

Beyond Financial Inclusion: Digital Transformation and the Redistribution of Prosperity in the Islamic Economy

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ABSTRACT

This study aims to analyze the development of digital transformation in the Islamic economy over the past decade, its contribution to accelerating prosperity distribution in Indonesia, as well as the opportunities and challenges encountered. Digital transformation has been proven to play a vital role in improving financial inclusion, operational efficiency, and global competitiveness, particularly in Islamic banking, halal industries, zakat management, and mosque transformation. The research employed a systematic literature review of ten scholarly articles related to the digitalization of the Islamic economy. The analysis identified the patterns of development, contributions, opportunities, and challenges highlighted by each study. The findings reveal that digitalization drives economic growth, strengthens zakat redistribution, enhances halal industry competitiveness, and expands the socio-economic role of mosques. However, challenges such as regulatory uncertainty, low digital literacy, and cybersecurity risks remain major barriers. In conclusion, digital transformation serves as both a growth engine and a catalyst for equitable prosperity distribution within the Islamic economy.

INTRODUCTION

Digital transformation is a global phenomenon reshaping economic structures and business models across sectors, including the Islamic economy, by introducing digital platforms, payment systems, and data-driven services that expand access and operational efficiency (Fitri, 2023). Rapid growth in Sharia-compatible financial technology (sharia-fintech) and digital payment adoption has been shown to increase financial inclusion and facilitate the delivery of Islamic financial instruments to underserved populations (Harahap et al., 2023). In the Indonesian context home to the world's largest Muslim population the digitalization of Islamic economic actors (banks, fintech, zakat/wakaf platforms) represents a strategic opportunity to strengthen inclusive finance and promote more equitable welfare distribution across regions and income groups (Fitri, 2023; Harahap et al., 2023). Finally, realizing these opportunities requires coordinated efforts to ensure Sharia compliance, build digital literacy, and align regulatory frameworks so that digital Islamic finance can scale responsibly and equitably (Fitri, 2023).

The rapid expansion of sharia-compliant financial technology over the past five years mirrors broader national fintech trends, reflecting accelerated market entry and increased transaction volumes in Islamic finance. Sharia fintech platforms provide faster, more accessible, and faith-compatible financial services, positioning them to serve previously unbanked or underbanked Muslim populations and thereby advance financial inclusion. Empirical and review studies highlight that digitalization is transforming traditional Islamic finance ecosystems boosting reach, lowering entry barriers for MSMEs, and driving notable growth in Islamic fintech subsectors. Nevertheless, this growth also poses regulatory and governance challenges that require coordinated policy responses to maintain sharia compliance while safeguarding consumer protection and systemic stability (Qudah, 2023; Fidhayanti, 2024).

The introduction of a Sharia-compliant Quick Response Code Indonesian Standard (QRIS Syariah) represents a targeted effort to align Indonesia's national QR payment infrastructure with Islamic fiqh principles, enabling digital transactions that are halal, transparent, and governed by maqasid-al-sharia considerations (Sarif & Ariyanti, 2024). By embedding Sharia-focused governance and technical standards into the QRIS ecosystem, QRIS Syariah seeks to strengthen consumer trust and reduce religiously-motivated barriers to cashless adoption among micro, small, and medium enterprises (MSMEs), microfinance providers, and broader communities (Sodik & Riza, 2023). Empirical studies of QRIS adoption in Islamic banking contexts indicate that factors such as perceived security, compliance with riba-related concerns, and institutional support materially influence uptake and the technology's capacity to expand financial inclusion for halal economic actors (Sodik & Riza, 2023; Sarif & Ariyanti, 2024). Consequently, QRIS Syariah is positioned not only as a payment innovation that enhances efficiency and transparency but also as a policy instrument that can sustainably strengthen Sharia-compliant digital commerce provided implementation addresses both technical interoperability and normative (fiqh) validation. (Sarif & Ariyanti, 2024; Sodik & Riza, 2023).

LITERATURE REVIEW

Digital transformation has reshaped the management of zakat, infak, sedekah, and waqf (ZISWAF), moving practices from manual collection and local distribution toward integrated digital platforms that include online payment apps, big-data beneficiary profiling, and algorithmic allocation systems. Digital ZISWAF platforms have been shown to improve transparency and accountability thereby strengthening public trust and enabling faster, more targeted disbursement of aid that can accelerate welfare distribution. (Hadi et al., 2024). Moreover, emerging technologies such as blockchain and distributed ledgers offer concrete mechanisms to address traceability, auditability, and governance gaps in waqf administration, improving institutional controls and stakeholder confidence (Mohaiyadin et al., 2022). Taken together, these developments suggest that integrating ICT, big data analytics, and secure ledger technologies into ZISWAF ecosystems can materially expand outreach and efficiency, but they also require appropriate regulatory standards and capacity building to realize their full social impact.

The urgency of this study lies in the fact that despite its promising potential, the digital transformation of the Islamic economy in Indonesia still faces several challenges, including low levels of Islamic financial literacy, uneven technological infrastructure, and continuously evolving regulatory frameworks. These obstacles limit the effectiveness of digital adoption in achieving inclusive growth. Furthermore, systematic studies that specifically analyze how digital transformation in the Islamic economic sector impacts the acceleration of prosperity distribution remain scarce. Existing literature often highlights isolated aspects such as fintech adoption or the technical implementation of QRIS, but it rarely provides a holistic assessment of broader socio-economic outcomes. Thus, there is a pressing need to examine the role of digital Islamic economic instruments in addressing inequality and fostering equitable welfare.

The research gap is evident, as most prior studies have concentrated mainly on technical or operational aspects without offering comprehensive insights into the socio-economic contributions of digital Islamic economy initiatives. To address this limitation, this study employs a systematic literature review approach to map the trends, challenges, and impacts of Islamic digital transformation within the Indonesian context. The research aims to explore the role of fintech syariah, QRIS Syariah, and the digitalization of zakat and waqf in promoting welfare distribution. By synthesizing findings from multiple studies, this research aspires to provide both theoretical and practical contributions. Ultimately, the study seeks to deliver valuable insights for academics, regulators, and practitioners in strengthening policy formulation and fostering innovation in digital-based Islamic economics.

METHODOLOGY

This study employed a systematic literature review approach to examine the digital transformation of the Islamic economy and its influence on the acceleration of prosperity distribution in Indonesia. The research aimed to synthesize findings from previous studies focusing on the development of

Islamic fintech, QRIS syariah, and the digitalization of zakat and waqf management to understand their roles in promoting financial inclusion and equitable welfare distribution.

The inclusion criteria for article selection were as follows: (1) studies published between 2015 and 2025; (2) research addressing Islamic financial technology, QRIS syariah implementation, or digital zakat/waqf systems; (3) studies that discussed outcomes related to financial inclusion, transparency, accountability, or welfare distribution; and (4) peer-reviewed articles published in English or Indonesian. Exclusion criteria included studies not available in full text, research focusing on conventional financial systems without Islamic economic context, and articles unrelated to digital transformation in Islamic economy.

The research procedure began with a systematic search of articles using combinations of keywords such as “Islamic fintech,” “QRIS syariah,” “digital zakat,” “digital waqf,” “Islamic economy,” and “prosperity distribution in Indonesia.” Identified articles were screened through three stages: identification, screening, and eligibility assessment. Data from eligible articles were then coded and descriptively analyzed to identify consistent patterns, opportunities, and challenges regarding the role of digital transformation in accelerating welfare distribution. This process followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines to ensure transparency, rigor, and accuracy in reporting the review findings.

RESEARCH RESULT

The process of study identification and selection for this review is illustrated. A total of 400 records were identified from database searches (and 0 from registers), with 80 records removed prior to screening (50 duplicates, 20 automatically ineligible, and 10 for other reasons). Of the 320 records screened, 200 were excluded. Subsequently, 120 reports were sought for retrieval, with 10 not retrieved. A total of 110 reports were assessed for eligibility, and 83 were excluded due to irrelevance (40), lack of accreditation (25), or inaccessibility (18). This process resulted in 10 studies being included in the review, which also represents the total number of newly included reports, as shown in Figure 1.

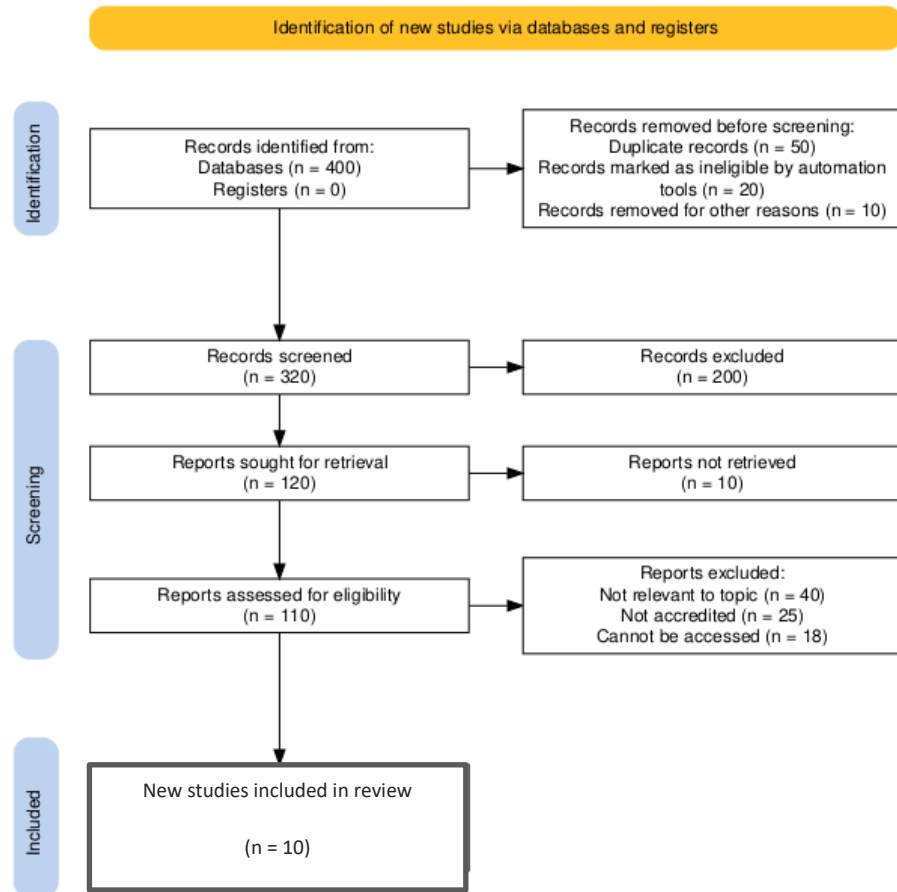


Figure 1. PRISMA Review Diagram

Table 1. Characteristics of the Reviewed Articles

No	Research Subject & Object	Development of Digital Transformation Implementation in Islamic Economy	Contribution of Digital Transformation to the Acceleration of Prosperity Distribution in Indonesia	Opportunities and Challenges in Optimizing Digital Technology in the Islamic Economy of Indonesia	Reference
1	The impact of digital transformation on the Islamic finance sector in 11 largest halal industry countries (2018–2022).	The halal industry is inseparable from digitalization. Digital instruments play a crucial role in the sector's growth.	Driving global economic growth through job creation and generating USD 193 billion in global economic output.	The abstract does not specify challenges, focusing instead on the positive impacts of digitalization.	Lukman Hakim, Muhammad Rizaldi, Fira Alfi Syahrin, Nanik Shofiatin, Nasywa Zhahirah (2024).
2	The impact of digital transformation on Islamic banking and its	Islamic banks in Indonesia integrate technologies such as mobile	Enhancing financial inclusion and accessibility of financial	Opportunities: Improving financial inclusion, customer	Afif Badawi (2025).

	influence on the Islamic economy in Indonesia.	banking, blockchain, and digital platforms.	services for the unbanked population.	experience, and offering sharia-compliant products. Challenges: Limited infrastructure, cybersecurity issues, and ensuring sharia compliance.	
3	The role of digital transformation in supporting the development of the Islamic economy, particularly technology innovation and implementation challenges up to 2025.	Digital transformation drives operational efficiency, expands financial inclusion, and strengthens system sustainability. Innovations such as Islamic fintech, blockchain, and AI make significant contributions.	Supporting the development of the Islamic economy and reinforcing sustainability.	Opportunities: Enhancing efficiency and transparency of Islamic financial services through innovation. Challenges: The title mentions implementation challenges, but details are absent in the abstract.	Muflih Adi Laksono, Rahmat Setiawan, Nurhasanah Pasaribu (2025).
4	Opportunities and challenges of Islamic economic transformation in the digital era.	The digital era has triggered significant changes in the development of the Islamic economy. Digitalization offers major opportunities to enhance sharia financial inclusion and market reach.	Offering broad opportunities to improve sharia financial inclusion.	Opportunities: Expanding inclusion, market reach, and innovations such as Islamic fintech, blockchain, and waqf-based crowdfunding. Challenges: Regulatory uncertainty, low Islamic digital financial literacy, and cybersecurity risks.	Bella Mauri (2024).
5	Digital transformation in the management of Zakat, Infaq, and Shadaqah (ZIS) by BAZNAS.	BAZNAS introduced breakthroughs by applying digital technology to improve management,	The success of BAZNAS in managing ZIS is key to prosperity in the Muslim world. Digitalization	Focuses on BAZNAS's digital transformation success; the abstract does not explicitly state challenges.	Haryani Santo Hartono (2022).

		successfully formulating digitalization concepts even before COVID-19.	aims to increase collection and distribution of funds.		
6	Economic growth and digital banking transformation in Indonesia's Islamic banking industry.	Digital banking transformation is a strategic priority to accelerate economic growth. Mobile banking users have increased significantly.	Encouraging economic growth and improving public welfare. Digital technology helps enhance economic capacity and innovation.	Opportunities: Utilizing digital technology for inclusive economic activities. Challenges: Low financial literacy in technology usage and rising cybersecurity risks.	Erna May Wulandari, Maya Indriastuti (2023).
7	Regulatory challenges in implementing FinTech within Indonesia's Islamic financial industry.	The Islamic financial industry is rapidly changing with technological progress, particularly FinTech.	Focused on accelerating Islamic finance and economy, but does not explicitly address prosperity distribution.	Challenges: Regulatory issues, Islamic perspectives on FinTech, and the importance of collaboration between financial institutions and regulators.	Iman Supriadi, Rahma Ulfa Maghfiro, Rukhul Abadi (2023).
8	Digital transformation and its implications for the future of financial intermediation in Islamic institutions.	Focused on the implications of digital transformation for financial intermediation in Islamic institutions.	The abstract does not explicitly mention it, but emphasizes the future of financial intermediation, implying positive contributions.	The abstract does not specify details, but the title refers to "Implications for the Future."	Maha Shehadeh, Ibrahim A. Abu-ALSondos, Mousa Ajouz, Saeed Aldulaimi (2024).
9	Transformation of mosque management through the concept of Islamic Social Enterprise.	The study proposes mosque management transformation through Islamic Social Enterprise, highlighting the urgency of modernizing traditionally	Mosque business units contribute to mosque income and the economic welfare of the community.	Opportunities: Improving mosque performance and benefits as non-profit organizations. Challenges: The abstract does not provide details but highlights the urgency due to	Rizqi Anfanni Fahmi (2022).

		managed mosques.		traditional management practices.	
10	Digital transformation in Halal Industrial Areas in Indonesia.	Digital transformation is a strategic necessity to enhance competitiveness in halal industrial areas. The study examines digital technologies such as Blockchain, IoT, and AI.	Aiming to increase competitiveness of halal industrial areas in the global market driven by transparency. The abstract does not explicitly mention "prosperity distribution."	Opportunities & Challenges: The study identifies challenges, opportunities, and key strategic development pathways, but details are not provided in the abstract.	Asep Dadan Suganda, Euis Amalia, Muhammad Maksum, Nur Rohim (2025).

DISCUSSION

The Development of the Implementation of Digital Transformation in the Islamic Economy Over the Last Decade Can Be Identified through Systematic Literature Analysis

The development of digital transformation in the Islamic economy over the last decade demonstrates a strong trajectory of growth across multiple sectors. Studies indicate that the halal industry has been inseparable from digitalization, where digital instruments play a crucial role in strengthening economic performance globally (Hakim, Rizaldi, Syahrin, Shofiatin, & Zhahirah, 2024). Similarly, Islamic banking in Indonesia has progressively integrated technologies such as mobile banking, blockchain, and digital platforms to enhance accessibility and efficiency (Badawi, 2025). These transformations highlight the expansion of financial inclusion, particularly for underserved populations, thus aligning with the principles of the Islamic economy. Moreover, innovations such as Islamic fintech and AI have contributed significantly to operational efficiency and system sustainability (Laksono, Setiawan, & Pasaribu, 2025). Collectively, these findings underscore the pivotal role of digital transformation in reshaping Islamic financial systems.

The literature further emphasizes the strategic opportunities created by digitalization in promoting inclusive growth and financial outreach. For instance, digitalization has supported the expansion of Islamic financial inclusion and the enhancement of sharia-compliant financial services (Mauri, 2024). In the case of BAZNAS, the application of digital technology in Zakat, Infaq, and Shadaqah (ZIS) management has been a milestone, increasing collection efficiency and transparency while advancing the prosperity of Muslim communities (Hartono, 2022). In addition, digital banking transformation has been identified as a strategic priority for economic acceleration in Indonesia, particularly through the significant increase of mobile banking adoption (Wulandari & Indriastuti, 2023). These shifts not only promote economic capacity but also drive sustainable

welfare improvement. Thus, the integration of digital transformation aligns with both financial modernization and Islamic socio-economic objectives.

At the same time, challenges remain evident in the implementation of digital transformation within Islamic economic systems. The issue of regulatory uncertainty, particularly in the adoption of FinTech, reflects the need for stronger collaboration between financial institutions and regulators (Supriadi, Ulfa, & Abadi, 2023). Concerns regarding cybersecurity, financial literacy, and ensuring sharia compliance have also been highlighted as barriers to optimization (Badawi, 2025; Mauri, 2024; Wulandari & Indriastuti, 2023). Furthermore, the urgency of transforming traditionally managed institutions, such as mosques, into modern Islamic Social Enterprises demonstrates the gap between digital opportunities and practical adoption (Fahmi, 2022). The lack of explicit strategies addressing these challenges in several studies suggests an ongoing need for policy intervention and capacity building. Without overcoming these issues, the potential of digital transformation risks being unevenly distributed across stakeholders. Hence, the balance between innovation and regulation becomes essential for sustainable progress.

Another significant area of development is the role of digital transformation in halal industrial areas and financial intermediation. Digital technologies such as blockchain, IoT, and AI are increasingly recognized as strategic necessities to enhance competitiveness in halal industries at the global level (Suganda, Amalia, Maksum, & Rohim, 2025). Similarly, the implications of digital transformation for Islamic financial intermediation suggest a paradigm shift in how institutions channel resources effectively (Shehadeh, Abu-ALSondos, Ajouz, & Aldulaimi, 2024). These studies underline the centrality of technology in improving transparency, operational capacity, and market positioning of Islamic economic entities. The absence of explicit discussions on prosperity distribution in some articles, however, indicates the need for a clearer link between technological advancement and socio-economic outcomes. Nevertheless, digital transformation is increasingly considered an unavoidable pathway for Islamic economic development. This reflects its role as both a driver of modernization and a tool for aligning competitiveness with ethical finance.

In synthesis, the reviewed literature highlights that the digital transformation of the Islamic economy over the last decade has significantly advanced financial inclusion, operational efficiency, and global competitiveness. Studies consistently show the positive impacts of digitalization, particularly in Islamic banking, halal industries, and zakat management, where technology has enhanced both growth and transparency (Hakim et al., 2024; Badawi, 2025; Hartono, 2022). However, challenges such as regulatory uncertainty, low financial literacy, cybersecurity risks, and ensuring sharia compliance remain persistent concerns (Supriadi et al., 2023; Mauri, 2024). The findings also point to institutional gaps, especially in the modernization of mosque management and other socially oriented Islamic enterprises (Fahmi, 2022). Opportunities remain vast, but they require supportive policy frameworks and technological literacy improvements to maximize impact. Therefore, the overall trajectory of digital

transformation in the Islamic economy is both promising and conditional on addressing systemic and regulatory challenges.

Digital Transformation in the Islamic Economy Significantly Contributes to the Acceleration of Prosperity Distribution in Indonesia

Digital transformation has played a pivotal role in advancing the Islamic economy and fostering inclusive prosperity in Indonesia. The integration of digital tools in Islamic banking, fintech, and halal industries has facilitated access to financial services for previously underserved populations (Afif Badawi, 2025; Erna May Wulandari & Maya Indriastuti, 2023). For instance, Islamic banks have adopted mobile banking, blockchain, and digital platforms to expand outreach and support financial inclusion, thereby reducing barriers for the unbanked (Afif Badawi, 2025). Similarly, the halal industry demonstrates how digitalization can generate global economic growth by creating jobs and boosting productivity, with an estimated contribution of USD 193 billion to global economic output (Lukman Hakim et al., 2024). This trend reflects the alignment of Islamic economic values with technological innovation to achieve equitable prosperity. Thus, digitalization ensures not only economic growth but also justice-oriented wealth distribution across diverse societal segments.

The transformation of zakat, infaq, and shadaqah (ZIS) management represents a concrete example of how digitalization accelerates prosperity distribution. BAZNAS, as a central zakat institution, has pioneered digital platforms to enhance transparency, efficiency, and accountability in fund collection and disbursement (Haryani Santo Hartono, 2022). These innovations directly improve the redistribution of wealth by ensuring that charitable funds reach target beneficiaries more effectively. Such digital interventions reduce operational inefficiencies and increase public trust in Islamic philanthropic institutions. By fostering an ecosystem of digital charity, Islamic economic principles of social justice and communal welfare are operationalized in a modern, technology-driven framework. This strengthens the role of zakat and other Islamic social finance instruments as vehicles for reducing inequality.

Beyond financial inclusion and zakat management, mosque-based Islamic Social Enterprises also demonstrate how digital transformation contributes to local prosperity. The transformation of mosque management into community-oriented enterprises generates sustainable income and enhances community welfare (Rizqi Anfanni Fahmi, 2022). This innovation not only modernizes traditional management practices but also expands the socio-economic role of mosques. By leveraging digital platforms for fundraising, education, and business activities, mosques evolve into community economic hubs. These initiatives create local employment opportunities and foster entrepreneurship, particularly in underserved communities. Hence, the digitization of mosque management strengthens the social and economic fabric at the grassroots level.

In parallel, the transformation of halal industrial areas highlights the macroeconomic impact of digitalization on competitiveness and prosperity. Technologies such as blockchain, IoT, and AI improve transparency, efficiency, and global market access for halal products (Asep Dadan Suganda et al., 2025).

The increased competitiveness of halal industrial areas enhances Indonesia's role in the global halal economy, thereby generating employment and fostering inclusive growth. Moreover, digital innovation ensures that production and distribution processes align with sharia principles while meeting international standards. This dual compliance strengthens consumer confidence and sustains long-term prosperity. Therefore, the synergy between technological advancement and Islamic economic values accelerates Indonesia's economic resilience and equitable wealth distribution.

The reviewed studies collectively confirm that digital transformation in the Islamic economy significantly accelerates prosperity distribution in Indonesia through financial inclusion, zakat digitization, mosque-based enterprises, and halal industry competitiveness. Islamic banks and fintech platforms extend access to financial services for marginalized populations, reducing inequality (Afif Badawi, 2025; Erna May Wulandari & Maya Indriastuti, 2023). Simultaneously, zakat digitalization ensures transparency and efficiency in redistributing wealth to the needy, thereby reinforcing social justice (Haryani Santo Hartono, 2022). At the community level, mosque management innovations expand local economic welfare through social enterprises (Rizqi Anfanni Fahmi, 2022). Meanwhile, digitalized halal industrial areas strengthen Indonesia's position in the global market and generate broader prosperity (Asep Dadan Suganda et al., 2025). Taken together, these findings demonstrate that digital transformation is not only a driver of economic growth but also a catalyst for equitable prosperity distribution in line with Islamic principles.

Opportunities and Challenges Exist in Optimizing the Use of Digital Technology in Islamic Economic Instruments to Support Equitable Welfare Distribution in Indonesia

The opportunities for optimizing digital technology in Islamic economic instruments are evident in several areas, particularly within Islamic finance and banking. Studies demonstrate that digital transformation supports financial inclusion, improves customer experience, and enables the offering of innovative, sharia-compliant products (Badawi, 2025). In addition, technologies such as blockchain, artificial intelligence (AI), and fintech innovation are enhancing operational efficiency and transparency, thereby fostering sustainability within the Islamic financial system (Laksono, Setiawan, & Pasaribu, 2025). The halal industry is also identified as a sector that significantly benefits from digitalization, contributing to global economic growth through job creation and large-scale financial output (Hakim, Rizaldi, Syahrin, Shofiatin, & Zhahirah, 2024). These findings highlight that digital innovation presents considerable opportunities for reinforcing the role of Islamic economic instruments in promoting inclusive and equitable development.

Beyond finance, opportunities also extend to the digital transformation of zakat, infaq, and shadaqah (ZIS) management. BAZNAS has pioneered digital breakthroughs in this sector, improving both the collection and distribution of funds to enhance social welfare (Hartono, 2022). Similarly, mosque management transformation through Islamic Social Enterprises provides new pathways for

mosques to function as community-based economic hubs, contributing to local welfare improvement (Fahmi, 2022). The integration of digital platforms in these institutions strengthens their accountability, expands outreach, and modernizes traditional practices. Moreover, digitalization in Halal Industrial Areas is projected to increase competitiveness in the global market, supported by technologies such as Blockchain, Internet of Things (IoT), and AI (Suganda, Amalia, Maksun, & Rohim, 2025). Collectively, these initiatives underline the broad opportunities available when digital technology is strategically applied across various Islamic economic instruments.

Despite these opportunities, significant challenges persist, particularly in infrastructure and regulation. Limited digital infrastructure in certain regions and low levels of financial and digital literacy hinder the effectiveness of technology adoption (Wulandari & Indriastuti, 2023). Cybersecurity risks also emerge as a critical concern, threatening both user trust and institutional resilience in the digital Islamic finance ecosystem (Mauri, 2024). Furthermore, regulatory uncertainties surrounding fintech and the integration of Islamic perspectives on emerging technologies create additional barriers, emphasizing the importance of collaborative efforts between regulators and financial institutions (Supriadi, Ulfa, & Abadi, 2023). These constraints highlight the need for policy and institutional support to ensure that technological innovation does not outpace the development of supporting governance structures.

Another important challenge relates to the lack of explicit frameworks for ensuring sharia compliance in rapidly evolving technological contexts. While digital instruments hold potential for efficiency and inclusivity, ensuring that these innovations remain aligned with Islamic principles remains a complex task (Mauri, 2024; Badawi, 2025). This challenge is further compounded by the varying levels of digital literacy among the Muslim population, which can lead to unequal access to financial services and inadvertently widen the gap between digital adopters and non-adopters. Moreover, while some studies emphasize positive impacts and opportunities, several abstracts fail to provide detailed accounts of challenges, suggesting a gap in the current literature regarding comprehensive risk assessments (Hakim et al., 2024; Hartono, 2022). Addressing these gaps is essential to build a more resilient and inclusive Islamic digital economy.

In synthesis, the reviewed literature indicates that digital technology provides substantial opportunities to strengthen Islamic economic instruments in promoting equitable welfare distribution, particularly through financial inclusion, innovation, and enhanced competitiveness (Hakim et al., 2024; Laksono et al., 2025). However, these opportunities are tempered by challenges such as limited infrastructure, cybersecurity threats, low financial literacy, and regulatory uncertainty (Mauri, 2024; Supriadi et al., 2023). While institutions like BAZNAS and Islamic banks have showcased successful digital transformations, their scalability and sustainability remain contingent upon supportive policies and community readiness (Hartono, 2022; Badawi, 2025). Importantly, the lack of explicit discussions on risks and sharia compliance in several studies suggests that future research should focus on balancing technological innovation with

religious principles and governance mechanisms (Fahmi, 2022; Wulandari & Indriastuti, 2023). Therefore, optimizing the use of digital technology in Islamic economic instruments requires a holistic strategy that integrates innovation, inclusivity, and compliance to ensure both growth and equity in Indonesia's welfare distribution.

Main Findings

Table 2. Summary of Key Research Findings

No	Category of Findings	Key Research Outcomes	References
1	Digital transformation in the halal industry	Digitalization strengthens the halal sector and generates significant global economic output through job creation and market expansion.	Lukman Hakim et al. (2024)
2	Islamic banking transformation in Indonesia	Integration of mobile banking, blockchain, and digital platforms enhances financial inclusion, customer accessibility, and sharia-compliant financial services.	Afif Badawi (2025)
3	Innovation and sustainability in Islamic finance	Digital technologies such as fintech, blockchain, and AI improve efficiency, financial inclusion, and sustainability of Islamic financial systems.	Muflih Adi Laksono et al. (2025)
4	Opportunities and challenges in the digital era	Digitalization expands market reach and inclusion but faces challenges such as regulatory uncertainty, low literacy, and cybersecurity risks.	Bella Mauri (2024)
5	Digital transformation of ZIS management	BAZNAS successfully applied digital technology to improve zakat, infaq, and shadaqah collection and distribution, contributing to social prosperity.	Haryani Santo Hartono (2022)
6	Digital banking and economic growth	Digital banking supports economic growth, welfare improvement, and financial innovation, though hindered by low digital literacy and cyber risks.	Erna May Wulandari & Maya Indriastuti (2023)
7	Regulatory challenges in Islamic FinTech	FinTech accelerates Islamic finance but raises regulatory and sharia compliance concerns, requiring collaboration with regulators.	Iman Supriadi et al. (2023)
8	Future of financial intermediation	Digital transformation reshapes Islamic financial intermediation, creating opportunities for innovation and efficiency.	Maha Shehadeh et al. (2024)
9	Mosque management through Islamic Social Enterprise	Mosque-based enterprises enhance institutional income and community welfare, though traditional management practices pose implementation challenges.	Rizqi Anfanni Fahmi (2022)

10	Digital transformation in Halal Industrial Areas	Digital technologies such as Blockchain, IoT, and AI are strategic for global competitiveness, though implementation details remain underexplored.	Asep Dadan Suganda et al. (2025)
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The findings highlight that digital transformation plays a pivotal role in reshaping the Islamic economy across multiple sectors, from Islamic banking and halal industries to zakat management and mosque enterprises. Studies consistently emphasize how digitalization enhances financial inclusion, efficiency, and global competitiveness, while also contributing to broader welfare and prosperity outcomes. For instance, the integration of mobile banking and blockchain into Islamic banking not only expands access to financial services but also ensures compliance with sharia principles, thereby reinforcing trust and inclusivity in the system. However, the table also illustrates recurring challenges that accompany these advancements. Issues such as regulatory uncertainty, low digital and financial literacy, and cybersecurity threats emerge as barriers to fully optimizing the benefits of digital transformation. Some studies, particularly those on BAZNAS and mosque enterprises, show successful outcomes in leveraging technology for social and economic empowerment, but others highlight gaps in policy frameworks, infrastructure, and human resource readiness. This suggests that while digital transformation offers immense potential, its success depends on holistic integration of technology, governance, and community engagement.

Taken together, the reviewed studies underscore that digital transformation in the Islamic economy serves as both an engine of growth and an enabler of social welfare. Digital innovations such as blockchain, fintech, and AI are reshaping traditional practices in banking, zakat management, and halal industries while improving efficiency, transparency, and inclusion. At the same time, successful case studies from BAZNAS and mosque enterprises reveal that grassroots-level digitalization can directly contribute to poverty alleviation and community development. Nevertheless, widespread challenges including regulatory gaps, cybersecurity threats, and insufficient financial literacy remain unresolved. These barriers, if not addressed, risk slowing down the progress of inclusive prosperity envisioned by Islamic economic principles. Therefore, a balanced approach that integrates technological innovation with regulatory reform and literacy-building initiatives is essential. Ultimately, the findings suggest that digital transformation is not merely a technical shift but a socio-economic transformation, reshaping how Islamic economic institutions contribute to national and global welfare.

CONCLUSIONS AND RECOMMENDATIONS

The findings of this study confirm that digital transformation has played a significant role in reshaping the Islamic economy across various sectors, including Islamic banking, halal industries, zakat management, and mosque enterprises. These transformations have improved financial inclusion, operational efficiency, and global competitiveness, while also contributing to equitable prosperity distribution. Case studies such as BAZNAS and mosque-

based enterprises highlight how grassroots digitalization strengthens welfare systems and promotes local community development. However, despite these opportunities, the implementation of digital transformation still faces structural challenges, particularly regulatory uncertainty, cybersecurity risks, and low levels of digital and financial literacy. Without addressing these issues, the full potential of digital transformation in achieving inclusive prosperity will remain constrained. Therefore, future progress depends on the integration of technological innovation with governance, sharia compliance, and capacity-building initiatives to ensure long-term sustainability.

This study implies that digital transformation in the Islamic economy should be viewed as both an economic and socio-religious innovation, aligning technological progress with the ethical principles of Islam. Policymakers must strengthen regulatory frameworks to support fintech and digital banking while safeguarding sharia compliance and cybersecurity. Practitioners and institutions need to invest in digital literacy programs to increase inclusivity and minimize inequality in access.

ADVANCED RESEARCH

For future research, scholars should explore risk assessments, governance mechanisms, and the socio-cultural dimensions of digital adoption in Islamic economic institutions. Such studies will provide a more holistic understanding of how digital transformation can serve as a driver of both economic growth and social justice.

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