

Overview of AAOIFI Governance Standard (GS) 14 “Islamic Crowdfunding Governance”

25th Meeting of the COMCEC Financial Cooperation Working Group



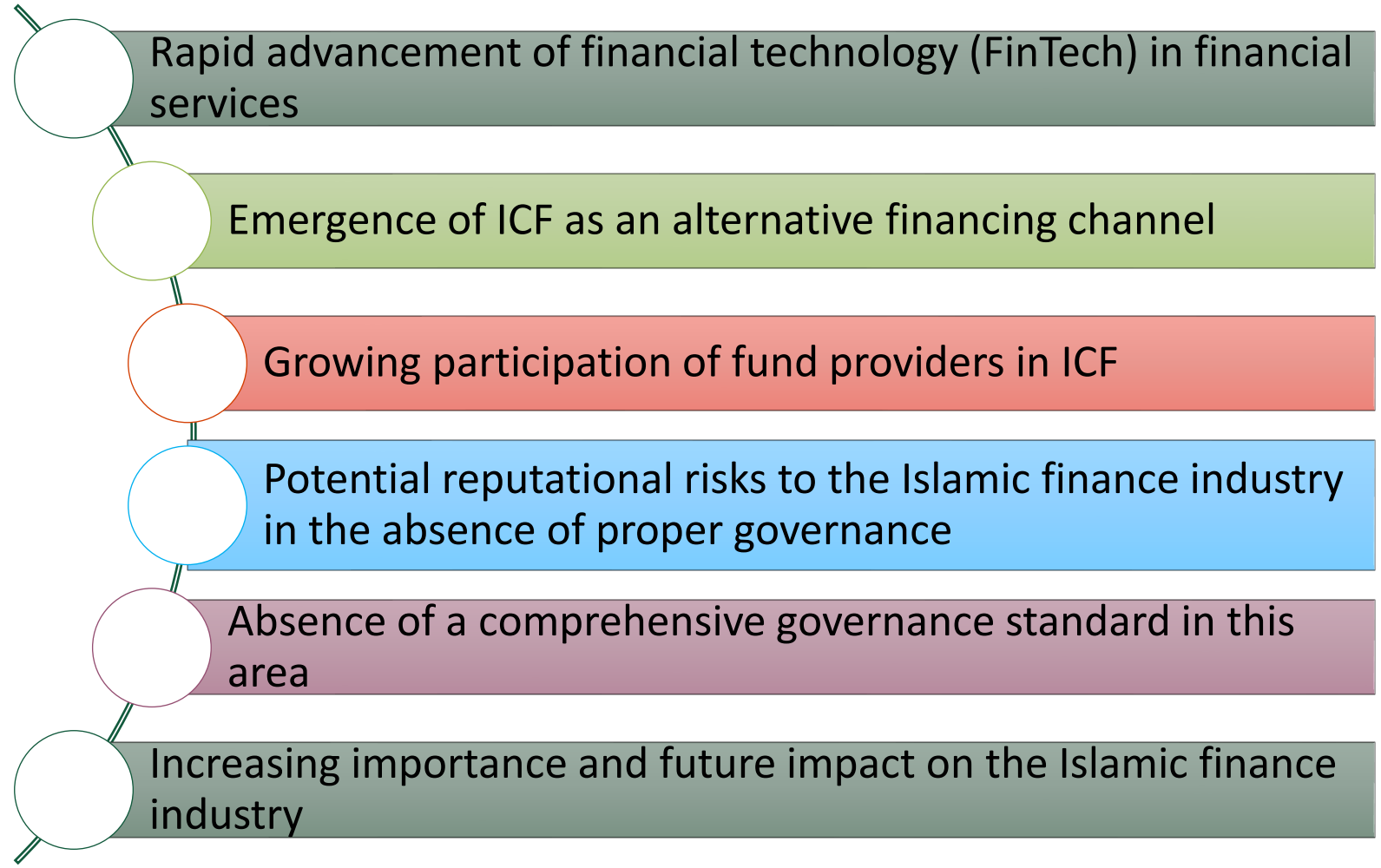
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Secretary General

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Rationale for issuing GS 14 “Islamic Crowdfunding Governance”

- Islamic crowdfunding (ICF) is rapidly evolving within financial technology, highlighting the need for a robust governance framework. Key drivers include:



Key components of the standard

- AAOIFI GS 14 “Islamic Crowdfunding Governance” is structured into the following key sections covering governance across the lifecycle of ICF:

Part A	Core principles for governance of Islamic crowdfunding
Part B	Islamic crowdfunding governance and control structure
Part C	General and pre-issuance considerations
Part D	Considerations during the lifecycle of the ICF issuance
Part E	Considerations on changes in an ICF issuance before intended maturity
Part F	Considerations at maturity and liquidation of the ICF issuance
Part G	Transparency and disclosure

Objectives of the standard



Primary objective

To set out a comprehensive framework for the governance of ICF.

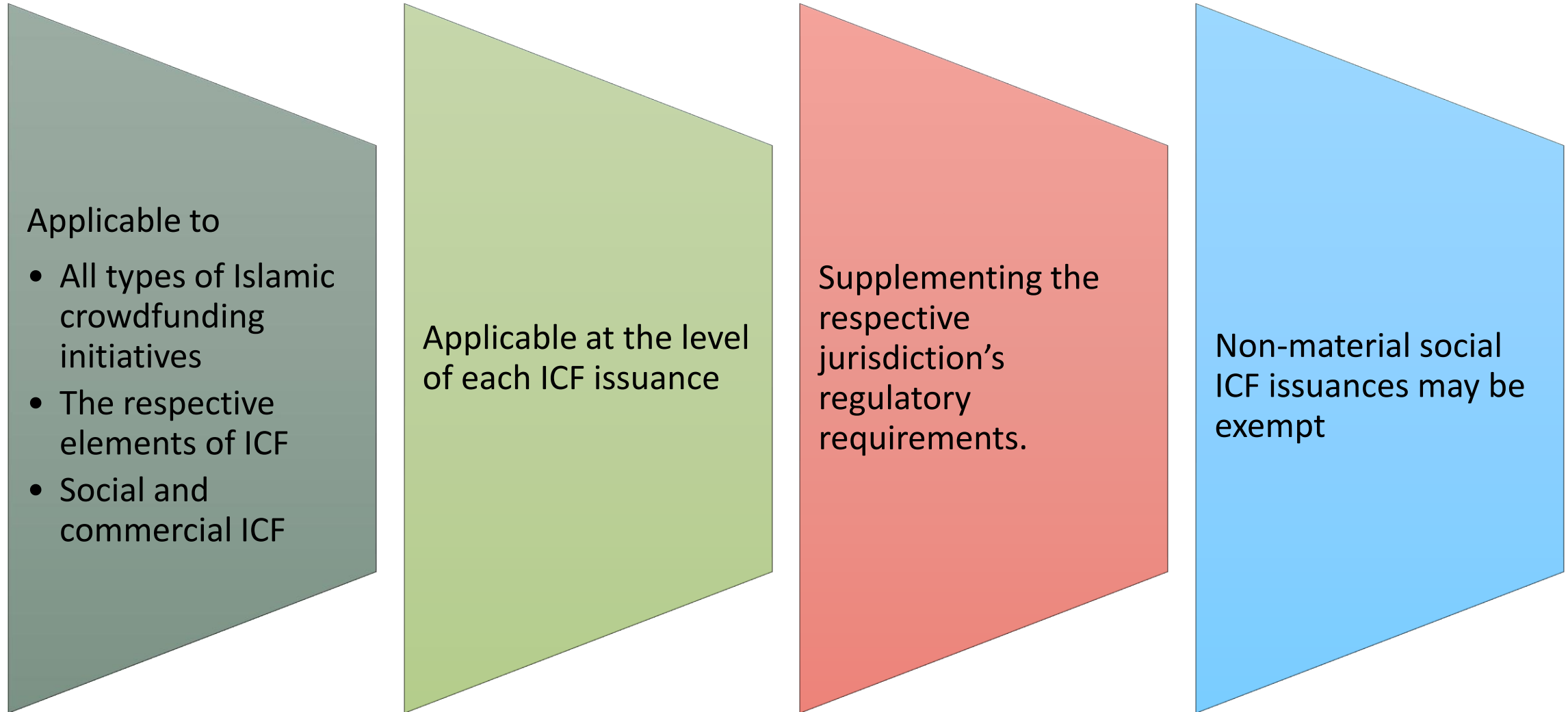


Supplementary objectives

To enhance public confidence in the Islamic crowdfunding sector and resultantly, the sustainability and growth of the sector.

To assist economic development through the promotion of entrepreneurship, greater availability of Shari'ah-compliant investments at retail level and the development of the social finance sector.

Scope of the standard



Types of Islamic crowdfunding

Types of ICF

Commercial

Social

Investment on participation basis

Financing with returns

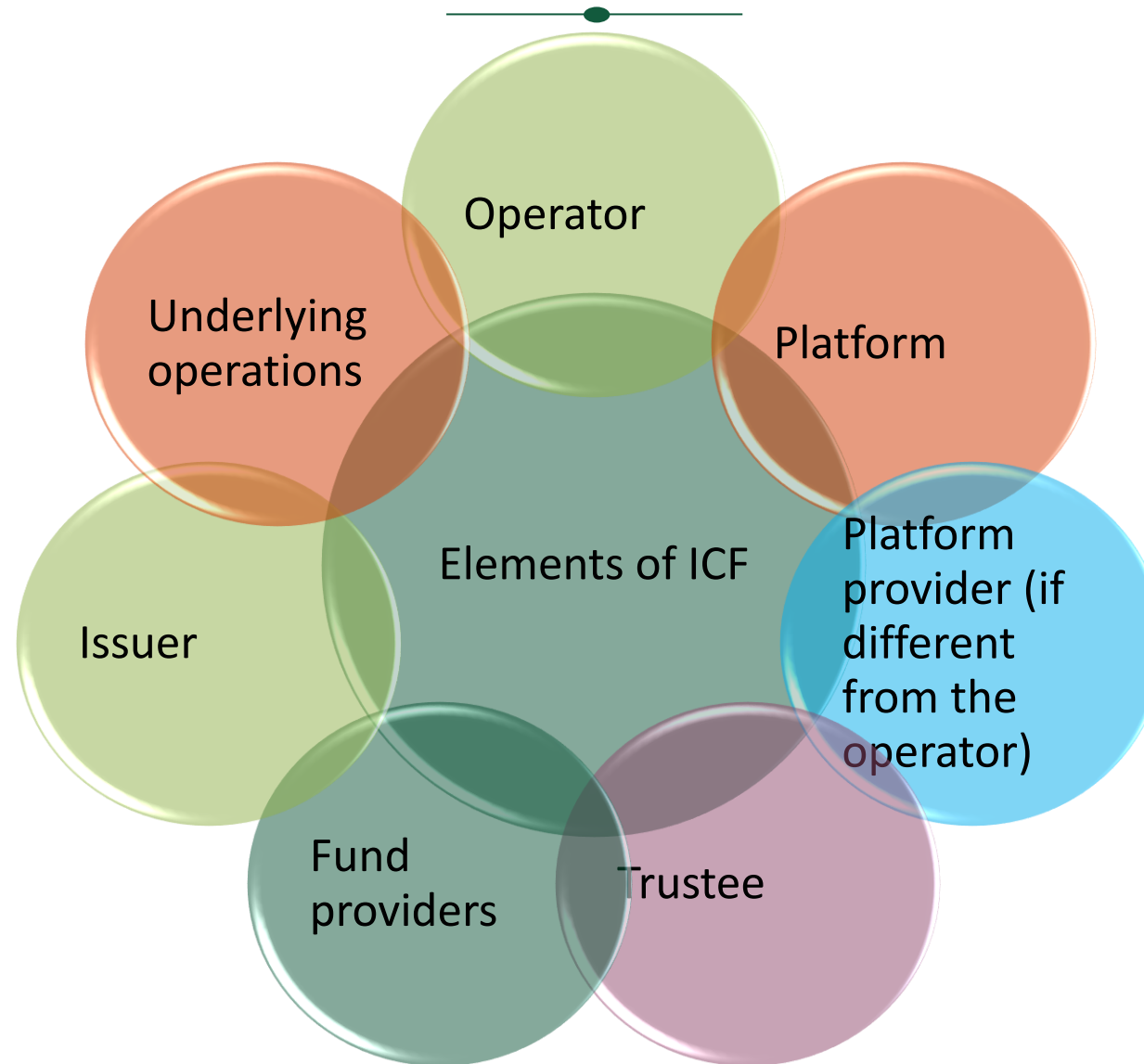
Charitable donations

Interest-free loans

Core governance principles

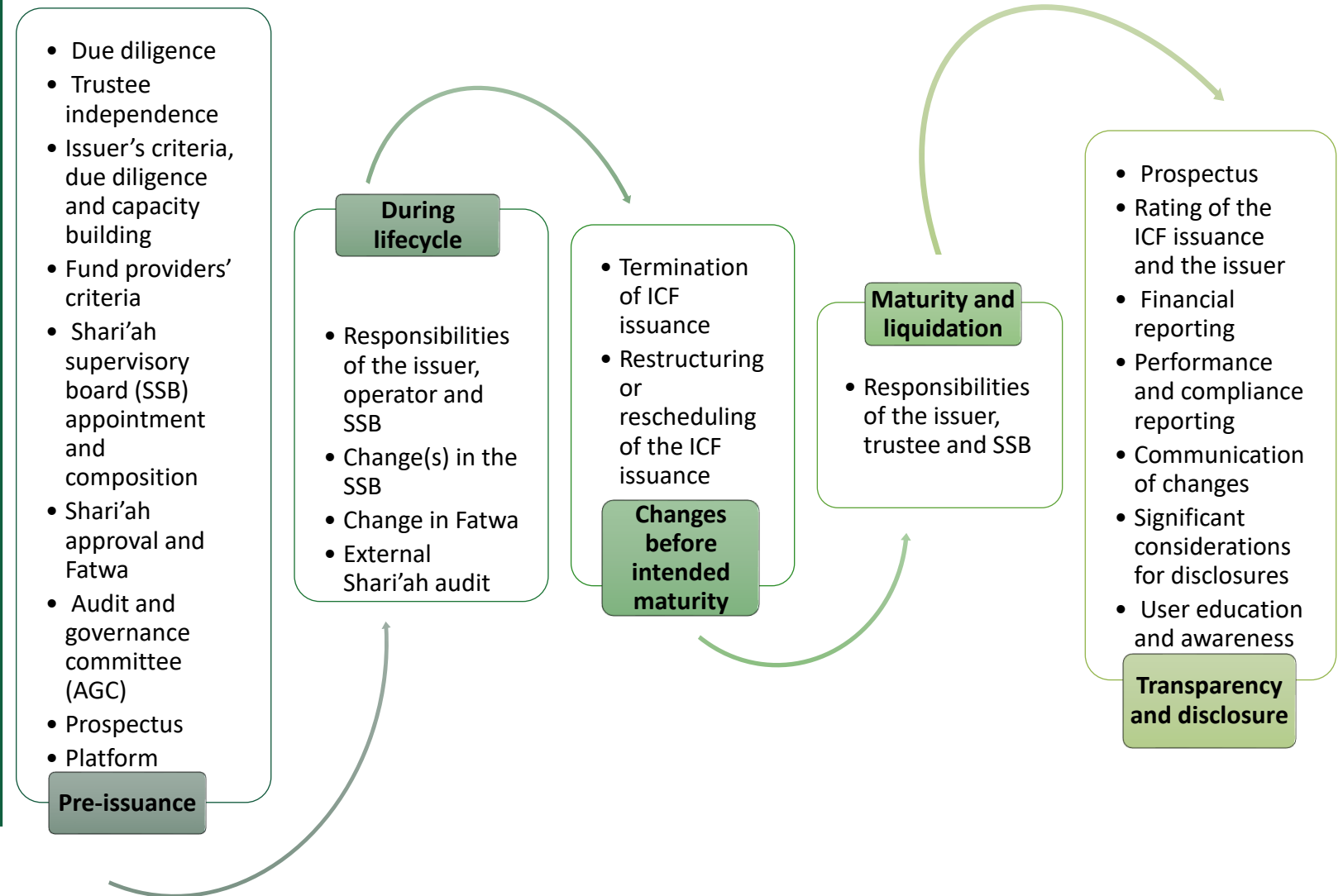
- A • Ensuring Shari'ah compliance through effective Shari'ah compliance structures
- B • Enhancing stakeholders' confidence
- C • Ensuring fairness and equity
- D • Assigning responsibilities appropriately
- E • Ensuring transparent and viable business models
- F • Ensuring accountability
- G • Fulfilling social responsibility
- H • Ensuring ethical behaviour and enhancing ethical business culture
- I • Ensuring competence and suitability
- J • Ensuring effective supervision and oversight;
- K • Ensuring adequate risk management mechanism
- L • Ensuring adequate level of disclosure and transparency
- M • Independent opinion on compliance with Shari'ah principles and rules through external Shari'ah audits
- N • Maintaining appropriate model for dispute resolution and arbitration
- O • Maintaining control
- P • Ensuring effective enforcement.

Key elements of Islamic crowdfunding governance and control



Governance across the lifecycle

- The standard provides governance requirements across all stages of the ICF issuance lifecycle, covering the following key aspects:



AAOIFI's projects in progress / plan for Islamic FinTech



Digital banking



Open banking



Smart contracts



Digital / online contracts



Peer-to-peer (P2P) financing

و الحمد لله في الأولى والآخرة

Contact us



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