# FACTORS INFLUENCING THE ADOPTION OF THE CROWDFUNDING-WAQF MODEL (CWM) IN THE WAQF LAND DEVELOPMENT

<table>
<thead>
<tr>
<th>Journal:</th>
<th>Journal of Islamic Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manuscript ID</td>
<td>JIMA-05-2016-0043.R3</td>
</tr>
<tr>
<td>Manuscript Type:</td>
<td>Research Article</td>
</tr>
<tr>
<td>Keywords:</td>
<td>Waqf, Liquidity Constraint, Crowdfunding, Malaysia</td>
</tr>
</tbody>
</table>
FACTORS INFLUENCING THE ADOPTION OF THE CROWDFUNDING-WAQF MODEL (CWM) IN THE WAQF LAND DEVELOPMENT

Abstract

Purpose – This study is designed to examine the behavioural intention of donors or crowd funders to use Crowdfunding Waqf Model (CWM), as this model is proposed to address the liquidity problem faced by Waqf institution in Malaysia

Design/methodology/approach – The primary data are collected from the survey administered to donors or crowd funders in Klang Valley and the analysis is conducted using Partial Least Squares (PLS). The model has validated its acceptance in the field by adopting the theory of Technology Acceptance Model (TAM).

Findings – This study has revealed that both the perceived usefulness and perceived easy to use are found to have a positive impact on the intention of donors or crowd funders in assisting Waqf institution to develop Waqf land in Malaysia. Furthermore, perceived easy to use has a positive relationship and direct effect with perceived usefulness of crowd funders to use the Crowdfunding Waqf Model

Research limitations/implications – The variables that have been used based on TAM in this study are constantly in flux. There are other variables such as trust, social norm, orientations that might be affecting the adoption level of donors or crowd funders in Malaysia. In addition, the current study is covering only Klang Valley, Malaysia. Future research is nevertheless still required that incorporate other variables and extend the study to other states of Malaysia.

Practical implications – The findings of this paper will provide Waqf institution with an alternative source for raising capital to develop Waqf asset. The present study also has implications for government and policy makers.

Originality/value – To the best of the author’s knowledge, no study has incorporated an element of crowdfunding to develop Waqf land. Thus, the present study is relevant in extending the importance of crowdfunding as a source of financing for Waqf institutions in developing Waqf land.

Keywords: Waqf, Liquidity Constraint, Crowdfunding, Malaysia

Paper type: Research paper

Introduction

Waqf reflects one of the most important socio-economic institutions that ensuring the social and economic role could be established and uphold with fairness and justice (Chapra, 1985). Waqf institution has played its significant role in the Islamic history and civilization. It provides the social goods such as education and health, public goods (roads, bridge and national security), commercial business, utilities (water and sanitation), religious services (building and maintenance of mosque and graveyards), helping the poor, orphans and the needy, creating employment, supporting agricultural and industrial sector without imposing any cost on the
government (Sadeq, 2002). It has brought a significant movement to the Muslim in various dimensions of social and economics.

The practice of Waqf in Malaysia can be traced to the 14th century after the embracement of Islam by the Malacca Sultanate (Aun, 1975). There are a number of Waqf lands that exist since the Malaya period, which is before the independence of Malaysia. During that period, the management and administration of Waqf matters in Malaysia was handled by group of people like Imams (Head), Penghulu (individual Mutawalli). Later, the responsibility was placed under one organisation which is the State Islamic Religious Councils (SIRCs) at each state level. There are several improvement had been taken by the Malaysian government to enhance the functions of SIRCs. Among them are introducing national Waqf entities like Jabatan Wakaf, Zakat dan Haji (JAWHAR) and Yayasan Wakaf Malaysia (YWM) and SIRCs’ subsidiaries such as Perbadanan Wakaf in some of the states (e.g. Selangor, Negeri Sembilan and Johor). These entities are responsible in administering and managing matters related to Waqf specifically.

Currently, there are around 11,091.82 hectares of Waqf land in Malaysia that is worth about RM 4 billion or equivalent to US$0.9 billion (Ali et al., 2015). According to the study by Maznah et al. (2014), out of 11,091.82 hectares of Waqf land, 92.8 percent of the waqf land is undeveloped. Though, SIRCs have a huge number of potential Waqf land, most of the lands are however still lying idle. According to the former director of JAWHAR, Datuk Dr. Sohaimi Mohd Salleh mentioned that 99.28 per cent of the Waqf land currently remained undeveloped and idle. It happened mainly due to shortage of financial resources (Sabit, 2009). Rashid (2012) highlighted that the investment in developing idle Waqf land in Malaysia is expected to provide the annual rate of return of 20% to 25%.

So far, the Malaysian government becomes the main source of funding to the SIRCs for developing Waqf land through many projects and developments. For example, in the 9th Malaysian Plan (RMK-9), the Malaysian government has allocated about RM 257 million. From this total amount, it comprises RM244 million for developing 19 physical projects and RM12.5 million for non-physical projects. However, under the 10th Malaysian Plan (RMK-10), the government’s allocation has been reduced to RM 72.76 million or 72% due to economic reasons and limited to 10 selected projects (Bernama, 2012). Based on the total budget of RMK-9 and RMK-10 allocated for Waqf development, only 0.16 per cent of the total Waqf land has been developed by SIRCs. Furthermore, according to Ngah (2012) in order to develop entire Waqf lands in Malaysia, SIRCs needed at least RM80 billion.

It can, therefore, be rightly asserted that the development of Waqf land in particular is requiring other innovative financing mechanism and sources of funding, in addition to the government funding. As such, a new mechanism that will allow for a sustainable source of financing is needed in developing the idle Waqf land in Malaysia. In lieu with this, the present study proposed Crowdfunding-Waqf Model
The Crowdfunding-Waqf Model is expected as the most suitable model that can effectively address or minimize the liquidity constraints faced by Waqf institutions in Malaysia.

Crowdfunding takes advantage of crowd-based decision-making and innovation, and applies it to the funding of projects. Since this mode of raising initial capital has proven to be successful in many countries like Australia, United States, Canada, Netherland, United Kingdom, France, India and Brazil (The World Bank 2013), the potential of this model to revamp the Waqf assets in Malaysia is great. Later, we will show this study’s use of the Technology Acceptance Model (TAM) to justify the behavioural intention of donors or crowdfunders to using the Crowdfunding-Waqf Model.

Therefore, the objectives of this study are to (1) propose a sustainable model that could address that the issue of liquidity faced by Waqf institution in developing Waqf assets; (2) test empirically the behavioural intention of donors or crowdfunders to using the proposed model; and (3) recommend ways and policies to enhance optimisation of crowdfunding in developing Waqf assets. To the best knowledge of the researcher, there has been no any research conducted proposing crowdfunding to develop Waqf land and using TAM. The present research was designed to test empirically the behavioural intention of donors or crowd funders in using the Crowdfunding-Waqf Model. It is therefore expected that the model being developed together with other key findings from this research will be applicable to Waqf institutions in the country and will benefit not only individuals, organisations, and the country as a whole but could also be adapted and validated for other countries as well.

Literature Review

Financing issues of Waqf assets

There are many studies have been conducted to examine the present development of Waqf in many countries. Most of the researchers focused on how to revive the role of Waqf in the present environment which becomes ineffective due to financial constraints, in particular.

According to the earlier study by Ngah (1987) on Waqf challenges in Malaysia, he found that there was lack of finance/capital for developing Waqf land. Indeed, the income generated from Waqf properties is too low due to few factors which are: 1) the rental of the Waqf property is lower than the market value 2) the rental payments for Waqf properties are long overdue and 3) lack of manpower for collecting rentals. As implication, he mentioned that the expenditure of SIRCs exceeds the revenue generated. Similarly, in another study by Habshi and Othman (1998) noted that Muslim countries like Malaysia are struggling to utilise the existing Waqf lands due to internal constraints. According to their findings, financial is among the constraints considered the main factors that hindered the growth of Waqf land in Malaysia. Their findings also consistent with the recent study
conducted by Picthay et al. (2015) who find that lack of liquidity faces by Waqf institution is among the main reason why Waqf assets could not benefit the people. Meanwhile, Ahmad and Muhamed (2011) noted that present practise of Waqf among the Muslim people is not encouraging due to financial shortage. They claimed that the contemporary founders of Waqf declared un-productive or commercially viable land compared to history practiced. The consequences of this, most of the lands are idle due to financial shortage that faced by SIRC. Chowdury et al. (2012) also noted that due to financial shortage, Waqf institution’s revenue are insufficient to bear the operational cost, Waqf properties has no self-generating income and unproductive, and delay in the earning of the compensation in the acquisition of Waqf properties.

Hasan and Abdullah (2008) have conducted a study on the investment of Waqf land as an instrument of Muslim economic in Malaysia. This study has highlighted the issues of financial resources that limit the growth of Waqf lands in Malaysia. On the financial provider aspect, basically SIRCs in Malaysia are depending on government fund allocation. Malaysian national reporter, Bernama (2012) reported that in 9th Malaysian Plan (RMK-9), Malaysian government has allocated RM 256.89 and in 10th Malaysian Plan (RMK-10), government has reduced the allocation of budget to RM 72.76 million due to some economic reasons. The total allocation of budget in RMK-9 and RMK-10 only contributed to develop 0.16 per cent of total land and according SIRCs need at least RM80 billion to develop the entire Waqf lands in Malaysia (Ngah, 2012). Thus, Existing Director JAWHAR, Datuk Haji Anan Bin C. Mohd (2012) has claimed that the main challenges of developing Waqf land in Malaysia are (1) lack of fund allocated by the government; and (2) high cost of maintenance of Waqf assets.

Existing modes of financing Waqf assets
There are few studies that discussed the existing model of financing Waqf assets in different countries. Mohsin (2013) in her study has highlighted that currently there are six existing models of to develop Waqf assets namely (i) Waqf Share Scheme, (ii) Deposit Cash Waqf Scheme, (iii) Compulsory Cash Waqf Scheme, (iv) Corporate Waqf Scheme, (v) Deposit Product Waqf Scheme and (vi) Co-operative Waqf Scheme.

Waqf Share Scheme (WSS) is practised in several Muslim and Muslim minority countries such as Malaysia, Indonesia, Kuwait, and United Kingdom (UK). The objective of this scheme is to collect money from the public and to channel the funds for upgrading the society’s welfare and financing the specified projects. In this scheme, the appointed trustee or Mutawali will issue Waqf shares in different values and sell the shares to donors for a specific project.

Meanwhile, Deposit Cash Waqf Scheme (DCWS) is a public Waqf which has been practised in Singapore, Bahrain and South Africa. In this scheme, the donors contribute directly to Waqf institution by depositing money as cash Waqf
into a specific bank account. Later, the bank is responsible to invest the cash Waqf into certain projects according to the agreement with the Waqf institution.

Compulsory Cash Waqf Scheme (CCWS) is a public Waqf which has been practised only in Singapore. The Muslim employee’s salary is deducted through the Central Provident Fund (CPF) Board, i.e. Singapore’s national social security organisation. The collected amount is to finance charitable purposes such as building and maintaining mosques, educational programs, and building Dah’wah centre.

Corporate Waqf Scheme (CWS) is a public Waqf, which has been practised in Malaysia, Turkey, India, Pakistan and Bangladesh (Abdel Mohsin, 2013). In this scheme, the first founder, either a private or public corporation known as the mother corporation/main founder will establish an associated Waqf institution as the trustee. Later, the main founder will ask all its subsidiaries to contribute part of their profit or dividends to the corporate Waqf as for Waqf development on a regular basis, besides calling other donors such as individuals, companies and institutions contribute cash Waqf to this associated Waqf institution.

Deposit Waqf Product Scheme (DWPS) scheme is where the bank acts as the trustee. Abdel Mohsin (2013) noted that this scheme has been practised by two banks in Bangladesh, the Social Investment Bank Limited (SIBL) and the Islamic Bank Bangladesh Limited (IBBL). Also, DWPS is practised in Malaysia by Bank Muamalat Berhad (BMMB) who acts as the special trustee appointed by the Selangor state Waqf institution. In this scheme, the donors can deposit the cash Waqf directly to bank account. Later, the bank is responsible for investment the pooled of deposit money and return on investment will be channelled for various activities.

Co-Operative Waqf Scheme (CWS) is a public Waqf which has been practised in Uzbekistan (Abdel Mohsin, 2013). This scheme has been established in 1992 to provide the basic needs for each district. Each district acts as the trustee to manage its own cash Waqf and to offer the services needed in their districts. In this scheme, the people contribute cash Waqf by endowing money for different projects required by their communities.

Besides existing models, there are several past studies have proposed the use of certificates, e-Waqf and Waqf Shares as a proxy for cash Waqf (Sadeq, 2002; Jalil and Ramli, 2008). They proposed such certificates to develop Waqf assets. These types of instruments are straightforward and convenient, especially for individual donors compared to the use of financial instruments. On the other hand, Picthay (2015) has proposed Muslim employees and, Islamic businesses and institutions (MEIBI) model for the development of Malaysian Waqf assets. This model is a combination of employment salary deduction and corporate philanthropy schemes. After the cash Waqf collection and then fund is channelled for developing idle Waqf lands or financing other charitable purposes.

It is obvious that the previous literature have focused on the methods of financing the development of Waqf assets. However, all the studies to date have
tended to focus only on the use of cash Waqf and income deduction to develop Waqf land.

None of the earlier studies have attempted to conceptualize this issue by using other alternatives particularly using crowdfunding. Although there is a few study that discussed element of crowdfunding, however their studies are in the form of general and conceptual context, and not to develop Waqf land. For instance, Achsien and Purnamasari (2016) in their study highlighted on the definition of crowdfunding, types of crowdfunding, and potential and challenges in the context of Indonesia. Indeed, their study is also described anticipated regulations for crowdfunding in Indonesia. On the other hand, Nedal (2015) proposed a cross-border independent institution, known as Tazkiah bank. The proposed bank model incorporates the concept of crowd-funding for channelling savings into socially responsible investments at the global level. However, those existing studies to date have tended not to focus on developing Waqf land. Thus, the studies would have been more interesting and appealing if the authors had considered to conceptualise Waqf land development into a model or framework by using crowdfunding.

Crowdfunding
Crowdfunding is known as a process of collection of funds (in small amount) from many donors or investors by using a web-based platform for a specified project, business venture or for the social cause. Crowdfunding can be divided into four types namely donation crowdfunding, reward crowdfunding, lending crowdfunding, and equity crowdfunding.

Donation crowdfunding
Donation crowdfunding is where the collection of funds takes place for the purpose such as social, artistic, philanthropic and others. Basically, this type of crowdfunding is not based on any exchangeable of tangible value. For example, in the United States, Kickstarter, Indiegogo etc. are among the platforms that supporting donation based crowdfunding.

Reward crowdfunding
Reward crowdfunding is the collection of funds, where the investors or donors receive some tangible reward (such as membership rewards scheme) as a token of appreciation. Most of the websites which support donation crowdfunding are also managing reward-based crowdfunding, such as Kickstarter, Rockethub, Indiegogo etc.

Lending crowdfunding
Lending crowdfunding is a platform that matches lenders or investors with borrowers or issuers to provide loans with lower interest rate, which is set by the platform. There are some platforms arrange loans between individuals, while other
platforms collect funds and then lent to small and medium enterprises. Some of the leading examples from the US are Lending Club, Prosper etc. and from UK are Zopa, Funding Circle etc. Some of the platforms charge a fee based on the loan.

_**Equity based crowdfunding**_

Equity based crowdfunding refers to the fund raised through online by a business, particularly early-stage funding, by offering equity interests in the business to investors. Businesses that are looking to raise capital through this mode typically advertise online through a crowdfunding platform website, which serves as an intermediary between investors and the start-up companies. In the United Kingdom two platforms namely Crowdcube and Seedrs have dominated the narrative for investment crowdfunding from the equity side.

**The Development of Crowdfunding Platform**

Over the last five years, it seems that crowdfunding platform (CFP) has achieved tremendous growth. In terms of geographical distribution of CFP, it shows that the largest number of CFPs existed in the U.S followed in European countries. In 2014, around 60 percent of CFPs are existed in Europe, while around 20 percent of all CFPs are based in North America. In European continents, United Kingdom is leading with more than 70 CFPs in 2014, followed by France with 70 CFPs, and Germany with around 50 CFPs.

In terms of popularity of types of crowdfunding, reward-based and donation-based CFPs are considered to be prominent and each type attracts substantial funds. As of 2014, the share of newly created platforms that are reward-based is 40 percent, followed by donation-based platforms and lending-based platforms (each around 20 percent in 2014). Meanwhile, in terms of funding volumes of different types of CFPs, it shows that based on data from 2010 to 2012, the most important types of CFP are lending-and donation-based CFPs with funding volumes of USD$1169.7 million and USD$979.3 million, respectively (Iizuka, 2014).

Meanwhile, in the context of successful campaign in CFPs, majority of campaigns (62 percent) are donation based. Only 15 percent are reward-based or a mix of donation-based and reward-based, while 22 percent are lending-based (i.e., fundraisers incur a debt). Other investment-based campaigns (equity-based) contribute with less than 1 percent to the total.

**Crowdfunding Development in Malaysia**

Malaysia is also not excluded in recognizing the importance of crowdfunding as shown by the concerted efforts by the government and some private agencies to introduce it to the local funding ecosystem. According to Asian Institute of Finance (2014), there are three main web-platforms on crowdfunding in Malaysia namely pitchIN, MyStatr and MDeC. However, these crowdfunding platforms are reward
based and donation-based crowdfunding. So far, as August 2015, only 19 out of 103 projects are successfully raise funding through these crowdfunding platforms (Asian Institute of Finance, Unpublished). Indeed, all the successful projects are focusing on community projects, film and video, arts and music.

The market volume for crowdfunding platform in Malaysia was over $5 million between years 2013-2015. This is covering approximately 6 percent of total market activity across South East Asia. The total volume was dominated by donation-based crowdfunding, which accounted for 92.4% of total Malaysian market, which raised a total of $4.68m. Reward-based crowdfunding accrued a total of 6 percent, which amounted to over $325,000 over the period.

In addition to existing crowdfunding platforms in Malaysia, recently, in June 2015, Malaysian Securities Commission has approving six equity-based crowdfunding platforms for operation by the end of December 2015. Malaysia was one of the first countries in Southeast Asia to give regulatory approval for equity crowdfunding. Among the approved equity-based crowdfunding platforms in Malaysia are Alix Global, Ata Plus, Crowdonomic, Eureeca, pitchIN and CrowdPlus.asia. Equity-based crowdfunding began to emerge with a very small total volume of $58,000, equating to 1.1 percent of total market activity.

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) has been known as a useful model of identifying technology acceptance behaviours in a variety of information system or information technology contexts. According to Davis (1989), Theory of Reasoned Action (TRA) introduced by Fishbein and Ajzen’s (1975) represents the theoretical framework of TAM. TRA has indicated that a person’s performance of a specified behaviour is determined by his/her intention to perform it. Meanwhile, TAM predicts the intention to use and acceptance of information systems and information technology by individuals (Chen et al., 2011).

TAM incorporates two belief variables that relevant and represents primary drivers of technology users’ acceptance of new information technology namely perceived usefulness and perceived ease of use. Perceived usefulness is defined as the degree to which a person believes that using a particular system would enhance his or her job performance (Davis, 1989). On the other hand, perceived ease of use is defined as the degree to which a person believes that using a particular system would be free from effort (Davis, 1989). Perceived ease of use has both an immediate effect and an indirect effect on adoption intention via perceived usefulness; therefore, this construct has effects on both perceived usefulness and attitude (Davis, 1993; Venkatesh and Davis, 2000).

Many researchers have conducted empirical studies to examine the explanatory power of TAM, producing relatively consistent results on the acceptance behaviour of information technology end users (Igbaria et al., 1997; Venkatesh and Davis, 2000; Horton et al., 2001). According to Chang and Tung
(2008), researchers agree that TAM is valid in predicting the individual acceptance of numerous systems including technological based system and information technology-based system (Chin and Todd, 1995; Segars and Grover, 1993).

Realizing the application of the TAM in various fields, this study aimed for the additional contribution of TAM in the area of crowdfunding platform and the Islamic voluntary sector, specifically the Waqf. To the best knowledge of the researcher, there has been no any research conducted using crowdfunding platform for developing Waqf asset and tested the particular model using TAM. Thus, the present research is designed to test empirically the behavioural intention of donors or crowd funders to using Crowdfunding-Waqf Model in developing Waqf assets in Malaysia, as shown in Figure 1.

**Figure 1:** Technology Acceptance Model (TAM)

Based on TAM framework, the present study comes out with three main hypotheses, which are:

(i) **Hypothesis 1**
Ho: There is no significant (positive) influence of perceived usefulness on the intention to engage in Crowdfunding-Waqf Model among donors or crowd funders.
Ha: There is a significant (positive) influence of perceived usefulness on the intention to engage in Crowdfunding-Waqf Model among donors or crowd funders.

(ii) **Hypothesis 2**
Ho: There is no significant (positive) influence of perceived ease of use on the intention to engage in Crowdfunding-Waqf Model among donors or crowd funders.
Ha: There is a significant (positive) influence of perceived ease of use on the intention to engage in Crowdfunding-Waqf Model among donors or crowd funders.
(iii) Hypothesis 3
Ho: There is no significant (positive) influence of perceived ease of use on perceived usefulness of Crowdfunding-Waqf Model among donors or crowd funders.
Ha: There is a significant (positive) influence of perceived ease of use on perceived usefulness of Crowdfunding-Waqf Model among donors or crowd funders.

Islamic Perspectives on Information System (IS)
The revolution of Information System (IS) particularly information and communication technology (ICT) has transformed the world economy from production-based to knowledge-based economy. Nowadays, information system has become complementary in the lives of millions all over the world. It has become as a tool of all humans to gather knowledge as well as information.

Information system considered as a new media, which comprises of Internet, email, blogs, social networking sites, digital TV and mobile phones. It is the new form of mass media which is mediated by technology, especially the Internet. Unlike the traditional print and electronic media, the new media is interactive and user driven. The users themselves, rather than editors, determine the content.

In this section, this paper discusses the Islamic perspectives on Information System. Since TAM is useful model of identifying technology acceptance behaviours in a variety of information system or information technology contexts, thus it is necessary to look at the position of information system from Islamic context. Generally, information system emphasizes on the aspect of ethics in its usage. However, it is frequently used illegally and against the ethics all over the world. Many of the rights of information system are being interrupted in the name of economic advancement, political stability, religious causes, campaigns against terrorism or for personal greed and interests (Masum et al. 2015). Consequently, violations of these rights have created new problems in human social systems, such as the digital divide, cybercrime, digital security and privacy concerns.

In addition, there are many people who are very intruder in nature. They secretly view other people’s personal information, which is a total violation. There are many recent examples of the impacts of unethical IT behavior, including problems such as software piracy, virus development and illegal access. All of those have affected people’s lives either directly or indirectly. Such hi-tech advances sometimes deny the underlying IT ethical issues.

Thus, from the Islamic perspectives, there is a guaranteed right in the ethics of using information system. According to Masum et al. (2015), the general understanding of ethics in Islam can be express as a “set of moral principles and guidance that recognizes what is right behavior from what is wrong or what one should do or not”. Muslims’ life including Islamic ethics are guided by Qur’an and Sunnah. Allah said “Verily this Qur’an Doth guide to that which is most right (or
stable)” (Qur’an 17:9). Allah uses the term Akhlaq or khuluq in the Holy Qur’an to refer to the ethics. In addition, the Qur’an and Sunnah use set of ethical terms to describe the concept of goodness such as: Sidq (Truth), Khayr (Goodness), Birr (Righteousness), Qist (Equity), ‘Adl (Equilibrium and Justice), Haqq (Truth and Right), Ma’ruf (Known and approved), Amanah (Honesty), Ikhlas (Sincerity), and Taqwa (Piety). Pious actions are described as Salihat and impious actions are described as Sayyi’at.

The importance of ethics in Islam is shown when Allah prescribes Prophet Mohammed that he is with great ethics “Prophet of Allah had been raised to a great spiritual dignity” (Qur’an 68:4). Also Prophet Mohammed said “I was sent to complement the best of ethics”. Thus, it can be claimed that the Qur’an represents the main dimension for the concept of ethics in Islam. The ultimate moral code embedded in Islamic ethics emphasizes the relation of man to his Creator. The Islamic code of ethics is enforceable at all times because the Creator and Monitor is closer to man, and has perfect, eternal knowledge.

According to (Masum et al. 2015), there are a set of Islamic ethics of using information system for all mankind including computer and software professionals, and users. Among them are:

(i) Work as vicegerent of Allah: The main objective of creating all mankind by God (Allah) is to worship him; by developing and reconstructing the earth for the best (as vicegerent or Caliph) through their good acting and deeds. Allah said, “I have only created Jinn and Men that they may serve me” (Qur’an 51:56). “Allah they Lord said to the angels: I will create a vicegerent on earth” (Qur’an 2:30).

(ii) Understand and follow the standard ethics, especially Islamic ethics: information system professionals including end users have to understand the standard Islamic ethics (based on Quran and Sunnah). They have to consider it as the highest standard that they should follow in their life and work.

(iii) Remember the Judgment day: Information System professionals including end users have to know that doing goodness and producing useful knowledge will be rewarded by Allah in their life and after death to the Day of Judgment.

(iv) Management with honesty: Information System professional managers and leaders have to subscribe to and promote an ethical approach to the management of software and hardware development and maintenance. They have to show the honesty (Amanah) and equity in performing their duty.

(v) Work with highest profession: Information System professionals including end users have to advance the integrity and reputation of the profession consistent with the Ummah (nation) interest. They have to do their best using their highest profession.
**Proposed Crowdfunding-Waqf Model (CWM)**

Our proposed model which is known as Crowdfunding-Waqf Model involves two main different parties which are Waqf institution and donors or crowd funders. Waqf institution can be consisting of State Islamic Religious Councils (SIRCs) or Department of Waqf, Haji and Zakat (JAWHAR). Meanwhile, donors or crowd funders are consists of the public or a large audience (the so-called “crowd”), where each individual provides a fund.

Donation-based crowdfunding (where no rewards are given to the crowd funders) and reward-based crowdfunding (where crowd funders receive a tangible (but not in financial form) reward for backing the project) is the biggest and fastest growing form of crowdfunding, and thus these two models will be applied into the present proposed Crowdfunding-Waqf Model. The proposed model could be illustrated by Figure 2.

**Figure 2: Crowdfunding-Waqf Model (CWM)**

The following are the detailed explanation of Crowdfunding-Waqf Model (CWM):

1. Waqf Institution such as SIRCs or JAWHAR plans to develop Waqf land by developing various projects such as housing, hotels, shopping/business premises, schools, and hospital/clinic. Waqf Institution needs to raise the funding from crowd funders to implement the projects.
2. Waqf Institution identifies their potential Waqf land and does all the screening process on the projects to get financing from crowd funders. Later, Waqf Institution uploads and submits the potential of particular projects’ proposal to the system which is known as Web Based Platform and Social Networks. Waqf Institution can establish and manage its own Web Based Platform and Social Network instead of outsourcing from external parties. The projects have to be funded within a predefined timeframe.

3. Crowd funders choose projects that they want to support. Crowd funders browse the web to search requests and finally choose the projects they are willing to fund. Crowd funders can choose either to involve in donation-based crowdfunding or reward-based crowdfunding.

4. Crowd funders transfer/send funds through payment gateways. Waqf Institution can have its own payment gateways through collaboration with existing financial institutions.

5. Once the target amount of fund from crowd funders is reached, the system will update the status of projects and keep track of received fund until it is ready to be distributed.

6. The system distributes the fund to Waqf Institution and notifies them to get ready managing and supervising the projects they proposed earlier.

7. Waqf Institution manages and supervises their identified projects. Waqf Institution must track the progress regularly and updates the progress into the system until the particular projects completed and started to commence. This will ensure transparency between them and the crowd funders.

8. The system communicates with Waqf Institution as for control and audit purposes through a simple communication media such as short message services (SMS).

**Research Methods**

**Data collection procedure and sample**

Data are collected from donors or crowd funders in the Klang Valley (Selangor and Kuala Lumpur), who are above 18 years old. According to the statistics by Department of Statistics Malaysia, there are about 5.5 million population, who are above 18 years old and living at Klang Valley. Using purposive sampling method, around 800 donor or crowd funders are sent the questionnaire (including online survey). A total of 175 questionnaires are returned, where 125 are usable for data analysis purpose. The lower response received from the donors or crowd funders may due to the time constraint, online survey through email may get caught in spam filters, respondents may not understand the question and many errors aroused during the filling up of the survey, and reluctance of donors or crowd funders to participate into the survey (privacy and confidential issue).

The behavioural intention of donors or crowd funders to using Crowdfunding-Waqf Model was tested by using partial least squares (PLS)
regression. According to Thakur (2014), PLS is a structural equation modelling technique in which it assesses the reliability and validity of the measures of theoretical constructs and estimates the relationships among these constructs simultaneously. Furthermore, this approach allows researchers to assess measurement model parameters and structural path coefficients, and is widely used in information science research (Bock et al., 2005). The advantages of PLS include minimal restrictions on measurement scales, sample size and residual distributions (Chin et al., 2003).

**Research Findings and Discussion**

In order to ensure that there is no Common Method Bias (variance that is attributable to the measurement method rather than to the constructs the measures are assumed to represent) in the questionnaire survey, we have performed Harman’s single factor test which revealed that the first factor accounted for 42.19 percent of variance which is less than the threshold level of 50 percent of total variance explained (Podsakoff et al., 2003).

Around 125 respondents participated in this research. Most of the respondents (55.2 percent) were male followed by female of 44.8 percent. Almost three-quarters (82.4 percent) of the respondents are between the age group of 20-40, few are over 40 years of age (17.6 percent). There was a majority of 58.6 percent respondents are married, followed with 41.6 percent respondents are still single. Besides, in terms of educational level, majority of respondents are well educated, with almost 16% holding a college diploma or matriculation and about 71.2 percent holding at least a bachelor degree or above. Most of the respondents (72.8 percent) were working at private sector followed with 11.2 percent were working at public sector. Only 14.4 percent of the respondents are students. Meanwhile, majority of respondents (55.2 percent) are in the income group of more than RM 3000. The remaining 44.8 percent of the surveyed respondents fall in below RM 3000 income group.

| Table 1: Distribution of Respondents by Gender, Age and Marital Status |
|--------------------------|-----------------|----------------|
| Gender                  | Frequency | % |
| Male                     | 69        | 55.2 |
| Female                   | 56        | 44.8 |
| Age Group               |           |    |
| 20-30                    | 48        | 38.4 |
| 31-40                    | 55        | 44  |
| 41-50                    | 18        | 14.4 |
| Above 50                | 4          | 3.2  |
| Marital Status          |           |    |
| Single                   | 52        | 41.6 |
| Married                  | 73        | 58.6 |
| No Education            | 1         | 0.8  |
Measurement
All constructs and the items are adapted from extant literatures and were modified to suit the purpose of this study. All major scale items are based on a five-point Likert-scale ranging from strongly disagree (1) to strongly agree (5).

In terms of items development, they are adapted from Davis (1989), Kripanot (2007), Willis (2008), Cowen (2009), and Chandio (2011). Perceived usefulness consists of (9-item), perceived ease of use consists of (12-item) and behavioural intention consists of (9-item).

Assessment of measurement model
The convergent validity was tested at the initial stage. During the test of convergent validity, indicator or items loadings, average variance extracted (AVE) and composite reliability (CR) were taken into the consideration. Based on the results presented in Table 1, indicators loading for all items exceeded 0.5, recommended value as suggested by Hair et al. (2009).

In terms of AVE threshold or requirement, Hair et al. (2009) suggested that AVE should exceed 0.5. In the current study, AVEs were in the range of 0.499 and 0.580. According to Fornell & Larcker (1981), if value of AVE is less than 0.5, but composite reliability (CR) value is higher than 0.6, the convergent validity of the construct is still adequate. The CR ranged from 0.899 to 0.942, which exceeded the recommended value of 0.7 as recommended by Hair et al. (2009). Table 2 shows the results of measurement model.
Table 2: The Results of Measurement Model

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Factor Loading</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Usefulness</td>
<td>PU1</td>
<td>0.819107</td>
<td>0.517162</td>
<td>0.904926</td>
</tr>
<tr>
<td></td>
<td>PU2</td>
<td>0.750703</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU3</td>
<td>0.815572</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU4</td>
<td>0.677635</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU5</td>
<td>0.738318</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU6</td>
<td>0.783227</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU7</td>
<td>0.607388</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU8</td>
<td>0.610163</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PU9</td>
<td>0.629159</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Easy to Use</td>
<td>PEU10</td>
<td>0.714532</td>
<td>0.580561</td>
<td>0.94289</td>
</tr>
<tr>
<td></td>
<td>PEU11</td>
<td>0.793531</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU12</td>
<td>0.82471</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU13</td>
<td>0.826658</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU14</td>
<td>0.796774</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU15</td>
<td>0.711874</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU16</td>
<td>0.689592</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU17</td>
<td>0.824721</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU18</td>
<td>0.761734</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU19</td>
<td>0.742133</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU20</td>
<td>0.635149</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PEU21</td>
<td>0.794512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioral Intention</td>
<td>BI22</td>
<td>0.637715</td>
<td>0.499775</td>
<td>0.899161</td>
</tr>
<tr>
<td></td>
<td>BI23</td>
<td>0.816374</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI24</td>
<td>0.64902</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI25</td>
<td>0.671077</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI26</td>
<td>0.786944</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI27</td>
<td>0.681288</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI28</td>
<td>0.748842</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI29</td>
<td>0.722503</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BI30</td>
<td>0.622131</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After conducting earlier test of convergent validity, later, the research is testing discriminant validity. The test of discriminant validity can be performed by examining correlations between the measures of potentially overlapping constructs.
(Fornell & Larcker, 1981). The result shows that the square root of AVEs (in bold) are larger than off-diagonal elements in their corresponding row and column for all cases (see Table 3). It is suggesting that the required discriminant validity has been achieved. Based on these results, it indicates that measurement model has adequate convergent validity and discriminant validity.

**Table 3: The Results of Discriminant Validity Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Behavioral Intention</th>
<th>Perceived Usefulness</th>
<th>Perceived Easy to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioral Intention</td>
<td>0.706948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>0.641348</td>
<td>0.71914</td>
<td></td>
</tr>
<tr>
<td>Perceived Easy to Use</td>
<td>0.679676</td>
<td>0.70023</td>
<td>0.761946</td>
</tr>
</tbody>
</table>

**Descriptive statistics of the latent constructs**

The value of mean for all the three latent variables range from 4.089 to 4.189 followed with the standard deviation ranging from 0.425 to 0.497 on a five point Likert scale. Perceived easy to use scored the highest with a mean value of 4.189, while perceived usefulness showed the lowest mean value at 4.089.

The dispersion values represented through standard deviation indicates that the highest value showed by perceived usefulness at 0.497, and lowest value showed by perceived easy to use at 0.425. Table 4 lists the result obtained from the descriptive analysis.

**Table 4: The Results of Descriptive Analysis**

<table>
<thead>
<tr>
<th></th>
<th>No of Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioral Intention</td>
<td>9</td>
<td>4.116</td>
<td>0.496</td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>9</td>
<td>4.089</td>
<td>0.497</td>
</tr>
<tr>
<td>Perceived Easy to Use</td>
<td>12</td>
<td>4.189</td>
<td>0.425</td>
</tr>
</tbody>
</table>

**Assessment of structural model**

Ramayah et al. (2016) have suggested using $R^2$ to observe the goodness of the structural model. According to Hair et al. (2011), coefficient of determination and the level of significance of the path coefficients (beta values) can be captured by $R^2$. The results of the current research show that $R^2$ value for behavioral intention to use Crowdfunding Waqf Model is 0.52. It is suggesting that 52 percent of the variance in behavioral intention to use Crowdfunding Waqf Model can be explained by perceived usefulness and perceived easy to use.
Later, in order to assess the statistical significance of path coefficients, the current study has calculated the path coefficients of the structural model and performed bootstrap analysis (re-sampling = 5000) was performed, to assess the statistical significance of the path coefficients (Table 4). The results revealed that perceived usefulness and perceived easy to use has a positive relationship with behavioral intention to use Crowdfunding Waqf Model with $b = 0.325$, $p < 0.05$ and $b = 0.452$, $p < 0.01$, respectively. In addition, perceived easy to use has a positive relationship and direct effect with perceived usefulness with $b = 0.700$ and significant at $p < 0.05$. Thus, H1, H2, and H3 are supported. Table 5 shows the results.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Beta</th>
<th>SE</th>
<th>t-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>PU -&gt; BI</td>
<td>0.325</td>
<td>0.127041</td>
<td>2.554735</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>PEU -&gt; BI</td>
<td>0.452</td>
<td>0.112543</td>
<td>4.019913</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>PEU -&gt; PU</td>
<td>0.700</td>
<td>0.061048</td>
<td>11.47014</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The behavioural intention of donors or crowd funders to using Crowdfunding-Waqf Model was found to depend on perceived usefulness and perceived easy to use. Perceived usefulness is the perception that a given a technological-based system, it will help a user achieve his or her work goals. The donors or crowd funders need a mechanism that could help them to assist Waqf institutions to develop Waqf land. Thus, by using Crowdfunding-Waqf Model which is through online platform, it will help the donors or crowd funders to assist Waqf institutions to develop Waqf land in Malaysia. The findings suggest that crowd funders would like to engage with Crowdfunding-Waqf Model because they believed that the Crowdfunding-Waqf Model was useful. This perception motivated them to utilise the technology for their work. Indeed, since Crowdfunding-Waqf Model is involving platform to raise capital, thus crowd funders might only involve with this model if they believe that it provides useful information on security, risk and project itself. Also, crowd funders believe that Crowdfunding-Waqf Model provides effectiveness, better performance, and productivity in assisting Waqf institutions to develop Waqf land in Malaysia. This finding is consistent with Venkatesh et al. (2000), Abassi et al. (2011), and Cheng et al. (2006). This model is expected to create a positive perception towards the donors or crowd funders in developing Waqf land in Malaysia.

On the other hand, perceived ease of use is defined as the degree to which a person believes that easy-to-use technology was associated with greater intent to use
it (Davis, 1989). Thus, the easier to involve with Crowdfunding-Waqf Model, it will
attract more donor’s or crowd funders’ intention to assist Waqf institution in
developing Waqf land in Malaysia. It means consumers have a positive attitude
toward the use of Crowdfunding-Waqf Model when consumers feel greater benefits
and easy accessibility into various elements such as faster information search, risk
availability, projects, rewards offered and security will come to them by using
Crowdfunding-Waqf Model. This finding is also similar and consistent with the
findings by Davis (1989), Gefen et al. (2004) and Yi et al. (2003). Meanwhile,
perceived ease of use was positively associated with perceived usefulness. The
easier the system was to use, the more useful it was perceived to be. Thus
Crowdfunding-Waqf Model may need to have the features that useful to the user
particularly the donors or crowd funders.

Predictive relevance ($Q^2$)
According to Ramayah et al. (2016), predictive sample which is previously known
as Stone-Geisser’s $Q^2$ can be used to look at the predictive relevance of research
model. This measure has also been used by Henseler et al. (2009) to assess their
research model’s predictive relevance. Predictive validity has assessed by using
blindfolding procedure.

Predictive sample reuse technique, popularly known as the Stone-Geisser’s
$Q^2$, can be applied as a criterion for predictive relevance besides looking at the
magnitude of the $R^2$ (Ramayah et al. (2016). Other researchers such as Henseler et
al. (2009) also utilized this measure to assess the research model’s capability to
predict.

Based on Hair et al. (2011) suggestion, if $Q^2$ values are larger than zero, they
indicate that the exogenous constructs have predictive relevance for the endogenous
construct. Thus, it can be conclude that the current research model has good
predictive relevance. For the present study, the $Q^2$ of behavioral intention to use
Crowdfunding Waqf Model is (CV Red = 0.246). It signifies that the research model
has good predictive relevance.

Conclusion and Recommendation
This paper has developed Crowdfunding-Waqf Model. The model is expected to
assist Waqf institutions to meet their liquidity in developing Waqf land. Later, this
study has empirically tested the behavioural intention of donors or crowd funders in
using this model by applying Technology Acceptance Model (TAM). The author has
extended the application of TAM in the context of crowdfunding and Waqf.

This study has proven that both perceived usefulness and perceived ease of
use are directly significant in influencing the crowd funder’s intention to use the
Crowdfunding-Waqf Model. The findings of this study can be used to develop a
specific framework in which to examine other components of using Crowdfunding-
Waqf Model’s behavior and to plan appropriate intervention strategies to increase its capacity in developing Waqf land in Malaysia.

The policy makers and Waqf institutions should promote and enhance awareness on the use of Crowdfunding-Waqf Model in developing Waqf assets in Malaysia. Extensive information and high quality projects and rewards descriptions must be provided to the crowd funders in making a well-informed decision before donating fund. Furthermore, Waqf institutions should emphasise more on the privacy and security of their online platform. The risk exposure for online platform should be minimized by enhancing security of virtual transaction. Equity crowdfunding platforms have to reach out to investors proactively to reassure them on the latest advancements in design and security, and help close the reality gap between investors’ perceptions and delivery.

In terms of implications for practice, Crowdfunding-Waqf Model offers a guide for the implementation which could be useful for further development of Waqf assets particularly Waqf land. It may eventually become a substitute model to assist Waqf institutions in meeting their financial need to develop Waqf land. It is also to inspire Waqf institutions to shift from mainly utilising government funding services to an alternative model that is based on the element of crowdfunding. From the view of the crowd funders, the model is considered to be very useful for Waqf institutions in meeting their financial need to develop Waqf land. Besides, Crowdfunding-Waqf Model can be proposed to other Muslim countries.

In line with the issue that hindering the development of Waqf land, the present study has developed Crowdfunding-Waqf Model to assist Waqf institutions to find an alternative source of financing. Based on the responses received from the field particularly from the crowd funders, it has been shown that the intention and readiness of them in accepting the Crowdfunding-Waqf Model as source of alternative financing for Waqf institution to develop Waqf land is impressive. Thus, it is suggested that the various government bodies and other policy makers support Waqf institution by applying the proposed Crowdfunding-Waqf Model.

For example, the government may provide incentives such as tax exemption of 10 percent (currently in Malaysia, tax exemption of 7 percent) for the crowd funders of Crowdfunding-Waqf Model as a motivation for them to continuously donate to crowdfunding fund. By having sustainable fund from them, Waqf institutions would be able to develop Waqf land.

Furthermore, the government may encourage the private companies or Government Linked Companies (GLCs) to participate in this model as part of their corporate social responsibility. In this case, the government may also provide incentives such as corporate tax exemption. This is to attract the corporate sector to participate in social-oriented program.

In addition, the government may play the role in facilitating the collaboration between Crowdfunding-Waqf Model and relevant authority such as crowdfunding platforms, and investors. Based on its potential to strengthened
relationship between relevant parties, Crowdfunding-Waqf Model can become a successful model that could assist Waqf institutions in obtaining a better source of financing for Waqf development.

Meanwhile, Crowdfunding-Waqf Model could also help in reducing the burden of the government. In other words, this suggests that Crowdfunding-Waqf Model may help the government to reduce budget deficit. Usually, the government has to allocate extensive amount of financing to the development of Waqf assets in general. The model could equally help in reducing government budget deficit. Thus, by adopting the Crowdfunding-Waqf Model, the government does not need to be bothered about the expenses for the development of Waqf assets. It is due to the involvement of crowd funding that help Waqf institutions with a better source of financing.

Limitation and Future research
This study contributes in developing Crowdfunding Waqf Model (CWM), as this model is proposed to address the liquidity problem faced by Waqf institution in Malaysia and examining the behavioural intention of donors or crowd funders to use this model. However, there are some limitations of the current study. The sample size and area of study becomes the obvious limitations. Thus, there is a need for cautious in the interpretation of the results and conclusion cannot be as generalized. In addition, as the respondents of this study are those above 18 years old, relying on the perception of one key informant, might imply cognitive biases.

Besides, the use of current factors might limit the ability to explore other potentially important determinant of the donors’ behavioral intention on using CWM. Thus, future research can be conducted by incorporating new factors and provide new insights by including, among others religious obligation, riskiness, rewards and perceived benefits.
References


Asian Institute of Finance, (Unpublished), “Crowdfunding: the significance and implications to the financial landscape in malaysia”


directions? Gender, social influence, and their role in technology acceptance
and usage behavior”, MIS Quarterly 24, 115-139.

acceptance model: four longitudinal field studies”, Manage. Sci. 46 (2),
186–204.

Willis, Timothy J. (2008), “An evaluation of the technology acceptance model as a
means of understanding online social networking behavior”, Graduate
Theses and Dissertations.

Yi, M.Y. & Hwang, Y. (2003), “Predicting the use of web-based information
systems: self-efficacy, enjoyment, learning goal orientation, and the
technology acceptance model”, International Journal of Human-Computer
Studies, vol. 59, no. 4, pp. 431-449.