

The Performance and Perspective of the Ethical Leadership of the Islamic Equity-Based Crowdfunding Platform in Oman

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Type of manuscript: research paper

Abstract: *One of the modern alternatives for meeting the need for investment resources is crowdfunding. It is important for implementing small and medium-sized initiatives in the country. At the same time, this method of attracting funds in Islamic countries is limited by the complexity of integrating Islamic values with modern financial solutions. This study is devoted to analysing the features of the development of Equity-Based crowdfunding in Oman using the example of the Ethis platform as the only Islamic crowdfunding platform in the country. The methodological basis of the research is qualitative analysis methods based on the analysis of statistical data or quantitative indicators. A conceptual approach was used to analyse scholarly articles, research papers, and online sources related to Islamic Equity-Based crowdfunding. The Islamic Equity-Based crowdfunding platform Ethis was chosen as the subject of the study because it has a successful track record of achieving Shariah-compliant investment goals. Based on the results of the analysis of the functioning of the Islamic share crowdfunding platform in Oman, a conclusion about the importance of adopting the Capital Markets Authority's Decision No. E/153/2021 for developing the crowdfunding industry in Oman was made. The study theoretically proves the important role of CMA's certification in increasing the legitimacy of crowdfunding platforms and public trust in the Omani Equity-Based crowdfunding industry. At the same time, it was concluded that the existing legal restrictions on the expansion of the investor community serve as disincentives for the development of investing in crowdfunding among the general public. In addition, the small number of Equity-Based crowdfunding platforms in Oman is due to the difficulty of combining traditional Islamic values with modern financial technology. It actualises the need to develop a comprehensive approach to the harmonisation of Islamic traditions with the specifics of the development of digital financial technologies. The results of the study are essential for researchers, practitioners and other interested persons from the point of view of deepening the basic principles of crowdfunding development and promoting their implementation in the context of increasing profits from the use of crowdfunding platforms.*

Keywords: crowdsourcing, Ethis platform, crowdfunding, financial technology, Islamic finance, Shariah-compliant.

JEL Classification: G30, L86, D26, O36.

Received: 01 July 2023

Accepted: 22 August 2023

Published: 30 September 2023

Funding: There is no funding for this research.

Publisher: Academic Research and Publishing UG (i.G.) (Germany)

Founder: Sumy State University and Academic Research and Publishing UG (i.G.) (Germany)

Cite as: Bouakkaz, N., & Ferdjallah, A. (2023). The Performance and Perspective of the Ethical Leadership of the Islamic Equity-Based Crowdfunding Platform in Oman. *Business Ethics and Leadership*, 7(3), 120-129. [http://doi.org/10.61093/bel.7\(3\).120-129.2023](http://doi.org/10.61093/bel.7(3).120-129.2023).



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1. Introduction

In the burgeoning landscape of emerging countries, a novel concept has taken root – the harmonisation of Equity-Based Crowdfunding with profitable impact investments –. This unique approach holds tremendous potential for transformative change and promises to usher in a new era of sustainable development and prosperity. According to (Mollick, 2014), Equity-based Crowdfunding (EBCF), also known as Crowdinvesting, is a type of financing in which entrepreneurs give shares, Equity, or future earnings to a group of investors in return for money via an online open call. It incorporates royalty-based Crowdfunding. Equity-based Crowdfunding differs from traditional corporate equity issuance in that it heavily relies on the Internet as a promotional platform and attracts small investments from individual investors. Islamic financing is a method that adheres to Islamic rules and principles, such as ethics and social responsibility. It benefits society by achieving a fair distribution of wealth by sharing profits and losses. It is analogous to EBCF, in which investors can earn higher returns by investing in projects and sharing the risks. Islamic funding and EBCF provide a fair and equitable way for investors and business owners to distribute investment opportunities and returns. It makes Equity-based Islamic crowdfunding (EBICF) platforms exist to connect investors and fund seekers, acting as a conduit for transactions between individual investors and approved projects or businesses while adhering to Islamic law principles.

Although the Middle East boasts some of the most renowned Islamic Banks, which adhere to the Shariah principles of denouncing any form of interest, a significant void exists between the amount of capital required by nascent enterprises and the number of funds currently accessible (Uruba & Mishra, 2016). The Sultanate of Oman is a highly sought-after nation for financing within the Middle East, mainly owing to the remarkable proliferation of small and medium-sized enterprises. According to the statistics issued by the National Centre for Statistics and Information (NCSI, 2023), the Authority for Small and Medium Enterprises Development has witnessed a remarkable growth of 46.8% in registered small and medium-sized enterprises (SMEs), reaching an impressive 81,460 by the end of July 2022. In comparison to last year's figures of 55,491 during the same period. The surge in registrations is a testament to the Omani youth's keen interest in creating their ventures, especially when the economy has experienced significant growth in response to the COVID-19 pandemic. This trend is further fueled by the support and attention from government agencies which have prioritised the development of SMEs.

In the Omani market, EBCF has emerged as a favoured means of funding for SMEs and is deemed a constituent of venture capital financing. Crowdfunding can respond more effectively to the needs and shortcomings of existing funding options for entrepreneurial ventures, surpassing the services provided by traditional financing means like venture capitalists, angel investors, and banks (Christensen, 2013). In 2021, The Capital Markets Authority (CMA) of the Sultanate of Oman amended crowdfunding cross-border legislation to attract worldwide, regional, and national crowdfunding platforms and FinTech start-ups. The CMA is now in charge of monitoring all crowdfunding investment operations in Oman, including EBCF, under the new structure. The CMA hopes the proposed changes will mark a significant step in developing the Sultanate of Oman's capital and financial technology sectors. The crowdfunding effort intends to give an alternate finance method. It enables businesses, notably SMEs, to raise funds directly from a diverse group of investors without needing a financial institution to act as an intermediary. CMA anticipates that new crowdfunding platform operators, both conventional and Islamic, will be founded and licensed in the nation following the passage of the law.

This paper aims to evaluate the development of EBICF in Oman, focusing on the Ethis platform. Ethis was selected as a case study due to its proven success in achieving Shariah-compliant investments. The study comprehensively investigates the practices and regulations related to EBICF in Oman. This paper analyses how Islamic Equity-Based Crowdfunding is being implemented in Oman, showcasing its value and potential for success. It aims to collect lessons learnt from Omani experiences who were early users of Islamic crowd-investing. The remainder of the paper is organised as follows. Section 2 presents an extensive review of the relevant literature. The methodology is covered in section 3. In Section 4, the authors explore Equity-Based Islamic Crowdfunding in Oman. Lastly, Section 5 concludes the paper.

2. Literature Review

Perusing the literature reveals that Crowdfunding has emerged as a novel means of funding, replete with numerous advantages that surpass those of conventional funding techniques (Wan et al., 2023). Martínez-Climent et al. (2020) delineate four categories of crowdfunding based on the nature of the contractual agreement: donation crowdfunding, reward-based Crowdfunding, equity-based Crowdfunding (EBCF), and peer-to-peer lending. Community-based Crowdfunding includes donation-based and reward-based Crowdfunding, whereas investment-based Crowdfunding includes equity-based and lending or debt-based Crowdfunding. (Nor & Hashim, 2020). As evidenced by the Quran and Sunnah, the four distinct forms of Crowdfunding are legally permissible and endorsed. (Abdeldayem & Aldulaimi, 2022).

Additionally, as demonstrated by (Achsien & and Purnamasari, 2016), Crowdfunding and Shari'ah share a comparable objective and philosophical underpinning that enhances the social and economic effect. It indicates that Islamic Crowdfunding is identical to crowdfunding based on Islam, Guaranteeing that both the entrepreneurial concept and the actual product financed through the crowdfunding platform comply with Shariah rules. Thus, Islamic Crowdfunding is a method of raising funds that follows the principles of Sharia law. It involves collecting small amounts of money from many individuals or organisations through an online platform. This money is then used to finance various projects, businesses, and personal loans while adhering to the guidelines of Sharia law.

The propitious inclination of Islamic finance to reap the rewards from Crowdfunding is mainly attributable to the platforms' myriad advantages and benefits and their immense allure to investors. Hassan et al. (2021) maintain that Crowdfunding presents various benefits for project owners and investors. It boasts speedy and effortless execution, with no initial expenses, and the potential for heightened media exposure and gratis promotion of products and services for project owners. Additionally, it is simple for individuals who cannot access traditional financial institutions owing to burdensome documentation and other constraints to use social networking platforms for free guidance and criticism (Colombo & Shafi, 2021). Through the utilisation of Crowdfunding, entrepreneurs are afforded streamlined accessibility to funding, the prevention of financial risk, the ability to conquer the challenges associated with being new, and the potential to reach a worldwide audience (Martinez-Cañas et al., 2012).

Through the utilisation of the Internet and social media, Crowdfunding offers a solution to the predicaments encountered by entrepreneurs deemed too risky, too insignificant, or not financially viable to secure funding from traditional financial institutions. This innovative approach effectively connects aspiring ventures with a vast pool of potential investors or supporters, overcoming the obstacles that once hindered progress and success (Marzban et al., 2014). The benefits of Crowdfunding are especially crucial when it comes to EBCF, a platform designed primarily for start-ups and small and medium-sized enterprises. This system allows entrepreneurs to evaluate their proposals and secure financial backing while investors stand to gain a tangible return on their investments through profit sharing. (Krupa & Żołądkiewicz, 2017).

From a general perspective, numerous scholars concur that the four categories of Crowdfunding provide many benefits to Islamic finance (Alshater et al., 2022), (Hendratmi et al., 2020), (Hoque et al., 2018), (Abdullah & Oseni, 2017). Certainly, equity-based Crowdfunding (EBCF) offers a remarkable opportunity to employ distinct funding approaches in a Shariah-compliant manner, grounded in the ethical and social principles of Islamic finance, that EBCF can ensure a dignified and persuasive approach to Islamic financing after adhering to some guidelines. Although equity-based Islamic crowdfunding platforms are of utmost significance, a dearth of scholarly research has delved into this subject matter.

Abdullah & Oseni (2017) argue that EBCF inherently follows Islamic laws amid its profit and loss sharing structure. However, scrutiny of its governance structure, business model, and products offered under equity crowdfunding is required. In contrast (Marzban et al., 2014) have identified that the foundation for successful and Shariah-compliant equity-based Crowdfunding lies in the contractual arrangements' fundamental principles. To attain Shariah compliance, it is imperative that a Shariah board or advisory supervises EBICF platforms and that investments are ethically responsible. Furthermore, start-ups must pursue Shariah-compliant ventures, refraining from generating revenue through non-Shariah-compliant means. Also, the shareholder structure and investor protection measures must be created under Shariah principles. (Alonso, 2015) conducted a study on Shekra, an EPICF platform in Egypt that operates on a business model focused on positive values and social accountability. The platform raises funds in a Shariah-compliant way, and investors take equity stakes in the projects they support. Shekra also takes an equity stake to ensure long-term commitment.

Despite the numerous benefits of Crowdfunding, it is essential to acknowledge that it still entails certain risks, especially EBICF. Rahman et al. (2020) revealed that astute entrepreneurs have concurred with the convenience of crowdfunding to obtain capital. However, they have hesitated to divulge their business ideas on the Internet. Whilst Ishak & Rahman (2021) suggest that using equity-based Crowdfunding through Mudharabah contracts introduces additional risks for those providing funds, and there are insufficient rules and regulations in place to assure the safety and legality of Crowdfunding. Incorporating Fintech to closely monitor the project and enhancing regulatory measures to safeguard investment funds can effectively mitigate the risk.

Moreover, enhancing Mudharabah practice and spreading awareness regarding the Mudharabah philosophy can further bolster the efficacy of these measures. After analysing the activity of the Al-Manafah platform, a Saudi EBICF, (Gazzaz, 2019) found that EBICF is risky due to the lack of available information in the public domain and the resulting information asymmetries. Unfortunately, many individuals are currently gambling without proper analysis, which only increases the already high risk associated with investing in SMEs. However, by publishing relevant information before the start of the campaign, trust in both the crowdfunding platform and the project itself can be increased. It would give investors ample time to analyse and provide feedback to the entrepreneur.

In brief, Equity-based Crowdfunding has gained the interest of scholars as a new and innovative method of financing. Current research has begun to explore the integration of Equity-based Crowdfunding into Islamic finance to create value and other related studies. Nevertheless, there remains a notable void in examining the actual practices involved in this funding method. Additionally, there is a lack of exploration into the benefits and limitations of investing through EBICF platforms that must follow specific government regulations. This paper on equity-based Islamic Crowdfunding in Oman is significant for the country's economic development. The results can aid in creating guidelines and implementing crowdfunding programs and help policymakers improve existing programs. Furthermore, since there is limited research on Islamic crowdfunding models, this study can be a valuable reference for researchers, practitioners, and other stakeholders.

3. Methodology

The methodology used in this study was qualitative research, which does not rely on statistical processes or quantitative approaches. Its focus is describing real-world scenarios where the phenomenon occurs naturally. The study has an exploratory design, intending to clarify and establish the implementation of Islamic Equity-Based Crowdfunding in Oman. The investigation aims to highlight the value and potential for success associated with this practice. This study involved a comprehensive examination of scholarly articles, research papers, and online sources about Islamic Equity-Based Crowdfunding as part of the literature review. The data was analysed using a conceptual approach. The primary purpose of this research is to assess the growth of the EBICF in Oman, particularly regarding the Ethis platform. Ethis was chosen as a case study due to its successful track record in achieving Shariah-compliant investment goals. As a result, this study thoroughly examines the activities related to the EBICF in Oman, including the policies and regulations of the EBCF. Reliable sources and official websites were consulted in conducting this analysis.

4. Equity-Based Islamic Crowdfunding in Oman

Besides Saudi Arabia and the UAE, Oman is now among the markets with the fastest growth rates after introducing Islamic banking regulations in 2013. Fitch Ratings (2023) predicts that the Omani Islamic banking sector will experience a gradual increase in market share between 2023 and 2024, following a rise to 16.4% of total sector assets by the end of 2022 (up from 15.2% in 2021). This growth is expected to be fuelled by the high demand for Islamic products among the public, favourable regulations, expansion of branch networks, and the efforts of conventional banks' Islamic windows.

The total assets of Omani Islamic banks (including Windows) were OMR6.4 billion (USD16.6 billion) in 2022. Islamic banks outpaced conventional banks in funding growth with a 12.2% yoy increase. The 10.9% increase in deposits at Islamic banks surpassed the 0.9% decline at conventional banks. Based on financing and deposits, the market share of Islamic banks crossed 18.5% in 2022. In 2013, Oman was the last Gulf Cooperation Council (GCC) member to legalise Islamic banking. Interestingly, Indonesia and Turkey have had Islamic banking systems in place for over twenty years, yet their market shares remain below 8%.

The conventional and alternative financial markets in Oman are governed by the Omani Capital Market Authority (CMA), which also sets rules for securities, real estate investment funds, and takaful. On November 14, 2021, CMA released (Decision No. E/153/2021), which designates crowdfunding as a regulated activity under their jurisdiction. Any crowdfunding platform company will now be classified as a “company operating in the field of securities”. This move highlights the CMA's dedication to ensuring the proper regulation and oversight of financial activities, ultimately benefiting investors and businesses. Following Decision No. E151/2021, to engage in activities linked to offering and running a crowdfunding platform, Omani registered firms or branches of foreign organisations must have a licence issued by the CMA. The CMA published the Rules for Crowdfunding Platforms on November 21, 2021, through Decision No. E153/2021, which took effect on November 22, 2021.

Decision No. E/153/2021 defined Crowdfunding as a strategy that enables persons needing money to raise funds from investors or contributors in exchange for donations, rewards, Equity, or investment notes to support their projects. It refers to EBCF as investing capital in exchange for ownership equity in the form of shares, which may be converted or traded. The regulatory provisions are characterised by sufficient flexibility and motivating facilities for establishing this platform type and contribute to supporting small and medium enterprises.

Furthermore, the law requires a minimum capital of 25,000 Omani riyals for companies interested in offering crowdfunding services. It is an excellent opportunity for Omani youth to set up national financing platforms to support investment initiatives in various economic sectors. Individuals are allowed to invest in an EBCF platform, but there are certain limitations they must adhere. These limitations require individuals to declare their category to the platform operator. Doing so ensures that the individual is within the permitted range of investment and is not exceeding their limits. Those categories are:

Sophisticated Investors. These are administrative government units; entities licenced by the CMA, such as capital market institutions, securities firms, insurance businesses, and Takaful firms; The Central Bank of Oman licenced financial institutions. Pension plans: A firm or investment fund with total assets over RO 1,000,000 or its equivalent in foreign currency and High net worth people with total net personal assets over RO 500,000. The investment amount of EBCF in this category is unrestricted.

Angel Investors. A person whose total net personal assets exceed RO 300,000 or its equivalent in foreign currencies; or whose gross total annual income is more significant than RO 20,000 in the previous twelve months; or who, jointly with his or her spouse, has a gross total annual income greater than RO 30,000 in the previous twelve months. This category allows for a generous maximum EBCF investment of up to RO 100,000 within one year.

Retail Investors. This is an investor who is not an angel or sophisticated investor. Within twelve months, each applicant is eligible to receive funding of up to a maximum of RO 3,000 in this category, with an overall limit of RO 20,000.

The true essence of EBICF lies in the participation of a diverse crowd comprising Muslim and non-Muslim investors alike. Unfortunately, Oman's regulatory framework restricts access to investment opportunities for ordinary individuals, leaving only a privileged few to dominate the equity-based crowdfunding scene. This limitation hinders the potential for a vibrant and inclusive community of investors to emerge. According to the (CMA, 2023) regarding crowdfunding platforms, nine companies have been granted official licenses to engage in this business activity. The companies were Ithbar LLC, Ethis Investment Platform LLC, Smart Group for Finance LLC, Alwadiaa for Commercial Operations LLC, Beehive Financial Technology, New Sphere LLC, Rawafid Finance, Mamun Financial Technologies and Sharek Investment LLC. Since their inception, 21 companies have garnered financial support amounting to 1,804,169 Omani Rials, courtesy of Ethis Investment Platform and Beehive Financial Technology, towards the close of 2022.

The CMA intends to extend the market's financing choices by introducing crowdfunding platforms, improving access to finance, and identifying alternatives that can cope with the technology transformation in global capital markets. With the burgeoning rise of entrepreneurial spirit and the growing cognisance of the Islamic crowd-investing concept, the Omani EBCF market is poised for an optimistic upsurge in a few years. The Transaction Value of Omani Equity-Based Crowdfunding is shown in the table below. The values represent the actual revenue earned by the processing companies. The Transaction Value Change depicts the year-over-year growth of the transaction value in EBCF percentage terms.

Table 1. The Volume of EBCF Investments in the Sultanate of Oman

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Transaction value	72.64	78.05	91.46	79.33	91.31	111.6	124.5	137	147.1	155.5	163.8
Transaction value growth%	/	12	11	-12	19	9	8	10	8	6	6
Average funding per campaign in thousand EUR (€)	13.35	10.52	8.64	5.82	5.38	5.7	5.86	5.97	5.97	5.91	5.86
Number of campaign	5.37	7.42	10.24	13.64	16.96	19.57	21.27	22.96	24.65	26.32	27.95

Source: Statista, 2023

The transaction value in the EBCF category is estimated to reach €124.50k in 2023. It is expected to climb at a 7.10% annual rate (CAGR 2023-2027), reaching €163.80k by 2027. The average financing per campaign in the Crowdfunding sector will be €5.86k. In terms of global comparison, the United Kingdom has the highest transaction value (€546.90 million in 2023) (Statista, 2023). Despite platforms facilitating all four types of crowdfunding in Oman, empirical data consistently suggests that equity-based crowdfunding outperforms other categories regarding transaction volumes. This is evident from the following graph, which illustrates the comparative transaction volumes of EBCF and reward-based crowdfunding.

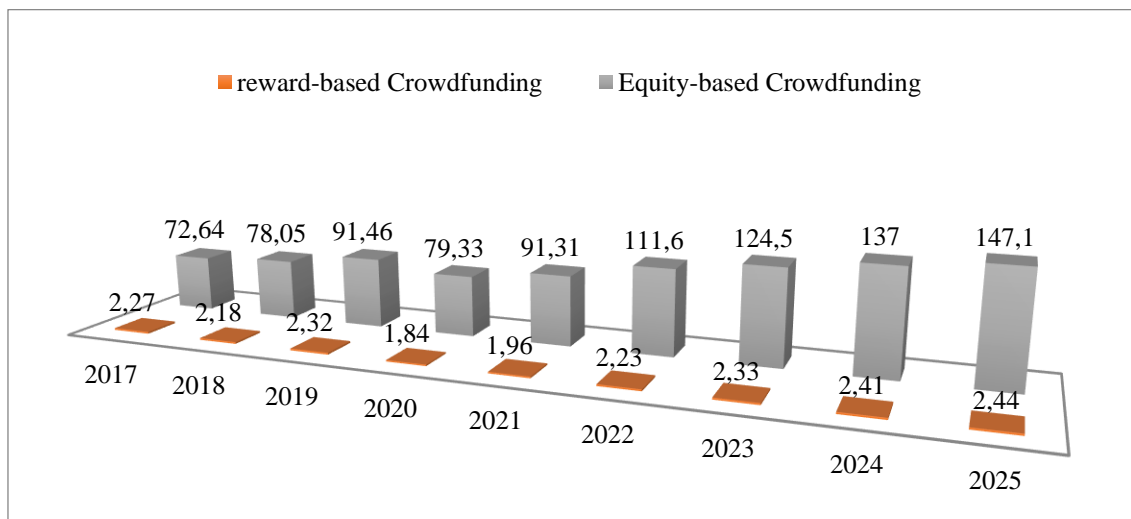


Figure 1. The Volumes of Transactions in Equity-Based Crowdfunding and Reward-Based Crowdfunding

Source: Statista, 2023

Including the growing acceptance of Crowdfunding as a legitimate means of fundraising after CMA was released (Decision No. E/153/2021). Given the anonymity of digital Crowdfunding and asymmetry of information, Apprehension grips investors as they contemplate the possibility that their funds' contributions, facilitated through these platforms, may find their way to uncharted territories that may not conform to the tenets of Sharia. However, with the CMA's approval, crowdfunding platforms have garnered greater user credibility. Furthermore, the COVID-19 epidemic has hastened the trend of online fundraising as more individuals turn to EBCF to help small enterprises and independent producers impacted by lockdowns and economic recessions.

The Omani EBCF market is predicted to keep growing due to the increased accessibility of mobile crowdfunding apps, the growth of freelance work, and the popularity of impact investing. As crowdfunding platforms become more established, the market may be consolidated, with more prominent platforms buying out smaller ones to increase their market share. The proliferation of start-ups and small businesses and the advent of specialised crowdfunding platforms are expected to act as crucial catalysts propelling EBCF growth.

Regarding the Islamic aspect of EBCF platforms, Ethis Investment is the Sultanate's first Islamic crowdfunding platform. It was founded in 2021, with its headquarters in Muscat, Oman. Ethis offers both Equity and P2P lending solutions. It is a pioneering ethical private capital exchange, facilitating ethical investments into SMEs and special purpose vehicle projects across borders under Sharia principles. The platform enables companies to secure funding through a range of mechanisms, including equity crowdfunding and peer-to-peer finance via Islamic note which is defined by (Decision No. E/153/2021, 2021) as

any Sukuk, securities contract, agreement, note, or any other document evidencing undivided ownership or investment in any assets under Shariah principles and concepts that is offered through a platform where an investor expects a financial return, but does not include: a cheque, banker's draught, or any other bill of exchange or a letter of credit; a banknote, guarantee, or Takaful policy.

It is imperative to understand the mechanics of EBICF platforms. Ethis platform facilitates a seamless connection between entrepreneurs and investors. This innovative technology empowers private companies, also known as issuers, to showcase their projects, ideas, and products to potential investors while seeking funding through the sale of shares. Meanwhile, investors are presented with many investment opportunities, allowing them to make informed decisions on where to allocate their funds considering that the EBICF platform incorporates Islamic principles into the contractual relationship between investors and issuers. Furthermore, all company actions must resonate with and adhere to particular Islamic business principles and criteria established by Shariah experts. Adl Advisory, a Malaysian-based global Shariah advisory entity, is relied upon by Ethis for advisory, reviews, auditing, and training services in the Halal, Islamic economics, and Islamic finance domains. The Adl team includes certified Muftis, AAOIFI certified Shariah Advisor & Auditors (CSAA), AAOIFI Master Trainer, and Registered Shariah Advisor with Securities Commission Malaysia, all of whom possess extensive experience in advising start-ups and Islamic Fintech businesses.

With investment crowdfunding licences in Malaysia and Indonesia, Ethis has been approved by the Sultanate of Oman Capital Market Authority. It gives confidence to investors that Islamic EBCF follows tight procedures to satisfy regulatory criteria. The company strategy is consistent with Environmental Social Governance (ESG) and impacts investing and the United Nations Sustainable Development Goals. Ethis is a signatory to the UN Global Compact and a Responsible Finance and Investment Foundation member (EthisX, 2023). Ethis offers a unique benefit that sets it apart from other options. This advantage is significant and deserves close attention:

- Ethis has gained the support and following of Islamic finance leaders and individuals passionate about ethical financing.
- It is guided by an experienced Sharia Board and Investment Committee, which supervises a management team dedicated to ensuring EBICF 's Sharia compliance and sustainable growth.
- It adheres to Shariah Principles, guaranteeing that both Issuers and Investors are treated fairly and equally regarding risk and reward sharing.
- In the absence of any rulings, principles, or conceptions, they are applying ijthihad (intellectual reasoning) to guarantee that all components of the issue of Islamic investment notes follow Shariah.
- Ethis facilitates the diversification of EBICF into companies and projects such as short-term SME financing, housing development projects, high-growth technology companies, and income-generating assets.

However, Ethis company was pointed out in its Warning Statement as having a high risk of EBCF funding. Issuers using this EBCF Platform to raise money are often small- to medium-sized businesses. As a result, investments in these sorts of firms are highly speculative and risky. Furthermore, it should be noted that the offering presented on the EBCF Platform and the platform's registration with the CMA should not be construed as a reflection of the quality of the offering. The investor must be aware of the risks involved in investing and be prepared to accept the possibility of losing their entire investment. As a precaution, it is recommended that the investor diversify their investments to minimise overall risk. It is also advisable for the investor to conduct thorough research and evaluate the benefits and risks of a potential investment before making any commitments. Furthermore, it is strongly recommended that the investor read all relevant information and documents carefully and conduct their research to make an informed decision.

Ethis arrival in the Sultanate of Oman is a timely and strategic move. This is because it provides the company with direct access to the burgeoning investment opportunities supported by the Oman Vision 2040. The vision emphasises the importance of diversifying the economy, developing the fintech industry, and promoting digitisation efforts by the authorities. It presents an ideal opportunity for EBICF to establish a significant presence in the region and contribute to the country's goals while reaping the benefits of its growing economy.

However, in Oman, a Muslim country, the presence of only one crowdfunding platform, Ethis, is a testament to the challenges of reconciling the tenets of Islamic law with the practicality of financial innovations. Ethical and Sharia-compliant, Ethis stands out as a beacon of hope for investors seeking to align their beliefs with their financial goals. The nascent stage of equity-based Islamic Crowdfunding is indicative of its growth potential. Currently, there are only a handful of Islamic crowdfunding platforms operating worldwide.

5. Conclusions

Equity-based Islamic Crowdfunding is a fundraising alternative and one of the investment alternatives established to suit the demands of numerous stakeholders. It was launched and developed in tandem with the fast advancement of financial technology. Despite its importance to many investors and businesses, particularly in Islamic nations, it has yet to expand broadly. It necessitates organising and regulating Islamic crowdfinancing in a way that protects the actors of Islamic crowdfunding platforms and promotes their gains from these platforms. It presents a significant potential for lenders, borrowers, and businesspeople who contribute to the region's economic and social growth of micro, small, and medium-sized initiatives.

This paper studied the practice of equity-based Crowdfunding in Oman, which was granted official recognition following the approval of Decision No. E/153/2021 by CMA. The paper also presents an extensive content analysis of the Ethis platform. This analysis delves deep into its unique features as the first and only Equity-based Islamic crowdfunding platform available in Oman's financial context. It provides a comprehensive overview of its operations. The paper found that the issuance of Decision No. E/153/2021 by the Capital Markets Authority marks a significant and pivotal moment for the advancement of the crowdfunding industry in Oman. With the approval of the CMA, crowdfunding platforms have gained heightened credibility among their users, leading to a surge in growth and expansion of The Omani EBCF market.

However, Oman's regulations make it difficult for regular people to invest in Crowdfunding, which means only a select few have control over the industry. It prevents a diverse and active community of investors from forming. Furthermore, the paper uncovers that the existence of a sole EBICF platform in Oman – a Muslim nation – proves the difficulties in harmonising Islamic legal principles with the pragmatic nature of financial FinTec. It underscores the need for a refined and sophisticated approach to integrating Islamic values with modern financial solutions. Additionally, it is imperative to grasp that despite the EBICF Platform adhering to Shariah principles, it still entails significant risk. Therefore, exercising caution is crucial when considering this investment opportunity.

This paper strongly suggests that the CMA, alongside other regulators in Oman, revise the current legal and regulatory framework to foster the growth and advancement of fintech products by utilising blockchain technology. By doing so, we anticipate increased interest from both local and international investors. Adopting these measures will encourage innovation in Oman's financial and capital markets. Finally, additional research must be conducted to determine the EBICF's effectiveness. Such research would be invaluable in comprehensively understanding this innovative approach's capabilities and potential. Despite producing valuable results and implications, this study does have certain limitations that should be considered. Firstly, the subject of this paper is the Omani crowdfunding framework, which is unique compared to other emerging countries. The paper delves into the specifics of this framework and its limitations. Secondly, the nascent Islamic crowdfunding initiative, established in 2021, is still in its infancy and lacks a sufficient track record for a thorough evaluation. It is crucial to allow this innovative approach adequate time to demonstrate its worth and surmount any obstacles that may arise in the future.

Author Contributions: Conceptualization: Naoual Bouakkaz; methodology: Naoual Bouakkaz, Ahlem, Ferdjallah; validation: Naoual Bouakkaz, Ahlem, Ferdjallah; formal analysis: Naoual Bouakkaz, Ahlem, Ferdjallah; investigation: Naoual Bouakkaz; resources: Naoual Bouakkaz, Ahlem Ferdjallah; writing-original draft preparation: Naoual Bouakkaz, Ahlem, Ferdjallah; writing-review and editing: Naoual Bouakkaz; visualization: Naoual Bouakkaz, Ahlem Ferdjallah; supervision: Naoual Bouakkaz.

Conflicts of Interest: Authors declare no conflict of interest.

Data Availability Statement: Not applicable

Informed Consent Statement: Not applicable

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