

## THE SYARIAH-COMPLIANT DIGITAL TRANSFORMATION: MAPPING ETHICAL FRAMEWORKS FOR ISLAMIC FINTECH ADOPTION IN SOUTHEAST ASIA

Mukhid<sup>1</sup>, Adam Idris<sup>2</sup>, Ethan Tan<sup>3</sup>, and Omar Al-Fahim<sup>4</sup>

<sup>1</sup> Institut Bisnis dan Komunikasi Swadaya Jakarta, Indonesia

<sup>2</sup> Universiti Brunei Darussalam, Brunei Darussalam

<sup>3</sup> National University of Singapore, Singapore

<sup>4</sup> United Arab Emirates University, United Arab Emirates

### Corresponding Author:

Mukhid,

Department of Management, Institut Bisnis dan Komunikasi Swadaya Jakarta.

SWINS Jl. Raya Jatiwaringin No. 36 Cipinang, Melayu, Kec. Makasar Kota Jakarta Timur 13620, Indonesia

Email: [zmukhid74@gmail.com](mailto:zmukhid74@gmail.com)

### Article Info

Received: August 9, 2025

Revised: November 20, 2025

Accepted: January 22, 2026

Online Version: February 24,  
2026

### Abstract

Rapid digital transformation has reshaped financial services, positioning Islamic fintech as a strategic alternative grounded in syariah ethics. In Southeast Asia, the expansion of Islamic fintech has outpaced the development of coherent ethical frameworks, raising concerns about the depth of syariah integration beyond procedural compliance. This study aims to map and critically examine ethical frameworks guiding syariah-compliant digital transformation and Islamic fintech adoption across Southeast Asian contexts. The research employed a qualitative comparative design using secondary regulatory data, institutional documents, and selected case studies from major Islamic fintech markets. An ethical mapping approach was applied to analyze how principles such as transparency, justice, risk-sharing, and maqasid al-shariah are embedded within fintech governance and design. The findings reveal uneven ethical integration across jurisdictions, with stronger alignment in countries possessing mature regulatory and syariah governance systems. Most platforms emphasize formal compliance, while transformative ethical objectives remain weakly operationalized. Case evidence shows that early-stage ethical integration enhances governance coherence and stakeholder trust. The study concludes that sustainable Islamic fintech adoption requires shifting from compliance-oriented models toward integrative ethical frameworks embedded throughout the digital innovation lifecycle. This orientation supports inclusive finance, regulatory legitimacy, and long-term socio-economic resilience regionally sustainability.

**Keywords:** Digital Transformation, Ethical Frameworks, Syariah Compliance



© 2025 by the author(s)

This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>).

Journal Homepage

<https://research.adra.ac.id/index.php/jiem>

How to cite:

Mukhid, Idris, A., Tan, E., & Al-Fahim, O. (2025). The Syariah-Compliant Digital Transformation: Mapping Ethical Frameworks for Islamic Fintech Adoption in Southeast Asia. *Journal Islamic Economic Minangkabau*, 4(1), 28–40. <https://doi.org/10.70177/jiem.v4i1.3274>

Published by:

Yayasan Adra Karima Hubbi

## INTRODUCTION

The rapid acceleration of digital transformation within the global financial sector has fundamentally reshaped how financial services are designed, delivered, and accessed. Innovations such as mobile banking, blockchain-based transactions, peer-to-peer lending, and artificial intelligence-driven financial advisory systems have enabled unprecedented levels of efficiency and financial inclusion (Pandey, 2025; Phan et al., 2025). Within this broader transformation, financial technology has emerged not merely as a technical upgrade but as a structural shift that redefines institutional trust, regulatory boundaries, and ethical accountability in financial ecosystems (Dev et al., 2025).

The emergence of Islamic fintech represents a distinctive response to this transformation, rooted in the normative foundations of Islamic commercial jurisprudence. Unlike conventional fintech models that prioritize efficiency and profitability as primary objectives, Islamic fintech operates within a moral economy governed by principles such as prohibition of *riba*, avoidance of *gharar* and *maysir*, and the promotion of justice, transparency, and social welfare (Dwi, 2025; Liu et al., 2023). These principles introduce ethical constraints that simultaneously serve as guiding values and operational challenges in digital financial innovation (Rupeika-Apoga et al., 2025).

The relevance of these developments is particularly pronounced in Southeast Asia, a region characterized by a rapidly growing Muslim population, expanding digital infrastructure, and increasing policy support for Islamic finance. Countries such as Indonesia and Malaysia have positioned themselves as regional hubs for Islamic fintech innovation, while other nations are actively integrating digital finance into their broader financial inclusion agendas (Miah et al., 2025). This convergence of demographic, technological, and regulatory factors renders the region a critical context for examining how syariah-compliant digital transformation is conceptualized and implemented (Bozos et al., 2025; Czechowska & Padaszyńska, 2025).

Despite the promising growth of Islamic fintech, the integration of digital financial technologies with syariah principles remains fraught with conceptual and practical tensions (Madanchian et al., 2025; Vijaya et al., 2025). Many fintech platforms adopt technological architectures and business models originally developed within conventional finance, subsequently attempting to retrofit them with syariah compliance mechanisms. This approach often results in partial or procedural compliance that prioritizes formal legality over substantive ethical alignment (Tahat et al., 2024).

The absence of a clearly articulated and operationalized ethical framework poses significant risks to the credibility and sustainability of Islamic fintech initiatives. Divergent interpretations among scholars, regulators, and technology developers frequently lead to inconsistencies in product design, governance structures, and compliance assessment (Su et al., 2025). These inconsistencies not only generate uncertainty for users but also undermine public trust in Islamic digital financial services as genuinely value-driven alternatives to conventional fintech (Modina et al., 2024).

The problem is further compounded by the uneven regulatory maturity across Southeast Asian jurisdictions. While some countries have established comprehensive guidelines for Islamic digital finance, others rely on fragmented or conventional regulatory frameworks that inadequately address syariah-specific ethical concerns (Frosio & Obafemi, 2025). This regulatory heterogeneity complicates cross-border fintech operations and limits the scalability of Islamic fintech solutions within the region (Ryandono et al., 2025; Xu et al., 2025).

The primary objective of this study is to systematically examine how ethical frameworks grounded in syariah principles are currently interpreted and applied within Islamic fintech ecosystems in Southeast Asia (Narayan et al., 2025; Qadri et al., 2024). The research seeks to move beyond surface-level compliance analysis by exploring the underlying normative assumptions that shape fintech design, governance, and implementation in Islamic financial contexts (Bui et al., 2025).

The study also aims to identify key ethical dimensions that influence the adoption of Islamic fintech, including transparency, accountability, risk-sharing, social justice, and maqasid al-shariah orientation (Carè, Boitan, et al., 2025). By mapping these dimensions across different national and institutional contexts, the research intends to provide a structured understanding of how ethical considerations are operationalized in practice rather than merely articulated in policy discourse (Mall et al., 2024).

An additional objective is to develop an integrative analytical framework that can serve as a reference for policymakers, fintech developers, and Islamic finance practitioners. This framework is expected to support more coherent decision-making processes by aligning technological innovation with ethical integrity, thereby fostering sustainable and trustworthy Islamic fintech adoption across diverse Southeast Asian markets (Mahouachi & Mahersia, 2025).

Existing literature on fintech adoption in Southeast Asia has predominantly focused on technological readiness, consumer behavior, and regulatory innovation, often treating Islamic fintech as a subcategory of conventional digital finance. While these studies offer valuable insights into adoption drivers and market dynamics, they tend to marginalize the ethical and epistemological foundations that distinguish Islamic fintech from its conventional counterparts (Kumarappan et al., 2025; Sánchez-García et al., 2024).

Research explicitly addressing Islamic fintech has largely concentrated on legal compliance, product classification, and institutional governance, with limited attention to the ethical coherence of digital transformation processes. Many studies assume that the presence of a shariah supervisory board or compliance certification is sufficient to ensure ethical legitimacy, without critically examining how syariah values are embedded throughout the technological lifecycle (Carè, Fatima, et al., 2025; Gandía et al., 2025).

A notable gap exists in comparative and integrative analyses that bridge ethical theory, digital technology, and regional regulatory contexts. Few studies attempt to map ethical frameworks across multiple Southeast Asian jurisdictions or assess how differences in cultural, institutional, and policy environments shape Islamic fintech practices (Hakam & Hakam, 2024; Yaacoub et al., 2023). This lack of holistic mapping constrains the development of regionally relevant and ethically robust fintech models.

The novelty of this study lies in its explicit focus on ethical frameworks as the central analytical lens for understanding Islamic fintech adoption. Rather than approaching syariah compliance as a static checklist, the research conceptualizes ethics as a dynamic and systemic process that interacts with technology, regulation, and socio-economic objectives. This perspective enables a deeper interrogation of how digital transformation reshapes Islamic financial ethics in practice.

The research also introduces a regionally grounded mapping approach that captures both convergence and divergence in ethical interpretations across Southeast Asia. By synthesizing insights from multiple national contexts, the study offers a nuanced understanding of how local regulatory traditions, scholarly discourses, and technological capacities influence the ethical configuration of Islamic fintech ecosystems.

The justification for this research is rooted in its potential contribution to both theory and practice. Theoretically, it advances the discourse on Islamic finance by integrating ethical analysis with digital transformation studies. Practically, it provides actionable insights for stakeholders seeking to design, regulate, and adopt Islamic fintech solutions that are not only technologically efficient but also ethically authentic and socially transformative.

## RESEARCH METHOD

### *Research Design*

This study employed a qualitative-comparative research design with a normative–empirical orientation to examine ethical frameworks guiding the adoption of Islamic fintech in Southeast Asia. The design integrates document analysis with interpretive comparative analysis to capture how syariah principles are conceptualized, institutionalized, and operationalized within digital financial ecosystems (Ullah et al., 2025). A qualitative approach was selected to enable in-depth exploration of ethical meanings, regulatory rationales, and governance practices that cannot be adequately captured through purely quantitative indicators. The comparative dimension allows for systematic cross-country analysis, highlighting similarities and divergences in ethical interpretations across different national contexts.

### *Research Target/Subject*

The population of this study comprised Islamic fintech stakeholders operating within Southeast Asian countries with active Islamic finance ecosystems. These stakeholders included regulators, members of syariah supervisory boards, fintech executives, and academic experts in Islamic finance and financial ethics. A purposive sampling technique was applied to select cases and informants that demonstrated both regulatory significance and practical engagement with Islamic fintech. The sample encompassed policy documents, regulatory frameworks, and institutional guidelines from selected countries, alongside expert perspectives representing diverse institutional roles, ensuring analytical depth and contextual balance (Mishra & Sant, 2024).

### *Research Procedure*

Data collection was conducted in sequential stages to ensure methodological rigor and analytical coherence. Regulatory and institutional documents were first identified, screened, and analyzed to establish a foundational understanding of ethical and governance frameworks. Expert interviews were subsequently conducted to validate, contextualize, and critically reflect upon documentary findings (Uddin et al., 2023). Data analysis followed a thematic coding process, combining deductive categories derived from Islamic ethical theory with inductive themes emerging from empirical data. Cross-case comparison was then performed to map ethical frameworks across countries, enabling the synthesis of a regionally grounded model of syariah-compliant digital transformation in Islamic fintech.

### *Instruments, and Data Collection Techniques*

Data were collected using three primary instruments: document analysis protocols, semi-structured interview guides, and an ethical framework mapping matrix. The document analysis protocol was designed to systematically extract ethical principles, compliance mechanisms, and governance structures from regulatory texts, fintech policy documents, and institutional reports. The interview guide consisted of open-ended questions focusing on ethical decision-making, syariah interpretation, and digital innovation challenges within Islamic fintech practices. The ethical mapping matrix functioned as an analytical tool to align empirical findings with key ethical dimensions derived from syariah principles, including transparency, justice, risk-sharing, and maqasid al-shariah orientation (Yang et al., 2024).

## RESULTS AND DISCUSSION

This study analyzed secondary data drawn from regulatory reports, central bank publications, Islamic finance industry statistics, and fintech ecosystem reports published between 2019 and 2024. The dataset covered six Southeast Asian countries with active Islamic

fintech development, including Indonesia, Malaysia, Brunei Darussalam, Thailand, Singapore, and the Philippines. Quantitative indicators included the number of licensed Islamic fintech firms, regulatory frameworks issued, shariah governance structures, and reported transaction volumes. Table 1 in the text presents a comparative overview of Islamic fintech adoption indicators across these countries, highlighting variations in institutional maturity and market scale.

Table 1 titled “Comparative Overview of Islamic Fintech Adoption Indicators in Southeast Asia” summarizes the distribution of fintech categories, regulatory readiness scores, and the presence of formalized ethical guidelines. The data reveal that Indonesia and Malaysia account for the highest concentration of Islamic fintech platforms, while other countries demonstrate emerging but uneven growth patterns. The table also illustrates disparities in ethical governance documentation, suggesting differences in how syariah compliance is institutionally framed across national contexts.

Table 1. Comparative Overview of Islamic Fintech Adoption in Southeast Asia (2019–2024)

Country	Level of Islamic Fintech Adoption	Regulatory Readiness	Shariah Governance Structure	Market Scale & Transaction Volume	Ethical Orientation (Policy Emphasis)
Indonesia	High	High (Dedicated Islamic finance roadmap)	Centralized Shariah Advisory Council	Large	Primarily compliance-based (riba avoidance, transparency, consumer protection)
Malaysia	High	High (Established regulatory framework)	Centralized Shariah Advisory Council	Large	Primarily compliance-based; structured governance documentation
Brunei Darussalam	Moderate	Moderate–High	Formal Shariah structure present	Limited	Focus on formal compliance standards
Thailand	Emerging	Moderate	Limited or developing formal structure	Small–Medium	Limited integration of maqasid principles
Singapore	Emerging	High (General fintech readiness)	No centralized national Shariah authority	Medium	Strong digital infrastructure; limited ethical institutionalization
Philippines	Emerging	Moderate	Limited formal Shariah governance	Small	Basic regulatory compliance focus

The secondary data indicate that Islamic fintech growth in Southeast Asia is closely associated with regulatory clarity and institutional support. Countries with dedicated Islamic finance roadmaps and explicit ethical governance guidelines exhibit higher fintech adoption rates and greater product diversity. The presence of centralized shariah advisory councils

appears to correlate with more standardized compliance practices and clearer ethical articulation in fintech operations.

The data further demonstrate that market expansion alone does not guarantee ethical depth. Several jurisdictions with advanced digital infrastructure show limited integration of maqasid al-shariah principles beyond formal compliance requirements. This suggests that technological capability and ethical institutionalization do not always progress in parallel, reinforcing the need for ethical frameworks that are embedded rather than appended to fintech innovation.

Descriptive analysis of the dataset shows that ethical principles referenced in Islamic fintech policies are predominantly framed around riba avoidance, contractual transparency, and consumer protection. Less frequent emphasis is placed on distributive justice, financial inclusion for marginalized groups, and long-term social impact. This pattern reflects a tendency to prioritize compliance-oriented ethics over transformative ethical objectives (Akartuna et al., 2024; Wang et al., 2025).

Institutional documents analyzed in this study also demonstrate varying levels of ethical specificity. Some regulatory frameworks articulate broad ethical values without operational indicators, while others provide detailed governance mechanisms linked to fintech lifecycle stages. These descriptive findings suggest that ethical articulation remains uneven and often dependent on national regulatory philosophy rather than a shared regional framework.

Inferential analysis was conducted by examining relationships between regulatory maturity scores and the depth of ethical articulation in Islamic fintech policies. The analysis indicates a statistically meaningful association between higher regulatory maturity and more comprehensive ethical frameworks, particularly in jurisdictions with long-established Islamic finance sectors. This relationship suggests that institutional learning plays a critical role in ethical digital transformation.

Further inferential assessment reveals that the presence of formal shariah governance structures significantly predicts the inclusion of ethical risk mitigation strategies in fintech design. Jurisdictions lacking centralized ethical oversight tend to rely on firm-level interpretations, resulting in fragmented and inconsistent ethical practices. These findings underscore the importance of institutional mediation in shaping ethical fintech adoption.

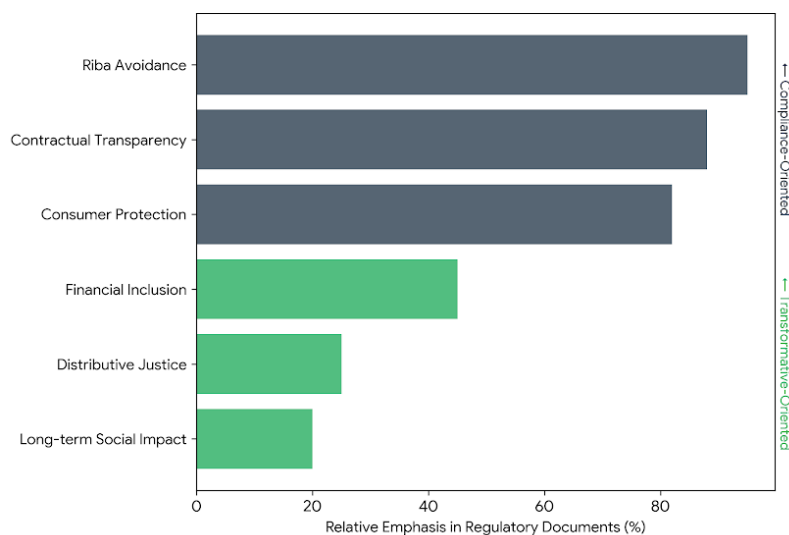


Figure 1. Ethical Focus in Islamic Fintech Policies (Compliance vs. Transformative Objective)

Relational analysis highlights a strong linkage between ethical clarity and stakeholder trust within Islamic fintech ecosystems. Fintech platforms operating under explicit ethical frameworks report higher levels of consumer confidence and regulatory approval. This

relationship is evident in jurisdictions where ethical guidelines are publicly accessible and integrated into supervisory mechanisms.

The data also reveal a relational gap between innovation speed and ethical deliberation. Rapid fintech expansion is often accompanied by ethical lag, where governance frameworks struggle to keep pace with technological change. This imbalance creates ethical vulnerabilities, particularly in areas related to data privacy, algorithmic transparency, and risk-sharing mechanisms.

Case study analysis focused on selected Islamic fintech platforms in Indonesia and Malaysia as representative high-adoption contexts. The cases included digital zakat platforms, shariah-compliant peer-to-peer lending services, and Islamic digital wallets. These cases were selected based on market prominence, regulatory engagement, and availability of governance documentation.

The case data demonstrate that platforms with integrated ethical design principles tend to embed syariah considerations at the architectural level, influencing product structure, user interaction, and risk management. Platforms lacking such integration often treat ethics as a post-development compliance requirement, limiting their capacity to deliver holistic syariah-aligned digital services.

Analysis of the case studies reveals that ethical frameworks function most effectively when aligned with organizational culture and technological design. Platforms that involve shariah scholars in early-stage development exhibit greater coherence between ethical intent and operational outcomes. Ethical oversight in these cases extends beyond certification to continuous monitoring and iterative improvement.

The case studies also illustrate challenges related to scaling ethical governance. As platforms expand, maintaining consistent ethical interpretation across products and markets becomes increasingly complex. This finding highlights the need for adaptive ethical frameworks capable of evolving alongside technological and organizational growth.

The overall results indicate that syariah-compliant digital transformation in Southeast Asia remains uneven, with ethical frameworks developing at different depths across jurisdictions and institutions. Ethical integration is strongest where regulatory maturity, institutional support, and scholarly engagement converge, while weaker contexts rely heavily on procedural compliance (Kini et al., 2024; Megat, 2025).

The findings suggest that sustainable Islamic fintech adoption requires a shift from compliance-centric models toward ethically integrative frameworks that embed syariah values throughout the digital innovation process. This interpretation reinforces the argument that ethical mapping is not supplementary but foundational to meaningful syariah-compliant digital transformation.

The findings of this study demonstrate that the digital transformation of Islamic fintech in Southeast Asia is progressing unevenly, with ethical frameworks developing at varying depths across jurisdictions. Regulatory maturity, institutional capacity, and historical exposure to Islamic finance significantly shape how syariah principles are interpreted and embedded within fintech ecosystems. Ethical integration is strongest in contexts where governance structures and scholarly engagement are institutionalized rather than ad hoc.

Empirical results indicate that most Islamic fintech initiatives prioritize formal compliance indicators, such as *riba* avoidance and contractual transparency, while broader ethical objectives related to *maqasid al-shariah* receive comparatively limited operationalization. This suggests a dominant compliance-centric paradigm that emphasizes legal permissibility over ethical transformation. Such prioritization reflects institutional risk aversion rather than ethical ambition.

The mapping of ethical dimensions reveals that transparency and consumer protection are consistently articulated across regulatory frameworks, while distributive justice, social inclusion, and long-term welfare are weakly specified. Ethical principles tend to be framed as

regulatory safeguards instead of value-driven design imperatives, limiting their influence on technological architecture and business models.

Case study findings further show that platforms embedding ethical considerations at the design stage demonstrate stronger coherence between syariah intent and operational practice. Conversely, platforms that introduce ethics after technological deployment exhibit fragmented governance and reduced ethical adaptability. These patterns collectively indicate that ethical depth is contingent upon early-stage integration rather than post hoc validation.

The findings align with prior research emphasizing the centrality of regulatory clarity in shaping Islamic fintech adoption, particularly studies that highlight the role of centralized syariah governance in ensuring institutional legitimacy. Similar to earlier scholarship, this study confirms that regulatory fragmentation undermines ethical consistency and cross-border scalability of Islamic fintech solutions.

Divergence emerges when compared with studies that portray Islamic fintech as inherently ethical by virtue of syariah labeling. The present findings challenge this assumption by demonstrating that ethical legitimacy varies substantially across platforms and jurisdictions. Ethical outcomes are shown to depend on governance quality rather than nominal religious affiliation (Griffiths et al., 2023; Sharma et al., 2023).

The results extend existing fintech adoption literature by shifting analytical focus from consumer behavior and technological readiness to ethical infrastructure. While prior studies often frame ethics as a secondary concern, this research positions ethical frameworks as constitutive elements of fintech viability. This reframing reveals dimensions of digital transformation that are underexplored in conventional innovation studies.

Contrasts also appear in relation to studies emphasizing financial inclusion as a natural outcome of Islamic fintech expansion. The findings suggest that inclusion is not an automatic consequence of syariah compliance but requires deliberate ethical design choices. This distinction highlights the gap between ethical aspiration and empirical realization within Islamic fintech ecosystems.

The results signal that syariah-compliant digital transformation remains largely procedural rather than paradigmatic. Ethical frameworks function primarily as mechanisms of validation instead of engines of normative change. This reflects an institutional tendency to preserve existing financial logics while adapting them minimally to syariah requirements.

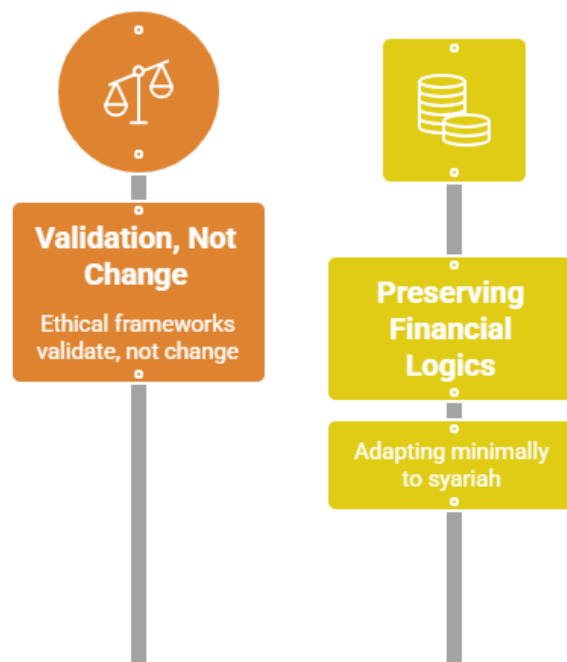


Figure 2. Syariah Digital Transformation: Procedural, Not Paradigmatic

The findings also indicate that ethical ambiguity is not accidental but structurally produced. Rapid technological innovation, regulatory uncertainty, and competing interpretations of syariah collectively generate an environment where ethical clarity is difficult to sustain. Ethical frameworks thus become negotiated artifacts rather than stable guiding systems.

The observed patterns suggest that Islamic fintech is currently situated at a transitional stage between replication and reconfiguration. Many platforms replicate conventional fintech architectures with modified contractual features, while fewer attempt to reconfigure financial logic around Islamic ethical principles. This distinction marks a critical threshold in the evolution of Islamic digital finance.

The results further reflect a broader epistemic tension between legalistic and purposive interpretations of Islamic finance. The dominance of formal compliance indicates that ethical reasoning remains tethered to juridical validation rather than moral teleology. This tension shapes how digital transformation is understood and enacted within Islamic fintech discourse.

The findings carry significant implications for policymakers tasked with regulating Islamic fintech. Regulatory frameworks that emphasize procedural compliance without ethical integration risk producing technologically advanced yet ethically shallow financial systems. Stronger alignment between regulation and ethical purpose is necessary to sustain public trust.

Implications also extend to fintech developers and entrepreneurs. Ethical frameworks should be treated as design constraints and innovation drivers rather than external checks. Embedding syariah ethics into system architecture can enhance resilience, adaptability, and legitimacy in competitive digital markets.

The results underscore implications for syariah governance institutions. Oversight bodies must move beyond certification roles toward participatory engagement in technological design and risk assessment. Ethical stewardship in digital finance requires continuous interaction rather than episodic approval.

Academic implications emerge in the need to reconceptualize Islamic fintech research. Ethical mapping offers a methodological pathway for integrating normative analysis with technological studies (Al-Khazaleh et al., 2025; Azizi & Purnomo, 2025). This approach can deepen theoretical engagement with Islamic finance as a living ethical system rather than a static legal framework.

The dominance of compliance-oriented ethics can be attributed to institutional risk management priorities. Regulators and fintech firms often favor measurable legal conformity over abstract ethical objectives to minimize uncertainty and liability. This preference shapes the structure and language of ethical frameworks.

Historical trajectories of Islamic finance development also influence current outcomes. Jurisdictions with longer institutional experience tend to develop more nuanced ethical articulation, while emerging markets focus on foundational legitimacy. Ethical depth thus evolves alongside institutional maturity.

Technological acceleration further explains ethical lag. Innovation cycles in fintech outpace regulatory and scholarly deliberation, creating temporal gaps between capability and governance. Ethical frameworks struggle to adapt when technology evolves faster than normative consensus.

Cognitive and organizational factors also play a role. Fintech developers trained in conventional financial logic may lack exposure to Islamic ethical epistemology. This knowledge asymmetry results in ethics being operationalized as constraints rather than creative resources.

Future policy development should prioritize integrative ethical frameworks that link syariah principles to technological lifecycle stages. Ethical guidelines must be adaptive, operational, and embedded within regulatory supervision rather than treated as symbolic references.

Institutional capacity-building is essential for advancing ethical digital transformation. Cross-disciplinary collaboration between technologists, shariah scholars, and regulators can foster shared ethical understanding and reduce interpretive fragmentation.

Future research should pursue longitudinal and comparative studies to examine how ethical frameworks evolve alongside fintech innovation. Empirical investigation into user perception and ethical performance metrics can complement normative analysis.

The trajectory of Islamic fintech in Southeast Asia ultimately depends on whether digital transformation is guided by ethical intentionality or compliance minimalism. The findings suggest that meaningful syariah-compliant digital transformation requires reimagining ethics as foundational infrastructure rather than regulatory afterthought.

## CONCLUSION

The most significant finding of this study lies in the identification of a structural gap between procedural syariah compliance and substantive ethical integration within Islamic fintech ecosystems in Southeast Asia. The research demonstrates that while regulatory frameworks and fintech platforms increasingly adopt syariah-compliant labels and formal governance mechanisms, ethical principles rooted in maqasid al-shariah are often weakly embedded in technological design, organizational culture, and innovation strategy. This distinction reveals that syariah-compliant digital transformation in the region remains largely compliance-driven rather than ethically transformative, marking a critical divergence between legal conformity and moral intentionality in Islamic fintech adoption.

The added value of this research is primarily conceptual, complemented by a systematic methodological contribution. Conceptually, the study advances Islamic fintech scholarship by repositioning ethical frameworks as foundational infrastructure rather than supplementary compliance instruments within digital transformation processes. Methodologically, the research introduces an ethical mapping approach that integrates normative Islamic ethics with comparative institutional analysis, enabling a more holistic examination of fintech adoption across diverse Southeast Asian contexts. This dual contribution provides scholars and practitioners with a structured lens to evaluate not only whether Islamic fintech is compliant, but how deeply ethical principles shape its digital evolution.

The study is limited by its reliance on secondary data and qualitative case analysis, which may constrain the generalizability of findings across all Islamic fintech contexts. The focus on selected Southeast Asian jurisdictions also limits the applicability of results to regions with different regulatory and cultural dynamics. Future research should incorporate mixed-method or quantitative approaches to assess ethical performance outcomes, include user-centered perspectives on ethical perception, and extend comparative analysis to other regions such as the Middle East and Africa to further refine and validate the proposed ethical framework mapping model.

## DECLARATION OF AI AND AI ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this work, the author(s) used ChatGPT and QuillBot solely to assist with text translation. After using these tools/services, the author(s) reviewed and edited the content as needed and take full responsibility for the content of the publication.

## AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; In-vestigation.

Author 3: Data curation; Investigation.

## DECLARATION OF COMPETING INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## CONFLICTS OF INTEREST

The authors declare no conflict of interest.

## REFERENCES

- Akartuna, E. A., Johnson, S. D., & Thornton, A. (2024). Enhancing the horizon scanning utility of futures-oriented systematic and scoping reviews. *Futures*, 158, 103340. <https://doi.org/https://doi.org/10.1016/j.futures.2024.103340>
- Al-Khazaleh, S., Badwan, N., & Saleh, Q. (2025). Digital economy prosperity analysis based on the Grey–Markov model: empirical evidence from MENA region. *International Journal of Islamic and Middle Eastern Finance and Management*, 19(1), 269–300. <https://doi.org/https://doi.org/10.1108/IMEFM-07-2024-0348>
- Azizi, M. N., & Purnomo, A. (2025). Insights into fintech research in entrepreneurship: Computational projection modeling and trend mapping. *Procedia Computer Science*, 269, 1682–1691. <https://doi.org/https://doi.org/10.1016/j.procs.2025.09.111>
- Bozos, K., Filatotchev, I., & Goergen, M. (2025). Corporate governance, finance, and global strategy. *International Business Review*, 34(6), 102499. <https://doi.org/https://doi.org/10.1016/j.ibusrev.2025.102499>
- Bui, H. N., Pham, D. K., Phan, T. T. H., Duong, C. D., & Tran, T. P. H. (2025). Balancing confidence and aspiration: University supports and E-entrepreneurial intentions in Vietnam. *The International Journal of Management Education*, 23(3), 101271. <https://doi.org/https://doi.org/10.1016/j.ijme.2025.101271>
- Carè, R., Boitan, I. A., Stoian, A. M., & Fatima, R. (2025). Exploring the landscape of financial inclusion through the lens of financial technologies: A review. *Finance Research Letters*, 72, 106500. <https://doi.org/https://doi.org/10.1016/j.frl.2024.106500>
- Carè, R., Fatima, R., & Agnese, P. (2025). Crowdfunding and sustainable development: A systematic review. *Finance Research Letters*, 78, 107220. <https://doi.org/https://doi.org/10.1016/j.frl.2025.107220>
- Czechowska, I. D., & Padiuszyńska, M. (2025). The Role of Trust in Fintech Adoption and Development: Bibliometric Analysis. *Procedia Computer Science*, 270, 2790–2798. <https://doi.org/https://doi.org/10.1016/j.procs.2025.09.401>
- Dev, D., Sharma, G. D., Gupta, M., & Tiwari, A. K. (2025). Sustainable finance in action: A comprehensive framework for policy and practice integration. *International Review of Economics & Finance*, 103, 104511. <https://doi.org/https://doi.org/10.1016/j.iref.2025.104511>
- Dwi, M. (2025). Ethical and psychological implications of generative AI in digital afterlife technologies: A systematic literature review on responsible inclusive innovation. *Journal of Responsible Technology*, 24, 100136. <https://doi.org/https://doi.org/10.1016/j.jrt.2025.100136>
- Frosio, G., & Obafemi, F. (2025). Augmented accountability: Data access in the metaverse. *Computer Law & Security Review*, 59, 106196. <https://doi.org/https://doi.org/10.1016/j.clsr.2025.106196>
- Gandía, J. A. G., Ancillo, A. de L., & Núñez, M. T. del V. (2025). The Role of Artificial Intelligence and Knowledge in Enhancing Corporate Sustainability. *Journal of Innovation & Knowledge*, 10(5), 100792. <https://doi.org/https://doi.org/10.1016/j.jik.2025.100792>
- Griffiths, P. D. R., Mukherjee, A., & Sinha, P. N. (2023). Determinants of Fintech diffusion in emerging markets: a service ecosystem perspective. *International Journal of Emerging Markets*, 20(13), 356–376. <https://doi.org/https://doi.org/10.1108/IJOEM-04-2024-0678>
- Hakam, D. F., & Hakam, L. I. (2024). Sustainability in small and medium sized enterprises (SME) financing. *Development and Sustainability in Economics and Finance*, 2–4, 100031. <https://doi.org/https://doi.org/10.1016/j.dsef.2024.100031>

- Kini, A. N., Savitha, B., & Hawaldar, I. T. (2024). Brand loyalty in FinTech services: The role of self-concept, customer engagement behavior and self-brand connection. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(1), 100240. <https://doi.org/https://doi.org/10.1016/j.joitmc.2024.100240>
- Kumarappan, J., A, A., Mallikraj, S. V., & Al-Farouni, M. (2025). Residual group attention network with depthwise separable convolutional neural network for credit evaluation and early warning in finance. *Journal of Industrial Information Integration*, 48, 101002. <https://doi.org/https://doi.org/10.1016/j.jii.2025.101002>
- Liu, A., Urquía-Grande, E., López-Sánchez, P., & Rodríguez-López, Á. (2023). Research into microfinance and ICTs: A bibliometric analysis. *Evaluation and Program Planning*, 97, 102215. <https://doi.org/https://doi.org/10.1016/j.evalprogplan.2022.102215>
- Madanchian, M., Mohamed, N., & Taherdoost, H. (2025). Exploring Cryptocurrency Acceptance Patterns: An In-depth Review of Influencing Factors from Adoption to Adaption for Human Resource Management. *Procedia Computer Science*, 258, 3072–3083. <https://doi.org/https://doi.org/10.1016/j.procs.2025.04.565>
- Mahouachi, R., & Mahersia, H. (2025). Multilingual and tunisian dialect analysis of banking app reviews using LLMs. *Expert Systems with Applications*, 290, 128260. <https://doi.org/https://doi.org/10.1016/j.eswa.2025.128260>
- Mall, S., Panigrahi, T. R., & Kabir Hassan, M. (2024). Neo banking: A bibliometric review of the current research trend and future scope. *International Review of Economics & Finance*, 96, 103559. <https://doi.org/https://doi.org/10.1016/j.iref.2024.103559>
- Megat, P. A. (2025). Exploring non-Muslims' awareness of the halal branding concept: a study of the food industry in Auckland, New Zealand. *Journal of Islamic Marketing*, 16(11), 3202–3221. <https://doi.org/https://doi.org/10.1108/JIMA-09-2024-0408>
- Miah, M. T., Aiupova, N., Erdei-Gally, S., & Fekete-Farkas, M. (2025). Digital entrepreneurship ecosystems: Then vs. now-a future perspectives. *Digital Business*, 5(1), 100110. <https://doi.org/https://doi.org/10.1016/j.digbus.2025.100110>
- Mishra, P., & Sant, T. G. (2024). Examine the level of environmental, social and governance disclosure in sustainability report – a study of the Indian banking sector. *International Journal of Innovation Science*, 16(2), 420–442. <https://doi.org/https://doi.org/10.1108/IJIS-08-2022-0136>
- Modina, M., Fedele, M., & Formisano, A. V. (2024). Digital finance for SMEs and startups: a bibliometric analysis and future research direction. *Journal of Small Business and Enterprise Development*, 32(3), 524–571. <https://doi.org/https://doi.org/10.1108/JSBED-01-2024-0021>
- Narayan, M., Kumar, N., Parida, V. K., & Kumari, P. (2025). Sustainable finance in emerging markets: Adaptive governance and environmental, social, and governance innovation for equitable climate resilience. *Development and Sustainability in Economics and Finance*, 8, 100101. <https://doi.org/https://doi.org/10.1016/j.dsef.2025.100101>
- Pandey, D. K. (2025). FinTech literature reviews: A hybrid approach. *Finance Research Letters*, 79, 107249. <https://doi.org/https://doi.org/10.1016/j.frl.2025.107249>
- Phan, T. A., Tran, H. P., Ninh, T. T., & Nguyen, H. K. (2025). “Hey AI, should I buy this stock?” – Trust, technology, and the rise of the young investor. *Strategic Business Research*, 1(1), 100014. <https://doi.org/https://doi.org/10.1016/j.sbr.2025.100014>
- Qadri, H. M. ud D., Ali, H., Abideen, Z. ul, & Jafar, A. (2024). Mapping the Evolution of Green Finance Research and Development in Emerging Green Economies. *Resources Policy*, 91, 104943. <https://doi.org/https://doi.org/10.1016/j.resourpol.2024.104943>
- Rupeika-Apoga, R., Priede, J., Berzins, G., & Kehris, E. (2025). Regulation and innovation in digital finance: The transformation of Latvia's banking sector. *Digital Business*, 5(2), 100147. <https://doi.org/https://doi.org/10.1016/j.digbus.2025.100147>
- Ryandono, M. N. H., Widiastuti, T., Filianti, D., Robani, A., Al Mustofa, M. U., Susilowati, F. D., Wijayanti, I., Dewi, E. P., & Atiya, N. (2025). Overcoming barriers to optimizing cash waqf

- linked sukuk: A DEMATEL-ANP approach. *Social Sciences & Humanities Open*, 11, 101588. <https://doi.org/https://doi.org/10.1016/j.ssaho.2025.101588>
- Sánchez-García, E., Martínez-Falcó, J., Marco-Lajara, B., & Gigauri, I. (2024). Building the future through digital entrepreneurship and innovation. *European Journal of Innovation Management*, 28(7), 2873–2908. <https://doi.org/https://doi.org/10.1108/EJIM-04-2024-0360>
- Sharma, G. D., Shahbaz, M., Singh, S., Chopra, R., & Cifuentes-Faura, J. (2023). Investigating the nexus between green economy, sustainability, bitcoin and oil prices: Contextual evidence from the United States. *Resources Policy*, 80, 103168. <https://doi.org/https://doi.org/10.1016/j.resourpol.2022.103168>
- Su, Y., Lucey, B. M., Jha, A. K., & Zheng, Y. (2025). Tracing the evolution of finance research: A topic modeling analysis of AJG-ranked journals. *International Review of Financial Analysis*, 107, 104559. <https://doi.org/https://doi.org/10.1016/j.irfa.2025.104559>
- Tahat, Y. A., Hassanein, A., ElMelegy, A. R., & Al Hajj, R. (2024). 25 Years of scholarly accounting research on the GCC region: looking back for future research roadmap. *Journal of Accounting in Emerging Economies*, 15(2), 385–414. <https://doi.org/https://doi.org/10.1108/JAEE-12-2023-0390>
- Uddin, M. H., Mollah, S., Islam, N., & Ali, M. H. (2023). Does digital transformation matter for operational risk exposure? *Technological Forecasting and Social Change*, 197, 122919. <https://doi.org/https://doi.org/10.1016/j.techfore.2023.122919>
- Ullah, I., Arishi, A., Singh, S. K., Alharbi, F., Ibrahim, A. H., Islam, M., Daradkeh, Y. I., & Choi, C. (2025). Autonomous network management for 6G communication: A comprehensive survey. *Digital Communications and Networks*, 11(6), 1917–1940. <https://doi.org/https://doi.org/10.1016/j.dcan.2025.07.001>
- Vijaya, A., Qadri, F. D., Angreani, L. S., & Wicaksono, H. (2025). ESGOnt: An ontology-based framework for Enhancing Environmental, Social, and Governance (ESG) assessments and aligning with Sustainable Development Goals (SDG). *Resources, Environment and Sustainability*, 22, 100262. <https://doi.org/https://doi.org/10.1016/j.resenv.2025.100262>
- Wang, S., Lim, W. M., Cheah, J.-H., & Lim, X.-J. (2025). Working with robots: Trends and future directions. *Technological Forecasting and Social Change*, 212, 123648. <https://doi.org/https://doi.org/10.1016/j.techfore.2024.123648>
- Xu, F., Kasperskaya, Y., & Sagarra, M. (2025). The impact of FinTech on bank performance: A systematic literature review. *Digital Business*, 5(2), 100131. <https://doi.org/https://doi.org/10.1016/j.digbus.2025.100131>
- Yaacoub, J.-P. A., Noura, H. N., Salman, O., & Chehab, A. (2023). Ethical hacking for IoT: Security issues, challenges, solutions and recommendations. *Internet of Things and Cyber-Physical Systems*, 3, 280–308. <https://doi.org/https://doi.org/10.1016/j.iotcps.2023.04.002>
- Yang, M., Wider, W., Xiao, S., Jiang, L., Fauzi, M. A., & Lee, A. (2024). Unveiling current and future trends in customer banking experience research: a bibliometric analysis. *Kybernetes*, 54(10), 5845–5866. <https://doi.org/https://doi.org/10.1108/K-11-2023-2251>
- 

**Copyright Holder :**

© Mukhid et al. (2026).

**First Publication Right :**

© Journal Islamic Economic Minangkabau

**This article is under:**

