Crowdfunding and Fintech: Business Model Sharia Compliant

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Abstract— **Focus on a concrete project, share the results, contain the risk. These are some of the precepts of Islamic finance. But they are also the cornerstones of crowdfunding. This is why this form of financing is cutting out its space. With an extra pillar: no interests. The resources are still limited, but the Muslim crowdfunding ecosystem is diversifying: from the most basic reward based on social lending, with an eye to the Fintech. FinTech refers to technofinance or financial technology, that is to say, the supply of services and financial products provided through the most modern technologies made available to ICT. The services provided by FinTech are essentially those of traditional finance: therefore, from simple transactions to payments, to brokering and risk management, typical and exclusive of this sector are the activities linked to electronic currencies such as for example, the Bitcoin.**

Keywords- Crowdfunding, Fintech, Islamic Finance

I. INTRODUCTION

The Crowdfunding is a collaborative process of a group of people who use their money in common to support the efforts of people and organizations using Internet sites. It is a bottom-up microfinance practice that mobilizes people and resources. The term crowdfunding derives its origin from crowdsourcing or collective development of a product. It can refer to initiatives of any kind, from financing an entrepreneurial project to supporting art and cultural heritage, to innovative entrepreneurship and scientific research.

Collective financing is often used to promote innovation and social change, breaking down the traditional barriers of financial investment. In particular, we talk about equity crowdfunding when, through online investment, we buy a shareholding in a company. Therefore, it differs from the other models because of the particular "reward" expected by those who contribute to the project. According to the Framework for European Crowdfunding, "the rise of crowdfunding in the last ten years derives from the proliferation and the emergence of web applications and mobile services, conditions that allow entrepreneurs, businesses and creatives of all kinds to be able to dialogue with the crowd to get ideas, collect money and solicit input on the product or service they intend to offer ».

Crowdfunding is an important source of funding each year for about half a million European projects that otherwise would never receive the funds to see the light. In 2013, funds amounting to about one billion euro were collected in Europe. Exponential increases are estimated in the near future, millions of billions by 2020, thanks to crowdfunding, which finds all the elements to be able to unleash its potential in web 2.0. Concepts such as Fintech, bitcoin, crowdfunding enter the language of the banking business, including for Islamic finance. Fintech is the supply of financial services and products through the most advanced information technologies (ICT), is one of the most interesting phenomena of recent years. Exploded between 2014 and 2015, it has established itself in the banking sector, giving rise to new actors. Technological innovation has allowed reducing operating costs, favouring a policy of cuts. The success of Fintech and crowdfunding, which open new financial channels and give the customer much-simplified management of their activities, with the consequent cancellation of unnecessary management costs. Islamic finance is also affected by this revolution.

The Islamic Financial Services Board has dedicated an entire section to the rise of the Fintech, its applications and the state of the legislation in force in its 2017 Stability Report to remove entry barriers and provide more financial services to the millions of Muslims. The concept and the structure of crowdfunding conform perfectly to Sharia and has the same participatory methods that are the cornerstone of Islamic finance, investors buy a share in the company by participating in gains and losses.

The Screening to see if a company is Sharia compliant was based on qualitative and quantitative criteria. The qualitative criteria relate to the type of industry in which companies cannot operate: this sector includes all activities not permitted Haram, namely: alcohol and pork products, pornography, tobacco, gambling, interest-bearing financial assets, weapons and defence, biology and animal genetics (cloning). In quantitative screening, however, the financial reports of companies are tested for amounts not exceeding certain thresholds and thresholds are different in the percentages and formulas between different global indices.

II. THE OBJECT OF THE RESEARCH

The research aims:

- To understand the concept sharia-compliant crowdfunding;
- To discover existing crowdfunding platforms with a concentration on equity and debt crowdfunding in the countries of the Islamic world;
- To analyze the sharia-compliant crowdfunding in terms of the companies financed.

III. THE SAMPLE

Currently, the platforms entered in the register are 108. The sample is representative of the Islamic crowdfunding platforms in the member states of the organisation of Islamic cooperation which brings together 47 countries around the world.

IV. DESIGN OF THE RESEARCH

The research methodology follows a path of inductive-deductive analysis, by the assessment of the compliance with the sharia. The evaluation process and compliance are based on criteria, divided into two categories: the first category consists of the quality criteria and the second those quantities. The qualitative criteria are mainly related to the business activities of the company and its eligibility according to the Sharia. Regarding the quantitative criteria, are a series of reports and financial levels that need to be examined, and their results should not exceed the specified threshold. Thus, by controlling the qualitative and quantitative criteria, companies are verified on the basis of their resources "activities" and their financial structures. Both categories must be met in order to be classified as Shariah-compliant. According to what we had discussed on the main concepts and principles of Sharia law, companies must conduct their activities within the lawful activities, which are called Halal, and avoid all activities that are not permitted, calls Haram activities. The activities must obviously include all the production and sale of their products. The activities not permitted are the following: alcohol, products related to pork, pornography, tobacco. Gambling, financial services of interest-bearing (ie conventional banks and insurance companies), weapons and defence, genetic engineering biological human and animal (eg. cloning), media and advertising companies, with the exception of news channels, newspapers, and sports. The Control of those assets within companies is considered a crucial step and a crucial phase. This step is the classification of the core business of each company. Switch this early stage of quality control is to move towards quantitative financial control. As for the quantitative control, the three main aspects that need to be tested are the level of leverage (the ratio of debt ratios), the ratio of interest, the liquidity ratio (cash and credit), and finally the portion of revenue that is generated by non-compliant. These aspects must be respected above all for corporate equity crowdfunding (platforms), which will guarantee a set of evaluation procedures by finance companies of comparable strength. - Level of debt: any debt based on interest is not allowed according to the principles of Sharia. For this reason there is a threshold about the same among all the global indices, however, there are some differences in the calculation formula. If the interest based on the debt does not exceed this threshold then it can be accepted. - The level of debt is to measure the ratio of total debt and total assets. According to Islamic Index, the level of debt ratio is: (Total Debt / Total Assets) < 33 %

- The ratio of interest that head in practice the investment in fixed income instruments and ensures that the income generated is not considered riba. Among the indices is equal to the threshold but again the formula is different. According to Islamic Index, the interest ratio is (Cash + interest-bearing securities) / Total assets < 33 % - Liquidity Ratio: focuses primarily on tests of liquidity in the company (cash and receivables). In this report, all indices are different and do not have common thresholds. As well as the formula for the calculation is different. Some require a certain minimum level of assets. According to Islamic Index ,the liquidity ratio is: Cash + Receivables / Total assets < 33.33 % - Income ineligible: a criterion of the final financial report to be verified is based on what is the level of income ratio is not permitted; ie, the income must be generated in order to be admissible accepted, according to the Sharia.. According to Islamic Index, the Income ineligible ratio is income not allowed / income < 5 %.

V. THEORETICAL BACKGROUND

For several years, the financial industry has developed new investment forms under the purpose of diversification. Amongst them, some have particular features which could sound a bit innovative. They are the so-called Social Impact Investments (or Impact Investments). Impact investors want to allocate their wealth and savings in investments which could generate positive social or environmental development [1]. Impact investments are considered as innovative investment forms since they have gone beyond the common capital allocation framework: investments are usually intended to optimize risk-adjusted financial return while donations are designed to increase social impact. Impact investments are those investments whose aim is to create positive social or environmental impact rather than financial return. Usually, they take the form of private debt or equity instruments, but other options take into consideration guarantees or deposits, too. There are public listed impact investment instruments, too, but the market is still in a start-up stage even though there are many positive indicators that it will expand soon because of a growing demand from investors and the higher supply of social businesses recipients of impact investing. The biggest portion of listed impact investments socially responsible investments which focus mainly on minimizing negative impact rather than fostering positive impact. The intended impact refers mainly to the so-called base of the pyramid (BoP) population which need more resources to improve their living conditions or to environmental issues, too. Moreover, the most significant feature is the combination of financial return and social/environmental impact which will encourage businesses to grow in a financially sustainable way. The social impact investing could be considered as an important complementary source of funding together with governmental and philanthropy actions to serve the poorest products and services needs [2]. Lehner (2013) has proposed a scheme of operation of crowdfunding in the context of social entrepreneurship that characterizes it [3]. This diagram describes what actors are involved and what factors are involved in the encounter between demand and supply of funds in crowdfunding. In particular, businesses are the borrowers as the crowd as a whole is identified as a lender of funds. The essential element in this context is the recognition of the opportunity by not only entrepreneurs but also crowd funders. This happens through the communication channels offered by Web 2.0 and content for users on the platforms of crowdfunding. The meeting between the crowd and enterprises occurs when members (crowd funders) decide to take this opportunity on the basis of the legitimacy of their perceived idea about business. Unlike the case with traditional sources of funding where the entrepreneur has to convince a small group of investors, typically through a business plan and forecasts, in crowdfunding Creators must be able to communicate the opportunity to a large heterogeneous mass of people, therefore adopting different strategies and the multiple communication tools offered by Web 2.0 and platforms. The platforms act as intermediaries, each with its own communication strategy and its business model; social networks that are created within the crowd leverage on these. Aspects related to the economy of information (information asymmetry) and the equivalent risk for the individual constitute the so-called block motivational. The outcome of the project is moderated by the rewards (reward), the levels of control and participation offered and also depends greatly on the characteristics brokerage platform. The laws and regulations, in turn, form a further block that serves as a mediator between the crowd, the crowdfunding platform and desire for participation in the project business [4]. The literature on the "herd behaviour" (rational herding) states that individuals to reduce their risk of the face of uncertainty, in this case, associated with a new business idea, interpret the number of people who have invested as a quality signal of the project. The authors argue that the herd effect probably also the case of crowdfunding but the main difference is that the crowd funders not interpret the investment decisions of others as a sign of quality. The propensity to invest in the latter fact undergoes an increase in the final stages of the project as the supporters expect that their contribution will have a greater impact when the project is closer to its target collection and therefore has a higher probability of success.

A. Crowdfunding

The crowdfunding encompasses various types of fundraising that can range from collecting donations to selling equity stakes via the Internet. But a clear definition of the term has yet to be proposed. One definition comes from Hemer (2011), who defines crowdfunding as an ―open call, essentially through the Internet, for the provision of financial resources either in form of donations (without rewards) or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes [5]. Belleflamme, Lambert and Schwienbacher (2012), offer a similar definition. The categorization of the four main types of crowdfunding (donation-based, reward-based, lending, and equity) is based on what, if anything, investors receive for their contributions [6]. The legal complexity and the degree of information asymmetry between fundraiser and investor differ significantly depending on the type of crowdfunding [7]. For example, in donation-based crowdfunding, funders donate to causes they want to support, with no expectation of monetary compensation. This can also be considered a philanthropic or sponsorship-based incentive. This form of funding is not complex from a legal standpoint. Furthermore, the degree of uncertainty is less important than it would be for other types of crowdfunding because donors presumably already have a positive opinion of the organization. An example of a donations crowdfunding platform is Fundly, which allows individuals and organizations to create an online fundraiser solely for the purpose of collecting donations. In contrast, reward-based crowdfunding offers funders a non-financial benefit in exchange for their investment. A prominent example of this type of platform is Kickstarter. Kickstarter allows fundraisers to raise money by offering non-monetary rewards in return for financial support. For example, a team of product developers raised over the U.S. $10 million. Kickstarter by pre-selling an e-paper watch at a discounted price. Lending crowdfunding is another model, where funders receive fixed periodic income and expect repayment of principal. Lending crowdfunding platforms, such as Prosper, generally facilitate peer-to-peer loans. In other words, individuals receive loans directly from other individuals. The last model is equity crowdfunding, in which investors receive some form of equity or equity-like arrangements (e.g., profit-sharing) in the venture they support [8]. ASSOB is one of the most prominent equity crowdfunding platforms. It enables entrepreneurs to sell equity shares to small investors. For example, an Australian high-tech start-up sold approximately 10% of its equity on ASSOB for AUD 630,000 (approximately U.S. $645,000) to twenty-three small investors in 2009. We believe that equity crowdfunding is the most relevant empirically for studying entrepreneurial signalling to small investors. This is in contrast to donations crowdfunding, where factors other than potential monetary returns are important for funders, which makes a meaningful comparison among crowdfunding types difficult. Therefore, information asymmetries surrounding the entrepreneur's or start-up's ability to generate future cash flows are less important in this context [9]. Richard Harrison (2013), analyzed the economic context in which the equity crowdfunding is developing. In his work explains how the market for raising capital for companies' internship has changed a lot in recent years [10]. Following the financial crisis of 2008, in fact, there was a sharp decline in the availability of bank loans for small and medium businesses a reduction of liquidity on the other traditional financing channels. Before 2008 the funding in phases at high-risk start-ups was chiefly through the so-called "love money" that was based on the 5F: founders, family, friends, fans and fools and through state subsidies. In some cases, particularly for companies 'social', part of the loan could be paid from sources philanthropic and altruistic, idealistic and individuals defined as "followers" of the project objectives. These sources also fall within the definition of "love money" issued by Hermer (2011) [5]. The equity crowdfunding is the disintermediation of the financial market, a tool that allows direct contact among entrepreneurs and lenders. This source of funding, however, is still evolving, the different characteristics of the instruments traded (financial instruments in effect) than other forms of crowdfunding require that the management of funds meets the standards that regulate the financial markets, which is why the models that led to the success of the other forms of crowdfunding cannot be applied directly to equity crowdfunding. For these reasons, Harrison (2013), states that the scenario in which the equity crowdfunding is developing not possible to determine with certainty what the future of this new form of financing if you configure a transformation of the market for financing for startups or vice versa as a tool-less [10].

Loan-based or lending-based crowdfunding is a direct alternative to a bank loan with the difference that, instead of borrowing from a single source, businesses can obtain loans from dozens, sometimes hundreds of people willing to lend. Investors in this case often bid on the interest rate at which they would be willing to lend. Borrowers, therefore, accept loan offers that have the lowest interest rate [11]. To meet lenders with borrowers, internet platforms are used. Due diligence is rigorous for every loan request as crowdfunding platforms have a duty to protect the interests of both companies and investors. The platforms usually ask for financial accounts and a picture of the operating results. The main features are: • Increased flexibility in interest rates and offer better interest rates to secure the deal; • You can get a loan after a bank did not want to give it to you; • The size of the loans can vary considerably and thus meet most needs; • The loan is repaid through direct payments to the platform which then distributes your repayments to providers; • Disclosure requirements are similar to those of a bank. Unlike the bank, however, they apply to all lenders; • As with a traditional bank loan, you are legally required to repay the loan [12].

Lending-based crowdfunding stands out from other forms of crowdfunding (donation-based, reward based and equity-based) as lenders and borrowers subscribe (directly or indirectly) a debt contract, with which the former provides a sum of money and the latter undertake to return the capital (almost always increased by an interest rate) in a given period of time [11]. The subjects financed are families, non-profit associations and small and medium-sized enterprises (SMEs), while investors are generally single investors, companies that offer asset management services, institutional investors or banks. The platforms that facilitate the meeting between supply and demand for financing can adopt very different business models, but almost all of them share the following characteristics: (a) they collect the requests for funding from potential debtors , which provide basic information on their identity and on the project to be financed; (b) select potential debtors based on their creditworthiness and assign them a rating, which briefly indicates the probability that the loan will be repaid; (c) allow investors to fund even a small portion of the loan required by each borrower; (d) manage payment flows between debtors and investors (either directly or through the services of a third-party company); (e) use widely standardized and automated processes and services are provided almost exclusively via digital channels; (f) are remunerated by commissions proportional to the amount of the debt and the amount invested[13].

B. Fintech & crowdfunding

The term "Fintech" refers to the financial innovation made possible by technological innovation, which can take the form of new business models, processes or products, producing a decisive effect on the financial markets, on institutions, or on the offer of services [14]. The use of technology is, therefore, a necessary element to make financial innovation possible. The innovations considered within Fintech include both financial services and information technology and invest all sectors of banking and financial intermediation [15]: from credit (crowd-funding and peer-to-peer lending) to payment services (instant payment), from currencies virtual (Bitcoin) to consultancy services (robo-advisor), in addition to decentralized transaction validation technologies (blockchain or DLT - distributed ledger technology), biometric identification (fingerprint, retina or facial recognition), to support delivery of services (cloud computing and big data). Fintech, therefore, invests every segment of the banking and financial services markets; it modifies its structure through the entrance of technological start-ups, the giants of information technology and social media (Google, Apple, Facebook, Amazon, and Alibaba); involves a strategic response of the companies already present [16]. The growth trend of technofinance is exponential: in 2015 grew 75 per cent, or $9.6 billion, to $22.3 billion in 2015 [17]. The geographic composition of the capital collected shows that the largest investments have been concentrated in America and Asia. The US operations (the US $ 13 billion for 500 transactions) were concluded to drive investments in America, where there was a growing interest in the Startup InsurTech and Blockchain (with applications in the Smart Contract and Cryptocurrency Exchange particular). In Asia, the total amount of capital raised by FinTech was about $ 8.6 billion for more than 180 deals concluded, so with an average value of $ 47 million, far above the $ 24 million reported in North America, where the market already shows signs of maturity. China has driven these investments more than other countries, so much so that China is the most significant investment on FinTech globally: it has raised $ 4.9 billion from the public and private investors [18]. The main activities carried out by FinTech to provide a response to the needs of customers to find resources in terms of capital and debt. the first is Equity based financing. In fact, equity crowdfunding platforms allow retail investors to access private equity investments, typically start-ups or early-stage companies. Crowdfunding is defined as "equity-based" when the online investment acquires a real shareholding in a company: in this case, in exchange for financing, you receive a set of patrimonial and administrative rights deriving from participation in the 'company. Innovation, in this case, lies in the channel used for investing (ie platform or portal) and indirect mode, ie without the use of financial intermediaries. The second is Debt Financing which includes loans and the purchase of debt securities. In this way, FinTech offers solutions to customers interested in finding resources. FinTech operates directly as a lender, while still using the telematics channel to facilitate customer access and make the services offered quickly available. Financial debt, generally by contacting potential fund managers through the online platform (marketplace). There are four main sub-categories: a) Lending crowdfunding (or social lending) and peer-to-peer lending (P2P lending). b) Short-term financing through invoice discounting (invoice lending) or commercial credit. c) Club deal. d) Fundraising by qualified or institutional investors through debt securities [19].

FinTech has become an important component in conventional finance, while Islamic finance is still at an embryonic stage. Although Islamic FinTech is still very limited in number, scale and size, it may grow better with this technology, especially in areas where Islamic banks are present [20]. Concepts such as blockchain, cryptocurrency, crowdfunding, and peer-to-peer are increasingly penetrating the common language of the banking business, even Islamic finance is affected by this revolution [21]. With regard to the Bitcoin, it was criticized by scholars of Sharia because of the volatility of the exchange rate of its currency against conventional currencies because of the large speculation [22].

C. Islamic finance & crowdfunding

The Islamic religion emphasizes the principle of Halal (permitted activity) emanating from the Shariah, which governs all activities in the life of Muslims. The Islamic Finance, ideally, is an alternative way of financing based on ethical and socially responsible standards, which ensures fair distribution of benefits and obligations between all the parties in any financial transaction [23]–[25]. The crowdfunding carries these characteristics and provides the ground for new developments in the field, as it can use Islamic finance as an ethical and socially responsible tool to promote financing and development. Islamic finance and crowdfunding both conceptualize costumers as investors and can potentially provide investment opportunities with higher returns investors take an equity stake in the project and gain returns based on the principle, which ensures a fair distribution between shareholders and entrepreneurs [8]. The sharia-compliant crowdfunding invests in halal socially responsible projects/products, shares the risks of the investment, and is characterized by the absence of an interest rate. The originality of product-based crowdfunding lies in the fact that in return, the investor does not receive interest, but the product itself, which promotes the creation of new products and furthers innovation. Investors that pay for a product they wish to have, can track the production process and see how their money is spent through weekly updates on the progress of the projects. Transparency is a very important part of the project, and a direct link between the customer and the workshop owner is established from the beginning [26]. Islamic finance to comply with the Quran requires socially responsible investment, with a real impact on the community, Sharia prohibits interest on loans and speculation [24]. Whereas Islamic finance at the origin is value-oriented and aims at sharing risks and profits: hence the inevitable similarity to crowdfunding and its participatory methods [9]. There are four types of sharia compliance platforms: 1. donation-based crowdfunding: in the case of donation, donors pay rather small amounts for a non-profit project or a social development initiative through Zakat or Sadaq, 2. reward-based crowdfunding: donors contribute small amounts of money in exchange for a reward after the completion of the project. The reward is a product generated by the project itself; 3.equity-based crowdfunding: at this stage, investors provide sums of money, so they become shareholders and share profits and losses such as the use of Musharakah; 4. debt crowdfunding: the lenders grant a loan and expect the repayment of capital and the distribution of profit, the platform must rely on Islamic financial contracts and processes without interests such as the use of Murabaha & Ijarah [27].

TABLE I. SHARIAH-COMPLIANT CROWDFUNDING MODELS AND INSTRUMENTS

FINANCING FOR	**CROW MODEL**	**POTENTIAL BENEFICIARY**	**INSTRUMENT WITH END CLIENT**
ISLAMIC CHARITY	DONATION	MICROFINANCE	HIBA QARD-HASAN MURABAHA
PRODUCT	REWARD	MICROFINANCE SMALL ENTERPRISES STARTUPS	SALE
INVESTMENT	DEBT	MICROFINANCE SMALL ENTERPRISES	MURABAHA IJARAH
INVESTMENT	EQUITY	SMALL ENTERPRISES STARTUPS	MUSHARAKAH

SOURCE: MARZBAN & ASUTAY, (2014).

The Islamic finance pools several types of contracts and agreements according to the different needs and is asked to give a solution [28]. Thus, there are many models of financing which are linked to crowdfunding, in details, there are Mudarabah, Musharaka, Istisna, salam and Diminishing Musharaka. One of the most prominent Islamic contracts used in equity crowdfunding is Musharaka. Musharakah is a type of partnership where a group of persons (both physical and legal) carry out a business by conferring both capital and labour and sharing the profits and losses of the business [9]. The most prominent characteristics of equity-based crowdfunding from an Islamic finance perspective include:

- Profit and loss sharing;

- Open the field for small and medium investors to enter into the financing process;

- Reduce risk by dividing capital into several companies and projects;

- Financing and supporting start-up companies that in turn help create jobs and economic growth [27].

Musharaka implies a partnership in a business or an entrepreneurial business and can be defined as a form of society in which two or more people bring in a capital and labour project to share the result, benefiting from the same rights and responsibilities. This type of contract is considered the best instrument for the financing of important projects, but it is also used in more limited sectors such as the financing of the working capital of a company, the purchase of a house or in microfinance. The bank confines itself to conferring capital and does not care about the management, in the Musharaka contract, the bank only provides part of the capital and participates in the agreement as a member with the right to be an active part in the management [29].

Debt crowdfunding shariah compliant is based on Murabaha, as it connects companies that are looking for funding, with investors looking to get more out of their investments and does not involve loans. This contract is between the Crowd, the Platform, and an SME [30]. In Islamic finance, as repeatedly noted above, classic credit cannot be used together with the payment of an interest: the Murabaha contract can then be used for the financing of working capital, such as supply credit and credit for consumption, ie for current financial needs (warehouse, raw materials, and semi-finished products) and also for some medium and long-term investments. From a legal point of view it is a contract for the purchase of an asset up front a deferred payment; in the case of an Islamic banking operation the Murabaha provides for the intervention of three parts: the bank's client, who is the final purchaser of the asset, the seller who is the supplier of the asset and an intermediary, the bank, which is in the the buyer at the same time towards the supplier and seller to his customer. There are therefore two transactions, one between the supplier of the asset and the bank at the price agreed between the supplier and the customer and the other between the bank and its client at a price equal to the sustained cost plus a margin that it covers both the service and the risk of the transaction and the extent to which the customer is informed before signing the contract. On the basis of the contract, the bank purchases the asset from the supplier paying the price agreed between the customer and the supplier, then transfers the ownership to the customer at the price set in the contract and already including his profit margin. Subsequently, the customer regulates the payment at the indicated deadlines: the property passes to the customer only when the payment of the entire amount has occurred. With this double-sale mechanism, the bank provided financing to the client without resorting to a loan with interest, prohibited by shariah. It is, therefore, an operation involving three parts (customer of the bank, seller who is the customer's supplier and bank) and which involves three successive phases: the client's request to the bank to make the purchase; the purchase of the asset by the bank from a seller / supplier; the recovery of the asset at the bank by the customer [29].

In order to understand their compatibility with Sharia, it is based on qualitative and quantitative criteria: the qualitative criteria relate to the type of industry in which companies cannot operate: this sector includes all activities not permitted Haram, namely: alcohol and pork products, pornography, tobacco, gambling, interest-bearing financial assets, weapons and defence, biology and animal genetics (cloning). About the second one, the quantitative screening. The financial reports of companies are tested for amounts not exceeding certain thresholds and thresholds are different in the percentages and formulas between different global indices [8], [31].

VI. DISCUSSION

The purpose of the crowdfunding in the Muslim world is to relate ideas, people and financial resources by proposing start-up projects with exciting and innovative that transmit messages, also a social.

A. The qualitative analysis

Control of those assets within companies sample is considered a key step and a crucial phase. This step is the classification of the core business of each company and reveals no contrast to the sharia. The modus operandi of the platforms has led to the identification of a pattern of operation of the collective funding. The main phases of a recurring and crowdfunding campaign, the creation of a business idea to obtain the funds needed to conduct the:

1) Preparatory activities

2) Crowdfunding

3) Implementation (possible)

The prerequisite for the launch of a campaign of crowdfunding is represented by the value proposition that the author intends to launch: despite the practice of funding from the bottom is commonly believed, a highly accessible, disintermediated and transparent, with which to carry out artistic and cultural projects, develop business ideas and to involve the community in a project economically social or public utility, is still an economic act. The main implication of this assumption is clearly the need to structure its proposal the business logic and business creation. The proposer shall not be limited to the launch of a simple idea, he will have to play a series of preliminary activities aimed at identifying the contents of the project and the assessment of its feasibility. A crowdfunding campaign is the initiative of a new entrepreneur in a market, both real and virtual, in most cases the existing competitive and characterized by specific logic. The applicant must, therefore, plan their campaign along a gradual path that starts from the clarification of the idea and the target, will wind along the analysis of market and competition, through the evaluation of the financial and economic underpinning and ending with the clear definition of the primary and secondary objectives that the campaign is intended to reach. Along with this path feasibility review, the proponent will develop more critical thinking and communication skills, will be defined in detail and clarity with every aspect of its proposal, amplifying the ability of communication to the public and not thus incurring the risk of frustrating their engineering effort. Most active platforms have structured access to their services in a very simple and direct, after the registration phase, the user can access the section dedicated to the publication of the projects and will be guided by a structured form tended to homogenize the submission of projects and highlight the key variables of the project. The role of the platforms of crowdfunding is to focus on online portal viable projects that will attract the interest of the crowd, the platform's ability to attract supporters will also depend on the ability of the applicant to provide a description of their attractive and adequately detailed idea by using different multimedia tools. The main stages of the structuring of the campaign can vary depending on the business model of the platform, it will, in any case, the proponent define: Project Description, Author and Title: through images and text, the user can enter the title of the campaign, any authors also non-material and a range of content through the evidence suggests precisely the goal of the project. Storytelling: numerous platforms proposers to produce a video aimed to tell the project through evocative images of sensations and feelings that will ensure the emotional involvement of the crowd, and that provide a clear demonstration of the product or service promoted. Budget: it will be up to the proposer fix the budget goal of the campaign in relation to the resources that realistically considers necessary for the realization of its vision and taking account of all the charges you pay compared to the campaign and the system of rewards (if provided). Rewards: if the crowdfunding campaign is proposed in the segment reward, the proposer will enhance the donations received by him with rewards choices, the value of which varies depending on the size of the donation. Promotion: the campaign will be completed by the activation of all the social channels of which the proposer has (twitter, facebook, blogs etc.) To create a constant flow between the platform and the communication and sharing habitually employed by the offeror.

B. The quantitative analysis

To discover existing crowdfunding platforms with a concentration on equity and debt crowdfunding in the countries of the Islamic world; has been taken into consideration the Crowdsurfer database. Have been found 108 crowdfunding platforms in 32 of the 57 in the countries of the Islamic world. Because of the duplication of some platforms, the number of crowdfunding platforms is only 80. Most of them are donation platforms. After the audit has been selected 14 equity Crowdfunding and 13 debt crowdfunding platforms with an active status. Among the platforms for the Crowdsurfer database, only four Islamic financing platforms were found with an active status and one classified as pre-launch. Three of the active platforms are a donation crowdfunding and only one is an equity crowdfunding platform. To find out if the platforms can be considered Islamic-oriented although they are not explicitly mentioned as such, they have been used Websites for all equity and loan platforms which number about 26259 In the Member States of the Organization of the Islamic Conference. The results were as follows:

- The platform that has been considered in Crowdsurfer as a Shari'ah compliant equity platform for SMEs and start-ups in Malaysia. AtaPlus did not mention compliance with Shari'ah on its own website. The only sign of compliance with Sharia was the list of activities and actions in which a fund-seeking entrepreneur should not participate.
- Only one debt crowdfunding platform Liwwa in Lebanon demonstrates the importance of shariah and provides an explanation of its own business which depends on the Murabaha contract on its website.
- A debt platform in the UAE Beehive It works in a different way, offering a binary approach: it offers a traditional lending method and Sharia-compliant lending method. The Shariah option is explained in detail on its website.
- The shekra platform in Egypt, which is one of the most equity crowdfunding platforms and has won many Islamic awards. Does not explain how Shari'a compliance in its work on its website, but published in some scientific papers and in conferences the main ideas. The platform works differently as a “closed investors network”, which is unusual for a crowdfunding platform.
- Indonesia's Danadidik Platform for Student Loans adopts a profit-sharing or income-sharing model for investors' returns. Although this generally reminds us of the concepts of Islamic finance, although the platform calls for and encourages compliance with Islamic principles, there is no evidence of adherence to Sharia.

The precise quantitative analysis of the platforms you cannot bring it because the number of platforms is very modest in the countries of the Islamic world which adopted the principles of Islamic finance and financial returns for investors are very small. In addition, none of the websites examined provided complete information on its modus operandi, acceptance conditions, and procedures to ensure compliance with Sharia. Therefore, it is not possible for the observer to know in detail the shariah demands associated with the platforms and understand the most problematic issues in relation to them. It was decided, however, to identify the data and the relevant elements to attract Islamic investors, for example, the Central Bank of Bahrain (CBB) has released in 2017 regulations for both conventional and Shari'a compliant financing-based crowdfunding businesses. For the first time, it will be possible for small and medium-sized businesses in Bahrain and in the region to raise conventional or Shari'a compliant financing through crowdfunding. Firms operating an electronic financing/lending platform must be licensed in Bahrain under the CBB Rulebook Volume 5 – Financing Based Crowdfunding Platform Operator. The general regulations are the same for both conventional and Shari'a compliant financing based crowdfunding platforms. For the latter, an additional requirement is to ensure that the financing structure is Shari'a compliant by engaging a Shari'a advisor or outsourcing this function to a third party. The key highlights of the crowdfunding regulations are as follows:

- Minimum capital requirement for crowdfunding platform operators is BD 50,000 (111,101.73 EUR);
- Only Person to Business (P2B) lending/financing is permitted;
- Small and medium-sized businesses with paid-up capital not exceeding BD 250,000 (555,259.46 EUR) can raise funds through crowdfunding platforms;
- These SMEs may be based in Bahrain or outside; however, in the case of foreign SMEs the platform operators have to clearly mention the cross-border and jurisdictional risk financiers have to take;
- It is the responsibility of the lenders/financiers to perform their own creditworthiness assessment on borrowers/fundraisers;
- Crowdfunding platform operators have to comply with the CBB rules on Anti Money Laundering, Combating Financing of Terrorism (AML/CFT), consumer protection, etc;
- Only Expert and Accredited investors are allowed to provide financing through these platforms; they can lend up to 10% of their net assets to a single borrower/fundraiser (and sign a self-declaration form to this effect);
- Retail investors are not permitted to participate given the high-risk nature;
- Platform operators have to clearly and publicly disclose their fees, charges and commissions;
- Platform operators may provide financing to borrowers/fundraisers who use the platform subject to obtaining the required license from the CBB to provide credit and adequate disclosure;
- If a borrower/fundraiser is unable to raise at least 80% of its crowdfunding offer size the attempt would be considered unsuccessful and any monies received would have to be refunded within seven calendar days;
- A borrower/fundraiser can raise a maximum of BD 100,000 (222,125.70 EUR) through crowdfunding in a year; the financing tenor should not exceed 5 years.

We expect Bahraini entrepreneurs to benefit from the global crowdfunding trend, which provides a viable alternative to bank financing. In particular, the CBB is keen to see Bahrain dominate the Sharia-compliant financing-based crowdfunding market in the region. The demand for Shari'a compliant financing is already high and we expect to see it reflected in the crowdfunding market as well", said Mr Khalid Hamad, Executive Director at the CBB.

The synthetic results show that both Fintech and crowdfunding, in the Islamic world are still in their infancy with a relatively small number of participants, are closely oriented to start-ups and there are not enough investors while adopting methods and procedures for the identification of investors and selection of business ideas, which are compatible with sharia.

VII. THE CONCLUSION AND ADVANCE

In general, crowdfunding is used to finance start-ups, small and medium enterprises, expansion projects and capital increase. It is also used to finance all works, creative ideas and works of art such as films and charity projects such as relief campaigns and others. It is based on the principle of social solidarity to serve an idea or a project, and the redistribution and better utilization of financial resources. This is in line with the essence of Islamic finance, which is considered a revolution in the financing methods in the Islamic world if properly invested.

Crowdfunding is still in the Islamic world continues to take slow steps for several reasons, including technological decline, the difficulty and slow completion of electronic financial transactions, the availability of liquidity and the high standard of living in the GCC countries. However, it is certain that there are many entrepreneurs, entrepreneurs and creative entrepreneurs in the Islamic world who for them, crowdfunding will be a way out of the complexities of traditional financing methods to solutions that are faster, easier and less risky.

Combining the principles of Islamic finance, crowdfunding, the advancements in technology, and Fintech represents an opportunity to significantly contribute to the enhancement of the entrepreneurial ecosystem in the Islamic world and the promotion of social and economic development.

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