International Journal of Finance and Management (IJFM), Volume 1, Issue 1, November 2022
ISSN: ----------

The Impact of Islamic Crowdfunding Platforms on The Organizational and Financial Performance of Non-Profit Organizations Through Blockchain Exploratory Study

Moumena Raef Aboulsalam
[1] Faculty of Finance & Admin. Science, Al Madinah International University, Jalan 2/125e, Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia
CL446@lms.mediu.edu.my

Asst. Prof. Dr. Mukhtar Idris Abu Baker Adam
[2] Faculty of Finance & Admin. Science, Al Madinah International University, Jalan 2/125e, Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia
mukhtar.adam@mediu.edu.my

Abstract

This study investigates the impact of blockchain technology on the performance and operational efficiency of Islamic crowdfunding platforms in the Non-Profit Organizations. The research methodology in the study will combine qualitative and quantitative research techniques, using proposal the Application Islamic Crowdfunding & Performance Tracker (ICPT), which includes Islamic finance platforms, blockchain, and smart contracts to provide new opportunities for non-profit organizations. The study focuses on non-profit organizations in the Muslim world and explores the integration of Islamic crowdfunding platforms and blockchain to enhance the transparency, accountability, and performance efficiency of non-profit organizations. The results indicate that blockchain technology significantly improves the operational efficiency of crowdfunding platforms, providing greater trust and security for funders, organizations, and beneficiaries. Analysis of financial and administrative documents further reveals that blockchain can simplify processes and reduce operational costs. These findings suggest that the adoption of blockchain technology in Islamic crowdfunding platforms could revolutionize the nonprofit sector, where the use of blockchain technology in philanthropy is significant and merits further research to ascertain how it can be more effectively integrated into existing systems to enhance charitable sectors.

Keywords: *Blockchain, Islamic crowdfunding, Non-profit organizations, ICPT, Economic development.*

1. Introduction

Non-profits face several organizational and financial challenges that hinder them from achieving their goals efficiently. Funding is one of the most prominent challenges, as many of these organizations suffer from a lack of financial resources needed to implement their programs and projects (Walter et al., 2024). As the number of non-profits increases, competition for limited available financial resources intensifies, making it difficult for organizations to secure the necessary funding and weakening their chances of receiving financial support from donors and funders, especially those relying on traditional funding sources such as individual and corporate donations and grants (Dethier et al., 2023). These sources may be insufficient and unreliable, necessitating the search for new and innovative financing alternatives (Toker, 2023). Additionally, financial and administrative corruption, along with the absence of regulatory controls and oversight committees for non-profit operations, leads to project implementation delays and failure to meet donor and community needs (do Adro et al., 2021). Moreover, noncompliance with donor conditions regarding the timing and location of zakat, charity, and donations distribution results in a lack of transparency and improper execution of these religious practices, ultimately losing supporters and donors, and also similarity of services provided by these organizations and their lack of high coordination results in significant societal issues, particularly in disaster-stricken areas like earthquakes and floods, and war zones such as Gaza, Sudan, and northern Syria.

In this context, there is a significant need to activate Islamic crowdfunding platforms and leverage charities, zakat, donations, and Islamic endowments as innovative and sustainable solutions to these problems. Islamic crowdfunding platforms are modern tools that contribute to enhancing the organizational performance of non-profit organizations using blockchain technology (Megat et al., 2024). These platforms rely on Islamic finance principles,

which enhance the transparency and reliability of financial operations (Abdallah & Younis, 2023).

This Blockchain technology helps in securely and decentralized managing and documenting transactions, reducing financial risks, and enhancing trust between donors and beneficiaries. These platforms efficiently collect donations, positively impacting the organizational performance of non-profits and helping them achieve their developmental and charitable goals more effectively (P. Gupta et al., 2024).

Hence, the significance of this research lies in its aim to shed light on the role of Islamic crowdfunding platforms using blockchain technology as a new and complementary financial source for non-profit organizations. It also aims to analyze the impact of Islamic crowdfunding platforms on the administrative and financial performance of non-profit organizations by addressing the following questions:

1. What is the impact of Islamic crowdfunding platforms on the financial performance of non-profit organizations?
2. How can blockchain technology enhance transparency and accountability in fund management within non-profit organizations?
3. What are the main factors affecting the effectiveness of Islamic crowdfunding platforms in improving the organizational efficiency of non-profit organizations?
4. What is the role of Islamic financial technology in supporting innovation and sustainable development within non-profit organizations?
5. What are the challenges and opportunities associated with the application of Islamic crowdfunding platforms in non-profit organizations?

This research contributes to bridging the research gap in the literature concerning the impact of Islamic crowdfunding on non-profit organizations using blockchain technology. It applies this model at the level of non-profit institutions and charitable organizations. Furthermore, the research offers practical recommendations for those in charge of non-profit organizations to help them launch successful campaigns and implement them at the right time and place as determined by the donors.

2. Research Methodology:

The methodological framework employed in this investigation will integrate both qualitative and quantitative research methodologies to scrutinize the ramifications of Islamic crowdfunding platforms and blockchain technology within the framework of non-profit organizations. To achieve the research objectives, the subsequent methodologies will be implemented:

1) Literature review: An exhaustive evaluation of the extant literature pertaining to Islamic crowdfunding platforms and blockchain technology and its application within the philanthropic sector will be conducted. This critical analysis will produce a detailed assessment of the prevailing landscape and facilitate the identification of potential benefits and drawbacks associated with the implementation of blockchain technology in philanthropic endeavors.

2) A compilation of case studies will be carried out to analyze the practical implementations of Islamic crowdfunding platforms and blockchain technology in the context of philanthropy. This exploration will shed light on the operationalization of blockchain in real-world situations and its consequences for the non-profit organizations.

3) The knowledge acquired from the literature review, case studies, surveys, and interviews will be assessed through both qualitative and quantitative analytical frameworks.

This analytical procedure will contribute to addressing the research questions and accomplishing the study's objectives.

3. Literature Review:

Financial service providers perceive blockchain technology as a valuable tool for enhancing genuineness, security, and risk management. Numerous institutions are embracing blockchain in trading and financial systems to establish intelligent contracts among participants, enhance efficiency and transparency, and unveil novel revenue prospects. The distinctive recording capabilities of blockchain render existing clearing and settlement procedures obsolete. Banks and other financial establishments are integrating blockchain-driven identifiers to authenticate individuals. Enhanced results stem from organizations' capacity to forecast emerging trends in financial blockchain applications and cultivate blockchain functionality. The transfer of asset ownership and precise ledger maintenance are crucial tasks. Evaluating, conveying, and scrutinizing financial data are pivotal focal points for accounting practitioners. Blockchain technology showcases asset ownership and responsibilities to accountants, potentially bolstering productivity. The significant utilities of blockchain technology in financial services are assessed. Recent data breaches underscore the heightened security of blockchain-based credit reports in comparison to conventional server-based reports. Through its integration, the investor market can broaden, issuer expenses can decrease, and counterparty risk can diminish by tailoring digital financial instruments to investor specifications. It adheres to standardized norms, protocols, and processes to furnish network users with a unified, collective foundation of truth. Business network participants can readily collaborate, handle data, and endorse the incorporation of

this technology (Javaid et al., 2022). Moreover, research unveiled as results that blockchain has the capacity to establish dependable financial profiles for creditors, streamline agreement processes via smart contracts, and draw investments at reduced expenses. Nevertheless, challenges such as intricacies in coordination, strategic considerations, and apprehensions regarding privacy emerge as significant hurdles to the successful adoption of blockchain technology (Hoque et al., 2024).

Sotehi Djaber's research in 2023 delved into the potential of Islamic crowdfunding as an alternative financing mechanism. Various models of Islamic crowdfunding were explored, encompassing donation-based, reward-based, equity-based, and profit-sharing approaches. The study also examined the increasing convergence of Islamic finance principles with contemporary startup funding practices through crowdfunding platforms. The study's outcomes revealed Islamic crowdfunding as an emerging financial tool that offers an innovative solution to reconcile these disparities, furnishing a Sharia-compliant Avenue (Djaber S & Lotfi Z, 2023).

Hoque (2024) investigated the potential and obstacles associated with the utilization of blockchain technology to bolster microcredit operations of microfinance institutions in developing nations. Microfinance is widely recognized as a mechanism for poverty alleviation and for integrating unbanked populations into the financial framework. The research findings indicate that blockchain technology can establish dependable financial profiles for creditors, streamline agreements through smart contracts, and allure funding at reduced expenses. Nonetheless, hurdles related to coordination intricacies, strategic considerations, and privacy apprehensions pose significant challenges to the effective implementation of blockchain technology. (Hoque et al., 2024).

A research investigation has determined that blockchain technology has the potential to address the limitations inherent in crowdfunding, such as instances of fraud, money laundering, and disparities in information availability. Moreover, it has been acknowledged as a strategic choice that facilitates the issuance of efficient and economical shares, the execution of share transfers, and the facilitation of shareholder voting processes (Hadjer L & Abderrazek K, 2022).

Megat (2024) indicated that Malaysian businesses are impacted by corporate and social predictive advantages in the utilization of blockchain crowdfunding, while showing no association with environmental benefits. Furthermore, the embrace of blockchain smart contracts is not linked to anticipated environmental advantages due to misunderstandings regarding the transformative technology's effects on biological and digital environmental conservation (Megat et al., 2024).

Despite the existence of previous studies addressing the impact of Islamic crowdfunding on non-profit organizations, there is a clear research gap related to the application of blockchain technology in this context. Specifically, the current literature lacks comprehensive studies integrating the use of Islamic crowdfunding platforms and blockchain technology to enhance the organizational and financial performance of non-profit organizations. Most existing studies focus on the theoretical aspects of Islamic crowdfunding, with a lack of applied studies that review practical and real-life cases of non-profit organizations benefiting from this technology (Ishak & Mohammad Nasir, 2024). Additionally, there is a shortage of research examining how to integrate Islamic crowdfunding platforms with blockchain technology to improve transparency and accountability in fund management (Torres et al., 2024). Moreover, the direct impact of applying these technologies on the organizational performance of non-profit organizations, whether in terms of operational efficiency or enhancing the ability to achieve institutional goals, has not been sufficiently explored (Moidin et al., 2023). Furthermore, the literature lacks studies addressing the real experiences and challenges faced by non-profit organizations when adopting Islamic crowdfunding platforms and blockchain technology, limiting the ability to provide practical and effective recommendations (P. Gupta et al., 2024).

Based on the above, this research aims to fill these gaps through an exploratory study that integrates Islamic crowdfunding and blockchain technology to enhance the organizational and financial performance of non-profit organizations, focusing on the challenges and opportunities available in this context.

4. Research Hypotheses:

1. Hypothesis of Improving Operational Efficiency:

H1: The application of Islamic crowdfunding platforms and blockchain technology contributes to improving the operational efficiency of non-profit organizations by enhancing transparency and reducing administrative costs.

2. Hypothesis of Increasing Financial Inclusion:

H2: Using blockchain technology in Islamic crowdfunding platforms contributes to increasing the level of financial inclusion for non-profit organizations by expanding the base of funders and providing opportunities to finance new projects.

3. Hypothesis of Enhancing Trust and Accountability:

H3: Integrating blockchain technology with Islamic crowdfunding platforms enhances trust and accountability between funders and funded projects, leading to increased

donations and improved performance of non-profit organizations.

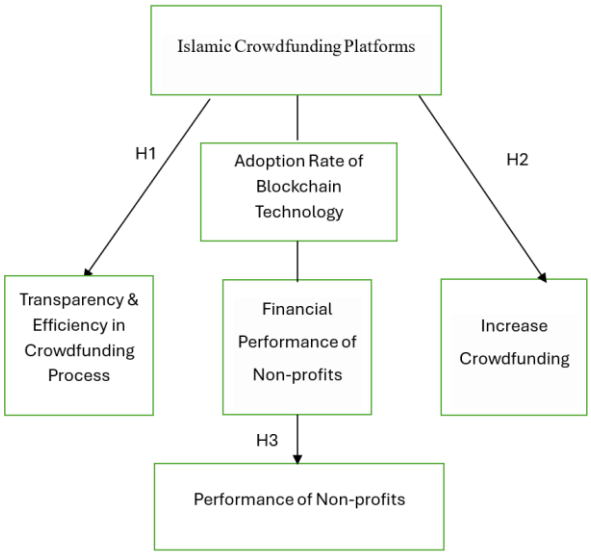

Figure 1 Conceptual framework from the researcher

5. Theoretical Framework of the Research

5.1 Introduction

The world is witnessing rapid developments in the field of financial technology (Fintech) and its impact on various sectors, including the non-profit sector (Saito, 2023). Islamic crowdfunding and blockchain technology are modern innovations that contribute to improving the performance of non-profit organizations by enhancing transparency, efficiency, and financial inclusion (Moidin et al., 2023). This research aims to explore the impact of these technologies on the organizational and financial performance of non-profit organizations.

5.2 Islamic Crowdfunding:

Islamic crowdfunding is a type of financing that complies with Islamic law and relies on collecting funds from a wide range of investors to finance specific projects, primarily through online platforms compatible with Sharia principles. To ensure compliance with Islamic law, Islamic crowdfunding must avoid promoting prohibited materials such as gambling, and other elements forbidden in Islam (Megat et al., 2024). The term is also used loosely to refer to platforms that focus on Muslims and Muslim-owned platforms that may not have official Sharia compliance approval.

Islamic crowdfunding contributes to diversifying funding sources and reducing the risks associated with limited funding volumes for non-profit organizations, thereby enhancing their financial sustainability (Moidin et al., 2023). Crowdfunding platforms provide periodic reports on the use of funds and offer clear information about the projects being financed, enhancing transparency and trust between funders and project owners. Moreover, emerging projects and non-profit organizations can obtain funding from multiple sources and in varying amounts, reducing reliance on a single funding source (Ishak & Mohammad Nasir, 2024).

Islamic crowdfunding allows funders to participate in projects that reflect their values and principles, enhancing community interaction and active participation. Notably, crowdfunding platforms aid in proper governance to mitigate potential risks and protect the reputation of participants (Djaber S & Lotfi Z, 2023).

There are four types of crowdfunding: donation-based crowdfunding, reward-based crowdfunding, equity crowdfunding, and debt-based crowdfunding, commonly referred to as peer-to-peer (P2P) lending. In donation-based crowdfunding, donors contribute to Sharia-compliant non-profit projects and social development initiatives (P. Gupta et al., 2024).

5.3 Islamic and Muslim Crowdfunding Platforms in the Islamic World:

1. Ethis Group: Ethis was established as a private investment club in Singapore in 2014 before moving to Malaysia. In late 2020, it was granted Malaysia's first Sharia-compliant equity crowdfunding license by the Securities Commission. Ethis is widely recognized in this field, having won numerous awards and honors over the years. The group's main activities are in Indonesia, where it received the much-needed P2P financing registration approval from the Financial Services Authority in 2019. Ethis has been matching retail investors from over 50 countries in impactful investment campaigns, initially focused on social housing development and recently raising funds for supply chain projects for highly popular SMEs. Ethis Group manages ethical and Islamic crowdfunding platforms in Malaysia, Indonesia, and soon in other countries. These platforms include Ethis Malaysia, Ethis Indonesia, and GlobalSadaqah.com. Global Sadaqah focuses on Islamic social finance, helping to match charitable funds such as Sadaqah, Zakat (a form of wealth tax), and Waqf (a form of religious endowment) from both public and financial institutions like Islamic banks. Donations are made to high-impact charitable campaigns.

2. LaunchGood LaunchGood.com is the largest Islamic donation and reward-based crowdfunding platform globally, headquartered in the United States. As of March 2018, it had raised $35 million across more than 102 countries and funded 3,274 campaigns, focusing heavily on personal fundraising campaigns, as well as raising funds for disaster relief and humanitarian aid in conflict

zones. Recently, it also established a representative office in Malaysia.

3. PitchIN Widely known as the national crowdfunding platform in Malaysia, PitchIN has been the most successful crowdfunding platform in Southeast Asia since its establishment in 2012. This success is evident in leading successful crowdfunding projects such as the first-ever Indie Festival in Penang, TAPAUfest, and TeeSomethingNice, a t-shirt project celebrating Hari Malaysia and Merdeka 2014. Besides being a reward-based crowdfunding platform, PitchIN also functions as an equity crowdfunding platform.

4. ATA PLUS Sdn Bhd Known as Ata-Plus, ATA PLUS Sdn Bhd's equity crowdfunding platform aims to democratize financial inclusion by matching capital with innovative businesses. Investors can leverage comprehensive networks in the ATA PLUS ecosystem to manage risks in supporting sustainable businesses. Although ATA PLUS does not officially comply with Islamic Sharia, it can be considered a type of crowdfunding platform focusing on Muslims.

Islamic crowdfunding platforms can be an integral part of the current Islamic financial industry as they help meet the inherent characteristics and principles of Islamic finance (Moidin et al., 2023). Additionally, this will create a win-win situation for all stakeholders involved (Djaber S & Lotfi Z, 2023). Moving forward, if properly implemented and practiced, Islamic crowdfunding platforms could be the next driving factor in the Islamic finance industry (Ishak & Mohammad Nasir, 2024).

5.4 Blockchain Technology:

Is a type of distributed ledger technology that records transactions across multiple computers so that the record cannot be altered retroactively without altering all subsequent blocks. This technology operates by grouping transactions into blocks and then linking these blocks in a chain-like structure. Blockchain technology is known for its ability to securely and transparently record transactions, making it an effective tool for enhancing trust and accountability in financing operations. Blockchain provides a decentralized and encrypted database, reducing the likelihood of manipulation and increasing transaction transparency (Abdallah & Younis, 2023).

5.5 Non-profit organizations:

NPOs are entities aimed at achieving social, charitable, educational, or environmental goals rather than financial profit. These organizations primarily offer services and assistance without focusing on financial returns. Funding for these organizations usually comes from donations, grants, crowdfunding, government support, and proceeds from charitable activities (Plaisance, 2023). Their objectives include providing social services such as family support, healthcare, education, and vocational training programs, improving community infrastructure, and developing programs that enhance social awareness and support social solidarity (Ahmed et al., 2022). Additionally, they implement projects and programs aimed at protecting the environment and conserving natural resources, offer educational and cultural programs like scholarships, training courses, and cultural initiatives, and provide free or reduced-cost healthcare to needy communities, contributing to the construction of hospitals and health facilities (Khalilzadeh & Ghesmati, 2024). Furthermore, non-profits provide humanitarian aid and relief in emergencies and natural disasters. Islamic crowdfunding is a significant source for non-profits as it allows for the selection of projects based on community needs. It also helps achieve transparency and efficiency in collecting and managing funds, and it raises awareness and community participation in supporting charitable and social goals.

5.6 Integration of Islamic Crowdfunding, Blockchain, and Non-Profit Organizations:

The integration of Islamic crowdfunding with blockchain technology is a crucial step towards improving the performance of non-profits. Smart contracts based on blockchain can be used to ensure the agreed-upon terms between funders and beneficiaries, enhancing trust among different parties and increasing funding opportunities. Blockchain technology has significantly impacted crowdfunding platforms by providing greater transparency, security, and efficiency (Singh et al., 2023). Some key aspects of blockchain-based crowdfunding include the availability of a transparent ledger where all transactions are recorded and visible to all participants. This transparency builds trust between donors and project creators, ensuring that funds are used as intended (Lee et al., 2023). Once a transaction is recorded, it cannot be altered or deleted, enhancing the security of the crowdfunding process and reducing the risk of fraud (Unal & Aysan, 2022).

Smart contracts are self-executing contracts with the terms of the agreement directly written into code. They automatically execute and enforce the terms of the contract when certain conditions are met (Megat et al., 2024). In the context of Islamic crowdfunding, smart contracts can automate various processes, such as disbursing funds and distributing rewards. For example, a smart contract can be programmed to release funds to the project creator only when a specific funding goal is reached. If the goal is not achieved, the smart contract can automatically refund contributions to supporters. This automation ensures that funds are used as intended and reduces the risk of mismanagement. Self-executing contracts also automatically distribute funds based on predefined conditions, ensuring that funds are only released when specific milestones are met, providing greater security and accountability (Al-Okaily & Alsmadi, 2024).

Traditional crowdfunding platforms often charge high fees for their services, including platform fees, payment processing fees, and other hidden costs. For instance, platforms like Kickstarter and Fundly take a percentage of the total funds raised, which can be substantial for large projects (Abdallah & Younis, 2023).

Blockchain technology can significantly reduce these fees by eliminating intermediaries (V. Gupta et al., 2023).

Transactions on a blockchain network are peer-to-peer (P2P), meaning there is no need for a central authority to process payments (Pramod S. Aswale et al., 2024). This reduction in intermediaries not only lowers fees but also speeds up transactions, reducing costs and increasing efficiency, making it easier for projects to raise funds globally (Kuruppu et al., 2022).

Moreover, blockchain technology provides global access by allowing anyone with an internet connection to participate in crowdfunding campaigns. Traditional crowdfunding platforms often have geographical restrictions, limiting campaign reach. With blockchain, cross-border transactions become seamless, enabling project creators to attract supporters from around the world (Xie et al., 2023). Blockchain-based Islamic crowdfunding platforms can also accept various Islamic cryptocurrencies, offering more options for contributors. This inclusivity can lead to a larger pool of potential supporters and more successful fundraising campaigns.

6. Proposed System:

The proposed system encompasses several key components for the integration of Islamic finance platforms and blockchain technology within non-profit organizations:

1) Establishment of a Decentralized Islamic Platform: At the core of the proposed system lies a decentralized Islamic platform to be established. Utilizing blockchain technology in its development enables secure, transparent, and accountable recording of transactions for all involved parties.

2) Utilization of Smart Contracts: Smart contracts, characterized by their self-executing nature and direct coding of terms between donors and recipients, can play a pivotal role in the proposed system. By automating the distribution of various resources like charity, zakat, donations, gifts, and endowments, smart contracts mitigate the risks associated with fraud and mismanagement.

3) Monitoring of Donors' Contributions: Through the decentralized platform, donors are empowered to track the real-time distribution of their contributions. This transparency is further reinforced by the platform's provision of open accounting for each transaction, ensuring the intended use of funds.

4) Tracking of Resource Allocation to Recipients: Enhancing transparency and accountability in fund utilization, recipients will have the capability to monitor resource allocation in real time. This feature not only promotes efficiency but also ensures the effective utilization of available resources.

5) Implementation of Verification and Validation Mechanisms: Upholding transaction accuracy and fraud prevention is a key aspect of the proposed system. Incorporation of verification and validation procedures, encompassing manual checks and automated processes like identity verification and anti-fraud algorithms, serves as a safeguard in this regard.

7. Application Islamic Crowdfunding & Performance Tracker (ICPT)

1. User Authentication & Roles:
    - Secure login for different user roles: Admin, Non-Profit Organizations, Donors.
    - Two-factor authentication for added security.
2. Blockchain Integration:
    - Implement blockchain for transaction transparency and security.
    - Use smart contracts for automated enforcement of funding terms.
3. Crowdfunding Campaign Management:
    - Create, manage, and track crowdfunding campaigns.

- Compliance with Sharia law in all fundraising activities.

4. Performance Analytics:
   - Tools to monitor key performance indicators (KPIs) such as financial health, donor engagement, project outcomes, and operational efficiency.
   - Real-time data visualization and reporting.
5. Compliance and Reporting:
   - Ensure compliance with Islamic finance principles.
   - Detailed reporting features for stakeholders.
6. Donor Engagement:
   - Donor dashboards to track contributions and impact.
   - Feedback and engagement tools for donors and beneficiaries.

7.1 Architecture of the Application

The system architecture is shown in Figure 2 below:

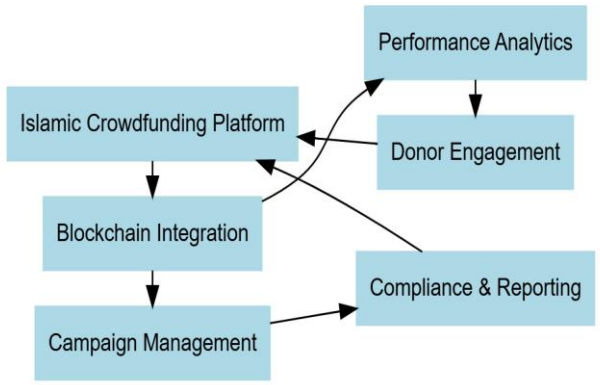

Figure 2 Application Structure Diagram

Tech Application:

• Frontend: React.js for the user interface.
• Backend: Node.js with Express.js for server-side logic.
• Blockchain: Ethereum for smart contracts using Solidity.
• Database: MongoDB for storing user data and campaign information.
• Authentication: JWT (JSON Web Tokens) for secure authentication.
• Deployment: Docker for containerization, AWS for hosting.

7.2 Development Steps:

1. Setup Development Environment:
   - Install Node.js, React.js, MongoDB, Docker, and necessary libraries.
   - Set up a Git repository for version control.
2. Frontend Development:
   - Create the UI components using React.js.
   - Implement forms for campaign creation and management.
   - Develop dashboards for non-profits and donors.
3. Backend Development:
   - Set up Express.js server.
   - Develop API endpoints for user authentication, campaign management, and data analytics.
   - Integrate MongoDB for data storage.
4. Blockchain Integration:
   - Develop smart contracts in Solidity for managing donations and enforcing terms.
   - Deploy smart contracts on the Ethereum blockchain.
   - Integrate smart contracts with the backend using Web3.js.
5. Performance Analytics:
   - Implement data collection and analysis tools.
   - Develop visualizations for real-time tracking of KPIs.
6. Testing & Deployment:
   - Perform unit and integration testing.
   - Use Docker to containerize the application.
   - Deploy the application on AWS.

7.3 Applications:

1) By eliminating middlemen, blockchain technology can help non-profits manage their finances more effectively and operate with full transparency.
2) Donors will be kept informed of everything that happens with their money if blockchain technology is embedded in organizations. Along with donor information, donation information will be stored in blocks.
3) Since blockchain is a public ledger that anyone can see, it will be much more difficult to commit charitable fraud because donors can carefully monitor their payments and ensure that no data has been altered.
4) Non-profits can raise donations securely, transparently, and internationally without having to pay exchange fees.
5) Smart contracts can be agreements between the donor and the non-profit organization in the case of charitable work.
6) Donations and zakat will reach the beneficiaries in a timely manner.

For all parties involved in the contribution process, this opens a lot of opportunities and has the potential for complete automation and no compromise.

8. CONCLUSIONS:

In conclusion, the integration of Islamic crowdfunding platforms and blockchain to support the performance of non-profit organizations has the potential to significantly increase the effectiveness, accountability, and transparency of charitable giving. Where it is the Islamic

finance platforms and blockchain technology have the potential to revolutionize the charitable industry and have a positive impact on the world by providing a secure and transparent ledger of transactions, automating the transfer of resources through smart contracts, and enabling cross-border giving.

According to the literature analysis, there is significant interest in the use of blockchain technology financing platforms in charitable work, and several initiatives are underway to investigate their potential uses and benefits.

The Application Islamic Crowdfunding & Performance Tracker (ICPT) model proposed in this research provides a secure, open, and efficient Islamic platform for resource distribution, enhancing the transparency and effectiveness of charitable giving and nonprofit organizations.

Future studies should focus on the deployment and evaluation of charitable systems based on Islamic finance platforms and blockchain, and investigate the challenges and opportunities presented by this pioneering technology. These technical applications in the charitable sector have the potential to contribute significantly to reaching vulnerable and poor groups and areas of war and famine in the Islamic world, and the development of these technologies increases the progress of Islamic societies through sustainable research and development.

References

[1] Abdallah, M. A., & Younis, J. A. (2023). Rethinking Funding Nonprofit Organizations Through Crowdfunding: The Use of Financial Technology. Asian Business Research, 8(2), 14. https://doi.org/10.20849/ABR.V8I2.1365

[2] Ahmed, A. H. A., Zainol, Z., & Mokhtar, N. (2022). Factors influencing accountability practices in managing NGOs funds: The case of Yemen. International Journal of Business Ecosystem & Strategy (2687-2293), 4(4), 108–117. https://doi.org/10.36096/IJBES.V4I4.361

[3] Al-Okaily, M., & Alsmadi, A. A. (2024). The role of metaverse and blockchain in enhancing digital Islamic finance: empirical perspective. Journal of Islamic Marketing, ahead-of-print(ahead-of-print). https://doi.org/10.1108/JIMA-11-2023-0369/FULL/XML

[4] Dethier, F., Delcourt, C., & Willems, J. (2023). Transparency of nonprofit organizations: An integrative framework and research agenda. Journal of Philanthropy and Marketing, 28(4), e1725. https://doi.org/10.1002/NVSM.1725

[5] Djaber S, & Lotfi Z. (2023). Challenges and Opportunities of Islamic Crowdfunding as a new Innovative mechanism to finance Startups. Journal of Contemporary Issues in Business and Government. https://www.researchgate.net/publication/377030379_Challenges_and_Opportunities_of_Islamic_Crowdfunding_as_a_new_Innovative_mechanism_to_finance_Startups

[6] do Adro, F., Fernandes, C. I., Veiga, P. M., & Kraus, S. (2021). Social entrepreneurship orientation and performance in non-profit organizations. International Entrepreneurship and Management Journal, 17(4), 1591–1618. https://doi.org/10.1007/S11365-021-00748-4

[7] Gupta, P., Singh, S., Ghosh, R., Kumar, S., & Jain, C. (2024). Regulatory framework on governing equity crowdfunding: a systematic literature review and future directions. Journal of Financial Regulation and Compliance, ahead-of-print(ahead-of-print). https://doi.org/10.1108/JFRC-10-2023-0160/FULL/XML

[8] Gupta, V., Garg, N., Seth, S., Rastogi, N., Rawat, S. S., & Kumar, R. (2023). Crowdfunding using Blockchain Technology: A Review. Global Journal of Innovation and Emerging Technology, 1(2), 8–14. https://doi.org/10.58260/j.iet.2202.0107

[9] Hadjer L, & Abderrazek K. (2022). Economic Researcher Review The future of blockchain-based crowdfunding in the Arab countries: prospects and challenges. Research Gate. https://www.researchgate.net/publication/371340800_Economic_Researcher_Review_The_future_of_blockchain-based_crowdfunding_in_the_Arab_countries_prospects_and_challenges

[10] Hoque, M. M., Kummer, T. F., & Yigitbasioglu, O. (2024). How can blockchain-based lending platforms support microcredit activities in developing countries? An empirical validation of its opportunities and challenges. Technological Forecasting and Social Change, 203, 123400. https://doi.org/10.1016/J.TECHFORE.2024.123400

[11] Ishak, M. S. I., & Mohammad Nasir, N. S. (2024). The applicability of Islamic crowdfunding as an alternative funding for micro-entrepreneurs in Malaysia. Qualitative Research in Financial Markets, 16(3), 548–564. https://doi.org/10.1108/QRFM-12-2022-0202/FULL/XML

[12] Javaid, M., Haleem, A., Singh, R. P., Suman, R., & Khan, S. (2022). A review of Blockchain Technology applications for financial services. BenchCouncil Transactions on Benchmarks, Standards and Evaluations, 2(3), 100073. https://doi.org/10.1016/J.TBENCH.2022.100073

[13] Khalilzadeh, M., & Ghesmati, H. (2024). Organizational citizenship behavior based on trust in organizational spirituality and participation in non-profit service organizations: A case study in Iran. Cogent Social Sciences, 10(1). https://doi.org/10.1080/23311886.2023.2270845

[14] Kuruppu, S. C., Dissanayake, D., & de Villiers, C. (2022). How can NGO accountability practices be improved with technologies such as blockchain and triple-entry accounting? Accounting, Auditing and Accountability Journal, 35(7), 1714–1742. https://doi.org/10.1108/AAAJ-10-2020-4972/FULL/XML

[15] Lee, M., Lee, S., Lee, H., & Gim, G. (2023). A Study on the Application of Blockchain Technology in Non-governmental Organizations. Studies in Computational Intelligence, 1074, 121–133. https://doi.org/10.1007/978-3-031-19604-1_9

[16] Megat, P. A., Al-Shaghdari, F., Bin Ngah, B., & Abdelfattah, S. S. (2024). Assessing the predictive benefits of Waqftech smart contracts on corporate waqf crowdfunding among Malaysian enterprises. Journal of Islamic Marketing, 15(5), 1303–1325. https://doi.org/10.1108/JIMA-08-2023-0262/FULL/XML

[17] Moidin, S., Abdul-Rahman, A., & Mohd Nor, S. (2023). Crowdfunding for Islamic Banking and Finance Research: Model and Potential Research Interests. International Journal of Academic Research in Economics and Management Sciences, 12(1). https://doi.org/10.6007/ijarems/v12-i1/14811

[18] Pramod S. Aswale, Nishigandha Vyawahare, Abhijeet Patange, Prathamesh Hargude, Ganesh Gadkari, & Sandesh Patil. (2024). Transparent Charity Application and Crowdfunding Using Blockchain. International Research Journal on Advanced Engineering Hub (IRJAEH), 2(05), 1221–1230. https://doi.org/10.47392/irjaeh.2024.0168

[19] Plaisance, G. (2023). Towards a relational governance of internal stakeholders in non-profit organisations (NPOs): When commitment is not enough. Management International, 27(1), 86. https://doi.org/10.7202/1098924AR

[20] Saito, Y. (2023). Reputation-based Decentralized Autonomous Organization for the non-profit sector: Leveraging blockchain to enhance good governance. Frontiersin.OrgY Saito, JA Rose Frontiers in Blockchain, 2023•frontiersin.Org. https://www.frontiersin.org/articles/10.3389/fbloc.2022.1083647/full

[21] Singh, M., Pratap Singh Khati, G., Tyagi, D., Sharma, K., Gupta, D., Singh, D., & Professor, A. (2023). Role of Blockchain Technology in Philanthrophy. Academia.EduM Singh, GPS Khati, D Tyagi, K Sharma, D Gupta, D SinghInternational Journal for Research in Applied Science and Engineering, 2023•academia.Edu, 11. https://doi.org/10.22214/ijraset.2023.49355

[22] Toker, K. (2023). CHAPTER 2 NON-PROFIT ORGANIZATIONS: A PATH FOR SOCIAL ECONOMY. BUSINESS PERSPECTIVES FOR SOCIAL ECONOMY, 10.26650/B/SS05. https://doi.org/10.26650/B/SS05.2023.003.02

[23] Torres, B., Serrasqueiro, Z., & Oliveira, M. (2024). Portugal's Crowdfunding: A Systematic Literature Review. Journal of Risk and Financial Management 2024, Vol. 17, Page 37, 17(1), 37. https://doi.org/10.3390/JRFM17010037

[24] Unal, I. M., & Aysan, A. F. (2022). Fintech, Digitalization, and Blockchain in Islamic Finance: Retrospective Investigation. FinTech, 1(4), 388–398. https://doi.org/10.3390/FINTECH1040029

[25] Walter, E., Okwueze, F., & Emeka, O. V. (2024). Non-governmental Organizations' programmes and Poverty Alleviation in Enugu State Nigeria. NG Journal of Social Development, 13(1), 20–38. https://doi.org/10.4314/NGJSD.V13I1.2

[26] Xie, P., Md Kassim, A. A., Wei, M., & Abbas Helmi, R. A. (2023). The Impact of Blockchain Adoption on Financial Performance in Fintech Firms: A Review of The Literature. Frontiers in Business, Economics and Management, 11(2), 302–305. https://doi.org/10.54097/FBEM.V11I2.12627