

CROWDFUNDING PRACTICES IN HIGHER EDUCATION INSTITUTIONS IN MALAYSIA: THE CASE OF UNIVERSITI TEKNOLOGI MARA CAWANGAN MELAKA (UiTMCM)

Norajila Che Man^{a*}, Mohd Faizal P. Rameli^b, Nor Azlina Abd Wahab^c,
Nurzahidah Jaapar^d and Noormala Rabu^e

^{a*}*Universiti Teknologi MARA Cawangan Melaka Kampus Jasin, norajila@melaka.uitm.edu.my*

^b*Universiti Teknologi MARA Cawangan Melaka Kampus Jasin, faizal061@melaka.uitm.edu.my*

^c*Universiti Teknologi MARA Cawangan Melaka Kampus Alor Gajah, azlina406@melaka.uitm.edu.my*

^d*Universiti Teknologi MARA Cawangan Selangor nurzah8883@uitm.edu.my*

^e*Universiti Teknologi MARA Cawangan Melaka Kampus Alor Gajah, sufmala@melaka.uitm.edu.my*

Abstract

Philanthropic crowdfunding or donation-based crowdfunding is one of the mediums that can be used by higher education institutions (IPT) to transform and empower students, faculty and staff by securing the funds for projects and initiatives that has been planned. Waqf and *sadaqah* are two instruments of philanthropic crowdfunding that commonly used in funding any activities or programs in IPT. Universiti Teknologi MARA Cawangan Melaka (UiTMCM) also engaged in crowdfunding practice to finance several projects that has been planned but being adjourned due to insufficient funds. On that notes, this paper investigates the practices of crowdfunding in higher education institutions specifically in UiTMCM. Also, this study examines challenges faced by these institutions that lead to the failure to fulfil the programs that have been planned. Data and information for this study are collected through a semi-structured interview method with four respondents in UiTMCM and reference to the primer and secondary documents. Content analysis method were used in analysing the data. The finding indicates that UiTMCM used Waqf as their instruments of crowdfunding. This instrument of crowdfunding has been proved in helping UiTMCM to solve financial shortage without depends solely from the management funds. Furthermore, people are willing to donate for a good purpose.

Keywords: Crowdfunding, Higher Education, Waqf

INTRODUCTION

Crowdfunding can be described as a "process of the parties project financing by requesting and receiving small donations from many quarters in exchange for a form of value to the parties (Wechsler, 2013).

Crowdfunding is a form of social networking and uses the power of the internet and online communities to spread the word about a product or project. Crowdfunding is where a large number of people (a crowd) financially support a product or project by giving a relatively small amount of money either in return for a reward, as a donation, or potentially in return for equity (Wicks, 2013). Morduch (1999) opine that crowdfunding was inspired by crowdsourcing and microfinance. Therefore, crowdfunding is a way to donate money to help other people, mostly via internet to provide financial resources either in the form of donations or in exchange for some form of reward.

While in charity the act of giving is the main goal, the crowdfunding component "to receive returns", is an important part as well. Therefore, crowdfunding resembles the business aspect as well, which projects seeking funding from the public are in the middle of the initial phase and their realization depends considerably on the number of supporters who are willing to make. From the point of view of supporters sometimes act as investors; they put the money in a business that the outcome is uncertain, with expectations reward promised to meet their expectations (Wechsler, 2013).

There are four (4) main types of crowdfunding (World Bank, 2013; Marzban, Asutay, & Boseli, 2014) as below:

1. Donations-based: Typically, backers support an initiative through donations from a purely philanthropic perspective without any expected future compensation.
2. Reward-based: Backers receive an appreciation for supporting an initiative such as receiving gift, acknowledgement for support or being provided with the products or services developed.
3. Lending-based: An investment vehicle through which crowds' investors provide loans to start-ups or small enterprises to support their ventures in exchange for receiving returns in the form of interest payments.
4. Equity-based: Like lending-based crowdfund investing, crowd investors are supporting start-ups or small enterprises for a financial gain. Within an equity-based investment, the investors receive shares in the venture financed and are thus part of a profit-and-loss sharing agreement with the funded start up. This type of crowd

investing has to a large extent parallels with the venture capital industry, which is also equity-based.

Main instrument of crowdfunding used by most of public universities in Malaysia is Waqf. Waqf is a practice that has been prescribed in al-Quran and al-Sunnah and has been legislated in Malaysia. In history, Waqf had been serving Muslims with public utilities, educational and health institutions (Nur Aqidah Suhaili & Mohd Rizal Palil, 2016). Over time, Waqf concept has been expanded and cash Waqf gained acceptance as a new form of Waqf asset. Raising fund using cash Waqf is consider one of the effective tools used to fulfil specialized aim and objectives in charity cause (Nur Aqidah Suhaili & Mohd Rizal Palil, 2016). On that note, higher education institutions in Malaysia engaged on donation-based or philanthropic crowdfunding by implementing Waqf in their institutions.

Hence, this study tries to explore on the conceptual review on implementation of Waqf as crowdfunding instruments. The aim of this paper is to provide orientation on general information of Waqf-based crowdfunding. Another extended discussion is regarding the practices of Waqf-based crowdfunding in higher education institutions in Malaysia. Besides that, the issues and challenge faced by crowd funders specifically in UiTMCM are also discussed in this study. This study is an exploratory study using interview as method of data collection and content analysis for data analysis. A semi-structured interview has been conducted to four respondents to gather data regarding practices of crowdfunding in UiTMCM. The information from this interview are then analysed using content analysis method. In general, the data were analysed using word-based content analysis and code-based approached (Noriah M. I. & Abu Yazid A. B., 2014).

CONCEPT OF CROWDFUNDING

Crowdfunding concept is originated from the concept of crowdsourcing. Crowdsourcing was first introduced by Howe (2006), which refer to ‘represents the act of a company or institution taking a function once performed by employees and outsourcing it to someone, network of people in the form of an open calls.’ Both of this have the same concept, which is the individual reaching a goal by receiving and leveraging small contribution from many small parties. (Liang, 2015).

Malaysia is also not excluded in recognizing the importance of crowdfunding as shown by the concerted efforts by the government and some private agencies to introduce it to the local funding ecosystem. In Malaysia, currently there are two operating reward based

crowdfunding platforms namely pitchIN (www.pitchin.my) and MyStartr (www.mystartr.com). Even though the three platforms were incorporated in 2012, the concept of crowdfunding had been in existence since 1982 (pitchIN, n.d.) with the fund raised to have extra live telecast of the World Cup through the national television broadcast, Radio Television Malaysia (RTM). Back then, there were calls for each Malaysian to donate RM1 to pay for extra live telecasts where the newspaper played the role of the platform for them to donate to People's Live Telecast Fund. Initially targeting to raise RM60,000, the fund had successfully collected 400% above the targeted amount with the total fund collected amounting to RM300,000 (Rahman & Duasa, 2016).

Crowdfunding has been proposed as a new financing mechanism. The original concept of crowdfunding is a showcase of ideas to the community. It is presenting an idea to the potential, large and anonymous public in order to have funding from them. In this regard, crowdfunding is also known with other names. "Crowdfunding can be defined as a collective effort of many individuals where their resources to support efforts initiated by other people or organizations. This is usually done through or with the help of Internet. Individual projects and businesses that are financed by small donations from a large number of individuals, allow innovators, entrepreneurs and business owners to use their social networks to raise capital (Calveri & Esposito, 2013).

According to Agerfalk & Fitzgerald (2008), Pisano & Verganti (2008), Poetz & Schreier (2012) and Grivenics et al. (2014), the practice is known as "crowdsourcing". Sometime, the individual contributes based on pure charity without expecting anything in return. Therefore, crowdfunding resembles the business aspect, which projects seeking funding from the public are in the middle of the initial phase and their realization depends considerably on the number of supporters who are willing to make. From the point of view of supporters sometimes act as investors; they put the money in a business that the outcome is uncertain, with expectations reward promised to meet their expectations (Wechsler, 2013).

Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals primarily online via social media and crowdfunding platforms and leverages their networks for greater reach and exposure. (Anna Marina, 2015). Besides, readers may also know that crowdfunding model is the most effective for Management Research Centre in Malaysia. Next researchers can run research from the point of view of investors to investigate the extent to which they can receive crowdfunding strategy. This is a

very important and valuable because Crowdfunding is a new thing for Malaysia. Crowdfunding can be among the best financing mechanism for Islamic finance, it is also the appropriate financing mechanism.

CROWDFUNDING FROM ISLAMIC PERSPECTIVE

The practice of crowd funding in Islam is a noble deed. Muslims are brothers and described as a building mutual support. Disclosure of the brotherhood is not simply in the form of aid in terms of energy or other assistance, yet Islam teach its followers to help one another and help assist in money and possessions. In many ways, crowdfunding manifest the act of doing charity (sadaqah jariyah) for longstanding Muslims brotherhood (Nur Aqidah Suhaili & Mohd Rizal Palil, 2016). Thus, in addition to charity, grants and so on, Muslims will share the wealth with others through a religious endowment.

Waqf is a voluntary practice and a wealth-sharing mechanism bounded by the Islamic worldview that encompasses the principle of justice, equity and fairness and aimed at upholding the objectives of shariah (Nur Sa'adah Muhammad, *et.al*, 2014). In economy, the existences of which redistribute wealth to others, is very important because it can help achieve development the economy of a country. Moreover, the endowment was instrumental in developing the human with the Waqf to the public interest will educate people to be generous, corrosive selfishness, cultivate love, love for the nation and strengthen Islamic brotherhood (Asmak Abd Rahman, 2009).

Using crowdfunding to do charity and spreading the good can give impact to the Waqf landscape. Crowdfunding is poised to play an important role in fundraising for many types of emerging needs for Waqf within and across many countries (Nur Aqidah Suhaili & Mohd Rizal Palil, 2016). Waqf-based crowdfunding is one of a way for Waqf to sustain and be relevant in the contemporary world.

ISSUES AND CHALLENGES OF CROWDFUNDING

Crowdfunding is getting the world's attention due to the fact that it is particularly useful to support the development of new ideas and initiatives that cannot be funded by traditional mode of financing such as financing from financial institutions. Being globally recognized as the next best alternative for entrepreneurs to raise funds, it is highly important to discover the factors contributing to the success of raising funds through this mechanism (Maya Puspa, Jarita & Nazrol, 2016).

The partnership is an important tool in the promotion of crowdfunding. According to Zhang (2012), there are five motivations of crowd funders including (1) the opportunity to support an attractive idea or the producer they know; (2) the altruistic intentions for funding the project; (3) the opportunity to help others realize dreams; (4) the reward-oriented intentions of crowd funders; and (5) the reciprocity and cross investment between project creators and Crowd funders.

The existence of crowdfunding industry in Malaysia is an advancement in the capital market that every Malaysians should be proud of. Although it only operates some three years ago, the concept had been in existence with the success of raising funds for the extra World Cup live telecasts in 1982. To date, more than half a million Ringgit Malaysia has been raised through the platform, which is expected to encourage young and internet savvy entrepreneurs to participate as investors or entrepreneurs. Hence, this research takes the lead to address the challenges associated with crowdfunding and to discover the important factors that need to be considered.

An Internet based fundraising method is gaining popularity for its fast and simpler process of crowdfunding. Crowdfunding as it is applied across web 2.0 is a novel approach to raising funds for a variety of projects. However, crowdfunding as a concept, or indeed the application of technology and media towards crowdfunding, is not necessarily new. Despite its importance and rapid development, little scholarly literature exists to discuss about this topic. Norhafiza, Faizah, & Zaemah (2017) urged that the styles of how crowdfunding platforms work has an implication to both founders and funders. The platforms help to solicit funds from the “crowd” in order to realize projects but face the difficulty to obtain bank loans or any other traditional financing.

By using these platforms, the founder will be able to obtain external financing from a very large audience. At the same time the funder will contribute a small amount to raise the targeted amount, that enough to finance the project. This method of fundraising saves time and money. Although it offers great potentials and benefits, crowdfunding is not without risk. Since many founders involve start-ups, the risk is quite high. Therefore, rules and regulations must be further developed and implemented in order to protect the interests of both founders and funders (Norhafiza, Faizah, & Zaemah, 2017).

Social ventures include entrepreneurial endeavors often have difficulty in seeking financing. A study conducted by Meyskens & Bird (2015) assesses the role of crowdfunding in social venture funding. This study provide insight into crowdfunding types and platforms

and social value creation. Meyskens & Bird (2015) concluded that the variety sources of crowdfunding includes reward, donation, equity and debt might make most sense to social venture in given.

ISSUES IN CROWDFUNDING

One of the many issues raised on crowdfunding is how the project owners or entrepreneurs can be successful in raising their fund targets. Kuppuswamy & Bayus (2013) indicate that social information plays a key role in the success or failure of crowdfunded projects. Further, Giudici, Guerini, & Rossi-Lamastra, (2013) refined such analysis by making the crowdfunding is an individual social capital and not territorial or geolocalized capital, which increases the chance of founders reaching their funding targets. As such, the importance of information flows from founders to the crowd is being regarded as a means of signalling credibility and quality.

On the other hand, Valanciene & Jegeviciute (2013) discussed crowdfunding within a strength, weakness, opportunities and threats (SWOT) analysis framework. The study concluded that the strengths of crowdfunding are that it allows entrepreneurs to retain control and make decisions, improves accessibility to capital, and provides a channel to test marketability. The weaknesses of crowdfunding include administrative, governance and accounting challenges, lack of advice or handholding from funders, theft of ideas, weak investor protection and potential for fraud. Meanwhile, the opportunities of crowdfunding include the prevalence of an information society and addressing of a funding gap. Valanciene & Jegeviciute (2013) also stated that the current legal restrictions and the risky nature of small businesses were identified as threats.

It is important to highlight that much of the current literature address on non-equity crowdfunding. This could be the equity of crowdfunding has only recently been seen to be making inroads into the crowdfunding scene. Therefore, the characteristics of crowdfunding found in current literature generally also apply in the case of the equity model (Agrawal, Catalini, & Goldfarb, 2013). Furthermore, the study also notes some important differences. According to Agrawal, Catalini, & Goldfarb (2013) the funder has to undertake the extra task of assessing product demand from others in addition to rationalizing their own personal interest or utility in the product. On the other hand, forecasting the psychology of the market is certainly a more challenging endeavour than making sense of one's own purchasing thought process. In the absence of traditional modes of risk assessment, funders may find conventional modes of finance more cost-effective (Maya Puspa, Jarita & Nazrol, 2016).

It is also important to highlight that the information asymmetries are amplified because the investment decision does not only concern with the entrepreneur's ability to deliver the product, but also the ability to essentially run a business or enterprise in a profitable manner. In light of such potentially high-risk exposures, Maya Puspa, Jarita & Nazrol, (2016) opines that "growing pains" are inevitable and that we should not only expect failure but expect them to be more severe than in the non-equity setting. Nonetheless, it was viewed that, the market will innovate solutions through such dimensions as variations in market design, development of tools for reputation signalling, and crowd due diligence. Just as non-equity crowdfunding had developed to date, with little or no policy interventions, the equity variation is likely to learn from mistakes and evolve. It was further added that some ventures are more likely to succeed or benefit from this equity crowdfunding phenomenon.

Finally, given that crowdfunding takes place in the digital world, accumulation of data trails will eventually produce an abundance of potentially valuable data. This would not only make crowdfunding an attractive area to conduct academic as well as policy-oriented empirical research, but the data, resulting research outputs and their implications can also be used to further develop and refine the market in order to harness its upside potential. The discussion on equity crowdfunding is of importance because although reward-based crowdfunding is currently the largest category, the equity-based form is the fastest growing (Crowdsourcing.org, 2012).

Moreover, equity-based crowdfunding raises the largest amount of funds per project compared to the other categories. Therefore, the Securities Commission of Malaysia (SC) has approved six equity crowdfunding operators at the Synergy and Crowdfunding Forum 2015 in Kuala Lumpur. This approval makes Malaysia as the first country in Asia-Pacific to legislate equity crowdfunding. This development further marked another significant milestone for Malaysia in its commitment to facilitate the growth of crowdfunding in the local funding ecosystem.

CHALLENGES OF CAPITAL ACCESS

Since businesses face a scarcity of capital access, the entrepreneurs must resort to bootstrapping with the personal funds from friends and relatives, credit card debt, or second mortgages on their properties. Devashis (2012) opines that capital funding gap can have a societal impact. While Bradford (2012) suggested the scarcity of funding could result in promising projects going unfunded costing an economy jobs and loss of potential innovations. Meanwhile, those who are looking for funding opportunities do not have

sufficient information about potential sources of capital because of the failure to match sources of capital with opportunities. The creation of geographical clusters also can often help mitigate such challenges (Bradford, 2012). Therefore, Devashis (2012) concluded that the enabling virtual clusters on the internet, crowdfunding platforms can potentially provide powerful benefits in this regard.

BENEFITS AND COSTS OF THE CROWDFUNDING EXEMPTION

An often-cited benefit of crowdfunding enterprises is that these facilitate capital formation, especially for very small start-ups that would otherwise not have access to fund-raising opportunities through, for instance, funding provided by angels or venture capitalists (Devashis, 2012). Another cited benefit of crowdfunding is that it also enables less affluent entrepreneur's access to capital that they may not get even through bootstrapping (Griffin, 2012). A limitation of the crowdfunding model relative to venture capital or angel funding is that the latter also, often, provide valuable mentorship to investee enterprises.

However, proponents of crowdfunding exemption feel that this is not a viable option because the securities registration process can be prohibitively expensive. One way of being exempt is to offer securities as private placements to accredited investors. However, the nature of crowdfunding prevents security issues to be classified as private placements to accredited investors. Therefore, there is a great deal of discussion and debate on whether the potential benefits of crowdfunding in terms of facilitating capital formation outweigh the costs that pertain largely to investor risks associated with business failure or fraud. A counter-argument, however, is that a securities exemption would not open investors to new risks because they are already contributing through non-securities crowdfunding. Under this perspective, issuing securities could offer higher returns to offset those risks (Griffin, 2012).

CROWDFUNDING PRACTICES IN HIGHER EDUCATION INSTITUTIONS IN MALAYSIA

The implementation of Waqf at this moment is no longer about preparing a Pondok School, madrasah, books donation for the purpose of traditional or school education system, but it also involves public and private higher education institution (Muda, 2014). For example International Islamic University (IIUM) has established IIUM Endowment Fund in 1999 (IIUM website, 2014), Universiti Kebangsaan Malaysia (UKM) has established 'Dana Wakaf' and Endowment UKM in 2010 (UKM Website, 2014), Universiti Putera Malaysia

(UPM) has established 'Dana Wakaf Ilmu UPM' in 2012 (UPM Website, 2014) and recently Universiti Sains Islam Malaysia (USIM) established 'Dana Wakaf Al-Abrar in 2013 (USIM Website, 2014). There are also a few other universities has successfully established their own education Waqf fund. In general, the establishment of Waqf fund are for the purpose of receiving asset, cash money, shares and financial assets from internal and abroad which will be used to give scholarship, loan and development of business fund for example investment activity.

Recent development shows that Public Universities has actively started introducing Waqf instrument in their institution. The idea started in 2016 when the former Minister of Higher Education YB Dato' Seri Idris bin Jusoh suggested that every Public Universities should form their own Waqf fund (Siti Mashitoh Mahamood, 2018). According to the writer, now there are 12 public universities that has launched the Waqf fund namely UPM, USIM, UKM, USM, UMT, UTHM, UTM, UiTM, UniSZA, UMP, UNIMAP and UTEM. The collection has amounted to RM25.7 million. These institutions always find ways to improve the administration of Waqf management in order to give more benefit to the public.

Ministry of Higher Education hopes to see more public universities generate their own income through Waqf instrument has been realized by creating the Purple Book. Purple Book is a guide to the Public University to implement these initiatives which include income generation, provision of facilities and infrastructure for higher education in Malaysia. For the new Public University to establish Waqf Fund, the Purple Book should serve as a guide. For the Public University that has earlier established the Waqf Fund, the Purple Book is used as a reference to enhance the Waqf fund management in their institutions (Rashid, 2018). Among examples of the implementation of the Waqf in Public Universities in Malaysia at present is as follows:

1. Universiti Kebangsaan Malaysia (UKM)

Dana Wakaf Ilmu UKM (DWIUKM) created in collaboration with Perbadanan Wakaf Selangor (PWS), an agency under the Selangor Islamic Religious Council (MAIS) which is a single mutawalli in Selangor. In 2010, under the auspices of the Foundation Chancellor of UKM, the fund was launched. The main objectives of this charitable program are to mobilize donations of the Waqf fund, to generate the university's revenue, distributing the income of the Waqf and donation to those who qualified as well as to raise the awareness of staff, alumni and the general public about the advantages of donating wealth in the way of

fisabilillah. The existence of DWIUKM will enable the *wakif* (donor) to donate (Waqf) their wealth to UKM.

In addition, the establishment of DWIUKM is in line with the university aspiration to create a sustainable form of financial infrastructure to help the student welfare in particular and the entire staff of UKM in general. DWIUKM will also serve to boost academic programs, such as research, industry networks and student mobility. There are three schemes available namely; UKUM Gifts and Donations Scheme, UKM cash contributions scheme, UKM Takaful Endowment scheme. The benefit aims for Education Scheme and the Student Welfare, Students Development Scheme, Academic and Research Development Scheme and UKM's Industry and Community Network. However, until now the benefits have not been distributed accordingly due to shortage of fund (Rashid, 2018).

2. Universiti Sains Islam Malaysia (USIM)

Dana Wakaf Al-Abrar in Universiti Sains Islam Malaysia (USIM) was led by the Center for Financing Waqf Development (PPPW). The establishment of this fund has been approved and registered with the State Islamic Religious Council (MAINS). PPPW main objective is to manage collection and distribution of the trust fund. The purpose of its establishment is to be the main mover and organizer of the practice of alms deeds and prosperity through charitable donations and the development of knowledge. On July 22, 2013, USIM was appointed by MAINS as mutawalli Endowment Fund. As mutawalli, USIM can build and manage endowment funds and distributes benefits to the target group envisaged by waqif. Because of that, USIM must provide annual financial reports to MAINS for reference and record. As a pioneered Islamic Sciences university, the management of USIM feel that it is their obligation to ensure for the successful management of the university endowment funding so that their expertise can be beneficial to the community in terms of strengthening the Islamic education (Rashid, 2018).

3. Universiti Putra Malaysia (UPM)

UPM has seriously implemented the concept of Waqf. It can be seen through the establishment of Dana Wakaf Ilmu UPM (DWI). On 16 August 2011 the establishment of DWI was approved by the Selangor Islamic Religious Council (MAIS) and was officially opened by His Royal Highness the Chancellor on August 19, 2011. The agreement for the implementation of DWI was signed on February 2, 2012 for a period of three years. Dana Wakaf Ilmu UPM intends to initiate fund-raising program from an individual donations,

corporate contributions, cooperatives and non-governmental organizations, the profit return of Waqf property, the agriculture and plantation sector projects, the industrial sector and money market returns portfolio and capital markets aimed at creating a long-term sustainable infrastructure for the fulfillment and financing academic activities involving citizens of UPM. There are four options schemes in DWI namely General Waqf Scheme, Waqf Book Scheme, Facilities Waqf Scheme and Special Vehicles. Waqf Scheme. DWI goal is to become the driving force to the practice of alms deeds through Waqf funds, provide an opportunity for all walks of life to carry out charitable activities, for teaching and learning activities, religious activity, research and innovation and community service. (Rashid, 2018).

4. Universiti Teknikal Malaysia Melaka (UTeM)

University Technical Malaysia Melaka (UTeM), has initiate a program by using crowd funding for the purpose of commercialization of e-rickshaws in order to get a large number of donations or funds from the local community and it was made online by using registered platform. Donations or funds will be used by UTEM researchers to assist poorer trishaw rider across the country especially those who have health and financial problems. The young inventor of UTEM's researcher is in the process of innovation to produce several trishaws that will use solar power and electricity. This will help the trishaw rider from using the traditional pedal trishaw which is not suitable for those who suffered health problem. It could open up more options for tourism transport, in addition, it will ease the trishaw operation and provide more jobs and business opportunities to entrepreneur's rickshaws in the country, and even promising new technology added value to existing conventional rickshaw. The advantage lies in the solar system that can convert solar power energy to power the electric motor and the technology is successfully facilitating the trishaw rider and thus improve their productivity and increase their daily income and transform their lives a lot better than before (Abdullah, 2018).

CROWDFUNDING PRACTICE IN UNIVERSITI TEKNOLOGI MARA CAWANGAN MELAKA

The types of crowdfunding normally practice amongst lecturers and students in UiTMCM is 'donation crowdfunding'. This type of crowd funding is designed for charities, or those who raise money for social or charitable projects, to gather a community online and to enable them to donate to a project. It is a type of funding campaign where the person or company

running the campaign is not expected to give anything in return to the contributing persons. In a donation-based crowdfunding campaign the contributing persons (i.e. the “crowd”) give money or other resources to the person/entity running the campaign simply because they want to support the idea or cause. These types of crowd funding campaigns work well for fostering social causes, community projects, charities etc.

While most established charities coordinate this through their own website, crowd funding platforms can be useful for smaller organisations and people raising money for personal or specific charitable causes. When a certain charity project has been decided by faculty or clubs in UiTMCM, there are certain steps to be taken. Firstly, they must draft a proposal to be submitted to the Rector’s office for approval. Then only the committee can start published an advertisement through the campus email or goes around collecting money from the staff and students within campus. If the committee decided to widen the scope of people which will involve people outside the campus, they will then have to apply or send another proposal to the Majlis Agama Islam Melaka. After getting the permission then only they can go around collecting money from public.

Besides cash collection, students sometimes will organise various activities to raise fund. Amongst the activities are namely washing cars, charity sale, fun ride, fun walk etc. The recent collaboration project by SUZA, CIPSF and Islamic Relief Malaysia (IRM) was ‘Going Back to School 2.0’ which include among other activities such as Fun Ride and Charity Sale. The effort took the whole semester and manage to collect a total of RM14,431.10. The fund collected were used to help 40 pupils from poor family from Sekolah Kebangsaan Lendu, Alor Gajah who were unable to pay the school fees. They were also being given school bag, stationaries and groceries for their family. Part of the money were given to the PIBG of the school for the purpose of giving free tuition for the poor students and a sum of RM1100 were also being donated to the IRM.

Academy of Islamic Contemporary Studies (ACIS) UiTM Melaka has also initiate an effort collecting fund to renovate facilities in the Masjid al Hikmah in 2018. ACIS UiTM Melaka has managed to gather RM40,000 from staff, alumni and students within 6-7 months. There were also another RM80,000 donated by an entrepreneur i.e Ibzura Travel Agencies who they themselves arrange the renovation process from finding the contractor and buying the raw materials. Another initiative by ACIS was preparing Surau al-Rahmah for students living at Tun Sabariah College. The sum amount of RM36,000 came by means of crowd funding within campus. The cash was used to install carpet, buying the prayer mat, the prayer

garments (*telekung*) and cabinet. The building was an existing building previously used by the contractor as their office. They donated the building and bore the cost for renovation.

The power of mass media through viral can help to speed up the process of collecting fund. For example, ACIS UiTM Kampus Bandaraya manage to collect RM16,000 within 3 days. The fund was used to install carpet in the Surau. They also managed to raise another RM24,000 within a month for installing equipment. Another major project lead by ACIS UiTM Melaka since 2014 was Baitul Awqaf. The idea was initiated by YB Dato' Dr Hasan Baharom (previously Senior Lecturer in UiTM) and Prof Madya Dr Abd Halim Mohd Noor (current Director of CIPSF). The initial proposed cost was around RM10 million. Latest information from the bursary up to Feb 2019 the sum that managed to be raised were only RM6969. The committee and the management of UiTM Melaka has yet to discussed regarding the status of Baitul Awqaf.

ISSUES & CHALLENGES OF CROWDFUNDING IN UNIVERSITI TEKNOLOGI MARA CAWANGAN MELAKA

There are a few issues and challenges when implementing crowdfunding in any project. One of the challenges is contributors trust toward project creators or crowd funders (Floship.com, n.d.). Contributors or funder trust that the crowd funder will used the fund to finance the said project, not for any another reason. They also put trust that the crowd funder will not abuse the collected money for personal used. If this trust is broken, the planned project will not succeed. Without trust, crowd funder might not generate enough interest in their campaign thus fail to meet their target. However, in UiTMCM trust issue is not the biggest challenge since people tend to trust more on institutions than individuals. Project creators must get permission and approval from Rector or top management of UiTMCM before any collection of funds can be done. This to ensure that the projects are legal, and funds collected will be used to finance the project accordingly.

Next issue is realistic target and deadline (Floship.com, n.d.). Crowd funders must have a realistic targets and time to achieve the goals. If this issue is not observe carefully, contributor might get dissuade thus the project will not get enough attention. This will result in failure to run the projects. In UiTMCM, when certain projects have been approved, project creators and their team will work on collecting the funds needed. For example, IRM-UiTMCM Mushroom House Project in Lombok. This project has realistic target which is to help IRM built mushroom house in Lombok to help widows and single mother increase their

income. The amount needed to build the houses are RM23000. Various activities have been organised such as charity sale and donation from staffs which is being collected by circulating an envelope or tube whenever there was a function. Despite various activities that has been held, this project failed to meet the targeted amount. Even the target is realistic, but time play roles in achieving the goals. Committees of this project only manage to collect RM6000 from the targeted amount before went to Lombok for community service there (Respondent 1).

Another example is Baitul Awqaf project. This project has a great venture – to build a multipurpose building that can be used by university's community as well as communities outside UiTMCM. Eventhough the building is within the campus area; the benefit can also be used by outsiders. Unfortunately, this project has been adjourned due to several issues arose. Baitul Awqaf used instrument of Waqf in collecting funds to finance this project. In the beginning, there are two method of collection suggested by the committee– cash Waqf and Waqf via salary deduction from interested staffs. This project only manages to collect rm6969.00 via cash Waqf after this project has been approved to execute. Problems arise when the committee proposed the salary deduction method. According to Respondent 2 (R2), to implement this method, all funds deducted from UiTMCM staff salary must be pooled in UiTM endowment fund (trust fund) created by the main campus in Shah Alam. The trust fund will be managed by the main campus. The issue is whether there will be a specific ledger for Baitul Waqf per se. Another issue was the delayed to approve the 'salary cut' for those staff who wants to contribute. These problems have hinder the effort to collect fund and result in project's suspension.

Apart from that, the committee also having problems with governance issue. Even though Baitul Awqaf project has been approved and launched by top management of UiTM, this project cannot proceed due to the land status. According to Respondent 3 (R3), the land must be declared as Waqf land by UiTM Shah Alam before the Baitul Awqaf project can proceed. The committee must apply or make a proposal to the top management of UiTM Shah Alam to endorse the project site as Waqf land. Failure which will result the project failed to be considered as a Waqf project.

Besides Baitul Awqaf project, UiTMCM also engage in collecting fund through Waqf to finance a renovation of Masjid al-Hikmah at Alor Gajah campus and Surau Raudatul 'Ilmi (prayer room) at Bandaraya Melaka Campus. Both projects manage to achieve their target within short time period after getting approval. However, according to R3, every project that

cost more than RM20000 must go through the University Executive meeting for approval. Since Masjid al-Hikmah carpets renovation project need RM90000, this project must be approved by the top management of UITMCM. This leads to the delay in implementing crowdfunding for this project. Another challenge faced by UiTMCM is the procedure of using the collected fund. All collected fund for any approved projects must go to the UiTMCM bursary. Because of that, Respondent 4 (R4) feels that it is challenging because they must undergo many procedures before the fund can be used. These procedures will cause the implementation of the projects to be late.

CONCLUSION

Raising fund using crowdfunding platform has become one of affective and popular method used by crowdfunders for any social projects. If the projects proposed is for the benefit of society it can attract strong community interest and people are willing to contribute for greater cause despite the uncertain economic situation of the country.

Waqf is a powerful socio-economic instrument for sustainable community development. Cash Waqf as new form Waqf assets is more versatile and can be used for any social objective and purpose. Every member of society not only the rich can participate and contribute in cash Waqf to finance any project planned.

Waqf-based crowdfunding has also been used by public universities in Malaysia to finance their projects and programs. The funds collected mainly used for boosting the academic programs such as research, industry networks and student mobility, strengthening Islamic Education, infrastructure development and providing sustainable financial infrastructure for students and staffs welfare.

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