

Prospects for Activating Islamic Crowdfunding in Algeria in Light of the Malaysian Experience during the Period (2022–2026)

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Received : 21/11/2025 ; Accepted : 23/03/2026 ; Published : 22/05/2026

Abstract:

This study addresses the issue of the limited Islamic financing mechanisms currently applied in Algeria, alongside the absence of an effective framework for Islamic crowdfunding despite its significant potential. The importance of this research lies in bridging this financing gap through a Sharia-compliant tool, while drawing on the success of the Malaysian model as a pioneering experience. The main objective is to analyze the obstacles to implementation in Algeria and to propose a framework inspired by Malaysia's experience. The key findings reveal that the success of the Malaysian case rests on a strict regulatory environment and strong financial awareness, whereas Algeria faces legislative shortcomings and weak infrastructure. Developing Islamic crowdfunding could contribute to strengthening the banking sector and thus financing development in Algeria.

Keywords: Islamic crowdfunding; Malaysian experience; Algerian economic development; Islamic banking.

JEL classification: G21; G28; O16; P51.

Introduction:

The Islamic financial industry has become a highly attractive alternative in light of digital transformations and the expansion of financial technology through digital platforms, combining financial innovation with compliance with Sharia

controls. Islamic crowdfunding has emerged as an effective mechanism that gathers savings from a broad segment of contributors to finance development projects in accordance with the objectives of Islamic Sharia. Malaysia is considered one of the leading countries that has adopted an integrated framework for developing the Islamic financial industry, as it has established Islamic crowdfunding platforms concerned with financing several projects and injecting new capital into the economy, making its experience a reference model to be followed in adopting Islamic crowdfunding.

Research Problem:

Despite Algeria's openness toward adopting the option of Islamic finance, Islamic crowdfunding has not received sufficient attention and has not been adopted as a new financing option, unlike several countries, including Malaysia. Accordingly, we raise the following main question: How can Algeria benefit from the Malaysian experience in Islamic crowdfunding to develop its financial system and serve development requirements?

Sub-Questions: To answer this question, we raise the following sub-questions:

- What is the reality of Islamic crowdfunding in Malaysia, and what are the main factors that contributed to its success?
- What are the challenges and opportunities available for applying Islamic crowdfunding in the Algerian economic and legal environment?
- What are the most important regulatory and institutional requirements needed to activate Islamic crowdfunding in Algeria in light of the Malaysian experience?

Research Hypotheses:

Based on the above, we can formulate the following hypotheses:

- **First hypothesis:** The success factors of the Malaysian experience depend on the integration between the governmental strategic vision, the solid regulatory framework, and specialized institutional support;
- **Second hypothesis:** Algeria possesses basic components for applying Islamic crowdfunding despite the existence of regulatory and technical challenges that require strategic treatment;

- **Third hypothesis:** Activating Islamic crowdfunding in Algeria requires establishing a comprehensive legal framework, creating specialized supervisory bodies, and developing digital infrastructure.

Research Objectives:

This study seeks to achieve a number of objectives, including:

- Studying the theoretical and conceptual framework of Islamic crowdfunding;
- Analyzing the Malaysian experience in Islamic crowdfunding and extracting lessons learned to develop an applicable model in Algeria;
- Assessing the current situation of the Algerian financial and banking system and identifying opportunities and challenges;
- Proposing an integrated framework for activating Islamic crowdfunding in Algeria.

Research Importance:

This study derives its importance from the need to highlight an in-depth applied analysis of Malaysia's pioneering experience and to provide a comparative reading of successful international experiences. It provides decision-makers in Algeria with an applicable roadmap for developing the Islamic crowdfunding sector in a way that serves economic diversification policies and supports efforts to achieve financial inclusion.

Research Methodology:

The study relied on the descriptive analytical method to present and explain the concepts and mechanisms of Islamic crowdfunding, dismantle the elements of success of the Malaysian experience, and conduct a precise study of its influencing factors.

Previous Studies: These include:

- **The study by “Salwa Malak and Boukhari Lahlou” in “2020”,** entitled “Islamic Crowdfunding Platforms between Theory and Practice with Reference to Some Successful Models in the Arab World”: The study addresses the issue of the extent to which Islamic crowdfunding platforms contribute to providing the necessary financing for startup projects. It aims to

clarify the importance of benefiting from contemporary applications of crowdfunding in order to provide non-traditional financing sources. The most important finding of the study is that crowdfunding platforms support the financing of startups, which in turn contribute to development, support the development of Islamic finance, and open new financing channels;

- **The study by “Islam Boudjen and Moufida Beljhem” in “2022”,** entitled “The Malaysian Experience in the Field of Applying Islamic Crowdfunding”: What is the reality of Islamic crowdfunding in Malaysia as a newly introduced Sharia-compliant financing mechanism? The study aims to identify Islamic crowdfunding and clarify the mechanism of combining financial technology with financing that complies with Sharia principles. The study concluded that the Malaysian experience is one of the pioneering experiences in the field of Islamic finance, due to the legal framework necessary for the success of Islamic finance, as well as the infrastructure of Islamic banking;
- **The study by “Khaoula Guimche and Chafia Kettaf” in “2022”,** entitled “Islamic Crowdfunding Platforms as One of the Modern Sources of Financing to Achieve Economic Development”: The study addressed the issue of where the role of Islamic crowdfunding platforms lies as a modern financing mechanism in financing development projects. Its objective is to clarify the importance of Islamic crowdfunding platforms in saving the time and effort required to mobilize suitable financing for investors as an innovative financing mechanism. The most important findings were that Islamic crowdfunding affects the economic and developmental situation in the countries from which and to which it moves.

What Distinguishes the Current Research from Previous Studies: Our study is distinguished from the previous studies by attempting to link three variables: Islamic crowdfunding in terms of its impact on development, on the one hand, and the variable of the Malaysian experience and its impact on the development of this model and the success of its application in Algeria by benefiting from its most important steps, on the other hand.

Section One: Theoretical Concepts of Islamic Crowdfunding

Islamic crowdfunding is a modern financing model that has emerged as a Sharia-compliant and effective alternative to traditional crowdfunding, based on the

foundations of Islamic Sharia, which prohibits usury and calls for justice and solidarity.

Subsection One: Definition and Importance of Islamic Crowdfunding

Branch One: Definition of Islamic Crowdfunding

Islamic crowdfunding is defined as a contemporary financing mechanism that combines the concept of collecting funds from a broad public base through digital platforms with strict compliance with the Sharia rules and principles of Islam. It attracts financial resources from a large number of individual and institutional contributors with the aim of financing projects or initiatives of public benefit or profit-oriented nature, provided that they comply with Sharia controls. ¹

Islamic crowdfunding operates through reliance on specific Islamic formulas and contracts, such as Murabaha, Ijara, Musharaka, Mudaraba, and Istisna, which ensures the participation of investors in selecting and financing projects according to sound Sharia foundations. Thus, it is not merely a tool for raising funds, but rather an integrated framework that governs the relationship between the provider of capital and its beneficiary. ²

At its core, this financing aims to achieve a noble purpose represented in generalizing financial benefit and empowering society, while preserving Islamic ethical values. It embodies the integration between contemporary financial innovation and Sharia authenticity, seeking comprehensive and just economic development. ³

Based on the foregoing, Islamic crowdfunding can be defined as a pioneering financing mechanism that integrates modern financial technology tools with authentic Sharia controls. It works to mobilize savings and financial resources from a broad base of investors through specialized electronic platforms, with the aim of financing projects and initiatives of economic feasibility and positive social impact, within the framework of compliance with the objectives and provisions of Islamic Sharia.

Branch Two: Importance and Characteristics of Islamic Crowdfunding

The fundamental importance of Islamic crowdfunding stems from its being a financial model based on the principles of Islamic Sharia to achieve sustainable and fair financing that balances profitability considerations with social responsibility. This sector has developed rapidly to represent an emerging sector with distinctive characteristics, including compliance with Sharia controls, fair

distribution of risks and returns, enhancement of the principle of transparency and accountability, and support for the real economy and local development.⁴

Together, these features embody the ability of Islamic crowdfunding to bridge the financing gap suffered by the traditional sector and to strengthen the principles of solidarity and economic mutual support. This integrative capacity is what justifies the growing research and institutional interest in this model at the global level, with Malaysia—the subject of this study—serving as a leading model in its application and regulation.⁵ Accordingly, Islamic crowdfunding is characterized by several features, including:⁶

- Compliance with Sharia controls, as Islamic crowdfunding operates according to the principles of Islamic Sharia, avoiding *riba*, meaning interest, and *gharar*, meaning excessive uncertainty, while investing only in halal activities.
- Sharing risks and profits, as this system is based on the fair distribution of risks and returns among all parties through profit-sharing mechanisms such as *Mudaraba* and *Musharaka* contracts, thereby ensuring fairness in financial outcomes.
- Combining the principles of financial inclusion with the ethics of Islamic finance. This model contributes to integrating broad segments, especially marginalized groups, into the financial system by providing Sharia-compliant financing solutions that respond quickly to the needs of individuals and projects.
- The existence of a Sharia supervisory board to ensure Sharia compliance in the operation of Islamic crowdfunding platforms.

Subsection Two: Types of Islamic Crowdfunding and Its Mechanism of Operation

Branch One: Types of Islamic Crowdfunding

The types of Islamic crowdfunding are generally classified into four models, as follows:⁷

- **Donation-based financing:** It is one of the most prominent models of Islamic financing, which relies on providing funds completely free of charge to individuals or projects, either in the form of a gift or a benevolent loan. It aims to achieve social solidarity and mutual support within society, and embodies Islamic values such as benevolence and cooperation;

- **Reward-based financing:** In this model, supporters provide funds in return for a non-financial reward offered by the project owner, in the form of a product or service;
- **Lending-based financing:** In this model, interest-free loans are provided to individuals or companies, with nominal administrative fees charged to cover the operating costs of the platform, not with the aim of generating profit from the loan itself;
- **Equity-based financing:** Financing under this model is based on the principle of participation in capital and risk, namely profit and loss. A large number of investors pool their funds to finance a major project or a startup and become partners.

Branch Two: The Mechanism of Operation of Islamic Crowdfunding Platforms

These platforms operate within a disciplined Sharia framework that ensures justice and participation in risks and profits, through four basic stages: ⁸

First stage: Project submission: The owner of the idea submits a detailed proposal, including the plan and financing target, through the electronic platform.

Second stage: Sharia review and approval: The Sharia supervisory board examines the project to ensure that it is free from prohibitions, such as riba and gharar, and that its contract, such as partnership, Murabaha, or donation, complies with Sharia provisions.

Third stage: Fundraising and implementation: The platform opens financing to the public, and when the targeted amount is completed, the funds are transferred to the project owner to begin implementation under the supervision of the platform.

Fourth stage: Distribution of returns and closure: After the completion of the project, profits are calculated or rewards are delivered according to the contract, then distributed fairly to the contributors, and the project is closed by publishing a final report.

Section Two: The Malaysian Experience in Applying Islamic Crowdfunding and the Prospects for Its Application in Algeria

The Malaysian financial and banking system includes legal and regulatory frameworks that work to ensure equivalence, regulate the sector's operations, and support all governmental and private initiatives aimed at encouraging Islamic finance.

Subsection One: The Legal Regulatory Framework and Government Initiatives to Promote Malaysian Islamic Crowdfunding

Branch One: The Legal Regulatory Framework for Islamic Crowdfunding in Malaysia

- **The Role of the Central Bank of Malaysia (Bank Negara Malaysia):** Bank Negara Malaysia plays a central role in ensuring the Sharia compliance of digital Islamic finance products, including crowdfunding, through a strict regulatory framework. Its Sharia Advisory Council (SAC) issues binding fatwas and resolutions that constitute a Sharia basis for practicing this type of finance. All service providers are required to obtain prior approval from the Council for the product structure and the contracts used. They are also subject to periodic reviews to ensure continued compliance with Sharia controls, which enhances investor confidence and limits the risks associated with non-compliance with the provisions of Islamic Sharia.⁹
- **The Role of the Securities Commission Malaysia in Regulating Crowdfunding Platforms:** The Securities Commission Malaysia (SC) issued the Guidelines on Recognized Markets under Section 34 of the Capital Markets and Services Act 2007 in February 2015. These guidelines regulate the conditions for registering and operating crowdfunding platforms, including Equity Crowdfunding and P2P Financing, as “Recognized Market Operators.” They also define disclosure requirements, investor protection measures, and financing limits for each campaign.¹⁰
- **Sharia and Institutional Supervision Mechanisms:** Malaysian policies require all Islamic crowdfunding platforms to establish a Sharia Supervisory Board composed of at least five jurists specialized in Islamic financial transactions. The responsibilities of the Sharia committee include providing advice and decisions on Sharia matters, conducting periodic compliance reviews, and approving corrective procedures in cases of non-compliance.¹¹

Branch Two: Government Initiatives to Promote Islamic Crowdfunding in Malaysia

- **The Financial Sector Blueprint 2022–2026 Initiative and the Promotion of Value-Based Finance:** The Malaysian Financial Sector Blueprint for the period 2022–2026 is considered one of the most important strategic documents launched by Bank Negara Malaysia. It identifies “advancing value-based finance through Islamic finance leadership” as one of the five main pillars of development.

This initiative aims to integrate the principles of Value-Based Intermediation (VBI) into Islamic crowdfunding platforms, thereby ensuring a positive and sustainable impact on the economy, society, and the environment.¹²

- **The Islamic Digital Economy Program of the Malaysia Digital Economy Corporation (MDEC):** The Malaysian government entrusted the Malaysia Digital Economy Corporation (MDEC) with the task of leading the development of the Islamic digital economy under the Shared Prosperity Vision 2030. This program focuses on three main sectors: Islamic finance, including Islamic fintech and social finance; the halal economy; and the Islamic lifestyle. MDEC has allocated specialized incubation and acceleration programs for startups in the field of Islamic fintech, including Islamic crowdfunding.¹³
- **Initiatives Related to the Regulatory Framework for Islamic Crowdfunding:** In 2015, the Securities Commission Malaysia issued the amended Guidelines on Recognized Markets regulating crowdfunding platforms, followed by the issuance of licenses for the first Sharia-compliant platforms. Ethis Ventures obtained the first Islamic crowdfunding license in 2019, while Nusa Kapital obtained the first Islamic peer-to-peer financing license in 2016. By June 2023, the number of Sharia-compliant platforms had reached seven.¹⁴
- **The Government Financial Allocation Initiative for Innovation in Islamic Finance:** In the 2025 Budget, the Malaysian government announced an allocation of 100 million Malaysian ringgit, equivalent to 22.22 million US dollars, to promote innovations in Islamic finance. This includes supporting Islamic crowdfunding platforms and startups in the field of Islamic fintech. This initiative aims to attract more investors and deepen the Islamic finance ecosystem.¹⁵
- **The Tax Incentives and Stimulus System for Islamic Crowdfunding in Malaysia:** The Malaysian government includes Islamic crowdfunding within

its comprehensive tax incentive strategy through several key initiatives. In the 2021 Budget, the government approved a tax exemption for individual investors in crowdfunding platforms approved by the Securities Commission, whereby an eligible investor is entitled to a tax exemption equal to 50% of the investment amount, up to a maximum of 50,000 Malaysian ringgit annually for the period from 2021 to 2026. The government also announced in the 2025 Budget a full exemption from stamp duties on financing agreements for small and medium-sized enterprises using Initial Exchange Offering (IEO) platforms to raise capital, including Islamic platforms. These incentives aim to attract more individual investors and reduce financing costs, thereby enhancing the growth of the Islamic crowdfunding ecosystem as part of the strategic vision for developing the Islamic digital economy.¹⁶

Subsection Two: Evaluating Economic Performance to Promote Islamic Crowdfunding in Malaysia

Branch One: The Economic Performance of the Islamic Crowdfunding Sector in Malaysia

- **Development of the Number of Islamic Crowdfunding Platforms and the Volume of Financing in Malaysia:** Chart No. 1 in the appendix shows the gradual and organized growth of Islamic crowdfunding in Malaysia through three successive stages. The foundational stage (2015–2017) was characterized by cautious growth and the establishment of basic regulatory frameworks, while the acceleration stage (2018–2021) witnessed a qualitative leap, with annual growth reaching 75%, reflecting the sector’s attainment of regulatory maturity and increasing confidence in it. As for the maturity and consolidation stage (2022–2024), it was marked by a shift from quantitative growth to qualitative growth, with a focus on deepening market penetration and improving operational efficiency. The sector achieved an exceptional leap of 50% in 2024, while maintaining the same number of platforms, confirming that it had reached the stage of strategic maturity.
- **Distribution of Islamic Crowdfunding by Economic Sectors:** This is shown in Table No. 1 in the appendices, which reflects the remarkable success of Islamic crowdfunding in Malaysia, as the sector witnessed increasing growth from zero in 2015 to 788 million ringgit in 2024. Three main sectors dominate the market: “other sectors” (30%), e-commerce (19.9%), and financial technology (15%), which together account for 65% of total financing.

This balanced distribution confirms the success of the Malaysian model in building an integrated Islamic finance ecosystem that combines a focus on promising sectors with strategic diversification that ensures sustainability and reduces risks.

- **Economic Impact on Startups and Small Projects:** Through Table No. 2 in the appendices, it becomes clear that Islamic crowdfunding in Malaysia has achieved exceptional performance, combining quantitative growth with qualitative improvement. The startup sector grew from financing **28** startups with a value of **8.4 million ringgit** in **2016** to **1,806** companies with financing of **551.6 million ringgit** in **2024**. This growth was characterized by qualitative excellence, as startup success rates increased from **64.3%** to **82.1%**, and survival rates after three years increased from **68.5%** to **81.2%**, thereby exceeding global averages.

Branch Two: Evaluation of the Malaysian Experience in Applying Islamic Crowdfunding

To evaluate the Malaysian experience, we identify the main obstacles and challenges facing its development, represented in the following: ¹⁷

- Regulatory and legal challenges, represented in the need for simultaneous compliance with Sharia controls, financial laws, and technical standards;
- Technological and technical challenges, as well as challenges related to liquidity management and ensuring financing continuity, the high costs of cybersecurity, and the need to keep pace with technological developments;
- Future development strategies for the sector, including hybrid business models that combine various lending mechanisms and the establishment of strategic partnerships with banks and government entities.

The main success factors of the Malaysian experience in Islamic crowdfunding are represented in an integrated framework that combines advanced regulation with technological innovation. Bank Negara Malaysia and the Securities Commission laid down clear legal foundations that integrate strict Sharia supervision with the requirements of modern finance. The model also relied on outstanding investment in human capital through the establishment of specialized educational institutions concerned with training professionals in the field of Islamic financial services.

The sector also benefited from strategic government support through specialized bodies and business incubators that support startups in the field of Islamic financial technologies. The model was distinguished by its focus on standards of transparency and good governance through the application of advanced technologies such as blockchain and smart contracts to ensure Sharia compliance. It also followed a gradual and carefully planned approach to development, starting with small platforms and gradually expanding the scope, while building strategic partnerships with Islamic banks.

This model provides a clear roadmap for countries seeking to develop Islamic crowdfunding systems, as it emphasizes the importance of combining a comprehensive strategic vision with gradual practical implementation, while ensuring Sharia compliance and technological innovation at the same time.

Branch Three: Prospects for Applying Islamic Crowdfunding in Algeria in Light of the Malaysian Experience

Prospecting the application of Islamic crowdfunding in Algeria is an important topic, as it combines the orientation toward the Islamic economy with the digital transformation of the financial sector. This will be clarified in this branch:

- **Government policies and new trends toward diversifying sources of financing:** Economic policy in Algeria is witnessing a gradual shift toward diversifying sources of financing, as the government launched the new economic model (2020–2030), which aims to reduce dependence on the hydrocarbons sector by developing innovative financing mechanisms. This trend is linked to the digital transformation strategy, “Digital Algeria 2030,” which seeks to transfer **65%** of government services to digital channels.¹⁸

Within this path, the regulation related to Islamic banking (20-02) represents an important legislative framework for expanding the base of financial services, as 12 out of 20 banks operating in the market were offering Islamic financial products by the end of 2023.¹⁹ The participatory financing law (18-15) has also contributed to preparing the legislative environment necessary for developing alternative financing mechanisms, including crowdfunding platforms that can contribute to directing savings toward productive projects and enhancing financial inclusion.

- **A prospective scenario for Islamic crowdfunding in Algeria:** Based on the initiatives followed by Malaysia to build a comprehensive, multi-level government strategy for developing Islamic crowdfunding as an essential

pillar of its vision for the Islamic digital economy, characterized by a long-term strategic vision, specialized institutional implementation, a gradual regulatory framework, direct financial support, in addition to an integrated system of tax incentives and financial exemptions aimed at stimulating investors, we propose the following steps for the Algerian model:

- Strong institutional leadership by an independent Algerian Islamic bank, or one of the major public banks, through the launch of an integrated and specialized digital platform for Islamic crowdfunding, supported by an accredited Sharia supervisory board affiliated with the Bank of Algeria or an independent authority for supervising Islamic finance, if established, to play a decisive role in issuing fatwas and standards for Islamic financial products on crowdfunding platforms. Similar to the Malaysian model, there are independent Sharia supervisory bodies, namely Shariah Advisory Councils, at the level of the central bank and the capital market. These bodies review and approve Islamic financial products,²⁰ including Islamic crowdfunding models, which ensures their Sharia compliance and builds trust.
- The establishment of emerging platforms such as “Joud Funding,” and the encouragement of creating specialized platforms that go beyond the scope of donation and focus on investment and productive financing for startups and micro-enterprises, using participatory Islamic financial instruments, while developing their business model to include simple Islamic products, such as Qard Hasan. This also includes diversifying financing products and expanding their scope to include Islamic financial products such as Murabaha, Musharaka, Mudaraba, and Ijara, while recording success stories, which creates trust among the public and institutions. Similar to the Malaysian model, platforms are not limited to the donation model,²¹ but also include investment crowdfunding platforms and Islamic debt financing platforms that offer products such as Mudaraba and Musharaka.
- A stimulating legal framework through the issuance of clear regulatory and executive texts by the Bank of Algeria defining the licensing conditions for Islamic crowdfunding platforms, their operating controls, and investor protection mechanisms. This is similar to the Malaysian model, where Bank Negara Malaysia and the Securities Commission issued a specific and early regulatory framework for Islamic

crowdfunding as early as 2015,²² which provided legal security and attracted investors and platforms.

Expected outcome: Islamic crowdfunding becomes a major financing channel for startups and small and medium-sized enterprises, and contributes effectively to diversifying the economy, directing savings toward productive investment, and enhancing financial inclusion.

- **Steps for implementing the prospective vision of Islamic crowdfunding in Algeria:** This is carried out according to the following stages:
- **Establishing the legal framework (2024–2025):** The Bank of Algeria issues an integrated regulatory framework, benefiting from the Malaysian model while adapting it to the Algerian specific context.
- **Launching a leading platform (2025–2026):** The Algerian Islamic Bank (BIA), with government support, launches an integrated digital platform for Islamic crowdfunding, serving as the nucleus of the market.
- **Emergence of specialized private platforms (2026–2028):** As the regulatory market matures, private emerging platforms appear, focusing on specific sectors such as green technology, agriculture, and renewable energy.
- **Integrating innovative financial technologies:** Benefiting from blockchain technology to increase transparency in transactions, and developing secure local electronic payment solutions to facilitate operations.

From the above, we conclude that Algeria possesses all the basic components for the success of Islamic crowdfunding, namely: a large market, an urgent need to finance startups and small and medium-sized enterprises, and a supportive Islamic culture. Success depends on a genuine will to implement it, draw lessons from successful models such as Malaysia, and build a stimulating institutional framework. Conclusion:

Through this study, the concept of Islamic crowdfunding, its types, and its importance were addressed, in addition to examining the Malaysian experience, which is considered one of the successful experiences in adopting Islamic crowdfunding and from which many countries can benefit, including Algeria, which seeks to develop its financial and banking system and search for new financing alternatives to finance its economy, achieve economic growth and diversification, and enhance financial inclusion.

Based on the above, we reached the following results:

- Malaysia has succeeded in building an integrated and pioneering model of Islamic crowdfunding that has achieved exceptional and sustainable growth over the past years, making it a global reference in this field;
- The Malaysian experience has been characterized by strategic integration among key pillars, including: the long-term governmental vision, a solid regulatory framework, specialized institutional support, direct government financing, and a tax incentive system;
- Islamic platforms have demonstrated high operational efficiency, reflecting their strength and attractiveness to both investors and beneficiaries;
- Islamic crowdfunding platforms have effectively contributed to supporting several sectors, such as startups, and have been able to provide job opportunities and promote economic diversification;
- The Algerian financial system suffers from clear structural imbalances, represented by the absolute dominance of traditional banks, weak capital markets, and limited diversification in the available financing instruments;
- Several sectors in Algeria face fundamental difficulties in obtaining traditional bank financing, which limits their ability to grow and develop, such as the sector of small and medium-sized enterprises and startups;
- Algeria possesses important and encouraging basic components, including relatively developed technical infrastructure and strong and growing demand for Islamic financial products, which can enhance and develop Islamic crowdfunding.

Based on the above results, we can confirm or not confirm the hypotheses as follows:

- **First hypothesis:** The success factors of the Malaysian experience depend on the integration between the governmental strategic vision, the solid regulatory framework, and specialized institutional support. This hypothesis is confirmed;
- **Second hypothesis:** Algeria has basic components for applying Islamic crowdfunding despite the existence of regulatory and technical challenges that require strategic treatment. This hypothesis is confirmed;
- **Third hypothesis:** Activating Islamic crowdfunding in Algeria requires establishing a comprehensive legal framework, creating specialized

supervisory bodies, and developing digital infrastructure. This hypothesis is confirmed.

Accordingly, we draw the following recommendations:

- Establish a comprehensive and integrated legal framework to regulate Islamic crowdfunding platforms.
- Create a specialized and independent supervisory authority that combines expertise in financial supervision with deep knowledge of Sharia provisions.
- Develop and modernize digital infrastructure and strengthen the cybersecurity system of financial platforms to ensure trust.
- Establish centers of excellence and specialized training in the field of Islamic crowdfunding to build qualified human resources.
- Develop an attractive and gradual tax incentive system similar to the Malaysian model to encourage individual and institutional investors to participate effectively.
- Allocate a government fund dedicated to supporting initial initiatives and Islamic crowdfunding platforms in their early stages.
- Develop comprehensive financial awareness and education programs to raise the level of digital financial literacy and awareness of the importance of Islamic finance.
- Adopt a gradual and realistic implementation plan that includes the stages of establishment, pilot application, gradual expansion, and wide dissemination.
- Establish strong strategic partnerships with leading Malaysian institutions to transfer expertise.
- Integrate Islamic crowdfunding organically within the national digital transformation strategy and comprehensive economic diversification plans.

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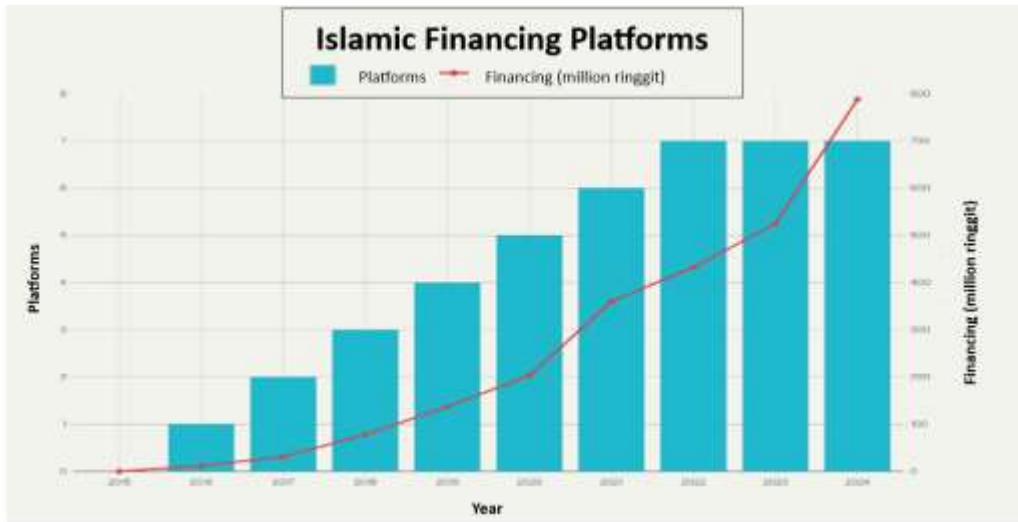
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Appendices:

Figure No. 1: Development of the Number of Islamic Crowdfunding Platforms and the Volume of Financing in Malaysia (2015–2024)



Source: International Shariah Research Academy for Islamic Finance (ISRA) and Islamic Financial Services Board (IFSB), IFSB Working Paper Series: Regulatory Practices in P2P and ECF in Islamic Finance, IFSB, 2023.

Table No. 1: Sectoral Distribution of Islamic Crowdfunding in Malaysia
Unit: Million Ringgit

Year	E-Commerce	Financial Technology	Manufacturing Industries	Professional Services	Logistics Services	Agriculture and Food Security	Other Sectors
2015	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2016	2.4	1.8	1.4	1.3	0.8	0.4	3.9
2017	6.2	4.7	3.7	3.4	2.2	1.0	10.0
2018	15.6	11.7	9.4	8.5	5.5	2.3	25.0
2019	27.4	20.5	16.4	14.8	9.6	4.1	44.2
2020	40.6	30.5	24.4	22.0	14.2	6.1	65.2

2021	72.0	54.0	43.2	38.9	25.2	10.8	115.9
2022	86.4	64.8	51.8	46.7	30.2	12.6	139.5
2023	104.3	78.8	63.0	56.7	36.8	12.6	172.8
2024	156.8	118.1	94.6	89.4	67.2	24.2	237.3

source: Securities Commission Malaysia, Annual Report 2024, Securities Commission Malaysia, 2024,
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Table No. 2: The Economic Impact of Islamic Crowdfunding on Startups in Malaysia (2016–2024)

Unit: Million Ringgit

Year	Number of Beneficiary Startups	Financing for Startups	Startup Success Rate (%)	Job Opportunities in Startups	Survival Rate after 3 Years (%)
2016	28	8.4	64.3	140	-
2017	78	21.7	67.9	312	-
2018	185	54.6	71.4	740	-
2019	315	95.9	74.6	1,260	68.5
2020	475	142.1	72.8	1,900	71.2
2021	825	252.0	76.4	3,300	74.8
2022	1,155	302.4	78.5	4,620	77.3
2023	1,470	367.5	80.3	5,880	79.6

2024	1,806	551.6	82.1	7,224	81.2
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Source: Mohd Thas Thaker, Mohamed Asmy, Can Islamic Crowdfunding Unlock New Opportunities for SME Financing in Malaysia, *Malaysian Journal of Syariah and Law*, vol 12, no 2, Dec 2024, pp 45-62.

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