



Green Islamic Finance and Digital Economic Resilience in the Indo-Pacific Region

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Abstract

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Purpose: This study comparatively analyses geoeconomic strategies for advancing green Islamic finance and digital economic resilience in the Indo-Pacific region through the integration of Islamic economics, sustainability, and digital transformation to strengthen national resilience from an Asta Gatra perspective.

Study Design/Methodology/Approach: This study uses a descriptive qualitative approach with content and thematic analysis based on Tawhid String Relation Theory (TSR) and Absorptive Capacity Theory (ACT) to explain the adaptation of Islamic finance to technological, environmental, and geopolitical changes. Data were collected from peer-reviewed journal articles, policy documents, institutional reports, and relevant literature on Islamic finance, green finance, digital transformation, and Indo-Pacific resilience.

Findings: The findings show that Islamic finance demonstrates strong conceptual alignment with sustainability and digital ethics; however, implementation gaps remain in policy coherence, digital infrastructure, and human resource readiness. The study identifies three key enablers for effective integration: ESG-orientated Sharia financial instruments, Sharia-compliant digital solutions, and value-driven strategic alignment at the organisational level. A conceptual framework is proposed linking maqasid al-Shari'ah, particularly hifz al-mal and hifz al-bi'ah, with digital inclusion and environmental stewardship to strengthen economic and environmental resilience in the Indo-Pacific within the Asta Gatra framework.

Originality/Value: This study offers an integrative framework that consolidates Islamic finance, sustainability, and the digital economy into a unified strategic approach. It extends the applied scope of Tawhid String Relation and Absorptive Capacity Theory and provides practical insights for strengthening Islamic financial development, digital transformation, and sustainability-orientated national resilience.

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INTRODUCTION

Climate change and environmental degradation have become global challenges that have a systemic impact on various aspects of human life (Aladejare, 2022; Lindgren et al., 2018). Rising global temperatures, air and water pollution, biodiversity loss, and increasing frequency of natural disasters are signals of an ecological crisis requiring a collective, cross-sectoral, and sustainable response. As the backbone of economic development, the financial sector can no longer be neutral or passive in facing these challenges. Instead, the financial system must actively support the transition to a green and low-carbon economy (Liu & Tobias, 2023; Teichmann et al., 2023). At the same time, the digital revolution has fundamentally changed the global economic landscape. Technologies i.e., artificial intelligence, Internet of Things (IoT), blockchain and big data deployment are fast-tracking the digitalisation of several contemporary areas of life including the financial industry (Ahluwalia et al., 2020; Khan et al., 2021). This process increases efficiency, expands inclusion, and drives financial innovation; however, digital transformation also poses risks such as unequal access, cybersecurity threats, and dependence on global technological infrastructure that is vulnerable to geopolitical disruptions (Nifakos et al., 2021). Therefore, digital economic resilience is a strategic prerequisite for ensuring sustainable economic growth and the stability of the national financial system.

These challenges are even more complicated in the Indo-Pacific, where economic vibrancy coexists with great power contestation. Our region is challenged by an array of multi-dimensional threats, including, but not limited to, natural resource conflicts, cross-border crime activities, disturbances to maritime security and safe sea lanes of communications, as well as climate change-induced stresses that further marginalise the already vulnerable socio-economic predicament of our coastal communities. Chen et al. (2023) also stated that non-traditional security challenges, including cybercrime, forced displacement, and environmental degradation, are disrupting the regional order. In reality, a new normal in economic development is needed that goes beyond business as usual and focuses on resilient, inclusive, and sustainable economic development, not simply achieving growth. Islamic finance, therefore, constitutes an alternative financial system with the potential to integrate economic, social, and environmental perspectives (Alhammadi, 2022) because, normatively, it is premised on justice, transparency, stability, and corporate social responsibility (Minhat & Dzolkarnaini, 2016). In Indonesia, the progress of the Islamic economy has been robustly endorsed by regulators in the two decades with various strategic policies; however, the incorporation of environment and sustainability into industry is less visible. A few IF product service providers focus on fiqh compliance in the design and allocation of financing; however, mainstream incorporation of environmentally friendly issues is yet to be observed (Chen et al., 2023).

The concept of environmentally orientated Islamic finance has not yet become mainstream, despite its significant capacity to channel financing towards green sectors, including renewable energy, waste management, natural resource conservation, and sustainable MSMEs. Menne et al. (2022) show that Islamic finance can play a strategic role in supporting the Sustainable Development Goals (SDGs), but its implementation

remains hampered by limited Sharia-compliant green finance instruments, weak regulatory guidance, and practitioners' poor understanding of the environmental dimension. At the same time, the adoption of digital transformation in the Islamic finance industry lags behind that of conventional financial institutions, particularly in strengthening information systems, cybersecurity, and data integration (Garas & Pierce, 2010). These two environments undermine competitiveness, raise risks of cyber threats and data-integrity breaches, and widen the digital literacy divide. Thus, enhancing the digital economy's resilience according to Sharia values is a strategic necessity for economic digitalisation to serve a purpose apart from just improving efficiency, namely, inclusivity, fairness and stability.

The Indo-Pacific region has become increasingly important as it strategically adjusts national policies for economies in parallel with the global movement of eco-friendly and transformative trends towards a digital world. Indonesia, with the largest Muslim population, a rapidly growing digital economy, and a commitment to the development of Islamic finance, is strategically positioned to lead the integration of environmentally orientated Islamic finance and strengthen the resilience of the digital economy at the regional level. Rosenow et al. (2017) and Smith and Beretta (2020) identified that fragmented strategies and sectoral approaches still limit the formulation of holistic and integrated policies. Digital transformation policies have not consistently internalised sustainability principles and have not specifically targeted the Islamic finance sector, while the Islamic finance agenda has not been systematically linked to national information technology and environmental policies. This gap is exacerbated by the absence of performance indicators measuring the linkages between digitalisation and environmental sustainability, as well as by weak internal coordination between information technology units and green financing or social responsibility units within Islamic financial institutions. These conditions limit long-term strategic value creation and underscore the need for a comprehensive theoretical framework to explain the integration of Islamic finance, digital transformation, and environmental and geopolitical challenges.

Existing studies have generally examined Islamic finance, green finance, digital transformation, and economic resilience as separate domains. Islamic finance studies have mainly focused on Sharia compliance, maqasid al-shariah, financial inclusion, and ethical financial practices (Alhammadi, 2022; Minhat & Dzolkarnaini, 2016; Shinkafi & Ali, 2017; Tok et al., 2022). Green and sustainable finance studies have largely discussed ESG-orientated policies, environmental financing instruments, and low-carbon transition (Liu & Tobias, 2023; Teichmann et al., 2023; Menne et al., 2022; Rosenow et al., 2017), while digital economy studies have emphasised technological innovation, cybersecurity, digital platforms, and institutional efficiency (Ahluwalia et al., 2020; Khan et al., 2021; Nifakos et al., 2021; Wang et al., 2023; Gu & Liu, 2024; Zhu & Ye, 2024). However, these studies have not sufficiently explained the interconnection between Sharia-based financial ethics, environmental sustainability, digital economic resilience, and national resilience within a single framework, particularly in the Indo-Pacific context.

The novelty of this study lies in its integrative model that connects green Islamic finance, Sharia-compliant digital transformation, digital economic resilience, and Asta Gatra-based national resilience. By integrating Tawhid String Relation Theory, Absorptive Capacity Theory, and the Asta Gatra perspective, this study offers an adaptive strategic framework for understanding how Islamic finance can respond to environmental degradation, technological disruption, and geopolitical dynamics without detaching financial innovation from Sharia values and sustainability principles.

Accordingly, this study examines how Islamic finance can be integrated with green principles to support sustainable development in Indonesia and the Indo-Pacific region, how digital technology adoption creates challenges and opportunities for strengthening digital economic resilience in the Islamic finance sector, and how adaptive strategies can be formulated to integrate environmentally orientated Islamic finance with digital economic resilience amid economic, environmental, technological, and geopolitical dynamics

This article examines the potential of green Islamic finance in contributing to sustainable development in Indonesia and beyond as part of the Indo-Pacific region. It discusses the issues and potentials in digital technology adoption by Islamic financial institutions towards a more resilient digital economy. It also develops an integrative approach that combines sharia principles, sustainability, and digitalisation in relation to environmental, technological, and geopolitical dynamics. Theoretically, this article enriches our understanding of the nexus between sharia values, digital transformation and sustainability in the global economic system. Practically, this article provides guidance for industry practitioners, regulators, and policymakers in developing resilient, inclusive, Sharia-compliant, and environmentally orientated Islamic financial business models and policies. It also offers a strategic reference for aligning green finance, digital transformation, Islamic economic governance, and national resilience policies in Indonesia and the Indo-Pacific region.

LITERATURE REVIEW

Grand Theory

The theme of Green IF Integration and DE Resilience in Islam cannot be discussed solely; it requires the interdisciplinary pattern, integrating spiritual and economic as well as technological values. Collectively, Tawhid String Relation (TSR) Theory and Absorptive Capacity Theory (ACT) are the theories in which this research is grounded. TSR theory, described by Choudhury (2010) and extended subsequently by Nugroho (2022) and Nugroho et al. (2020), provides that Tawhid is grounded between the source of Islamic law (Qur'an and Hadith), ijtihad/intellectual thought, as well as knowledge in fostering prosperity (maslahah). Related to Islamic financial organisations, TSR and Akram et al. (2021) stressed that Islamic economic systems not only seek benefits but also sustainability of society and the environment through sharia maqashid, which protect religion (din), soul (nafs), intellect (aql), generation (nasl), property (mal), and the environment.

In contrast, Absorptive Capacity Theory delineates how individuals, organisations and nations can appreciate the worth of external information, absorb it and use this for innovation and resilience (Mao et al., 2021). In a fast-moving digital and geopolitical environment like the Indo-Pacific, access to technology's absorption and application is critical for successful economic transformation, including in Islamic finance. The two theoretical perspectives are mutually reinforcing: TSR provides normative and spiritual values in a foundational manner and an operational managerial-level capability to cope with digital innovation and adaptation amidst complex geopolitics

Sharia Finance

Islamic finance is a system of financial activities that are governed by Islamic injunctions (such as risk and uncertainty bearing by avoiding *riba*, *gharar*, and *maysir*) since the principle of justice and fair distribution of benefits is in place. Islamic finance not only has the purpose of creating a return but also has the purposes of social justice and environmental protection, which are *amanah maqasid sharia* (Arafah & Nugroho, 2016; Nugroho, Utami, et al., 2019). *Maqasid sharia* includes moral imperatives in Islamic teachings and stresses the objectives of improving human welfare and safeguarding the interests of the *ummah*. It pertains to the rules that govern the social and economic systems for purposes of achieving justice and common good (Shinkafi & Ali, 2017). The inclusion of *maqasid shari'ah* related to Islamic banking principles in the strategy for ethical dedication and social responsibility reflects that bank's expansion to higher purposes such as those enunciated in *Sharia* (Ridwan et al., 2023). IFIs are supposed to engage in activities that are consistent with these ethics and contribute to the welfare of society, helping to ensure social justice and equitable distribution of wealth (Tok et al., 2022).

Digital Economy Resilience

Digital economic resilience refers to the capacity of technology-based economic systems to adapt, recover, and thrive in the face of geopolitical disruptions, pandemics, and climate change (Wang et al., 2023). Digitalisation strengthens this capacity through increased efficiency, financial inclusion, and rapid crisis responses, particularly in the dynamic Indo-Pacific region. Several studies demonstrate the digital economy's significant contribution to cross-sector resilience, including mitigating the impact of economic policies on export competitiveness (Zhu & Ye, 2024) and strengthening regional economic resilience through the use of digital platforms (Gu & Liu, 2024).

Economic Transformation

Economic transformation reshapes the economic structure away from its traditional direction to a more modern and effective framework by taking advantage of technology, digital innovation and enhancing an inclusive financial system. The digital transformation of *Sharia*-compliant offerings while preserving moral and spiritual principles is a manifestation of this trend in Islamic finance. With the penetration of technology and digital platforms, efficiency is raised, and economic transformation toward sustainability can also be promoted, as found by Zhou et al. (2024) in the effect

of inclusive finance on urban economy growth. In the context of Islamic finance, fintech is an integral part of change where technology application could enhance service quality and widen financial inclusion, in particular to those who are underserved (Imani et al., 2023; Nugroho, 2020; Rabbani et al., 2021; Saidah et al., 2024). By going digital, Islamic financial institutions can be in harmony with the evolving needs of today's consumers as well as improve their competitiveness and broaden access to Sharia-compliant financial products in an inclusive financial ecosystem built on Islamic values.

Sharia Sustainable Economy

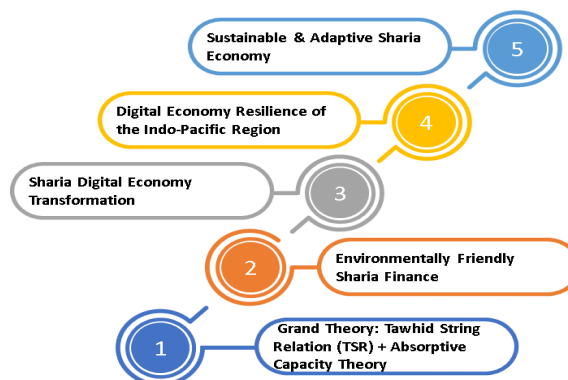
Sharia-sustainable economy An economic system based on sharia principles which can meet the needs of the present generation without losing future generations. Its characteristic differences are Prophet, Profit, and Planet People balance, which is embedded in *maslahah* and *maqasid Sharia*. A Sharia-compliant economy will be built on two fronts, i.e., one of Islamic teachings that dictate equality, justice, and environmental sustainability, and the other is the requirement to develop in a manner that ensures long-term sustainability. Furthermore, Solihati et al. (2023), Afiyana et al. (2019), and Priyambodo et al. (2023) point out that *zakat*, a fundamental tenet of Islamic finance, transcends mere compliance and becomes a strategic tool for achieving economic and social sustainability. Their argument underscores the capacity of Islamic economic systems to address immediate societal needs without jeopardising future resources and aligns with the ethos of a sustainable economy.

Within the national resilience framework, the integration of Sharia based sustainable finance and digital economic resilience contributes directly to the strengthening of both *Tri Gatra* and *Panca Gatra* dimensions of *Asta Gatra*, particularly economic resilience, environmental security, ideological coherence, and socio economic stability.

Research Concept Framework

The conceptual framework of this study combines theories that provide normative value and direction for the creation of an Islamic financial system orientated towards *maslahah* (the benefits and objectives of sharia), which would support environmental sustainability and social betterment. Additionally, this model accounts for how IFIs absorb, learn and adopt digital innovations to enhance their resilience toward technological disruptions and geopolitical forces. In this regard, the research examines several interrelated key variables i.e., environmentally friendly Islamic finance that encourages green financing and emphasizes a sustainability orientation based on *maqasid sharia*; digital economic resilience that reflects the capacity of the Islamic economic system to remain adaptive and resilient in the face of digital disruption, geopolitical crises, and climate change; the transformation of the Islamic digital economy that realizes the digitalisation of financial services through Islamic ethics and technological innovation; and a sustainable Islamic economy that results in a resilient and sustainable Islamic economic ecosystem amidst the dynamics of the Indo-Pacific region. Consequently, the proposed framework positions Islamic green finance and digital economic resilience as strategic instruments for strengthening national resilience within the *Asta Gatra*

framework. Based on the description above, the illustration of the conceptual framework of the research is as follows figure 1.



Source: From various sources that have been processed

Figure 1. Research Conceptual Framework

METHODS

This study adopts a descriptive, qualitative methodology to investigate the integration of environmentally focused Islamic finance with digital economic resilience in the Indo-Pacific region. The qualitative design enables an in-depth exploration of meanings, interrelationships among concepts, and contextual interpretations within the theoretical frameworks of the TSR and ACT, which suit the multidimensional nature of institutional values, policies, and practices that cannot be adequately captured through quantitative measures. This approach is appropriate because the study does not seek to measure statistical relationships, but to interpret conceptual linkages between Sharia-based sustainability, digital institutional capacity, and national resilience within the Indo-Pacific context.

The research is based on secondary data sourced from peer-reviewed academic journals, reports of international organisations and government bodies, and policy documents that match the cross-border, multidisciplinary nature of the analysed issues. The secondary data were selected purposively based on their relevance to Islamic finance, green finance, sustainable finance, digital transformation, Islamic fintech, digital economic resilience, ESG-based financial governance, maqasid al-shariah, and Indo-Pacific economic dynamics. Documents that did not directly address Islamic finance, sustainability, digitalisation, resilience, or geoeconomic challenges were excluded from the analysis.

Data was collected through a review of scientific databases, and the materials were classified according to a framework of analytical variables, i.e., environmentally orientated Islamic finance, sharia-compliant digital economic transformation, digital economic resilience, and sustainable Islamic economic development. The literature search was guided by several key terms, including “green Islamic finance”, “Islamic sustainable finance”, “maqasid al-shariah”, “Sharia-compliant fintech”, “digital economic resilience”, “Islamic financial institutions”, “ESG and Islamic finance”, “digital transformation”, “cybersecurity”, “Indo-Pacific economy”, and “Asta Gatra”. These keywords were used to ensure that the selected literature corresponded with the

three main areas discussed in the findings: Sharia-based sustainability in Islamic finance practices, the digital capacity of Islamic financial institutions, and the formulation of an integrative strategic framework. The analysis was conducted through content analysis and thematic interpretation. First, the selected literature and policy materials were reviewed to identify recurring themes related to green Islamic finance, digitalisation, institutional resilience, environmental sustainability, and geopolitical dynamics. Second, the materials were coded into thematic categories corresponding to the analytical variables of the study. Third, the coded themes were interpreted using TSR to examine the normative and ethical foundations of Islamic finance, particularly justice, *maslahah*, *maqasid al-shariah*, and environmental responsibility. Fourth, ACT was used to analyse the capacity of Islamic financial institutions to absorb, internalise, and apply digital knowledge and technological innovation.

The findings were subsequently interpreted through the lenses of TSR and ACT and contextualised within the national resilience framework of *Asta Gatra* as an analytical reference to assess economic, environmental, and socioinstitutional implications. In this study, the *Asta Gatra* framework was used to connect the findings with the broader dimensions of national resilience, particularly economic resilience, environmental security, ideological coherence, socio-cultural stability, institutional adaptability, and geopolitical responsiveness. This framework enabled the study to position green Islamic finance and digital economic resilience not only as financial-sector issues, but also as strategic instruments for strengthening national and regional resilience. The analytical outcomes inform the assessment of Islamic finance contributions to sustainable development, the evaluation of digital technology adoption by Islamic financial institutions, and the formulation of integrative strategies linking sharia principles, sustainability, and digitalisation in response to environmental and geopolitical dynamics in the Indo-Pacific, while also underpinning policy recommendations and a strategic framework for strengthening a resilient and sustainable Islamic financial sector.

RESULT AND DISCUSSION

Sharia Based Sustainability in Islamic Finance Practices

Amidst increasingly complex global developments, the demand for financial systems that are efficient, fair, inclusive, long-term-orientated, and attentive to environmental, social, and governance considerations continues to intensify. Islamic finance, as a value-based system grounded in ethical and spiritual principles, conceptually aligns with the Sustainable Development Goals, although a persistent gap remains between its normative foundations and operational practice. This study examines the harmonisation of Sharia and sustainability values through the Tawhid String Relation framework, which conceptualises the unity between humans, nature, and God as the foundation of socioeconomic activity, structured around the interrelated principles of justice, balance, and responsibility. Within the national resilience perspective, this framework contributes directly to the strengthening of *Asta Gatra*, particularly the economic, environmental, ideological, and sociocultural dimensions, by positioning environmental preservation as an integral component of *maqasid al sharia* in

contemporary Islamic thought. Core Islamic financial principles that prohibit *riba*, *gharar*, and *maisir* emphasise transparency and accountability in sustainable transaction practices (Alrasyid et al., 2022; Jasri et al., 2023), while Islamic social finance instruments, including *zakat*, *infaq*, *sadaqah*, and *waqf*, reinforce redistribution and economic empowerment consistent with the ESG framework. Nevertheless, despite the capacity of green *sukuk* to finance sustainable projects, the contribution of Islamic finance to the green finance agenda remains limited due to low practitioner awareness, insufficient regulatory support, slow product innovation, and weak sectoral collaboration, thereby constraining the internalisation of Sharia values and sustainability and weakening economic resilience within the *Asta Gatra* framework.

Advances in fintech have expanded opportunities for innovation and financial inclusion within Islamic financial institutions through the accelerated distribution of *zakat*, *waqf*, and Sharia-compliant microfinance (Fasa et al., 2020; Istianah & Nugroho, 2024), although digitalisation also introduces challenges related to data security, digital literacy, and the preservation of spiritual values. ACT complements the TSR by explaining how Islamic financial institutions can adaptively absorb and apply digital knowledge without compromising *maqasid al sharia*, thereby reinforcing resilience across the economic, technological, and geopolitical dimensions of national resilience. Several countries have advanced ESG-orientated Islamic finance frameworks, including initiatives in the United Kingdom in collaboration with UNDP (Judijanto et al., 2025) and Malaysia through Value-Based Intermediation (Ayub, 2019). Indonesia is strategically positioned to advance the integration of these concepts, given its growing fintech infrastructure, commitment to the SDGs, and diverse range of Islamic financial instruments. However, harnessing this potential requires a strong, coherent, and cross-sectoral, values-based vision for policy. Islamic financial institutions are able to serve as a catalyst of sustainability transformation via the creation of green financing instruments, *maqasid*-based sustainability reporting, and enhancing human resources in ESG and environmental risk management vis-à-vis contributing to multidimensional crisis management while at the same time addressing national resilience within the *Asta Gatra* perspective (Kamal et al., 2022; Nugroho, Doktorlina, et al., 2023; Nugroho, 2022a).

Resilience and Digital Capacity of Islamic Financial Institutions

Digitalisation is a factor influencing the global economy and society, particularly in relation to economic and socio-cultural resilience within the *Asta Gatra* framework (Ghobakhloo & Iranmanesh, 2021; Ihwanudin et al., 2023; Irwansyah et al., 2021). The Islamic finance industry, grounded in ethical, spiritual, and social justice values, is not immune to this wave of change (Nurdany et al., 2024). Digitisation provides a fantastic platform for Islamic financial institutions to enhance the efficiency, inclusivity and transparency of their services, thereby supporting economic resilience as a core element of *Asta Gatra*. However, the readiness and capacity of Islamic financial institutions to face the digital age is still a challenge that needs to be studied in depth, both from a technical and organisational perspective, as well as from the value perspective, which is the foundation of the Islamic financial system itself. Therefore, two main theoretical approaches can be used to understand and explain this transformation comprehensively:

Tawhid String Relation (TSR) Theory and Absorptive Capacity Theory (ACT). TSR is a foundation of values and philosophy in building a monotheism-based financial system that reinforces ideological resilience within *Asta Gatra*, while ACT provides a managerial-strategic framework to measure institutions' capacity to absorb and apply new knowledge, including digital technologies.

TSR is an Islamic economic theory that emphasises the holistic connection between humans, nature, and God (monotheism). From the perspective of TSR, economic activities, including finance, should not be separated from divine, social, and environmental values, which directly support environmental and sociocultural dimensions of *Asta Gatra*. The digitalisation of Islamic financial institutions is not only a technological transformation but also a transformation of values. Every digital innovation must be directed to strengthen the maqasid of sharia: protecting religion (din), soul (nafs), intellect (aql), descendants (nasl), property (mal), and environment (bi'ah). TSR strengthens digital contributions to social and environmental well-being and can strengthen national resilience. For example, the use of sharia fintech to distribute zakat and waqf funds transparently is a form of digital innovation that aligns with monotheistic principles and promotes social justice.

While the Tawhid Relationship framework provides a foundation of values and normative guidance, the Absorptive Capacity Theory explains the institutional mechanisms that enable Islamic financial institutions to effectively adopt new technologies through their ability to recognise the value of technology, internalise knowledge, and apply it productively within organisational processes. In Islamic financial practice, this capacity determines the institution's ability to understand the potential of digital technology, integrate it into Sharia-based structures and processes, and generate added value that supports the sustainability of the financial system, thereby strengthening economic and institutional resilience under *Asta Gatra*. From the perspective of the Tawhid Relationship, digitalisation is positioned as a wasīlah, or means, to achieve Sharia objectives, including secure financial systems, inclusive digital services for vulnerable groups, and environmental protection through green financing and paperless transaction practices. The integration of Sharia values and digital technology in several international practices has been running harmoniously, as reflected in the Value-Based Intermediation approach in Malaysia, the development of Sharia-based digital payment systems and consulting services in Bahrain and the United Arab Emirates, and the strengthening of integrated digital banking services through the SuperApp developed by Bank Syariah Indonesia.

Integrative Strategic Framework of Islamic Finance in Responding to Environmental, Technological, and Geopolitical Dynamics

In an era characterised by rapid global change and high complexity, the Islamic finance industry faces interrelated environmental, technological, and geopolitical challenges that require strategic and adaptive responses, including climate change, ecosystem degradation, technological disruption, and geopolitical instability that affect global economic stability (Osman, 2023), particularly in relation to economic and

environmental resilience within the *Asta Gatra* framework. An integrative strategic framework grounded in TSR and Absorptive Capacity Theory provides a coherent foundation for aligning Sharia principles with global dynamics, where environmental preservation reflects maqasid al-shariah through justice and balance, technological adoption responds to evolving customer expectations while avoiding gharar and maysir (Nurhasanah et al., 2021), and geopolitical uncertainty necessitates resilience through portfolio diversification and international cooperation, thereby reinforcing national economic resilience as a core element of *Asta Gatra*. Within this framework, Tawhid String Relation emphasises the interconnectedness of spiritual, social, and economic dimensions, guiding Islamic financial institutions to pursue financial performance alongside social benefits and environmental balance, while Absorptive Capacity Theory explains institutional learning, innovation, and effective technology adoption through investment in research, human resource development, and collaboration with technology institutions and academia, thereby strengthening institutional and economic resilience. Consequently, the Islamic finance industry requires an integrative strategy encompassing sustainable product development, Sharia-based digital transformation, diversification and strengthening investment portfolios, organisational capacity building, and cross-sector collaboration to mitigate environmental, technological, and geopolitical pressures while maintaining Islamic values and supporting economic stability and social welfare within the *Asta Gatra* framework.

CONCLUSION

This study demonstrates that environmentally sustainable Islamic finance, when integrated with digital economic resilience, can offer an adaptive response to environmental degradation, technological disruption, and geopolitical dynamics in the Indo-Pacific region. Based on Tawhid String Relation Theory and Absorptive Capacity Theory, the study indicates that Islamic finance can contribute to inclusive development and sustainable economic growth when Sharia values, sustainability principles, and digital transformation are strategically aligned. The integration of green principles into Islamic finance can be strengthened through maqasid al-shariah, particularly hifz al-mal and hifz al-bi'ah, which provide a normative foundation for green financial innovation, environmental responsibility, and risk-responsive economic governance.

The study also shows that digital technology adoption creates both opportunities and challenges for Islamic financial institutions. Digitalisation can improve efficiency, inclusion, transparency, and institutional responsiveness; however, it also requires stronger digital infrastructure, cybersecurity readiness, data governance, human resource capacity, and Sharia-compliant technological innovation. Therefore, Islamic financial institutions need to strengthen their absorptive capacity to recognise, internalise, and apply digital knowledge while maintaining compliance with Sharia principles. The alignment between institutional absorptive capacity and Sharia-compliant digital transformation strengthens digital and economic resilience as integral components of national resilience. From a strategic perspective, the integration of environmentally orientated Islamic finance and digital economic resilience requires cross-sectoral policy

alignment, ESG-orientated Sharia financial instruments, maqasid-based sustainability governance, digital capacity building, and regional cooperation within the Indo-Pacific. These strategies reinforce the *Asta Gatra* framework by strengthening economic resilience, environmental security, ideological coherence, socio-institutional stability, and geopolitical responsiveness.

Nevertheless, the reliance on secondary data and limited empirical validation constrains the generalisation of the findings, indicating a need for future comparative field-based research across Islamic financial institutions in the Indo-Pacific to identify implementation gaps and develop indicators that capture the socio-economic impacts of green and digital integration. From a theoretical perspective, this study bridges Islamic economic values with adaptive approaches to sustainability and digital innovation, while from a practical and policy standpoint, it highlights the importance of cross-sectoral alignment among green finance, digital transformation, and Islamic economic policy to strengthen national resilience within a cohesive *Asta Gatra*-orientated framework.

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