

## The Role of Islamic Finance in Confronting Natural Disasters through Collective Financing A Case Study

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Page | 117

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### Abstract

Crowdfunding platforms are considered valuable tools within Islamic finance due to their potential compliance with Islamic Sharia principles and their absence of any suspicion related to usury (Riba). These platforms are new financing mechanisms based on raising funds from potential contributors to finance specific projects. This research aims to shed light on crowdfunding as a form of financing that can be classified within Islamic finance. The research also explores crowdfunding's role in financing disaster relief efforts and aiding disaster-stricken regions by providing financial solutions managed via digital platforms launched specifically for this purpose. As an example of crowdfunding to mitigate the aftermath of natural disasters, the research examines the "Tasharuky" platform. The platform primarily funds operations that mitigate the effects of certain natural disasters in accordance with Islamic Sharia rulings in regions across the Middle East, Indonesia and Africa.

**Keywords:** *Islamic Finance; Crowdfunding Platforms; Natural Disaster Financing; Tasharek Platform.*

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### Abstrak

Platform crowdfunding dianggap sebagai alat yang berharga dalam keuangan Islam karena potensi kepatuhannya terhadap prinsip-prinsip Syariah Islam dan tidak adanya kecurigaan yang terkait dengan riba. Platform-platform ini merupakan mekanisme pembiayaan baru yang didasarkan pada penggalangan dana dari para kontributor potensial untuk membiayai proyek-proyek tertentu. Penelitian ini bertujuan untuk menjelaskan crowdfunding sebagai bentuk pembiayaan yang dapat diklasifikasikan dalam keuangan syariah. Penelitian ini juga mengeksplorasi peran crowdfunding dalam mendanai upaya-upaya bantuan bencana dan membantu daerah-daerah yang dilanda bencana dengan menyediakan solusi keuangan yang dikelola melalui platform digital yang diluncurkan secara khusus untuk tujuan ini. Sebagai contoh crowdfunding untuk memitigasi dampak bencana alam, penelitian ini meneliti platform "Tasharuky". Platform ini terutama mendanai operasi-operasi yang memitigasi dampak bencana alam tertentu sesuai dengan aturan Syariah Islam di berbagai wilayah di Timur Tengah, Indonesia, dan Afrika.

**Keywords:** *Keuangan Islam; Platform Crowdfunding; Pembiayaan Bencana Alam; Platform Tasharek.*

## Introduction

Financing is of paramount importance in our current era given its strong contribution to achieving development goals.<sup>1</sup> This need increases during disasters, whether natural, such as earthquakes, volcanoes, and epidemics, or human-caused, such as wars. Natural disasters and wars are among the biggest challenges humans face due to the immense material and human losses they cause. Financing operations play a crucial role in reconstruction and mitigating the effects of these disasters, providing necessary support and assistance to those affected.<sup>2</sup>

The characteristics of the financing process vary from one economic system to another. In a capitalist system, interest is the return on capital used for financing, whereas in a socialist system, returns on investments are directed toward specific sectors. Islamic finance, which is based on profit and loss sharing, offers alternative financial solutions to interest-based capital financing. Islamic finance adheres to the principles of Islamic law, encourages risk-sharing in financing, promotes transparency and fairness, and relies on profit and loss sharing.<sup>3</sup>

Islamic finance offers a variety of financial instruments designed to provide solutions that comply with Islamic law and avoid the appearance of usury. These instruments encourage participation in financing-related risks, promote transparency and fairness, and are based on the sharing of profits and losses. Crowdfunding platforms are considered valuable tools within Islamic finance because they are new financing mechanisms based on raising funds

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<sup>1</sup> Dalia Streimikiene, Asta Mikalauskiene, and Greta Burbaite, "The Role of Sustainable Finance In Achieving Sustainable Development Goals," *Economics and Sociology* 16, No. 1 (2023): 256–83, <https://doi.org/10.14254/2071-789X.2023/16-1/17>.

<sup>2</sup> Felix Wisnu Handoyo et al., "Enhancing Disaster Resilience: Insights from the Cianjur Earthquake to Improve Indonesia's Risk Financing Strategies," *Sage Journals* 14, No. 2 (2024): 2, <https://doi.org/10.1177/21582440241256777>.

<sup>3</sup> Selamet Hartanto, Tri Suparyanto, and Azwar, "Islamic Finance Practices in Micro, Small, and Medium Enterprises in Indonesia: A Systematic Literature Review," *Millah: Journal of Religious Studies* 22, No. 2 (2023): 435–64, <https://doi.org/10.20885/millah.vol22.iss2.art6>.

from potential contributors to finance specific projects.<sup>4</sup> These platforms foster solidarity among contributors and project seekers.<sup>5,6</sup>

In regions suffering from natural disasters and wars, there is a particular need for financing. However, the conflict between the beliefs of the populations in these regions, particularly those with a Muslim majority, and the financing mechanisms adopted by financial institutions, especially those operating on an interest-based system, presents a research challenge. This study attempts to answer an important question: To what extent do crowdfunding platforms contribute to financing disaster-stricken areas in accordance with Islamic law?

Several previous studies inspired the researchers to conduct this study, which supports previous research. These previous studies include: First, "Crowdfunding in Arab Countries: The Reality and Future Prospects" by Morsi Muhammad El-Santawi. This study aims to highlight the role of crowdfunding in Arab countries as an increasingly active and popular source of financing. It also aims to compare crowdfunding with traditional financing methods to determine its nature and effects, as well as to monitor its future in Arab countries. The study concluded that Arab countries are open markets for crowdfunding. This raises the challenge of establishing controls to regulate crowdfunding and the necessity of integrating it into the official financial markets of Arab countries. Crowdfunding is a new, permanent, and growing

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<sup>4</sup> Mydin Meera Ahamed Kameel, "Islamic Home Financing Through Musharakah Mutanaqisah: A Crowdfunding Model," in *Concept and Application of Shariah for The Construction Industry: Shariah Compliance in Construction Contracts, Project Finance and Risk Management* (Australia: World Scientific Publishing, 2018), 181–204, [https://doi.org/10.1142/9789813238916\\_0011](https://doi.org/10.1142/9789813238916_0011).

<sup>5</sup> Achsanía Hendratmi, Muhamad Nafik Hadi Ryandono, and Puji Sucia Sukmaningrum, "Developing Islamic Crowdfunding Website Platform for Startup Companies in Indonesia," *Journal of Islamic Marketing* 11, No. 5 (2020): 1041–53, <https://doi.org/10.1108/JIMA-02-2019-0022>.

<sup>6</sup> Norhafiza Nordin and Zaemah Zainuddin, "A Review of A Fintech Financing Platform: Potential and Challenges of Islamic Crowdfunding to Entrepreneurs," *International Journal of Islamic Business* 8, No. 1 (2023): 79–90, <https://doi.org/10.32890/ijib2023.8.1.5>.

source of financing that directly impacts monetary and economic stability in countries involved in transactions.<sup>7</sup>

Second are the challenges of Sharia-compliant crowdfunding: A case study of the "Shukra" platform by Boulhabal Zuber highlights the importance of crowdfunding as an alternative financing mechanism and explains how it can be used to finance emerging and small companies in Muslim countries after being adapted to Sharia principles. The study also identifies the challenges hindering the development of Sharia-compliant crowdfunding businesses and their expansion, focusing on the "Shukra" platform case study. The research study and analysis of crowdfunding and Sharia-compliant crowdfunding through financing for the "Shukra" platform and its features will be completed later. The study identifies the main challenges hindering the development of the platform's business and growth, and proposes appropriate solutions. The research concluded that the challenges facing the "Shukra" platform mainly include weak technological infrastructure, an absence of a legal framework to regulate crowdfunding activity, and a lack of transparency and a clear framework for Sharia governance.<sup>8</sup>

Third, "Islamic Crowdfunding as a Means of Social Finance: Pioneering Experiences of Crowdfunding Platforms for Emerging Institutions in North Africa. Mohamed Al-Amin Boudkhil, Naima Zirmi, and Mubarak Bin Zayez This study aims to demonstrate the importance of Islamic social finance in providing financial liquidity for economic projects, especially small and medium-sized ones. It also creates new financing support for financial and monetary markets and explores the relationship between two rapidly growing industries in Islamic finance and crowdfunding.<sup>9</sup> The study uses a case study of crowdfunding platforms compatible with Islamic Sharia to illustrate the increasing demand for

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<sup>7</sup> Ahlam Morsi Mohamed Al-Santawi, "Islamic Crowdfunding in Arab Countries: Current Situation and Future Prospects," *Scientific Journal of Financial and Administrative Studies* 6, No. 1 (2020): 204.

<sup>8</sup> Boulhabal Zuber, "The Challenges of Sharia-Compliant Crowdfunding: A Case Study of the 'Shukra' Platform," n.d.

<sup>9</sup> Mohamed Al-Amin Boudkhil, Naima Zeremi, and Mubarak bin Zair, "Islamic Crowdfunding as a Means of Social Financing: Leading Experiences of Crowdfunding Platforms for Startups in North Africa," *Arab Economic Research Journal* September, No. 84 (2021): 84.

Sharia-compliant products among certain Muslim populations worldwide. Islamic crowdfunding combines the adoption of modern technology with the requirements of developing markets and the economy, as well as social financing, through funds that come from zakat, charity, endowments, loans, sponsorship, and financing. Islamic asghar, sukuk, and takaful.<sup>10</sup>

## Results and Discussion

### Islamic Finance and Crowdfunding

Islamic finance, also known as permissible finance, involves providing wealth, whether in-kind or in cash, to another person who manages and uses it in a manner compliant with legal provisions, with the intention of making a profit for the owner. This definition excludes investment financing and focuses on profit-oriented financing, neglecting the developmental aspects of Islamic finance.<sup>11,12</sup> More precisely, Islamic finance involves providing in-kind or service financing for various projects in ways that align with Islamic law and Sharia-compliant technical and regulatory standards. This contributes to effective economic and social development.<sup>13,14</sup>

Contemporary Islamic finance is a relationship between financial institutions and individuals or institutions to provide money for personal needs or investment purposes. This is achieved by offering Sharia-compliant financial instruments, such as profit-and-loss sharing contracts, participation contracts,

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<sup>10</sup> Marwan Abdeldayem and Saeed Aldulaimi, "Developing an Islamic Crowdfunding Model: A New Innovative Mechanism to Finance SMEs in the Middle East," *International Journal of Organizational Analysis* 31, No. 6 (2023): 2623–44, <https://doi.org/10.1108/IJOA-02-2022-3159>.

<sup>11</sup> Nawal Abdel Moneim Bayoumi, *Islamic Finance for Small and Micro-Enterprises: International and Local Experiences* (Egypt: Dar Al-Salam, 2019), p. 40.

<sup>12</sup> Labadi Hadjer, Naili Hassiba, and Khelil Abderrazek, "The Future of Blockchain-Based Crowdfunding in the Arab Countries: Prospects and Challenges," *Al Mandumah* 2, No. 10 (2022): 54–64, <https://doi.org/10.35391/1894-010-002-004>.

<sup>13</sup> Beltagi Mohamed, *Islamic Banking (Theory, Application, Challenges)* (Egypt: Al-Qahirah, 2012), p. 146.

<sup>14</sup> Fuad A Al-Omar and Mohammed Abdel Haq, *Islamic Banking: Theory, Practice and Challenges* (Karachi: Oxford University Press, 1996).

leasing, partnerships, sales, and loans,<sup>15</sup> among others Sharia-compliant contract forms.<sup>16</sup> These definitions have one thing in common: Islamic finance is a financing process for individuals or institutions that provides in-kind, cash, or service-based financing. This financing aligns with the provisions of Islamic law regarding financial transactions and uses a form prescribed by Islamic law.

Crowdfunding is an innovative financing mechanism that leverages the internet instead of relying on conventional financial intermediaries, such as banks and other financial institutions.<sup>17</sup> The goal is to raise funds for projects initiated by individuals, businesses, or charitable organizations. Projects are funded through small contributions from a large number of enthusiastic individuals who may contribute financially or by sharing their knowledge, expertise, or labor.<sup>18</sup> Crowdfunding represents a form of widespread collaboration and mutual support that extends beyond the project initiator.<sup>19</sup> Therefore, crowdfunding is considered an element of the sharing economy, which relies on individuals collaborating to finance a project or implement an idea. Crowdfunding is a new source of financing that attracts a large number of investors through social media channels. It avoids the complexities associated with traditional bank financing and investment companies.

Those involved in crowdfunding include, among others, the project initiator.<sup>20</sup> These are individuals or groups who propose ideas and/or projects for funding. Their primary objective is to gather financial support from potential

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<sup>15</sup> Salah bin Fahd Al-Shalhoub, *Islamic Finance Industry and Its Role in Development* (Dhahran, Saudi Arabia: King Fahd University of Petroleum and Minerals, 2007).

<sup>16</sup> Bayoumi, *Islamic Finance for Small and Micro-Enterprises: International and Local Experiences*.

<sup>17</sup> Mansur Ahmed Kazaure et al., "Determinants of SMEs Intention to Adopt Islamic Crowdfunding Model in Northwestern Nigeria," *Journal of Islamic Accounting and Business Research* 12, No. 2 (2021): 204–17, <https://doi.org/10.1108/JIABR-12-2019-0234>.

<sup>18</sup> Zoubir Boulhbale, "Challenges of Sharia-Compliant Crowdfunding: A Case Study of 'Tasharuky' Platform," *International Journal of Entrepreneurial Finance*, No. 3 (2020): 39.

<sup>19</sup> M. Kabir Hassan et al., "Islamic Fintech, Blockchain and Crowdfunding: Current Landscape and Path Forward," in *FinTech in Islamic Financial Institutions* (Cham: Palgrave Macmillan, 2022), [https://doi.org/10.1007/978-3-031-14941-2\\_15](https://doi.org/10.1007/978-3-031-14941-2_15).

<sup>20</sup> Boudkhil, Zeremi, and Zair, "Islamic Crowdfunding as a Means of Social Financing: Leading Experiences of Crowdfunding Platforms for Startups in North Africa."

backers.<sup>21</sup> Second are potential backers:<sup>22</sup> Individuals or institutions that decide to financially support designated initiatives and assume some form of risk in exchange for a reward. They select projects that they find promising or intriguing, and they support these initiatives by collaborating on the production of outputs and by being involved in their development. Third are crowdfunding organizations (crowdfunding platforms). It serves as an intermediary between individuals or institutions introducing new initiatives using crowdfunding mechanisms and potential investors, based on their investment efforts.

Types of crowdfunding include: Donation-Based Crowdfunding: Backers donate money out of goodwill or for social reasons, without expecting any future returns or profits.<sup>23</sup> Reward-based crowdfunding: Backers finance a project listed on the platform with the aim of receiving non-monetary rewards, such as gifts, certificates of appreciation, or samples of the product or service produced. Equity-based crowdfunding: In this type, customers purchase shares in a project, and their returns depend on the project's performance. They may make a profit or incur a loss based on the principle of participation.<sup>24</sup>

Lending-Based Crowdfunding: This process allows individuals or projects to borrow and lend money without an intermediary financial institution. It offers benefits to both lenders and borrowers. Lenders can earn significant investment returns, and borrowers can obtain financial loans at reasonable rates with simple terms compared to traditional methods.<sup>25</sup> Of the various types of crowdfunding, lending-based crowdfunding aligns closely with Islamic Sharia principles. However, it could be replaced with a form of crowdfunding based on

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<sup>21</sup> Widad Ben Qirat and Othman Othmaniya, "Economics of Cryptocurrencies and the Future of Money," *Arab Center for Research and Policy Studies*, 2022, 203.

<sup>22</sup> Boudkhil, Zeremi, and Zair, "Islamic Crowdfunding as a Means of Social Financing: Leading Experiences of Crowdfunding Platforms for Startups in North Africa."

<sup>23</sup> Zoubir Boulhbale, "Challenges of Sharia-Compliant Crowdfunding: A Case Study of Tasharuky Platform," *International Journal of Entrepreneurial Finance* 3, No. 1 (2020): 40.

<sup>24</sup> Al-Santawi, "Islamic Crowdfunding in Arab Countries: Current Situation and Future Prospects."

<sup>25</sup> Maha Mazhar Mohsen and Abdul Aziz Shwaish Abdul Hameed, "The Role of Loan-Based Crowdfunding in Enhancing Financial Inclusion for Small, Medium, and Micro-Enterprises: An Analytical Study on Crowdfunding Platforms in Indonesia," *Journal of Business Economics* 4, No. 6 (2023): 320.

benevolent lending. Reward-based crowdfunding could potentially entail interest and is therefore prohibited by consensus in Islamic finance. This makes it necessary to replace reward-based crowdfunding with other forms of Islamic financial contracts.

### The Islamic Jurisprudential Perspective on Crowdfunding

**Table 1: A Comparison Between Islamic Finance and Crowdfunding**

Comparison Element	Islamic Finance	Crowdfunding
Financial Institutions	Islamic Banks	Online Platforms
The Origin	The advent of Islam brought the Holy Quran and the noble Prophetic tradition (Sunnah), which established specific laws to regulate the financial sphere. The first attempt to establish an Islamic bank took place in Egypt in 1963 with the Nasser Social Bank.	The world's first platform was launched in the United States in 2005. The first platform in the Arab world was launched in 2011.
The Role	An intermediary engages in mediation with investment tools, involving a seller, a buyer, and a partner. The returns on the activity's results are then determined.	The broker gets a predetermined percentage.
Financial resources	Deposits, the issuance of public or private bonds for a specific project, and agency fees.	This is for all individuals. It is especially for internet users. It is also for organizations interested in the activity.
Customer Information	The confidentiality of customer information, accounts, and funded activities is paramount.	Ensure that internet users have access to all information regarding the funded activity and its owner.
Information about the general activity.	It is available through periodic and annual publications for everyone.	Available through platforms.
The targeted individuals.	All customers who agree to Islamic financing.	All online users are welcome. So are those interested in the advertised activity. Some platforms require specific nationalities.
Basis of Financing	It is based on the production principle, and therefore, there must be a halal production project for financing in accordance with Islamic Sharia principles, and participation based on	It is based on the production principle, and therefore, there must be a productive, cultural, or moral project, regardless of whether it is prohibited or not, for

	the business outcomes in profit and loss.	financing. Financing combines participation in the business outcomes, with or without interest or for free.
Financing Means	Mudarabah, Musharakah, Murabahah, Mugharassa, Istisnaa.	Ownership means, Borrowing means, Gift and reward means
Returns	Compensation, Profit or loss, Juaalah.	Interest, Profit or loss, Gift or reward, Free of charge

Source: Crowdfunding in the Arab Countries

### The Islamic Charia Perspective on Crowdfunding

Crowdfunding combines the benefits of social development and investment opportunities by relying on the principle of sharing profits and losses among a wide range of investors and entrepreneurs. It also incorporates concepts such as benevolent loans and donations.<sup>26,27</sup> Crowdfunding platforms support Islamic social finance instruments, including Zakat (charitable almsgiving), Sadaqah (voluntary charity), Waqf (endowment), Kafala (sponsorship), Islamic microfinance, Sukuk (Islamic bonds), and Takaful (Islamic insurance).<sup>28</sup>

Islamic Sharia law clearly defines its stance on financial operations. Any financing operation based on something prohibited by Islam is considered haram, or forbidden. Therefore, crowdfunding is permissible as long as it does not involve prohibited transactions, such as usury (riba) or interest-based rewards on loans.

<sup>26</sup> Hehab Marzban and Moataz Yeken, *World Bank Islamic Development Bank Policy Report: Leveraging Islamic Finance for Small and Medium Enterprises (SMEs)* (Istanbul: World Bank Global Islamic Finance Development Center, 2015), <https://doi.org/10.13140/RG.2.1.2027.4642>.

<sup>27</sup> Rahmatina Awaliah Kasri and Esmeralda Indriani, "Empathy or Perceived Credibility? An Empirical Study of Muslim Donating Behaviour through Online Charitable Crowdfunding in Indonesia," *International Journal of Islamic and Middle Eastern Finance and Management* 15, No. 5 (2022): 829–46, <https://doi.org/10.1108/IMEFM-09-2020-0468>.

<sup>28</sup> Boudkhil, Zeremi, and Zair, "Islamic Crowdfunding as a Means of Social Financing: Leading Experiences of Crowdfunding Platforms for Startups in North Africa."

## The Role of Crowdfunding in Mitigating the Effects of Natural Disasters

Established in November 2022, the Tasharek platform is a specialized digital crowdfunding platform registered in Indonesia.<sup>29</sup> It is headquartered in Jakarta and has several regional offices and representatives in the Middle East and Africa.<sup>30</sup> Tasharek is designed to provide a secure environment for offering smart solutions using the latest financial technology and to bring trusted humanitarian organizations together with funders. Tasharek provides humanitarian organizations with robust and secure financial infrastructure, enabling them to innovate safe, practical solutions and offer digital financial services to fund humanitarian projects. Ultimately, Tasharek builds trust between supporters and project owners, ensuring the achievement of a fair social life.

The Tasharek platform distinguishes itself as a crowdfunding platform by applying the principle of participation on an international scale. It provides supporters with multiple options to view projects from various organizations in one place. Tasharek is also compatible with Islamic Sharia principles and facilitates the receipt of project funds from around the world through secure payment methods. Tasharek addresses the challenges that hinder funding for innovative, socially impactful projects, helping communities and individuals achieve sustainable development.

Support: Providing necessary financial support to marginalized communities in target areas. Access: Overcoming barriers to secure financial access for humanitarian organizations. Change: Transforming traditional financial support and promoting a culture of donation through financial technology. Growth: Fostering hope for the future by creating opportunities for humanitarian projects that serve communities.

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<sup>29</sup> Tasharuky, "Who We Are," Tashriky Platform, 2022, <https://www.tasharuky.com/about-us>.

<sup>30</sup> Emmanuel James Chao et al., "Crowdfunding in Africa: Opportunities and Challenges," in *Advances in Crowdfunding: Research and Practice*, 2020, 319–39, [https://doi.org/10.1007/978-3-030-46309-0\\_14](https://doi.org/10.1007/978-3-030-46309-0_14).

Third, targeted areas. The Tasharek platform aims to fund social projects in the Middle East, Indonesia, and Africa. Targeted categories include: Humanitarian Organizations, Charitable Associations, Institutional Support Funds, International Individuals and Entities Providing Donations, Non-Profit Organizations, Community Initiative Owners, and Charitable Unions and Associations. Supported project sectors on the platform include emergencies and crises, shelter and housing, education and training, protection of women and children, health, food security, sustainable development,<sup>31</sup> and the environment.<sup>32</sup>

Second Section: Operation Mechanism of the Tasharek Platform. The process of requesting funding on the Tasharek platform involves several stages, from the initial idea to receiving funding and implementing the project. First, create a free account for the organization seeking funding and provide its information. Second, add information about the project campaign. Third, wait for the evaluation and feasibility study. Fourth, accept and present the project campaign. Fifth, launch the marketing process in coordination with the platform's management. Sixth, collect funds for the project from donors. Seventh, receive the funding and begin project implementation.

Second: Project Support. The process of supporting a specific project among the proposed projects on the platform follows the following sequence: Identify the main project sectors, Explore the campaigns, Determine the donated monetary amount, Choose the appropriate electronic payment method, participate in the campaign and the platform's management continues to engage donors by providing them with success stories.

Third: Funding Campaigns. The Tasharek platform manages campaigns to fund projects in various fields, including emergencies, crises, shelter, housing, education, training, protection of women and children, health, food security, sustainable development, and the environment. The platform has launched a

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<sup>31</sup> Nurul Aini Muhamed et al., "Shariah Governance and Financial Management Framework for Islamic Donation-Based Crowdfunding (IDCF)," *Qualitative Research in Financial Markets* 1, No. 1 (2025), <https://doi.org/10.1108/QRFM-09-2024-0245>.

<sup>32</sup> Tasharuky, "Who We Are."

series of campaigns to finance projects that address risks from various disasters in multiple countries. The following table shows these campaigns:

Table 2: Projects Campaigns Managed by the Tasharek Platform

The Country	The Field	Campaign Titles	Campaign Descriptions	The Implementing Organization	The Beneficiary Category	Project Values
Bangladesh	Environment	Dig a Well in Bangladesh	Digging a water well for those in need in Bangladesh camps.	Arkana Humanitarian Association	Residents of the Bangladesh Camp	\$300
Somalia	Education and Training	My School Bag for Somalia	Providing school supplies for children in Somalia.	Zamzam Foundation	Children in Somalia	\$8,820
Sudan	Food Security	Securing Sudan's Needs	Securing essential needs for displaced families in Sudan.	Al-Sar Al-Khairiya Sudan Association	Displaced Families	\$10,800
Indonesia	Sustainable Development	Empowering Indonesian Families	Empowering impoverished families with fishing boats in eastern Indonesia.	Qudwah Indonesia	Impoverished Families	\$15,700
Libya	Emergencies and Crises	Relief for Libya	Providing urgent necessities for flood victims in Libya.	Sheikh Taher Al-Zawi Charitable Foundation	Flood Victims	\$10,300
Morocco	Shelter and Housing	Moroccan Relief	Providing shelter for earthquake-affected individuals in Morocco.	Basma for Development Foundation	Earthquake-Affected Individuals	\$19,520

Source: Prepared by researchers based on the internet platform.

The results obtained from this study include: 1) Relying on crowdfunding platforms can provide financial solutions that align with Islamic principles, thus alleviating the burden on residents of disaster-affected areas who are in dire need of funding for risk reduction operations resulting from these disasters, in accordance with Islamic finance principles. The absence of regulatory systems

for crowdfunding platforms.<sup>33</sup> There is a lack of project tracking and post-funding information. Many crowdfunding operations align with Islamic principles, and there is the possibility of compensating for operations that do not align with Islamic principles by offsetting them with operations that do. There is limited information provided about the projects to be funded and the institutions behind the project ideas.<sup>34</sup>

The following recommendations are derived from this research: Assisting in building awareness of crowdfunding through awareness campaigns and media. Establishing legislative, regulatory, and oversight systems to regulate the operations of crowdfunding platforms. Making compliance with Islamic finance principles mandatory for aspiring crowdfunding platforms. This would be subject to the supervision of the Islamic Finance Authority. Providing incentives by authorities to encourage this type of financing. The creation of local crowdfunding platforms targeting small and medium-sized funding should be encouraged. More detailed information about the projects to be funded and the organizations behind them must be disclosed. Financial institutions should be encouraged to engage more actively in crowdfunding while preserving the characteristics of this type of financing.

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<sup>33</sup> Al Sentot Sudarwanto, Dona Budi Kharisma, and Diana Tantri Cahyaningsih, "Islamic Crowdfunding and Shariah Compliance Regulation: Problems and Oversight," *Journal of Financial Crime* 31, No. 4 (2024): 1022–36, <https://doi.org/10.1108/JFC-01-2023-0003>.

<sup>34</sup> Bhirawa Anoraga, "A Decade of Charitable Crowdfunding and Its Impacts on the Social Justice Trajectory of Islamic Philanthropy in Indonesia," *Advances in Southeast Asian Studies* 17, No. 1 (2023): 5–24, <https://doi.org/10.4324/9781351025584-15>.

## **Conclusion**

Based on this research, it can be concluded that relying on crowdfunding platforms can provide financial solutions in accordance with Islamic principles, thereby easing the burden on residents of disaster-affected areas who urgently need funding for risk reduction operations due to disasters, in accordance with the principles of Islamic finance. However, there are some shortcomings including the absence of a regulatory system for crowdfunding platforms, lack of project tracking and post-funding information, the information provided regarding the projects to be funded and the institutions behind the project idea is very limited.

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**Page | 134**

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