



JJHK is licensed under a [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/) license, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.



The Legality of Individual Social Crowdfunding in Indonesia: Regulatory Frameworks and Legal Compliance Challenges

Ali Huristak Hartawan Hasibuan^{1*}, David Novan Setyawan², Atika Dwi Lestari³, Ifitahul Ilma Nafi'a⁴

^{1,2,3,4}Fakultas Hukum,
Universitas Islam Kediri -
Kediri

Correspondence

Ali Huristak Hartawan
Hasibuan, Fakultas Hukum,
Universitas Islam Kediri -
Kediri, Jl. Sersan Suharmadji
No. 38, Jl. Sersan Suharmadji
No. 38 Manisrenggo,
Kecamatan Kota, Kota Kediri
- Jawa Timur – 64128,
Email : alihhasibuan@uniska-
kediri.ac.id

Original Article

Abstract

This study examines the classification and legality of social crowdfunding practices under Indonesian law using a normative approach that combines statutory and conceptual perspectives. Social crowdfunding is understood as the collection of voluntary public contributions through digital platforms for social purposes. The findings indicate that social crowdfunding is legally classified as an activity of Fundraising or Collection of Money or Goods as regulated under Law No. 9 of 1961. The legality of social crowdfunding conducted by individuals is conditional, depending on compliance with legally recognized exemption categories and the application of principles of voluntariness and transparency. The study also identifies a gap between regulatory requirements that mandate formal organizational permits and the widespread practice of individual crowdfunding through social media, highlighting the need to strengthen regulations, enhance donor protection, and establish more effective oversight mechanisms to prevent the misuse of funds.

Keywords: *Individual Social Crowdfunding, Regulatory Frameworks, Compliance Challenges*

Abstrak

Penelitian ini mengkaji klasifikasi dan legalitas praktik crowdfunding sosial dalam hukum Indonesia melalui pendekatan normatif dengan pendekatan perundang-undangan dan konseptual. Crowdfunding sosial dipahami sebagai penggalangan kontribusi sukarela masyarakat melalui platform digital untuk tujuan sosial. Hasil penelitian menunjukkan bahwa crowdfunding sosial secara hukum termasuk dalam kegiatan Pengumpulan Uang atau Barang sebagaimana diatur dalam UU No. 9 Tahun 1961. Legalitas praktik crowdfunding sosial oleh individu bersifat kondisional, bergantung pada pemenuhan kategori pengecualian yang diakui undang-undang serta penerapan prinsip kesukarelaan dan transparansi. Penelitian ini juga menemukan adanya kesenjangan antara ketentuan perizinan formal bagi organisasi dan praktik crowdfunding individu yang marak di media sosial, sehingga diperlukan penguatan regulasi, perlindungan donor, dan mekanisme pengawasan yang efektif guna mencegah penyalahgunaan dana.

Kata kunci: *Crowdfunding Sosial Individu, Kerangka Regulasi, Kepatuhan Hukum*

1. INTRODUCTION

The digital world has revolutionised the way people interact, communicate and manage information. The integration of information and communication technology now permeates almost all aspects of life, from economics and culture to education and social life. The digital era marks a significant shift in which human activities are increasingly dependent on digital platforms, social media, and internet-based applications,¹ thereby increasing public access to various services, strengthening social networks, and encouraging the formation of highly dynamic virtual communities.²

One of the important phenomena arising from the development of the digital world is social crowdfunding. Crowdfunding is a method of raising funds that utilises digital technology by collecting small contributions from many individuals through online platforms to support a project or initiative, whether business or social.³ Crowdfunding is used to finance various social activities, including disaster relief, social infrastructure development, social enterprise financing, and humanitarian activities.⁴ Moreover, in some developing countries, crowdfunding has proven capable of expanding financial inclusion for communities with limited access to conventional banking services.⁵

The growth of social crowdfunding is closely tied to the prevalence of social media and the widespread availability of digital technology. The success of crowdfunding campaigns is significantly influenced by digital visibility, social networks, and the level of public trust in both the platform and the initiator.⁶ Research in Indonesia, for example, shows that millennials, as the largest group of digital users, tend to be active in donating through crowdfunding platforms, with factors such as social influence, trust, and the expectation of positive experiences being the main drivers of their intention to donate.⁷ Other studies also confirm that integrating social media and digital marketing strategies can increase public awareness and participation in crowdfunding activities.⁸

The social crowdfunding model has several advantages over conventional methods, including ease of access and democratisation of funding, as all levels of society can contribute, as

¹ Loso Judijanto et al., "Bibliometric Analysis of the Growth and Challenges of Digital Entrepreneurship," *West Science Social and Humanities Studies* 2, no. 09 (September 30, 2024): 1413–28, <https://doi.org/10.58812/wsshs.v2i09.1266>.

² A I Callejas-Albiana Ana Castillo-Canalejo Miguel Gonzalez-Mohno M. . Rodriguez-Domenech, "Empowering Critical Thinking: The Role of Digital Tools in Citizen Participation," *Journal of New Approaches in Educational Research*, 2023, <https://doi.org/10.7821/naer.2023.7.1385>.

³ Ekaterina Nalivaichenko Dmitry Ivantsov, "On the Issue of the Substantive Characteristics of Crowdfunding," *Theoretical Economics*, 2024, <https://doi.org/10.52957/2221-3260-2024-11-55-66>.

⁴ Ann Light and Jo Briggs, "Crowdfunding Platforms and the Design of Paying Publics," in *Proceedings of the 2017 CHI Conference on Human Factors in Computing Systems* (New York, NY, USA: ACM, 2017), 797–809, <https://doi.org/10.1145/3025453.3025979>.

⁵ Zuned Rizwan Mansoori and Dr. Shipra Saxena, "Crowdfunding as a Financial Inclusion Tool in Developing Countries: Opportunities, Challenges, and Recommendations," *International Journal of Latest Technology in Engineering Management & Applied Science* 14, no. 8 (August 22, 2025): 117–22, <https://doi.org/10.51583/IJLTEMAS.2025.1408000015>.

⁶ Girish G P and Seeboli Ghosh, "Dynamics between Digital Visibility through Social Media Marketing and Crowdfunding: Path to Succeed in Entrepreneurship," *Indian Journal of Finance and Banking* 4, no. 2 (August 7, 2020): 28–37, <https://doi.org/10.46281/ijfb.v4i2.698>.

⁷ Moh. Helmy Najih Ramadhan and Achsanika Hendratmi, "Moslem Millennials Donor Intention Through Donation-Based Crowdfunding In Indonesia," *Jurnal Ekonomi Syariah Teori Dan Terapan* 10, no. 1 (January 31, 2023): 41–56, <https://doi.org/10.20473/vol10iss20231pp41-56>.

⁸ G P and Ghosh, "Dynamics between Digital Visibility through Social Media Marketing and Crowdfunding: Path to Succeed in Entrepreneurship."

well as accelerated fund collection.⁹ In addition, crowdfunding encourages social innovation by providing opportunities for local initiatives or community-based projects to obtain broad support that was previously difficult to obtain through institutional channels. However, challenges remain, such as the need for clear regulations, increased digital literacy, and strengthened trust and transparency to prevent fund misappropriation.¹⁰

Globally, the growth of crowdfunding in both economic and social fields is highly dependent on the development of the digital ecosystem, technological sophistication, and collaboration among government, business actors, and the community.¹¹ A supportive ecosystem, including favourable regulations, robust digital infrastructure, and public education, has been proven to accelerate the adoption and success of various crowdfunding initiatives.¹² Crowdfunding has also become an innovative tool for addressing funding deficits in social projects, community infrastructure, and SME financing more inclusive.¹³

The emergence of crowdfunding as a social phenomenon demonstrates that the digital world plays a significant role in socio-economic change by creating new channels for community participation and solidarity.¹⁴ This phenomenon has redefined the practices of philanthropy, social entrepreneurship, and community-based development models on a global scale.¹⁵

Social crowdfunding models have emerged in response to society's growing need for more inclusive and participatory funding, facilitated by digital technology. In practice, social crowdfunding can be distinguished based on its operational mechanisms and the incentives provided to its supporters. However, its core always involves the collective raising of funds from the community to support a social project or mission, whether in the form of humanitarian action, community development, or economic empowerment of vulnerable groups.¹⁶ The most commonly known model is donation-based crowdfunding, which focuses on voluntary contributions from donors without expecting material rewards. The primary motivation for participants is empathy, solidarity, and a desire to help others. This model is widely used in philanthropic activities, disaster relief, and funding for social institutions, and has gained popularity in Indonesia due to its ease of online access.¹⁷

Of the two models mentioned, reward-based crowdfunding is an alternative model that offers symbolic rewards or simple products to project supporters, thereby motivating public participation through non-financial appreciation, such as digital certificates or souvenirs from the

⁹ Apnizan Abdullah, "Crowdfunding as an Emerging Fundraising Tool: With Special Reference to the Malaysian Regulatory Framework," *ICR Journal* 7, no. 1 (January 15, 2016): 98–119, <https://doi.org/10.52282/icr.v7i1.286>.

¹⁰ Bouba Ismaila, "The State of Crowdfunding in Africa and Its Potential Impact: A Literature Review," *International Journal of Research In Business and Social Science*, 2023, <https://doi.org/10.20525/ijrbs.v12i5.2550>.

¹¹ Judijanto et al., "Bibliometric Analysis of the Growth and Challenges of Digital Entrepreneurship."

¹² Steven et al., "Investigating Intention to Use Digital Securities Crowdfunding Platforms: Insights from TAM and UTAUT Frameworks," in *2024 9th International Conference on Information Technology and Digital Applications (ICITDA)* (IEEE, 2024), 1–8, <https://doi.org/10.1109/ICITDA64560.2024.10809640>.

¹³ Susana Bernardino, José Freitas Santos, and José Cadima Ribeiro, "Social Crowdfunding: A New Model For Financing Regional Development?," *Journal of Urban and Regional Analysis* 8, no. 2 (October 10, 2020), <https://doi.org/10.37043/JURA.2016.8.2.1>.

¹⁴ Zoltn Lakner Saurav Chandra Talukder, "Exploring the Landscape of Social Entrepreneurship and Crowdfunding: A Bibliometric Analysis," *Multidisciplinary Digital Publishing Institute*, 2023, <https://doi.org/https://doi.org/10.3390/su15129411>.

¹⁵ Lady Aprilia and Sigit S. Wibowo, "The Impact of Social Capital on Crowdfunding Performance," *The South East Asian Journal of Management* 11, no. 1 (May 30, 2017), <https://doi.org/10.21002/seam.v11i1.7737>.

¹⁶ Dmitry Ivantsov, "On the Issue of the Substantive Characteristics of Crowdfunding."

¹⁷ Ramadhan and Hendratmi, "Moslem Millennials Donor Intention Through Donation-Based Crowdfunding In Indonesia."

project being run.¹⁸ Meanwhile, the equity-based crowdfunding model allows participants to become shareholders in certain social enterprises. Although rarely found in purely social projects, this model can still be applied to community-based social enterprises that want to prioritise business sustainability and social impact simultaneously.

In Indonesia, the development of social crowdfunding has been relatively rapid. Kitabisa.com is the leading social crowdfunding platform in Indonesia, having successfully raised substantial amounts of funds through various effective fundraising management strategies. One of the keys to its success is its approach to donor trust management through the Trust Pyramid method, which maintains transparency and integrity in fund management.¹⁹ In addition to Kitabisa.com, the existence of other crowdfunding platforms such as Akseleran.com, Wujudkan.com, and GandengTangan.com enriches the social crowdfunding ecosystem in Indonesia. These platforms offer diversified functions, ranging from social financing and social business to the health services sector, opening up wider opportunities for various types of social campaigns.²⁰

Problems have also accompanied rapid development in Indonesia. For example, cases of fund misuse and weak supervision on several crowdfunding platforms reveal gaps in the reporting and monitoring systems that are intended to maintain public trust.²¹

Cak Budi became one of the earliest and most prominent cases of social crowdfunding fraud. Funds collected through social media were intended for charity. However, it was later discovered that some of the funds were used for personal gain, such as purchasing mobile phones that were deemed inappropriate for fundraising. This case highlights the lack of oversight and transparency that occurs when fundraising is conducted through personal accounts or by individuals, rather than through official platforms. The Financial Services Authority (OJK) also expressed regret over this case; however, it appears that sufficient protection was not in place at the time, as the funds were collected through personal accounts rather than a licensed platform.²²

The response from financial authorities, such as the OJK in Indonesia, to cases of crowdfunding fraud tends to be slow or minimal, primarily when the fundraising is conducted through individual accounts rather than an official, regulated platform.²³ Cases of social crowdfunding fraud in Indonesia are primarily attributed to weak regulations, inadequate supervision, and a lack of legal certainty in the fundraising process. Therefore, many experts consider it necessary to strengthen regulations, protect the interests of donors, and conduct independent audits on the distribution of social funds.²⁴

¹⁸ Dmitry Ivantsov, "On the Issue of the Substantive Characteristics of Crowdfunding."

¹⁹ Wa Ode Asmawati and Anggi Ramdani, "Strategi Fundraising Crowdfunding Untuk Pengembangan Filantropi Sosial Di Indonesia (Study Kasus Kitabisa.Com)," *KAIS Kajian Ilmu Sosial* 3, no. 1 (June 15, 2022): 1–8, <https://doi.org/10.24853/kais.3.1.1-8>.

²⁰ Diyah Hesti K, "The Role of Social Capital in the Fintech Application with the Crowdfunding Scheme," *KnE Social Sciences*, October 17, 2019, <https://doi.org/10.18502/kss.v3i26.5389>.

²¹ Reza Arviciena Sakti Nana Novia Irianti Kukuh Tondoyekti Mariana, "Business Ethics in Fintech and Missappropriation of Donation Funds: A Case Study of Kitabisa.Com Crowdfunding Platform," *Jurnal Ilmiah Ekonomi Global Masa Kini*, 2024, <https://doi.org/10.36982/jiegm.v15i2.4953>.

²² Felia Hutari Dwi Putri and Novianita Sita Devi, "Analisa Penyalahgunaan Social Crowdfunding," *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan* 5, no. 5 (December 25, 2022): 2391–95, <https://doi.org/10.32670/fairvalue.v5i5.2390>.

²³ Hutari Dwi Putri and Sita Devi.

²⁴ Putra Halomoan Hasibuan, "Penerapan Crowdfunding Bidang Sosial Dalam Pembangunan Mesjid," *Yurisprudential: Jurnal Hukum Ekonomi* 9, no. 2 (December 5, 2023): 213–26, <https://doi.org/10.24952/yurisprudential.v9i2.9701>.

The prevalence of fraud can reduce public trust in social crowdfunding platforms, causing many potential donors to hesitate to participate and become more selective in choosing a platform.²⁵ Therefore, strengthening aspects of trust, information transparency, and reporting by platforms is crucial to maintaining public interest.²⁶ Previous research on social crowdfunding in Indonesia has primarily focused on three main areas. First, numerous studies emphasise the opportunities and role of crowdfunding as a social innovation, particularly in enhancing community participation in addressing social issues, as observed in analyses of platforms such as Kitabisa.com and GandengTangan.²⁷ Second, regulatory and legal protection aspects are a significant concern. Most studies highlight the weak legal framework governing social crowdfunding in Indonesia, particularly in terms of donor protection and oversight mechanisms, which often leads to the risk of misappropriation or misuse of funds.²⁸ Thirdly, the focus is on the specific challenges and prospects of Sharia crowdfunding, highlighting the absence of specific regulations on Sharia-based donations and the still low level of public trust.²⁹

A significant research gap exists in the limited exploration of law enforcement mechanisms and the practical implications of social crowdfunding regulations in Indonesia. Previous studies have focused on crowdfunding's potential as a social innovation and the importance of donor protection, yet have not comprehensively analyzed how individuals conducting crowdfunding can legally operate within the context of the gap between formal regulations requiring organizational permits and the reality of crowdfunding practices on social media platforms. Furthermore, research remains limited in exploring specific regulatory solutions, effective supervision mechanisms for non-formal platforms, and donor protection strategies when crowdfunding is conducted through personal accounts without affiliation to official organizations.

This research is important for providing a precise mapping of crowdfunding classifications according to Indonesian law and for examining the legality of social crowdfunding practices in relation to applicable laws and regulations. Understanding legal aspects is not only fundamental to protecting donors and recipients of funds but also crucial in increasing public trust and supporting the growth of a healthy, legal, and sustainable social crowdfunding ecosystem in today's digital era. Based on this premise, the objectives of this research are to :

1. Identify the classification of crowdfunding according to applicable law in Indonesia
2. Determine the legality of social crowdfunding practices carried out individually according to Indonesian law

2. RESEARCH METHODOLOGY

²⁵ Herna Herna et al., "Strategi Komunikasi Media Sosial Untuk Mendorong Partisipasi Khalayak Pada Situs Online Kitabisa.Com," *Jurnal Komunikasi Pembangunan* 17, no. 2 (July 1, 2019): 146–56, <https://doi.org/10.46937/17201926843>.

²⁶ Ramadhan and Hendratmi, "Moslem Millennials Donor Intention Through Donation-Based Crowdfunding In Indonesia."

²⁷ Halimatus Sadiyah and Ika Diyah Candra, "Managing Social Innovation In Crowdfunding Digital Platform," *Airlangga Journal of Innovation Management* 1, no. 1 (June 24, 2020): 59, <https://doi.org/10.20473/ajim.v1i1.19412>.

²⁸ Afif Noor et al., "Overcoming Regulatory Hurdles in the Indonesian Crowdfunding Landscape," *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi*, December 30, 2023, 245–60, <https://doi.org/10.24090/volksgeist.v6i2.9447>.

²⁹ Annisa Nisa and Nurhabni Ritonga, "Tantangan Dan Masa Depan Perkembangan Donation Based Crowdfunding Dalam Financial Technology Syariah Di Indonesia," *Yurisprudencia: Jurnal Hukum Ekonomi* 10, no. 2 (January 6, 2025): 390–404, <https://doi.org/10.24952/yurisprudencia.v10i2.12678>.

The research method used in this study is the normative research method, which examines law as norms, principles, and doctrines by analysing literature sources, regulations, and expert opinions. This research is prescriptive in nature, aiming to provide conceptual solutions to legal problems, without involving field data or empirical studies.³⁰³¹

Two approaches are employed, namely the legal approach and the conceptual approach. The legal approach considers all laws and regulations related to the legal issues under study, namely Law No. 9 of 1961 concerning the Collection of Money or Goods, Government Regulation No. 29 of 1980 concerning the Implementation of Donation Collection, and Minister of Social Affairs Regulation No. 8 of 2021 and its amendment Permensos No. 8 of 2024 concerning the Implementation of Money or Goods Collection. Meanwhile, the conceptual approach draws on theories and perspectives that have developed in legal science, specifically those related to social crowdfunding

3. RESULT AND DISCUSSION

3.1. Classification of Crowdfunding in Indonesian Law

Crowdfunding in Indonesian law can be understood as part of Money or Goods Collection (MGC) activities, specifically efforts to obtain money or goods for the development of social welfare, as well as mental/religious/spiritual, physical, educational, and cultural fields. This definition is explicitly stated in Law No. 9 of 1961 concerning the Collection of Money or Goods (Law 9 of 1961), which in Article 1 states that "the collection of money or goods is any effort to obtain money or goods for development in the fields of social welfare, mental/religious/spiritual, physical, and cultural development." Therefore, crowdfunding that involves the voluntary and administratively organised collection of funds from the general public is legally included in the definition of MGC.

On the same legal basis, Article 2 paragraph (1) of Law No. 9 of 1961 stipulates that in order to collect money or goods, the organiser must first obtain permission from the competent authority. The competent official is distinguished according to the level of the collection area as stipulated in Article 4 paragraph (1): the Minister of Social Welfare for the national and cross-border areas, the Governor for level I areas (provinces), and the Regent or Mayor for level II areas (regencies/cities). The permit application mechanism must include details in accordance with Article 5 paragraph (2), such as the purpose and objective of the collection, the method of implementation, the implementer, the time limit, the area of implementation, the target group, and the procedure for distributing the proceeds of the collection. Article 2, paragraph (1) of Law No. 9 of 1961 provides a clear legal structure for crowdfunding operators to obtain permits in accordance with the scope of the area and the purpose of the fundraising.

However, Law No. 9 of 1961 also provides an important exception in Article 2 paragraph (2), which states that the collection of money or goods required by religious law, customary law, or organised within a limited environment does not require a permit. The explanation of this article states that "the collection of money or goods that is deemed not to require prior permission

³⁰ Yati Nurhayati, Ifrani Ifrani, and M. Yasir Said, "Metodologi Normatif Dan Empiris Dalam Perspektif Ilmu Hukum," *Jurnal Pengakuan Hukum Indonesia* 2, no. 1 (January 17, 2021): 1–20, <https://doi.org/10.51749/jphi.v2i1.14>.

³¹ Sidi Ahyar Wiraguna, "Metode Normatif Dan Empiris Dalam Penelitian Hukum: Studi Eksploratif Di Indonesia," *Public Sphere: Jurnal Sosial Politik, Pemerintahan Dan Hukum* 3, no. 3 (November 30, 2024), <https://doi.org/10.59818/jps.v3i3.1390>.

includes zakat or zakat fitrah, collections at places of worship such as mosques, churches, and temples for internal community purposes, as well as mutual assistance carried out in emergencies, especially during natural disasters such as epidemics, fires, storms, floods, and so on". This means that crowdfunding based on religious obligations or conducted within small communities with internal social control is not required to follow formal licensing procedures.

Furthermore, regulations concerning the collection of money or goods are clarified through Government Regulation No. 29 of 1980, which pertains to the Implementation of Donation Collection (GR 29 of 1980). In Article 1 paragraph (3), the collection of donations is defined as an effort to obtain money or goods for development in the fields of social welfare, mental/religious, physical, education, and culture, which provides a foundation in line with the concept of crowdfunding in the context of Indonesian law. GR 29 of 1980 regulates the procedures, limits on administrative financing, and the obligations and operational limitations of the organisers in more detail. As stated in Articles 2 and 3, the collection of donations must be carried out by community organisations that have permission from the competent authorities in accordance with the area of activity, and must be carried out voluntarily without direct or indirect coercion so as not to obscure the voluntary nature of the donors, which is a principle of voluntarism that is also a fundamental principle in crowdfunding practices.

Regarding licensing, Article 7 of GR 29 of 1980 stipulates that licence applications shall be submitted to the competent authority in accordance with the scope of the fund collection area, namely the Minister of Social Affairs for fund collection covering the entire territory of Indonesia or across provinces, the Governor for the provincial area, and the Regent/Mayor for the regency/city area. Restrictions on the costs of organising fundraising are also clearly regulated in Article 6 paragraph (1), namely that a maximum of 10% of the proceeds from fundraising may be used as operational costs, and there is the possibility of tax exemption with the permission of the Minister of Finance to maintain the effective use of donated funds.

In terms of reporting and supervision, GR 29 of 1980 emphasises the importance of reporting the results of fundraising carefully and promptly as part of public transparency and accountability. Article 14, paragraph (1) states that organisers are required to submit a report on the results of the collection to the licensing official within two months after the activity ends, and a report on the use of funds must be submitted no later than four months after the end of the collection. Preventive and repressive supervision is regulated in Articles 18, 19, and 20, ensuring that security, order, and public interests remain protected from harmful or unlawful fundraising practices.

With the development of the digital era and the complexity of modern crowdfunding that utilises online platforms, the Indonesian government issued Minister of Social Affairs Regulation No. 8 of 2021 concerning the Implementation of Money or Goods Collection (Permensos 8 of 2021) as an update to the technical rules for implementing MGC. In Article 1 paragraph (1) of Permensos 8 of 2021, MGC is defined in accordance with the exact basic definition in Law No. 9 of 1961, namely an effort to obtain money or goods for development in various social fields that must be carried out in an orderly, transparent, and accountable manner (Article 2 paragraph (1)) and voluntarily without causing unrest in the community (Article 2 paragraph (2)).

Permensos 8 of 2021 also clearly classifies MGC in Article 4, which regulates exemptions for activities involving the collection of money or goods that do not require a permit, including zakat, collections at places of worship, emergencies in limited areas, limited community mutual assistance, spontaneous limited gatherings, and/or other activities in accordance with the

provisions of other laws and regulations. Thus, Permensos 8 of 2021 explicitly affirms the exemptions in line with Law 9 of 1961 and PP 29 of 1980, but adds clarity to the forms of social activities that do not require a permit.

The implementation of MGCs that require permits is regulated in Article 5 paragraph (1) of Permensos 8 of 2021, which requires that applications must be accompanied by comprehensive administrative documents, such as a Community Organisation registration certificate, a certificate of domicile, a Taxpayer Identification Number, proof of payment of land and building tax or a lease agreement, a bank account number as a fund repository, ID cards of the administrators, a statement of legality and validity of the documents, and a stamped statement declaring that the MGC funds will not be used for prohibited activities such as radicalism, terrorism, or politics. A recommendation from the authorised official in the relevant region must also accompany the documents.

The permit issuance process is regulated in Article 9 of Permensos 8 of 2021, which stipulates that permit applications shall be submitted to the Minister, Governor, or Regent/Mayor according to their respective jurisdictions, with the verification process of the requirements by the relevant ministry to be completed no later than 14 working days after the recommendation from the authorised official is received (Article 9A paragraphs (1)-(3)). This permit is valid for a specific period, as stipulated in Article 11, with a maximum validity of three months. It may be extended once for a period of one month.

Various methods of fundraising regulated in Article 10 of Permensos 8 of 2021 are very diverse and adaptable to modern technological developments, including the organisation of charity performances, bazaars, the sale of goods by auction or through invitation cards, the placement of donation boxes in public places, the sale of goods or services at higher prices, and the use of short message donation services, bank accounts, online services, digital applications, electronic money, social media, and other forms regulated by law.

MGC accountability reporting is regulated in Article 25 paragraph (2) of Permensos 8 of 2021, which requires organisers to provide detailed reports on the amount and details of the collection, distribution of aid, a statement of responsibility, audit documents from a public accountant if the amount collected exceeds IDR 500,000,000.00, and documentation of the distribution process. The report must be submitted to the licensing authority within 30 days after the distribution is completed.

Authority in supervision and law enforcement is also regulated in detail in Articles 19 and 22 of Permensos 8 of 2021. The Minister of Social Affairs, Governors, and Regents/Mayors have the authority to reject, postpone, revoke, or cancel MGC permits based on reasons such as technical violations, negative impacts on the community, legal violations, or the potential for social unrest. Supervision is carried out at least twice a year by internal government supervisory agencies and designated enforcement units at the central and regional levels (Article 22 paragraphs (1) and (2)).

Violations of the provisions governing the organisation of MGCs, whether licensed or unlicensed, may be subject to administrative or criminal sanctions. Article 27(1) of Permensos 8 of 2021 stipulates that administrative sanctions may take the form of a written warning, suspension of the licence, or revocation of the licence if the organiser fails to comply with the licence requirements. Meanwhile, Article 30 emphasises criminal sanctions for those who organise MGCs without a permit in accordance with the laws and regulations. Additionally, Article 8(1) of Law No. 9 of 1961 states that organisers of a fund or goods collection without a permit may be

sentenced to imprisonment for up to three months or a maximum fine of Rp10,000, and the collected goods or funds may be confiscated and used for similar welfare initiatives.

Ministry of Social Affairs Regulation No. 8 of 2024 (Permensos 8 of 2024) is an update to Permensos 8 of 2021, which clarifies and adjusts the provisions on permits and supervision of MGC in the digital era, adding categories of collection that do not require a permit in accordance with Article 4, such as zakat, collection at places of worship, emergencies in limited areas, mutual assistance in limited areas, spontaneous limited gatherings, and other activities in accordance with the provisions of laws and regulations. Permit requirements still include documents regarding the legality of the organisation, taxation, proof of a fund collection account, a statement that the funds will not be used for prohibited activities, and recommendations from local officials as stipulated in Article 5 paragraph (1).

The licensing system is also regulated to ensure that the verification and issuance of licences are carried out quickly and efficiently, with a maximum of 14 working days after receipt of the recommendation from the authorised official, as stated in Article 9A of Permenos 8 of 2024. Supervision is carried out routinely by internal government supervisory agencies and enforcement task forces, at least once a year at the central level and twice a year at the regional level (Article 22 paragraphs (4) and (6)) to ensure compliance with legal provisions.

3.2. The Legality of Social Crowdfunding Practices Conducted Individually According to Indonesian Law

Law No. 9 of 1961 is the primary legal foundation governing the collection of money or goods for social and community purposes in Indonesia. Article 1 of Law No. 9 of 1961 defines the collection of money or goods as an effort to obtain money or goods intended for development in the fields of social welfare, spirituality, physical fitness, and culture. In terms of permits, Article 2(1) of Law No. 9 of 1961 stipulates that a permit from the competent authority is required in order to collect money or goods. However, Article 2(2) provides an exception for collections that are required by religious law or customary law, and for collections carried out in a limited environment that do not require a permit.

Some examples of exempted collections include zakat (or zakat fitrah), fund collections at places of worship such as mosques or churches, mutual assistance in limited environments like schools or housing complexes, and spontaneous, limited gatherings. This means that if social crowdfunding is carried out individually with characteristics that meet these exceptions, then such activities are not legally required to obtain a permit and are explicitly permitted by Law No. 9 of 1961.

Furthermore, Article 3 of Law No. 9 of 1961 clarifies that permits to collect money or goods can only be granted to associations or community organisations that do not contravene the provisions of the law. This means that this law does not explicitly accommodate the practice of fundraising conducted by individuals outside the umbrella of official organisations as subjects that can receive permits, because this provision implies that fundraising must be managed by a legal entity or organisation that has obtained a permit.

The officials authorised to grant permits are specified in Article 4 of Law No. 9 of 1961, which includes the Minister of Social Welfare, governors, or regents/mayors, depending on the region and scope of the fundraising. The procedure for applying for a permit is detailed in Article 5, which requires applicants to submit the purpose and objectives of the collection, the method of implementation, the organiser, the time limit, the area of implementation, and the mechanism for

distributing the proceeds of the collection. If the permit application does not meet the requirements or is rejected, Article 6 regulates the rejection process and the mechanism for reconsideration, with the final decision being binding.

GR 29 of 1980 is a further implementation of Law No. 9 of 1961, which regulates the procedures and technical provisions for collecting donations, which is also relevant to the phenomenon of social crowdfunding. Government Regulation No. 29 of 1980 reaffirms the provisions regarding permits that must be obtained from the competent authorities, as well as exemptions for collections required by religious law, customary law, or those carried out in a limited environment.

Articles 21 and 22 of GR 29 of 1980 specifically state that the collection of donations motivated by religious or customary obligations, or within a limited environment, does not require a permit. Even normatively, Article 3 paragraph (1) states that fundraising efforts are carried out by organisations voluntarily and may not use direct or indirect coercion, which means that social crowdfunding that prioritises voluntariness and is free from pressure is in line with this provision. However, if the collection of funds falls outside of these exceptions, then the collection of donations must apply for a permit in accordance with Article 7 and meet other administrative requirements.

More detailed and modern regulations were developed through Permensos 8 of 2021 and its amendments in Permensos 8 of 2024. These two regulations systematically govern the implementation of MGC, which includes the collection of social funds through legal community organisations. Article 3 paragraphs (1) and (2) explain that the community must implement MGC through legal community organisations in the form of associations or foundations, and must obtain permission from the Minister of Social Affairs, Governor, or regent/mayor according to their authority. The regulations on the implementation of MGC explicitly state that the implementation of social crowdfunding by individuals who are not under the umbrella of a legal entity organisation has no legal basis for obtaining a permit and legal status for implementation. However, there are exceptions stipulated in Article 4 of this Minister of Social Affairs Regulation, which regulates categories of MGC activities that do not require a permit, including zakat, collections at places of worship, emergencies in limited environments, limited mutual assistance, spontaneous limited gatherings, and other activities in accordance with the provisions of the law. This means that individual social crowdfunding that falls under this category can still be classified as not requiring a permit as long as it meets the conditions of a limited environment or the urgency referred to.

Permensos 8 of 2024 also strictly regulates the licensing procedures for MGCs. Article 5 specifies the administrative requirements that must be met by MGC management organisations in order to obtain a licence, including a certificate of organisation registration, a certificate of domicile, a taxpayer identification number, proof of payment of land and building tax or a lease agreement, a fund deposit account, a statement of the validity of legal documents, and a statement that the organisation will not be used for illegal activities such as radicalism or terrorism. In addition, recommendations from authorised officials and the willingness to display institutional profiles on public websites are also mandatory requirements.

The permit application process is regulated in Article 9A of Permensos 8 of 2024, whereby applications must be completed within a maximum of 14 working days from the date of receipt of the recommendation. This is followed by verification of the requirements by the Ministry of Social Affairs, and a permit is issued if the criteria are met. If the requirements are not met, the organiser

is allowed to make adjustments within a specific period of time. The authority to reject, postpone, revoke, or cancel a MGC licence is also regulated in Article 19 based on non-compliance with requirements, negative impacts, or legal violations.

Oversight of the implementation of MGC is a crucial aspect in regulating social crowdfunding to ensure transparency and accountability. Article 22 of Permensos 8 of 2024 stipulates that the Minister, governors, and regents/mayors are required to conduct regular supervision, including through internal government supervisory agencies and task forces, with a minimum frequency of once a year by supervisory agencies and twice a year by task forces. This oversight mechanism aims to monitor compliance with legal provisions and ensure that the funds collected are managed transparently and in accordance with the law.

The regulations in Indonesia as a whole create a systematic legal framework for activities involving the collection of money or goods for social purposes in Indonesia, with a dominant focus on community organisations as organisers with legal standing. Individual social ing is not explicitly accommodated in the licensing system, except in cases where it falls under exceptions based on the nature of the collection, which is limited to a specific environment or social emergency.

4. CONCLUSION

Crowdfunding in Indonesian law is classified as an integral part of Money or Goods Collection activities as regulated under Law No. 9 of 1961. The classification depends on the scale, purpose, and nature of the fundraising activity. Crowdfunding that is conducted internally, is religious in nature, involves a limited community, or remains voluntary without reaching a broad public audience does not require formal permits in accordance with Law No. 9 of 1961, Government Regulation No. 29 of 1980, and Minister of Social Affairs Regulation No. 8 of 2024. Conversely, crowdfunding that targets the general public with a broad scope, particularly through online platforms that are publicly accessible, must apply for permits and comply with various administrative and supervisory provisions. This comprehensive legal framework ensures security, accountability, and protection for all parties involved in the Indonesian crowdfunding ecosystem, including organizers, donors, and beneficiaries.

The legality of individual social crowdfunding practices under Indonesian law is complex and conditional in nature. In general, social crowdfunding conducted by private individuals lacks an explicit legal basis within the current licensing system, as regulations require that social fund collection be carried out through legally established community organizations with permission from competent authorities. However, certain activities are exempt from permit requirements, particularly those of a religious or cultural nature such as zakat, collections at places of worship for internal community purposes, mutual assistance in emergencies within limited environments, limited mutual assistance within communities, and limited spontaneous gatherings. Individual crowdfunding can be considered legal if it meets these exemption categories and is conducted in accordance with principles of voluntariness and without coercion. In practice, there exists a significant gap between regulations requiring formal organizational permits and the reality of individual crowdfunding conducted widely through social media and personal accounts, creating loopholes for fraud and necessitating further clarification from competent authorities regarding the legal status of individual crowdfunding

REFERENCES

Journals

- Abdullah, Apnizan. "Crowdfunding as an Emerging Fundraising Tool: With Special Reference to the Malaysian Regulatory Framework." *ICR Journal* 7, no. 1 (January 15, 2016): 98–119. <https://doi.org/10.52282/icr.v7i1.286>.
- Aprilia, Lady, and Sigit S. Wibowo. "The Impact of Social Capital on Crowdfunding Performance." *The South East Asian Journal of Management* 11, no. 1 (May 30, 2017). <https://doi.org/10.21002/seam.v11i1.7737>.
- Asmawati, Wa Ode, and Anggi Ramdani. "Strategi Fundraising Crowdfunding Untuk Pengembangan Filantropi Sosial Di Indonesia (Study Kasus Kitabisa.Com)." *KAIS Kajian Ilmu Sosial* 3, no. 1 (June 15, 2022): 1–8. <https://doi.org/10.24853/kais.3.1.1-8>.
- BERNARDINO, Susana, José FREITAS SANTOS, and José CADIMA RIBEIRO. "Social Crowdfunding: A New Model For Financing Regional Development?" *Journal of Urban and Regional Analysis* 8, no. 2 (October 10, 2020). <https://doi.org/10.37043/JURA.2016.8.2.1>.
- Dmitry Ivantsov, Ekaterina Nalivaichenko. "On the Issue of the Substantive Characteristics of Crowdfunding." *Theoretical Economics*, 2024. <https://doi.org/10.52957/2221-3260-2024-11-55-66>.
- G P, Girish, and Seeboli Ghosh. "Dynamics between Digital Visibility through Social Media Marketing and Crowdfunding: Path to Succeed in Entrepreneurship." *Indian Journal of Finance and Banking* 4, no. 2 (August 7, 2020): 28–37. <https://doi.org/10.46281/ijfb.v4i2.698>.
- Hasibuan, Putra Halomoan. "Penerapan Crowdfunding Bidang Sosial Dalam Pembangunan Mesjid." *Yurisprudencia: Jurnal Hukum Ekonomi* 9, no. 2 (December 5, 2023): 213–26. <https://doi.org/10.24952/yurisprudencia.v9i2.9701>.
- Herna, Herna, Hiswanti Hiswanti, Hidayaturahmi Hidayaturahmi, and Amanda Anindya Putri. "Strategi Komunikasi Media Sosial Untuk Mendorong Partisipasi Khalayak Pada Situs Online Kitabisa.Com." *Jurnal Komunikasi Pembangunan* 17, no. 2 (July 1, 2019): 146–56. <https://doi.org/10.46937/17201926843>.
- Hesti K, Diyah. "The Role of Social Capital in the Fintech Application with the Crowdfunding Scheme." *KnE Social Sciences*, October 17, 2019. <https://doi.org/10.18502/kss.v3i26.5389>.
- Hutari Dwi Putri, Felia, and Novianita Sita Devi. "Analisa Penyalahgunaan Social Crowdfunding." *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan* 5, no. 5 (December 25, 2022): 2391–95. <https://doi.org/10.32670/fairvalue.v5i5.2390>.
- Ismaila, Bouba. "The State of Crowdfunding in Africa and Its Potential Impact: A Literature Review." *International Journal of Research In Business and Social Science*, 2023. <https://doi.org/10.20525/ijrbs.v12i5.2550>.
- Judijanto, Loso, Mahmuddin Mahmuddin, Herny Constantia Fanggidae, and Erwin Erwin. "Bibliometric Analysis of the Growth and Challenges of Digital Entrepreneurship." *West Science Social and Humanities Studies* 2, no. 09 (September 30, 2024): 1413–28. <https://doi.org/10.58812/wsshs.v2i09.1266>.
- Kukuh Tondoyekti Mariana, Reza Arviciena Sakti Nana Novia Irianti. "Business Ethics in Fintech and Missappropriation of Donation Funds: A Case Study of Kitabisa.Com Crowdfunding Platform." *Jurnal Ilmiah Ekonomi Global Masa Kini*, 2024. <https://doi.org/10.36982/jiegm.v15i2.4953>.

- Light, Ann, and Jo Briggs. "Crowdfunding Platforms and the Design of Paying Publics." In *Proceedings of the 2017 CHI Conference on Human Factors in Computing Systems*, 797–809. New York, NY, USA: ACM, 2017. <https://doi.org/10.1145/3025453.3025979>.
- Miguel Gonzlez-Mohn M. . Rodriguez-Domenech, A I Callejas-Albiana Ana Castillo-Canalejo. "Empowering Critical Thinking: The Role of Digital Tools in Citizen Participation." *Journal of New Approaches in Educational Research*, 2023. <https://doi.org/10.7821/naer.2023.7.1385>.
- Nisa, Annisa, and Nurhabni Ritonga. "Tantangan Dan Masa Depan Perkembangan Donation Based Crowdfunding Dalam Financial Technology Syariah Di Indonesia." *Yurisprudencia: Jurnal Hukum Ekonomi* 10, no. 2 (January 6, 2025): 390–404. <https://doi.org/10.24952/yurisprudencia.v10i2.12678>.
- Noor, Afif, Ismail Marzuki, Edy Saputro, and Muhammad Akmal Habib. "Overcoming Regulatory Hurdles in the Indonesian Crowdfunding Landscape." *Volksgeist: Jurnal Ilmu Hukum Dan Konstitusi*, December 30, 2023, 245–60. <https://doi.org/10.24090/volksgeist.v6i2.9447>.
- Nurhayati, Yati, Ifrani Ifrani, and M. Yasir Said. "Metodologi Normatif Dan Empiris Dalam Perspektif Ilmu Hukum." *Jurnal Penegakan Hukum Indonesia* 2, no. 1 (January 17, 2021): 1–20. <https://doi.org/10.51749/jphi.v2i1.14>.
- Ramadhan, Moh. Helmy Najih, and Achsanina Hendratmi. "Moslem Millennials Donor Intention Through Donation-Based Crowdfunding In Indonesia." *Jurnal Ekonomi Syariah Teori Dan Terapan* 10, no. 1 (January 31, 2023): 41–56. <https://doi.org/10.20473/vol10iss20231pp41-56>.
- Sadiyah, Halimatus, and Ika Diyah Candra. "Managing Social Innovation In Crowdfunding Digital Platform." *Airlangga Journal of Innovation Management* 1, no. 1 (June 24, 2020): 59. <https://doi.org/10.20473/ajim.v1i1.19412>.
- Saurav Chandra Talukder, Zoltn Lakner. "Exploring the Landscape of Social Entrepreneurship and Crowdfunding: A Bibliometric Analysis." *Multidisciplinary Digital Publishing Institute*, 2023. <https://doi.org/https://doi.org/10.3390/su15129411>.
- Steven, Tegar Satria, Pramana Setya Wibawa, and Sudiana S. Kom. "Investigating Intention to Use Digital Securities Crowdfunding Platforms: Insights from TAM and UTAUT Frameworks." In *2024 9th International Conference on Information Technology and Digital Applications (ICITDA)*, 1–8. IEEE, 2024. <https://doi.org/10.1109/ICITDA64560.2024.10809640>.
- Wiraguna, Sidi Ahyar. "Metode Normatif Dan Empiris Dalam Penelitian Hukum: Studi Eksploratif Di Indonesia." *Public Sphere: Jurnal Sosial Politik, Pemerintahan Dan Hukum* 3, no. 3 (November 30, 2024). <https://doi.org/10.59818/jps.v3i3.1390>.
- Zuned Rizwan Mansoori, and Dr. Shipra Saxena. "Crowdfunding as a Financial Inclusion Tool in Developing Countries: Opportunities, Challenges, and Recommendations." *International Journal of Latest Technology in Engineering Management & Applied Science* 14, no. 8 (August 22, 2025): 117–22. <https://doi.org/10.51583/IJLTEMAS.2025.1408000015>.