

Exploration of Factors that Hinder The Use of Sharia Crowdfunding Model Financing Services as Funding by Micro, Small, and Medium Enterprises (MSMEs)

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ABSTRACT: *Sharia crowdfunding can be an alternative financing solution with looser requirements than banking, but the reality is that MSMEs using sharia crowdfunding is still relatively low. This study explores the factors that prevent MSMEs from using Sharia crowdfunding financing to meet business capital needs. This research focuses on the level of understanding of MSME entrepreneurs towards Sharia crowdfunding financing and what are the causes of using the sharia crowdfunding model financing to help the capital of MSME actors engaged in food and beverage. This type of research is a survey. This study used two data collection methods, namely filling out questionnaires and in-depth interviews with 12 MSME entrepreneurs in the Surakarta area, then the results were carefully analyzed to find the right results. The findings of this study show that the answer to the level of understanding of MSME actors towards Sharia crowdfunding financing is divided into three, namely, not understanding, understanding a little, and very understanding. This study also shows five facts that prevent MSME actors from using Sharia crowdfunding financing: lack of information and knowledge, still relying on traditional financing, not requiring financing, the impact of the pandemic, and a wrong understanding of the working mechanism of sharia crowdfunding. This study is expected to be a reference in the policy of digitizing sharia capital sources for MSMEs.*

Crowdfunding syariah bisa menjadi solusi alternatif pembiayaan dengan persyaratan yang lebih longgar ketimbang perbankan tetapi kenyataannya UMKM yang menggunakan *crowdfunding syariah* masih terbilang rendah. Studi ini mengeksplor faktor-faktor yang menghambat UMKM untuk menggunakan pembiayaan *crowdfunding syariah* guna memenuhi kebutuhan modal usaha. Penelitian ini menitikberatkan kepada tingkat pemahaman

pengusaha UMKM terhadap pembiayaan *crowdfunding syariah* dan apa saja penyebab penggunaan pembiayaan model *crowdfunding syariah* guna membantu permodalan para pelaku UMKM yang bergerak dibidang food beverage. Penelitian ini mewancarai secara mendalam terhadap 12 pengusaha UMKM di wilayah Surakarta. Hasil temuan penelitian ini menunjukkan didapat jawaban tingkat pemahaman pelaku UMKM terhadap pembiayaan *crowdfunding syariah* terbagi menjadi tiga yaitu tidak memahami, sedikit memahami dan sangat memahami. Studi ini juga menunjukkan lima fakto ryang menghambat pelaku UMKM menggunakan pembiayaan *crowdfunding syariah* yakni minimnya informasi dan pengetahuan, masih mengandalkan pembiayaan tradisional, belum membutuhkan pembiayaan, dampak pandemi dan pemahaman yang salah terhadap mekanisme kerja *crowdfunding syariah*. Studi ini diharapkan menjadi rujukan dalam kebijakan digitaliasi sumber modal syariah bagi UMKM.

Keywords: *Sharia Crowdfunding, MSMEs, Financing, Hinder Factor.*

I. INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector are one of the main pillars of the national economy. In addition to contributing as a provider of employment, this sector also plays a role in income equality and socioeconomic forum for the community (Budiarto, Putero, Suyatna, & Astuti, 2015). Data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia in 2020 shows that the Micro, Small, and Medium Enterprises sector contributes as the largest provider of employment, reaching 116.7 million workers (Simorangkir, 2020). Micro, small, and medium-sized companies (MSME) in Indonesia are governed by Law No. 20 of 2008, which establishes MSMEs as a type of firm with the potential to increase local employment and provide financial services (Mujiyati, Sekarwangi, & Palupi, 2020).

Although recognized as having a strategic role as a support for the economic economy, MSMEs still have several obstacles, one of which is the capital aspect that is difficult to obtain for micro to medium enterprises, especially from the banking sector (Tusianti, Prihatiningsih, & Santoso, 2019). Funding or capital is crucial for the MSME sector that wants to develop its business (Ma'ruf, Nugroho, & Venno, 2017). The government has a financing program for MSME business actors, namely the People's Business Credit (KUR). The distribution of KUR itself until December 31, 2019, has reached 139.51 trillion rupiahs or 99.65% of the target in 2019 of 140 trillion rupiahs (Simorangkir, 2020).

However, this program is not easily implemented by MSMEs and financing institutions. MSME actors find it difficult to meet the requirements set by financing institutions, especially in terms of bookkeeping and collateral. Likewise, financing institutions find it difficult for MSMEs that are worthy of banking access (feasible) and able to meet the requirements for bankable loans to be funded to avoid the problem of bad debts (Kemendag RI, 2013).

In the era of increasingly sophisticated technology like today, it can be used as one of the financing models to help fund MSMEs in Indonesia (Winarto, 2020). The financing model can be called financial technology (Fintech). Fintech is an abbreviation of financial

technology, which can be interpreted in Indonesian as financial technology. In simple terms, fintech can be interpreted as the use of information technology developments to improve services in the financial industry (Napitupulu, Rubini, Khasanah, & Rachmawati, 2017).

Until January 2020, the Financial Services Authority (OJK) said that the number of fintech in Indonesia reached 164 units. The rapid development of fintech is accompanied by the fact that Indonesia has 150 million people who actively use the internet, where 79% consistently access the internet daily (Tomato Digital Indonesia, 2019). One of the fintech innovations that is starting to get the public's attention is Sharia crowdfunding (Setiani et al., 2020). Arolas and Guevara explain crowdfunding as the concept of funding specific projects as an opportunity for small businesses and entrepreneurs to succeed. Others define crowdfunding as fundraising or investing by utilizing sites or websites To attract people's attention. This practice can also be applied in efforts to finance various businesses by both small and large investors (Apriliani, Ayunda, & Fathurochman, 2019). Crowdfunding is a method of distributing financial resources from a large group of individuals to a small group of people who are trying to launch a business (Yuspin & Wati, 2022).

Sharia crowdfunding in Indonesia uses *mudharabah*, *murabahah*, and *wakalah bil Ujrah* contracts to finance the business projects of its members. Sharia crowdfunding platforms have easy procedures for applying for financing or providing financing that can be done online without the need to meet in person. In addition, MSME players are not burdened with complex requirements like they apply for financing to the banking industry (Tri, Dan, & Nasik, 2021).

However, based on the research of (Apriliani et al., 2019) stated that of the 33 respondents they studied, only two respondents, or 6.1%, had tried to apply for financing their business through crowdfunding companies.

With several conveniences both in terms of procedures and financing offered by Sharia Fintech Crowdfunding, the interest of Micro, Small, and Medium Enterprises (MSMEs) is still very minimal to apply for financing through sharia crowdfunding platforms. Based on the background above, this study wants to explore the level of understanding of micro, small, and medium enterprises (MSMEs) towards sharia crowdfunding model financing and what are the factors that hinder the interest of Micro, Small, and Medium Enterprises (MSMEs) in applying for financing on the Sharia crowdfunding platform.

In some of the literature found by researchers describing studies that are comparable to the focus of this study. (Athief, 2019) discusses the positive and negative aspects of financing for Indonesian SMEs based on venture capital design by embedding crowdfunding structures and Islamic elements. (Apriliani et al., 2019) discuss the low awareness of MSMEs related to financing, but MSMEs have an excellent perception that crowdfunding can help capital.

(Hapsari, 2018) discusses the factors that affect P2P financing institutions providing credit to MSME actors, such as long-term credit (credit period), the credit rating (business risk of MSMEs), loan purpose, and request amount (request for credit amount). The research similarities have made Micro, Small, and Medium Enterprises (MSMEs) the main subject. At the same time, the differences in this study focused on

finding factors inhibiting MSMEs from applying for financing to P2P institutions in the Sharia crowdfunding model. In contrast, previous research only focused on assessing P2P institutions in general in providing financing to MSME actors.

His thesis discusses the things that hinder the interest of the Betungan Community in applying for financing from Islamic banks. The similarity of this research is that both inhibiting factors as the primary focus, while the difference is in the object of research, which focuses on Micro, Small, and Medium Enterprises (MSMEs) and financing at Sharia crowdfunding institutions. In contrast, previous research focused on the Betungan community and financing at Islamic Banks.

(Chamidun, 2015) discusses matters that affect MSME actors applying for capital to BMT or Cooperative institutions. Based on the explanations of the five related literature reviews, this study decided to research the inhibiting factors and knowledge of MSME actors on Sharia crowdfunding financing, which had not previously been discussed in the literature review above.

Development of Crowdfunding and MSMEs in Indonesia

Crowdfunding in Indonesia predominantly engages in two fields, social and economic (Justinus, 2021). In the social sector, Kitabisa.com is a popular platform in Indonesia to collect funds from the community as donations for people who are experiencing difficulties. In contrast, in the economic sector, crowdfunding in Indonesia uses a lending/financing model for business actors who need capital to develop their businesses.

Crowdfunding fits the habitual culture of Indonesian people who like to live together (Christianto, Marpaung, & Josua Sembiring, 2022). Seeing the elements of cooperation that exist in Indonesian crowdfunding can be a much-needed financial platform. According to data from the Financial Services Authority (OJK), it is said that the development of the financial technology crowdfunding model platform has increased significantly (OJK, 2019). According to data from the Ministry of Cooperatives and Micro, Small, and Medium Enterprises, in 2018, it had more than 64 million MSME units spread throughout Indonesia (Simorangkir, 2020).

According to research by the Central Statistics Agency issued in 2019, 40 percent of MSME actors stated that they still have difficulty obtaining capital (Adhikary, Kutsuna, & Stephannie, 2021). Based on a study by the Ministry of Trade, the small percentage of MSEs who do not obtain credit or financing is due to three main obstacles from the aspect of financing institutions, namely the difficulty of assessing MSEs that meet the requirements outlined in providing credit/financing, low MSE interest in coaching efforts by financing institutions and most MSE financial management in Indonesia is still unable to separate between finances personal with effort (Adhikary et al., 2021).

Crowdfunding is the collection of small funds from several individuals or groups to fund projects, business or personal loans, and other needs through an online-based platform (Kirby & Worner, 2014). In its development, crowdfunding has four basic models often applied by crowdfunding platform companies: Donation Crowdfunding, Reward Crowdfunding, Lending Crowdfunding, and Equity Crowdfunding (Atika & Novitasari, 2021).

The definition of Sharia crowdfunding is the collection of funds that are principled by Islamic teachings. The system built is based on Islamic Finance with all the rules and prohibitions. In the process, business actors who apply for capital must meet the criteria for halal products and those allowed by Islamic law. Funders or financing must come from halal dzat and how to obtain it. In Islamic crowdfunding, there are four parties, namely: the Project Initiator or recipient of funds, in this case, can be said to be MSME entrepreneurs, potential Funders or investors who are willing to invest in MSME actors, Crowdfunding Operators or crowdfunding companies that become connections between investors and MSME entrepreneurs and the Sharia Council which serves as a supervisor of crowdfunding activities (Nafiah & Faih, 2019).

All crowdfunding activities are generally carried out online. All information about the project or product promoted by the project initiator is provided in electronic format, photos, films, or other forms of presentation and then uploaded to the crowdfunding platform. Crowdfunding as an operator sees the feasibility of what the project makers upload projects whether they are following sharia principles identified before being uploaded to the platform portal to be offered to funders or investors (Harahap, 2020). Sharia crowdfunding companies or platforms are based on the Fatwa of the National Sharia Council-Indonesian Ulema Council No.17/DSN-MUI/II/2018, which regulates information technology-based financing based on sharia principles. In terms of positive law, Sharia crowdfunding platforms also use.

Financing is the provision of facilities for providing funds to meet the needs of parties classified as parties who experience a lack of funds. The purpose of financing is to ensure that wealth is not collected in only one group but can be spread to all people who want to improve their standard of living through productive activities (Wangsawidjaja, 2012).

Micro, Small, and Medium Enterprises (MSMEs) use productive financing methods to meet production needs broadly, namely for business improvement, production, trade, and investment businesses (Paramita & Zulkarnain, 2018). Investment financing by MSME actors is used to meet the needs of capital goods and facilities closely related to it. MSME actors use investment financing to increase capital for business rehabilitation and expansion. Based on data from Bank Indonesia, in 2013, it is stated that there are 22.6% of MSMEs used conventional and Sharia financing for investment, and the remaining 77.4% used financing for working capital (Kemendag RI, 2013).

II. METHOD

The type of research used in this study is a survey. Survey research is an information collection technique by collecting data with two questionnaire instruments and an interview (Tanjung & Devi, 2018). The approach used is descriptive qualitative, intended to explain the phenomenon that occurs in society. This study discussed the object being studied about the inhibiting factors that hinder the use of sharia crowdfunding model financing services as funding by MSMEs.

The subject of this study is MSME entrepreneurs engaged in food and beverages following the requirements listed in government regulation law number 20 of 2008. MSME entrepreneurs here have the most critical role in research because they use financing from Sharia crowdfunding as funding or business capital to determine the

extent of understanding and inhibiting factors. To take information about the terms and mechanisms for providing financing for MSME actors from the website of Sharia crowdfunding companies in Indonesia. Here researchers make two Sharia crowdfunding companies Qazwa. id and Ammana. Id as pilot models because they are following the concept of this study.

This study used two data collection methods, namely, filling out questionnaires and interviews with MSME actors, which were carried out online due to the coronavirus pandemic situation. In the questionnaire, researchers only asked general things MSME entrepreneurs related to their business and initial opinions about Sharia crowdfunding, after which interviews were conducted to get more detailed information from MSME actors related to Sharia crowdfunding financing.

As for obtaining maximum results, this study used two data sources, namely primary and secondary. Primary data was obtained directly from the first source, namely from micro, small, and medium enterprises (MSMEs) willing to conduct interviews and fill out questionnaires. Before conducting a direct interview to get detailed information from the main resource person, which in this context is the MSME actor, the researcher first distributes a questionnaire to get general information from MSME actors such as name, business address, type of business, and general knowledge about Sharia crowdfunding financing.

Researchers here conducted interviews online because they were constrained by the covid-19 disease outbreak that had not been controlled. Some speakers had business locations/houses that were too far away, such as Semarang to Jakarta. At the same time, this study lived in Surakarta, making it challenging to meet face to face in person.

From the results of this research data collection managed to get 12 Micro Enterprises, Small, and Medium Enterprises (MSMEs) engaged in food/beverages from various regions dominated by the province of Central Java and from various ages from the youngest 21 years old to the oldest aged 51 years who have been willing and successful to be interviewed.

The selection of Micro, Small, and Medium Enterprises (MSMEs) engaged in the food/beverage sector cannot be separated from the fact that shows a percentage of 60 percent, or around 40 million MSMEs domiciled in Indonesia running their businesses engaged in the food and beverage sector.

Naturally, MSME actors choose to run a business in the food or beverage sector, considering that the country is rich in culinary heritage that is well known at home and abroad. In addition, food and drink are the basic needs of every human being that can be used as MSME players the opportunity to reap profits through this culinary business.

Meanwhile, secondary data are taken from third parties collected from various third-party media such as sharia crowdfunding company websites which are considered following the criteria for this thesis research, namely Qazwa. Id and Ammana. Id, publications provided by websites from government agencies related to research such as the Ministry of Cooperatives and MSMEs, the Financial Services Authority (OJK), the Central Statistics Agency (BPS), Previous research that can be downloaded from the internet in the form of journals, theses or other academic scientific papers.

III. RESULT AND DISCUSSION

This study groups the level of understanding of MSME actors toward sharia crowdfunding. The results of these studies can be described in table 2 below:

Table 1. MSME Actors' Understanding of Sharia Crowdfunding

No	Understanding Sharia Crowdfunding	Perceptions of MSME Actors
1.	I do not understand at all	<ul style="list-style-type: none"> • Never heard of crowdfunding financing. (RT, WP, FA, and DW) • I have not gotten an explanation about sharia crowdfunding. (BC) • The basic concepts of crowdfunding. (E and SJ)
2.	A little understanding	<ul style="list-style-type: none"> • The basic concepts of crowdfunding. (E and SJ) • Definition of crowdfunding. (JP) • Crowdfunding is one of Islamic financing. (VA) • Sharia Crowdfunding Working Mechanism (MH)
3.	Deeply understanding	<ul style="list-style-type: none"> • How crowdfunding financing works with a Mudharabah or Musyarakah contract. (AHM) • Have used sharia crowdfunding financing. (Q)

Based on interviews conducted by this study with micro, small, and medium enterprises (MSMEs) about Sharia crowdfunding financing through the online process, they managed to get a level of understanding of MSME actors towards Sharia crowdfunding financing. This study divides the level of understanding of MSME actors related to Sharia crowdfunding into three as follows:

Based on the results of interviews showing that some MSME actors have never known or understood about sharia crowdfunding model financing, this can be proven by a statement from RT respondents (35 years old) saying, "Sharia Crowdfunding? I just heard that there is such a form of financing for MSMEs".

Not much different from the opinion of the first MSME actor, the respondent SM (32 years old) said, " Sorry before, mas, I never got any explanation about the financing that Mas mentioned earlier."

Furthermore, the WP respondent (34 years old) said, "What capitalization mas ? Sharia crowdfunding, I never heard of such capitalization".

Then the FA respondent (49 years old) said, " I just heard about sharia crowdfunding."

Meanwhile, DW respondents (51 years old) said, "I do not know what sharia crowdfunding is."

Based on the statements of several MSME actors above, it can be concluded that the micro, small, and medium enterprises above do not understand the sharia crowdfunding model financing.

Not all micro, small, and medium enterprises (MSMEs) are blind to crowdfunding financing. This phenomenon can be proven by respondent E (32 years old) saying: "Oh sharia crowdfunding, I have heard of it, but I only understand the basic concept of the details I do not know."

Furthermore, the respondent SJ (27 years old) said: "I have previously read about sharia crowdfunding on the website Dana Syariah mas, but I did not delve too deeply into this financing because I was not interested."

JP respondents (32 years old) said: "Crowdfunding Syariah, I have heard from social media such as Instagram or Facebook. I know that crowdfunding is financing from joint ventures from people who will be distributed to business owners who need capital. The crowdfunding company I often hear about is Mardigu Wowiek's Santara".

Furthermore, there is a VA respondent (22 years old) said: "Sharia Crowdfunding is actually interesting where because of the use of sharia law in carrying out its financing, but I have not delved too deeply into sharia crowdfunding itself, which I know is just financing in a new model Islamic way."

Meanwhile, MH (21 years old) said: "In terms of Sharia Crowdfunding, I had learned about the pattern of crowdfunding company financing cooperation, even I have applied for financing to several sharia crowdfunding companies such as Sharia Funds and Syarfi."

Based on the opinions of MSME actors above, it can be concluded that these micro-business actors are only limited to knowing the basic concept of sharia crowdfunding financing, namely financing based on joint ventures or arrangements of funds from several people to fund a business, the rest of the MSME actors above do not know the contracts or mechanisms used by Sharia crowdfunding companies when funding micro business actors, small and medium.

Previously, some MSME actors did not understand at all to sharia crowdfunding. Some others. As for here, several MSME actors understand or are competent with this Sharia crowdfunding financing, as for the evidence seen from the statement of AHM respondents (21 years old) who said: "Sharia crowdfunding, in my opinion, is interesting Islamic-based financing using the Mudharabah or Musyarakah contract. In addition, crowdfunding, in my opinion, will greatly help the running of MSMEs because the system works similarly to stocks, where investors or funders will pay attention to the MSMEs they cost. Besides, those investors will also get a profit-sharing report at the end of the financing period".

Based on the opinions of the three MSME actors above, they stated that they fully understand how to work or the mechanisms and contracts used in sharia crowdfunding. Even Tuslim respondents stated that they had used Sharia crowdfunding financing from Qazwa. Id companies that had a positive impact on advancing their business.

Based on all the opinions of micro, small, and medium enterprises, it can be obtained that MSME actors understand sharia crowdfunding financing, which is classified into three, namely not understanding, understanding a little, and deeply understanding the results of the majority of MSME actors do not understand and know what sharia crowdfunding is, this is following the research of Rahmawati Apriliani, Anju Ayunda, and Sarrah Fitriani Fathurochman Amwaluna: *Journal of Islamic Economics and Finance* (Apriliani et al., 2019) which stated that the understanding and awareness of MSME actors towards Sharia crowdfunding financing is still shallow where 60.6% of MSME actors they interviewed do not understand sharia crowdfunding model financing.

When viewed from the research of this study itself or other parties, both reveal that most MSME entrepreneurs still do not know what sharia crowdfunding financing is.

This study also explores information related to the inhibiting factors why sharia crowdfunding has not become the choice of capital source by MSME actors. In addition, this study also reveals the perception of MSME actors towards the use of Sharia crowdfunding.

Table 2. Inhibiting Factors and Perceptions of MSME Actors towards Sharia

No	Factors inhibiting the use of Sharia <i>crowdfunding financing</i>	Perceptions of MSME Actors
1.	Lack of Information and Knowledge	Never heard of crowdfunding financing (DW and FA)
2.	Still relying on conventional financing	First, use financing from banks. (RT)
3.	It does not require financing yet	<ul style="list-style-type: none"> • The business runs smoothly with personal capital. (BC) • Has no intention of applying for financing. (AHM and WP)
4.	Affected by coronavirus	Lowering production. (SJ)
5.	Misconceptions about Sharia crowdfunding mechanisms	The concept of <i>crowdfunding</i> revenue sharing (MH)

Every business actor, including MSMEs, needs capital to start their business. In general, entrepreneurs use capital from their own pockets. However, some entrepreneurs sometimes have inadequate capital, so they need non-banking financing, such as sharia crowdfunding, which has easier requirements than banking. Besides crowdfunding, Sharia is very accessible because it works online. However, although the requirements and access are relatively straightforward, actors still do not use Sharia crowdfunding financing. Based on information obtained by this study from interviews with 12 respondents who own MSMEs, the majority do not use this financing model. After being seen from the results of this study research, it found that the inhibiting factors for MSME actors to apply for financing to Sharia crowdfunding companies following inhibiting factors are as follows:

This can be proven by the statement of the DW respondent (51 years old) saying:

"Because I have never heard of sharia crowdfunding financing, I have never applied for the capital of the company mentioned earlier."

Furthermore, the FA respondent (49 years old) said :

"Why don't I use sharia crowdfunding financing? Yes, because previously, I had never received detailed information from this financing. I also just heard and knew the explanation".

Based on two opinions from two respondents, it can be explained that the inhibiting factor of sharia crowdfunding has not been used as MSME financing, namely, the lack of information or literacy about sharia crowdfunding and the knowledge of MSME actors related to this financing is also still relatively low.

The common knowledge of MSME actors related to sharia crowdfunding financing information is one of the factors that this financing model has not been widely used. This

is similar to the research of Azmi & Riyaldi stated that one of the main factors for MSME rulers to apply for financing is the knowledge they have regarding the working mechanism of financing will be used as business capital (Azmi & Riyaldi, 2019).

MSME entrepreneurs tend to finance a financial institution after knowing and understanding how the financing mechanism will be taken. MSME actors need knowledge about the financing to be used under the business's capabilities.

MSME actors have not applied for financing from Sharia crowdfunding companies because they still use conventional financing. This can be proven by RT respondents (35 years old) saying: "Currently, my Sosis Gajahan business is opening a new outlet using financing from banks, so, for now, it does not intend to apply for financing to sharia crowdfunding companies that Mas explained earlier".

Sharia crowdfunding, which is still not very well known, makes MSME owners prefer to apply for financing from the banking sector, which is very familiar to MSME entrepreneurs. By bearing the burden of bank financing, it is a factor that hinders Sharia crowdfunding from being used as capital for MSMEs.

MSME players are already familiar with the banking sector rather than non-bank financing, such as sharia crowdfunding which is still less popular and causes financing applications to Islamic crowdfunding companies to be minimal. According to data from the Central Statistics Agency in SE2016 Continued, it is stated that only 1.96 percent of MSME players apply for financing to the non-banking financial sector, including crowdfunding (Tusianti et al., 2019).

This can be proven by the statement of the AHM respondent (21 years old) saying:

"Honestly, I currently do not need financing from sharia crowdfunding because my finances and the help of my business partners are more than enough to run this business." Furthermore, the WP respondent (34 years old) said: "My Dry Potato business is still not even a year running, so for now, using sharia crowdfunding financing is not an urgent need."

As for the respondent SM (32 years old) said:

" I have two MSMEs, namely Family Resto Ayam Kremes and Family Resto Muslim, running smoothly using my capital. I also have no intention of applying for financing, including sharia crowdfunding."

Furthermore, respondent E (32 years old) stated:

"After hearing the explanation, I understand quite well, but I have no plans to go there to finance crowdfunding."

Based on the opinions of MSME actors above, they stated that sharia crowdfunding financing is not yet needed considering that the business that is being run is showing positive results, besides that MSME owners also consider my capital to be enough to run their business wheels last reason the business that is run is still not long less than a year makes MSME owners still reluctant to apply for financing.

The MSME entrepreneurs interviewed stated that they did not need financing from other parties because they felt that their business was running well with their capital. This is

under the Advanced SE2016 Results Analysis by the Central Statistics Agency, which states that more than 90 percent of MSME players in Indonesia prefer to use capital from their own pockets to finance the running of the business (Tusianti et al., 2019).

The coronavirus pandemic that hit Indonesia in 2020 affected the MSME sector by its impact, affecting financing interest. The statement of respondent SJ can prove this (27 years old) said:

"At the beginning of this coronavirus, I had stopped the production of batik, but I decided to return to production after Eid yesterday, but I lowered the production capacity because the purchasing power of consumers was reduced. Seeing that the coronavirus situation has not yet declined and Batik's production capacity is not what it used to be, I am not yet interested in using sharia crowdfunding financing".

It is no secret that the effects of the coronavirus pandemic have put pressure on the Indonesian economic sector, including MSMEs, which must think hard to circumvent the declining purchasing power of consumers. Based on the opinion of MSME actors above, it is stated that applying for financing to sharia crowdfunding is currently not a priority because it is struggling to improve the declining sales results.

During the coronavirus pandemic, which does not know it will end, MSME entrepreneurs choose to postpone financing by reducing production capacity from normal conditions. As Andi Amri said in the BRAND Journal (Amri, 2020), the coronavirus has made MSME owners reduce production capacity due to declining product demand and holding sharia status does not necessarily make MSME owners trust the Sharia crowdfunding company system. This can be proven by the statement of the MH respondent (21 years old) said:

"In my experience, when trying to apply for financing to crowdfunding companies such as Sharia Funds, Syarfi, etc., I feel that their cooperation pattern is not much different from conventional banks where the nature of the incoming funds is a loan, so there is no such thing as profit or loss, there they have to profit because the money they collect comes from the public/investors who are interested in putting their money into MSMEs."

Based on the statement from the respondent above, one of the factors hindering the use of Sharia crowdfunding financing is the pattern of profit-sharing cooperation of crowdfunding companies that are not far from the conventional bank loan system, which often burdens its borrowers.

According to Zayyinatul Khusna's research in the Nominal Journal (Khusna, 2016), MSME actors make the profit-sharing system one of the considerations for taking mudharabah financing to meet their capital needs. Therefore, it can be said that if Sharia crowdfunding companies do not improve their profit-sharing system, crowdfunding companies automatically reduce positive values in the eyes of MSME players.

However, here MH's brother is still said to have made a mistake in understanding the working mechanism of sharia crowdfunding for the profit-sharing system, which is equated with conventional financing. However, one of the striking differences lies in how the financing is refunded. The conventional system will set the refund percentage based on the money or capital needed. In contrast, the Islamic system uses a profit-sharing ratio based on the money obtained to determine the refund later.

IV. CONCLUSION

This study concludes that the benefits of micro, small, and medium enterprises (MSMEs) engaged in food and beverage related to sharia crowdfunding financing after research can be divided into three groups. First, the group of MSME actors who do not understand at all can be interpreted as MSME actors who have never heard of and did not get any explanation about sharia crowdfunding. The two groups of MSME actors who understand little can be interpreted as MSME actors just knowing the basic concepts and understanding of crowdfunding Sharia in general. Three groups of MSME actors understand. Here it can be interpreted that MSME actors have understood the working mechanism of crowdfunding financing along with the contracts used, namely mudharabah and musyarakah, because they have applied, studied, and used the services of sharia crowdfunding finance companies before. This study explores what is an obstacle to the use of Sharia crowdfunding financing to fund MSME businesses. After research, five things are the cause: lack of information and knowledge, still relying on traditional financing, not requiring financing, being affected by the coronavirus, and misunderstanding the mechanism of Sharia crowdfunding work. The Ministry of Cooperatives needs to promote more intense socialization of their sharia crowdfunding financing system to halal MSME actors throughout Indonesia.

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