

Analysis of Securities Crowdfunding from the Perspective of *Maqashid Al-Shari'ah*

Abstract

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Background. *Shari'ah fintech has great potential to promote financial inclusion and improve access to financial services that comply with Islamic principles. The challenges in financial literacy, regulation, and Shari'ah compliance still need to be addressed to maximize this potential.*

Aim. *This study aims to describe and analyze the implementation of fintech in Shari'ah-compliant securities crowdfunding in Indonesia and evaluate its alignment with the principles of Maqashid al-Shari'ah.*

Method. *The research employs a descriptive-analytical approach with a qualitative method. Primary data sources include literature, regulations issued by the Otoritas Jasa Keuangan (OJK), and industry reports related to Shari'ah fintech. Data collection is conducted through document studies, analyzing relevant regulatory and industry documents. The data is analyzed using thematic analysis to identify patterns and key themes.*

Result. *The implementation of Shari'ah fintech in Indonesia generally aligns with the core objectives of Maqashid al-Shari'ah, namely the protection of religion, life, intellect, lineage, and wealth. Shari'ah fintech platforms successfully avoid elements of riba (interest), gharar (uncertainty), and maysir (speculation), adopting financing models like mudharabah and musyarakah. However, several challenges remain, including inconsistent regulations, cybersecurity issues, inadequate technological infrastructure, and low public financial literacy regarding Shari'ah fintech. To enhance transparency and security, technologies like blockchain and smart contracts are recommended.*

Keywords: *Shari'ah fintech; Financial inclusion; Islamic financial system*

INTRODUCTION

Financial technology, or fintech, has experienced rapid growth in Indonesia in recent years. Fintech refers to innovations in financial services facilitated by technology, including various services such as digital payments, peer-to-peer (P2P) lending, and crowdfunding. The increasing use of smartphones and wider internet access have been the main drivers of fintech development in Indonesia, which in turn has provided financial access to segments of society previously unreachable by traditional financial institutions.¹

One standout fintech innovation is securities crowdfunding, a mechanism where individuals or organizations can raise funds from many investors through online platforms.² Securities crowdfunding

¹ Douglas W. Arner, Janos Nathan Barberis, dan Ross P. Buckley, "The Evolution of Fintech: A New Post-Crisis Paradigm?," SSRN Scholarly Paper (Rochester, NY, 1 Oktober 2015), <https://doi.org/10.2139/ssrn.2676553>.

² In Lee dan Yong Jae Shin, "Fintech: Ecosystem, Business Models, Investment Decisions, and Challenges," *Business Horizons* 61, no. 1 (Januari 2018): 35–46, <https://doi.org/10.1016/j.bushor.2017.09.003>.



enables easier access for small and medium-sized enterprises (SMEs) to obtain funding and provides investment opportunities to the general public with relatively small capital³. In Indonesia, regulations regarding securities crowdfunding have been implemented by the OJK to ensure transparency and security in the fundraising process.⁴

In the context of Islamic economics, *Shari'ah financing* plays an important role. *Shari'ah* financing principles are based on justice, transparency, and *riba* (interest) prohibition. This concept is highly relevant in building an inclusive and fair financial system. With the growing fintech sector, there is a need to ensure that these digital financial services comply with *Shari'ah principles*. Therefore, it is important to study the application of fintech in securities crowdfunding from the perspective of *Maqashid al-Shari'ah*, which are the objectives and core values of Islamic law.

Maqashid al-Shari'ah refers to five main objectives: the protection of religion (*din*), life (*nafs*), intellect (*aql*), lineage (*nasl*), and property (*maal*). Assessing the compliance of *Shari'ah* fintech with *Maqashid al-Shari'ah* helps ensure that these technological innovations are not only formally compliant but also support the essential goals of *Shari'ah* in promoting the well-being of the community⁵. This research focuses on three main questions: how is fintech applied in *Shari'ah*-compliant securities crowdfunding in Indonesia? How does this practice align with the principles of *Maqashid al-Shari'ah*? What are the challenges and opportunities in its implementation?

Research on *Shari'ah* fintech has advanced in line with the growing attention to technological innovations in the Islamic financial system. Below are some notable studies in this field. Muryanto, Kharisma and Nugraheni, this paper explores the prospects and challenges of Islamic fintech in Indonesia and proposes a comprehensive legal framework to accelerate the growth of the sharia economy. The research employs a legal approach with primary and secondary data collected through library research and analyzed using legal norms methods. The findings indicate that although Indonesia has the largest Muslim population, its Islamic fintech market is smaller compared to Saudi Arabia, Iran, UAE, and Malaysia. The main challenges include inadequate regulations, complicated licensing procedures, misuse of fintech for terrorism financing, illegal fintech businesses, and consumer disputes, necessitating a comprehensive Fintech Law. The research results can be used as policy recommendations to support the growth of Islamic fintech, which will promote industrial development, digital economic growth, and mitigate legal risks and misuse of fintech⁶. Hasan and Mollah, in "Islamic Fintech: Digital Financial Inclusion in the Muslim World," examine the role of *Shari'ah* fintech in promoting financial inclusion in Muslim countries⁷. They find that *Shari'ah* fintech can bridge the financial access gap by providing services that are more accessible and affordable, especially for communities not reached by traditional banking services. Mohd Ma'Sum Billah, Suhail Ahmad & Sahibzada Ghisaul Haq, in "Emergence of I-FinTech in the Contemporary Socio-Economic Reality." This study aims to explain the emergence of FinTech and its impact on the Islamic financial industry in Pakistan and globally. The study covers the adoption of FinTech by various countries through modern technology in financial services. FinTech, as an innovative tool, helps Islamic financial organizations provide more accessible products and services. Countries such as Malaysia, UAE, the United Kingdom, Indonesia, and the United States have adopted Islamic FinTech to promote

³ Rashedul Hasan, Mohammad Kabir Hassan, dan Sirajo Aliyu, "Fintech and Islamic Finance: Literature Review and Research Agenda," *International Journal of Islamic Economics and Finance (IJIEF)* 3, no. 1 (28 Januari 2020): 75–94, <https://doi.org/10.18196/ijief.2122>.

⁴ "Layanan Urun Dana Melalui Penawaran Saham Berbasis Teknologi Informasi (Equity Crowdfunding)," diakses 25 Mei 2024, [https://ojk.go.id/id/regulasi/Pages/Layanan-Urun-Dana-Melalui-Penawaran-Saham-Berbasis-Teknologi-Informasi-\(Equity-Crowdfunding\).aspx](https://ojk.go.id/id/regulasi/Pages/Layanan-Urun-Dana-Melalui-Penawaran-Saham-Berbasis-Teknologi-Informasi-(Equity-Crowdfunding).aspx).

⁵ Razali Haron dan Khairunisah Ibrahim, "Islamic Financing in Mitigating Access to Financing Problems of SMEs in Malaysia: A Survey Analysis," *Intellectual Discourse* 24 (28 Desember 2016), <https://doi.org/10.31436/id.v24i0.926>.

⁶ Yudho Taruno Muryanto, Dona Budi Kharisma, dan Anjar Sri Ciptorukmi Nugraheni, "Prospects and challenges of Islamic fintech in Indonesia: a legal viewpoint," *International Journal of Law and Management* 64, no. 2 (1 Januari 2021): 239–52, <https://doi.org/10.1108/IJLMA-07-2021-0162>.

⁷ Umar A. Oseni dan S. Nazim Ali, ed., *Fintech in Islamic finance: theory and practice* (London ; New York: Routledge/Taylor & Francis Group, 2019).

Islamic financial services. This study employs qualitative methods, including interviews with financial experts and *Shari'ah* scholars. In Pakistan, the concept is still new, and a lack of awareness necessitates educational campaigns. FinTech targets the youth and women in Pakistan, and with the support of the State Bank of Pakistan, it is expected to have a promising future in the country⁸.

Azizah, in "The adoption of FinTech and the legal protection of the digital assets in Islamic/Sharia banking linked with economic development: A case of Indonesia," explores how Islamic microfinance institutions in Indonesia adopt financial technology to enhance their service efficiency and reach. Azizah finds that fintech adoption helps these institutions reduce operational costs, increase transparency, and expand access to financial services for rural communities. This research, conducted in the Islamic banking sector, aims to discuss the adoption of Islamic FinTech, legal protection of digital assets, and its role in economic development in Indonesia. Using a comparative and normative juridical approach along with perspective and descriptive analysis methods, the research findings reveal significant adoption of FinTech by the Islamic banking sector. However, there are no general regulations regarding Islamic FinTech and digital asset protection from Bank Indonesia and the OJK. Nonetheless, important guidelines from the Fatwa of the National Sharia Board of Indonesian Ulama exist. Islamic banks are encouraged to embrace technological innovations to meet customer needs based on an interest-free system.⁹ Ali, Tufail, and Jamal discuss how *Shari'ah* fintech can be used to combat financial exclusion in Pakistan.¹⁰ They conclude that *Shari'ah* fintech offers effective solutions to overcome cultural and religious barriers that often prevent Muslim communities from using conventional financial services.

Shari'ah fintech has great potential to promote financial inclusion and improve access to financial services that comply with Islamic principles. The challenges in financial literacy, regulation, and *Shari'ah* compliance still need to be addressed to maximize this potential. This research analyze the implementation of fintech in *Shari'ah*-compliant securities crowdfunding in Indonesia, assess its compliance with *Maqashid al-Shari'ah* principles, and identify the challenges and opportunities in the application of *Shari'ah* fintech in the crowdfunding sector. It is hoped that this research will provide several important benefits, including insights for practitioners and academics about the compliance of fintech with *Shari'ah* financing, recommendations for improving and developing the *Shari'ah* fintech sector, and assistance for policymakers in designing regulations that support the development of *Shari'ah* fintech in line with *Maqashid al-Shari'ah* principles.

LITERATURE REVIEW

Definition and Development of Fintech

Financial technology, or fintech, refers to innovations that use technology to improve and automate financial services. Fintech encompasses a variety of applications, ranging from mobile payments and online banking to alternative financing such as peer-to-peer (P2P) lending and crowdfunding. According to Arner, Barberis, and Buckley, fintech has evolved significantly, especially after the 2008 global financial crisis, which spurred the need for more efficient and inclusive financial solutions¹¹. This encompasses a variety of applications, ranging from digital

⁸ Mohd Ma'Sum Billah, Suhail Ahmad, dan Sahibzada Ghisaul Haq, "Emergence of I-FinTech in the Contemporary Socio-Economic Reality," dalam *Islamic FinTech: Insights and Solutions*, ed. oleh Mohd Ma'Sum Billah (Cham: Springer International Publishing, 2021), 3–18, https://doi.org/10.1007/978-3-030-45827-0_1.

⁹ Siti N. Azizah, "The Adoption of FinTech and the Legal Protection of the Digital Assets in Islamic/Sharia Banking Linked with Economic Development: A Case of Indonesia," *The Journal of World Intellectual Property* 26, no. 1 (2023): 30–40, <https://doi.org/10.1111/jwip.12257>.

¹⁰ Hassnian Ali dan Rose Abdullah, "Fintech and Financial Inclusion in Pakistan: An Exploratory Study," dalam *Enhancing Financial Inclusion through Islamic Finance, Volume I*, ed. oleh Abdelrahman Elzahi Saaid Ali, Khalifa Mohamed Ali, dan Muhammad Khaleequzzaman (Cham: Springer International Publishing, 2020), 159–92, https://doi.org/10.1007/978-3-030-39935-1_9.

¹¹ Douglas W. Arner, Janos Nathan Barberis, dan Ross P. Buckley, "The Evolution of Fintech: A New Post-Crisis Paradigm?," SSRN Scholarly Paper (Rochester, NY, 1 Oktober 2015), <https://doi.org/10.2139/ssrn.2676553>.

payments and peer-to-peer lending to app-based banking services. According to Haitian Lu, fintech also includes the use of big data, blockchain, and artificial intelligence to enhance financial processes and mitigate risks.¹²

In Indonesia, fintech development has been rapid, driven by high internet penetration and widespread smartphone usage. Lee and Shin note that the fintech ecosystem consists of various components, including tech startups, traditional financial institutions, regulators, and consumers. Fintech offers solutions to address various limitations in traditional financial systems, such as limited access to financial services in remote areas and high transaction costs.¹³

In Indonesia, fintech plays a crucial role in financial inclusion, providing access to financial services for segments of society previously unreachable by traditional banks. With supportive regulations from the government, the fintech sector in Indonesia continues to grow, offering various innovations in financial services that are faster, cheaper, and more accessible.

Mechanism and Model of Securities Crowdfunding

Securities crowdfunding is an alternative financing method where individuals or organizations can raise funds from a large number of investors through online platforms. This type of crowdfunding allows small and medium-sized enterprises (SMEs) to obtain the necessary capital without going through traditional banking processes. According to a study by Mollick, crowdfunding offers various models, including donation-based, reward-based, lending-based, and equity-based models .

The mechanism of securities crowdfunding, particularly equity-based, involves offering company shares to investors through digital platforms. Participating investors receive shares or equity in return for their investment. This model allows investors to own a portion of the company they fund and potentially benefit from the company's growth in value.

According to Bradford, securities crowdfunding involves several key stages. In the Pre-Offering stage, the company seeking funds prepares necessary documents and information. During the Offering stage, fundraising is conducted through a crowdfunding platform where investors can learn about the company and decide whether to invest. After the fundraising target is reached, the company moves to the Post-Offering stage, where the collected funds are used to execute the business plan, and investors receive equity according to their investment. This model offers flexibility and accessibility for SMEs to raise capital and provides investment opportunities for the general public who wish to participate in the growth of new companies.

Regulation of Fintech and Crowdfunding in Indonesia

The regulation of fintech and crowdfunding in Indonesia is governed by the OJK. According to OJK Regulation Number 37/POJK.04/2018 concerning Crowdfunding Services through Information Technology-Based Stock Offerings (Equity Crowdfunding), OJK provides a legal framework to ensure transparency and security in the crowdfunding process. The regulation includes requirements for crowdfunding platforms, companies seeking funds, and investor protection. Key provisions of this regulation include several important aspects. First, Registration and Licensing requires crowdfunding platforms to be registered and licensed by OJK to operate legally in Indonesia. Second, the Disclosure of Information mandates that companies conducting offerings must provide complete and transparent information about their business, the intended use of funds, and the associated investment risks. Third, Investor Protection sets maximum investment limits for retail investors to minimize the risk of significant losses. Finally, Supervision and Compliance gives OJK the authority to oversee and ensure that all crowdfunding activities adhere to the applicable regulations.

This regulation aims to create a safe and conducive environment for the growth of fintech and crowdfunding in Indonesia, while protecting investor interests and ensuring the integrity of financial markets. With stringent regulations and government support, fintech and crowdfunding in Indonesia

¹² Haitian Lu et,all., "Fintech and the Future of Financial Service: A Literature Review and Research Agenda," SSRN Scholarly Paper (Rochester, NY, 14 Mei 2020), <https://doi.org/10.2139/ssrn.3600627>.

¹³ Lee dan Shin, "Fintech."

have great potential to support economic growth, especially for SMEs that often face difficulties in accessing traditional financing.

Foundations of *Shari'ah* Financing

Shari'ah financing is grounded in Islamic law principles, aiming to promote justice and mutual welfare. The key foundations of *Shari'ah* financing revolve around the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation).

The Prohibition of *Riba* forbids the charging of interest, as it is seen as exploitative and unjust. Instead, *Shari'ah* financing promotes profit-sharing mechanisms such as *mudharabah*, where one party provides capital and the other manages the business, and *musyarakah*, where both parties contribute capital and share profits and risks. The Prohibition of *Gharar* refers to avoiding uncertainty or ambiguity in contracts. Islamic law prohibits transactions involving *gharar* because they can lead to disputes and injustice. As a result, all *Shari'ah* financing contracts must be clear and transparent. The Prohibition of *Maysir* bars speculative practices, such as gambling, due to their high risk and potential for significant loss to one party. *Shari'ah* financing focuses on real-value, asset-based investments that avoid speculation, ensuring more ethical and stable financial transactions. According to El-Gamal, *Shari'ah* financing strives to create a more just and stable financial system by eliminating elements deemed harmful to society.¹⁴

Key Concepts in *Maqashid al-Shari'ah*

Maqashid al-Shari'ah represents the core objectives of Islamic law, aimed at promoting human welfare in both worldly and spiritual contexts. These objectives encompass the protection of religion, life, intellect, lineage, and property.

The protection of religion, known as *Hifz al-Din*, ensures that all economic activities remain in harmony with Islamic teachings, supporting the practice and continuity of religious obligations. *Hifz al-Nafs*, or the protection of life, emphasizes safeguarding human welfare by promoting health, safety, and well-being in all aspects of life, including economic interactions. The protection of intellect, *Hifz al-Aql*, encourages intellectual development and education while prohibiting harmful substances, such as alcohol or drugs, that impair rational thinking. *Hifz al-Nasl*, or the protection of lineage, focuses on preserving family integrity and societal values, ensuring that economic activities do not disrupt the social or moral fabric. Lastly, the protection of property, *Hifz al-Mal*, seeks to safeguard individual rights to ownership and promote fair wealth distribution, preventing injustice and exploitation in economic dealings. These objectives collectively form the foundation of *Shari'ah*, aimed at achieving justice and human welfare.¹⁵

According to Kamali, *Maqashid al-Shari'ah* plays a crucial role in the formation of Islamic law and provides a framework for assessing the compliance of economic activities with *Shari'ah* goals.¹⁶

Application of *Shari'ah* Principles in Fintech and Crowdfunding

The application of *Shari'ah* principles in fintech and crowdfunding involves adapting *Shari'ah* concepts to ensure these technological innovations comply with Islamic law. Key applications include:

Shari'ah-compliant fintech platforms are designed to offer financial services in accordance with Islamic principles. For instance, peer-to-peer lending platforms that follow *Shari'ah* utilize contracts such as *mudharabah* or *musyarakah* to ensure fair distribution of funds and profits between capital owners and business managers. Similarly, *Shari'ah*-compliant securities crowdfunding enables companies to raise funds through equity offerings that adhere to *Shari'ah* guidelines. In this system,

¹⁴ Mahmoud A. El- Gamal, *Islamic Finance: Law, Economics and Practice* (Cambridge: Cambridge University Press, 2006), h. 15.

¹⁵ Imam Al-Syatibi, *Al-Muwaafaqat fi al-Ushul al-Syari'ah* (Beirut: Dar al-kutub al Islamiyah, 2003), h. 87.

¹⁶ Mohammad Hashim Kamali, *Maqasid Al-Shariah Made Simple* (International Institute of Islamic Thought, 2008), h.35, <https://doi.org/10.2307/j.ctvkc67vz>.

investors gain equity or ownership in the company, and profit sharing is conducted through fair and transparent contracts.

The use of blockchain technology and smart contracts has further enhanced *Shari'ah*-compliant transactions. Smart contracts help automate these transactions, ensuring all contract terms are met and reducing the risk of *gharar* (uncertainty). These contracts also streamline payment management and profit distribution based on predefined parameters. Additionally, *Shari'ah* fintech includes applications for managing zakat and waqf. These platforms facilitate the payment of zakat, the distribution of waqf funds, and provide transparent reporting, contributing to *Maqashid al-Shari'ah*'s aim of promoting fair wealth distribution and societal welfare. According to Siddiqi, applying *Shari'ah* principles in fintech requires a holistic approach, combining technology with a deep understanding of Islamic law to create innovative and *Shari'ah*-compliant financial solutions.¹⁷

In the context of Indonesia, supportive regulations and oversight from financial authorities like OJK are crucial to ensuring that *Shari'ah* fintech and crowdfunding innovations operate by *Shari'ah* principles. Surya and Yulianto note that comprehensive and adaptive regulations to technological developments can support this sector's growth and ensure its benefits reach all societal levels. Overall, applying *Shari'ah* principles in fintech and crowdfunding has great potential to enhance financial inclusion, support SMEs, and create a more just and sustainable financial system. With ongoing technological development and a better understanding of *Maqashid al-Shari'ah*, *Shari'ah* fintech can become a crucial pillar in developing an economy based on Islamic values.

METHOD

This research employs a descriptive-analytical approach with a qualitative methodology. The descriptive analytical approach aims to describe and analyze the phenomenon being studied in depth and comprehensively. In this context, the research will focus on the implementation of fintech in *Shari'ah*-compliant securities crowdfunding in Indonesia and its alignment with *Maqashid al-Shari'ah* principles¹⁸. The research relies on two main types of data sources, primary data, literature, including books, scientific articles, and journals discussing fintech, crowdfunding, and *Shari'ah* financing. Regulations, documents issued by the OJK and other relevant agencies regarding fintech and *Shari'ah*-compliant crowdfunding. Industry reports, reports and case studies published by research institutions, fintech associations, and other organizations. Data collection techniques, gathering and analyzing relevant documents, including regulations, industry reports, and academic literature¹⁹. Document study helps in understanding the regulatory context and best practices in the *Shari'ah* fintech industry. Data analysis, collected data will be analyzed using thematic analysis methods to identify patterns and main themes in the data. The steps in thematic analysis include: reading and understanding all collected data to get an overall picture, coding data by marking segments relevant to the research focus, and giving codes to these segments. Then, similar codes form main themes. The final stage is analyzing the identified themes to evaluate the compliance of *Shari'ah* fintech practices with *Maqashid al-Shari'ah* principles. This qualitative approach allows researchers to deeply understand the dynamics and complexities of fintech implementation in *Shari'ah*-compliant financing and assess its alignment with broader *Shari'ah* goals.

RESULT

Description of Models and Mechanisms Used

Shari'ah-compliant securities crowdfunding adopts financing models that align with *Shari'ah* principles, such as *mudharabah* and *musyarakah*. In the *mudharabah* model, investors provide capital to the project manager (*mudharib*), who then manages the funds to run the business. Profits from the

¹⁷ Mohammad Nejatullah Siddiqi, "Islamic Banking And Finance In Theory And Practice: A Survey Of State Of The Art," *Islamic Economic Studies* 13-2 (2006): 2-48.

¹⁸ John W. Creswell dkk., *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, Fifth edition (Los Angeles London New Delhi Singapore Washington DC Melbourne: SAGE, 2018), h. 45.

¹⁹ Robert K. Yin, *Case Study Research: Design and Methods*, 5. edition (Los Angeles London New Delhi Singapore Washington, DC: SAGE, 2014), h. 65.

business are shared according to an agreed ratio, while losses are borne by the capital owner unless due to negligence or fraud by the *mudharib*. The *musyarakah* model, on the other hand, involves a partnership between two or more parties, each providing capital and sharing profits and losses according to their capital contributions.

Shari'ah-compliant crowdfunding platforms use digital technology to connect investors with projects needing funding. This process includes project registration, *Shari'ah* compliance assessment, fundraising campaigns, and the transparent and efficient distribution of funds and profits.

Case Study of *Shari'ah* Crowdfunding Platforms in Indonesia

A successful implementation example is Ethis Crowd. Ethis Crowd specializes in financing *Shari'ah*-compliant property projects and small businesses. The platform uses the *mudharabah* model to raise funds from global investors and finance projects that provide positive social impacts, such as affordable housing development. According to Nugroho, Ethis Crowd has successfully raised millions of dollars to finance various projects that are not only financially beneficial but also contribute to community welfare.²⁰ This study shows that the use of fintech in *Shari'ah*-compliant securities crowdfunding enables broader, efficient, and *Shari'ah*-compliant funding access, supporting financial inclusion and sustainable economic development.

Analysis of Compliance with the Five Main Objectives of *Maqashid al-Shari'ah*

Maqashid al-Shari'ah consists of five main objectives that must be fulfilled in every economic and financial activity, including fintech and *Shari'ah*-compliant securities crowdfunding. These five objectives are the protection of religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*Hifz al-Aql*), lineage (*Hifz al-Nasl*), and property (*Hifz al-Mal*). Below is an analysis of the compliance of *Shari'ah* fintech with the five objectives of *Maqashid al-Shari'ah*:

Protection of Religion (*Hifz al-Din*)

Protection means that all transactions and services must comply with *Shari'ah* principles. This includes the prohibition of *riba*, *gharar*, and *maysir*. *Shari'ah* fintech uses contracts such as *mudharabah* and *musyarakah*, replacing interest concepts with profit-sharing and fair risk-sharing. Applying *Shari'ah* principles in fintech ensures that financial services are not only formally compliant but also support *Shari'ah*'s goal of creating a just and inclusive financial system.²¹ By technology, *Shari'ah* fintech helps expand access to financial services that align with Islamic values, thus maintaining and strengthening religious commitments.

Protection of Life (*Hifz al-Nafs*)

Protection of life includes efforts to ensure individual welfare and safety in all life aspects, including economic activities. *Shari'ah* fintech, with principles of transparency and justice, helps avoid practices that harm consumers, such as fraud and exploitation. *Shari'ah* fintech provides safe and fair financial services, contributing to improved individual and community welfare.²² *Shari'ah* fintech platforms also focus on social investments supporting community development, such as financing affordable housing projects that not only provide financial benefits, but also improve community quality of life.

Protection of Intellect (*Hifz al-Aql*)

Protection of the intellect involves promoting education and training, as well as protecting from things that can damage the intellect. *Shari'ah* fintech supports this by providing clear and educational information about *Shari'ah*-compliant financial products and services. According to Siddiqi (2021), *Shari'ah* fintech plays a crucial role in improving financial literacy among Muslim

²⁰ Multazam Mansyur Addury, Anton Priyo Nugroho, dan Salehuddin Khalid, "The Intention of Investing Sharia Stocks on Millennials: The Role of Sharia Financial Literacy," *Ihtifaz: Journal of Islamic Economics, Finance, and Banking* 3, no. 2 (31 Desember 2020): 89–104, <https://doi.org/10.12928/ijiefb.v3i2.3170>.

²¹ Gamal, *Islamic Finance*, h. 65.

²² Ethan R. Mollick, "The Dynamics of Crowdfunding: Determinants of Success and Failure," *SSRN Electronic Journal*, 2012, <https://doi.org/10.2139/ssrn.2088298>.

communities.²³ By providing easy-to-access and transparent platforms, *Shari'ah* fintech helps users understand *Shari'ah*-compliant financial products, enabling them to make better and more informed investment decisions.

Protection of Lineage (*Hifz al-Nasl*)

Protection of lineage focuses on maintaining the morality and integrity of families and society. *Shari'ah* fintech supports this by ensuring that all transactions and investments are conducted ethically and in line with *Shari'ah* values, prohibiting harmful or unjust practices. Research by Nurdianawati (2019) shows that *Shari'ah* fintech can contribute to social and economic stability by providing access to ethical and fair financing. This helps families and communities build a strong economic base without involving in harmful or Islamically non-compliant practices.²⁴

Protection of Property (*Hifz al-Mal*)

Protection of property is a crucial aspect of *Maqashid al-Shari'ah*, encompassing fair and transparent protection and management of wealth. *Shari'ah* fintech uses technology to enhance transparency in financial transactions, reduce transaction costs, and provide wider access to *Shari'ah*-compliant investment opportunities.

Shari'ah fintech allows for safer and more transparent investments, helping protect investors' wealth from unnecessary risks. Blockchain technology, for instance, is used to ensure transaction security and transparency, reducing fraud risks and increasing investor confidence.

Assessment of Benefits and Risks from the Perspective of *Maqashid al-Shari'ah*

Benefits of fintech from the perspective of *Maqashid al-Shari'ah* include: Financial Inclusion: *Shari'ah* fintech enhances financial inclusion by providing access to financial services for segments of society previously unreachable by conventional banks. This aligns with *Maqashid al-Shari'ah*'s goal of creating economic justice and welfare for all; Transparency and Security: The use of technology such as blockchain in *Shari'ah* fintech increases transparency and transaction security, crucial for protecting property and individual welfare; Education and Financial Literacy: *Shari'ah* fintech plays a role in improving financial literacy by providing clear and educational information about *Shari'ah*-compliant financial products and services; Social Investment: Many *Shari'ah* fintech platforms focus on social investments, such as financing affordable housing and community projects, supporting *Maqashid al-Shari'ah*'s goal of enhancing quality of life and social welfare.

Risks of fintech from the perspective of *Maqashid al-Shari'ah* include: *Shari'ah* Compliance: One of the main risks is ensuring that all fintech products and services truly comply with *Shari'ah* principles. There are concerns that some platforms may deviate from these principles to attract more investors or gain higher profits; Regulation and Supervision: Although regulations exist, effective implementation and supervision remain a challenge. Inadequate or unclear regulations can lead to non-compliance with *Shari'ah* and pose risks to investors; Financial Literacy: Despite efforts to improve financial literacy, the lack of understanding of *Shari'ah* principles and fintech products can lead to poor investment decisions by users; Technology and Security: While technology can enhance transparency and security, there are also risks related to cybersecurity and data privacy. Cyberattacks can threaten the integrity of platforms and the security of user data. The fintech regulators, practitioners, and academics must collaborate in creating a comprehensive and dynamic framework that supports innovation while ensuring compliance with *Shari'ah* principles to minimize risks.²⁵

The implementation of fintech in *Shari'ah*-compliant securities crowdfunding in Indonesia shows significant alignment with the five main objectives of *Maqashid al-Shari'ah*. Technology enhance transparency, security, and financial inclusion, *Shari'ah* fintech can contribute to sustainable

²³ Siddiqi, "Islamic Banking And Finance In Theory And Practice."

²⁴ Asyraf Wajdi Dusuki dan Nurdianawati Irwani Abdullah, "Maqasid al-Shari'ah, Masalah, and Corporate Social Responsibility (2007)*," *American Journal of Islam and Society* 41, no. 1 (5 Februari 2024): 10–35, <https://doi.org/10.35632/ajis.v41i1.3417>.

²⁵ Mollick, "The Dynamics of Crowdfunding."

and just economic development. The challenges related to *Shari'ah* compliance, regulation, and financial literacy need to be continuously addressed to maximize benefits and reduce risks.

CONCLUSIONS

This study has examined the implementation of fintech in *Shari'ah*-compliant securities crowdfunding in Indonesia, focusing on its alignment with the principles of *Maqashid al-Shari'ah*. In general, *Shari'ah* fintech in Indonesia has successfully adhered to the five main objectives of *Maqashid al-Shari'ah*, namely the protection of religion, life, intellect, lineage, and property. The use of financing models such as *mudharabah* and *musyarakah* ensures that financial transactions are conducted fairly and transparently, avoiding elements of *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation). However, unclear and inconsistent regulations can hinder innovation and reduce investor confidence. Operational challenges include cybersecurity and inadequate technological infrastructure. Additionally, low financial literacy regarding *Shari'ah* and the public's perception of *Shari'ah* fintech remain obstacles. The use of technologies such as blockchain and smart contracts can enhance transaction transparency and security. The development of *Shari'ah*-compliant microfinance products and social crowdfunding can improve financial inclusion and social welfare. Collaboration with conventional financial institutions and educational institutions can enhance financial literacy and expand service reach. These findings imply that *Shari'ah* fintech has significant potential to support financial inclusion and economic development in Indonesia. However, efforts are needed to address regulatory, operational, and public perception challenges to maximize these benefits.

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