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Book Review: Blockchain, Fintech, and Islamic Finance; Building the Future in the New Islamic Digital Economy

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The era of the Industrial Revolution 4.0 marks a fundamental change in the global economic and financial system. Technologies like blockchain, big data, and artificial intelligence have changed the way society transacts, invests, and interacts. The development of digital technology has brought major disruption to the global financial industry. The book Blockchain, Fintech, and Islamic Finance by Hazik Mohamed and Hassnian Ali (2019) offers a new perspective on the integration of technology and Islamic ethics in building a just digital economy. This article provides a popular review of the book's main ideas, particularly the potential of blockchain and fintech in strengthening Islamic finance through transparency, trust, and inclusion. The authors emphasize that the Islamic digital economy is not merely a technological adaptation, but a transformation of values and governance based on maqasid al-shariah.

Keywords: Blockchain; Fintech; Islamic Finance; Islamic Digital Economy; Maqasid Al-Shariah

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INTRODUCTION

In the last two decades, the world of finance has undergone a major transformation triggered by advances in digital technology. This phenomenon is widely known as financial technology or fintech, which is the integration of financial services and information technology innovations that result in efficiency, transparency, and affordability. Fintech has changed the face of the banking, investment, and insurance industries, and has given rise to new players outside of traditional financial institutions. On the other hand, the emergence of blockchain technology as a new digital infrastructure promises an unprecedented level of trust in the global economic system.

The global financial crisis of 2008 became a major catalyst for the birth of this technology-based financial movement. The collapse of large financial institutions in America and Europe, due to speculative practices and weak governance, shook public confidence in the conventional banking system. The crisis revealed two fundamental problems: a loss of trust (trust deficit) and structural injustice in the global economic system. In this situation, technology emerged not merely as a transactional tool, but as a means to rebuild public trust through a system that is decentralized, transparent, and publicly verifiable—this is the foundation for the emergence of blockchain and various other fintech derivatives.

Hazik Mohamed and Hassnian Ali (2019) in Blockchain, Fintech, and Islamic Finance: Building the Future in the New Islamic Digital Economy argue that this digital disruption is not a threat, but a great opportunity for the Islamic world to build a more ethical and just financial system. According to them, the basic principles of blockchain technology, which are oriented towards trust and openness, have a deep alignment with Islamic values such as amanah (honesty and responsibility), adl (justice), and maslahah (public benefit).

Furthermore, the authors assert that the Islamic world has a unique potential in facing this digital revolution. With a Muslim population reaching nearly two billion people and increasing internet penetration rates in Muslim-majority countries, digital transformation can be a lever to expand Shariah financial inclusion. Islamic finance, which has long sought to avoid riba, gharar, and maisir, now finds a natural ally in a technology that rejects manipulation and demands transparency.

In this context, the book highlights the importance of building an Islamic Digital Economy—an economic ecosystem that combines technological innovation with the values of maqasid al-shariah. Its goal is not merely financial efficiency, but also the formation of an economic system oriented towards sustainability, social justice, and shared prosperity. This paradigm is fundamentally different from a purely capitalistic approach oriented towards profit. The Islamic digital economy, as explained by Hazik and Ali, positions humans as stewards (khalifah) who are responsible for utilizing technology for the common good, not just for market exploitation.

This phenomenon is also relevant to the changing behavior of global consumers, especially the Muslim millennial generation who are now the primary users of digital services. They desire financial access that is fast, transparent, and compliant with Shariah principles. This change creates opportunities for Islamic financial institutions to innovate, utilize fintech to reach unbanked community groups, and strengthen the position of the Islamic economy in the global landscape (Rusydiana & Assalafiyah, 2021).

Thus, the emergence of fintech and blockchain is not just a technological innovation, but part of a social and moral transformation. For the Islamic world, this is a historic moment to blend tradition and innovation: to bring ethics back into the economy through just technology. As Hazik Mohamed and Hassnian Ali assert, the future of the Islamic digital economy is not just about the digitalization of transactions, but about the reconstruction of values—from efficiency to ethics, from technology to taqwa.

BLOCKCHAIN AND THE ISLAMIC DIGITAL ECONOMY

The era of the Industrial Revolution 4.0 marks a fundamental change in the global economic and financial system. Technologies like blockchain, big data, and artificial intelligence have changed the way society transacts, invests, and interacts. The book by Hazik Mohamed and Hassnian Ali explains how Islam, with its principles of ethics and social justice, can lead a new direction in the digital financial world.

According to the authors, the 2008 global financial crisis was a turning point for the birth of blockchain technology as an alternative trust mechanism. The world lost trust in conventional financial institutions laden with speculation, and technology became a new means to build a transparent, secure, and participatory system. The global wave of digitalization has given rise to major disruption in the

financial world. The technology-based financial revolution—financial technology or fintech—not only changed the way people transact but also challenged the conventional financial system that often lost public trust after the 2008 global financial crisis. In this context, Blockchain, Fintech, and Islamic Finance by Hazik Mohamed and Hassnian Ali offers a new vision: building an Islamic Digital Economy that is ethical, transparent, and oriented towards maqasid al-shariah.

Fintech (financial technology) does not just create digital payment tools; it changes the architecture of the economy. The book outlines the evolution of fintech in four phases:

a. Fintech 1.0 (1866–1987) – The beginning of the integration of finance and technology, marked by the telegraph and ATM.
b. Fintech 2.0 (1987–2008) – The digitalization of the banking system and the emergence of internet banking.
c. Fintech 3.0 (2008–present) – The emergence of innovative startups and peer-to-peer finance.
d. Fintech 3.5 – The adaptation of fintech in developing countries, including the Islamic world.

Fintech promotes financial inclusion by opening access for the unbanked and underbanked communities. This aligns with Islamic principles that emphasize distributive justice and social empowerment.

One of the main issues in modern finance is the crisis of trust. Blockchain arrives as a technological solution that enables secure, transparent, and intermediary-free transactions. From an Islamic perspective, this system is in line with the values of amanah and adl (justice), and can reduce the practices of riba, gharar, and fraud. Blockchain is at the core of modern financial innovation. This technology allows for the recording of transactions in an open and immutable manner, thereby building a more secure and transparent financial system. From an Islamic perspective, blockchain is consistent with the values of amanah (trust) and adl (justice).

The book presents a number of potential applications of blockchain in the Islamic financial sector:

a. Smart contracts for the automation of Shariah contracts such as murabahah and ijarah.
b. Digital sukuk and transaction settlement systems based on distributed ledgers.
c. Transparent and accountable digital waqf and zakat platforms.
d. Blockchain-based takaful, enabling automated and efficient claims.
e. Protection of intellectual property rights and digital media.

Through these innovations, blockchain not only becomes a tool for efficiency but also a new foundation for a just and risk-sharing Islamic finance.

Islamic Fintech, according to Hazik and Ali, is not a "digital duplication" of the conventional system. It demands the integration of maqasid al-shariah values (As-Salafiyah et al., 2022)—such as justice (adl), welfare (maslahah), and transparency (amanah)—into the design of the technology. Islamic Fintech does not merely imitate the conventional system with a Shariah label. It requires an integration of technological innovation and principles of social justice. The book emphasizes the importance of alignment between Islamic values and technology: humans as stewards (khalifah) must use innovation for the common good, not for exploitation.

Muslim countries are now beginning to move in this direction:

a. Malaysia and Indonesia are actively developing digital waqf and zakat crowdfunding platforms.
b. Bahrain and the United Arab Emirates are creating regulatory sandboxes to support Islamic fintech startups.
c. Turkey and Pakistan are developing digital Shariah microfinance ecosystems.

This approach is not only an economic innovation but also a social mission to create an inclusive and dignified financial system.

CHALLENGES AND THE FUTURE

Building an Islamic Digital Economy is not just a technology project, but a civilizational agenda. The integration of Shariah values and digital innovation requires a solid intellectual, institutional, and social foundation. It is in this context that Hazik Mohamed and Hassnian Ali highlight a number of fundamental challenges that need to be overcome so that the digital transformation of Islamic finance can be sustainable, inclusive, and in line with maqasid al-shariah.

Limited Human Resource Capacity

The first challenge is the competence gap. The Islamic world still faces a shortage of experts who can master both fields simultaneously: Shariah finance and cutting-edge digital technologies like blockchain, data

analytics, artificial intelligence, and smart contract programming. Most professionals in Islamic financial institutions are still oriented towards conventional models and are not ready to face digital disruption. As a result, technology adoption in these institutions is slow and tends to be reactive. In the long run, this could cause the Islamic financial sector to lag behind global innovation. Therefore, cross-disciplinary capacity-building initiatives are needed—combining education in Islamic economics, financial technology, and digital ethics. Universities, research institutions, and regulators need to collaborate to build "Shariah digital talent" as the backbone of the new economy.

Unadaptive Regulation

The second challenge is regulation. Many Muslim countries are still in the early stages of preparing a regulatory framework for fintech and blockchain, let alone one based on Shariah principles. The absence of a clear legal framework often leaves innovators in Islamic digital finance operating in a grey area. Some countries like Malaysia and Bahrain have moved forward by creating regulatory sandboxes that allow fintech experiments within safe limits. However, in many other regions, policies are not yet synchronized between financial authorities, Shariah bodies, and technology regulators. Yet, the Islamic digital economy requires laws that are responsive, adaptive, and able to maintain a balance between innovation and Shariah compliance. The harmonization of international regulations among Muslim countries is also an urgent need to facilitate cross-border transactions and digital halal investment.

Digital Infrastructure and Access

Digital transformation will be meaningless without adequate infrastructure. The inequality of internet and technology access is still a reality in many Muslim countries, especially in Africa and South Asia. Low internet penetration, weak digital payment systems, and high transaction costs hinder Shariah financial inclusion. The book asserts that the Islamic digital economy must be inclusive—reaching rural communities, women, and lower economic groups who have long been marginalized from the formal financial system. Therefore, investment in digital infrastructure, electronic identity systems (digital ID), and financial literacy education is a moral as well as an economic imperative.

Institutional and Organizational Culture

No less important is the challenge of organizational culture. Some Islamic financial institutions are still stuck in the "comfort zone" of traditional business models based on physical assets and bureaucratic hierarchies. Digital transformation is often seen as a threat to institutional stability, not as an opportunity for innovation. Hazik and Ali emphasize that the success of digital transformation depends on mindset agility—the ability of institutions to adapt, experiment, and collaborate with the startup ecosystem. Without this paradigm shift, the Islamic digital economy risks becoming just a slogan, not a real movement.

Ethical and Cybersecurity

Challenges Digital technology brings efficiency, but also new risks: data breaches, misuse of algorithms, and information manipulation. In the context of Islamic finance, this raises deep ethical questions: how to ensure that an artificial intelligence-based system remains fair and does not oppress certain parties? How to guarantee the security of the community's funds on digital platforms? The authors emphasize the need to strengthen digital ethics—digital ethics based on Islamic values. The principles of amanah (trust), mas'uliyyah (accountability), and hisbah (moral oversight) must be part of the system's design, not just guidelines for user behavior. This is where the urgency of creating "Shariah-ethical AI" and cybersecurity policies aligned with the value of justice lies (As-Salafiyah et al., 2023).

Ecosystem Fragmentation and Lack of Collaboration

The Islamic digital economy is currently still scattered in small, fragmented initiatives. Many Shariah fintech projects run independently without integration with payment systems, zakat institutions, or large financial institutions. Yet, the strength of blockchain lies precisely in its collaborative network. The book's authors stress the importance of building an Islamic digital ecosystem—a collaborative network between governments, Shariah banks, fintech startups, zakat-waqf institutions, and universities. This cross-sector collaboration will strengthen interoperability, standardization, and the scale of the Islamic digital economy. The principle is that collaboration is better than competition.

Although the challenges are complex, the prospects for the Islamic digital economy are very promising. A tech-savvy young Muslim population,

increasing demand for digital halal products, and an ethical awareness of just finance are the main driving factors. Hazik Mohamed and Hassnian Ali believe that the future of Islamic digital finance will be determined by three main pillars: (1) Value-based innovation—technology as a means to achieve maqasid al-shariah; (2) Global connectivity—building networks across Muslim and non-Muslim countries that promote transparency and trust ; and (3) Intellectual and moral leadership—making the Islamic world a pioneer of an ethical digital economy, not just a user of technology. With this foundation, the Islamic digital economy has the potential to become a new model for the world economy: a system that is not only technologically efficient but also morally dignified.

CONCLUSION

The book Blockchain, Fintech, and Islamic Finance asserts that the future of Islamic finance lies in an ethical digital transformation. Fintech and blockchain, when guided by maqasid al-shariah, can become a means of reconstructing a more just, transparent, and inclusive economic system. The Islamic digital economy is not merely a technological adaptation, but a moral movement to uphold global economic justice.

The book invites readers to see the future of Islamic finance within the framework of the digital revolution. By combining the values of maqasid al-shariah and technological innovation, Muslims can build a more just, inclusive, and sustainable economic system. Fintech and blockchain, if managed ethically, can be a means for a new awakening of the Islamic world in the 21st-century global economy.

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