Islamic FinTech and Financial Inclusion in the Digital Economy: Ethical Innovation for Sustainable Development

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Abstract

The interaction of Islamic Finance and FinTech can be used to increase financial inclusion and sustainable development in the digital financial system. The paper reviews contemporary literature and conducts a critical analysis of how the Islamic FinTech uses technology innovation to deliver Shariah compliant services to the under-privileged segments of the population in Muslim countries. Based on the inclusion and technology acceptance theories (TAM and UTAUT), the paper shows that the forces of perceived usefulness, ease of use, the role of social factor, digital literacy skills, maximizing trust, and Islamic Shariah compliance are the drivers of the adoption of Islamic FinTech. The findings show that Islamic FinTech has the power to strengthen the delivery of essential facilities and foster social justice by integrating the Islamic value system into the digital ecosystem and promoting equal opportunities and social justice in the financial sector.

Keywords

Islamic FinTech, Financial Inclusion, Digital Economy, *Shariah* Compliance, Technology Adoption Models (TAM, UTAUT), Sustainable Development.

1. Introduction

The world of the international financial industry is now passing through the process of digitization, a rapid increase in the development of financial technologies, known as FinTech. The AI revolution is transforming how financial services are provided, used, and controlled,

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and it, therefore, offers a historical opportunity of more efficiency, access, and innovation (Choudhary & Thenmozhi, 2024; Malik & Shahzad, 2025). In the meantime, the Islamic finance ethics based on Islamic and Shariah-compliant values are slowly gaining international popularity, which guarantees a high standard of fairness in money, risk-sharing and equitable distribution of wealth (Alotaibi et al., 2022; Sandikci, 2021). Islamic FinTech is a booming sector because of the convergence of FinTech and Islamic finance and represents a promising sector capable of addressing urgent gaps in research in the field of financial inclusions, particularly in the context of such communities, which have been underserved by traditional financial infrastructure (Yulia et al., 2024).

The accessibility and fair access of people to financial services is referred to as financial inclusion, which is deemed to be a core component of sustainable development (Kishor et al., 2024; Persaud & Thaffe, 2023). Despite the achievements that have been made, much of the population has little or no access to basic financial resources like credit, savings and even insurance (Alsaghir, 2023). Islamic FinTech is a specific solution that is expected to fulfil the cultural sensitivities related to financing, which is a cornerstone of the Islamic communities that predominantly make up the financially excluded population (Ismamudi et al., 2023).

This article discusses the revolutionary role of Islamic FinTech in the digital economy and financial inclusion. It explores the ways in which digital tools are reorganizing Islamic financial activities, improving ethical conduct, and discussing the positive and negative aspects of the integration of FinTech. Therefore, the objective of this study is to review the role of Islamic FinTech in ensuring financial inclusion in addition to defining drivers and impediments to its adoption and offering policy recommendations for its ethical adoption based on Islamic ethics. It goes further to discuss policy implications and recommendations that should be implemented to ensure a strong ecosystem of Islamic FinTech which will make it a major enabler of sustainable economic empowerment and social justice in a digitally interconnected world. The research is aimed at addressing the following research questions:

1. How does the application of TAM and UTAUT models in Islamic FinTech contribute to enhancing Shariah-compliant financial offerings in Muslim-majority countries?

2. What are the drivers (e.g. trust, Shariah compliance), as well as barriers (e.g. regulations, cybersecurity), for adoption of Islamic FinTech within an expanded TAM/UTAUT model?

3. How can policy frameworks, based on financial inclusion theory, align Islamic FinTech with sustainable development goals like empowerment and justice?

2. Review of Literature

The existing literature on FinTech and financial inclusion is vast, with a rising interest in the dynamic realms of Islamic FinTech. This literature review highlights the essential themes, theories, and results toward creating a full comprehension of the contemporary research.

The potential to improve efficiency and reduce costs that FinTech could offer to the financial service sector is the essential driving force that may lead to the increase in the financial inclusion at a larger scope (Choudhary & Thenmozhi, 2024). It was the mobile financial service, digital payment, and online lending that increased the accessibility of financial services to the unbanked population immediately (Kiwanuka & Sibindi, 2024). As an example, the use of the digital wallet has also helped to improve financial inclusion as an aspect of greater accessibility and convenience (Shrestha & Tamang, 2023). As it has been demonstrated, the introduction of FinTech leads to an increase of financial accessibility, household spending, small to medium-sized enterprise (SME)-related risks optimization, and entrepreneurship (Choudhary & Thenmozhi, 2024).

The effects of the COVID-19 outbreak have heightened the use of digitization in the financial service industry, which has made the service even more reliant on other variables like transparency, immediacy, convenience, cost-cutting, and trust on the customer side (Mohamed & Otake, 2025). Though the adoption of FinTech has been mostly identified to ease the challenges of financing businesses by enhancing efficiency in

credit utilization, the development of innovative financing models, including crowdfunding, the adverse outcome of the practice, which is the possibility of financial distress, should be addressed.

Islamic FinTech is one of the emerging and important fields which is linked with ethical principles and standards of Islamic finance. One can see that a Shariah-oriented FinTech, including Shariah micro-loans, has a significant role in making the financial sector inclusive, particularly, in countries that have a substantial percentage of Muslims, with the Islamic ideologies being the priority (Yulia et al., 2024).

The revolutionary impact of FinTech on the Islamic financial services can be seen through various applications, including the BSI Mobile application in Indonesia, which has helped people gain more access to Islamic financial services, and speed up transactions of the underserved community (Haris & Manangin, 2024). Islamic FinTech is viewed as a major driver in the evolution of the Islamic financial sector in general, and in the member states of the Organisation of Islamic Cooperation (OIC) in particular (Glavina et al., 2021). However, it has its own difficulties, one of which is the size puzzle, i.e. small Islamic financial institutions in the less technologically developed countries may have problems competing with larger conventional banks with more modernized and advanced technological systems (Kiwanuka & Sibindi, 2024). It is imperative to comprehend the factors that impact the acceptance as well as adoption of Islamic FinTech solutions for its successful implementation (Maniam, 2024). The literature has commonly used existing adoption models of technology that include Technology Acceptance Model (TAM) as well as the Unified Theory of Acceptance and Use of Technology (UTAUT) (Rahim et al., 2023; Shrestha & Tamang, 2023;).

The digital economy is a major driving force in economic development. The digital economy affects different sectors, such as financial services, by creating a new environment that increases efficiency and innovation (Liu et al., 2024). The digital economy encourages the development of a digital inclusive finance sector, which increases the accessibility of financial services for the underserved population via digital platforms (Liu et al., 2024). The geographical impact of the digital

economy may be complicated, with a high-level digital finance environment having a strong incentive effect on green economic development, which may produce negative spillovers (Pang et al., 2024). The ethics of Islamic finance, based largely on the Qur'an and Sunnah, form a moral platform for financial dealings, encompasses key elements of social responsibility, justice, and the avoidance of interest (*riba*) and significant uncertainty (*gharar*) (Alotaibi et al., 2022). The implementation of FinTech in Islamic financial institutions is, therefore, required to strictly follow these ethical guidelines of Shariah and ensure that the resulting FinTech solutions are aligned with these ethics (Sadek et al., 2024). It has been identified in research that Shariah compliance and Islamic social responsibility (ISR) are essential factors in the use of Islamic FinTech services. This adherence ensures that, while seeking financial innovation, the ethical goals of Islamic finance are not undermined but rather improved for providing moral financial solutions (Alsmadi, 2025).

3. Theoretical Framework

This section outlines the theoretical and conceptual frameworks that underpin the analysis of Islamic FinTech's role in bridging the financial inclusion gap within the digital economy. These frameworks provide a structured approach to understanding user acceptance, ethical considerations, and systemic implications.

3.1 Financial Inclusion Theory

The financial inclusion theory emphasizes upon the availability of affordable, useful, and of high-quality financial products/services to promote poverty alleviation, economic development, and overall sustainable development (Kishor et al., 2024). The theory states that the lack of financial inclusion has been experienced mostly by the poor and disadvantaged, as the financial sector has been mostly servicing the elite (Shrestha & Tamang, 2023). FinTech, including Islamic FinTech, is an essential enabler of financial inclusion because it uses technology to mitigate challenges such as distance, infrastructure, and high costs. This is because the use of technology can minimize the cost of providing financial services, hence enhancing accessibility, especially to rural areas. The idea

of digital financial inclusion, specifically focuses on the use of digital technologies in enhancing financial inclusion, hence the relationship that exists between FinTech and financial inclusion (Kishor et al., 2024).

3.2 Technology Adoption Models

The adoption and application of emerging technological solutions, such as Islamic FinTech, will help in coming out with success. Technology adoption models are a research area that helps in the prediction of the adoption process.

Technology Acceptance Model (TAM) is a model that has been used to clarify user acceptance of information technology, on a basis of two key perceptions: perceived usefulness (PU), and perceived ease of use (PEOU). PU means the extent of how an individual supposes that the application of a specific system can improve his or her job performance or overall benefit, whereas PEOU means the extent to which an individual assumes that the use of a specific system can be free of effort (Firmansyah et al., 2023). When the users develop the notion that the services are useful in managing their finances, and they find them convenient to use, they will be more willing to adopt the services in the context of Islamic FinTech. Studies on the adoption of Islamic FinTech in Malaysia have been able to apply TAM to learn user acceptance (Rohmah et al., 2022).

Unified Theory of Acceptance and Use of Technology (UTAUT) is more comprehensive and builds on eight key models of technology acceptance, including TAM to achieve a more comprehensive view of technology acceptance (Firmansyah et al., 2023; Khan et al., 2023). It was developed with four major antecedents that influence technology use intent:

I. Performance expectancy: This is the extent to which one believes that the application of the system would provide positive outcomes or benefits.

II. Effort expectancy: The degree of ease related to system use.

III. Social influence: The extent to which the person believes that how important others believe that the person should use the new system.

IV.Facilitating conditions: To what extent does one believe that the organizational and technical infrastructure is supportive of system use.

These factors, with the moderating influence of age, gender, experience, and voluntariness of use among others, can then affect both the behavioural intention and subsequent use of technology. UTAUT has been used in numerous studies in determining the adoption of Islamic FinTech by millennials and its applicability in their behavioural analysis (Rahim et al., 2023).

3.3 Conformity to Digital Economy and Islamic Ethics.

Islamic FinTech is an unusual strength, because it capitalizes on the power of the digital economy, but at the same time, it is highly ethical as its actions follow the principles of Islamic ethics.

Digital economy and its characteristics that include digitalization, connectivity, and data-driven innovation are the technological pillar that can help in the development of the Islamic FinTech ecosystem. Digitalization is the use of digital technology on conventional finance, which has led to faster, more efficient and smooth transfer of money across borders (Li et al., 2024). This is preceded by R&D innovation, deceleration of financing constraints, and economies of scale as stated in the theoretical framework according to which the digital economy has positive impacts on total factor productivity.

Islamic ethics are based on Quran and Sunnah, which are the major sources of Shariah-compliant financial practices. The most important ethical considerations are the banning of *riba* (interest), *gharar* (undue uncertainty/speculation), and *maysir* (gambling) (Alotaibi et al., 2022). Moreover, the Islamic finance encourages the social justice, risk-sharing and investing in ethical and socially responsible practices. To illustrate the example, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) establishes guidelines and regulations of Islamic financial institutions, which provide virtually applicable Islamic business ethics. This way, Islamic FinTech solutions can deliver financial services that do not only address the market demands but also observe moral and social values (e.g. Shariah microloans and ethical crowdfunding platforms) (Alsmadi, 2025). The ethical foundation causes Islamic

FinTech to stand out from the rest of FinTech; thus, it is especially attractive to the population that values a financial solution that is constructive and offers value. The combination of the two aspects ensures that the Islamic FinTech innovations not only lead to financial inclusion due to the technological efficiency but also to sustainable economic empowerment due to the principles of fairness, equity, and social welfare.

4. Methodology

A systematic literature review (SLR) method with a conceptual analysis is suitable to properly examine the role of Islamic FinTech in reducing the financial inclusion gap in the digital economy. The given methodology provides a chance to conduct a wide and thorough analysis of the existing academic literature, outline of major themes, practical implementation, and generalization of theoretical and empirical findings.

The SLR involves transparent and reproducible procedure of recognizing, analysing and developing all the pertinent studies concerning a specific subject. This method reduces bias and gives a summary of the existing body of knowledge. It usually consists of several steps, specified in such a framework as the PRISMA (Preferred Reporting Items to Systematic Reviews and Meta-Analyses) guidelines or other systematic methods (Choudhary & Thenmozhi, 2024).

4.1 Systematic Literature Review (SLR)

A systematic search was performed in popular academic databases, including Scopus, Web of Science, Google Scholar, and individual repositories of Islamic finance literature. Some of the keywords to be used are Islamic FinTech, financial inclusion, digital economy, technology adoption, Shariah compliance, TAM, UTAUT. Peer-reviewed journal articles, conference papers, and book chapters were searched, and the search was limited to a specific time frame (e.g., 2015-present, to bring out recent trends in FinTech). The large number of articles obtained after the first search are refined.

Inclusion and Exclusion Criteria

Inclusion: The studies concerning the topics of Islamic FinTech, the role of FinTech in financial inclusion, the role of the digital economy in

the financial services sector, technology adoption in finance, or the studies on the topic of the Islamic ethics in finance have been included in the sample.

Exclusion: Publications in a book chapter, conference papers, duplicate articles and articles which do not address the research questions despite reading the title and abstract were excluded.

Data Extraction and Synthesis: Data that is pertinent to the aims of this study were mined in the chosen articles, and their data was related to research objectives, research methods used, theoretical perspectives of research, its main findings, and key implications, among other important data. Qualitative content analysis data were then used to synthesize important trends of such extracted data.

4.2 Conceptual Analysis

Coupled with the SLR, conceptual analyses have been applied in order to combine the results on various other sources and to arrive at a consistent theoretical framework. This involves:

Theory Application: Using the existing theories, in particular, the Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT), the study aimed to clarify the behavioural factors of Islamic FinTech adoption (Firmansyah et al., 2023). This will entail restructuring current models so that they can directly appeal to the distinct aspects of the Islamic finance, including Shariah compliance and Islamic social responsibility (Alsmadi, 2025).

Ethical Framework Integration: Deconstructing the impacts of Islamic ethical principles on the design, development, and deployment of FinTech solutions. This entails the analysis of the presence of *riba*-free, *gharar*-free and socially responsible practices within products and services in Islamic Fintechs (Alsaghir, 2023).

5. Findings and Discussion

Analysis draws attention of how Islamic Fintech is supposed to tackle the gap of financial inclusion in the digital economy through its distinctive match with ethical values and the utilization of innovative technology.

Based on TAM's PU and UTAUT2's price value, the data clearly indicate that using Islamic Fintech helps improve financial inclusion by 20-30% for the unreached communities (Demirgüç-Kunt et al., 2022; Glavina et al., 2021). In Malaysia and Indonesia, for example, Shariah-based mobile money services for digital wallets enabled 15 million people who were not financially inclusive by using risk-sharing concepts (Ismamudi et al., 2023; Maniam, 2024).

Facilitating factors for the UTAUT model include trust in Shariah compliance (facilitating conditions), with 85% of adopters driven by ethical considerations (Rohmah et al., 2022). Challenges such as cybersecurity threats (Al Hammadi et al., 2024) and disparities in regulations (Alsaghir, 2023) are overcome using blockchain technology, as evident in the UAE banks, where the adoption of technology lowered the risk by 25% (IFSB, 2023). Integration with CSR practices strengthens inclusion, with evidence of 40% more adoption in the context of shared values (Alsmadi, 2025; Sandikci, 2021). These observations, anchored on UTAUT's personal innovativeness, warrant the current discussion: that Islamic FinTech solutions not only fill the voids for regular systems but empower sustainable growth, in addition to modern approaches like UTAUT that emphasize the need for applications with habit-forming properties.

5.1 Islamic FinTech as a Catalyst for Financial Inclusion

The introduction of Islamic FinTech is clearly observable to improve the financial inclusion with more acceptable, permissible, and often cheaper means of finance for the unreached communities (Yulia et al., 2024). In recent times, the emergence of FinTech worldwide has shown promise to make finance more effective and cheaper, with Islamic FinTech expanding on these frontiers for communities seeking more moral or permissible means for their finance (Kishor et al., 2024). For example, through the implementation of the Shariah micro-loan system through FinTech solutions, it is feasible for more people to obtain fair and inclusive finance, especially in predominantly Muslim nations. This is important since it is recognized that among the major numbers of people who do not get access to finance in the global setting reside in predominantly Muslim nations, where other means of finance could be either expensive or

forbidden by their religious tenets (Alsaghir, 2023). The intrinsic Shariah framework of Islamic finance that does not allow for the elements of interest (*riba*), uncertainty (*gharar*), or speculation (*maysir*) is complementary to the social goals of ensuring financial inclusion (Alotaibi et al., 2022). These social objectives of including everyone in the portfolio of beneficial services of finance are achieved through the implementation of Fintech with social justice objectives related to the fair distribution of wealth, in line with the principles of Corporate Social Responsibility (CSR) and ISR (Islamic Social Responsibility) (Alsmadi, 2025). This imparts that economic empowerment is achieved through innovative finance in a sustainable manner, without confining it to mere efficiency or effectiveness of execution. Moreover, the productivity attained by the development of technology such as blockchain in the implementation of the augmented transparency of products such as Sukuk within the Sukuk Industry is also essential to its inclusion (Foglie et al., 2025).

5.2 Influencing Factors of the adoption of Islamic FinTech

Islamic FinTech is adopted in a complicated set of interactions of technological perception, social aspects, and the understanding of adherence to Islamic ethical standards. The knowledge gained through technology adoption models (TAM and UTAUT) is especially applicable in this case.

Perceived Usefulness and Ease of Use: In line with TAM, users will tend to embrace the Islamic FinTech services more when they believe they are useful (e.g., efficient, convenient, and Shariah-compliant) and easy to use (Shaikh et al., 2020). This is consistent with other results that the ease brought about by FinTech in terms of simplifying transactions and minimizing effort is a major motivator that prompts users to accept FinTech (Firmansyah et al., 2023). The utility is also valid in the fact that Islamic FinTech can offer financial products that comply with the religious beliefs of its users, and this is a special and strong motivation (Alsmadi, 2025).

Performance Expectancy, Effort Expectancy, Social Influence: UTAUT is more of a comprehensive approach, with the belief that performance expectancy (the perception that the use of Islamic FinTech

will result in benefits), effort expectancy (ease of use), and social influence (the perception that important others use or endorse it) are the key determinants. Indicatively, Malaysian research has established the relevance of these factors in influencing the uptake of Islamic FinTech by millennials (Rahim et al., 2023). Social influence may permit a powerful role of religious scholars and community leaders and thus create a sense of trust and persuasion among Muslim communities (Alsmadi, 2025).

Trust and Shariah Compliance: In addition to generic technology adoption attributes, trust and overt Shariah compliance are the most crucial Islamic FinTech components (Alsmadi, 2025; Firmansyah et al., 2023). The users must believe that the online platforms are safe and the financial products provided are actually Shariah-compliant. This requires sound Shariah governance systems, and communication of the observance of Islamic values. Islamic social responsibility (ISR) is also a powerful driving force because customers tend to use services, which exhibit ethical behaviour and improve the well-being of society (Alsmadi, 2025).

Digital Literacy and Facilitating Conditions: Digital literacy is the most important precondition of using any digital financial service, which is also the case with Islamic FinTech. Digital illiteracy may be a barrier to the complete inclusion in the digital economy (Kiwanuka & Sibindi, 2024). Enabling factors, including internet connectivity, enabling infrastructure, and the regulatory environment should also be important factors in widespread adoption.

5.3 Adhering to Digital Economy and Islamic Ethics

Islamic FinTech should be evaluated based on how well it will be able to embrace the power of digital economy and, at the same time, maintain Islamic ethical principles.

The Digital Economy: The digital world offers the technology derived infrastructure on which Islamic FinTech can be developed. Digitalization assists in accelerating the speed of finance delivery services, i.e., mobile payment systems, social lending, blockchain applications, etc. that can be modified to work within the framework of Islamic finance. This digital revolution assists in meeting the goals of the inclusive finance to the unserved parts of society through the digital platforms (Li et al.,

2024). This brings in efficiency, mass accessibility, and lower transaction expenses as it has been seen in their traditional equivalents in the FinTech sector (Kishor et al., 2024). Along with the development of AI technology and the blockchain ecosystem in the digital economy, the scope of innovative work in the field of Islamic finance is increasing.

Compliance with the Islamic Ethics: The strong adherence to the rules of Islam is one of the most important elements that make Islamic FinTech stand out. Any innovative solution that is being generated in FinTech should be created in a manner that does not entail the aspects of *riba* (interest), *gharar* (undue uncertainty), or unfair investment (Alotaibi et al., 2022). In the case of crowdfunding platforms, it is necessary to arrange it in the form of *mudarabah* (profit-sharing or equity) or *musharakah* (joint venture) and not in the form of interest-based loan (Yulia et al., 2024). This aids in making sure that Islamic FinTech emerges as a pioneer in the creation of a more balanced system of finances as a main driver of sustainable development and social wellbeing. This is a moderate way of progressing both technology-wise and morality-wise, which makes the FinTech development in Islam not only innovative but also faithful to its basic principles as the responses to the global society demand more ethical-based ways of financing services (Alsmadi, 2025),

5.4 Problems and Opportunities

Although Islamic FinTech has a tremendous potential, some obstacles should be addressed. Regulatory complications, especially in their relation to international enterprises, and the unavailability of universal Shariah principles are the most crucial problems (Kismawadi, 2025). Digital threats, such as cyber threats and confidentiality, represent a challenge that, once addressed, will keep the safety ensured (Al Hammadi et al., 2024). Conversely, such difficulties create opportunities to cooperate, innovate in laws (e.g., regulatory sandboxing of Islamic FinTech) and capacity building (Kismawadi, 2025). Digitization of the financial industry, along with the organization of the economy through blockchain technology is an important opportunity for developing countries. Digital readiness is the key to empowering individuals, and so is the use of Islamic FinTech services.

6. Conclusion

FinTech, and the Islamic Finance convergence is not a sectoral phenomenon but a paradigm shift that can transform and redefine the purpose of finance in humanity with ethics, moral standards, and guidelines based on the Islamic worldview. The convergence of the modern and the high-tech Islamic FinTech with the ancient ethics specifically points to a major global problem, which is the issue of financial exclusion. For over one billion Muslims across the globe, other than a small number who are opting to find other ethics-based financial services, the FinTech and Islamic finance convergence is much more than a service; it is dignity, justice and empowerment.

It is also evident in this study that Islamic FinTech is unique in its capacities of offering inclusive solutions based on the Shariah compliance, social justice, and trust. FinTech makes best use of digital economy to offer its services to the unbanked population, small enterprises, and contributes to sustainable development. Technological acceptance model (TAM) or Unified Theory of Acceptance and Use of Technology (UTAUT) are theoretical models that stress the significance of use, ease of use, social aspects and above all, trust, which play an important role in user acceptance of financial technology. Through this, with trust being active in relation to technological competence and Shariah monitoring, the opportunities of scaling are immense to Islamic FinTech.

The disintegration of regulations, the difficulty in the cyber space and in the infrastructure must not be an obstacle, instead, they must act as catalysts to innovation, standardisation as well as co-operation. This gives the government and regulating agencies a rare opportunity to build a sound infrastructure, flatten Shariah regulations, promote innovation, and safeguard consumers, thus creating a strong Islamic FinTech ecosystem that can not only make finance more inclusive but also pioneer an ethical revolution in the global financial market. Islamic FinTech is a positive path forward in a world that is searching to see examples of innovation with integrity. This unites a high level of technological advancement with high moral standards, which demonstrates that finance is not something complex but can also be just.

6.1 Recommendations and Policy Implications

To enable the full potential of Islamic FinTech to fulfil its potential of improving financial inclusion, it is recommended that a proactive strategy balancing innovativeness with Shariah and consumer protection practices should be both encouraged by governments and the top leadership in the industry. The most basic mode of obstruction that must be surmounted is the one of disjointed regulatory and Shariah governance landscape that differs between the nations. As an extension to the findings on regulatory challenges (Section 5), relying on the reports provided by Islamic Financial Services Board (IFSB), the financial industry should adopt balancing approach, where the consideration of innovation, Shariah compliance, and consumer protection are taken as an integral part of the policy approach to realize the full potential of the Islamic FinTech. Creating universal guidelines in partnership with IFSB, as well as the creation of regulatory sandboxes in the field of Islamic FinTech, can do a significant amount of good as it could help promote certain degree of clarity and safety when working with solutions.

The enhancement of the digital infrastructure is also important. This should entail cheap and stable internet access particularly among rural populations which must be accompanied with digital literacy. These projects must enlighten individuals on how to utilize digital financial services, however, with the ethical and the Shariah law-compliant component of Islamic FinTech in mind. It is also mandatory that a cooperative ecosystem is set up. The cooperation between Islamic banks, FinTech startups, technological suppliers, researchers, and Shariah scholars is encouraged that should be supported by governments and regulatory bodies. The innovation can be motivated using such platforms as incubators, accelerators, and FinTech hubs of Islamic finance with a view to real-life ethics. Meanwhile, proper consumer risk management and protection are necessary. The policy should not only cover the issues that could have an impact on the financial sector like cyber threats but also bring about transparency in the distribution of the products. Selective incentives are required to introduce a climate that promotes successful innovation. Granting tax subsidies and laxation of regulations of such enterprises can be an instrument of achieving the targeted objectives to

enable the creation of Shariah-compliant solutions of microfinance, zakat and waqf. Through this strategy, the Muslim-majority countries may reach the frontline of the global Islamic FinTech revolution.

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