

EMPOWERING SHARIA SECURITIES: IMPLEMENTING AN ISSUERS' MENTORING PROGRAM FOR LOSS MITIGATION IN CROWDFUNDING

MUH. AHSAN KAMIL

State Islamic University Syarif Hidayatullah Jakarta
E-mail correspondence: ahsankkamil.ma@gmail.com

YAHYA RIVA'I

State Islamic University Syarif Hidayatullah Jakarta
E-mail: yahya_rivai22@mhs.uinjkt.ac.id

Abstract

This study aims to implement a mentoring program for issuers (MSMEs) in sharia securities crowdfunding in Indonesia to mitigate the losses. A qualitative approach was used, using in-depth literature studies with relevant stakeholders and analyzing secondary data. The data was then analyzed by reducing data, displaying data and verifying. The research findings highlight that in the Sharia securities crowdfunding mechanism, the organizer only functions as a platform that brings together investors and issuers. Therefore, in this research, the author recommends a mentoring program for MSME issuers that organizers of Sharia crowdfunding securities can implement. This recommendation is based on the general weaknesses of MSMEs, which can cause the risk of losses and defaults. With this mentoring program, it is hoped that publishers' businesses can avoid the risk of loss and continue to grow to benefit all parties.

Keywords: Sharia Securities Crowdfunding, Mentoring Program, MSMEs

JEL Classification: D26

INTRODUCTION

The world economic phenomenon continues to experience changes following the rapid progress of digital technology today, which also significantly impacts economic change. The term used to refer to the development of the digital economy is financial technology (fintech). Fintech is an abbreviation of 'financial' and 'technology', which refers to innovation in financial services (Erisman & Hasnita, 2023).

The fintech business has also penetrated the sharia financial industry. The Indonesian government stated that Sharia-based fintech could be a catalyst to encourage the growth of the Sharia financial industry. In order to support the smooth development of fintech in Islamic finance, Financial Services Authority Regulation No. 77 of 2016 concerning Information Technology-Based Money Lending and Borrowing Services regulates fintech. It opens up opportunities for Sharia banking to use crowdfunding to collect funds. In this context, funds collected through crowdfunding must be free from usury because they will be used to develop Sharia banking products. Implementing a crowdfunding mechanism by Islamic rules and Sharia

is needed to avoid maghrib elements (maysir, gharar, usury). Sharia compliance in Islamic bank operations covers products, transaction operations, and corporate identity. Hence, clothing, decoration and corporate image are important in Islamic bank compliance.

There is also a DSN-MUI fatwa Number 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles. This fatwa is a rule for fintechs that run Sharia products. The fatwa stipulates that fintech must not conflict with sharia principles and regulates the contracts permitted in fintech lending transactions. After DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 was issued, several fintech companies began registering with the Financial Services Authority (OJK).

Below is the table of the general development of the fintech industry in Indonesia from 2019 to 2023 (April), statistical data obtained and summarized from the OJK website:

Table 1. Development of the Fintech Industry in Indonesia

No.	Information	Des-19	Des-20	Des-21	Des-22	Apr-23
1	Fintech player	164	149	103	102	102
2	licensed conventional fintech	24	35	96	96	95
3	licensed sharia fintech	1	8	7	7	7
4	Total assets*	3.036,26	3.711,16	4.060,36	5.512,58	6.442,35
5	Total outstanding*	13.157,15	15.319,08	29.880,34	51.122,84	50.531,95

Source: Statistik, (OJK)

Notes: * in billions

The statistical data above shows that from year to year, there has been an increase in both assets, number of investors, number of issuers and funds disbursed. It can be said that the scope of the fintech industry is very broad and reaches an accumulated financing recipient of 111.18 million people in Indonesia, of course also impacting national economic growth. (Wajuba et al., 2021).

One of the Sharia fintech companies that was first established and registered with the OJK is a fintech company with a crowdfunding system. Sharia securities crowdfunding (SCF) is an offering of securities or securities by the issuer as a party that requires funding through information technology-based crowdfunding services organized by organizers of crowdfunding directly to investors through an electronic system network that is open and must comply with Sharia principles (KNEKS, 2022).

Based on data submitted by the Indonesian Crowdfunding Services Association (ALUDI), ALUDI 2022 members consist of 37 securities crowdfunding platforms (organizers), nine of which have obtained operational permits from the OJK, including Shafiq which is the first full-Sharia platform. Meanwhile, seven other full-Sharia platforms (organizers) are currently in the OJK licensing process.

Sharia crowdfunding can potentially be a lever for MSMEs to increase capital and improve business governance. Remember that the Micro, Small and Medium Enterprises (MSME) sector has become the main driver of the Indonesian economy with its significant contribution to the national Gross Domestic Product (GDP) and its important role in employment absorption. As a business sector that dominates 99.9% of all types of business in Indonesia, MSMEs are a key factor in national economic growth (Ningsih et al., 2022). The large potential for economic improvement in the MSME sector must be supported by a good ecosystem, one of which is using Sharia crowdfunding securities to help with capital problems.

Sharia securities crowdfunding (SCF) is an innovation in financial technology that offers an alternative solution for MSME players to obtain funding with sharia share and sukuk issuance schemes. Sharia SCF also has the potential to be an investment alternative that is easy to carry out and provides adequate protection for investors (Inayah, 2023). The advantage of funding through Sharia Crowdfunding is the partnership approach between MSME players and investors. Profits and business risks are distributed fairly and proportionally according to capital and asset ownership. Through joint business and asset ownership, it is hoped that MSMEs can improve their business and financial management to make them more accountable and transparent (Afinka et al., 2022). In the development of crowdfunding, there has been a positive response from the market. This must be supported by clear regulations to protect user rights and privacy data registered on crowdfunding organizing platforms to prevent or minimize risks for investors and issuers (Majid & Nugraha, 2022).

The high risk in organizing crowdfunding has become something that investors and issuers cannot deny. These risks of loss include risk of project failure, risk of lack of collateral, risk of business failure, and the possibility of not receiving dividends or the profit sharing ratio, one of the causes of which is the lack of management of the publishing startup company (Shafi, 2021). These risks reduce the confidence of investors to place their funds on Islamic securities crowdfunding platforms. The impact is that the issuing MSMEs will find it difficult to obtain

business capital to start or develop their business. Therefore, a form of organizer responsibility is needed for investors and issuers to mitigate and prevent the risk of loss.

Companies that organize securities crowdfunding only carry out their duties as facilitators who connect startup issuers with investors. Sharia securities crowdfunding providers are business institutions with Indonesian legal entities (PT or Koperasi) that provide, manage and operate information technology-based securities crowdfunding services (KNEKS, 2022). In fact, in POJK No.57 of 2020 article 16, organizers are required to carry out educational and literacy activities.

In the author's opinion, implementing POJK No. 57 of 2020 article 16 can be further optimized by assisting. This is supported by several previous studies which state that entrepreneurial mentoring has been proven to positively impact the growth and development of micro, small and medium enterprises (MSMEs). In addition, mentoring has also been proven to play an important role in providing personalized guidance, facilitating knowledge transfer, and fostering resilience in entrepreneurs (Putri et al., 2023; Wijayanto et al., 2023; Zain & Mansah, 2022). Departing from the previous literature and the dynamics of existing Islamic crowdfunding securities, the author focuses this research on efforts to prevent the risk of loss in Sharia crowdfunding securities by implementing a mentoring program at the organizing company.

LITERATURE REVIEW

Sharia securities crowdfunding

Securities are proof of debt or proof of capital participation, such as shares and bonds. The word security is another term for share. These securities can be in the form of certificates or electronic records. In Indonesia, crowdfunding means offering funds directly to the public through an open electronic system network. Moreover, Sharia or Sharia in the Indonesian dictionary means religious law, which determines the rules of human life based on the Quran and Hadith (KBBI, 2023).

So, Sharia securities crowdfunding can be defined as offering securities by issuers through information technology-based crowdfunding services directly to investors through an open electronic system network based on Sharia principles (KNEKS, 2022). SCF service providers must comply with the principles of Islamic law that apply to economic activities in carrying out their business activities as part of the Sharia economic system. These principles include, among other

things, not containing gambling, fraud, usury, abuse, bribery, illicit goods and immorality (Noor, 2022).

Securities crowdfunding has several advantages because it can be used as a forum for project owners or MSMEs to seek financing capital obtained from banks immediately. Additionally, crowdfunding benefits investors who directly choose which projects/SMEs to finance according to their interests. Investors come worldwide without geographical restrictions (Sanjaya & Akhyar, 2022).

Securities Crowdfunding Sharia Regulations

Normatively, the philosophical and juridical basis for people's economic activities in the 1945 Constitution is contained in Article 33, paragraphs 1 and 4. Understanding how to link the provisions of Article 33 of the 1945 Constitution with the goals of the state will result in the conception that Sharia SCF is an investment instrument and source of funding for micro and small businesses. It can encourage community economic activities through job creation, increasing income, and meeting community needs. SCF can also positively impact small and medium businesses by encouraging people to become entrepreneurs by utilizing the funding provided by SCF Sharia to create social welfare for the entire community and business actors (Noor, 2022).

Then, more specifically regarding the stock, bond and Sukuk markets, including crowdfunding, regulated in Article 1 Number 13 of Law Number 8 of 1995 concerning Capital Markets, it is stated that the capital market is an activity that includes public offerings and securities trading, public companies that issue securities, as well as institutions and professions related to securities.

In Indonesia, the existence of SCF has its legal umbrella. In the Financial Services Authority Regulation (POJK) no. 57/POJK.04/2020 concerning Securities Offerings through Information Technology-Based Crowdfunding Services (Securities crowdfunding) and POJK No. 16/POJK.04/2021 concerning Amendments to Financial Services Authority Regulation no. 57/POJK.04/2020. The two POJKs are a development of the previous POJK to provide alternative funding for micro, small and medium enterprises (MSMEs) or start-up business actors to obtain funding through the capital market so that the OJK expands the scope of securities offerings in crowdfunding services. This crowdfunding service has expanded from equity crowdfunding (ECF), which is only limited to shares, to securities crowdfunding (SCF) which includes other

securities. In POJK No. 57, it is stated that SCF is included in capital market activities, and organizers must obtain permission from the OJK before operating (KNEKS, 2022).

Besides conventional SCFs, based on POJK No. 57, SCF activities may be carried out by Sharia principles (SCF Sharia). According to DSN MUI Fatwa no. 140 concerning Sharia Securities Offerings Through Information Technology-Based Crowdfunding Services Based on Sharia Principles (Islamic et al.) determines aspects that cover the requirements for crowdfunding to run according to Sharia principles such as avoiding usury, gharar, maysir, tadlis, dharar, haram, Zhulm or immorality. In practice, it will be in the form of shares or sukuk, again referring to the DSN Mui fatwa numbers 135 and 137 (Lahuri et al., 2023).

Mentoring Theory

The word mentoring in the Big Indonesian Dictionary mentoring Alone has a definition as process, way, act of accompanying or assisting. Karjono (Septiana & Kusumastuti, 2022) explains that mentoring is a strategy (a way to achieve goals) where the relationship between the mentor and the person being accompanied is dialogical (mutual complementarity) between the two subjects – starting with understanding the reality of society and updating the quality of reality for the better. In terms of business, the aim of mentoring is empowerment and empowerment. Mentoring is a factor that influences business development, and it was stated by (Wijayanto et al., 2023) that mentorship positively impacts knowledge acquisition, risk management and the long-term success of entrepreneurs. Through mentorship, aspiring entrepreneurs can learn from real-world examples of success and failure, improving their knowledge and decision-making abilities. Additionally, mentorship facilitates access to valuable networks, providing further opportunities for knowledge sharing and growth (Budiman et al., 2022).

According to Edi Suharto, the mentoring function itself can be shortened to 4Ps, which consist of 1) Enabling or providing facilities, an effort to provide opportunities and motivation to the community; 2) Strengthening education and training, an effort aimed at strengthening competencies in literacy and inclusion; 3) Protection, is an activity of social workers whose task is to carry out advocacy using the media, making relations with the community and so on; 4) Support, this is related to application in the form of practice to support better change (Zain & Mansah, 2022).

RESEARCH METHODS

This research uses a qualitative descriptive method using document analysis techniques by Miles and Huberman. This method explains 3 stages: 1) Data Reduction, stating that data reduction is a sensitive thinking process that requires intelligence, flexibility and a high depth of insight. This is because researchers will find many diverse, complex and complicated data; 2) Data Display (Data presentation): The next step is to display the data. This research presents data in the form of descriptions or narratives. Presenting data makes it easier to understand what happened and plan the next stage or steps based on that understanding. 3) Conclusion Drawing/verification: The final step is drawing conclusions and verification. Conclusions at the start of the research are temporary and will change if strong evidence is not found to support the next stage of data collection (Sugiono, 2019).

RESULTS AND DISCUSSION

Dynamics of Sharia Securities Crowdfunding

The birth of Fintech in Indonesia began in 2006 with four companies. In 2007 it continued to develop, increasing to sixteen companies. In 2015, there was an increase in Fintech development, which continues today. Throughout 2020, approximately 161 Fintech companies were registered with the Financial Services Authority. Along with the development of fintech, many ideas have emerged to justify fintech so that Muslims can use it by Islamic law, especially Muslim communities in Indonesia. With the emergence of the Sharia label, there will be a big opportunity in Indonesia's prospects for the Sharia fintech industry (Ningsih et al., 2022).

The financial technology concept contains many services that make things easier, including financial services based on digital systems developed in Indonesia, such as digital banking, online digital insurance, payment channel systems, Peer-to-peer (P2P) Lending or Securities Crowdfunding. Many people or users in Indonesia have used this financial technology, especially peer-to-peer lending and crowdfunding. Fintech offers services that make it easier for consumers to use financial services. Currently, the public widely knows fintech, especially among entrepreneurs and young people who actively use social media or the internet (Suryanto, 2021).

Crowdfunding is one of the segments of the financial industry experiencing the fastest growth and has become one of the main forms of fintech. Crowdfunding funding can take the form of donations to philanthropic projects or direct financing through debt and equity. Using crowdfunding systems in fintech can increase the efficiency of financial institutions' performance

in achieving company targets. Crowdfunding is a funding activity involving various donations from various individuals with diverse backgrounds to meet certain needs. Crowdfunding can be an alternative medium for distributing sharia financing. Crowdfunding is known as democratic funding, as it involves many people using small amounts to raise significant funds. Crowdfunding is managed through an internet-based platform that is easy to access (Yulianti, 2023).

Sharia crowdfunding is still a relatively new industry and requires support from various parties to create a supportive ecosystem. This ecosystem aims to ensure that Sharia Crowdfunding can be effective and efficient in its role in empowering MSMEs in the Halal Industry. This Sharia Crowdfunding supporting ecosystem model was developed to overcome stakeholders' issues and challenges, such as organizers, MSME issuers and investors. It is hoped that this supporting ecosystem can increase the productivity of organizers, improve the quality of MSMEs issuing shares/sukuk, and encourage more investors to invest in Sharia Crowdfunding (Ashfahany et al., 2022).

One of the Crowdfunding models used in funding for commercial purposes is Securities Crowdfunding (SCF). Funding for SCF is carried out jointly by several individual and institutional investors through a crowdfunding platform managed by the SCF Organizer. Investors can directly choose the business or project to be funded through the SCF platform. Apart from conventional funding, SCF also has a Sharia funding scheme using Sharia-based principles and contracts (Erisman & Hasnita, 2023). Sharia Securities Crowdfunding (SCF) within the scope of the Sharia financial services industry was introduced in 2020 with the publication of POJK No. 57/POJK.04/2020 concerning Securities Offerings Through Information Technology-Based Crowdfunding Services and refined with POJK No. 16/POJK.04/2021. This regulation is an expansion and refinement of POJK 37/POJK.04/2018, which previously regulated equity crowdfunding. In early 2022, OJK released Circular Letter No. 03/SEOJK.04/2022 concerning Mechanisms and Procedures for Determining Equity Securities as Sharia Securities in Information Technology-Based Crowdfunding Services as an operationalisation of POJK No. 57/POJK.04/2020 and POJK no. 16/POJK.04/2021.

In Indonesia, the development and regulation of Sharia Crowdfunding is supervised by three institutions: Bank Indonesia, the Indonesian Services Authority (OJK), and the National Sharia Council. In contrast to OJK, BI regulates monetary and payment systems (macro level), while OJK

regulates financial institutions (micro level). For security systems, OJK requires platforms to provide safe security to protect against hacking. In addition, OJK also designs regulations for eligible companies (members of the Indonesian Fintech Association) that are trying to implement new business models and assess the risks (Nelly et al., 2022).

Based on data submitted by the Indonesian Crowdfunding Services Association (ALUDI), ALUDI 2022 members consist of 37 securities crowdfunding platforms (organizers), nine of which have obtained operational permits from the OJK, including Shafiq which is the first full-Sharia platform. Meanwhile, seven other full-Sharia platforms (organizers) are currently in the OJK licensing process. The following is a table of sharia SCF administration and units in Indonesia:

Table 2. List of Sharia SCF Organizers and Units in Indonesia

No.	Organizer of SCF Sharia	SCF Sharia Service Unit
1.	PT. Shafiq Digital Indonesia (Shafiq)	PT. Nusantara Digital Investment (Bizhare)
2.	PT. Urun Build the Nation (Urun-RI.id)	PT. LBS (conventional with Sukuk)
3.	PT. Halalvestor Global Asia (Vestora)	PT. Fundex (conventional with Sukuk)
4.	PT. Xaham Fintech Equity (Xaham)	
5.	PT. Syirkah Dana Investama (E-Syirkah)	
6.	PT. Amana Karya Teknologi (Aamira)	
7.	PT Kandang Karya Teknologi (Ternakbisnis.id)	
8.	PT. Alfin Digital Indonesia (Oneshaf Plus)	

Source: (ALUDI, 2023)

In addition, data collected up to 2022 shows that SCF Sharia has succeeded in raising funding amounting to IDR 54.69 billion for thirty MSME Issuers, consisting of Sharia Shares amounting to 7.71 billion, Mudharabah Sukuk amounting to 30.56 billion, Mudharabah Mushtarakah amounting to 1.54 billion and Sukuk Musharakah amounting to 14.87 billion (KNEKS, 2022).

Sharia crowdfunding securities can be a solution for investors to invest directly in MSME businesses and for MSME startups to fund their businesses. Funding through Sharia Securities crowdfunding (SCF) has special characteristics (uniqueness) that make Sharia SCF superior to other funding alternatives, including: 1) Funding in SCF in the form of shares will increase capital, is not treated as debt and does not have a term like the in financing. However, MSMEs as share issuers must provide dividends by the investor's share ownership portion, as long as the investor is a shareholder of the issuing company; 2) The procedure for issuing sukuk or shares is easier and simpler compared to an IPO on the Stock Exchange (Capital Market). For example, in making a prospectus or offering a proposal to potential investors; 3) The issuing company can take capital

directly from investors; 4) Investors represented by the Organizer are business partners; 5) Open to MSMEs from various business sectors. However, prospective issuer MSMEs must be in the form of a Limited Liability Company (PT) to be able to issue shares or can also be another legal entity if they issue sukuk (KNEKS, 2022).

From the investor's side, when investing through the Sharia securities crowdfunding platform, there are many benefits to be gained, namely ease of investing where investors do not need to meet directly with MSMEs because they use an online platform and profits in the form of dividends. However, it cannot be denied that investing through a Sharia securities crowdfunding platform has risks, including project failure, lack of collateral, risk of business failure, and the possibility of not receiving dividends or the profit-sharing ratio (Yulianti, 2023).

These risks reduce investors' confidence in investing their funds. It cannot be denied that many people still lack the confidence to carry out e-commerce or any financial transactions on the Internet. Even for those comfortable with online transactions, trusting strangers to carry out projects is another issue that complicates matters. Therefore, this may be detrimental to crowdfunding investors who are far away and unable to develop the face-to-face relationships that respondents said are key factors in building this strong relationship style. What is interesting is that crowdfunding is inherently psychological and social and that social dynamics in online ecosystems create variables that influence funding for capital exchange through crowds.

The next issue is the quality of the project presentation and campaign. Project owners and fundraisers must present an attractive presentation to attract potential investors. This needs to be taken into account by paying attention to the content so that there is no information asymmetry between investors, fundraisers and project owners. Currently, business project presentations are still poor and need to be improved. Most presentations today consist of just general documentation and a few sentences to explain the project.

Apart from presentations, fundraisers also lack marketing capabilities in campaigning for projects. Social media such as Facebook, Twitter and Instagram have become the main media for sharing information globally. Additionally, some websites and E-commerce platforms have provided some scope for advertising issues. Thus, fundraisers should take advantage of the opportunity to share information about their projects and even to advertise their companies. Because Sharia crowdfunding can serve better than banking, this platform is expected to provide maximum effort in obtaining capital and the best service to the business world (Nelly et al., 2022).

Limitations of Sharia SCF Operators

In principle, SCF organizers are not direct funding providers but only capital market organisers. The funding will be provided directly by investors or financiers through the system provided by the SCF organizers. Sharia Securities crowdfunding (SCF) organizers are business institutions with Indonesian legal entities (PT or Cooperative) that provide, manage and operate information technology-based securities crowdfunding services. For cooperatives that will carry out business in crowdfunding services, they must take the form of a service cooperative.

Considering that the operations of crowdfunding services or SCF are based on information technology, each legal entity that will provide this service must have human resources who have expertise and background in the field of information technology and have the expertise to review the financial aspects of the issuer. Specifically for Sharia SCF, apart from having human resources who have expertise in the financial field, they must also have experts in the field of Sharia to be able to carry out analysis related to Sharia aspects in the business of the prospective issuer or project that will be the basis for the securities issuance (KNEKS, 2022).

The functions of SCF Sharia organizers include the following: 1) As a mini exchange; 2) Carrying out Pre-Screening of prospective issuers; 3) Carrying out Sharia Screening of prospective issuers; 4) Become a Trustee; 5) Establish and manage the Sharia securities list. As a result of the many functions of SCF Sharia organizers being carried out simultaneously, SCF Sharia organizers become less focused on their main activity as a mini exchange. This is a challenge for organizers. Apart from that, moral and legal demands from investors also become a burden for organizers if there is a default, the issuer fails to pay or even leaves the Sharia securities list.

The functions of Sharia SCF organizers above are limited to a forum that brings together investors and issuers and carries out supervisory and administrative operations. This is a limitation of the organizers because they do not conduct MSME development activities. As a result, publishing MSMEs is vulnerable to business risks, so a program is needed to mitigate these risks so that publishing MSMEs can continue and develop.

Impact of Mentoring Programs

It cannot be denied that large returns in securities crowdfunding must also have large risks, according to the adage "high risk, high return". This should not be considered gambling but should be well measured regarding profitability and risk and requires careful planning. This risk

generally occurs in issuers (MSMEs) who fail to run their business. Many things, such as a lack of knowledge regarding production and distribution methods, the use of media and technology, and poor marketing networks and information, can cause this failure.

The problems faced by MSME issuers can, of course, be overcome in several ways, including through mentoring programs by the organisers. This is supported by several previous studies that state that entrepreneurial mentoring has been proven to positively impact the growth and development of micro, small and medium enterprises (MSMEs). In addition, mentoring has also been proven to play an important role in providing personalized guidance, facilitating knowledge transfer, and fostering resilience in entrepreneurs (Putri et al., 2023; Wijayanto et al., 2023; Zain & Mansah, 2022). It just depends on how the program is run and who runs it.

In the case of Sharia, securities crowdfunding consists of several parties, such as organizers, issuers, investors and supervisors (OJK, BI, DPS). Of these parties, the one most likely to run this program is the organizer, because the organizer has direct access to the issuers in terms of supervision so that it can be directly controlled and followed up with a mentoring program. Apart from that, in the mandate of POJK regulation No.57 of 2020 article 16, organizers must carry out educational and literacy activities. In order to maximize educational and literacy activities, the author considers the need for continuity of these activities, namely in the form of mentoring.

Implementation of the issuer's mentoring program in sharia securities crowdfunding

The Sharia Crowdfunding Industry, in its efforts and role, strengthens the MSME sector. Of course, it must provide benefits and security for all parties involved in the business ecosystem, especially investors and issuers. The implementation of the business assistance program for issuers (MSMEs) in Sharia crowdfunding securities is by the theory of the assistance function put forward by Edi Suharto, which consists of enabling or providing facilities, strengthening education and training, protection and support (Zain & Mansah, 2022). The following is a description of program recommendations based on this theory:

1. Organizers must develop a mentoring program. It is hoped that Sharia SCF organizers are not just companies facilitating meetings between funders (investors) and parties who need funds (issuers). It should be more than that. Organizers must have comprehensive programs from MSME business programs starting production (or other business options) to marketing distribution. Integral assistance is provided by mentors so that funds

provided by investors do not appear to be released without supervision and are not on target. Systematically, this program can be implemented in the following steps: a) Identification of Potential MSMEs: identifying MSMEs that have the potential to be developed. This is done through surveys, consultations and collaboration with local governments and related institutions; b) MSME funding: providing business capital to selected MSMEs. These funds are used to purchase equipment, raw materials, working capital, or product development and innovation; c) Training and Mentoring: Apart from funding, this program provides entrepreneurship training, business management and skills improvement to MSME owners. Technical assistance and mentorship are also provided to assist MSMEs in optimizing production, marketing and financial management processes; d) Market Access and Promotion: This program helps MSMEs to expand their networks and market access. For example, they are building collaboration with local institutions and business communities, assisting MSMEs in product marketing promotions via digital platforms, or providing exhibition and bazaar opportunities.

2. Assisting in terms of cooperation or making insurance. This assistance is important to overcome losses if business risks occur. With insurance, of course, it will provide a sense of security for all parties because all business risks have been backed up by insurance, both life insurance (credit), business interruption insurance (General Insurance), and guarantee insurance (default-default insurance).
3. Sharia securities crowdfunding organizers must provide special treatment for problem issuer MSMEs and focus on resolving their collectibility to maintain investor confidence.
4. The organizers can provide consulting services to publishing businesses to increase income, information and technology, and other obstacles faced by publishing MSMEs.
5. The Sharia Supervisory Board always carries out supervision and testing in the field, not only administrative, on organizers and issuers so that they always comply with Sharia Compliance and GCG. The urgency of this supervision will have a major impact on investor confidence.

Based on the description of recommendations related to the mentoring program above, it is hoped that it can be a preventive measure for the risk of loss of issuing MSMEs so that they can continue to grow. Applying this program is also a form of moral responsibility of the organizing company to protect the assets of investors and issuers.

CONCLUSION

The crowdfunding industry in both conventional and Sharia forms has been proven to have a significant impact and role in developing Indonesia's national economy, especially in the MSME sector, which banks have not reached in supporting and expanding ongoing business activities. Even though Sharia securities crowdfunding is a relatively new industry, it has the potential to continue to grow. Of course, during its development, this industry is also facing challenges. In the future, it is hoped that sharia SCF organizers will not only act as platforms or web portals that connect givers (investors) and recipients of funds (issuers) but should be more than that. This industry needs to be sustainable and continue to positively impact MSME players so that they can survive and develop. At the same time, funders (investors), apart from profit-making, also get protection for assets and invested funds.

This research recommends a mentoring program for MSME issuers that organizers of Sharia crowdfunding securities can implement. This recommendation is based on MSMEs' general weaknesses, which can cause the risk of losses and default. With this mentoring program, it is hoped that publishers' businesses can avoid the risk of loss and continue to grow to benefit all parties.

REFERENCE

- Afinka, SN, Awaliyah, I., & Ifosioni, A. . (2022). Optimizing the Distribution and Supervision of Funds from Revolving Fund Management Institutions to Micro, Small and Medium Enterprises through the Securities Crowdfunding Sharia Application. *Journal of Indonesian Sharia Economics*, 1 (2).
- ALUDI. (2023). *More details, member.* Aludi. https://aludi.id/index.php/core_home/secepatnya_Member
- Ashfahany, A., Hanifa, S., Hidayana, N., Noor, M., & Fuzi, A. (2022). Challenges And Strategies Using Sharia Crowdfunding And Sukuk For Micro And Small Medium Entreprises (Msme) Acceleration. *An-Nisbah: Jurnal Ekonomi Syariah*.
- Budiman, D., Iskandar, Y., & Jasuni, A. Y. (2022). Millennials' Development Strategy Agri-Socio-Preneur in West Java. *International Conference on Economics, Management and Accounting*, 315–323.
- Erisman, J., & Hasnita, N. (2023). *Potential Of Sharia-Based Equity Crowdfunding For Micro-Size And Medium Enterprises (Msme) Financing In Indonesia*.
- Inayah, N. (2023). Mumtaz: Journal of Islamic Economics and Business Mumtaz: Journal of Islamic Economics and Business. *Mumtaz: Journal of Islamic Economics and Business*, pp. 2, 1–11.

- Kadir, MR (2021). Sharia Compliance in Sukuk Investment in Securities Crowdfunding in Indonesia. *Journal of Islamic Banking and Finance*, 3 (1).
- KBBI. (2023). KBBI . KBBI Web.
- KNEKS. (2022a). *Sharia Securities Crowdfunding (SCF) Module for Issuers* (1st ed.). National Committee for Sharia Economics and Finance.
- KNEKS. (2022b). *Policy Recommendations for Sharia Securities Crowdfunding Ecosystem Development*.
- Lahuri, S., Rahman, F. H., & Zuhroh, A. (2023). Potensi Islamic Crowdfunding Sebagai Instrumen Pengembangan Pariwisata Halal di Indonesia. *Indonesian Journal of Halal*, 6(1), 34–39.
- Majid, R., & Nugraha, A. (2022). MSMEs and Islamic Securities Crowdfunding: The Importance of Financial Literacy Keywords MSMEs Islamic Securities Crowdfunding Fintech Islamic Financial Literacy Theory of Planned Behavior. *Muslim Business and Economic Review*, 1(2).
- Nelly, R., Harianto, H., Abd. Majid, MS, Marliyah, M., & Handayani, R. (2022). Empirical Study of the Development of Sharia Crowdfunding in Indonesia. *Al-Kharaj: Journal of Sharia Economics, Finance & Business*, 4 (5), 1283–1297. <https://doi.org/10.47467/alkharaj.v4i5.926>
- Ningsih, DS, Rizmaningsih, TN, Gibran, YA, & Wahyudi, R. (2022). LENDING AND CROWDFUNDING IN INDONESIA. *JASIE-Journal of Aswaja and Islamic Economics*, 1 (1).
- Noor, A. (2022). *The Legal Regulatory Framework Of Sharia Securities Crowdfunding In Indonesia*. 51 (4), 433–444.
- Putri, FT, Fauziyah, A., & Ghaida, G. (2023). *SEIKO: Journal of Management & Business The Influence of Entrepreneurship Training and Business Mentoring on the Development and Progress of MSMEs*. 6 (2), 469–479.
- Sanjaya, YPA, & Akhyar, MA (2022). Blockchain and Smart Contract Applications Can Support MSME Supply Chain Finance Based On Sharia Crowdfunding. *Blockchain Frontier Technology*, 2 (1), 44–49. <https://doi.org/10.34306/bfront.v2i1.108>
- Septiana, NJ, & Kusumastuti, D. (2022). Business Development Service Through Lazis Partnership With Universities in Mentoring MSMEs in Purbalingga Regency. *Social Science Studies*, 2 (4), 296–316. <https://doi.org/10.47153/sss24.4062022>
- Shafi, K. (2021). Investors' evaluation criteria in equity crowdfunding. *Small Business Economics*, 56 (1), 3–37.
- Sugiono. (2019). *Research & Development Methods Research and Development*. Alphabet.
- Suryanto, S. (2021). Securities Crowdfunding: Transformation of Small and Medium Enterprise Financing in Indonesia. *AdBispreneur* , 6 (2).
- Wajuba, L., Fisabilillah, P., & Hanifa, N. (2021). Analysis of the Influence of Fintech Lending on the Indonesian Economy. *Indonesian Journal of Economics, Entrepreneurship and Innovation*, 1 (3),

2721-8287.

- Wijayanto, G., Nursanti, A., Pramadewi, A., Fitri, Rifqi, A., Roesdi, R., & Pratiwi, D. (2023). Entrepreneurial Knowledge in creating an ecosystem: Government Policy, Training and Mentoring. *West Science Devotion Journal*, 2 (07), 605-615. <https://doi.org/10.58812/jpws.v2i07.544>
- Yulianti, LL (2023). *Analysis of Factors That Influence Investor Behavior in Using Sharia Crowdfunding Financial Technology Using the Unified Theory of Acceptance Model (Case Study of Sharia Securities Crowdfunding Platform)*. RADEN MAS SAID STATE ISLAMIC UNIVERSITY SURAKARTA.
- Yuni, KC (2022). Implications for Regulations for the Expansion of the Sharia Securities Crowdfunding Ecosystem Post the Covid-19 Pandemic. *Scientific Journal of Islamic Economics*, 8 (3), 3323-3332. <https://jurnal.stie-aas.ac.id/index.php/jei/issue/view/101>
- Zain, M.H., & Mansah, A. (2022). The Effect of Business Capital Assistance and Business Assistance on Motivation to Become a Muzakki with Mustahik Business Income Level as an Intervening Variable. *Taraadin: Journal of Islamic Economics and Business*, 2 (1), 31. <https://doi.org/10.24853/trd.2.1.31-51>