributions

Conceptualization: M.A.-D., S.S., K.A.D., F.D., & A.M.; Data curation: M.A.-D., S.S., K.A.D., F.D., & A.M.; Formal analysis: M.A.-D., S.S., K.A.D., F.D., & A.M.; Funding acquisition: M.A.-D., S.S., K.A.D., F.D., & A.M.; Investigation: M.A.-D., S.S., K.A.D., F.D., & A.M.; Methodology: M.A.-D., S.S., K.A.D., F.D., & A.M.; Project administration: M.A.-D., S.S., K.A.D., F.D., & A.M.; Resources: M.A.-D., S.S., K.A.D., F.D., & A.M.; Software: M.A.-D., S.S., K.A.D., F.D., & A.M.; Supervision: M.A.-D., S.S., K.A.D., F.D., & A.M.; Validation: M.A.-D., S.S., K.A.D., F.D., & A.M.; Visualization: M.A.-D., S.S., K.A.D., F.D., & A.M.; Writing - original draft: M.A.-D., S.S., K.A.D., F.D., & A.M.; Writing - review & editing: M.A.-D., S.S., K.A.D., F.D., & A.M. All authors have read and agreed to the published version of the manuscript.

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Informed Consent Statement

Informed consent was not required for this study.

Data Availability Statement

The data supporting the findings of this study are available from the author upon reasonable request.

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Conflicts of Interest

The authors declare no conflict of interest related to this research.

Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work, the authors used ChatGPT and PaperPal to improve the clarity of the language and readability of the article. After using these tools, the authors reviewed and edited the content as needed and took full responsibility for the content of the published article.

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