**Journal of Finance and Islamic Banking**
Vol. 8, no. 1, 2025
DOI: https://doi.org/10.22515/jfib.v8i1.11798

# The Role of Sharia Fintech in Enhancing Financial Inclusion in the Digital Era

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## Abstract

**Purpose**: This study aims to critically examine the role of Sharia-compliant financial technology (fintech) in enhancing financial inclusion, particularly among underserved Muslim populations in the digital era.
**Method**: Employing a Systematic Literature Review (SLR) guided by the PRISMA protocol, this study analyzes 20 peer-reviewed journal articles published between 2018 and 2025..
**Results**: The findings are organized into four thematic domains: (1) improved access to finance for MSMEs through Sharia fintech platforms, (2) the critical role of digital and Sharia financial literacy in building trust, (3) regulatory fragmentation and ecosystem limitations, and (4) the ethical imperative of embedding justice in Islamic financial inclusion.
**Implication**: The study provides actionable policy recommendations for regulators, fintech developers, and Islamic financial institutions to foster a sustainable and ethically grounded digital finance ecosystem.
**Originality**: This study contributes to the literature by combining Islamic financial inclusion theory with contemporary digital finance practices.

**Keywords:** Sharia fintech, financial inclusion, MSMEs, digital finance, ecosystem strategy

**Article History:** Received: 29 May 2025 Revised: 17 June 2025 Accepted : 04 July 2025



**How to cite (APAStyle):**
Aiman, A., Risfandy, T., Aysan, A. F., & Saktiawan, B. (2025). Islamic financing and firm performance: evidence from Indonesia. Journal of Finance and Islamic Banking, 7(1), 1-20. https://doi.org/10.21580/jiafr.2025.7.1.25148

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**Introduction**

The rapid development of financial technology (fintech) has transformed the global financial services landscape. By enabling faster, cheaper, and more accessible financial services, fintech has opened new opportunities for promoting financial inclusion, particularly among unbanked and underbanked populations. According to the Global Findex Database (World Bank, 2022), approximately 76% of the world's adult population now holds a bank account, compared to only 51% in 2011. However, this still leaves over 1.4 billion people financially excluded—many of whom live in developing and Muslim-majority countries where conventional financial services are not aligned with religious principles or accessible through traditional banking models.

The rise of Sharia-compliant financial technology, offers a promising response to these challenges. Sharia fintech refers to financial technology platforms that operate in accordance with Islamic law (*shariah*), avoiding interest-based transactions (*riba*), excessive uncertainty (*gharar*), and gambling (*maysir*), while promoting ethical contracts such as *mudharabah*, *musyarakah*, and *wakalah*. By combining Islamic economic principles with digital innovation, Sharia fintech provides an alternative model for inclusive, fair, and ethical finance—one that appeals not only to Muslims but also to consumers seeking transparency and justice in financial services.

In Indonesia, the development of Sharia fintech has become increasingly relevant. As the world's largest Muslim-majority country with over 230 million Muslims, Indonesia faces a paradox: while the country leads in Islamic banking assets in Southeast Asia, a significant portion of its population remains financially underserved. According to data from OJK (2023), more than 64% of Indonesian MSMEs still lack access to formal financial services, and over 40 million adults are unbanked. Sharia fintech—through platforms such as ALAMI, Ammana, and Ethis—has emerged as an innovative solution to bridge this gap by offering halal financing schemes and investment options tailored to small entrepreneurs, rural populations, and faith-driven consumers.

Despite its promise, the Sharia fintech industry in Indonesia and other Muslim-majority countries faces several constraints. These include limited digital literacy, lack of public awareness of Sharia-compliant financial products, regulatory uncertainty, and insufficient integration between fintech startups and Islamic financial institutions. Moreover, most existing Sharia fintech solutions are still focused on basic financing models and have yet to develop holistic ecosystem-based strategies for broader inclusion and sustainable development.

While fintech has been widely studied in the context of financial inclusion, the specific contribution of Sharia fintechremains underexplored in both theoretical and empirical literature. Prior studies have largely focused on conventional fintech, often neglecting the unique ethical, legal, and operational dimensions that characterize Islamic financial technology. Moreover, existing literature on Sharia fintech tends to be descriptive and lacks a strategic framework that links Islamic financial principles with ecosystem-based development, value-based intermediation (VBI), and financial inclusion theory.

In addition, there is a lack of systematic analysis that maps the factors enabling and inhibiting Sharia fintech growth and its effectiveness in empowering micro, small, and medium enterprises (MSMEs)—a sector widely recognized as the backbone of emerging economies. The literature also fails to provide integrated perspectives on how Sharia fintech can contribute to achieving *maqashid al-shariah* (objectives of Islamic law) in economic empowerment, justice, and wealth distribution. This study aims to fill this gap by conducting a systematic literature review (SLR) of 20 national and international articles published between 2018 and 2025. Using the PRISMA framework, this research synthesizes current knowledge on the role of Sharia fintech in enhancing financial inclusion, particularly in the Indonesian context.

The contribution of this research is threefold. First, it integrates Islamic financial inclusion theory with current developments in digital finance, offering a new lens through which to understand inclusion from a faith-based ethical standpoint. Second, it proposes a conceptual framework for strengthening the Sharia fintech ecosystem, including regulatory, technological, and socio-religious dimensions. Third, it provides policy insights for regulators, developers, and Islamic financial institutions on how to foster inclusive, ethical, and resilient digital finance systems that align with Islamic values.

## Research Method

This study employs a Systematic Literature Review (SLR) method to examine and synthesize existing academic findings on the role of Sharia fintech in enhancing financial inclusion. The SLR approach is selected due to its systematic and replicable nature, allowing researchers to identify, evaluate, and interpret relevant studies while minimizing bias and subjectivity (Tranfield et al., 2003). To ensure methodological rigor, this study adopts the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) protocol, which consists of four main stages: identification, screening, eligibility, and inclusion (Moher et al., 2009). The PRISMA framework supports the transparent selection and filtering of studies to be included in the final analysis.

a. Search Strategy and Sources

The literature search was conducted across several reputable academic databases, including: Scopus, Web of Science, Google Scholar, DOAJ (Directory of Open Access Journals), Garuda (for Indonesian journals). The following keywords and Boolean operators were used to capture relevant articles: *"Sharia fintech" OR "Islamic fintech" OR "Islamic financial technology" AND "financial inclusion" AND "MSMEs" OR "inclusive finance" OR "digital finance"*The search was limited to peer-reviewed journal articles published in English or Indonesian between 2018 and 2025to capture recent developments in Sharia fintech aligned with post-pandemic digital transformation trends.

b. Inclusion and Exclusion Criteria

Articles were selected based on the following inclusion criteria:

1) Empirical or conceptual studies focusing on Sharia/Islamic fintech
2) Studies explicitly addressing financial inclusion
3) Articles published in reputable national or international journals
4) Articles that provided sufficient methodological transparency or theoretical grounding

The exclusion criteria were:

1) Studies unrelated to Islamic or Sharia-compliant fintech
2) Grey literature, opinion pieces, and non-peer-reviewed publications

3) Duplicate records or articles lacking access to full text
4) Conference abstracts without accompanying papers

c. Screening and Selection Process

From an initial pool of 3430 articles identified, the selection process proceeded as follows:

1) Identification stage: 3430 articles found from all databases
2) Screening stage: 260 articles retained after removing duplicates
3) Eligibility stage: 40 articles reviewed in full text for relevance and quality
4) Inclusion stage: 20 articles were selected for final analysis based on eligibility criteria

This selection process is illustrated using a PRISMA flow diagram (included in the appendix if needed for publication).

d. Data Analysis Technique

The selected articles were analyzed using thematic content analysis. A coding framework was developed inductively to identify recurring themes, key findings, and theoretical perspectives. The analysis produced four dominant thematic clusters:

1) Financial accessibility for MSMEs through Sharia fintech
2) Digital and Sharia financial literacy and trust
3) Regulatory and ecosystem challenges
4) Strategic directions and policy recommendations

These themes were then interpreted through the lens of Islamic financial inclusion theory, Value-Based Intermediation (VBI), and Technology Trust Theory, to contextualize the findings in both ethical and practical dimensions of Islamic digital finance.

## Results and Discussion

To ensure accuracy and precision in the systematic review process of literature related to the contribution of sharia fintech in enhancing financial inclusion, the researchers used the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach. The displayed PRISMA flow diagram systematically illustrates the stages of identification, screening, eligibility assessment, and final inclusion of the articles analyzed in this study.

The initial identification process was conducted on 3,430 articles taken from various online databases. After removing duplicates (n = 3,120), automatically unqualified articles (n = 30), and for other reasons (n = 20), 260 articles remained, which were then further screened. From that number, 60 articles were excluded because they did not meet the initial criteria.

At the advanced screening stage, 80 articles were flagged for further review, but all were inaccessible due to various technical issues such as unavailable URLs or other access problems. The feasibility assessment was finally conducted on 40 articles, which were then re-selected based on Not scientific articles (n = 10 unsuitable), not available in full text form (n = 6 irrelevant), and URL availability (n = 4 unavailable).

Through these stringent stages, the researchers ultimately selected 20 articles that met all the inclusion and relevance criteria as the primary references for this study. These articles are used to delve into the driving and inhibiting factors in the development of sharia fintech towards financial inclusion and to formulate findings based on scientific evidence from the latest literature.

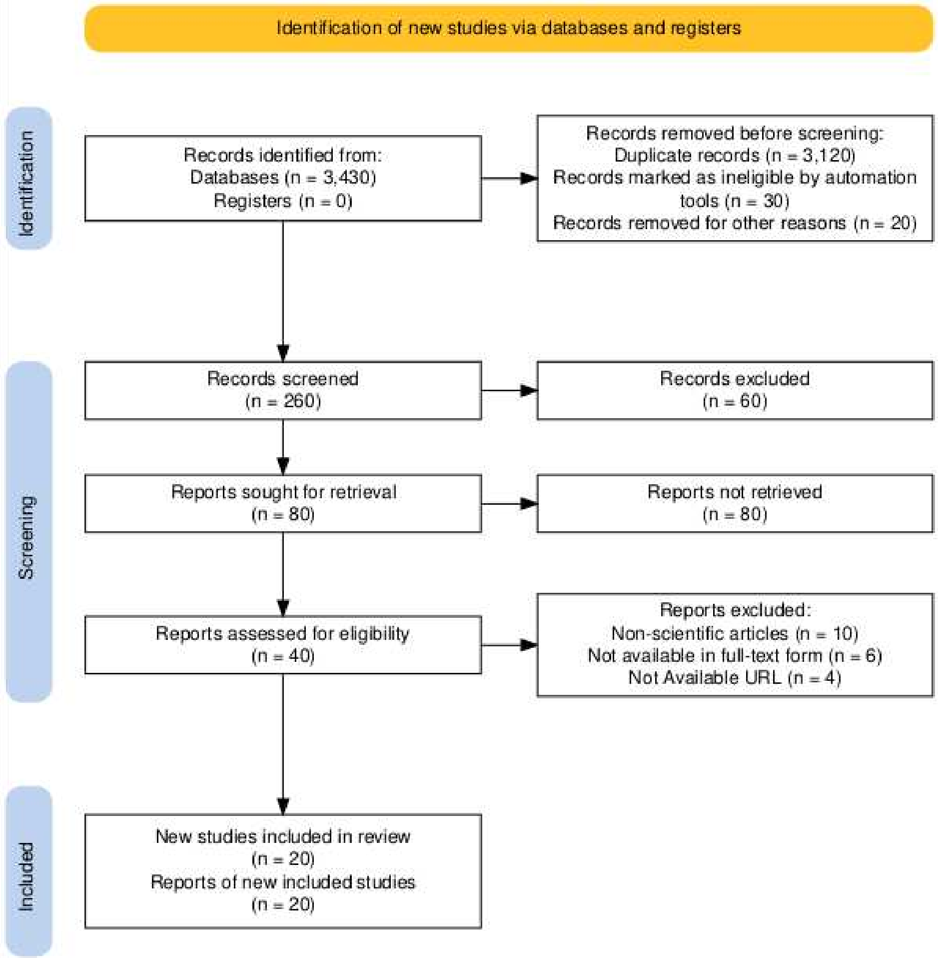


Figure 1. PRISMA Flow Diagram

Based on the PRISMA Flow Diagram above, the researchers only reviewed 20 articles that served as the main references in this study. The articles in question include:

Table 1. Profile of Reviewed Articles

| No | Author(s) & Year | Research Objective | Methodology | Key Findings | Policy Implications | Main Theme |
|---|---|---|---|---|---|---|
| 1 | Aminah et al. (2020) | Analyze the role of fintech and Islamic banks in economic inclusion | Descriptive qualitative | Fintech and Islamic banks expand financial access in rural areas | Infrastructure and digital access policies are needed | Financial inclusion, MSMEs |
| 2 | Syarifuddin et al. (2021) | Explore sharia fintech potential for MSMEs | Qualitative study | Sharia fintech supports MSMEs through Sharia-compliant platforms | Need for literacy programs and MSME-targeted fintech regulation | MSME financing, literacy |

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| 3 | Putri & Hanif (2024) | Examine fintech's role in Islamic finance growth | Conceptual analysis | Sharia fintech accelerates innovation and access | Flexible and inclusive regulation is necessary | Business models, sharia innovation |
| 4 | Astuti et al. (2023) | Review fintech's role in Islamic economic transformation | Literature review | Fintech drives Islamic digital transformation | Inter-agency synergy is needed for Islamic digital strategy | Transformation, Islamic values |
| 5 | Muneeza & Mustapha (2021) | Examine fintech and global Islamic financial inclusion | Book chapter review | Fintech plays a global role in inclusion with Islamic ethics | Promote global cooperation for Sharia-compliant fintech | Global inclusion, Islamic ethics |
| 6 | Hehanussa & Syarifuddin (2021) | The Role of Sharia Fintech in Developing Islamic Economy in the Digital Era in Indonesia | Descriptive qualitative | Sharia fintech expands the reach of Islamic economic services in digital platforms | A global approach is needed for cross-country adoption. | Global financial inclusion, Islamic values |
| 7 | Dwijayanti et al. (2022) | The role of Sharia fintech P2PL in increasing inclusion and financial literacy of MSMEs | Case study | P2PL helps MSMEs to understand and access sharia financing products | Sharia fintech education programs for MSMEs are needed. | SME financing, sharia literacy |
| 8 | Lesmana & Budianto (2024) | The Role Of Financial Technology In Increasing Islamic Financial Inclusion: Analysis Of Potential And Challenges | Conceptual analysis | Fintech has high potential but faces challenges in literacy and regulation | The framework for Sharia regulation needs to be strengthened. | Regulation, user trust |
| 9 | Widiawati et al. (2022) | Analysis of The Effect Of Sharia Financial Technology (Fintech) on Increasing Literacy and Inclusion of Sharia Financial Inclusion of MSMEs in DKI Jakarta | Quantitative (regression analysis) | Sharia fintech positively influences literacy and inclusion among MSMEs | Collaboration between fintech providers, local governments, and business actors is needed in the education and socialization of financial literacy. | Sharia financial literacy, MSME inclusion |
| 10 | Zakaria (2025) | The Role of Sharia Financial Technology (Fintech) in Increasing MSME's Financial Access | Descriptive quantitative | Fintech expands access to financial services, boosting sharia-based MSMEs growth | Regulations that support the inclusion of sharia-compliant MSME financing need to be strengthened, as well as encouragement | Access to sharia financing, MSMEs, financial inclusion |

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|---|---|---|---|---|---|---|
| | | | | | for ethical-based fintech. | |
| 11 | Norrahman (2023) | The Role of Fintech in the Transformation of the Sharia Financial Sector | Literature analysis | Fintech reshapes Islamic finance by improving efficiency and adaptability | Accelerating the structured digital transformation of Sharia finance | Modernization of Islamic finance |
| 12 | Negarawati & Rohana (2024) | The Role of Fintech in Enhancing Financial Access in the Digital Era | Qualitative study | Fintech serves as a key tool for digital-era financial inclusion | Expansion of connectivity and inclusive digitalization | Digital inclusion, community access |
| 13 | Ovami et al. (2022) | Digitalization of MSMEs Through Sharia Fintech in Supporting Inclusive Finance | Conference proceeding | Digitalization enhances efficiency and access to Islamic finance for MSMEs | Digitalization training and MSME policy support | Digitalization of MSMEs, efficiency |
| 14 | Prawana (2024) | The Role of Financial Literacy and Sharia Fintech in Promoting Financial Inclusion for MSMEs | Correlation study | Financial literacy and fintech usage significantly improve MSMEs' financial inclusion | Sharia-based technology education campaigns are necessary. | Financial literacy, fintech inclusion |
| 15 | Qur'anisa et al. (2024) | The Role of Fintech in Increasing Financial Access in the Digital Era: A Literature Study | Systematic Literature Review | Fintech expands inclusive financial reach through digital-based models | The synergy of inclusion and digital literacy policies is necessary. | Financial inclusion, digital literacy |
| 16 | Muzdalifa et al. (2018) | The Role of Fintech in Enhancing Financial Inclusion for MSMEs in Indonesia (Sharia Approach) | Field study | Sharia fintech encourages MSME participation in the financial system | Innovative regulations are needed to reach the informal sector. | Ethical financing, informal sector |
| 17 | Billah (2021) | Roles and Challenges of Sharia Fintech for MSMEs | Qualitative study | Major challenges include tech literacy and access limitations | Strengthening the sharia digital ecosystem needs to be done. | Infrastructure barriers, empowering MSMEs. |
| 18 | Syahrani & Pradesa (2023) | The Role of Financial Literacy and Inclusion in Increasing the Use | Quantitative study | Literacy and inclusion boost the adoption of sharia fintech | Expansion of the MSME education program | SME literacy, fintech adoption |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | of FinTech Among MSMEs | | | | |
| 19 | Muslihun (2024) | Sharia Marketing Transformation Through Financial Technology in the Digital Economy | Literature review | Fintech enhances digital-based sharia marketing strategies | The development of a halal digital marketing platform is necessary. | Sharia marketing, digitalization |
| 20 | Irhamni et al. (2025) | The Role of Financial Technology (Fintech) in Improving Efficiency and Islamic Financial Planning | Exploratory study | Fintech simplifies financial planning and management based on sharia principles | Integration of fintech in public policy and education | Financial efficiency, Sharia management |

This study aimed to synthesize the role of Sharia fintech in promoting financial inclusion through a systematic review of 20 peer-reviewed articles. The thematic analysis produced four dominant findings: (1) access to finance for MSMEs, (2) Sharia financial literacy and trust, (3) regulatory and ecosystem challenges, and (4) policy directions. In this section, we deepen the analysis by comparing the synthesized findings with previous global studies, clarifying theoretical implications, and articulating the contribution of this review to academic discourse.

a. Access to Finance for MSMEs

Most studies in the review affirm that Sharia fintech has improved access to financing for MSMEs that are typically excluded from conventional banking. Platforms such as Ammana and ALAMI have enabled entrepreneurs to access capital through interest-free contracts such as *wakalah*, *qardh*, and *mudharabah*. This finding aligns with Mohieldin et al. (2011), who argue that Islamic financial inclusion must go beyond access and ensure ethical compliance and justice.

Comparatively, global studies such as Ali & Alharbi (2021) in Saudi Arabia and Ahmed & Khan (2022) in Pakistan confirm similar patterns, emphasizing that Sharia-based platforms offer an alternative to the exploitative lending practices that deter many Muslims from using formal finance. This review contributes to the literature by demonstrating that these effects are also observable in emerging fintech ecosystems like Indonesia, yet still constrained by informal economies and low digital adoption.

b. Financial Literacy and Trust in Sharia Compliance

Several reviewed articles (e.g., Qur'anisa et al., 2024; Widiawati et al., 2022) highlight that the success of Sharia fintech is tightly linked to user literacy, particularly in understanding Sharia-compliant financial products. Gefen et al. (2003)propose in their Technology Trust Theory that user adoption is determined not only by system reliability, but also by perceived credibility. In the Islamic context, this credibility extends to Sharia trust—belief in the religious integrity of the platform.

While global literature acknowledges the role of digital literacy in fintech uptake, the Islamic context adds an additional ethical dimension. This review advances that argument by showing that the double burden of digital illiteracy and Sharia illiteracy hampers adoption in rural and low-income segments. It therefore calls for an integrated strategy that combines financial education with Sharia awareness, a recommendation not thoroughly explored in earlier studies.

c. Regulatory and Ecosystem Challenges

The review also uncovers that weak regulatory clarity and fragmented ecosystems present serious limitations to the scalability of Sharia fintech. Studies by Zakaria (2025) and Lesmana & Budianto (2024) in the Indonesian context resonate with findings from Zetzsche et al. (2020) globally, which show that successful fintech ecosystems require alignment between legal structures, innovation incentives, and institutional trust.

This article expands on prior work by emphasizing that Sharia fintech requires dual-layer regulation—both technological enablement and Sharia governance. Many countries lack a robust fatwa harmonization framework and sandbox policies specifically designed for Islamic digital finance. By identifying this gap, this review reinforces the need for a multi-stakeholder ecosystem model, involving collaboration between regulators, scholars, fintech developers, and users.

d. Toward a Justice-Oriented Model of Financial Inclusion

One of the unique contributions of Sharia fintech, as shown in the literature, is its ability to embed ethical and social objectives into digital financial services. This is consistent with Value-Based Intermediation (VBI) as introduced by Bank Negara Malaysia (2018), which encourages Islamic financial institutions to prioritize *maqashid al-shariah* (the objectives of Islamic law) in service delivery.

While previous research has noted this normative aspiration, this review integrates VBI with practical enablers such as platform design, investor behavior, and ethical screening. Hence, it elevates the discussion from a theological ideal to a pragmatic framework for policy and platform development. This synthesis distinguishes the present study from prior works by offering a clear roadmap for embedding economic justice and MSME empowerment into Sharia fintech solutions.

*Critical Analysis of the Contribution of Sharia Fintech in Enhancing Financial Inclusion*

Sharia fintech in Indonesia has shown significant contributions in promoting the expansion of financial inclusion, especially through approaches based on the values of justice, transparency, and support for sectors that have long been financially marginalized, such as MSMEs and the unbanked community. Aminah et al. (2020) assert that sharia fintech is capable of reaching groups of people who previously did not have access to formal financial institutions. This is supported by Putri & Hanif (2024) and Zakaria (2025), who show that sharia fintech platforms based on peer-to-peer lending (P2PL) have become a practical, fast, and affordable financing alternative for MSMEs in the digital era.

However, this contribution is not without a number of dynamics that need to be analyzed more deeply. One of the important findings from Dwijayanti et al. (2022) and Lesmana & Budianto (2024) is that the success of sharia fintech does not only depend on technological aspects but also on the effectiveness of educational and financial literacy approaches. Fintech platforms equipped with educational features are capable of simultaneously enhancing the financial literacy of the community, especially in understanding Sharia concepts such as contracts, uncertainty, and interest. This shows that sharia fintech not only offers access but also a deep transformation of financial understanding, which is an important element in building sustainable financial inclusion.

Meanwhile, several studies such as Widiawati et al. (2022), Qur'anisa et al. (2024), and Prawana (2024) indicate that the implementation of sharia fintech also has implications for local economic empowerment. Through the digitalization of transactions and the integration of financial services with halal marketplaces, sharia fintech has driven microeconomic growth and opened broader market access for small business operators. This directly contributes to the improvement of economic welfare and the reduction of economic disparities between regions.

However, a number of structural and operational challenges need serious attention. One of the sharp criticisms was raised by Billah (2021) and Norrahman (2023), who noted that there are still obstacles in the implementation of sharia fintech, such as low digital literacy, limited public trust in the sharia digital system, and weak supervision of sharia compliance in operational practices. On the other hand, Irhamni et al. (2025) also highlight that not all sharia fintech have developed financial planning mechanisms that promote efficiency in fund usage, so the potential for over-borrowing or dependence on debt also needs to be watched out for.

Furthermore, regulatory aspects are a major focus that influences the effectiveness and sustainability of the role of sharia fintech in enhancing financial inclusion. Several articles, such as those written by Muneeza & Mustapha (2021) and Astuti et al. (2023), state that the legal framework and oversight of sharia fintech are still in the development stage. Regulatory uncertainty, limited sharia-compliant human resources, and the absence of standardized compliance measures are factors that could potentially undermine the credibility and public trust in sharia fintech.

However, there is a great opportunity to encourage collaboration between regulators, industry players, and Islamic educational institutions in shaping a strong, integrated, and maqashid shariah-based sharia fintech ecosystem. One of the strategic steps is to build a massive educational platform, utilizing digital media, and involving pesantren communities and religious organizations to broaden public understanding of sharia fintech. This effort aligns with the hope that financial inclusion not only means access to finance but also the improvement of people's quality of life from the perspective of Islamic economics.

Finally, the conclusion that can be drawn from this analysis is that sharia fintech provides a tangible positive contribution to the improvement of financial inclusion in Indonesia, but its effectiveness still heavily depends on the synergy among actors, the strengthening of literacy, and regulatory support that is adaptive and accommodative to the dynamics of digitalization. It should be emphasized that financial inclusion from the perspective of Islamic economics is not solely oriented towards efficiency or market expansion, but also towards the holistic economic empowerment of the community based on the values of justice, sustainability, and equality.

*Analysis of Driving and Restraining Factors of Sharia Fintech in Enhancing Financial Inclusion*

Financial inclusion is one of the important indicators in creating inclusive and equitable economic growth. In the context of the sharia economy, financial inclusion not only emphasizes the aspect of accessibility to financial services but also ensures that these services comply with sharia principles. This is where Sharia fintech plays a vital role, as it combines financial technology innovation with Islamic values that emphasize justice, transparency, and social welfare. Based on 20 systematically reviewed scientific articles, various factors that both drive and hinder the contribution of sharia fintech in expanding financial inclusion in Indonesia can be comprehensively identified.

Sharia fintech has increasingly demonstrated its important role in supporting financial inclusion, particularly for Muslim communities that remain unserved by formal financial institutions. Several key factors contribute to its positive impact in this area. One of the primary drivers is the innovation of digital technology integrated with Sharia-compliant contract principles. Sharia fintech offers financial products and services that are flexible, easily accessible, and free from elements of *riba* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling). Putri and Hanif (2024) emphasize that mobile-based fintech applications can reach communities in underdeveloped areas that are not served by conventional financial institutions. Similarly, Zakaria (2025) demonstrates that Sharia peer-to-peer (P2P) lending platforms have been effective in channeling microfinance to MSME actors who previously lacked access to banking services.

In addition, the financing needs of MSMEs and microeconomic actors serve as a strong impetus for the growth of Sharia fintech. Lesmana and Budianto (2024) as well as Dwijayanti et al. (2022) found that micro-entrepreneurs experienced increased production capacity and market expansion after receiving financing from Sharia fintech platforms. This success is attributed to the relatively faster verification process compared to conventional banks and the use of a profit-sharing system that is more equitable than interest-based systems.

There has also been initial regulatory support, although it remains incomplete. The issuance of fatwas by the National Sharia Council (DSN-MUI) provides an essential legal foundation for Sharia fintech operations, as noted by Astuti et al. (2023) and Qur'anisa et al. (2024). The government, through the Financial Services Authority (OJK), has also begun to accommodate fintech industry needs through a regulatory sandbox framework that offers space for experimentation and innovation. On the demand side, the growing need for halal financial services—especially among the younger Muslim generation who are increasingly aware of the importance of blessing (*barakah*) in financial transactions—has reinforced the relevance of Sharia fintech. Muneeza and Mustapha (2021) argue that the presence of Sharia fintech provides an alternative aligned with spiritual values for Muslim communities in predominantly Islamic countries, including Indonesia.

However, despite its promising potential, the development of Sharia fintech still faces several significant barriers, particularly related to literacy, regulation, and trust. Low levels of financial literacy—both general and Sharia-specific—remain a serious challenge. Widiawati et al. (2022), Billah (2021), and Syahrani & Pradesa (2023) show that many MSME actors do not yet understand basic Sharia contract concepts such as *mudharabah*, *musyarakah*, or *wakalah*. This lack of knowledge causes reluctance to use Sharia fintech services, even when those services offer more accommodating schemes. Moreover, limited understanding of digital applications hinders optimal utilization of Sharia fintech. Some people are still technologically challenged or hesitant to use apps they perceive as complex (Ovami et al., 2022).

Criticisms also arise regarding fragmented regulations and the absence of standardized national operational guidelines. Norrahman (2023) and Muzdalifa et al. (2018) highlight the lack of a nationally integrated regulatory system for Sharia fintech. The absence of a specific legal umbrella has resulted in overlapping authority among OJK, Bank Indonesia, and Sharia regulatory bodies, creating legal uncertainty for both service providers and users. Standards for accountability, transparency, and Sharia supervision are also weak—especially among smaller, unregistered platforms—posing risks to users due to the lack of strong mechanisms for dispute resolution.

Trust and consumer protection issues are also significant concerns. The lack of confidence in data security and transparency in fund management has become a major obstacle. Several studies, including those by Irhamni et al. (2025) and Negarawati & Rohana (2024), point out that users are concerned about the potential misuse of personal data and the absence of guarantees regarding the legitimacy of fund operations. Trust is a critical element in financial services, particularly in a Sharia context that strongly emphasizes justice and honesty.

Furthermore, this review critiques the current research focus and development direction. Methodologically, most of the reviewed studies rely on descriptive approaches and qualitative analysis. The limited use of quantitative or mixed-methods research has resulted in an undermeasurement of Sharia fintech's actual impact on improving the financial inclusion index. Moreover, most articles focus exclusively on MSMEs without exploring the role of Sharia fintech for other vulnerable groups such as housewives, persons with disabilities, or indigenous communities.

There is also a lack of studies that comprehensively address the role of the digital ecosystem—particularly potential collaborations between Sharia fintech and mosques, pesantren cooperatives, zakat institutions, or waqf bodies. In fact, such collaborations have great potential to expand fintech services into the Islamic social finance sector. Thus, while Sharia fintech has shown significant contributions to advancing financial inclusion, its success largely depends on cross-sector collaboration, the strengthening of literacy efforts, and adaptive regulatory support in line with digital transformation. Continuous efforts are needed to develop an inclusive, just, and *maqasid al-shariah*-oriented Sharia fintech ecosystem, which should be central to the development of Islamic finance in the digital age.

**Conclusion**

This study demonstrates that Sharia fintech plays a strategic role in expanding financial inclusion, particularly for underserved groups such as MSMEs in Muslim-majority countries. By offering interest-free digital financial services aligned with Islamic ethical principles, Sharia fintech addresses the dual challenges of access and value alignment with *maqāṣid al-sharīʿah*. Nevertheless, the development of Sharia fintech continues to face several obstacles, including low levels of digital and Sharia financial literacy, regulatory fragmentation, and the absence of a collaborative ecosystem that connects regulators, technology developers, Islamic financial institutions, and religious authorities.

The primary contribution of this research lies in integrating Islamic financial inclusion theory with a strategic ecosystem perspective, positioning Sharia fintech not merely as a technological innovation but as a tool for justice-based economic empowerment. In contrast to prior studies that are largely descriptive, this review offers a more holistic analytical framework, emphasizing the importance of ethical governance, user trust, and multi-stakeholder synergy. Moving forward, the strengthening of Sharia fintech requires robust institutional support, regulatory clarity, and enhanced public literacy. Further empirical research is necessary to assess the socio-economic impact of Sharia fintech initiatives and to test the effectiveness of the justice-based inclusion framework proposed in this study.

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