

Building Trust in Crowdfunding: Evidence from Financial Transparency

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Article Info	Abstract
<i>Keywords:</i> ○ Financial Transparency; ○ Participation Crowdfunding Decision; ○ Trust	Purpose – This study examines the effect of financial transparency on crowdfunding participation and the mediating role of trust.
Article History	Design/methodology/approach – A quantitative survey was conducted with 113 Muslim crowdfunding participants in Indonesia who had experience making donations or financial contributions through digital platforms. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).
Received: 08 – 09 - 2026 Revised: 22 – 09 -2026 Accepted: 28 – 09 -2026 Published: 30 – 09 – 2026	Findings – Financial transparency significantly affects trust ($\beta = 0.606$; $p < 0.001$), while trust significantly affects crowdfunding participation ($\beta = 0.667$; $p < 0.001$). However, financial transparency has no significant direct effect on participation ($\beta = 0.104$; $p = 0.249$). Its indirect effect through trust is positive and significant ($\beta = 0.404$; $p < 0.001$), confirming trust as a mediator.
DOI	Research limitations/implications – The study is limited by its survey design and sample size. The findings highlight trust as a key mechanism linking transparency to crowdfunding participation.
https://doi.org/10.65440/ajaf.v2i3.257  Copyright: © 2026 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (https://creativecommons.org/licenses/by-sa/4.0/)	JEL : D14, G23, L86

INTRODUCTION

The rapid growth of digital platforms has reshaped the individual contributions on social initiatives and charitable activities, as the emergence of online crowdfunding platforms. Many people have voluntary contributions in the donation-based crowdfunding, particularly within prominent Muslim communities that emphasize spiritual values. Consequently, donor contributions highly depend on campaign credibility and platform reliability. While Kenang & Gosal (2021) argued that donation intention is driven by perceived credibility, the digital

environment suffers information asymmetry between campaign organizers and potential contributors. Thus, financial transparency plays a pivotal role to reduce the information gaps in online crowdfunding programs (Hariwibowo et al., 2022). Although information gaps could be mitigated by financial transparency, its behavioural impact towards socio-religious crowdfunding setting remains underexplored. Moreover, financial disclosure is evaluated not solely as a technical reporting tool, but also as a critical signal of moral stewardship and trustworthiness among Muslim donors.

The informational role of financial transparency can be explained through Signalling Theory (Spence, 1973). In the online crowdfunding, the degree of financial disclosures provides deliberate signals emitted by organizers to communicate their organizational quality. Recent applications of Signalling Theory in charity crowdfunding confirm that project and creator-related information shapes crowd responses (Zhai & Shen, 2024). However, existing literature predominantly assumes a direct, mechanical relationship between signal disclosure and donor action. This assumption overlooks the cognitive and affective interpretation process required by donors, especially in Islamic crowdfunding environments where donors seek assurance that their contributions align with both altruistic and religious accountabilities (Amini et al., 2024).

Financial transparency, as a signal, demonstrates the accountability of the organiser, even though the organizational compliance remains unguaranteed. Potential contributors are required to process and internalize these signals before making a donor participation decision. This condition engenders the importance of trust, since donors operate under conditions of risk and incomplete verification capability (Prashar & Gupta, 2024). While institutional factors like platform transparency and trust are positively associated with donor intention in Indonesia (Hamidah et al., 2024), this study employed transparency and trust as parallel predictors rather than examined trust as the cognitive bridge. Therefore, this study addressed a key theoretical gap by positioning trust as a mediating mechanism for explaining how financial transparency signals produced potential donor confidence to decide actual participation.

This study re-examines the mechanism which connected donor decisions to financial transparency by challenging the direct-effect paradigm. Empirical evidence from this study shows that financial transparency indirectly drives crowdfunding participation decisions, and its behavioral value is fully mediated by trust. Thus, financial transparency strongly enhances donor trust, which subsequently drives the decision to participate. This provides critical insights into the body of knowledge of Signalling Theory in the context of digital crowdfunding. Financial transparency functions as a latent signal that its behavioral efficacy influences the donor trust.

By framing financial transparency through this indirect mechanism, this study offers two key theoretical contributions. First, it extended Signalling Theory by illustrating that signal disclosure in socio-religious crowdfunding contexts is unable to automatically yield behavioral outcomes. Instead, the impact of a signal depends on perceived trust. Second, it contextualised digital donation behavior within Indonesia's Muslim donor demographic, showing how financial disclosures function as signals of institutional and moral credibility. Furthermore, the findings suggested that expanding disclosure features solely is inadequate. The platform's organizer is required to design interfaces that explicitly translate financial data into verifiable trust-building mechanisms for successfully encouraging donor participation.

LITERATURE REVIEW

Signaling Theory

The study uses Signaling theory as an explanatory framework for analyzing the relationships between financial transparency, trust and participation in crowdfunding. Signaling Theory is an explanation of how an informed party can provide information to the other party in order to lessen the information gap between the information provider and information recipient (Connelly et al., 2011; Spence, 1973). When there is information asymmetry, the party with better information would be able to send signals for the other party to assess the quality, credibility or reliability of the information provider (Yang et al., 2025). The Signaling Theory is here relevant, because the prospective funders have limited access to some of the private information such as project quality, financial condition, and the use of funds of the fundraiser, the project and fund, respectively (Sewaid et al., 2021). This lack of transparency raises questions and makes it challenging for would-be participants to determine the credibility of a crowdfunding campaign and how their funds will be utilized. As a result, information provided by fundraisers may be used as cues to assess the authenticity of the fundraiser. In the present study, financial transparency is viewed as the informational signal, the trust mechanism is viewed as the way in which potential participants interpret the signal, and participation decision is understood as the behavioral outcome. Financial transparency can convey openness, accountability, and credibility, which helps to minimize information asymmetry and uncertainty. In the absence of opaque financial information, the prospective participants will develop trust in the fundraiser if they see the financial information as credible. This confidence further engenders their interest in the crowdfunding campaign.

Financial Transparency

Financial transparency is the degree of disclosure of information that is relevant to a financial matter, and it is presented in a manner that is clear, available, understandable, and informative to the stakeholders (Mamaro et al., 2022). In the context of “crowdfunding” it may be information about the financial status of the campaign, what it needs, how it will be used, how it will be distributed, and how it will be accounted for when people give money. The low level of transparency in financial matters is especially relevant during a crowdfunding campaign, as the person raising the money can't directly see how the money will be used after it is given (Steigenberger et al., 2025). This presents a scenario where potential investors have to depend almost entirely on the information of their fundraiser when considering the credibility of a campaign (Lo et al., 2026). Under the Signaling Theory framework, transparency as a financial signal serves as a piece of information that conveys the trustworthiness and responsibility of the fundraiser. The openness to providing information about finances may suggest that the person seeking the contribution is ready to put his or her money matters under a magnifying glass. This disclosure may help to diminish information asymmetry, and give the potential participant a greater reason to assess the reliability of the campaign. However, financial information does not necessarily equate with participation. Before being able to participate, potential participants have to process the information and draw conclusions about the credibility and reliability of the fundraiser. Hence, trust is a crucial consideration in explaining how financial transparency might affect the decision of participation in crowdfunding.

Trust

Trust is a willingness of a person to trust somebody even when there is uncertainty and vulnerability. Trust is especially crucial in the context of crowdfunding, as investors give money to fundraisers, or projects, they don't necessarily know and can't fully monitor. Trust is particularly relevant in the context of the crowdfunding because the individual may give money to an investor or a project he does not know and cannot fully control (Sendra-Pons et al., 2024). Potential participants must have confidence in the competence, integrity, benevolence, and consistency of the fundraiser, as the latter will rely on the information and commitments given on the platform for the proper use of the funds (Wasti et al., 2024). Thus, trust can alleviate uncertainty and perceived vulnerability of the crowd's involvement in the crowdfunding process. A Signaling Theory view of trust involves the interpretation of the signals made by the fundraiser. Financial transparency can give a potential participant information to assess credibility and accountability of the fundraiser. If financial disclosure is seen as clear and trustworthy, then prospective donors may develop more confidence that the fundraiser is trustworthy. Therefore, trust is not only the result of financial transparency, it is the psychological mechanism that changes financial transparency into the intention to act or decision.

Crowdfunding Participation Decision

Crowdfunding participation decision is the act of an individual to contribute to a crowdfunding campaign. The participation in a crowdfunding project can be either in the form of a donation, investment, lending, or any other type of financial contribution (Sendra-Pons et al., 2024). The participation decisions in crowdfunding are frequently made in a state of uncertainty due to the limited ability of the potential participants to verify the quality of the project, the credibility of the fundraiser, and the use of the funds (Lo et al., 2026). Thus, information provided by the fundraiser becomes relevant to the decision making basis. Signaling Theory argues that credible signals will mitigate information asymmetry and uncertainty and enable prospective participants to make better decisions. A measure of financial transparency can act as that signal: it can offer relevant financial data about the financial details of the campaign. However, this information can have an impact through building trust. If the financial information is clear and is interpreted positively by the potential participants, they will trust the fundraiser which will further enhance the probability of their participation. For this purpose, this study is focused not only on the effect of financial transparency on the decision of participation in crowdfunding but on the effect of financial transparency on the decision of participation in crowdfunding through the mediation of trust.

Hypotheses development

Financial Transparency and Trust

Financial transparency is defined as the level of clear, open and comprehensible disclosure of relevant financial information towards the different actors of the financial market (Sendra-Pons et al., 2024). Crowdfunding has some unique characteristics in which transparency is especially crucial, as there is information asymmetry between the potential group of fundraisers and the fundraiser, in terms of the fundraiser's financial status, funding needs, and purpose for which funds are used (Baber et al., 2021). Financial disclosure can help minimize perception of risk when people can't see how the money will be spent, and can help assess the credibility and accountability of the fundraiser (Mazzocchi et al., 2023). Signaling



Theory, views transparency in financing acts as an informational signal which informs the fundraisers about their credibility and accountability to the potential fundraisers. The sharing of financial information and data reveals transparency and openness for external assessment. If the information is seen as being understandable, believable and trustworthy, the potential participant is more likely to have a positive impression of the fundraiser. This relationship is especially important for the context of prospective Muslim contributors (Alharbey et al., 2021). as the act of giving money is deeply rooted in the concept of dual accountability, encompassing obligation to both society and divine authority. Information, however, is the basis of financial transparency giving people a signal to evaluate the credibility and reliability of a fundraiser. Accordingly, greater financial transparency is expected to strengthen trust toward the fundraiser.

H₁: Financial transparency has a positive effect on trust.

Trust and Crowdfunding Participation Decision

Trust is defined as a willingness to trust another party, even in the face of uncertainty and perceived vulnerability (Shneor et al., 2022). Trust is key in crowdfunding because the trustee can no longer fully monitor the activities and the use of funds by the trustee (the fundraiser). People must also believe that the fundraiser has the capacity, integrity, and reliability to keep the promises made in the crowdfunding campaign (Cavalcanti Junqueira et al., 2022). Trust can help to mitigate the sense of uncertainty and vulnerability by allowing those who invest to feel confident the fundraiser is using the funds properly and will behave in a consistent manner with the information they have provided via the crowdfunding site. If they feel the fundraiser is trustworthy, they are more likely to feel confident about giving the organization money. From a Signaling Theory perspective, trust is considered a key implication of the meaning potential participants assign to signals the fundraiser sends (Alharbey & Van Hemmen, 2021). These beliefs can affect individuals' future actions (Baber & Fanea-Ivanovici, 2021). Once they have developed them by believing that the fundraiser is credible and reliable. Therefore, it is hypothesized that an increase in trust will result in a higher probability that a potential CF participant will participate in a CF campaign.

H₂: Trust has a positive effect on crowdfunding participation decision.

Financial Transparency and Crowdfunding Participation Decision

The financial transparency can also directly affect people's decision to participate in a crowdfunding campaign by giving the prospective participant the information to use when deciding whether or not to fund a project. Clear and open information and financial conditions about funding needs and the use of funds can help minimize information asymmetry and uncertainty, giving potential participants a solid foundation to make participation decisions (Zafar et al., 2023). The Signaling Theory suggests that information receivers' beliefs and intentions to act are affected by credible signals (Mazzocchini & Lucarelli, 2023). Financial transparency can be a signal by providing information that allows the fundraiser to demonstrate a willingness to provide relevant financial information, and to show accountability (Alharbey & Van Hemmen, 2021). Financial communication clarity and credibility may reduce uncertainty and increase confidence of potential participants in the financial communication of a crowdfunding campaign. Therefore, financial transparency is

expected to directly boost the probability of the participation in crowdfunding.

H₃: Financial transparency has a positive effect on crowdfunding participation decision.

The Mediating Role of Trust

While financial transparency directly affects the crowdfunding participation decision, it can also work through the building of trust (Cumming et al., 2025). Financial transparency gives potential participants some information that allows them to assess the credibility and accountability of the fundraiser. But the disclosure of information does not always lead to participation decisions. Instead, the information that is disclosed should first build people's perceptions and trust of the fundraiser. An explanation for this mechanism is offered by Signaling Theory. A signal promotes financial transparency, which helps other people adjust their belief about the credibility and reliability of the fundraiser. The degree of trust is increased when the financial information is believed to be transparent and credible (Shabbir et al., 2026). This increased trust in turn lowers the perceived uncertainty and vulnerability and consequently increases the chance of entering the crowdfunding campaign. In this respect, trust is the vehicle through which financial transparency turns into choice to participate in crowdfunding (Baber & Fanea-Ivanovici, 2021). The signal is financial transparency, the trust is the person's assessment of that signal and the participation decision is the behavioral response (Rizwan et al., 2022). This view has led researchers to find that financial transparency's impact doesn't just extend to its informational effect. Instead, transparency can create a behavior change, by building trust in the fundraiser first. Therefore, it is expected that the association between financial transparency and crowdfunding participation decision will go through the variable of trust.

H₄: Trust mediates the positive relationship between financial transparency and crowdfunding participation decision.

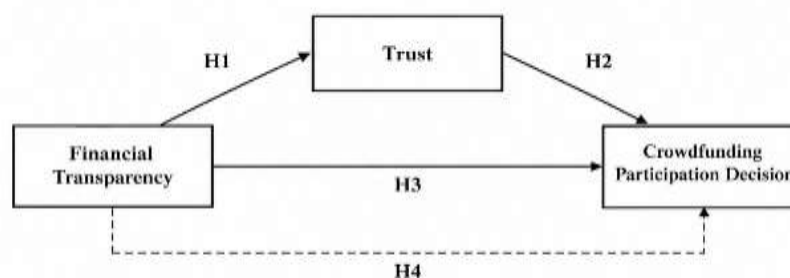


Figure 1. Conceptual Framework

RESEARCH METHOD

Types and Sources of Research Data

This study uses quantitative data in the form of primary data collected directly from respondents through an online questionnaire. The respondents were prospective Muslim crowdfunding participants in Indonesia who had experience making donations or financial contributions through digital platforms. The primary data were collected to measure

respondents' perceptions of financial transparency, trust, and their decisions to participate in crowdfunding. The questionnaire was distributed online through social media, digital communication channels, and relevant community networks. All research constructs were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In addition to the main research variables, the questionnaire also collected demographic information and respondents' previous experience with digital donations to provide descriptive information about the characteristics of the sample. The study obtained 113 respondents who met the predetermined research criteria, resulting in 113 valid observations for analysis. The adequacy of the sample size was assessed using an *a priori* statistical power analysis with *GPower*. The analysis employed an F-test for multiple linear regression (fixed model, R^2 deviation from zero). The parameters were set at a significance level (α) of 0.05, statistical power of 0.80, an effect size (f^2) of 0.15, representing a medium effect, and two predictors, corresponding to the maximum number of direct predictors of an endogenous construct in the proposed structural model. The analysis indicated that a minimum sample size of 68 respondents was required. Therefore, the 113 respondents obtained in this study exceeded the minimum sample size required based on the *GPower* analysis and were considered statistically adequate for testing the structural model using PLS-SEM. As an additional assessment, sample adequacy was also examined using the 10-times rule. Based on the maximum number of two structural predictors leading to an endogenous construct, this rule resulted in a minimum requirement of 20 observations. The actual sample size of 113 respondents also exceeded this minimum threshold. Thus, both the statistical power analysis using *G*Power* and the 10-times rule indicate that the sample size in this study meets the requirements for conducting PLS-SEM analysis.

Variable Measurement

Based on the literature review and the theoretical relationships among the variables, the constructs in this study are operationalized into measurable indicators. Financial transparency is measured through the extent to which relevant financial information is disclosed openly, clearly, accessibly, and understandably. Trust reflects potential donors' confidence in the honesty, credibility, reliability, and responsible management of funds by the fundraiser or crowdfunding platform. Meanwhile, crowdfunding participation decision represents an individual's willingness and intention to contribute to, continue supporting, and recommend a donation-based crowdfunding campaign. The indicators were adapted from previous studies and contextualized to the setting of donation-based crowdfunding. The operationalization of the variables is presented in Table 1.

Table 1. Operationalization of Research Variables

Variable	Operational Definition	Indicators	Source
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Financial Transparency (X)	The extent to which relevant financial information is openly disclosed and presented clearly, completely, and accessibly, enabling potential donors to assess the management and use of funds.	FT1 Openness of information regarding the use of funds. FT2 Clarity of the financial information provided. FT3 Accessibility of information regarding fund utilization. FT4 Ease of understanding the financial information provided. FT5 Adequacy of information for assessing the management and use of funds.	Adapted from Amini et al. (2024)
Trust (M)	The extent to which potential donors believe that the fundraiser or crowdfunding platform is trustworthy, honest, credible, and capable of managing and using funds responsibly.	TR1 Confidence in the honesty of the fundraiser. TR2 Confidence that the financial information provided is reliable. TR3 Confidence that donated funds will be used as intended. TR4 Confidence in the credibility of the fundraiser or crowdfunding platform. TR5 Confidence that the crowdfunding donation process is trustworthy and secure.	Adapted from Amini et al. (2024); Prashar & Gupta (2024)
Crowdfunding Participation Decision (Y)	The extent to which an individual intends and is willing to participate in donation-based crowdfunding by contributing funds after considering the information and trustworthiness of the fundraiser or platform.	DI1 Intention to make a donation through crowdfunding. DI2 Willingness to participate in a crowdfunding donation campaign. DI3 Willingness to donate again in the future. DI4 Willingness to increase the amount of donation. DI5 Willingness to recommend the crowdfunding campaign or platform to others.	Adapted from Kenang & Gosal (2021); Amini et al. (2024)

RESULTS

Respondent Characteristics

The 113 respondents were predominantly female, comprising 82 respondents (69.6%), while male respondents accounted for 31 respondents (30.4%). In terms of age, the largest group consisted of respondents aged 20–30 years, with 51 respondents (49.5%), followed by those below 20 years, with 39 respondents (37.9%). Respondents aged 31–40 years accounted for 10 respondents (9.7%), while those above 40 years comprised 3 respondents (2.9%).



Regarding educational background, the majority of respondents had completed senior high school, comprising 57 respondents (55.3%). This was followed by respondents holding a bachelor's degree, with 28 respondents (27.2%), master's or doctoral degrees, with 24 respondents (23.6%), and diploma qualifications, with 4 respondents (3.9%). Overall, the respondents were predominantly female and relatively young, with senior high school graduates representing the largest educational group.

Descriptive Statistics and Measurement Model

Table 2 presents the descriptive statistics and measurement model assessment for Financial Transparency, Trust, and Crowdfunding Participation Decision. The mean scores indicate that respondents generally expressed positive perceptions across the three constructs. For Financial Transparency, the indicator means range from 3.619 to 4.204, with X1 obtaining the highest mean score (4.204) and X3 the lowest (3.619). Trust shows relatively high mean scores, ranging from 4.115 to 4.283, with M4 recording the highest mean (4.283). Meanwhile, the mean scores for Crowdfunding Participation Decision range from 3.876 to 4.257, with Y2 obtaining the highest mean score (4.257).

The measurement model was assessed using outer loadings, Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). As shown in Table 2, the outer loading values range from 0.651 to 0.910. Although several indicators have loading values below 0.70, the reliability and convergent validity of the constructs remain satisfactory. Cronbach's Alpha values range from 0.849 to 0.907, while CR values range from 0.868 to 0.931, exceeding the recommended threshold of 0.70. The AVE values range from 0.573 to 0.732, which are all above the minimum threshold of 0.50. These results indicate that the constructs demonstrate adequate internal consistency and convergent validity and are therefore suitable for further structural model analysis.

Table 2. Descriptive Statistics and Measurement Model

Construct	Indicator	Mean	Outer Loading	Cronbach's α	CR	AVE
Financial Transparency	FT 1	4.204	0.794	0.849	0.868	0.573
	FT 2	4.097	0.91			
	FT 3	3.619	0.739			
	FT 4	3.841	0.651			
	FT 5	3.823	0.66			
Trust	T1	4.124	0.727	0.907	0.931	0.732
	T2	4.115	0.884			
	T3	4.23	0.855			
	T4	4.283	0.898			
	T5	4.23	0.901			
Crowdfunding Participation Decision	CPD1	4.168	0.897	0.887	0.918	0.694
	CPD 2	4.257	0.871			
	CPD 3	3.982	0.799			
	CPD 4	4.186	0.906			
	CPD 5	3.876	0.667			

Source: Primary data, 2026.

Structural Model and Hypothesis Testing

Following the assessment of the measurement model, the structural model was evaluated to examine the hypothesized relationships among Financial Transparency, Trust, and Crowdfunding Participation Decision. Hypothesis testing was conducted using the path coefficient (β), t-statistic, and p-value obtained from the PLS-SEM analysis. A relationship was considered statistically significant when the p-value was below 0.05. The results are presented in Table 3.

Table 3. Structural Model and Hypothesis Testing

Hypothesis	Relationship	β	t-statistic	p-value	Decision
H1	Financial Transparency → Trust	0.606	10.079	<0.001	Supported
H2	Trust → Crowdfunding Participation Decision	0.667	7.513	<0.001	Supported
H3	Financial Transparency → Crowdfunding Participation Decision	0.104	1.153	0.249	Not Supported

Source: Primary data, 2026.

The results indicate that Financial Transparency has a positive and significant effect on Trust ($\beta = 0.606$; $t = 10.079$; $p < 0.001$), supporting H1. This finding demonstrates that greater financial transparency is associated with stronger trust among respondents. Furthermore, Trust has a positive and significant effect on Crowdfunding Participation Decision ($\beta = 0.667$; $t = 7.513$; $p < 0.001$), supporting H2. The relatively high path coefficient indicates that trust plays an important role in shaping respondents' decisions to participate in crowdfunding activities. However, Financial Transparency does not have a significant direct effect on Crowdfunding Participation Decision ($\beta = 0.104$; $t = 1.153$; $p = 0.249$). Therefore, H3 is not supported. Although the direction of the relationship is positive, the effect is statistically insignificant. This finding suggests that financial transparency alone may not be sufficient to directly encourage crowdfunding participation. Instead, its influence may depend on the extent to which transparency is able to generate trust among potential participants. The coefficient of determination further indicates that Financial Transparency explains 36.7% of the variance in Trust ($R^2 = 0.367$). Meanwhile, Financial Transparency and Trust jointly explain 54.0% of the variance in Crowdfunding Participation Decision ($R^2 = 0.540$). These findings demonstrate that the proposed model has meaningful explanatory power, particularly in explaining crowdfunding participation decisions.

Mediation Analysis

Mediation analysis was conducted to examine whether Trust mediates the relationship between Financial Transparency and Crowdfunding Participation Decision. The mediation effect was assessed using the indirect effect, path coefficient, t-statistic, and p-value obtained from the PLS-SEM bootstrapping procedure. The mediation effect is considered statistically significant when the p-value is below 0.05.

Table 4. Mediation Analysis

Mediation Path	Path Coefficient (β)	t-statistic	p-value	Decision
Financial Transparency → Trust → Crowdfunding Participation Decision	0.404	5.363	0,000	Significant

Source: Primary data, 2026.

The results in Table 4 indicate that Trust significantly mediates the relationship between Financial Transparency and Crowdfunding Participation Decision ($\beta = 0.404$; $t = 5.363$; $p < 0.001$). This finding indicates that financial transparency influences crowdfunding participation primarily through the development of trust. Although the direct effect of Financial Transparency on Crowdfunding Participation Decision is not significant ($\beta = 0.104$; $t = 1.153$; $p = 0.249$), its indirect effect through Trust is significant. Thus, Trust plays an important mediating role in translating financial transparency into crowdfunding participation decisions.

DISCUSSIONS

The findings demonstrate that Financial Transparency has a positive and significant effect on Trust ($\beta = 0.606$; $t = 10.079$; $p < 0.001$), supporting H1. This result indicates that greater financial transparency is associated with higher levels of trust among potential crowdfunding participants. Transparent and accessible financial information can reduce uncertainty and information asymmetry, allowing potential participants to better evaluate the credibility and accountability of the crowdfunding platform or project. Thus, financial transparency plays an important role in establishing confidence in the crowdfunding process. Furthermore, Trust has a positive and significant effect on Crowdfunding Participation Decision ($\beta = 0.667$; $t = 7.513$; $p < 0.001$), supporting H2. The relatively strong path coefficient suggests that trust is an important determinant of individuals' decisions to participate in crowdfunding. When potential participants perceive the platform, project, and fund management as reliable and credible, they are more likely to be willing to participate. This finding highlights the importance of building and maintaining trust as part of efforts to encourage crowdfunding participation.

In contrast, Financial Transparency does not have a significant direct effect on

Crowdfunding Participation Decision ($\beta = 0.104$; $t = 1.153$; $p = 0.249$), so H3 is not supported. Although the relationship is positive, the effect is not statistically significant. This finding suggests that providing transparent financial information alone may not be sufficient to directly encourage participation. Potential participants may need to develop trust in the information and the crowdfunding process before transparency can influence their behavioral decisions. The mediation analysis provides further insight, showing that Trust significantly mediates the relationship between Financial Transparency and Crowdfunding Participation Decision ($\beta = 0.404$; $t = 5.363$; $p < 0.001$). This result indicates that financial transparency influences participation primarily through the development of trust. In other words, transparency becomes more meaningful when it is able to strengthen participants' confidence in the crowdfunding process. Overall, the findings suggest that financial transparency serves as an important foundation for building trust, while trust acts as the key mechanism that translates transparency into crowdfunding participation decisions. To complement the discussion, this table presents a comparison of the dynamics between donation-based, equity-based, and reward-based crowdfunding to highlight context-specific behavioral distinctions.

Table 5. Comparison of Crowdfunding Dynamic Across Types

Dismension	Donation-Based (Current Study)	Reward-Based (Mollick, 2014)	Equity-Based (Ahlers et al., 2015)
Donor Motivation	Altruistic, Religious, Social	Product acquisition, support creative work	Financial return, investment
Signal Content	Moral integrity, Amanah, Sharia compliance	Product competence, prototype readiness	Financial viability, human capital, risk disclosure
Role of Trust	Absolute/ full mediation between transparency and participation	Partial, Complementary to product quality	Partial, complementary to financial information
H3 Rejection	No financial return/ No material reward	Effectiveness can affect originality	Proprietary disclosure vs. IP protection

Source: Adapted from Mollick (2014) and Ahlers et al. (2015)

CONCLUSIONS

This study aimed to examine the effect of financial transparency on crowdfunding participation decisions and to investigate the mediating role of trust based on Signalling Theory. The findings demonstrate that financial transparency positively and significantly influences trust, while trust positively and significantly influences crowdfunding participation decisions. However, financial transparency does not have a significant direct effect on participation. The significant indirect effect confirms that trust mediates the relationship between financial transparency and crowdfunding participation. These findings indicate that

financial transparency contributes to participation primarily by strengthening trust rather than by directly influencing participants' decisions. Thus, financial transparency becomes an effective signal when potential contributors perceive the disclosed information as clear, credible, and accountable.

The study has several limitations that should be considered when interpreting the findings. First, the relatively small sample of 113 respondents limits the generalizability of the results. Second, purposive sampling was used and the study focused on potential Muslim crowdfunding participants in Indonesia, which may limit the applicability of the findings to other populations and crowdfunding contexts. Third, the use of self-reported responses collected through an online questionnaire may introduce response and perception biases. Finally, the research model included only financial transparency, trust, and crowdfunding participation decisions, while other factors that may influence participation were not examined.

Based on the full mediation finding, where H3 was rejected and H4 was accepted, financial transparency should be understood as a trust-building signal rather than a direct determinant of participation. Accordingly, several specific UI/UX design implications are proposed for crowdfunding platforms. First, a real-time Amanah dashboard is recommended. This interface should display live updates on three key metrics: funds collected, funds disbursed, and number of beneficiaries. By providing continuous disclosure, this feature can effectively reduce information asymmetry (Mollick, 2014). Second, a verifiable Sharia compliance badge should be implemented. This badge would allow users to access the Sharia supervisory board certificate and information regarding the akad applied. Drawing from Signaling Theory, verifiable and costly signals, such as third-party certification, are more credible than inexpensive claims in establishing trustworthiness (Connelly et al., 2011; Ahlers et al., 2015). Third, a milestone-based progress timeline is suggested. This timeline would visualize the project journey from funding to disbursement to impact evidence, complemented by timestamped and geotagged photos and receipts. This design transforms abstract financial reports into observable evidence of accountability. Fourth, an interactive donor audit forum can be introduced. In this forum, donors can publicly raise questions regarding fund allocation, and organizers are expected to provide transparent responses. Such interactive features have been identified as significant drivers of trust in crowdfunding environments (Liang et al., 2019).

Future research should address these limitations through several specific approaches. First, researchers should employ larger and more diverse samples and, where feasible, probability-based sampling to improve generalizability. Second, comparative studies should examine whether the mediating role of trust differs across donation-based, reward-based, and equity crowdfunding. Third, future research should extend the model by testing perceived risk, platform credibility, reputation, social influence, financial literacy, and campaign characteristics as additional explanatory factors. Finally, longitudinal or experimental designs should be employed to examine whether changes in the level and quality of financial transparency produce changes in trust and subsequent participation decisions over time.

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