

FROM APPLICATION TO DISBURSEMENT: GOVERNANCE, RISKS AND WORKFLOW IN ISLAMIC DONATION-BASED CROWDFUNDING

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Abstract

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This study examines the operational workflow and governance structure of Islamic donation-based crowdfunding, focusing on its alignment with Shariah principles and ethical financial practices. Islamic donation-based crowdfunding provides a faith-based mechanism for charitable contributions through digital platforms. Employing a qualitative document analysis approach, this research identifies four key stages in the end-to-end campaign process: project application, fundraising, post-campaign reporting, and fund disbursement. The findings show that campaign initiators begin by submitting proposals for platform approval, followed by public fundraising. Upon project completion, initiators are required to report on fund utilisation and outcomes. A notable feature of most platforms is that funds are disbursed directly to beneficiaries or service providers, rather than to project owners, reinforcing the principles of trust (*amanah*) and public benefit (*maslahah*) in Islamic finance. However, the study also finds inconsistencies in verification procedures and post-campaign accountability across platforms. It aligns with concerns raised by previous studies regarding the need for enhanced governance mechanisms. These variations highlight the need for a more standardized governance structure. In conclusion, the study highlights the need for a unified, Shariah-compliant framework to enhance transparency, build donor confidence, and uphold the objectives of Islamic Law (*maqasid al-Shariah*), particularly justice (*'adl*), social responsibility (*mas'uliyah*), and social welfare.

Keywords: Islamic Donation-Based Crowdfunding, Shariah Governance, Crowdfunding Regulation, Ethical Finance, Maqasid Al-Shariah, Malaysia

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1. INTRODUCTION

Crowdfunding has emerged as a transformative mechanism for mobilizing capital across a diverse spectrum of social, humanitarian, and entrepreneurial causes. By enabling individuals and organizations to pool modest contributions, the model effectively underwrites specific projects and campaigns (Kumar et al., 2024). Within the specific context of Islamic finance, donation-based crowdfunding offers a unique, Shariah-compliant paradigm of charitable giving, deeply rooted in the foundational principles of voluntary charity (*sadaqah*), obligatory almsgiving (*zakat*), and communal responsibility (Kamaruddin et al., 2023; Karakulah & Muneeza, 2024).

The rapid expansion of Islamic donation-based crowdfunding is driven by enhanced digital accessibility and a surging public appetite for ethical financial alternatives. While traditional Islamic social finance has historically relied on *zakat* and endowment (*waqf*) institutions, the landscape is now augmented by digital platforms that offer superior speed, wider outreach, and enhanced campaign visibility. Furthermore, the low entry barriers and user-centric design of these platforms have empowered small non-governmental organizations (NGOs) and individuals to launch fundraising initiatives without dependence on conventional financial intermediaries. This evolution marks a significant shift in philanthropic behavior, particularly among a younger, digitally engaged demographic.

In Malaysia, interest in Islamic donation-based crowdfunding has expanded alongside the broader development of the country's Islamic financial ecosystem and the rapid emergence of fintech solutions. Platforms such as Seedkind.my, Sumbangan.com, and MyFundAction now support campaigns across healthcare, education, and community development, reflecting growing public reliance on digital channels for charitable giving. Although these developments have widened access and participation, the governance structures and operational practices adopted by Islamic donation-based crowdfunding platforms remain uneven. Given that Islamic donation-based crowdfunding is not governed under capital market regulation and instead falls under provisions for charitable and public fundraising, variations in project screening, verification practices, and post-campaign reporting continue to surface across different platforms.

Although extant literature has highlighted the significance of effective marketing strategies, particularly regarding pricing and promotion in driving Islamic donation-based crowdfunding success (Nazarie et al., 2024), scholarly attention has predominantly focused on donor motivations and post-campaign outcomes (Zhang et al., 2020). Conversely, the operational journey of project creators, spanning from application to fund disbursement and outcome reporting remains largely underexplored. These critical gaps and operational inconsistencies pose a risk of eroding donor confidence and compromising platform credibility (Kamaruddin et al., 2023).

To address this knowledge gap, the present study investigates the operational structure and

governance practices of Islamic donation-based crowdfunding in Malaysia. It seeks to map the comprehensive campaign process, identify procedural shortcomings, and evaluate the alignment of current practices with ethical and Shariah-compliant standards. Specifically, this study is guided by three research questions:

RQ1: What are the key operational stages involved in Islamic donation-based crowdfunding in Malaysia?

RQ2: What governance mechanisms are applied by Islamic donation-based crowdfunding platforms to ensure transparency and accountability throughout the fundraising process?

RQ3: To what extent do existing governance practices align with Shariah principles and contribute to strengthening donor trust?

In addressing these questions, the study contributes to the growing body of literature on crowdfunding governance by offering empirical insights into how Islamic donation-based crowdfunding platforms manage trust-building mechanisms through procedural transparency and accountability. Ultimately, it aims to support the development of more transparent, consistent, and accountable practices within the Islamic finance sector.

The structure of this paper is organized as follows. Section 2 reviews the relevant literature on Islamic finance, crowdfunding models, and governance frameworks, with a particular emphasis on the role of donation-based crowdfunding within the Islamic ecosystem. Section 3 outlines the research methodology, detailing the qualitative approach and platform selection criteria. Section 4 presents the empirical findings, mapping the operational workflow of Islamic donation-based crowdfunding campaigns and comparing governance practices across the selected platforms. Section 5 critically discusses these findings in relation to existing literature and Shariah governance principles, highlighting the implications for platform accountability and donor confidence. Finally, Section 6 concludes the study by synthesizing the main contributions, offering practical policy recommendations, and identifying limitations to guide future research directions.

2.. LITERATURE REVIEW

2.1. Islamic finance and crowdfunding

Islamic finance is governed by Shariah principles that emphasize fairness, ethical conduct, and the equitable redistribution of wealth. Core instruments within the Islamic social finance framework include *zakat*, *sadaqah*, *waqf*, benevolent loan (*qard hasan*), and Islamic insurance (*takaful*). These instruments have traditionally served as a safety net for communities during periods of hardship, aligning closely with the broader objectives of Islamic Law (*maqasid al-Shariah*), such as social justice, equity, and financial inclusion.

Historically, the collection and distribution of Islamic charitable funds were managed through formal institutions or informal community networks, particularly in the administration of *zakat*

and *waqf*. In Malaysia, the formalization of *zakat* began in the 1990s, establishing structured mechanisms for the collection of income-based, agricultural, and property-related *zakat* (Ab Rahman et al., 2012). Traditional practices carry principles that resonate with modern crowdfunding, particularly the use of collective contributions to support initiatives that benefit society.

Islamic crowdfunding platforms have emerged as distinct Shariah-compliant alternatives to conventional crowdfunding. They aim to mobilize public funds for entrepreneurial, social, and charitable projects while strictly avoiding prohibited elements such as interest (*riba*), excessive uncertainty (*gharar*), and gambling (*maisir*) (Muneem et al., 2025). Within this context, donation-based crowdfunding represents a digital extension of long-established practices. It provides a transparent and accessible avenue for individuals to support charitable campaigns while ensuring compliance with Shariah principles. Many Islamic crowdfunding platforms implement rigorous Shariah screening procedures to ensure ethical fund management. In doing so, they foster financial inclusion by supporting beneficiaries and causes that might otherwise lack access to conventional financial channels.

Recent research highlights the rapid growth of Islamic fintech solutions in Southeast Asia, with Malaysia positioned as a regional leader in digital Islamic finance innovation (Safira et al., 2025). The integration of blockchain technology and smart contracts into Islamic crowdfunding platforms has been proposed as a mechanism to enhance transparency and automate Shariah compliance verification (Zulkepli et al., 2023). Furthermore, the COVID-19 pandemic accelerated the adoption of digital charitable giving platforms, with Islamic crowdfunding experiencing significant growth in medical and humanitarian campaigns.

In Malaysia, the growing demand for Shariah-compliant financial solutions, particularly through digital platforms, has reinforced the relevance of Islamic crowdfunding. As noted by Kanwal et al. (2023), integrating Islamic finance with digital technology offers the potential to expand the reach and impact of social finance instruments. Nonetheless, the governance structures of Islamic crowdfunding platforms, particularly those operating under donation-based models, require further scrutiny to ensure the consistent application of ethical and Shariah-compliant standards.

2.2. Crowdfunding process and models

Crowdfunding is broadly categorized into four distinct models: peer-to-peer (P2P) lending, equity-based, reward-based, and donation-based. These models differ in their underlying contractual structures and the expected outcomes for contributors. Each model serves a specific objective, reflecting varying levels of risk-sharing arrangements. P2P and equity-based crowdfunding are designed to generate financial returns for investors either through a repayment mechanism or ownership participation. Conversely, reward-based crowdfunding provides contributors with

non-financial benefits such as goods and services rather than monetary gains. Donation-based crowdfunding, in contrast, is primarily philanthropic and is typically characterized by voluntary contributions without any expectation of return. In the context of Islamic finance, the implementation of these models requires strict adherence to jurisprudential guidelines, specifically the prohibition of *riba*, *gharar*, and involvement in impermissible activities (*haram*).

2.2.1. Islamic P2P crowdfunding

Islamic P2P crowdfunding is a Shariah-compliant financing model that enables individuals and organizations to raise capital from a broad base of contributors to support ventures, personal needs, or development projects. This model encourages wider participation in the financial system while upholding the ethical requirements of Islamic law, particularly the avoidance of *riba*, *gharar*, and *haram* (Achsien & Purnamasari, 2016). Azganin et al. (2021) highlight an Islamic P2P crowdfunding initiative designed to support paddy farmers in Malaysia. The operational process involves detailed proposal submissions, which include strategic plans, timelines, and marketing approaches. A rigorous due diligence process follows, encompassing Know Your Customer (KYC) procedures, financial viability assessments, and Shariah screening. Upon Shariah approval, campaigns are launched, and once the target is achieved, funds are disbursed in phases based on project milestones. Profit distribution occurs at the end of the investment cycle, with investors receiving returns in accordance with the risk-sharing structure.

Islamic P2P financing in Malaysia is regulated by the Securities Commission Malaysia under the Capital Markets and Services Act 2007 (Securities Commission Malaysia, 2013) and governed by the Guidelines on Recognized Markets (first issued in 2015 and most recently revised in January 2025) (Securities Commission Malaysia, 2025). These regulations emphasize investor protection, transparency, and adherence to Shariah governance. Additionally, Bank Negara Malaysia's Shariah Governance Policy outlines the responsibilities of Shariah advisory committees, which further strengthen the credibility and accountability of Islamic P2P platforms (Diniyya et al., 2020).

2.2.2. Islamic equity-based crowdfunding

Islamic equity-based crowdfunding allows investors to contribute capital to projects or enterprises in exchange for equity or a share in future profits. This model typically operates through contracts such as profit-sharing (*mudharabah*) and joint venture (*musharakah*), and it must comply with prohibitions against interest, uncertainty, and non-permissible activities (Ramli et al., 2023).

The equity-based crowdfunding process generally follows three stages:

1. *Pre-funding*: project proposals are submitted and reviewed through a combination of financial assessment, KYC checks, and Shariah screening.

2. *Campaign execution*: campaigns are often structured under an “all-or-nothing” model, whereby funds are only disbursed if the funding target is achieved.

3. *Post-funding*: once funded, agreements such as agency (*wakalah*) govern the disbursement and use of funds.

2.2.3. Islamic donation-based crowdfunding

Islamic donation-based crowdfunding has become an important component of Islamic social finance. Unlike equity or lending models, Islamic donation-based crowdfunding is based on voluntary contributions without any expectation of financial return, adhering to the values of *sadaqah* and *zakat*. These platforms are typically utilized to support humanitarian, educational, and community-based initiatives. Kamaruddin et al. (2023) observed that many Islamic donation-based crowdfunding platforms function primarily as digital facilitators with limited post-disbursement oversight. This operational gap raises concerns regarding transparency and accountability, particularly in the absence of independent audits or standardized reporting. While some platforms maintain Shariah advisory boards and vetting procedures, others rely largely on the credibility of project initiators. The lack of formal regulation by the Securities Commission Malaysia (2020) further contributes to these governance inconsistencies.

Karakulah and Muneeza (2024) argue that while Islamic donation-based crowdfunding enhances community engagement and accelerates charitable giving, short campaign durations and minimal reporting mechanisms may compromise long-term impact. Globally, similar concerns have been raised regarding fraud and misrepresentation in crowdfunding, prompting calls for stricter due diligence, third-party validation, and structured impact assessments (Friesz, 2015; Radzi et al., 2024), based on qualitative interviews with platform operators, propose a governance model that includes Shariah advisory roles, legal compliance, contract clarity, fund tracking, and post-campaign accountability. Such frameworks are essential to ensure alignment with *maqasid al-Shariah*, particularly the principles of trust (*amanah*), justice (*‘adl*), and social responsibility (*mas’uliyah*). Research by Mejia et al. (2019) found that platforms with transparent reporting mechanisms and third-party verification experienced higher donor retention rates and larger average donation amounts. Another study by Purnamasari et al. (2022) indicates that Malaysia adopts more structured and formalized approval procedures for digital platforms. These structured processes contribute meaningfully to national anti-corruption efforts by strengthening front-end controls. However, post-approval and post-campaign monitoring receive comparatively less emphasis, which may constrain ongoing oversight and weaken long-term accountability mechanisms. The application of technology in enhancing Islamic donation-based crowdfunding governance has also gained scholarly attention. Studies have proposed the integration of artificial intelligence for fraud detection, blockchain for transparent fund tracking, and automated

reporting systems to reduce administrative burden while improving accountability. However, the practical implementation of these technologies remains limited, with most platforms continuing to rely on manual verification and reporting processes.

2.2.4. Islamic reward-based crowdfunding

Islamic reward-based crowdfunding is recognized as a viable Shariah-compliant model within the Islamic crowdfunding landscape, subject to compliance with the core of Islamic finance principles. Unlike models focused on financial returns, reward-based crowdfunding allows contributors to receive non-monetary rewards, such as pre-ordered products or services, in exchange for their support. These arrangements must be structured around clearly defined deliverables, often drawing on forward sale/advance payment (*salam*), commissioned manufacture/construction (*istisna*), the general sale contract (*bay’*) contracts, to reduce *gharar* and avoid prohibited elements like *riba* (Radzi et al., 2024). This structure aligns with Islamic commercial law by framing the relationship between funders and project creators as permissible sale or advance payment transactions, rather than financial investments.

Studies on Islamic crowdfunding emphasize that ethical contractual frameworks and strong governance are essential for building trust, accountability, and transparency. These factors directly influence contributor confidence and platform credibility. Kamarudin et al. (2025) demonstrate how straightforward, Shariah-aligned practices can effectively support creative and community-driven projects, particularly when rewards are positioned as ethical exchanges rather than profit-generating instruments. These findings suggest that Islamic reward-based crowdfunding can be successfully integrated into digital fundraising ecosystems when grounded in legitimate Islamic contract theory and reinforced by clear governance mechanisms that ensure Shariah compliance. As such, reward-based models help diversify the range of Shariah-aligned crowdfunding options, extending ethical finance beyond donation-based or profit-sharing approaches.

3. RESEARCH METHODOLOGY

This study employs a qualitative, conceptual research design grounded in document analysis to investigate the operational structure and application process of Islamic donation-based crowdfunding platforms in Malaysia. Given the exploratory nature of the research, a qualitative approach is appropriate for capturing in-depth insights into procedural workflows, governance frameworks, and compliance mechanisms without relying on quantitative generalisation.

3.1. Data collection sampling

To ensure relevance and depth, this study used purposive sampling to extract data from publicly available sources. These included official platform guidelines, policy frameworks, institutional

documentation, and relevant peer-reviewed literature. The data extraction process was designed to capture the “life cycle” of a campaign, specifically isolating information regarding application submission, project verification protocols, approval criteria, fund disbursement models, and post-campaign reporting standards. While alternative approaches like case study or mixed-method designs could yield more comprehensive findings through triangulation, these methods require direct stakeholder access and internal operational data, which may be restricted due to confidentiality and limited availability. This study, therefore, adopts a qualitative thematic approach based on accessible documentation to enable systematic cross-platform comparison.

3.2. Platform selection

Five Malaysian Islamic donation-based crowdfunding platforms were purposively selected for this study based on three criteria: market prominence, campaign volume, and accessibility of operational documentation. The platforms represent diverse operational models and serve different market segments within the Malaysian Islamic donation-based crowdfunding platforms ecosystem. Data collection was conducted over a three-month period from July to September 2025, during which relevant documents, platform guidelines, and campaign procedures were systematically reviewed. The study focused on information that was accessible through official websites, published reports, and campaign pages to ensure consistency and replicability of the analysis.

To ensure analytical robustness, the collected data were examined using a qualitative thematic approach. The coding process was guided by governance and transparency constructs commonly discussed in crowdfunding literature. The thematic analysis followed the six-phase approach by Braun and Clarke (2006), which includes data familiarisation, generating initial codes, searching for themes, reviewing themes, defining and naming themes. All extracted information was coded manually and organized into several operational and governance themes: 1) project submission requirements, 2) screening and verification procedures, 3) campaign monitoring mechanisms, 4) fund disbursement practices, and 5) post-campaign reporting and accountability measures. These themes were then refined through iterative comparison across platforms to identify patterns of procedural consistency, governance variation, and potential operational gaps. This thematic framework allowed the study to systematically map the end-to-end campaign process and assess how well each platform’s practices aligned with ethical fundraising principles and Shariah-compliant governance expectations.

3.3. Platform profiles

Platform 1: Platform 1 is a very well-established platform provider that distinguishes itself through rigorous verification protocols. It is primarily for institutional campaigns and requires a comprehensive submission package, requiring

between 8 and 12 supporting documents, including project plans, beneficiary identification, and budget breakdowns. The platform also mandates post-campaign reporting and utilizes a milestone-based disbursement model for high-value campaigns to mitigate risk.

Platform 2: Platform 2 operates as a widely used crowdfunding facilitator with a strong concentration on medical and humanisation assistance. Unlike the institutional focus of Platform 1, this platform frequently hosts campaigns for individuals seeking immediate financial assistance for medical bills. Consequently, its operational governance prioritizes the verification of third-party documents (e.g., hospital letters and medical reports) rather than the detailed project impact proposals required by Platform 1.

Platform 3: Platform 3 operates as a platform for diverse donation campaigns catering to community, religious and welfare-based initiatives. The screening process primarily focuses on verifying the legitimacy of the organizing entity (e.g., registration status) rather than imposing strict post-disbursement reporting obligations.

Platform 4: Platform 4 is a registered foundation that operates under a distinct governance model. Rather than hosting public campaigns from external applicants, it primarily fundraises for its own managed projects focused on education and religious outreach. Governance is, therefore, internal, relying on audit structures and board oversight rather than the external project screening processes seen in P2P models.

Platform 5: Similarly, Platform 5 functions as a philanthropic foundation dedicated to social welfare. Its operational structure is centralized, where funds are raised for specific foundation-led initiatives. Trust is established through the foundation’s organizational reputation and annual reporting mechanisms, rather than the campaign-by-campaign verification model utilized by aggregators.

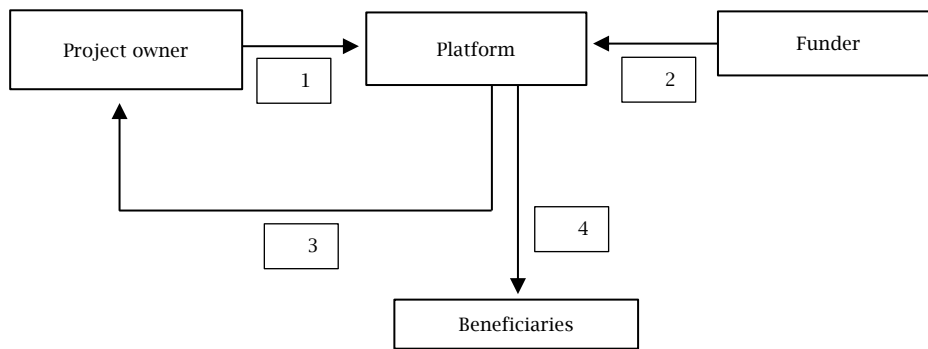
To enhance conceptual depth, the study also examined documented practices from other crowdfunding models, namely, P2P lending, equity-based crowdfunding, and reward-based crowdfunding, as referenced in the literature. This comparative perspective allowed for the identification of procedural differences, regulatory gaps, and alignment with Shariah-compliant standards across different models of crowdfunding.

4. RESULTS

4.1. Operational workflow of Islamic donation-based crowdfunding campaigns

The analysis of the selected platforms reveals a structured operational workflow that underpins the implementation of an Islamic donation-based crowdfunding platform. As illustrated in Figure 1, the fund flow and stakeholder interactions can be categorized into four distinct stages: project proposal submission, campaign promotion, fund disbursement, and post-campaign reporting.

Figure 1. Operational workflow of Islamic donation-based crowdfunding campaigns



The stages presented in Figure 1 may be detailed as follows:

- Stage 1 (submission): The project initiator submits a proposal to the Platform.
- Stage 2 (approval & launch): Upon Platform verification, the campaign goes live for public funding.
- Stage 3 (collection & implementation): Funds are collected from donors and channelled to the project.
- Stage 4 (reporting): The outcome is reported back to the platform and stakeholders.

4.2. Comparative governance analysis

Although the general workflow across the platforms appears broadly similar, a cross-case comparison reveals marked differences in the strength of their governance practices. The ecosystem can be broadly divided into platform services (Platforms 1, 2, and 3), which function as active intermediaries for externally submitted campaigns, and institutional foundations (Platforms 4 and 5), which raise funds exclusively for their internally managed campaigns.

4.2.1. Verification and entry barriers

Platform 1 maintains the highest level of documentation requirements, requesting a comprehensive submission package containing 8 to 12 supporting documents. These include detailed project proposals, beneficiary identification, budget breakdowns, and evidence of organisational registration. Such a requirement acts as a strong safeguard, ensuring that only well-prepared and legitimate institutional campaigns are made available for public fundraising.

Platforms 2 and 3, which emphasise accessibility and rapid fundraising, adopt comparatively lower entry barriers. Available operational information indicates that these platforms prioritise essential identity verification, such as medical reports or proof of organisational registration, rather than the extensive feasibility assessments mandated by Platform 1. This approach enables faster campaign activation, which is critical in urgent or humanitarian situations, although it involves a trade-off with the depth of pre-screening undertaken.

4.2.2. Fund disbursement models

Milestone-based model

Platform 1 adopts a risk-mitigating disbursement structure for high-value campaigns. For initiatives exceeding RM 50,000, funds are released in stages rather than as a single lump sum. Each subsequent disbursement is typically conditional upon the submission of satisfactory progress updates. This phased approach aligns with the Shariah principle of *amanah*, as it reduces the likelihood of fund misappropriation and reinforces accountability throughout project implementation.

Internal allocation

Platforms 4 and 5, both operating as foundations, utilise an internal allocation model. Since these entities implement the projects themselves, the risk associated with third-party fund mismanagement is effectively eliminated. Consequently, accountability rests with the institution’s central governance board, rather than with campaign-specific disbursement procedures. This structure concentrates oversight within the organisation and replaces external verification requirements with institutional monitoring mechanisms.

4.2.3. Shariah governance

Regarding religious compliance, Platform 1 conducts ethical screenings to ensure campaigns align with Islamic values and principles. However, it is important to note that even this high-governance platform does not currently maintain a formal Shariah advisory committee. This suggests that while “ethical alignment” is a priority, formal Shariah certification remains an area for development across the aggregator sector.

5. DISCUSSION

This study set out to investigate the operational structures of Malaysian Islamic donation-based crowdfunding platforms to identify governance gaps. The comparative analysis reveals a heterogeneous ecosystem where “trust” is constructed and enforced through vastly different mechanisms. The findings highlight three critical thematic tensions: the trade-off between accessibility and rigor and the divergence of trust models.

5.1. The accessibility-accountability paradox

The results underscore a fundamental tension in the crowdfunding model: the friction required for governance versus the fluidity required for fundraising. Platform 1's stringent requirement for 8-12 supporting documents effectively mimics the due diligence of traditional institutional grants. While this establishes a high-trust environment, it arguably contradicts the "democratizing" ethos of crowdfunding, potentially excluding grassroots organizers or urgent medical cases lacking bureaucratic capacity.

Conversely, the lower entry barriers observed in Platforms 2 and 3 prioritize speed and accessibility, aligning with the "emergency relief" nature of many campaigns. However, this accessibility comes at the cost of pre-screening rigor. This finding corroborates the concerns raised by Kamaruddin et al. (2023), who noted that many platforms function merely as digital facilitators rather than active gatekeepers. The discussion implies that a single regulatory standard is insufficient; strict regulations (like Platform 1's) applied to emergency medical cases could cost lives, while loose regulations (like Platform 2's) applied to large NGO projects could invite fraud.

5.2. Different sources of trust: Process based vs. institution based

5.2.1. Process-based trust

For aggregators (Platforms 1-3), trust is constructed through *process*. Donors trust the platform's ability to screen strangers. The lack of a formal Shariah advisory committee on Platform 1, despite its high operational rigor represents a vulnerability in this process of trust. Without formal certification, the claim of "Shariah compliance" relies on internal interpretation rather than external validation.

5.2.2. Institutional trust

For foundations (Platforms 4 and 5), trust is deposited in the *institution* itself. The governance is internalized within the organization's board. While this reduces the risk of project fraud, it limits the ecosystem's ability to support external innovation, as these platforms only fund their own agendas.

5.3. Alignment with *maqasid al-Shariah*

From an Islamic perspective, the governance gaps identified, particularly regarding fund tracking, pose a risk to the preservation of wealth (*hifz al-mal*). The milestone-based disbursement model employed by Platform 1 aligns closely with the principle of *amanah*, ensuring that funds are not hoarded or misused. The absence of such mechanisms in other platforms suggests that the sector currently relies heavily on the good faith of campaigners, which, while charitable, does not constitute a robust Shariah-compliant governance framework.

6. CONCLUSION

This study set out to investigate the operational structures and governance mechanisms of Islamic donation-based crowdfunding in Malaysia. Through a qualitative document analysis of five prominent platforms, the research identified a bifurcated ecosystem comprising platform services and institutional foundations. The findings reveal that while digital platforms have successfully democratized access to philanthropy, significant variations in governance rigor pose potential risks to donor confidence and Shariah compliance. The comparative analysis demonstrates that governance within the "platform service" category is highly heterogeneous.

The benchmark (Platform 1) employs a high-governance model characterized by extensive documentation (8-12 documents), milestone-based disbursement, and mandatory post-campaign reporting.

Accessibility-focused services (Platforms 2 and 3) prioritize speed and ease of access, often at the expense of rigorous post-disbursement oversight. While this facilitates rapid emergency relief, the reliance on voluntary reporting creates a "governance gap" regarding the final utilisation of funds.

Institutional foundations (Platforms 4 and 5) operate on a distinct model of reputational trust, where governance is internal rather than process-based.

For platform operators, the findings suggest that "trust" is a competitive asset, not just a compliance cost. Adopting voluntary governance measures such as external audits or the appointment of a Shariah advisor can differentiate a platform in a crowded market. Specifically, the implementation of automated, mandatory post-campaign reporting templates would address the sector's most glaring weakness without significantly increasing administrative burdens. As Malaysia continues to strengthen its position as a global leader in Islamic fintech, Islamic donation-based crowdfunding must evolve beyond merely facilitating charitable contributions towards becoming a structured mechanism for impact stewardship. By balancing the need for speed with the imperative of accountability, the sector can ensure that the digitization of *sadaqah* remains true to the ethical spirit of Islamic finance.

While this study offers important insights into how Malaysian Islamic donation-based crowdfunding platforms operate and govern themselves, several limitations need to be recognized. First, the study relies on qualitative document analysis of publicly accessible materials such as platform guidelines, policy frameworks, and institutional documentation. Although suitable for documenting formal governance frameworks ("policy"), this approach is limited in evaluating actual implementation and consistency of governance practices within day-to-day operations ("practice"). Discrepancies may, therefore, exist between the governance practices stated on platform websites and the actual experiences of donors and project creators. Future studies could bridge this gap by conducting semi-structured interviews with platform operators,

campaign managers, and Shariah advisors to understand the real challenges of implementing and enforcing governance standards.

Second, this study is exploratory in nature and does not measure whether stronger governance leads to better crowdfunding outcomes. The assumption that robust governance builds trust and drives fundraising success is intuitive, but we did not test this empirically. Quantitative research using regression or structural equation modelling

could examine whether governance features like mandatory reporting, verification protocols, or Shariah certification are linked to outcomes such as donor retention, total funds raised, or average donation amounts. Future research needs to examine these Shariah screening frameworks more closely and assess whether they align with the broader objectives of *maqasid al-Shariah*, especially concerning *hifz al-mal* and social justice.

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