

## Transformation of Sharia Economy in The Digital Era: A Conceptual Analysis of The Integration of Sharia Fintech, Maqāṣid Al-Sharī'ah, And The Financial Inclusion of The Ummah

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### ABSTRACT

The transformation of the digital economy has encouraged the acceleration of the development of financial technology (fintech) in various countries, including in the sharia economic ecosystem. In Indonesia, the growth of sharia fintech shows a positive trend in line with the increasing need for financial services that are inclusive, transparent, and in accordance with sharia principles. However, the integration between financial technology innovation and the normative framework of maqāṣid al-sharī'ah still requires conceptual strengthening so that it is not just a technical adaptation of the conventional system. This research aims to analyze the conceptual construction of sharia fintech from an Islamic economic perspective, explore the integration of maqāṣid al-sharī'ah in its business model, and examine its contribution to increasing the financial inclusion of the ummah. The research uses a qualitative approach with the library research method through thematic analysis of academic literature, financial authority reports, and related regulations and fatwas. The results of the study show that sharia fintech has significant potential in expanding access to financing for the unbanked and MSMEs, increasing transaction efficiency, and strengthening transparency in fund management based on the principles of ḥifẓ al-māl and consumer protection. However, the main challenge lies in the aspects of digital literacy, regulatory harmonization, and consistency in the application of sharia principles in operational practices. This research emphasizes that the integration of sharia fintech based on maqāṣid al-sharī'ah is not only an instrument of technological innovation, but also a financial system transformation strategy oriented towards distributive justice and the welfare of the ummah in a sustainable manner.

**Keywords:** *Sharia Fintech, Maqāṣid Al-Sharī'ah, Financial Inclusion, Digital Economy, Islamic Economy.*

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### INTRODUCTION

The industrial revolution 4.0 has transformed the global economic landscape through the integration of digital technologies, artificial intelligence, and data-driven systems into economic production and distribution activities (Schwab, 2016). This transformation gave birth to the digital economy which was marked by the emergence of financial technology (fintech) as the main innovation in the modern financial system. Globally, fintech is seen as a strategic instrument to improve transaction efficiency and expand financial inclusion, especially for unbanked and underbanked groups (World Bank, 2022). However, the acceleration of financial digitalization also poses serious

challenges related to system stability, business ethics, and consumer protection. In the context of Islamic economics, this dynamic demands a conceptual framework that is not only responsive to technological advances, but also based on *maqāṣid al-sharī'ah* so that financial innovation remains oriented towards distributive justice, social welfare, and protection of people's property.

The development of global fintech in the last decade has shown exponential growth, both in terms of transaction value and the number of service providers. Innovations such as peer-to-peer lending, crowdfunding, digital payments, and embedded finance have changed traditional financial intermediation patterns to be more decentralized and technology-based (Gomber et al., 2018). The International Monetary Fund also notes that fintech plays a significant role in expanding access to financing for small businesses and low-income households, especially in developing countries (Sahay et al., 2020). However, the expansion comes with new risks, including over-indebtedness, digital inequality, and weak financial literacy. Therefore, the development of fintech is not only understood as a technological phenomenon, but as a structural transformation of the global financial system that requires adaptive governance and regulation.

In the Indonesian context, the development of fintech shows progressive dynamics, in line with the national agenda to accelerate the digital economy. The Financial Services Authority reported a significant increase in the information technology-based funding services sector, including sharia financing schemes (OJK, 2024). The Indonesian Payment System Blueprint 2030 also affirms the regulator's commitment to encouraging digital innovation that is inclusive and integrated with the national financial system (Bank Indonesia, 2023). This growth opens up opportunities for the Islamic economy to expand the reach of financial services based on Islamic principles through digital platforms. However, regulatory harmonization, sharia compliance supervision, and consumer protection are central issues that determine the sustainability of the sharia fintech industry in Indonesia

Sharia fintech is basically an adaptation of financial technology innovations built within the framework of the prohibition of *riba*, *gharar*, and *maysir*, as well as the principles of justice and transparency. A number of studies show that the sharia fintech business model has great potential in supporting MSME financing and the micro-economy through sharia contract-based schemes (Shaikh, 2021). The Islamic Financial Services Board (IFSB, 2023) also emphasized that the digitalization of Islamic finance can be a catalyst for increasing the competitiveness of the global Islamic finance industry. However, this growth is often still oriented towards the replication of conventional products with contract adjustments, so it does not fully reflect the comprehensive Islamic economic paradigm oriented towards *maqāṣid al-sharī'ah*.

One of the fundamental issues in the development of Islamic fintech is the problem of people's financial inclusion. Despite the increasing level of account ownership and use of digital payments, some Muslim communities, especially MSME actors and the informal sector, still face limited access to formal financing (Demirgüç-et al., 2022). Fintech has the potential to bridge this gap through a more flexible and technology-based financing model (Barajas et al., 2020). However, financial inclusion in an Islamic perspective is not solely measured by access, but also by the quality of

services, distribution equity, and alignment with vulnerable groups. Therefore, the success of sharia fintech is not only judged from market expansion, but also from its contribution to strengthening the welfare of the people substantively.

Within the normative framework of Islamic economics, *maqāṣid al-sharī'ah* is the main foundation in assessing the legitimacy and purpose of an economic activity. This concept emphasizes the protection of religion, soul, intellect, descent, and property as the universal goal of sharia (Chapra, 2008). Several contemporary studies have attempted to develop performance indicators of *maqāṣid*-based Islamic financial institutions to ensure that business practices do not only meet the legal-formal aspect, but also the substantive value of social justice (Mohammed et al., 2008). In the context of fintech, *maqāṣid* integration demands transparency, data protection, ethical risk management, and sustainable economic empowerment. Without such integration, sharia fintech has the potential to be trapped in a symbolic formalization that does not reflect the main goals of the Islamic economy.

On the other hand, the gap between the ideals of *maqāṣid* and the practice of sharia fintech is still an academic debate. Some studies show that digital innovation is often driven more by profitability and market competition motives than social welfare orientations (Tarique et al., 2020). In addition, the challenge of digital literacy and understanding of sharia contracts among users can pose a risk of moral hazard and legal uncertainty (IFSB, 2023). This shows that digital transformation in the sharia economy requires a paradigm reconstruction so that it does not just follow the flow of digital capitalism, but remains based on the principles of distributive justice and social sustainability as mandated in *maqāṣid al-sharī'ah*.

Based on this description, a comprehensive conceptual analysis is needed regarding the construction of sharia fintech from the perspective of Islamic economics, the integration of *maqāṣid al-sharī'ah* in its business model, and its contribution to the financial inclusion of the ummah. This research aims to fill the theoretical gap between the development of financial technology and the normative framework of Islamic economics through a systematic literature review approach (Creswell & Creswell, 2018). Theoretically, this research is expected to enrich the literature on the digitalization of the *maqāṣid*-based sharia economy. In terms of policy, the research findings can be a reference for regulators and industry players in formulating a more inclusive, fair, and sustainable sharia fintech model.

## **Literature Review**

Digital economic transformation is a structural phenomenon that changes the way economic value is created, distributed, and exchanged. Schwab (2016) explains that the fourth industrial revolution is marked by the convergence of digital, physical, and biological technologies that have a direct impact on the global financial system. In this context, financial services no longer depend on physical institutions, but rather on digital platforms that are fast, connected, and data-driven. Financial digitalization brings efficiency, but at the same time creates ethical challenges, governance, and digital divides. This perspective becomes a grand theory to understand that fintech is not just a technical innovation, but part of a paradigm shift in the global economy that demands a new normative and institutional approach.

The digital economy also brings a fundamental shift in the structure of financial intermediation. Tapscott and Tapscott (2018) assert that digital technologies, particularly decentralized platforms and systems, have collapsed the dominance of traditional financial institutions as the sole economic intermediaries. In a digital ecosystem, trust is built through systems, algorithms, and data transparency, not just institutional reputation. This condition opens up opportunities for inclusion, but also poses a new risk of exclusion for groups that do not have digital literacy. This theory is important as a foundation for understanding why a technology-based financial system should be governed by values and principles, especially when integrated with an Islamic economy that places ethics as the main foundation.

In the perspective of development economics, digital transformation is seen as a potential instrument to expand financial inclusion and accelerate economic growth. Stiglitz (2019) emphasized that financial technology can be a corrective tool for market failures if accompanied by proper regulation and social justice orientation. Without value-based regulation, financial innovation has the potential to deepen inequality and create new exploitations. This framework is relevant to position fintech as a means of development, not the goal itself. Therefore, the integration of technology and value is a prerequisite for the transformation of the financial system to truly contribute to social welfare.

Fintech as a modern concept was first understood as the result of the evolution of the financial system towards the digitization of technology-based services. Gomber et al. (2018) map fintech as an innovation that includes digital payments, alternative financing, wealth management, and insurtech, which collectively change the structure of the financial industry. Fintech enables disruption to traditional banking business models by lowering transaction costs and expanding market access. However, these innovations also pose challenges related to financial system stability and consumer protection. This framework is a middle theory to explain the position of fintech as an agent of change in the modern financial system.

From an institutional perspective, fintech is understood as a response to the limitations of the conventional banking system in reaching certain segments of society. Arner, Barberis, and Buckley (2017) explained that fintech is growing rapidly in developing countries because it is able to answer the needs of financial inclusion with a non-traditional approach. Technology is becoming a tool to cut bureaucracy and improve the efficiency of financial services distribution. However, the success of fintech is highly dependent on the governance, regulations, and ethical framework that governs it. This theory is important to understand why sharia fintech has great opportunities in a country with a large Muslim population like Indonesia.

In the context of regulation and financial stability, fintech cannot be separated from the role of the state and financial authorities. Mishkin (2019) emphasized that financial innovation must be managed within the framework of macroprudential policies to prevent systemic risks. Fintech that grows unsupervised has the potential to create new crises like previous financial innovations. This perspective is an applied theory to emphasize the importance of integrating fintech with sharia regulations and public policies so that innovation remains in line with economic stability and justice.

Maqāṣid al-sharī'ah is the main normative foundation in Islamic economics that places human welfare as the ultimate goal of sharia. Al-Shatibi (2003) explained that the purpose of sharia includes the protection of religion, soul, intellect, descent, and property as universal principles that must be the basis of socio-economic policies and practices. In the economic context, maqāṣid serves as a grand theory to assess whether an economic activity brings benefits or actually causes harm. This framework is very relevant for evaluating sharia fintech so that digital innovation is not only formally legitimate, but also of substantive value.

The development of maqāṣid in modern economics is expanded upon by Chapra (2008) who emphasizes the interconnectedness between justice, efficiency, and social welfare. According to Chapra, the Islamic economic system must ensure a fair distribution of wealth and avoid exploitative economic concentration. Financial technology and innovation are seen as legitimate tools as long as they are directed at the achievement of collective welfare. This framework is a middle theory that bridges classical maqāṣid with contemporary economic challenges, including financial digitalization.

In the context of modern financial institutions, maqāṣid is also used as a performance evaluation tool. Mohammed, Razak, and Taib (2008) developed a maqāṣid-based Islamic financial institution performance measurement approach, which assesses the extent to which financial institutions contribute to education, justice, and welfare. This approach is relevant as an applied theory for assessing sharia fintech, as it emphasizes that the success of financial institutions is not measured solely by profitability, but by its impact on society.

Financial inclusion in the perspective of the modern economy is understood as universal access to secure and affordable financial services. Demirgüç and Levine (2009) explain that financial inclusion plays an important role in poverty reduction and increased economic growth. However, conventional approaches often emphasize the access aspect without considering the dimensions of ethics and distributive justice. This framework is the starting point for comparing the concept of financial inclusion in conventional and Islamic economics.

In Islamic economics, financial inclusion cannot be separated from the principles of social justice and protection of vulnerable groups. Siddiqi (2006) emphasized that the Islamic financial system should be oriented towards economic empowerment and equitable distribution of wealth. Financial inclusion is understood as part of social responsibility, not just market expansion. This perspective is a middle theory that places sharia fintech as an instrument for empowering the people, not just a business innovation.

A contemporary approach to Islamic financial inclusion was further developed by Obaidullah (2016), who emphasizes the integration of Islamic social finance such as zakat, waqf, and qard al-hasan with the modern financial system. According to him, digital technology can be an effective means to expand the reach of these instruments. This framework is a relevant applied theory to examine the role of sharia fintech in strengthening the financial inclusion of the ummah in a sustainable and maqāṣid oriented manner.

## METHODS

This study uses a qualitative approach with the library research method to analyze in depth the concept of sharia fintech, the integration of maqāṣid al-sharī'ah, and its contribution to the financial inclusion of the people. This method was chosen because the focus of research is not to test hypotheses or measure variables statistically, but rather to understand, interpret, and synthesize ideas, theories, and scientific findings that develop in academic literature and official documents. According to Sugiyono (2023), qualitative research is very relevant to explore the meanings, patterns, and conceptual relationships of various written sources that are complex and contextual. Therefore, library research allows researchers to build a comprehensive analytical framework for the phenomenon of digitalization of the Islamic economy without being bound by the limitations of field data.

The data sources for this research consist of primary and secondary literature which includes Islamic economics textbooks, articles from reputable scientific journals, official reports of financial authorities, as well as regulations and fatwas related to sharia fintech. Data collection techniques are carried out through documentation and systematic tracing of these sources, then analyzed using thematic analysis to identify key themes relevant to the research objectives. Moleong (2021) explained that thematic analysis in qualitative research aims to organize data into conceptual categories so as to produce a complete and meaningful understanding. Through this procedure, the research is expected to be able to produce a theoretical synthesis that is valid and can be accounted for academically.

## RESULTS OF RESEARCH AND DISCUSSION

### Research results

This section presents the results of literature research in the form of a synthesis of a number of credible studies and reports that discuss the development of Islamic fintech at the global and national levels. The presentation in the form of a table is intended to systematically show the source of the study, the focus of the research, the methods used, and the main findings relevant to the purpose of this research.

**Table 1. Research Synthesis on the Development of Global and Indonesian Sharia Fintech**

Researcher (Year)	Research Title	Study Focus and Methods	Key Findings
<b>Islamic Financial Services Board (2023)</b>	Islamic Financial Services Industry Stability Report	A study of the global Islamic finance industry with a policy analysis approach and secondary data	Islamic fintech is growing rapidly in the alternative financing sector and digital payment systems, but faces the challenges of sharia compliance standardization and technology risks.
<b>World Bank (2021)</b>	Fintech and Financial Inclusion	Global analysis of the role of fintech in financial inclusion based on literature and comparative data studies	Fintech increases financial access for the unbanked, but has the potential to create a digital divide if it is not accompanied by adequate literacy and regulation.

<b>Shaikh (2021)</b>	Using Fintech in Scaling Up Islamic Microfinance	Conceptual study and literature review on Islamic sharia fintech and microfinance	Sharia fintech is effective in expanding sharia contract-based microfinance and strengthening the economic empowerment of low-income communities.
<b>Demirgüç-et al. (2022)</b>	The Global Findex Database 2021	Analysis of global data on financial access and digital payments	Digital payments contribute significantly to financial inclusion, but the benefits are uneven due to differences in access to technology and financial literacy.
<b>Financial Services Authority (2024)</b>	Indonesian Sharia Finance Development Report	Descriptive analysis based on secondary data of the national Islamic finance industry	Indonesian sharia fintech is growing with a focus on financing MSMEs and the micro sector, although its scale and penetration are still limited compared to conventional fintech.
<b>Bank Indonesia (2023)</b>	Blueprint for Indonesia's Payment System 2030	Policy analysis and planning of the national digital payment system	The digitalization of the payment system strengthens the efficiency of Islamic financial transactions, but demands strengthening data security and consumer protection.

This table shows that the development of sharia fintech, both globally and nationally, is understood through literature reviews, policy reports, and secondary data analysis. The results of the synthesis indicate that sharia fintech has great potential in expanding financial inclusion and MSME financing, but still faces challenges in terms of regulation, digital literacy, and integration of maqāṣid al-shari'ah values in operational practices.

The next section presents a synthesis of literature on the concept and development of maqāṣid al-shari'ah as a normative framework in Islamic economics, as well as its relevance to digital financial innovation. The presentation in the form of a table aims to systematically show a theoretical foundation that can be used to evaluate the integration of maqāṣid principles in the sharia fintech model.

**Table 2. Synthesis of Contemporary Literature on the Integration of Maqāṣid al-Sharī'ah in Sharia Finance**

Researcher (Year)	Title of Work	Study Focus and Methods	Key Findings
Ascarya (2022)	Integrating Islamic Social Finance to Achieve Sustainable Development Goals: The Role of Maqasid al-Shariah	Conceptual study based on policy analysis and literature on the integration of Islamic social and commercial finance	Maqāṣid al-sharī'ah is an evaluative framework in ensuring that financial innovation, including digital finance, is oriented towards social welfare and sustainable development.

Aam Slamet Rusydiana and Abrista Devi (2021)	Maqasid Sharia-Based Performance Measurement for Islamic Financial Institutions: A Bibliometric Analysis	Bibliometric analysis of maqāṣid literature in Islamic finance	The integration of maqāṣid in financial institutions is still dominant in the aspect of contract formality; It is necessary to strengthen performance indicators based on substantive benefits.
Nurul Huda, Nova Rini, and Rizal Yaya (2019)	The Development of Islamic Financial Technology in Indonesia and Its Implication for Financial Inclusion	Descriptive-analytical study based on secondary data of the Indonesian sharia fintech industry	Islamic fintech has the potential to expand financial inclusion, but the implementation of the maqāṣid principle has not been fully integrated into the business model.
National Committee for Sharia Economics and Finance (KNEKS) (2023)	Indonesia's Sharia Economy and Finance Masterplan 2019–2024: Strengthening the Sharia Digital Ecosystem	Strategic policy analysis based on national planning documents	The digitalization of the sharia economy must be directed at increasing competitiveness, inclusion, and consumer protection in accordance with the principles of maqāṣid al-sharī'ah.
Mohammad Hashim Kamali (2019)	Shariah Law: An Introduction and Its Application to Contemporary Issues	Contemporary normative studies of the application of maqāṣid in modern issues	Maqāṣid al-sharī'ah is adaptive to technological and financial innovation while maintaining the principles of justice, transparency, and public welfare.
Jasser Auda (2018, revised edition)	Maqasid al-Shariah as Philosophy of Islamic Law: A Systems Approach	The system's approach to maqāṣid in the modern context	The application of maqāṣid in the digital economy requires a holistic and integrative approach, not just contractual modifications based on classical fiqh.

Table 2 shows that contemporary literature, both national and international, affirms the importance of maqāṣid al-sharī'ah as a normative framework in modern financial innovation. Domestic research emphasizes more policy aspects and the development of the sharia digital ecosystem, while foreign literature strengthens the philosophical and systemic dimensions of maqāṣid in the context of the digital economy. This synthesis is the basis for evaluating the integration of maqāṣid in the practice of sharia fintech.

This section presents a synthesis of literature on the contribution of sharia fintech to increasing people's financial inclusion, especially in the context of MSME financing, microeconomic empowerment, and reducing inequality in access to finance. The presentation in the form of a table aims to systematically display the study source, research focus, methods used, and relevant main findings.

**Table 3. Research Synthesis on the Contribution of Sharia Fintech to Financial Inclusion**

Researcher / (Year)	Title of Work	Study Focus and Methods	Key Findings
Demirgüç-, Original; Klapper, Leora; Singer, Dorothe; Ansar, Saniya; Hess, Jake (2022)	The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19	Survey-based global data analysis of access to and use of financial services	Digital payments and technology-based financial platforms are significantly increasing financial inclusion, especially in developing countries, but the digital literacy gap remains a major barrier.
World Bank (2021)	Bank Fintech and Financial Inclusion: Supporting Financial Inclusion through Technology	Literature review and analysis of global policies on fintech and inclusion	Fintech expands access to financing for MSMEs and the unbanked community through alternative models that are more flexible and efficient than traditional banking systems.
Islamic Financial Services Board (IFSB) (2023)	Islamic Financial Services Industry Stability Report 2023	Analysis of the global Islamic finance industry based on secondary data	Islamic fintech has the potential to strengthen financial inclusion by providing financing based on sharia contracts, but it requires strengthening risk management and governance.
Financial Services Authority (2024)	Indonesia's Sharia Financial Development Report 2024	Descriptive analysis of the development of the national Islamic finance industry	Indonesia's sharia fintech contributes to increasing MSME and micro-sector financing, although its market share is still relatively small compared to conventional fintech.
Aam Rusydiana and Abrista Devi (2022)	Slamet and Devi Islamic Technology and Financial Inclusion: A Bibliometric Study	Bibliometric analysis of Islamic fintech publications and financial inclusion	The literature shows that sharia fintech has strong potential in microeconomic empowerment, but requires the integration of maqāṣid values to have a sustainable impact.
Shaikh, Salman Ahmed (2021)	Using Fintech in Scaling Up Islamic Microfinance	Conceptual study of the integration of Islamic fintech and microfinance	The integration of fintech with sharia microfinance increases access to small business capital and supports the economic empowerment of low-income communities.

Table 3 shows that sharia fintech has a real contribution to expanding financial inclusion through increasing access to MSME financing, strengthening the microeconomy, and the efficiency of the digital payment system. The global literature emphasizes the positive impact of fintech on the unbanked community, while national studies show the role of sharia fintech in supporting the micro sector and MSMEs. However, challenges such as digital literacy, moral hazard risks, and the potential for

shadow banking practices still require the attention of regulators so that the contribution of sharia fintech is truly aligned with the principles of maqāṣid al-sharī'ah and the goals of the welfare of the people.

## DISCUSSION

The results of the synthesis in Table 6.1 show a relatively consistent pattern in the literature regarding the development of Islamic fintech at the global and national levels. The Islamic Financial Services Board report confirms that Islamic fintech is experiencing significant growth in the alternative financing sector and digital payment systems, in line with World Bank findings that highlight the role of fintech in expanding financial access to the unbanked community. Demirgüç and colleagues also show that digital payments are a key driver of financial inclusion, although the impact is not evenly distributed. In the Indonesian context, the Financial Services Authority and Bank Indonesia emphasized that Islamic fintech is developing with a focus on financing MSMEs and the micro sector. However, the limited scale of the industry and the challenges of digital literacy show that this growth is not fully optimal and still requires institutional strengthening.

When analyzed using the grand theory framework of digital economy transformation, the findings show that sharia fintech is part of the structural changes in the global financial system characterized by digitalization, disintermediation, and acceleration of innovation. The theory of digital political economy emphasizes that financial technology is not neutral, but rather carries the logic of efficiency and strong market competition. In this context, sharia fintech operates under the pressure of a global digital economy system that is oriented towards growth and profitability. Without a solid value framework, Islamic fintech has the potential to reproduce the same patterns of exclusion and inequality as the conventional financial system. Therefore, the integration of normative values is a fundamental need for digital transformation to be in line with the goals of social justice.

Middle and applied theory approaches, particularly financial inclusion theory and institutional theory, help explain these dynamics more operationally. Financial inclusion theory emphasizes that expanding access must be accompanied by quality of service, consumer protection, and sustainability of economic benefits. The findings of the World Bank and OJK show that sharia fintech has opened access to financing for MSMEs, but its effectiveness is highly dependent on regulation and governance. From the perspective of institutional theory, sharia fintech in Indonesia is still in the early stages of institutionalization, where sharia regulations, supervision, and business models are not yet fully established. Applied theory in the context of national policy places the role of regulators as a key actor in maintaining the stability and integrity of the industry.

In the current and future context, the findings of Table 6.1 indicate strategic opportunities for sharia fintech to play a more substantive role in the economic development of the people. Indonesia, with a large Muslim population, has the potential to make sharia fintech an instrument of value-based financial inclusion. However, this potential can only be realized if sharia fintech does not stop at technological expansion alone. A paradigm reconstruction is needed that places fintech as a tool for welfare distribution, not just market efficiency. This is where the relevance of the idea of

distributive justice-based sharia fintech emerges, which not only answers current needs, but also offers a sustainable model for the development of the Islamic digital economy in the future.

The synthesis of the literature in Table 6.2 shows that the concept of *maqāṣid al-sharī'ah* is consistently positioned as the main normative framework in the development of contemporary Islamic economics and finance. Ascarya emphasizes the importance of *maqāṣid* as the basis for integration between social and commercial finance to achieve sustainable development, while Rusydiana and Devi point out that the implementation of *maqāṣid* in financial institutions is still dominated by a formalistic approach. The study by Nurul Huda and colleagues highlights that the development of sharia fintech in Indonesia has not fully internalized *maqāṣid* in its business model, despite its great potential for financial inclusion. These findings are strengthened by the KNEKS policy document which places *maqāṣid* as a normative principle in strengthening the national sharia digital ecosystem. Overall, this table shows the gap between the normative framework of *maqāṣid* and the practice of digital financial innovation.

In the perspective of the grand theory of *maqāṣid al-sharī'ah*, the findings indicate that sharia fintech innovations should be evaluated not only on the basis of formal legal compliance, but also on their contribution to the public welfare. The *maqāṣid* theory emphasizes property protection, social justice, and sustainability as the main goals of economic activity. In the context of the digital economy, these principles are becoming increasingly important as technology accelerates the accumulation and distribution of economic value. Without a *maqāṣid* orientation, sharia fintech risks being reduced to a technocratic instrument that loses its ethical dimension. Therefore, the grand theory of *maqāṣid* demands that financial digitalization be directed at the achievement of collective welfare, not just efficiency or market expansion.

Analysis using middle and applied theory strengthens this argument. The institutional and financial governance approach shows that the integration of *maqāṣid* requires clear operational mechanisms, such as benefit-based performance indicators, strengthening the functions of the Sharia Supervisory Board, and product design that favors the real sector. Rusydiana and Devi's findings indicate the need to develop *maqāṣid* evaluation instruments that are more applicable in Islamic financial institutions, including fintech. Applied theory in the context of Indonesian policy, as reflected in the KNEKS document, emphasizes that the digitalization of the sharia economy must be accompanied by strengthening literacy, regulation, and ecosystem so that the value of *maqāṣid* does not stop at the normative level, but is realized in practice.

Connecting these findings with the current and future contexts, the integration of *maqāṣid al-sharī'ah* in sharia fintech is the key to distinguishing between value-based innovation and market-based innovation. In the midst of global digital economy competition, sharia fintech has the opportunity to offer an alternative model that puts distributive justice and social protection at the heart of innovation. The novelty that emerged from this discussion was the idea that *maqāṣid* does not only function as a tool for sharia legitimacy, but as a design framework for the sharia fintech system that is oriented towards the economic sustainability of the people. This approach is relevant to answer contemporary challenges while providing direction for the development of the Islamic digital economy in the future.

The synthesis of literature in Table 6.3 shows that fintech, including sharia fintech, has a significant contribution to increasing financial inclusion, especially for unbanked community groups and MSME actors. The findings of Demirgüç and colleagues through Global Findex confirm that digital payments are a major catalyst for expanding access to financial services. The World Bank report reinforces these findings by showing that financial technology is able to reach segments that were previously difficult for conventional banking to serve. In the context of the sharia industry, the Islamic Financial Services Board's report highlights the potential of fintech in sharia contract-based financing, while the Financial Services Authority noted the growth of MSME financing through sharia digital platforms. Shaikh's research and Rusydiana and Devi's bibliometric studies show that the integration of fintech with Islamic microfinance has the potential to strengthen the economic empowerment of low-income communities.

In the framework of the grand theory of social justice and economic development, financial inclusion does not just mean an increase in the number of digital accounts or transactions, but also an expansion of fair and sustainable economic opportunities. Development theory asserts that access to finance is a prerequisite for social mobility and poverty reduction. The findings in the table show that sharia fintech has the potential to become an instrument for a more equitable distribution of economic resources. However, without value orientation, the inclusion achieved can be pseudo- and only expand market participation without improving substantive well-being. Therefore, this grand theory emphasizes that the contribution of sharia fintech must be measured from its impact on distributive justice and improving the quality of life of the people.

The middle and applied theory approach clarifies these dynamics in institutional and policy contexts. Modern financial inclusion theory emphasizes the importance of literacy, consumer protection, and financing sustainability. The findings of the OJK and IFSB show that sharia fintech still faces the risk of moral hazard, over-indebtedness, and the potential for shadow banking practices if supervision is not optimal. In the Indonesian context, applied public policy theory places regulators as central actors in maintaining a balance between innovation and stability. The integration of fintech with sharia microfinance, as stated by Shaikh, can strengthen economic empowerment if accompanied by transparent governance and effective risk mitigation mechanisms.

Linking these findings with the current context, sharia fintech has a strategic opportunity to support productive sectors, including MSMEs, pesantren economies, and religious services such as Hajj and Umrah through a more transparent payment and fund management system. However, this potential requires a paradigm reconstruction so that sharia fintech does not only function as a tool for market expansion, but also as an instrument for welfare distribution based on maqāsid. The novelty that can be offered is the development of an Islamic financial inclusion model that integrates digitalization, consumer protection, and distributive justice orientation simultaneously. This model is relevant to answer the challenges of the current digital economy while providing direction for future Islamic financial transformation.

Theoretically, this research strengthens the argument that sharia fintech cannot be understood solely as a financial technology innovation, but rather as part of the

systemic transformation of the digital economy that requires a solid normative foundation. Literature synthesis and analysis suggest that the integration of maqāṣid al-sharī'ah should be placed as a design framework, not just a tool of formal legitimacy. This enhances previous discourses that tend to separate the growth of the fintech industry and the ethical dimension of Islamic economics. By placing distributive justice, property protection, and social empowerment as evaluative indicators, this study offers a more integrative conceptual approach in reading the development of sharia fintech in the digital era.

In terms of policy, the findings of this study hint at the need to strengthen the governance and regulation of Islamic fintech which is not only oriented towards the stability and growth of the industry, but also on the long-term socio-economic impact. Regulators need to encourage fintech business models that favor MSMEs, the micro sector, and financial services based on the real needs of the community, including the religious service sector such as Hajj and Umrah. In addition, strengthening sharia digital literacy and a supervision system based on the principle of maqāṣid is a strategic agenda so that innovation is not trapped in commercialization alone. Thus, sharia fintech can function as an instrument for inclusive, equitable, and sustainable economic transformation.

## **CONCLUSION**

This research emphasizes that sharia fintech is a manifestation of digital economy transformation that opens up great opportunities for the expansion of people's financial inclusion, especially through MSME financing, microeconomics, and digital payment systems. However, the results of the literature synthesis show that this growth has not been fully accompanied by the substantive integration of maqāṣid al-sharī'ah in the design of its business model and operational governance. Islamic fintech still faces the risk of contract formalization, moral hazards, digital literacy gaps, and the potential for excessive commercialization that can move away from the goal of distributive justice. Thus, the success of sharia fintech cannot be measured solely by market expansion or transaction volume, but by its contribution to property protection, economic empowerment, and sustainable improvement of people's welfare.

Based on these findings, this study recommends the reconstruction of the maqāṣid-based sharia fintech paradigm as an integrated normative and operational framework. Regulators need to strengthen supervision, benefit-based performance indicators, and adequate consumer protection and data security systems. Industry players are encouraged to develop business models that favor the real sector, fair distribution of benefits, and family economic empowerment, including financial services related to Hajj and Umrah. In addition, increasing sharia digital literacy is a strategic agenda so that people not only become users of technology, but also understand the principles of contracts and transaction risks. With this approach, sharia fintech has the potential to become an instrument of economic transformation that is inclusive, equitable, and oriented towards social sustainability.

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