



Blockchain, Fintech, and Islamic Finance: Towards an Islamic Digital Economy

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The book 'Blockchain, Fintech, and Islamic Finance' by Hazik Mohamed and Hassnain Ali discusses the role of financial technology—especially blockchain and smart contracts—in transforming the Islamic financial system in the digital economy era. The book argues that fintech is not just a tool of operational efficiency, but a new institutional foundation to revive core principles of Islamic finance such as fairness, transparency, and risk-sharing. By linking the development of digital technology with maqāṣid al-sharī'ah, the author offers a conceptual and practical framework for the sustainable development of the Islamic digital economy. This article summarizes the book's main contributions as well as situates it in the academic discourse of contemporary Islamic finance. Overall, Blockchain, Fintech, and Islamic Finance are important contributions to contemporary Islamic financial literature. This book successfully integrates technological discourse with Islamic normative values and offers a strategic vision for the future of the Islamic digital economy. For academics, policymakers, and practitioners, this work provides a powerful conceptual framework for understanding how technology can be a catalyst for the rise of risk-sharing and fairness principles in Islamic finance.

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INTRODUCTION

In the last two decades, the global financial system has undergone significant transformation due to advances in digital technology. Innovations in the field of financial technology (fintech) have changed the way people access financial services through payment digitization, peer-to-peer lending, crowdfunding, and financial contract automation. These developments have not only improved financial efficiency and inclusion, but also shifted the institutional structure of the financial industry from a centralized system to a more decentralized and platform-based model. However, the digital transformation also raises fundamental questions about the sustainability of ethical values, fairness, and trust in the modern financial system.

In the context of Islamic finance, these challenges become more complex. Normatively, Islamic finance is built on the principles of risk-sharing, distributive justice, transparency, and the prohibition of exploitation through usury. In practice, however, the modern Islamic finance industry tends to replicate conventional financial structures with the dominance of debt-based contracts. This phenomenon is often understood as a pragmatic compromise against the limitations of the regulatory, technological, and institutional environment that has not supported the effective implementation of profit-sharing-based contracts. As a result, the transformative potential of Islamic finance as a more equitable and value-oriented alternative system has not been fully realized.

Hazik Mohamed and Hassnian Ali position the problem as a structural and institutional crisis, not merely a matter of fiqh or sharia compliance. According to them, the low-trust environment in the modern financial system—both conventional and Islamic—has forced financial institutions to rely on contracts that are easily verifiable but do not reflect the principles of substantive justice. In this context, Islamic finance has lost its strongest characteristic, namely the risk-sharing mechanism, due to the limitations of technology and governance that are able to ensure transparency and accountability of transactions (Riani et al., 2025).

The book *Blockchain, Fintech, and Islamic Finance* is here to fill this conceptual and practical gap by making the argument that the development of fintech—especially blockchain technology and smart contracts—can be an institutional solution for Islamic finance. In contrast to an approach that sees technology only as a tool of efficiency, the authors

place blockchain as a trust-enabling infrastructure that is inherently aligned with Islamic values. The characteristics of blockchain that are decentralized, cannot be manipulated, and can be audited in real time are seen as able to overcome the problems of information asymmetry and moral hazard that have been hindering the implementation of partnership-based sharia contracts.

Furthermore, the author associates the adoption of fintech with a broader vision, namely the development of the Islamic Digital Economy. In this framework, digitalization is not understood as the ultimate goal, but rather as a means to realize *maqāṣid al-sharī'ah* (As-Salafiyah et al., 2022) in the context of contemporary economics. Digital technology is positioned as an enabler for a more equitable, inclusive, and social-welfare-oriented economic system, covering the financial sector, trade, Islamic philanthropy, and public governance. Thus, the book not only contributes to the discourse of Islamic technology and finance, but also offers a new paradigm of how Islamic values can be institutionalized in the global digital economy.

Fintech and the Challenges of Islamic Finance

The author highlights that the dominance of debt-based contracts in modern Islamic financial practice is not solely a matter of fiqh, but also an institutional and technological issue. The current financial system is not able to support risk-sharing contracts efficiently and transparently. Fintech, in the author's view, has the potential to be a solution because it is able to reduce transaction costs, increase transparency, and reduce information asymmetry—the three main obstacles in the implementation of sharia principles.

The book's main contribution lies in the analysis of blockchain as a trust-enabling technology. Blockchain allows for the recording of transactions that cannot be manipulated, decentralized, and can be audited in real time. With the support of smart contracts, sharia contracts such as *mushārakah*, *muḍārabah*, and *wakālah* can be automated according to the terms of the contract that has been agreed. The author argues that this technology is inherently in line with Islamic values, especially honesty (*ṣidq*), justice (*'adl*), and trust.

This book does not stop at the technical aspect, but goes further by proposing the concept of Islamic Digital Economy. Fintech and blockchain are seen as the basic infrastructure for the Islamic economic ecosystem which includes the financial

sector, trade, philanthropy (zakat and waqf), and public governance. The author emphasizes that the adoption of technology must remain oriented towards maqāṣid al-sharī'ah, not just efficiency or profitability. Thus, digitalization is positioned as a means of value transformation, not the goal itself.

Mohamed and Ali (2022) emphasized the need for an active role for regulators, Islamic financial institutions, and policymakers in institutionalizing blockchain technology. Without the support of adaptive sharia regulations and standardization, the potential of fintech will not be optimal. This book is relevant for Muslim-majority countries that want to build a fairer, more inclusive, and faith-based financial system.

CONCLUSION

Overall, Blockchain, Fintech, and Islamic Finance are important contributions to contemporary Islamic financial literature. This book successfully integrates technological discourse with Islamic normative values and offers a strategic vision for the future of the Islamic digital economy. For academics, policymakers, and practitioners, this work provides a powerful conceptual framework for understanding how technology can be a catalyst for the rise of risk-sharing and fairness principles in Islamic finance.

The book *Blockchain, Fintech, and Islamic Finance* by Hazik Mohamed and Hassnian Ali emphasizes that the main challenge of contemporary Islamic finance does not lie in the lack of normative principles, but in the institutional and technological limitations in operationalizing these principles consistently. The dominance of debt-based contracts in modern Islamic financial practice demonstrates the gap between the normative ideal of risk-sharing and the reality of a financial system operating in a high-cost, information-asymmetry, and low-trust environment. In this context, the book offers an important contribution by positioning fintech—specifically blockchain and smart contracts—as structural solutions, not just additional technical innovations.

One of the book's main conceptual contributions is the redefinition of the role of technology in Islamic finance. Blockchain is understood as a trust infrastructure that is able to reduce the need for a central intermediary and expensive oversight mechanisms. With the characteristics of transparency, immutability, and contract automation, this technology reopens the space for the implementation of partnership-based sharia

contracts that have been considered difficult to implement on a large scale. Thus, this book implicitly reinforces the argument that Islamic financial revitalization cannot be separated from institutional innovation underpinned by digital technology.

Furthermore, this book contributes to the development of the Islamic Digital Economy paradigm which places maqāṣid al-sharī'ah as the main normative framework in the digitalization process. The authors reject a view that views technology as the ultimate goal, and instead emphasizes that the values of justice, social welfare, and moral responsibility should be the main orientation in fintech adoption. This perspective distinguishes their approach from much of the conventional fintech literature that tends to emphasize efficiency and growth without considering the ethical dimension in depth.

In terms of policy implications, this book underscores the importance of the role of regulators, sharia standards institutions, and public policymakers in creating an ecosystem conducive to sharia-compliant digital innovation. Without an adaptive regulatory framework and collaboration between scholars, technologists, and financial practitioners, the potential of blockchain in reforming Islamic finance risks being reduced to mere digital replication of conventional practices. Therefore, the institutionalization of technology is an inevitable strategic agenda for countries with aspirations to build a sustainable Islamic economy.

In closing, the book *Blockchain, Fintech, and Islamic Finance* can be seen as a pioneering work that opens up new directions in Islamic financial discourse and the digital economy. Although it is still conceptual and normative in some parts, this book succeeds in laying the theoretical foundation and strategic vision for further research, both in the form of empirical testing, business model development, and public policy evaluation. As such, this work is not only relevant for academics, but also for practitioners and policymakers seeking to build a more equitable, transparent, and value-oriented Islamic financial system in the digital age.

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