

ISLAMIC CROWDFUNDING PLATFORM AS AN ALTERNATIVE BOOK FUNDRAISING IN MALAYSIA.

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ABSTRACT

This study aims to explore the applicability of Islamic crowdfunding as an alternative fund to support book publishing in Malaysia. Over the period, it is argued that the book industry in this country has experienced a gloomy trend that not only threatens business players in this area but most importantly it would bring negative impacts towards knowledge development. By utilizing the secondary data, it is found that the Islamic crowdfunding has the potential to support the book industry since other alternative funds are limited. However, the platform should aim to promote writers and their manuscripts rather than to be profit-oriented. At the same time, its practise should be simple as *sadaqah* and *hibah* based crowdfunding could be the best option.

Keywords: Crowdfunding, Islamic crowdfunding, Fintech, Book publishing, Book marketing.

INTRODUCTION

Technology development has been considered as the main priority in Malaysia, particularly in the financial sectors. Industrial Revolution (IR 4.0) illustrates this point in which technology has overwhelmed everything, particularly in assisting people in carrying out their daily activities. Concerning financial activities, technology plays a vital role in mediating between surplus and deficit units, connecting between investors and investees. As a result, online platforms enable people from the entire world to interact with each other. One of the leading popular platforms is crowdfunding, in which it facilitates people to invest their money as well as it acts as an alternative fund for entrepreneurs.

In fact, crowdfunding is carried out through fundraising methods, whereas the funds are collected from a large group of people to finance business ventures. Although the collected amount from each individual is small, the power of crowd could successfully contribute to the high collection. This can be achieved through manipulating social media, coupled with establishing an appropriate crowdfunding website as the intermediary to link between investors and entrepreneurs (Smith, 2019). Furthermore, crowdfunding plays a vital role in terms of social contribution in which the fund can be raised for welfare activities, as it triggers the power of society to donate their money through crowdfunding platform. As a result, non-profit

organizations seem to have high chances to obtain the fund through crowdfunding because of the social value attached to them where the profit is not necessarily a real motive of funders (Belleflamme, Lambert, & Schwienbacher, 2010). Therefore, it shows that the crowdfunding could efficiently support social impact projects since the former comes from society to society. While crowdfunding promotes kindness, welfare and cooperation in which all of them are the spirit of Islam, its technical practices must be compliant with *Shari'ah*. There may not be an issue for certain types of crowdfunding such as donation-based and reward-based since both are charitable contracts. Nevertheless, as for equity and lending crowdfunding, their instruments should be modified to ensure they are in line with *Shari'ah*. These include avoiding *riba* (interest) and *gharar* (uncertainty). Therefore, Islamic crowdfunding should be established and promoted as it is not only a religious brand, but it can provide various models, utilizing *Shari'ah* contracts like other segments of Islamic finance. Also, it can be embedded with Islamic value such as promoting *ihsan* (kindness), being *amanah* (trust) and encouraging *ta'awun* (corporation).

One of the crucial areas that can be supported by Islamic crowdfunding is the book industry. Over the period, this industry has experienced a gloomy trend due to many factors. Obviously, the book industry has witnessed a decrease of publication as well as many well-known book retailers have been shut down (Free Malaysia Today, 2019). MPH Group Malaysia Sdn. Bhd, for example, was reported to close one of its main branches in Petaling Jaya, Selangor after 15 years of operation (The Star, 2018).

It is further supported by the Malaysian Book Publishers Association (MABOPA) president affirmed that the total revenues received by local book publishers decreased by 29 percent from RM1.192bill in 2014 to RM847bill in 2016. Revenue began to decline after 2015 due to a decline in sales. It also decreased in 2016 due to the cancellation of the previous government's student book voucher scheme. The industry was in a hit again when the RM1,000 tax benefit exclusively for books was replaced by the RM2,500 lifestyle tax relief including books, internet subscription and other items in 2017 (The Star, 2019). Besides, Lingard (2016) stated that the publishing industry was valued worth \$335mill (RM1.474bill) during the year 2012. Therefore, it shows the shortfalls for every subsequent year, which gives an insight that this industry may suffer a problematic occasion.

It should be noted that many factors are contributing to the receding of this industry. One of them is economic factors, particularly rising operational cost as well as lower purchasing power among society (Hetherington, 2014; Mohd Rosnan, Zakaria & Masod, 2015). As a result, it has significantly affected many parties who directly and indirectly involved in this industry, namely publishers, book retailers, writers, designers and editors. Therefore, this study aims to discuss the potential of Islamic crowdfunding as an alternative fund for the book industry in Malaysia. Indeed, Islamic crowdfunding can be an efficient financial instrument for book publishing since it is a part of social contributions that need to be supported.

METHODOLOGY

This study applies library research in utilizing secondary data and employ the exploratory research, which aims to introduce an Islamic crowdfunding platform. Library research contains the gradual procedure used to collect data in order to write a paper, create a presentation, or complete a project. Library research allows researchers to study available data to answer the research question. Library research may be data-oriented, as it aims to grow a better link between the researcher and an outline of data which is relevant to the research problem (Van Turnhout et al., 2014). Therefore, websites, newspaper, related portals, books, articles, studies, dissertation as

well as theses and conference papers are used to accommodate this research. The data then will be analyzed using descriptive and comparative method under the qualitative approach. Even though secondary data has a limitation, it is enough to support this study as complementary. Moreover, it also proposes a few types of Islamic crowdfunding that can be utilized as a model to support the book industry mainly to cover the cost of publishing. At the end of the study, the researcher will propose the Islamic crowdfunding models included with *Shari'ah* contracts that will be used to govern the transactions.

BOOK INDUSTRY IN MALAYSIA: A GLOOMY TREND

Over the period, the book industry in Malaysia has experienced a gloomy trend. This can be proven by the decrease in the number of book publication and the shutdown of many well-known book retailers (Free Malaysia Today, 2019). MPH Group Malaysia Sdn. Bhd, for example, was reported to close one of its main branches in Petaling Jaya, Selangor after 15 years of operation (The Star, 2018). It is learned that many factors are contributing to the receding of this industry. Such factors are the emergence of the digital e-book and economic factors, particularly operational cost as well as lower purchasing power among society (Hetherington, 2014; Mohd Rosnan, Zakaria & Masod, 2015). Nevertheless, Tan (2015) claimed that digital books are not the main threat to the printed book because the former publication is still lower in comparison to the latter.

Therefore, the main threat of the book industry in Malaysia is economic problems. These include the high cost of printing as well as low purchasing power among society (Mohd Rosnan et al., 2015). As a result, it has significantly affected many parties who directly and indirectly involved in this industry, namely publishers, book retailers, writers, designers and editors. Currently, the book industry is no longer profitable for many parties.

To minimize market risk, some publishers become more selective in publishing manuscripts. They prefer writers who are popular and can prove their loyal readers, regardless of the quality and the content of their manuscript (Berita Harian, 2019). As a result, new talents or unpopular writers are ignored, although their works are appraisable.

Alternatively, these writers may shift to 'indie' publishers as an alternative publisher or publishing by themselves. These publishers have emerged in Malaysia as an alternative publication to mainstream publishers. Their approaches are argued unique in manifesting their publications in terms of topics, messages, graphics and languages style that have successfully attracted young readers (Ashaari et al., 2018). As for marketing and selling, these publishers are utilizing the internet, particularly social media, to introduce their products as well as to carry out a direct selling towards their readers (F. Abdullah, 2016).

Nevertheless, indie book publishers have also experienced a shortage in their funds as well as self-publishing requires a lot of costs. As for small publishers, some of them require writers to repurchase their books and then sell them themselves. Even though writers could obtain special fund from the National Library of Malaysia as this body provided a special fund for self-publisher, however, it is very limited. Moreover, recently, the current allocated budget for this fund has been decreased because of the economic factor (Yusop, 2017).

Another effort that can boost the book industry was identified when the government in 2013 had introduced a special voucher known as *Baucar Buku 1Malaysia* (BB1M). Even though this voucher aims to reduce student burden in buying books as well as to cultivate reading habits among society, it has significantly supported the book industry (Kementerian Pengajian Tinggi Malaysia, 2013). Nevertheless, over the period, it was argued that BB1M was misused by some students, particularly as an exchange for money to cope with living cost

(Ujang et al., 2016). In 2018, BB1M was no longer provided, as it was replaced with the student financial aid known as *Bantuan Pelajar Pendidikan Tinggi* (BPPT) (Malaysiakini, 2019).

CROWDFUNDING CONCEPT

Crowdfunding can be defined as a fundraising model that connects investors and business owners to achieve their goals (Hendratmi, Ryandono & Sukmaningrum, 2019). As noted by Wahjono, Marina and Widayat (2017), crowdfunding is a new route for individuals, groups and corporations, including start-ups, to obtain funds for their operations through online portals, also called as crowdfunding websites. Furthermore, crowdfunding enables many people to contribute funds to any founders of business or social projects, from a small scale up to a large scale, which cost a huge amount of money (Mollick, 2014).

On the one hand, crowdfunding acts like a bank which connects and encourages individuals who have money to make an investment. In more details, the bank would make the invested money as a loan or financing to another group who needs a huge amount of money. On the other hand, crowdfunding by comparison, takes place without any broker or an intermediary business in which those who need money can collect the fund directly from the people (Schwienbacher & Larralde, 2010). In this regard, crowdfunding might be a powerful tool for funding projects with small budgets. Nonetheless, large-scale projects are hard to be supported through this concept, to achieve a big target budget by attracting large audiences who only contribute small sums (Ramos & Stewart, 2014).

Based on history, Castrataro (2011) argued that the first online crowdfunding project began in Europe by 1997. A well-known Marillion rock band, which initially could not afford their tour to the United States, finally has successfully raised \$60,000 through the internet. Subsequently, the band has successfully released three albums through a similar way. In 2012, over than 500 crowdfunding sites were founded through online platforms, and it was reported that the first crowd has successfully funded £1,000,000 for a project in February at the same year. Then, crowdfunding has been a popular platform for fundraising projects, as it has successfully raised US\$ 2.7 billion in 2012 and over more than 1 million campaigns worldwide (Wahjono et al., 2017).

Malaysia is argued to be the first Southeast Asian country to establish a legal framework for crowdfunding (Cheah, 2015). Realizing the financial sector is moving towards in digital era, the Securities Commission of Malaysia (SC) has issued specific guidelines, as well as has authorized the operation of six (6) equity crowdfunding platforms (ECF) as a new substitute approach to fund businesses. This approach enables developers, entrepreneurs and business owners to use social networks to raise capital for their projects (Buysere et al., 2012). Among the pioneers are Alix Global, which the first registered equity crowdfunding. Besides, there is also a reward-based crowdfunding platform such as PitchIN. Arts & construction, graphics, publisher, computing, the collective, movie and television, matches and songs are presently mentioned on this site. The rest of crowdfunding platforms are Crowdonomic, Eureeca and Propellar Crowd+ which operates under the same regulatory framework of SC and offer equity crowdfunding platforms (ECF) as a new way of fundraising method to the business (S. Abdullah & Oseni, 2017). Meanwhile, Ethics Venture becomes the first registered Islamic equity crowdfunding in Malaysia which applies various *Shari'ah* contracts as crowdfunding investment instruments (Ethis Crowd, 2018).

ISLAMIC CROWDFUNDING: A *SHARI'AH*-COMPLIANT CROWDFUNDING

Crowdfunding itself is in line with the spirit of Islam in terms of promoting cooperation in financial and business activities. On the other hand, some of its technical practices have *Shari'ah* issue. For example, equity and lending crowdfunding in which their instruments are interest-based loan. Therefore, there is a need to propose Islamic crowdfunding that is free from *riba* (interest) and *gharar* (uncertainty) and further reflects this crowdfunding as *Shari'ah*-compliant crowdfunding. Several *Shari'ah* contracts can be used in the crowdfunding operation, depending the types of business project. Such contracts are *murabahah* (mark-up sale) if it involves owning the asset. At the same time, *salam* (forward sale) and *istisna'* (manufacturing) can be utilized for future projects (Hendratmi et al., 2019). As for equity-based crowdfunding, it can be equated with profit and loss sharing contracts of *Shari'ah* such as *mudharabah* (silent partnership) and *musharakah* (partnership) between funders and project managers (Muneeza, Arshad, & Arifin, 2018). This could be made possible when the crowdfunding platform acts as an agent based on the concept of *wakalah* with a fee imposed for using its platform (S. Abdullah & Oseni, 2017).

Regulatory issues are the most complex of all the issues posed by crowdfunding. The US Securities and Exchange Commission (SEC) has developed regulatory principles on crowdfunding, covering four key areas: crowdfund cap, investor financial history, intermediary position, investment eligibility. However, in developing countries such as Indonesia, the Crowd Funding or Fintech Regulation tends to be tighter where ten points are proposed in its Financial Service Authority Regulation 2016 No.77. Malaysia controlled Islamic crowdfunding in the Guidelines on Recognized Markets by the Securities Commission (SC) where it states that all Islamic financial services must comply with Islamic Financial Services Act (IFSA) 2013 (Saiti, Musito, & Yucel, 2018).

In fact, *Shari'ah* and crowdfunding are fundamentally consistent and mutually strengthen each other. It is because Islamic finance governed by *Shari'ah* rules which meet the social responsible standards that concern on fair allocation of welfare and commitments between the parties during a financial transaction. Furthermore, crowdfunding also already attached to those qualities and present as a room for early development in the field (Achsien & Purnamasari, 2016). According to Wahjono et al., (2017), Islamic crowdfunding is a fundraising mechanism in which it uses Islamic values to determine and screening whether the elements are permitted or prohibited in the operation itself. First of all, the money used to fund a project or venture must be guaranteed halal particularly the money invested in the crowdfunding is derived from a permissible business or obtained in a lawful manner to the extent of complying with *Shari'ah* needs. Therefore, *Shari'ah* supervisory must be established to determine the halal in a venture or service and guarantee that cash provided for funding a venture or service has become legitimate for funders who have to declare that the money is derived from the lawful source. It is expected such potential emergence of *Shari'ah*-compliant crowdfunding in Malaysia; however, the current rules of law lack proper regulatory and *Shari'ah* governance frameworks (A. Abdullah, 2016).

Most of the time, the favourable concept to the crowdfunding platform is donation-based crowdfunding where it can be found through the established crowdfunding platform such as kitafund, pitchIn, skolafund and Ethis Ventures. Therefore, it is crucial to engage with the theory of philanthropy in this study to discuss the willingness of the donor to sacrifice something without expecting the reward from their good deeds. The value of philanthropy philosophy, focused on caring motives, which strongly predicting distinct charitable behaviour, for instance, the pleasure of donating without having the return and the self-satisfaction after the act of contributing (Duncan, 2004). From the Islamic perspective, the purpose of philanthropic activities currently

being interpreted as a movement/effort to create mutual good or welfare. The expected impact upon a philanthropic movement/activism in terms of 'volunteerism' and 'generosity' is the creation of collective change of a community. Philanthropy represents the collective actions of society and is an essential tool in collective efforts to solve problems of social life, such as improving poverty, creating public welfare, symbolizing social justice and strengthening democracy (Latief, 2016).

ADOPTING ISLAMIC CROWDFUNDING AS AN ALTERNATIVE FUND FOR BOOK PUBLISHING

In most of the works of literature, there are four models continually being enacted into the current crowdfunding practices: donation, reward, equity and lending. From the *Shari'ah* perspective, the first two forms of crowdfunding practices do not have an issue; however, equity can involve *gharar* (uncertainty) in the transaction occurred while traditional lending is not allowed in Islam because it is based on *riba* (interest). For that reason, this study wanted to engage with those issues by introducing an Islamic crowdfunding model. This model generally applicable to all types of project or campaign, however, this study only focuses on the book publishing industry in Malaysia. It must be noted that there is no Islamic crowdfunding that only focuses on this industry in Malaysia; nevertheless, across the globe, there are few sites or crowdfunding platforms that cater this industry like gofundmybook, publishizer, kickstarter, publush, unbound and indiegogo (Miller, 2019). Therefore, this study attempt to introduce the Islamic version of crowdfunding by considering Islamic values to be put in to attract Muslims being the backers for the campaign launched. To ensure that equity-based crowdfunding works in compliance with *Shari'ah*, it must ensure that the following conditions are met (Afroz, Tudin, Morshed, Duasa, & Muhibbullah, 2019).

1. The website shall be governed by the *Shari'ah* Board or the *Shari'ah* Advisory Board;
2. The appropriate investment must be socially responsible;
3. Start-up company have to work in *Shari'ah*-compliant industry and thus do not earn profit from non-*Shari'ah*-compliant sources;
4. Start-up company do not create interest-based debt, deposit money, and invest in non-compliant instruments;
5. The shareholder framework and protection requirements must be structured to comply with the principles of *Shari'ah*.

After all, this fundraising model recently has been accepted progressively by the Malaysians, considering this country have Muslims as the majority population. All these can be replaced with *Shari'ah* contracts to ensure they are *Shari'ah* compliant as well as to strengthen their practices with Islamic spiritual values. In this regard, Islamic crowdfunding for book publishing can be proposed as follows: -

Sadaqah-based Crowdfunding

Sadaqah means gift as it is among good deeds in Islam that has been promised by God with a special reward in the hereafter. *Sadaqah* can be applied as an Islamic crowdfunding instrument, as it can adopt the current practice of donation model. According to donation-based crowdfunding, the funders contribute their money without expecting the return. In fact, they are motivated to contribute to any campaign based on their spiritual intelligence and to expect intangible benefits in return (Pierrakis & Collins, 2014). *Sadaqah*-based model for book publishing can be illustrated as follow:

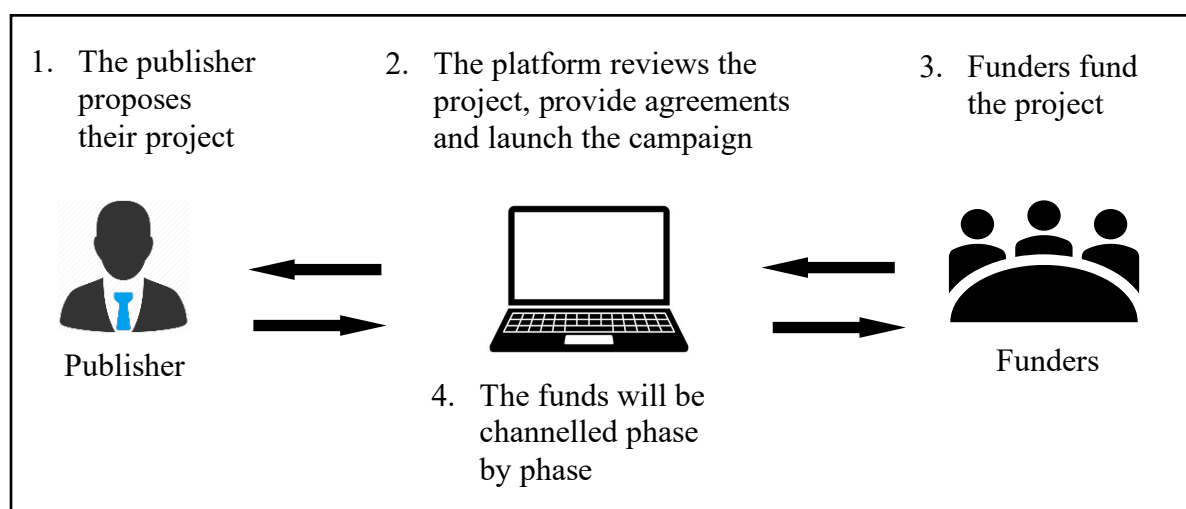


Figure 1: *Sadaqah*-based crowdfunding

Explanation:

1. The publisher applies the fund under the name of *sadaqah* from this platform. In proposing the book project, he/she must provide details, including the topic and the summary of its content, the amount needed, the number of printed books, the targeting market and its strategy, end-to-end process from printing to selling and the ratio of profit.
2. The platform acts as a *wakil* (agent) on behalf of the funders to deal with the publisher. It plays a vital role in reviewing the proposal. If the proposal is accepted, the campaign will be launched.
3. The funders contribute the fund in form of *sadaqah* to the project.
4. For the purpose of transparency, the funds then will be channelled to the publisher phase by phase to avoid misuse of funds.

Since funders fully sponsored the money, this model may be suitable for charity purpose. For example, to publish books for the sake of donation for educational institutions or book waqf projects.

Hibah-based Crowdfunding.

Hibah means gift as giving *hibah* is also encouraged in Islam as a good deed. *Hibah*-based model can adopt the current reward-based crowdfunding, in which it provides an initiative token as a reward for funders. This reward includes album covers, tickets to the event, and free giveaways (Kraus et al., 2016). Like donation-based, funders channel their money for the sake of social contribution or personal intention. At the same time, their contribution are based on desire and expect non-monetary benefits in return from the sponsorship of the campaign (Pierrakis & Collins, 2014). It is understood that reward-based crowdfunding can be practised into two approaches: “keep it all” like what has been practising by Kickstarter or “all or nothing” like IndieGoGo (Jérôme Méric, 2016). The former requires the targeting amount must be achieved during the campaign; otherwise, the pooled amount would be returned to the funders, while the latter allows the fund to be channelled to the project regardless the collected amount at the end of the campaign.

Hibah-based model for book publishing can be illustrated as follow:

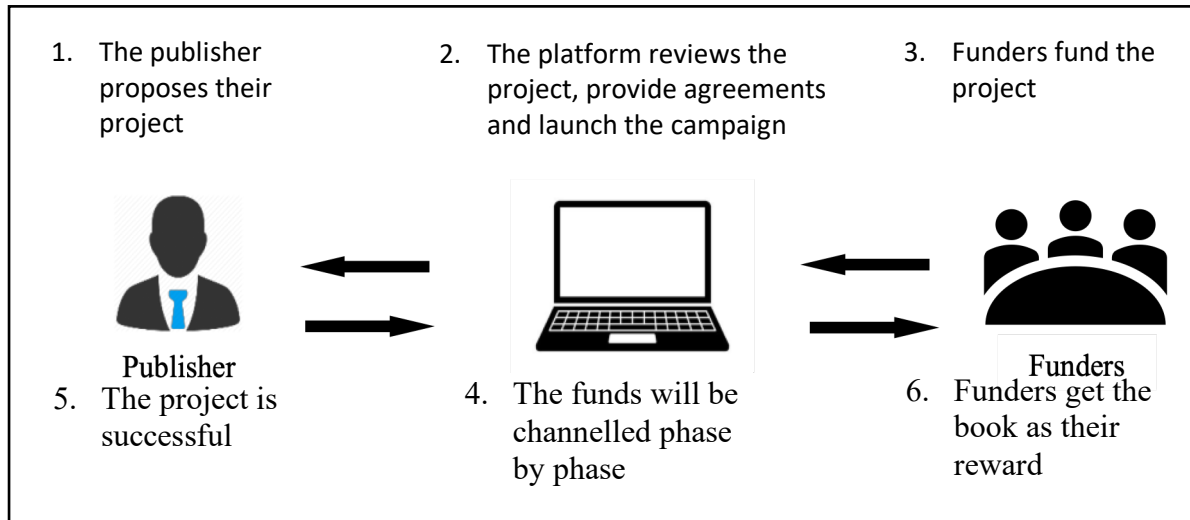


Figure 2: *Hibah*-based crowdfunding

Explanation:

1. The publisher applies fund from this platform. In proposing his book project, he must provide details, including the topic and the summary of its content, the amount needed, and the number of printed books.
2. The platform acts as *wakil* (agent) on behalf of the funders to deal with the publisher. It plays a vital role in reviewing the proposal for the project. If the proposal is accepted, the campaign will be launched.
3. The funders provide the fund to the project in exchange with the book when the project is successful.

If the amount successfully meets the target, it would be channelled periodically to the publisher. Otherwise, the campaign may be extending more than the original period. If the amount is still below the target, then the platform will return the money back to the funders. It is unfair for publishers to provide rewards for their funders at the same time the amount does not reach their target.

Qard al-Hassan-based Crowdfunding

Qard al-Hasan is made of two Arabic words: *Qard* and *Hasan*. As for *Qard*, it means to give the loan. As for *Hasan*, it is originated from *ihsan*, which simply means benevolence or beautiful (Arifin & Adnan, 2011). *Qard al-Hassan* based model can adopt the current practice of loan-based crowdfunding which is the fund is provided for the borrower with certain rates of interest as a profit to the lender or investor when the project succeed (Ramos & Stewart, 2014). Nevertheless, *Qard al-Hassan* must avoid from charging any interest towards borrowers.

This model can be illustrated as follow:

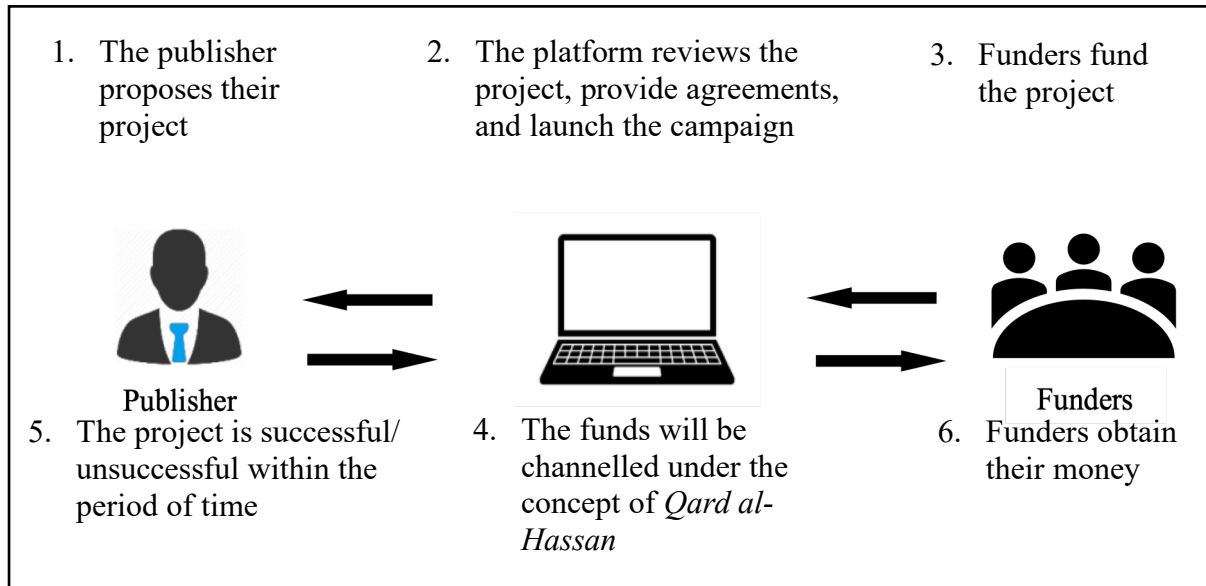


Figure 3: *Qard al-Hassan*-based crowdfunding

Explanation:

1. The publisher applies fund under *qard* through this platform. In proposing his book project, he must provide details, including the topic and the summary of its content, the amount needed, the number of printed books, and the most important the schedule for repayment.
2. The platform acts as *wakil* (agent) on behalf of the funders to deal with the publisher. It plays a vital role in reviewing the proposal of the project and its marketability. If the proposal is accepted, the campaign will be launched.
3. The funders provide the fund to the project under *qard* concept. Thus, they deserve to get back their capital without any additional amount.

Even though *qard* means loan that must be repaid by borrowers, in Islam, this practice is considered as charity. This is due to lenders are strictly prohibited from charging any additional return, or they could not charge penalty due to the late payment. At the same time, lenders are strongly encouraged to settle their debt as soon as possible when borrowers are in a difficult situation.

Mudharabah-based Crowdfunding

Mudharabah is a partnership contract, involving two parties whereby one of them called *Rabb al-Mal* (capital provider), contributes capital while the other known as *mudharib*, provides labour (ISRA, 2010). This model can follow the equity-based crowdfunding, in which it is as an investing medium for funders under the concept of equity (Wahjono et al., 2017). In this transaction, money is exchanged for a share in the company, project or enterprise, particularly same with other types of shares, the value will rise during a successful period otherwise falls during failing of the business. Pierrakis & Collins (2014) justify the definition of equity crowdfunding as the process of selling equity to the public by a private company typically via an online platform. This particular process slightly differs from the existing issuance of shares from the public listed company in the stock market because only private entity will approach this crowdfunding method.

Mudharabah-based crowdfunding model for book publishing can be illustrated as follows: -

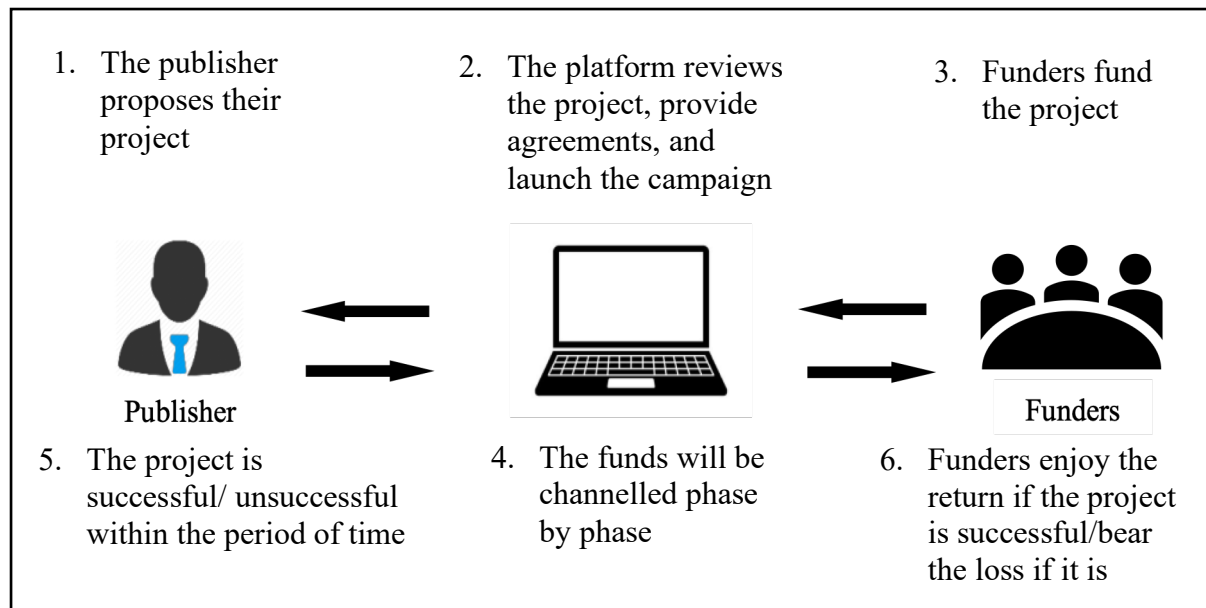


Figure 4: *Mudharabah*-based crowdfunding

Explanation:

1. The publisher represents as *mudharib* in this platform. In proposing his book project, he must provide details, including the topic and the summary of its content, the amount needed, the number of printed books, the targeting market and its strategy, end-to-end process from printing to selling and the ratio of profit.
2. The platform acts as a *wakil* (agent) on behalf of funders to deal with the publisher. It plays a vital role in reviewing the proposal of the project and its marketability. If the proposal is accepted, the campaign will be launched.
3. The funders act as *rabb al-Mal* that provide the fund to the project. Thus, they should be clear regarding the regulation of *mudharabah*, particularly in the case of loss. At the same time, they deserve to know the details and progress of the project.
4. Fundraising is launched within a stipulated period. If the amount successfully meets the target, it would be channelled phase by phase to the publisher. Otherwise, the platform may extend the period. If the amount still below the target, then the platform will return back the money to funders.

It should be noted that *mudharabah* has its special rulings in Islam. Even though it allows funders to enjoy the return from the project, the loss must be borne by them. This is due to *mudharib* has experienced their loss in terms of efforts and time.

DISCUSSION ON THE PROPOSED MODEL

It is argued that crowdfunding can offer multiple benefits to the involved parties. Bade (2018) found that crowdfunding is a field which continuously being developed during these recent years significantly because of the fact that crowdfunding has many advantages, which its span exceeds the financial activity. In more details, crowdfunding gives an opportunity to the investors and investees who are perfectly attached into this mode of fundraising in which the

investors will have the ability to gain high return while the investees can decrease the cost of capital. Even more, it also can stimulate the economy by job creation after the funded project starts to run its business (A. Abdullah, 2016). In addition, crowdfunding aims to liberalize and extend its access to resources. In this sense, it allows the community to decide what entrepreneurs and small and medium-sized businesses can obtain funding to support development through creating a new source of venture capital specifically for companies and sectors pertaining to society that are ignored (World Bank, 2013). As a consequence, the advantages of entrepreneurship and democratization can be effectively utilized in order to stimulate economic transactions and reduce unemployment, particularly in sectors where finance is not all possible (Ramos & Stewart, 2014).

Nevertheless, this practice also has its disadvantages as Manchanda and Muralidharan (2014) argued that three major disadvantages can be identified from the operation of crowdfunding. Such disadvantages are limited fund such as the case in the USA when Jumpstart Our Business Startup Act (JOBS) 2012 limits the fundraising using crowdfunding to the maximum of \$1 Million. Secondly, the originality of the idea can be imitated by the third party who has access to the crowdfunding sites prior to the idea being realized by the pioneer because there is no specific guideline on the confidentiality of the proposed idea. Thirdly, it can take a longer period of time to raise fund for a certain project venture after it is being promoted through several campaigns on social media and other available platforms.

While technology is argued has significantly influenced the habit of reading from printed items to the internet, books are still needed to preserve knowledge and to nurture talent. Thus, financial technology like internet-based crowdfunding should be manipulated to support the book industry. However, considering the book industry as a high-risk business, as well as Malaysian society are not familiar enough with the crowdfunding practices, a few steps need to be considered in order to build special Islamic crowdfunding for book publication solely.

Firstly, Islamic crowdfunding for book publishing should aim to promote the work of young talent, instead of pursuing profit. In fact, this crowdfunding does not aim for raising fund merely, instead, it can act as a platform to create a relationship between funders and creators as well as to receive validation and feedback for the idea (Gerber, Hui, & Kuo, 2012). At this point, the successful campaign may be considered as a testimony to attract mainstream publishers for further publication.

Secondly, the proposed Islamic crowdfunding platform should be simple in practice where *sadaqah* and *hibah*-based model seems to be the most practical one. Even though *mudharabah* crowdfunding may attract investors because of the financial return, it is complicated in terms of legal and operational aspects. At the same time, the book industry may not be able to give a satisfying return since it is a risky industry. Thus, *sadaqah* and *hibah*, whereby funders aim to support without expecting financial return, could be more practical under this circumstance. The book campaign may be joined by the crowd who are from writers' surrounding to support their friend or family. The previous study has shown that investors or donors with interpersonal connectivity with entrepreneurs are likely to have a high motivation to participate in a crowdfunding campaign (Ricardo, Sicilia, & Lopez, 2018).

Thirdly, it is noted that Islamic crowdfunding can efficiently function based on trust. In fact, crowdfunding platforms are not immune to fraudulent campaigns as it was reported many scam projects were raised through various popular platforms such as Kickscammed.com, Facebook's GoFraudMe pages and AndroidPolice.com (Saiti et al., 2018). Therefore, it is crucial to carry due diligence in the fundraising campaigns, particularly to screen the project carefully as well as to impose stricter requirements for the projects (Saiti et al., 2018). In regard to Islamic crowdfunding for book publishing, the platform must impose strict requirements for

writers, for example, a manuscript must be ready to be published before the campaign can be launched.

Another aspect that should be stressed, Islamic crowdfunding is not only established by replacing the current practices with Islamic contracts; instead, it should carry the Islamic spirit and its value. In fact, the original idea of crowdfunding is in line with the spirit of Islam in terms of providing financial aids as well as promoting cooperation. The primary challenge for Islamic crowdfunding is to replace interest-based lending and secured capital practised in the current crowdfunding operation. One approach put into effect by Ethiscrowd.com and Kapitalboost.com is to change the interest-based model with the *Mudharabah* and *Murabaha* models. However, since capital is not secured, there can be large gaps in perception in the market (Saiti et al., 2018). In the case of Malaysia in which Muslim majority populations are sensitive with religious aspects, Islamic crowdfunding may bring benefits in terms of promotion. For example, *sadaqah* and *hibah* reflect a spiritual element rather than a donation. At the same time, the Islamic perspective in knowledge contribution can be used as insight through this effort. Accordingly, the words of Prophet: When the human being dies, his deeds will come to an end except for three things: ongoing charity, beneficial knowledge, or a righteous child who prays for him (Muslim, 2000), can be promoted for this campaign.

OUTCOME OF THE STUDY

This paper explores the applicability of Islamic crowdfunding as an alternative fund to support book publishing in Malaysia. Based on library research, it was found that Islamic crowdfunding could overcome financial problems in the book publishing industry due to its nature to support society to society. In this regard, it proposes several Islamic contracts, namely *sadaqah*, *hibah*, *qard al-Hassan* and *mudharabah* to govern the operation of the crowdfunding itself. It is found that the Islamic crowdfunding has the potential to support the book industry since alternative funds are limited. However, the platform should aim to promote writers and their manuscripts rather than to be profit-oriented. At the same time, its practise should be simple as *sadaqah* and *hibah* based crowdfunding could be the best option. Also, this practice must further reassure the funders that there is no fraud campaign launched. While this study is considered to have achieved its objectives, its findings may not be generalized because of the secondary data. Thus, its findings are assumed as an exploratory study in this area. Therefore, future studies are encouraged to extend into empirical studies.

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