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Future Islamic Economic Institutional Design: Integration of Digital Technology, Sustainable Finance, and Sharia Ecosystem Synergy

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Abstract

The rapid development of the global economy, marked by accelerated digitalization and a growing emphasis on sustainability, requires Islamic economic institutions to transform in innovative and adaptive ways. Although the principles of justice, sustainability, and maqashid al-shariah have long served as the foundation of the Islamic economic system, the institutional design still faces major challenges, including weak interinstitutional integration, limited technological adoption, and low synergy between the social and commercial financial sectors. This study aims to analyze the prospects and future direction of Islamic economic institutional design that is competitive and sustainable. A qualitative approach was employed using library research based on national and international literature published between 2015 and 2025. The findings indicate that: (1) the adoption of advanced technologies such as artificial intelligence (AI), blockchain, and smart contracts has the potential to enhance transparency, efficiency, and shariah compliance; (2) integrating green finance with Islamic finance can strengthen the role of Islamic economics in supporting the Sustainable Development Goals (SDGs) through environmentally friendly and value-based financing; (3) institutional development roadmaps in Indonesia and globally need to prioritize governance digitalization, regulatory harmonization, and human capital enhancement; and (4) synergy among commercial, social, and digital financial sectors is essential to building an inclusive, productive, and sustainable Islamic economic ecosystem. The study offers insight into future institutional design and contributes to the discourse on strengthening Islamic economics in the digital era.

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INTRODUCTION

Dynamic global socioeconomic changes demand an institutional system that can adapt to technological developments, market dynamics, and sustainability demands. In this context, the Islamic economic system offers an alternative paradigm that emphasizes not only economic efficiency but also social justice, environmental balance, and the common good. Sharia principles that prioritize honesty, responsibility, and the prohibition of riba, gharar, and maysir make this system a relevant solution to moral crises and inequality in the conventional economy. Therefore, strengthening sharia-based economic institutions oriented towards sustainability and digitalization is an important agenda for future economic development (Abdullah & Hassan, 2023).

Global digital transformation has had a major impact on the way financial institutions operate and interact with society. Technologies such as Artificial Intelligence (AI), blockchain, and smart contracts have opened new opportunities for developing a more efficient, transparent, and accountable Islamic institutional system. In the context of Islamic finance, blockchain can be used to verify transactions without manipulation. At the same time, smart contracts can automate sharia-compliant contracts such as murabahah, ijarah, and wakalah, ensuring high compliance with sharia principles. On the other hand, the use of AI enables real-time Shariah compliance monitoring, strengthens governance, and increases public trust in Islamic financial institutions. This technology-based institutional design is expected to strengthen the foundations of Islamic economics in addressing the challenges of a competitive, dynamic digital era (Ahmad & Bakar, 2024).

In addition to technological transformation, a new direction in global development based on sustainability positions green and Islamic finance as important instruments for achieving the Sustainable Development Goals (SDGs). The principle of value-based intermediation (VBI) in Islamic finance aligns with sustainability values, such as social responsibility, environmental protection, and inclusive development. The application of instruments such as green sukuk, waqf-linked sukuk, and sharia-based microfinance has great potential to support the transition to a green economy. In Indonesia, the issuance of government green sukuk is an example of how Islamic finance can support sustainable development that is not only oriented towards profitability but also towards social and environmental benefits (Hassan et al., 2022).

However, in addition to literacy and inclusion challenges, the structure of Indonesia's Islamic finance industry also presents real limitations. Islamic financial assets remain around 11.4% of the total national financial system. The share of Islamic banking is also relatively small; for example, in 2016, it accounted for only around 5.03% of total national banking assets, indicating that the Islamic finance industry is still facing various structural challenges. Other studies also show that although sharia financing has a positive impact on economic growth, the large share of sharia products has not been fully offset by market maturity, so it does not always result in optimal economic benefits (Rafiuddin et al., 2024).

In this framework, a roadmap is needed to strengthen the institution of the Islamic economy, which is not only normative but also implementive. This Roadmap needs to emphasize the importance of policy integration across national institutions, such as Bank Indonesia, OJK, BAZNAS, and BWI, as well as international institutions, such as the Islamic Development Bank (IsDB) and AAOIFI. The goal is to create an institutional architecture that is adaptive to technological innovation while remaining firmly rooted in the values of maqashid al-sharia. Thus, the institutional design of the future Islamic economy can be directed toward creating a system that balances economic, social, and spiritual interests.

Several previous studies have examined the prospects for strengthening institutions and the institutional design of Islamic economics from various perspectives, particularly regarding the use of digital technology, strengthening Islamic financial governance, and the contribution of Islamic economics to sustainable development. Several studies highlight the role of digital technology in transforming the Islamic financial system to be more transparent, efficient, and adaptive to global economic developments. Ahmad and Bakar's (2024) research highlights that the application of blockchain and smart contracts in Islamic financial institutions can increase transparency, efficiency, and public trust in the Islamic financial system. The research shows that digital technology innovations have the potential to reduce transaction costs and speed up the verification of Sharia contracts, enabling Islamic financial institutions to compete in the global digital era. Furthermore, Ismail et al. (2024) found that the adoption of Artificial Intelligence (AI) and financial technology in Islamic financial institutions in Malaysia and Indonesia still faces obstacles to human resource readiness, regulation, and system integration between institutions. These findings show that digital transformation in Islamic finance requires not only technological innovation but also adequate institutional and policy support.

In addition to the technological aspect, several studies also highlight the link between Islamic finance and sustainable development. Hassan et al. (2022) examined the relationship between Islamic finance and green finance to support the achievement of the Sustainable Development Goals (SDGs). They revealed that the principle of Value-Based Intermediation (VBI) in Islamic finance can be an effective instrument for building a fair and environmentally friendly financial system. Meanwhile, Nasrudin et al. (2025) examined the readiness of human resources in facing the digital transformation of Sharia in ASEAN countries. They emphasized that the successful implementation of Islamic financial technology depends not only on digital infrastructure but also on improving the digital literacy and competence of workers in the Islamic financial sector.

Although these studies have discussed technological innovation, sustainability, and the readiness of human resources for the development of Islamic economics and finance, most still focus on sectoral aspects such as fintech, green finance, and digital literacy separately. Studies that specifically integrate the dimensions of digital technology, institutional governance, and Islamic financial instruments into a comprehensive Islamic economic institutional design framework remain relatively limited. Therefore, this study seeks to fill this gap by analyzing the institutional design of the future Islamic economy, integrating technological innovation, strengthening institutional governance, and examining the role of Islamic finance in supporting sustainable development.

By considering these various challenges and opportunities, this research becomes relevant for exploring the prospects and institutional design of the future Islamic economy, which is technology-based, sustainability-oriented, and sectorally synergized. This research is focused on four main aspects, namely: (1) Examining the institutional design of technology-based Islamic economics through the application of AI, blockchain, and smart contracts in Islamic financial governance; (2) Analyze the role of green finance and Islamic finance in supporting the achievement of the Sustainable Development Goals (SDGs) and their contribution to sustainable development; (3) Develop a roadmap to strengthen sharia institutions in Indonesia and the world through regulatory synergy, product innovation, and digital transformation; and (4) Evaluate the synergy model between the commercial, social, and digital financial sectors in forming an inclusive, efficient, and maqashid al-sharia-oriented sharia economic ecosystem. Through this study, it is hoped that a comprehensive picture of the direction of institutional development in the Islamic economy can be obtained, one that is not only responsive to the times but also consistent with the principles of justice and universal welfare, which are the core of Islamic teachings.

METHOD

This research uses a descriptive qualitative approach to describe in depth the prospects and institutional design of the Islamic economy in the future. This approach was chosen because the focus of the research is not on numbers or statistical data, but on a conceptual understanding and in-depth analysis of the institutional phenomenon of the Islamic economy, especially related to technology-based innovation, the integration of green finance and Islamic finance, the Roadmap for strengthening sharia institutions in Indonesia and the world, as well as synergy between the commercial, social, and digital financial sectors in the sharia ecosystem.

Data collection is conducted through library research, which involves examining literature related to the research problems. The data used are secondary, obtained from indirect sources, including national and international journals indexed from 2015–2025 and relevant to the research topic. The literature selection process considers the suitability of the theme, the quality of the publication, and the timeliness of the data. Furthermore, the data analysis technique uses content analysis, which involves critically examining the literature to identify relevant information, interpreting the meanings and relationships among concepts, and organizing the findings into themes. This process helps map patterns, enabling the systematic compilation of research results (Setiawan et al., 2023).

RESULT AND DISCUSSION

Technology-Based Sharia Institution Design

The development of digital technology in the industrial era 4.0 and 5.0 has driven changes in the global economic system, including in the Islamic economic and financial sectors. Technologies such as Artificial Intelligence (AI), blockchain, and smart contracts open up opportunities for Islamic economic institutions to improve operational efficiency, transparency, and service quality (Hasan et al., 2023). In the context of Islamic economics, the application of technology serves not only as a tool for innovation but also must support the principles of maqashid al-sharia, which emphasize justice, honesty, and benefits in economic activities.

Artificial Intelligence (AI) can enhance decision-making effectiveness in Islamic financial institutions. Through advanced data analysis capabilities, AI can assist financial institutions in assessing financing risks, analyzing customer behavior, and developing financial products better aligned with community needs

(Najibulloh & Rahmalia, 2024). In practice, AI can be used in credit scoring systems, feasibility analysis for financing, and Sharia-compliant chatbot-based consulting services that provide information on contracts and financial products. The use of this technology enables the service process to be faster and more efficient without compromising Sharia compliance principles. Thus, the application of AI can be an important part of the design of Islamic financial institutions that are more adaptive, efficient, and data-driven.

In addition to AI, blockchain technology plays an important role in strengthening transparency and accountability in the management of Islamic financial transactions. Blockchain uses a distributed ledger system that allows every transaction to be permanently recorded and can be verified by various parties in the network (Silvia & Nurhadi, 2023). These characteristics support the principles of trust and openness that underpin Islamic economics. In its implementation, blockchain can be used in zakat, waqf, and digital sukuk management systems, enabling more transparent recording and distribution of funds and real-time monitoring. This shows that blockchain can support the strengthening of governance and transparency in the institutional design of the Islamic economy.

Smart contract technology also contributes to the more efficient implementation of Sharia contracts. Smart contracts are digital contracts that automatically execute agreements when certain terms and conditions are met (Kristi & Yusuf, 2022). This technology enables contracts such as murabahah, mudharabah, or ijarah to be executed systematically without the need for third-party intervention in the verification process. With such a mechanism, the potential for administrative errors and contract disputes can be minimized, while transaction costs can be reduced.

The integration of digital technology into Islamic economic institutions also has the potential to expand financial inclusion. Through digital services such as Sharia mobile banking, Sharia peer-to-peer lending, and waqf crowdfunding platforms, people can gain easier access to financial services and financing (Alfian & Abd Majid, 2025). This technology enables Islamic financial institutions to reach community groups that have not previously been served by the formal financial system, including people in remote areas and micro- and small-business actors.

The development of technology-based Islamic institution design requires collaborative support from various stakeholders, including the government, academia, the financial industry, and Sharia authorities. This collaboration is needed to ensure that technological innovations can be implemented safely and remain in accordance with Sharia principles. One approach is the regulatory sandbox, a mechanism for testing fintech innovations in a limited environment before they are widely implemented (Rofik & Huda, 2023). Through this mechanism, technologies such as AI, blockchain, and smart contracts can be tested for system security, Sharia compliance, and operational effectiveness.

Although it offers a wide range of opportunities, the application of technology in Islamic institutions also requires regulatory readiness and human resources. The digital system used must be under the supervision of the Sharia Supervisory Board (DPS) so that the algorithm and operational mechanism remain in accordance with Islamic law (Wahid & Yunita, 2022). In addition, Islamic financial institutions need to increase the capacity of their human resources to understand financial technology and digital security so that technology implementation can run optimally.

Thus, the design of technology-based Islamic institutions focuses not only on the implementation of digital innovations but also on the integration between technology, institutional governance, and sharia principles. The use of AI, blockchain, and smart contracts can increase operational efficiency, transaction transparency, and expand access to Islamic financial services. The integration of these three technologies demonstrates that digital transformation can be a strategic tool for strengthening the institutional structure of the Islamic economy in the modern era. If supported by adequate regulations and competent human resources, the integration of technology has the potential to strengthen the role of Islamic economic institutions in supporting more inclusive and sustainable economic development.

Green Finance* and *Islamic Finance* in Supporting *the SDGs

Green finance and Islamic finance have a strong conceptual connection because they are oriented towards financing that focuses not only on short-term financial gains but also on social, environmental, and long-term development goals. In the context of the SDGs (Sustainable Development Goals), green finance plays an important role in supporting sustainable development by channeling funds to projects oriented towards environmental conservation, resource efficiency, and climate change mitigation. Through financial instruments and targeted market mechanisms, green finance promotes emission reductions and improved environmental performance in line with the Sustainable Development Goals (Xu & Zhu, 2024). On the other hand, Islamic finance based on normative and institutional principles such as the prohibition of usury, profit-sharing mechanisms, a focus on benefits (maqashid al-sharia), and social instruments such as zakat, waqf, and takaful also play a role in poverty alleviation and inequality reduction, thereby strengthening the ethical and redistributive dimensions of sustainable development (Khan & Haneef, 2022). In the combination of green finance and Islamic finance, which is often called "Islamic green finance", there is potential for synergy, namely, financing that is halal in Sharia and environmentally friendly, thus enabling Islamic financial institutions to support the SDGs through sharia-compliant green instruments.

In terms of instruments, one important development in integrating green finance and Islamic finance is the emergence of green sukuk, which are sukuk whose proceeds are allocated to environmentally friendly projects such as renewable energy, water management, and sustainable transportation. Green sukuk combines the principles of the Islamic capital market with the purpose of green financing that is commonly used in the conventional market. This instrument has significant potential as a source of green infrastructure funding because it attracts investors who value Sharia principles and sustainability. However, the effectiveness of green sukuk depends not only on its issuance but also on the implementation of good governance, transparent reporting, and independent verification to ensure that its environmental impact is achieved in practice rather than merely a symbol of sustainability (Liu & Lai, 2021).

Various international studies show a consistent trend: publications and practices related to green sukuk have increased rapidly since 2017, driven by initiatives from pioneering countries such as Malaysia and the growing interest of ESG (Environmental, Social, and Governance)- based investors. However, quantitative research that directly assesses the impact of green sukuk on SDG indicators, such as reducing emissions, creating green jobs, and expanding access to clean energy, remains limited and has not been systematically integrated (Raimi et al., 2024). Market findings indicate that green sukuk attracts investors seeking to combine sharia compliance with ESG principles. However, investment decisions rely heavily on transparency in reporting and the reliability of independent verification. Markets tend to respond positively to transparency in fund allocation and credible impact audits (Faisal et al., 2023). Thus, the empirical evidence supports the great potential of green sukuk and also confirms the need to strengthen impact evidence so that this instrument can contribute significantly to achieving the SDGs.

In the realm of green finance, the opportunities are great and increasingly urgent as the world faces the challenges of climate change, environmental degradation, and the need to transition to a low-carbon economy. Green finance opens up space for financial innovation and for derisking mechanisms for green investments, accelerating the achievement of the SDGs. In addition, regulatory support, increased investor awareness of ESG aspects, and new financial technologies strengthen the existence of green finance (Raman et al., 2025). However, there are many challenges as well. The definitions and standards of green finance vary across countries, so the risk of "greenwashing" arises when an instrument is claimed to be green but has no real impact. Institutional capacity in many developing countries remains weak for consistently measuring and reporting environmental impacts, and transaction costs and risks for green projects tend to be higher. In contrast, secondary markets for green instruments remain limited (Hu & Gan, 2025).

Meanwhile, in Islamic finance, opportunities arise from the alignment between Sharia principles and the Sustainable Development Goals. Islamic financial ethics and its social-environmental orientation provide a strong foundation for developing financial instruments that support the SDGs. For example, instruments such as green sukuk, green waqf, and social zakat directed at sustainability projects can be important channels (Ahmed et al., 2024). However, the challenges faced by Islamic finance in the context of green finance are significant as well. The number of Islamic green finance products is still limited, regulatory and standardization frameworks are not fully established, and the focus is often still on sharia compliance and profitability, rather than on measuring in-depth environmental impacts. In addition, integrating sharia values with environmental sustainability requires changes in the internal governance of Islamic financial institutions, as well as increasing managers' and stakeholders' capacity to understand the technical aspects of green finance (Secretary, 2017).

The implications of green finance and Islamic finance for the institutional design of the future Islamic economy need to be strategically built so that Islamic financial institutions can become active actors in supporting the achievement of the SDGs by applying green finance principles. Institutional design that is adaptive to technological developments, regulations, and global investor preferences will maintain the relevance of the Islamic financial system amid the transition to a green economy while strengthening its contribution to sustainable development goals. The integration of green finance and Islamic finance offers a significant opportunity to align market forces with ethical values and Islamic social principles. However, its effectiveness depends heavily on the quality of institutional governance. Starting from taxonomic clarity, independent verification mechanisms, adequate technical capacity, and policy support. Without this foundation, the synergy between maqashid al-sharia and the SDGs will only stop at the normative level. Therefore, Islamic economic institutions need to ensure that sharia-compliance efforts are not merely formalistic but truly reflect an active role in realizing sustainable development globally (Hidayat et al., 2024).

***Roadmap* for Strengthening Sharia Institutions in Indonesia and the World**

The Roadmap for strengthening Islamic economic and financial institutions in Indonesia and at the global level requires a clear, consistent, and adaptive strategic framework to market dynamics and global challenges. In the current era, strengthening Islamic institutions is crucial so that institutions such as Islamic banks, Islamic microfinance institutions, Islamic capital markets, and Islamic fintech can not only survive but also develop sustainably and globally. The institutions in question include organizational structure, regulations, governance, sharia supervision mechanisms, and integration into the global financial system. For this reason, a roadmap is needed, as it can serve as a structured guide showing how today's sharia institutions should move towards a stronger, more reliable, and sharia-compliant framework in line with global rules (Althaqeb & AlKhunaini, 2025). This Roadmap should include four main pillars: (1) sharia governance and supervision; (2) standardization and harmonization of regulations; (3) technological innovation and financial inclusion; (4) sustainable financing orientation and achievement of development goals.

The first pillar is to strengthen Sharia governance and supervision. Sharia institutions must have a Sharia Supervisory Board (DPS) or Shariah Supervisory Board (SSB) that is competent, independent, and has a clear Sharia audit mechanism. The quality of SSB and sharia supervision mechanisms is indeed important for the performance of Islamic financial institutions, as they ensure that financial products and processes comply with sharia principles. For example, they supervise the prevention of riba (interest) and gharar (excessive uncertainty), and ensure that profit-loss sharing mechanisms are implemented when necessary. However, in a study in Indonesia, it was found that the influence of SSB on the performance of maqashid al-sharia has not been consistently significant (Safitri & Mukhibad, 2020). This shows that just having SSB is not enough. Capacity, process, and accountability are also important. Therefore, the Roadmap should establish measures such as competency standards for SSB members, a rotation mechanism, transparency on conflicts of interest, and a structured Sharia internal audit. By strengthening these pillars, Islamic institutions can increase stakeholders' credibility and trust, which, in the long run, will strengthen their position in the financial system (Azhar et al., 2022).

The second pillar is the standardization and harmonization of regulations and reporting, as there are various international standards, such as those issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), and similar institutions. These standards aim to ensure that Islamic financial institutions have a clear framework for Islamic financial reporting, governance, risk supervision, and related areas. Harmonization is important because if each country implements it very differently, then interoperability between Sharia markets will be difficult; for example, cross-border Sukuk issuance will experience obstacles. Empirical findings show that the adoption of international standards issued by the AAOIFI is positively correlated with the level of accounting conservatism and the financial performance of institutions that implement them (Elhalaby et al., 2023).

The third pillar focuses on technological innovation and financial inclusion through Sharia fintech. In many countries, Islamic fintech is growing rapidly and promises to reach segments that traditional banks have not served, such as MSMEs, digitally literate individuals, and the younger generation. Islamic institutions must enter the digital realm, not just follow trends, but ensure that these digital products and services remain Sharia-compliant and have adequate supervision systems. The Roadmap should include a Sharia sandbox regulatory policy (to test Sharia fintech products), training and development of human resources who understand both Sharia and technology, and a framework that enables collaboration among Sharia banks, fintechs, and supervisory authorities. Thus, Islamic institutions can improve financial inclusion, operational efficiency, and market penetration (Kılıç & Türkan, 2023).

The fourth pillar is the orientation of financing towards sustainability and the achievement of the SDGs. Islamic finance has moral and ethical advantages that are naturally aligned with the goals of sustainable development, namely social justice, environmental protection, and welfare. Instruments such as green sukuk are a real example of how the sharia economy can contribute to environmentally friendly projects. The sharia institutional roadmap should include regulatory facilitation for green sukuk, strengthening sharia-compliant governance, social responsibility, and environmental (ESG) reporting, and fiscal incentives to encourage broader issuance of these instruments. Thus, sharia institutions are not only financial players, but also agents of social and environmental change (Norchaevna, 2024).

In Indonesia, for example, the Financial Services Authority (OJK) has issued the Roadmap for the Development and Strengthening of Indonesian Islamic Banking 2023-2027 (RP3SI), which affirms the vision to realize a healthy, efficient, high-integrity, and competitive Islamic banking and can make a significant contribution to the national economy. It details five main pillars: strengthening industrial structures, accelerating digitalization, enhancing sharia-specific characteristics, increasing contributions to the national economy, and strengthening regulations, licensing, and supervision. This initiative represents a concrete step towards long-term institutional strengthening, with a focus on synergies between Islamic financial technology policies, industry, and innovation (Hidayatullah, 2021).

Meanwhile, at the global level, Islamic financial infrastructure institutions such as The General Council for Islamic Banks and Financial Institutions (CIBAFI), Islamic Financial Services Board (IFSB), and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) have also developed a roadmap for Islamic Sustainable Finance which was launched in conjunction with the United Nations Climate Change Conference (COP28). This global Roadmap affirms a new direction for strengthening sustainability-oriented sharia institutions by integrating environmental, social, and governance (ESG) issues and climate risks into the framework of international Islamic financial institutions (CIBAFI, 2023). This approach expands the role of Islamic financial institutions beyond halal financing providers to active actors supporting the green economic transition and the achievement of the SDGs. Thus, the global and national roadmaps move in the same direction to build an Islamic financial ecosystem that is resilient, inclusive, and relevant to the needs of the modern economy (Nugroho, 2025).

The Roadmap for strengthening sharia institutions in Indonesia and the world is a strategic effort to ensure that the sharia economic and financial system can adapt, compete, and contribute to global sustainable development. Through these four pillars, this Roadmap emphasizes an institutional reform direction that focuses not only on sharia compliance but also on efficiency, transparency, and sustainability. With consistent, collaborative implementation of the Roadmap, Islamic financial institutions will be able to strengthen their position as important pillars in supporting the green economy and achieving the Sustainable Development Goals (SDGs) in the future.

Synergy between Commercial, Social, and Digital Financial Sectors in the Sharia Ecosystem

In recent years, the Islamic economy has undergone significant transformation, with the emergence of integration among the commercial, social, and digital financial sectors. The synergy between these three sectors is one of the main pillars in strengthening an equitable, inclusive, and sustainable Islamic financial ecosystem. Islamic finance not only emphasizes profit-making, but also pays attention to social welfare and the fulfillment of maqashid al-sharia, namely the benefits of the people. In this context, the integration of the commercial and social sectors, supported by digital innovation, can create an Islamic financial system that is adaptive to changing times and relevant to global challenges (Widodo, 2019).

The Islamic commercial finance sector, such as Islamic banks, financing companies, and investment institutions, plays a key role in managing public funds through the principles of profit sharing, buying and selling, and leasing. Meanwhile, the social finance sector, which includes instruments such as zakat, infaq, alms, and waqf, serves to redistribute wealth and alleviate poverty. These two sectors actually have complementary objectives: the commercial sector encourages economic growth through productive activities, while the social sector ensures equitable welfare distribution. However, without good integration, the two often run separately and are less effective in achieving the goals of developing the ummah (Mahadi, 2025). The Islamic social finance model, integrated with commercial financial institutions, can increase the effectiveness of economic empowerment programs by up to 12 percent compared with conventional models operating alone. This integration allows social institutions to gain institutional and infrastructural support from the commercial sector. In contrast, commercial institutions gain social legitimacy and a positive image through their involvement in activities that deliver public benefits. In addition, the management of productive waqf funds and zakat distributed through sharia financing instruments can expand the reach of beneficiaries and create a sustainable economic cycle (Widiastuti et al., 2022).

Advances in digital technology further strengthen the potential for this synergy. The era of financial technology (fintech) offers great opportunities to transform the Islamic financial system towards greater efficiency and transparency. Through digital platforms, people can distribute zakat, infaq, or Sharia-compliant investment funds online with real-time, accountable transaction tracking. Digital technology plays an important role in expanding Islamic financial inclusion, especially in developing countries with large Muslim populations such as Indonesia (Alshater et al., 2022). Digitalization helps overcome geographical limitations, accelerates the distribution of social funds, and enables the creation of hybrid financial products that combine social and commercial aspects in a single ecosystem. Furthermore, digital integration creates operational efficiencies by automating Shariah compliance through blockchain-based smart contracts. In this context, every transaction can be permanently recorded and verified without an intermediary, thus increasing public trust. Digital technology can strengthen transparency and accountability in Islamic financial institutions, though clear regulatory standards and supervisory systems are still needed to ensure sharia compliance with these innovations (Aziz, 2022).

However, behind these great opportunities, synergy between sectors also faces complex challenges. One of the main challenges is the fragmentation of regulations between social institutions and commercial institutions. Zakat and waqf management institutions are often under different authorities than financial authorities, making policy coordination difficult. In addition, digitalization poses new risks, including cybersecurity, personal data protection, and the potential misuse of funds. Therefore, strong governance and integrated regulations are needed so that digital innovation continues to run within the corridor of Sharia and Islamic social ethics (Susana, 2025). The synergy among the commercial, social, and digital financial sectors offers several strategic benefits. First, operational cost efficiency increases because digital infrastructure enables the collection and distribution of funds to be carried out faster and more cheaply. Second, financial inclusion is expanding as digital services reach people in remote areas. Third, Islamic financial products have become more innovative with the emergence of instruments such as social sukuk, Islamic crowdfunding, and waqf-based microfinance. Fourth, social impact measurement can be carried out more accurately using digital data, making it easier for institutions to evaluate their contributions to the goals of maqashid al-sharia.

Islamic financial institutions also need to develop a governance framework that is adaptive to technological changes and strengthen collaboration with social institutions and fintech startups. In the academic context, multidisciplinary research combining Islamic economics, information technology, and public policy should be expanded to support evidence-based policy innovation. By utilizing technology as a tool of empowerment, Islamic finance can become a more progressive instrument for reducing social disparities and strengthening people's solidarity. The success of this ecosystem is largely determined by the extent to which Islamic financial institutions can maintain a balance among spiritual, social, and economic values in practice. In addition, the readiness of human resources (HR) is also an important challenge. For this reason, collaboration between higher education institutions, research institutions, and the industrial sector is needed to build a globally competitive sharia innovation ecosystem (Nasrudin et al., 2025). Several countries have taken strategic steps to address these challenges. For example, Bank Indonesia (2023) launched the Sharia Economics and Finance Blueprint, which emphasizes the synergy among commercial, social, and digital finance to support Indonesia's vision as the world's Islamic economic center. In Malaysia, the Labuan Financial Services Authority is also developing the Islamic Digital Economy Framework to strengthen the integration of the Islamic finance sector with digital technology (Khalid et al., 2024).

The synergy between the commercial, social, and digital sectors provides strategic benefits for strengthening the Islamic financial ecosystem. First, operational efficiency increases because the process of collecting, distributing, and supervising funds can be automated through digital platforms. Second, financial inclusion is expanding, as people in remote areas can access financial services without geographic restrictions (Syamsuri et al., 2023). Third, the innovation of financial products is increasing with the emergence of new instruments such as social sukuk, Islamic crowdfunding, and waqf-linked microfinance that combine social and commercial values. Fourth, social impact measurement has become more accurate thanks to digital systems that can track the performance of social funds in real time (Priantina et al., 2023). In addition, this synergy contributes to achieving the Sustainable Development Goals (SDGs). For example, social sukuk is used to fund education and health infrastructure projects in Muslim countries, supporting SDGs 4 (quality education) and SDGs 3 (good health). Thus, Islamic finance plays a catalyst in building a just and sustainable economy.

CONCLUSION AND RECOMMENDATION

Based on the above discussion, it can be concluded that, first, the institutional design of the future Islamic economy must integrate modern technologies such as Artificial Intelligence (AI), blockchain, and smart contracts to strengthen transparency, accountability, and service efficiency while ensuring compliance with sharia principles. Second, the development of green finance and Islamic finance has a strategic role in supporting the achievement of the SDGs through sustainable financing, environmentally friendly energy, and benefit-oriented social empowerment programs. Third, a roadmap for strengthening sharia institutions in Indonesia and worldwide is needed, including harmonizing regulations, increasing public literacy, modernizing governance, and strengthening human resource capacity so that the sharia ecosystem can respond to global challenges adaptively and progressively. Fourth, synergy among the commercial, social, and digital financial sectors is the key to building an inclusive, competitive, and sustainable sharia economic ecosystem, enabling the presentation of a future economic model that is not only economically superior but also delivers social benefits in accordance with maqashid al-sharia.

As for the suggestions that can be given, first, it is necessary to strengthen the integration of modern technologies such as Artificial Intelligence (AI), blockchain, and smart contracts in Sharia economic institutions, accompanied by increasing human resource capacity and preparing clear operational standards so that digital transformation runs effectively while maintaining compliance with Sharia principles. Second, the development of green finance and Islamic finance needs to be expanded through supportive regulations, partnerships with the sustainable energy sector, and public education, so that green financing and sharia-based social programs can contribute optimally to achieving the SDGs. Third, it is very important to formulate a roadmap for strengthening sharia institutions at both the national and global levels, including harmonizing regulations, increasing public literacy, strengthening governance, and modernizing services in response to the dynamics of the digital economy and global challenges. Fourth, it is necessary to build stronger synergy among the commercial, social, and digital financial sectors through cross-agency collaboration, data integration, and service innovation, so that the sharia economic ecosystem becomes more inclusive and competitive, and delivers a sustainable socioeconomic impact in line with the goals of maqashid al-sharia.

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