

## CRITICAL ANALYSIS OF CROWDFUNDING TO FINANCE SMEs IN MUSLIM COUNTRIES

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### ABSTRACT

The purpose of this paper is to critically analyze Crowdfunding as one of the alternative business funding, especially for Small and Medium-size Enterprises (SMEs) in the Muslim majority countries. This paper analyzes the current condition of the eight Muslim majority countries in the world: Egypt, Indonesia, Iran, Jordan, Malaysia, Pakistan, Saudi Arabia, and Turkey. The analysis was conducted in two aspects of readiness crowdfunding as SMEs financing in terms of entrepreneurial culture and networked readiness. Analysis of an entrepreneurial culture based on the Global Report issued by the Global Entrepreneurship Monitor 2016, when an analysis of networked readiness is based on The Global Information Technology Report 2015 issued by the World Economic Forum. The preliminary findings of this paper indicate that crowdfunding can be implemented successfully nevertheless not ready to use crowdfunding as an alternative business financing, especially for SMEs.

**Keywords** : Crowdfunding, alternative financing, Muslim countries, Entrepreneurial culture

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### INTRODUCTION

Muslim market is big and potential. Islamic Organization Countries (IOC) noted the number of the Muslim population worldwide is 1.70 billion or 23.18% from the world population. Even in 2030 the world's Muslim population is expected to increase by about 35% rising from 1.6 billion in 2010 to 2.2 billion (Grim and Karim, 2011).

Large population is a potential market because they need to eat, drink,

clothing, education, health, housing and other necessities of life. As long as they meet the needs and purposes of life more than imports. They mostly export of commodities such as natural products such as mines, plantations, fisheries, and agriculture (WEO, 2016). They have a poor ability to meet their needs independently, such as being self-employed. According to the Global Entrepreneurship Monitor (GEM) 2015 the number of people doing activities in entrepreneurship in

Muslim majority countries (such as Egypt, Indonesia, Iran, Malaysia, Pakistan, Saudi Arabia, and Turkey) are low between 15% - 25% (Kelley et al, 2015).

In general business activities in the country of Muslim majority countries are Small and Medium-sized Enterprises (SME) are mostly engaged in trade. They require financial support from conventional financial institutions such as banks. However, almost half of SME credit applications to banks is rejected versus only 7% of multinational companies (Azevedo, 2016). This condition is forcing the financial experts who care about justice trying to think of other funding alternatives other than banking which allowed many entrepreneurs to get funding from many sources in the community.

One alternative funding business by the crowds it is Crowdfunding. Crowdfunding is a platform in which a person or group of people can get the funds to finance business or project from the crowd (Wahjono et al, 2015). In general crowdfunding funding is divided into three categories, namely: donation, loan, and investment (Evers, 2012). In the category of donation, the owner of money does not demand the return of money and the benefit of any of the businesses or projects funded because since the beginning of the donors already know projeknya and does not expect change (Castrataro, 2013). In the category of loan, the owner of money hoping to benefit on the business operation or project that is funded and also hope the money can be returned at the end of the age of the project. Being in the category of investment, the owner of money hoping the money is not lost but at the end of the project money can be converted into shares as proof of ownership in the project or funded business (Kim, 2013).

Crowdfunding operates as a bank that is as intermediary that brings together persons or entities that have excess funds to persons

or institutions that need funds (Barnet, 2013). The funding requirements are based on a particular project or business that has been described in detail and campaigned on a platform provided by a registered institution (Beck, 2008). The platform enables can be accessed by anyone, including by donors or the parties who have surplus funds and when pleasing the donors could send funds to institutions registered crowdfunding organizers was to be distributed to persons or parties running a business or project (Isenberg, 2012). The platform must be based on the Internet that can be accessed by anyone, anywhere and at any time as well (Kitchens, 2012).

Crowdfunding organizers must be registered institutions that are subject to financial regulation in a country (Ley, 2011). This is because the crowdfunding institutions collecting public funds and in the same period the state must protect the public funds that are in institutions crowdfunding reliable and operated properly follow the rules of financial security and financial risks and investment (Ordanini, 2009). Some countries already have rules or laws that govern the operation of crowdfunding, some other countries have not (Ordanini et al, 2010).

This paper will analyze and discuss the readiness of Muslim majorities countries in using crowdfunding platform in financing activities or projects conducted by SMEs. The analysis will be conducted on two variables describing the degree of readiness in running crowdfunding namely: an entrepreneurial culture (culture readiness) and networked readiness (technology readiness). This paper also analyze the practice of crowdfunding in Muslim majorities countries.

## MATERIAL AND METHODS

The analysis is based on secondary data current to obtain a picture. Profile Entrepreneurial culture we fetch data from

GEM (Global Entrepreneurship Monitor) through its last report, namely 2015/16 Global Report (Kelley et al, 2015) by taking twelve (12) indicator data in the form: Entrepreneurial finance, Government policies: support and relevance, Government policy: taxes and bureaucracy, Government entrepreneurship programs, entrepreneurship education at school stage, entrepreneurship education at post-school stage, R & D transfer, Commercial & Legal infrastructure, Internal market dynamics, Internal market burdens of entry regulation, physical infrastructure, and Cultural and social norms.

While the technology readiness we fetch the data from the WEF (World Economic Forum) has released a new report entitled: The Global Information Technology Report 2015, ICTs for Inclusive Growth. Networked Readiness Index Also known as Technology Readiness measures the ability of economies in leveraging the opportunities offered by ICT (information and communication technology) for shared prosperity. This report published by the World Economic Forum with the title of The Global Information Technology Report 2015, ICTs for Inclusive Growth. The framework translates into the NRI, a composite indicator made up of the main four categories (subindexes), 10 Subcategories (pillars), and 53 individual indicators distributed across the different pillars (Dutta *et al*, 2015):

- A. Environment subindex
  - 1. Political and regulatory environment (9 indicators)
  - 2. Business and innovation environment (9 indicators)
- B. Readiness subindex
  - 3. Infrastructure (4 indicators)
  - 4. Affordability (3 indicators)
  - 5. Skills (4 indicators)
- C. Usage subindex
  - 6. Individual usage (7 indicators)
  - 7. Business usage (6 indicators)

- 8. Government usage (3 indicators)
- D. Impact subindex
  - 9. Economic impacts (4 indicators)
  - 10. Social impacts (4 indicators)

The computation of the overall NRI score is based on successive aggregations of scores: individual indicators are aggregated to obtain pillar scores, which are then combined to obtain subindex scores. Subindex scores are in turn combined to produce a country's overall NRI score (Shome and Suri, 2016). Muslim majorities countries (MMC) analyzed are Egypt, Indonesia, Iran, Jordan, Lebanon, Malaysia, Saudi Arabia, Turkey, and United Arab Emirates (UAE). Nine MMC (MMC9) are represents 40% of world's Muslim population and 61% of GDP (Gross Domestic Product) world's Muslim GDP (Wikipedia, 2016).

## RESULT AND DISCUSSION

### Entrepreneurial Culture Readiness (ECR)

The entrepreneurial culture is part of the Culture Readiness, it measures the ability of a State in entrepreneurship culture to accept crowdfunding as an alternative financing for new businesses or SMEs. There is twelve (12) indicator to measure the readiness of an entrepreneurial culture that all of the indicators taken from the data GEM, 2015.

### Egypt

Egypt is a transcontinental country reach the northeast corner of Africa and southwest corner of Asia. Egypt also Mediterranean country. Almost (94.7%) of population (80 million) is Muslim. GDP in 2014 is USD 324 Billion and GDP per capita is USD 3.30. Egypt has the cultural readiness lower than the average GEM. Only the physical infrastructure and Internal market dynamic that is same with the average GEM.

Indicator	Societal value	about
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entrepreneurship at Egypt has a value of 79.6 for High status to entrepreneurs and 73.6 for Entrepreneurship a good career choice (Figure 1) and is ranked 11<sup>th</sup> and 10<sup>th</sup> out of 60

countries. Overall, Egypt needs to prepare more of factors in terms of cultural readiness to implement crowdfunding.

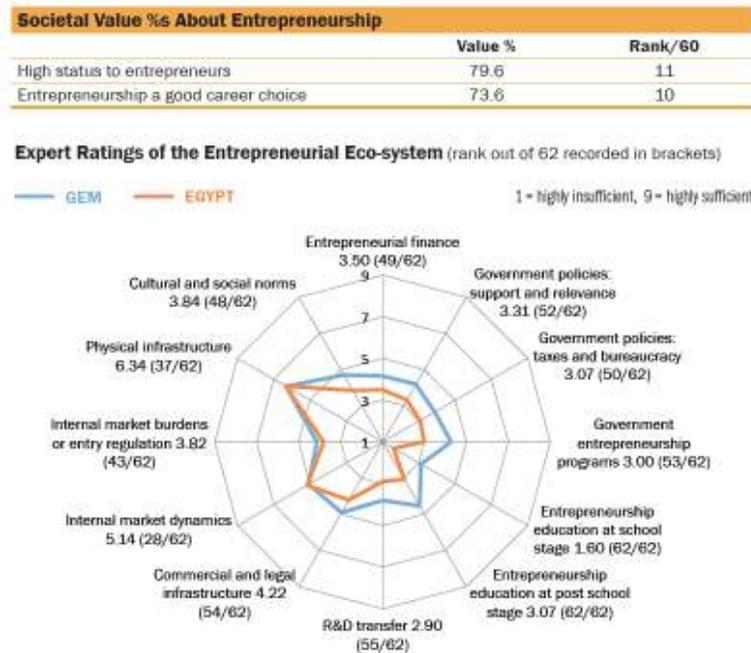


Figure 1 Egypt Entrepreneurial Culture Readiness

**Indonesia**

Indonesia is the country with the largest population in Southeast Asia (251.5 million) with the largest GDP (USD 888.8 billion). Islam is majority religion, almost 88%. Has the cultural readiness higher than the average GEM. Only the physical infrastructure that is

lower than the average GEM. Indicator Societal value about entrepreneurship at Egypt has a value of 81.4 for High status to entrepreneurs and 74.4 for Entrepreneurship a good career choice (Figure 2) and is ranked 7<sup>th</sup> and 6<sup>th</sup> out of 60 countries. Overall, Indonesia ready in terms of cultural readiness to implement crowdfunding.

Societal Value %s About Entrepreneurship		
	Value %	Rank/60
High status to entrepreneurs	81.4	7
Entrepreneurship a good career choice	74.4	6

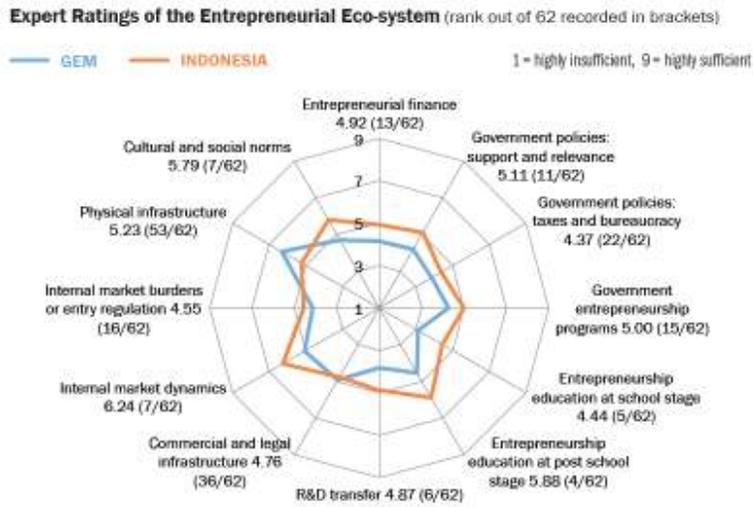


Figure 2 Indonesia Entrepreneurial Culture Readiness

**Iran**

Iran is a sovereign state in Western Asia, bordered to the east by Afghanistan and Pakistan, and to the west by Turkey and Iraq. Iran have 74.82 million population and almost all (99%) is Muslim. Iran had a GDP of USD 502.73, and has the cultural readiness lower than the average GEM. Only the physical infrastructure is same with the average GEM and Internal market dynamic that is higher than the average GEM. Indicator Societal value about entrepreneurship at Iran has a value of 82.3 for High status to entrepreneurs and 56.3 for Entrepreneurship a good career choice (Figure 3) and is ranked 5<sup>th</sup> and 37<sup>th</sup> out of 60 countries. Overall, Egypt needs to prepare more of factors in terms of cultural readiness to implement crowdfunding.

**Jordan**

Jordan is an Arab kingdom in Western Asia, bordered by Saudi Arabia to the east and south and Syria to the north. Jordan has 6.4 million population and USD 38.15 GDP with USD 5.6 GDP per

capita. Data about entrepreneurship cultural readiness not available in GEM 2015/2016 report.

**Lebanon**

Lebanon is a country in the Middle East bordered by Syria in the north and east and Israel to the south. GDP is USD 49.92 Billion and with 4.46 Million population it has a GDP per capita is USD 11.06. More than half (59.5%) Lebanese are Muslim. Not available Indicator Societal value of data for about entrepreneurship and for high status to entrepreneurs but there are seven cultural readiness indicators that exceed the average GEM namely: Entrepreneurial finance to the value of 5.22 and is ranked into ten of 62 countries, Government policies of 4.14 (26/62), Entrepreneurship education at school stage (4.00, 31/62), Entrepreneurship at post school (4.93, 18/62), R7D transfer (4.21, 15/62), Commercial and legal infrastructure (5.62, 13/62), and Cultural and social norm (6.34, 3/62) (figure 4). Overall, Lebanon ready in terms of cultural readiness to implement crowdfunding.

**Malaysia**

Malaysia is a federal constitutional monarchy country located in Southeast Asia with a population around 30.3 million (60% or 17.14 million is Muslim) with a GDP of \$ 375.63 billion and GDP per capita is USD 10.8. Has cultural readiness higher than the GEM average in all indicators. Prominent cultural readiness is entrepreneurial finance to the value of 5.77 and is ranked into one of 62 countries. Indicator Societal value about entrepreneurship at Malaysia has a value of 51.0 for High status to entrepreneurs and 39.3 for Entrepreneurship a good career choice and is ranked 50<sup>th</sup> out of 60 countries (figure 5). Overall, Malaysia ready in terms of cultural readiness to implement crowdfunding.

**Saudi Arabia**

Saudi Arabia is an Arab state in Western Asia locating in the Arabian Peninsula, bordered by Jordan and Iraq to the north and Yemen to the south. It is the third-most GDP (USD 742.27) in the Muslim Countries after Indonesia and Turkey. So, It is USD 20.81 GDP per capita. Saudi Arabia has 30.77 million population and most of them (95%) is Muslim. Data about entrepreneurship cultural readiness not available in GEM 2015/2016 report.

**Turkey**

Turkey is a parliamentary republic in Eurasia, mainly on the Western Asia with a smaller portion on the Balkan Peninsula in

Southeast Europe, bordered by Syria and Iraq to the south and Greece to the west. It is the second-most GDP (USD 820.21) in the Muslim Countries after Indonesia. So, It is USD 9.56 GDP per capita. Turkey has 74.66 million people and most of them (98%) is Muslim. Data about entrepreneurship cultural readiness not available in GEM 2015/2016 report.

**Summary of ECR**

Base on the data GSM 2015/2016 report (Kelley et al, 2015) there are twelve (12) indicator which shows the cultural readiness of a country to implement crowdfunding: Entrepreneurial finance (EF), Government policies: support and relevance (GPSR), Government policies: taxes and bureaucracy (GPTB), Government entrepreneurship programs (GEP), Entrepreneurship education at school stage (EESC), Entrepreneurship education at post school stage (EEPSS), R&D transfer (RDT), Commercial and legal infrastructure (CLI), Internal market dynamics (IMD), Internal market burdens or entry regulation (IMBER), Physical infrastructure (PI), Cultural and social norm (CSN). Table 1, shows the nine (9) countries with a Muslim majority were analyzed: Egypt, Indonesia, Iran, Jordan, Lebanon, Malaysia, Saudi Arabia, Turkey, and the UAE. However, there are no available data for four (4) countries: Jordan, Saudi Arabia, Turkey and UAE.

**Table 1 the Value of ECR**

	Egypt	Indonesia	Iran	Jordan	Lebanon	Malaysia	Saudi A	Turkey	UAE	Av
1 EF	3.50	4.92	3.28	na	5.22	5.77	na	na	na	4.50
2 GPSR	3.31	5.11	3.76	na	3.28	5.18	na	na	na	4.50
3 GPTB	3.07	4.37	3.25	na	4.14	5.18	na	na	na	4.40
4 GEP	3.00	5.00	2.00	na	4.00	6.00	na	na	na	4.50
5 EESS	1.60	4.44	2.81	na	4.28	4.09	na	na	na	3.10
6 EEPS	3.07	5.88	3.36	na	4.93	5.15	na	na	na	4.80
7 RDT	2.90	4.87	3.04	na	4.21	4.93	na	na	na	4.00
8 CLI	4.22	4.76	2.76	na	5.62	5.63	na	na	na	5.00
9 IMD	5.14	6.24	5.90	na	4.35	6.07	na	na	na	5.00
10 IMBER	3.82	4.55	3.12	na	4.15	4.67	na	na	na	4.50
11 PI	6.34	5.23	6.64	na	4.43	7.17	na	na	na	6.30
12 CSN	3.84	5.79	3.68	na	6.34	5.77	na	na	na	4.70
ECR Value	<b>3.65</b>	<b>5.10</b>	<b>3.63</b>	-	<b>4.58</b>	<b>5.47</b>	-	-	-	<b>4.61</b>

From table 1 above shows that the average value of GEM for 12 indicators is 4.61, meaning that the countries have a value above 4.61 is a country that includes ready to implement crowdfunding in ECR. There are two countries that have a value ECR is higher

than the GEM average (4.61), namely Indonesia (5.10) and Malaysia (5.47). This means that only Indonesia and Malaysia who were prepared culturally to implement crowdfunding.

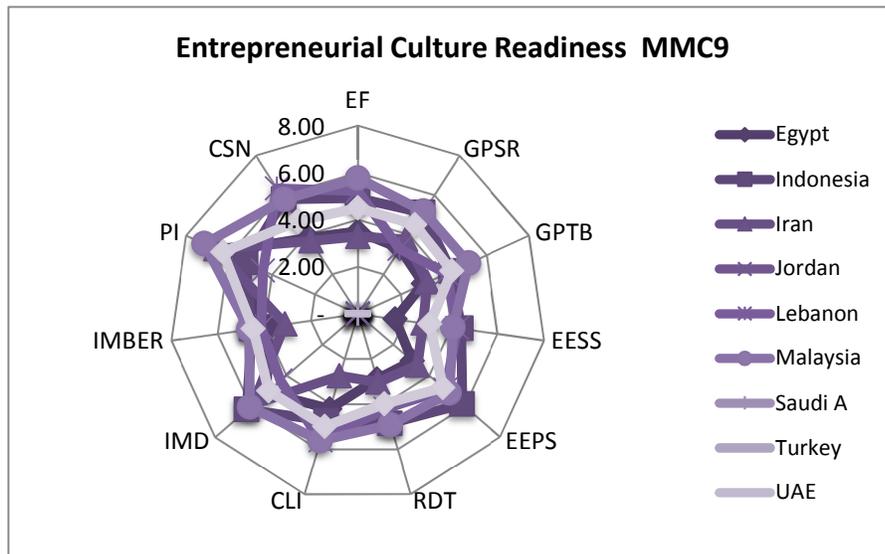


Figure 3: Entrepreneurial Culture Readiness

For more detail in Figure 3, Entrepreneurial Culture Readiness for Malaysia is for all (12) indicator but for Indonesia for 9 indicator except GPTB (Government Policies: Taxes and Bureaucracy), CLI (Commercial and Legal Infrastructure), and PI (Physical Infrastructure). Lebanon is almost ready for the average value of ECR (4:58) compared to the average value of the M9 is 4.61. Lebanon is ready in 6 indicators and are not ready at six other indicators. Egypt and Iran are being prepared only on two indicators of IMD (Internal Market Dynamics) and PI (Physical Infrastructure).

**Networked Readiness Index (NRI)  
Egypt**

Egypt's NRI rank is actually increased from ranked 91 in 2014 to 94 in 2015. However, the overall performance from 10 indicators are below average from the Lower-middle-income group, unless in three indicator of Affordability especially in Prepaid mobile cellular tariffs (rank no 7/from 143 countries), Individual usage especially in Fixed broadband internet subs (9/143), and Economic Impacts especially in ICT PCT patents (11/143).

**Indonesia**

Indonesia's NRI rank is actually declined from ranked 64 in 2014 to 79 in 2015. However, the overall performance from

10 indicators could exceed the Lower-middle-income group average, unless in one indicator of Affordability (99/143). In other hand Skills (5.2/7) outperform the rest of indicators.

**Iran**

Iran’s NRI rank is actually increased from ranked 104 in 2014 to 96 in 2015. However, the overall performance from 10 indicators are below average from the Lower-middle-income group, unless in two indicator are same with average of Skills and Business and innovation environment.

**Jordan**

Jordan’s NRI rank is actually increased from ranked 44 in 2014 to 52 in 2015 (figure 4). However, the overall performance from 10 indicators could exceed the Lower-middle-income group average, unless in one indicator of Infrastructure especially in Electricity production kWh/capita (value is 2.3/average is 3 and rank is 75/143).

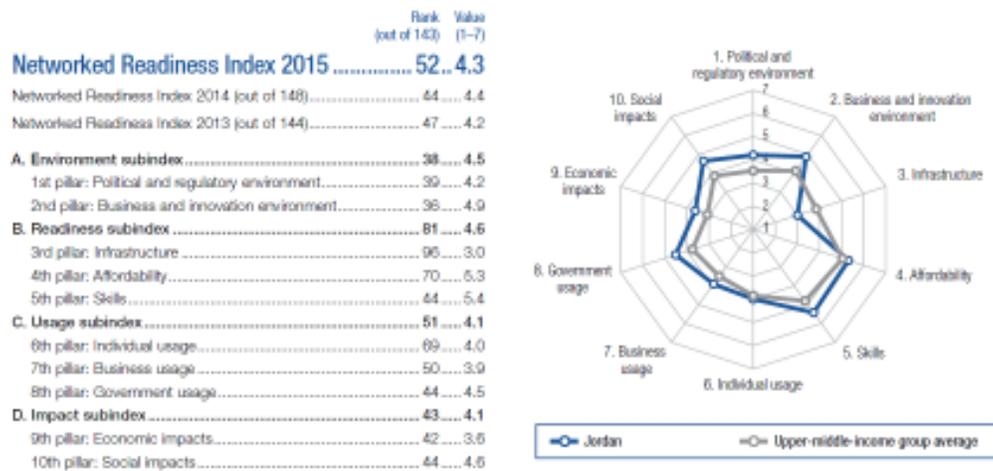


Figure 4 Jordan Technology Readiness

**Lebanon**

Lebanon’s NRI rank is actually decreased from ranked 97 in 2014 to 99 in 2015. However, the overall performance from 10 indicators is below average of GEM the Lower-middle-income group, unless in three indicator of Business and innovation environment especially in Quality of management schools (17/143), Skills especially in Quality of math & science education (5/143), and Individual usage

especially in Household w/ personal computer (13/143).

**Malaysia**

Malaysia topped the list compare to their other 8 MMC, they ranked 32 out of 143 countries in the world (figure 5). The most significant indicators are Government Usage ranked 9 from all participating countries. On the other hand, Affordability indicator remains struggle on the point of 5.1/7.0.



Figure 5 Malaysia Technology Readiness

**Saudi Arabia**

Saudi Arabia’s NRI rank is actually increased from ranked 32 in 2014 to 35 in 2015. However, the overall performance from 10 indicators could exceed the High-income group average, unless in one indicator of Government usage especially in Government success in ICT promotion (89/143).

**Turkey**

Turkey is top-second the list compared to their other MMC9 after Malaysia, they ranked 48 out of 143 countries in the world. The most significant indicators are Affordability especially on Internet & telephony competition ranked 1 from all participating countries. On the other hand, Affordability indicator remains struggle on the point of 6.8/7.0.

**UAE**

UAE (United Arab Emirates) NRI rank is actually increased from ranked 24 in 2014 to 23 in 2015. However, the overall performance from 10 indicators could exceed the High-income group average, unless in one

indicator of Affordability especially in Internet & telephony competition (124/143).

**Summary of NRI**

Base on the data of The Global Information Technology Report 2015, ICTs for Inclusive Growth, published by the World Economic Forum (WEF) (Dutta et al, 2015) there are ten (10) indicator which demonstrated technological readiness of a country to implement crowdfunding: Political and regulatory environment (PRE), Business and innovation environment (BIE), Infrastructure (Infra), Affordability (Affor), Skills (Ski), Individual usage (IU), Business usage (BU), Government usage (GU), Economic impacts (EI), and Social impacts (SI). Table 2, showing nine (9) countries with a Muslim majority were analyzed: Egypt, Indonesia, Iran, Jordan, Lebanon, Malaysia, Saudi Arabia, Turkey, and the UAE. WEF classifies nine (9) countries that we analyze into 2 groups: High-income group average (Hi) and Upper-middle-income group average (Ui). There are two (2) countries that are

categorized in the Hi: Saudi Arabia and the UAE. Meanwhile there are seven (7) states that are categorized Ui: Egypt, Indonesia,

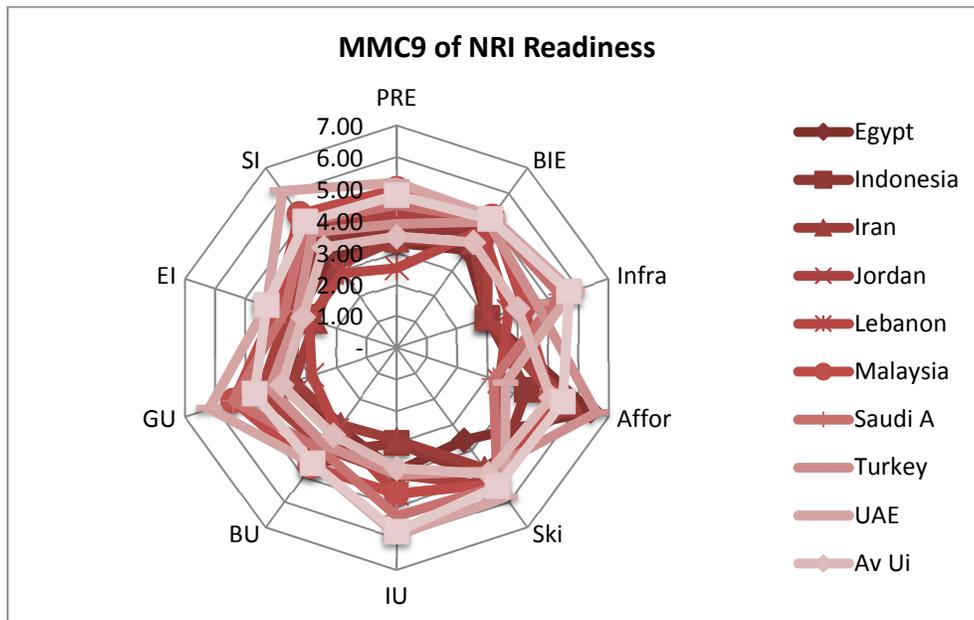
Iran, Jordan, Lebanon, Malaysia, and Turkey. All these countries (9 countries) analyzed are available data.

**Table 2 the Value of NRI**

	Egypt	Indonesia	Iran	Jordan	Lebanon	Malaysia	Saudi A	Turkey	UAE	Av Ui	Av Hi
1 PRE	3.30	3.80	3.40	4.20	2.50	5.00	4.50	3.90	5.20	3.50	4.80
2 BIE	3.80	4.50	4.10	4.90	4.60	5.10	5.00	4.90	5.10	4.10	5.00
3 Infra	3.00	3.00	3.00	3.00	3.70	4.20	5.40	4.60	5.80	4.00	5.70
4 Affor	6.40	4.30	5.80	5.30	3.40	5.10	3.20	6.60	3.60	5.10	5.50
5 Ski	3.60	5.20	4.70	5.40	5.30	5.30	5.40	4.80	5.80	4.90	5.40
6 IU	3.90	3.00	2.90	4.00	4.60	4.60	5.30	4.00	5.90	3.80	5.80
7 BU	3.10	4.10	3.00	3.90	3.20	4.60	4.00	3.80	4.50	3.40	4.50
8 GU	3.50	4.10	3.40	4.50	2.80	5.40	5.40	4.20	6.20	3.80	4.70
9 EI	3.30	3.10	2.70	3.60	2.90	4.00	3.70	3.30	4.30	3.10	4.30
10 SI	3.50	4.10	3.20	4.60	2.90	5.20	4.90	4.50	6.10	3.90	4.90
NRI Value	3.12	3.27	3.02	3.62	2.99	4.04	3.90	3.72	4.38	3.30	4.22

In Table 2 shows that the average value of NRI to Hi (High-income group average) is 4.22. We perceive that the countries has a value of NRI above the mean of each group is ready to implement crowdfunding in technology, then the group Hi only the UAE were disposed in technology since the value

of NRI of its above-average (4:38 > 4.22) while Saudi Arabia is not ready yet because of NRI value is below the mean (3.90 < 4.22). Saudi Arabia needs to pay more attention to the readiness of the indicators: Infrastructure, Affordability, Skills, Individual usage, Business usage, and Economic impacts.



**Figure 6MC9NRIReadiness**

Meanwhile for the group Ui (Upper-middle-income group average) has a mean value of NRI is 3.30. When we perceive that the countries has an average value of NRI above average value Ui (3.30) among the countries that are ready to implement crowdfunding in technology. There are three (3) countries which are ready are: Malaysia (4.04 > 3.30), Turkey (3.72 > 3.30) and Jordan (3.62 > 3.30). There is one country is quite ready to implement crowdfunding, namely Indonesia (3.27 = 3.30). Indonesia only requires to improve in terms of Physical infrastructure. Being three (3) other countries: Egypt (3.12), Iran (3.02), and Lebanon (2.99) is not ready yet technologically, still more needs to be prepared.

For more detail in Figure 6, NRI Readiness for Jordan is for seven (7) indicators and 3 indicators other not ready yet (Infrastructure, Affordability, and Business usage). NRI Readiness for Malaysia is for almost ten (10) indicators except Affordability. Turkey is also ready for almost ten indicators except Skills. Meanwhile UAE ready for almost all indicator except Affordability. So, from NRI readiness any 3 countries from MC9 ready to implement crowdfunding as an alternative to finance SMEs that is: Jordan, Malaysia, Turkey, and UAE.

**Discussion**

The discussion about readiness of the implementation of crowdfunding (CF) in Muslim majority countries is based on two variables: Entrepreneurial Culture Readiness (ECR) and Networked Readiness Index (NRI). From table 1 we will do the score and compared with the average score and then realized in the form of Radar.

**Table 3 MC9 Readiness for Crowdfunding**

Country	ECR	NRI	CF Readiness
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Egypt	Not yet	Not yet	Not yet
Indonesia	Ready	Almost Ready	Almost Ready
Iran	Not yet	Not yet	Not yet
Jordan	Not yet	Ready	Almost Ready
Lebanon	Ready	Not yet	Almost Ready
Malaysia	Ready	Ready	Ready
Saudi Arabia	Not yet	Not yet	Not yet
Turkey	Not yet	Ready	Almost Ready
UAE	Not yet	Ready	Almost Ready

Table 3 is a combination summary of Table 1 and Table 2. From Table 3 shows that the country is ready to implement crowdfunding is Malaysia. Five other countries, namely Indonesia, Jordan, Lebanon, Turkey, and the UAE are almost ready. This result is in line with Sancak (2016) which states that the crowdfunding in Turkey can be successfully implements in Turkey but still not ready yet for finance SMEs.

The findings show that MMC9 indicates that crowd-funding can be implemented successfully as an alternative business financing, especially for SMEs only in Indonesia and Malaysia because it has the average value of above-average ECR. While Egypt, Iran, and Lebanon is not ready yet. Four other MMC9 countries are Jordan, Saudi Arabia, Turkey and the UAE are not yet available because the data has not been covered in the ECR survey by GEM. This is an opportunity for crowd-funding as an alternative financing SMEs due to the large gap financing by banks. Indications that crowd-funding can be implemented in Indonesia and Malaysia bias is also evident from the high number of the cultural and social norm, on average above 5, it indicates

that social norms and cultural community is ready to accept a new form of financing or funding other than banks, such as crowd-funding.

Jordan, Malaysia, Turkey and UAE are the countries in the MMC 9 are ready to implement crowdfunding terms of NRI. Five other countries classified as not ready. Nonetheless, crowd-funding could not be used as an alternative financing for SMEs because of weak indicators in the form of electricity production infrastructure, mobile network coverage, international internet bandwidth, and secure Internet server. The un-readiness of MMC9 in implementing the crowd-funding can also be seen from the low individual usage of the mobile phone in the form of a subscription, the individual using the Internet, with personal computer household, a household with internet access, fixed broadband subs internet, mobile broadband subs, and use of virtual social networks. The average value of individual MMC9 usage was 3.3 out of 7. Unpreparedness is the next in terms of government regulations. Until now the only Malaysian who already have laws that regulate crowd-funding so biased protect the parties to a transaction funding and financing through crowd-funding.

Malaysia is a country that has had clear rules on crowdfunding. Meanwhile Indonesia and Egypt are countries that have been talking to the public a few things that need to be regulated with regard to crowdfunding (Zager, 2015 also Wahjono et al, 2015).

## CONCLUSION

Only Malaysia is ready to implement crowdfunding as an alternative to finance SME banking because of limitations in the cover of SME loans. Indonesia, Jordan, Lebanon, Tukey and the UAE are almost

ready. While Egypt, Iran and Saudia Arabia are not ready.

Crowdfunding readiness level was also affected by business practices that have used crowdfunding in MMC9. For the next research should also consider factors crowdfunding practice in any state. If in a country there has been a practice of crowdfunding and succeeded in collecting funds and managed to finance an activity or project, then the country can also be said to be ready to implement crowdfunding.

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