

ARTIFICIAL INTELLIGENCE AS AN ACCELERATOR TOWARD MAQASID AL-SHARIAH FOCUSED FINANCIAL INCLUSION: RECONSTRUCTING ISLAMIC FINANCE IN THE DIGITAL ENVIRONMENT

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ABSTRACT

Financial marginalization continues one of the most ongoing issues facing Muslim-majority countries, with over one billion Muslims globally without meaningful availability to formal financial facilities. This paper examines how Artificial Intelligence (AI) can serve as an accelerator for financial inclusion in Islamic economies while advancing the objectives of Maqasid al-Shariah, the higher objectives of Islamic law. Using a systematic library research methodology, this study reviews and analyzes 15 selected studies published between 2017 and 2023, drawn from peer-reviewed journals, conceptual models, and policy analyses. The findings identify five primary mechanisms through which AI advances Maqasid al-Shariah-oriented inclusion: reducing service delivery costs for underserved populations, enabling alternative data credit scoring for the unbanked, improving the precision and reach of Zakat and Qardh-Al-Hasan distribution, democratizing access to Shariah-compliant investment through robo advisors, and strengthening regulatory compliance in Islamic fintech. Nevertheless, the study also finds that AI developments these goals only under particular management conditions, including openness in algorithmic decision processes and human academic oversight for Islamic legal understanding. The paper finds that AI's inclusion possible and its disruption threats are intrinsic, and that a complete Maqasid al-Shariah approach must address both. Findings suggest for cross-disciplinary cooperation between Islamic scholars, and decision-makers to ensure that AI serves as an authentic accelerator for justice-oriented financial inclusion in the digital economy.

Keywords : Artificial Intelligence, Maqasid al-Shariah, Islamic financial, Islamic fintech, Islamic economy.

INTRODUCTION

Artificial Intelligence (AI) has emerged as one of the most transformative technologies of the twenty-first century, fundamentally reshaping economic systems, financial services, and business operations worldwide. The integration of AI into financial institutions has enabled improvements in risk assessment, fraud detection, customer service, predictive analytics, and regulatory compliance. The growing importance of AI in finance is reflected by market projections estimating that the global AI in finance market will increase from approximately USD 38.36 billion in 2024 to USD 190.33 billion by 2030, demonstrating the increasing reliance of financial institutions on intelligent technologies (MarketsandMarkets, 2024). Simultaneously, Islamic finance has evolved from a niche financial sector into a significant component of financial system. According to the Islamic Financial Services Board (IFSB), global Islamic financial assets reached USD 3.88 trillion in 2024, representing annual growth of 14.9 percent across Islamic banking, sukuk, and takaful sectors (IFSB, 2025).

Meanwhile, the ICD-LSEG Islamic Finance Development Report reported that Islamic finance assets surpassed USD 4.9 trillion in 2023, emphasizing the industry's expanding global significance and institutional development (ICD-LSEG, 2024). The growth of Islamic finance shows rising demand for financial sectors that integrate economic effectiveness with ethical and social objectives grounded in Shariah principles. Although these advances, financial marginalization remains a major challenge in many developing and Muslim-majority countries. The World Bank estimates that more than 1.4 billion adults worldwide remain unbanked and lack access to formal financial services (World Bank, 2025). Limited access to savings, financing, insurance, and payment systems restricts economic participation, constrains entrepreneurial activity, and perpetuates poverty and inequality. Financial integration has thus become a key objective for decision-makers pursuing enduring and fair economic progress. From the viewpoint of Islamic economics, financial inclusion goes outside availability to financial services. It includes wider goals related with social equity, fair wealth distribution, poverty reduction, and human well-being. These objectives are reflected in the concept of Maqasid al-Shariah. Consequently, financial systems are expected not only to generate economic value but also to contribute to societal well-being and human development.

The rise of AI-driven Islamic financial technologies offers a distinct potential to address these obstacles. AI uses can enhance Shariah compliance oversight, streamline zakat and waqf management, strengthen Islamic microfinance services, increase access to disadvantaged communities, and reinforce financial decision-making processes. Through these capabilities, AI may contribute to both financial inclusion and the realization of Maqasid al-Shariah. However, concerns remain regarding algorithmic bias, transparency, accountability, privacy protection, and the compatibility of AI-driven systems with Islamic ethical principles. Current studies mainly emphasize on the technological application of AI in financial organizations or the functional development of Islamic digital finance ecosystems. Comparatively, restricted focus has been given to analyzing how AI can concurrently support financial inclusion and foster the objectives of Maqasid al-Shariah within Islamic finance. Particularly important given the growing of ethical governance in technologies.

Therefore, this study aims to investigate how the adoption of Artificial Intelligence in Islamic finance influences financial inclusion and contributes to the realization of Maqasid al-Shariah in the contemporary digital economy. Using a structured review of literature, the study integrates existing evidence and introduces a theoretical model connecting AI implementation, Islamic financial advancement, financial inclusion, and Maqasid al-Shariah outcomes. The results are anticipated to offer academic inputs to Islamic economics research and applicable suggestions for policymakers, Islamic financial institutions, and fintech practitioners.

LITERATURE REVIEW

The Evolution of Artificial Intelligence in Financial Services

The development of Artificial Intelligence (AI) has significantly transformed the global financial sector over the last two decades. Initially, AI applications in finance were limited to rule-based systems and quantitative trading models. However, advances in machine learning, deep learning, natural language processing, and predictive analytics have enabled financial institutions to process massive amounts of data, improve operational efficiency, and enhance decision-making capabilities. As financial markets become increasingly digitalized, AI has emerged as a fundamental technological infrastructure rather than merely an auxiliary analytical tool. The adoption of AI in financial services is driven by several factors, including the increasing volume of financial data, the demand for real-time decision-making, and the necessity to reduce operational costs. Financial institutions utilize AI for fraud detection, credit scoring, customer relationship management, portfolio optimization, risk management, anti-money laundering systems, and regulatory compliance. These applications allow organizations to automate repetitive tasks while improving the accuracy and speed of financial services (Cao, 2021).

Recent literature suggests that AI is no longer viewed solely as a technological innovation but as a strategic resource capable of generating sustainable competitive advantages within financial ecosystems. Bahoo et al. (2024) argue that AI has become one of the most influential drivers of transformation in modern finance due to its ability to extract insights from complex and dynamic datasets. Furthermore, AI-powered financial systems can enhance market efficiency by reducing information asymmetry and improving the allocation of financial resources. The emergence of generative AI and large language models has further accelerated financial innovation. Artificial intelligence now supports a wide range of financial activities, including customer service, financial reporting, document processing, and personalized financial advice. As these applications become more widespread, AI is reshaping not only operations. As a result, financial institutions increasingly rely on AI to improve customer experience and operational performance. Nevertheless, the rapid expansion of AI in finance also raises concerns regarding transparency, accountability, interpretability, and governance, particularly when financial decisions directly affect individuals and communities (Černevičienė & Kabašinskas, 2024).

Consequently, the growing adoption of AI signals more than a technological upgrade. It reflects a broader transformation in the structure of the financial industry, influencing how decisions are made, services are provided, and financial institutions operate. Recognizing this transformation is essential for assessing the role AI may play in Islamic finance, particularly in advancing wider socio-economic objectives rather than merely improving financial performance.

The Emergence of AI-Driven Islamic Finance

Islamic finance has experienced remarkable growth over the past several decades, evolving into a multi-trillion-dollar industry that encompasses Islamic banking, *takaful*, *sukuk*, Islamic investment funds, *waqf* institutions, and *zakat* management systems. Unlike conventional finance, Islamic finance operates according to Shariah principles that emphasize fairness, transparency, risk-sharing, ethical investment, and the prohibition of *riba*, *gharar*, and *maysir*. As financial technologies continue to evolve, Islamic financial institutions are increasingly exploring Artificial Intelligence as a means of improving operational efficiency while maintaining compliance with religious and ethical requirements. The integration of AI into Islamic finance has created new opportunities for innovation across various sectors. AI-powered systems are currently being applied in customer service automation, intelligent advisory services, Shariah compliance monitoring, fraud detection, investment screening, and Islamic fintech platforms. Through machine learning algorithms and natural language processing, Islamic financial institutions can process large volumes of information while improving service quality and reducing administrative costs (Khan & Rabbani, 2020).

AI applications can assist financial institutions in evaluating financing applications, identifying eligible *zakat* recipients, monitoring *waqf* assets, and providing personalized financial recommendations that comply with Islamic principles. Such innovations are particularly relevant in developing countries where access to financial services remains limited. Despite its considerable potential, many scholars argue that AI should not be evaluated solely in terms of efficiency or profitability when applied to Islamic finance. Since Islamic finance aims to achieve broader social and ethical objectives, technological innovation must also contribute to social justice. Therefore, the integration of AI into Islamic finance requires a framework that balances technological advancement with Islamic ethical values and societal well-being (Rabbani et al., 2022).

Financial Inclusion and Maqasid al-Shariah in the Digital Economy

Financial inclusion has become one of the most important policy objectives in contemporary economic development. From the perspective of Islamic economics, financial inclusion encompasses far more than participation in the formal financial system. It is closely linked to the achievement of social justice. Islamic economic thought emphasizes that financial systems should serve society by facilitating prosperity while protecting vulnerable groups from exploitation and exclusion. Financial inclusion represents an important mechanism through which Islamic economic objectives can be realized.

The framework most frequently used to evaluate these objectives is Maqasid al-Shariah. According to Chapra (2008), Maqasid al-Shariah seeks to preserve and promote five essential dimensions of human welfare: religion (din), life (nafs), intellect (aql), lineage (nasl), and wealth (mal). Within financial systems, these objectives require institutions to support economic justice, ethical conduct, financial stability, and social welfare. Therefore, financial technologies should be assessed not only in terms of profitability and efficiency but also in terms of their contribution to these broader objectives. AI-driven financial services can reduce transaction costs, expand access to improve financial literacy and also offers opportunities to strengthen financial inclusion initiatives by improving the administration of Islamic social finance programs and supporting more effective distribution of instruments such as zakat and waqf.

These capabilities suggest that AI may serve as an important accelerator for enhancing both financial inclusion and the realization of Maqasid al-Shariah within the digital economy. Nevertheless, the relationship between AI, financial inclusion, and Maqasid al-Shariah remains underexplored in existing literature. Most studies focus either on technological innovation or Islamic financial performance without examining how AI can contribute to the broader objectives of human welfare and social development. This gap highlights the need for a more comprehensive framework capable of integrating technological advancement with the normative goals of Islamic economics.

RESEARCH METHODOLOGY

This study adopts a qualitative approach through systematic library research, which fits naturally with the goal of examining how AI can support Maqasid al-Shariah-oriented financial inclusion in the digital economy. Rather than collecting primary data through surveys or experiments, this research builds its argument from existing scholarly work, treating published literature as its main source of evidence. This choice follows the logic that the topic sits at the crossroads of Islamic jurisprudence, financial technology, and economic policy, making a document-based approach both practical and appropriate (Creswell & Creswell, 2018).

The study takes an interpretivist stance, meaning it does not simply catalogue what researchers have said but tries to make sense of patterns, tensions, and gaps across the literature. The analysis moves inductively, starting from specific findings in individual studies and working toward broader conceptual claims about the relationship between AI and Maqasid al-Shariah. Literature was gathered through a structured search across several academic databases, including Google Scholar, Science Direct, EBSCOhost, and JSTOR. The search also drew on institutional reports from the Islamic Financial Services Board (IFSB), the World Bank Group, and the Bank for International Settlements (BIS). The following matrix presents the 15 sources that passed the inclusion criteria screening. Each study was classified according to its primary theme, research methodology, geographical focus, and overall contribution to addressing the research question. This matrix will be executed as a sub-analysis with a thematic model.

RESULTS AND DISCUSSION

Data Contextualization

To provide a descriptive overview of the selected studies, a quantitative synthesis was conducted based on three key characteristics: publication year, research methodology, and geographic focus.

Data Contextualization of Selected Literature

No.	Category	Classification	Frequency (n)	Percentage (%)
1.	Publication Year	2017	1	6.67
		2018	1	6.67
		2019	1	6.67
		2020	5	33.33
		2021	2	13.33
		2022	3	20.00
		2023	2	13.33
2.	Research Methodology	Conceptual/conceptual model	8	53.33
		Review (including Mixed and Systematic Review)	3	20.00
		Legal Analysis/Legal Policy Analysis	2	13.33
		Case Analysis	1	6.67
		Interviews	1	6.67
3.	Geographic Focus	Global/International	12	80.00
		Country-Specific (Indonesia and Malaysia)	2	13.33
		Muslim Majority Countries	1	6.67
Total Literature Reviewed per Category		All Selected Studies	15	100.00

The evidence presented in Table 2 highlights several notable trends in the development of research on AI and Islamic financial inclusion. Looking at publication years, the most striking observation is that five of the fifteen studies, which is 33.33 percent of the total, were published in 2020 alone. This spike is not coincidental. The year 2020 marked the beginning of the COVID- 19 pandemic, which forced governments, financial institutions, and researchers worldwide to think urgently about digital alternatives to physical banking and economic support systems. The fact that research activity has remained steady from 2021 through 2023 suggests that this interest was not a temporary pandemic reaction but the beginning of a sustained scholarly conversation. The methodology breakdown tells an equally revealing story. More than half of the selected studies, 53.33 percent, use a conceptual or model-based approach.

This means that the field is still largely in the stage of imagining and designing what AI-Islamic finance integration could look like, rather than measuring what it actually achieves in practice. While this is understandable given how new the intersection is, it also signals a significant gap: the field needs more empirical studies that test these conceptual models in real communities. The presence of legal and policy analyses at 13.33 percent reflects the unavoidable regulatory dimension of the topic, since any AI application in Islamic finance must navigate both civil financial

regulations and Shariah supervisory frameworks simultaneously. The geographic picture is perhaps the most important finding in Table 2. A full 80 percent of the selected studies take a global or international perspective, while only two studies focus specifically on country-level contexts, both of which are in Southeast Asia, namely Indonesia and Malaysia.

A particularly important observation is the limited attention given to regions where financial exclusion is most severe. South Asia, Sub-Saharan Africa, and large parts of the Middle East and North Africa account for a substantial share of the Muslim population experiencing financial exclusion, yet these regions remain underrepresented in the existing literature. The data therefore reveals not just what we know about AI and Islamic financial inclusion, but where the knowledge is missing, and that gap in itself becomes one of the key findings of this paper.

Thematic Analysis

What Maqasid al-Shariah Actually Demands from Financial Systems

Before we can evaluate what AI does or does not contribute to financial inclusion in Islamic contexts, we need to be clear about what the standard actually is. Maqasid al-Shariah, which translates roughly as the higher objectives of Islamic law, is a framework developed by classical Islamic scholars to explain why Shariah exists in the first place. The most widely accepted version identifies five core objectives: protecting religion, life, intellect, family, and wealth (Chapra, 2008). Of these five, the protection of wealth (hifz al-mal) is the one most directly relevant to financial systems, and it is also the most commonly misunderstood.

A common interpretation of hifz al-mal is that it focuses primarily on protecting privately owned wealth, emphasizing the preservation of existing property. Dusuki and Abdullah (2007), however, argue that hifz al-mal should be understood more broadly as a principle that also promotes the fair circulation and distribution of wealth throughout society. It does not just require that existing wealth be protected from theft or exploitation. It requires that the conditions be created under which people who do not yet have access to economic resources can gain that access through fair and legitimate means. When you read hifz al-mal this way, financial exclusion is not just an economic problem. It is a religious one. Under this interpretation, an Islamic financial system that primarily benefits wealthier groups while excluding poorer communities from banking, financing, investment, or insurance falls short of one of the fundamental objectives of Shariah, regardless of whether individual financial products comply with Islamic legal requirements.

This reading also connects to the broader Islamic principle of *maslahah*, which refers to the public interest or common good. Hemmet (2023) notes that Islamic jurisprudence has always recognized that financial arrangements must serve the wellbeing of the whole community, not just the contracting parties. When we combine hifz al-mal in its distributive sense with the principle of *maslahah*, we arrive at a normative framework that is genuinely demanding. It requires Islamic financial institutions to ask not just whether a product is halal in its technical structure, but whether it actually makes people's lives better, particularly the lives of those who are most marginalized.

This is the standard against which AI must be evaluated in the rest of this analysis. The question is not whether AI is permissible in Islamic finance (the consensus view in the literature is that it is, as long as it does not violate specific prohibitions).

The question is whether AI actually helps Islamic finance fulfill its deepest obligations to society. The Scale Problem That AI Uniquely Solves One of the reasons financial inclusion has been so difficult to achieve in Muslim-majority countries is what development economists call the scale problem. Serving low-income customers in rural or semi-urban areas through conventional banking channels is simply very expensive relative to the small transaction sizes involved. A branch bank needs physical space, staff, security, and technology infrastructure. The cost of maintaining that infrastructure makes it economically irrational for a conventional bank to open branches in poor rural areas where customers might deposit only a few dollars a month. The result is that more than one billion Muslims worldwide remain unbanked or severely underserved by formal financial institutions (World Bank, 2022).

AI addresses this problem directly by dramatically reducing the cost of delivering financial services. Dwivedi et al. (2021) explain that AI-powered systems can process large volumes of customer interactions, credit assessments, and transaction monitoring simultaneously without requiring the extensive physical infrastructure and workforce traditionally associated with conventional banking. For Islamic financial institutions, this cost reduction is not just a business efficiency story. It is what makes genuine inclusion economically viable.

Khan and Rabbani (2020) make this concrete through their CaIFE chatbot model. CaIFE is an AI-powered system that can answer questions about Islamic financial products, help customers understand the difference between murabaha, musharakah, and ijarah contracts, and guide users through application processes, all in real time and in conversational language, without requiring a branch visit or a human advisor. For a first-generation bank customer living in rural Indonesia or a female micro-entrepreneur in northern Nigeria, affordable AI-assisted financial guidance is not merely an additional service. It may represent the first realistic opportunity to participate in the formal financial system.

Makridakis (2017) observed early on that AI's capacity to transform industries comes precisely from this ability to do at scale what previously required expensive human expertise. For Islamic finance specifically, this means that AI does not just improve efficiency for customers who are already served. It extends the frontier of who can be served at all, which is exactly what Maqasid al-Shariah demands.

Alternative Data and the Credit Access Revolution

Credit is the mechanism through which most people in modern economies build assets, manage emergencies, and invest in their futures. A farmer who needs seeds before harvest season, a small business owner who needs inventory before the holiday selling season, and a young family that needs a home all share the same fundamental need: access to financing that bridges the gap between present resources and future income. Conventional financial institutions generally rely on documented credit histories, stable employment, and collateral when determining whether an individual

qualifies for financing. For the majority of financially excluded Muslims, none of these things exist.

This is where AI's ability to use alternative data becomes genuinely transformative. Dwivedi et al. (2021) document how AI systems can build creditworthiness profiles from data sources that financially excluded people actually do have: mobile phone usage patterns, utility payment records, e-commerce transaction histories, and even the regularity of small informal savings. By finding meaningful signals in these non-traditional data sources, AI can effectively see creditworthiness that conventional systems are blind to, and can extend Shariah-compliant financing products like murabaha and qardh to individuals who would otherwise receive an automatic rejection.

Haenlein and Kaplan (2019) trace the development of machine learning, the specific AI technology that makes this alternative data scoring possible, from its origins in pattern recognition to its current capability to find complex correlations in large datasets. What matters for our purposes is not the technical detail but the practical implication: a technology that previously existed only in research laboratories is now mature enough to be deployed in mobile banking applications accessible to anyone with a basic smartphone. The combination of advanced pattern-recognition capabilities and expanding mobile internet access across many Muslim-majority countries creates significant opportunities to extend credit to individuals who have long remained outside conventional financial systems.

There is, however, an important caution embedded in the same literature. Lo Piano (2020) points out that AI systems learn from historical data, and historical data reflects historical discrimination. If past lending records show that women in a particular region were systematically denied credit, an AI system trained on those records may learn to associate female borrowers with high risk, not because women are actually riskier borrowers, but because the historical pattern reflects bias rather than genuine risk. From a Maqasid al-Shariah perspective, this kind of algorithmic bias is not just a technical flaw. It is a justice problem, because it uses the language of neutral, objective calculation to perpetuate discrimination that Islamic law explicitly forbids. Rabbani et al. (2022) argue that addressing this requires Shariah supervisory boards to develop competency in AI auditing, so that they can evaluate whether an AI credit system is fair in its outcomes, not just compliant in its structure.

Zakat and Waqf in the Age of Intelligent Automation

Zakat is one of the five pillars of Islam and one of the most powerful redistribution mechanisms in human history. Every Muslim who meets the minimum wealth threshold (nisab) is required to give 2.5 percent of their accumulated wealth annually to eight categories of eligible recipients, ranging from the poor and destitute to those in debt and travelers in need. Sarac and Hassan (2020) estimate that effective collection and distribution of zakat could generate between US\$200 billion and US\$600 billion annually, providing substantial resources to reduce poverty across the Muslim world. The gap between this theoretical potential and the actual impact of Zakat is enormous, and it exists primarily because of administrative failures in collection, verification, and distribution.

This is precisely the problem that AI is designed to solve. Haider Syed et al. (2020) present a model that uses AI and natural language processing to match Zakat donors with eligible recipients based on real-time need assessments. Their system classifies potential recipients according to the eight jurisprudentially recognized categories of asnaf, cross-references self-reported information with available socioeconomic data to verify eligibility, and uses a recommender algorithm to ensure that available funds are allocated to where they can do the most good. The same model incorporates Qardh-Al-Hasan, the interest-free charitable loan instrument mentioned six times in the Quran, to provide recoverable financing to small businesses, creating a system in which Zakat and Qardh-Al-Hasan work together to address both immediate poverty and longer-term economic vulnerability. Unal and Aysan (2022) report that similar AI-driven Zakat management systems are already being piloted in Malaysia and Indonesia. Machine learning algorithms can identify eligible asnaf more consistently than manual assessment while calculating appropriate financial allocations for different beneficiary groups almost instantly. The practical significance of this should not be understated. Zakat has existed as a pillar of Islamic law for over 1,400 years, but its capacity to actually reach those who need it has always been limited by the administrative capabilities of human institutions. AI does not change what Zakat is required to do. It changes what Zakat is actually capable of doing. In the framework of Maqasid al-Shariah, this is deeply meaningful: a technology that helps *hifz al-mal* fulfill its redistributive mandate is not just useful but religiously significant.

Robo Advisors and the Democratization of Shariah-Compliant Wealth Building

Access to investment is the most exclusive tier of financial services. Wealthy individuals can hire human financial advisors who screen investments for Shariah compliance and build customized portfolios. Middle-income and lower-income Muslims, on the other hand, have historically had two choices: keep their savings in low-return savings accounts, or invest in conventional markets in ways they suspect may not be fully Shariah-compliant. Neither option is satisfactory, and both represent a form of financial exclusion that operates at a different level from the credit access problem but is equally real.

Gazali et al. (2020) document how Robo Islamic Advisors (RIA) and Robo Financial Advisors (RFA) are beginning to change this dynamic. These AI-driven investment platforms apply the same Shariah screening logic that a human Islamic finance expert would apply, filtering out investments in companies involved in alcohol, tobacco, conventional banking, weapons, and other prohibited activities, and then constructing diversified portfolios that maximize returns within the remaining investment universe. Because this entire process is automated, the cost of providing the service is a fraction of what a human advisor would charge. Affordable mobile applications now allow individuals with relatively modest savings to obtain Shariah-compliant investment advice that was previously accessible mainly to wealthier clients.

First, it addresses the exclusion of middle-income Muslims from the dimension of finance, expanding the population that can meaningfully participate in Shariah-compliant investment.

Second, as Hemmet (2023) notes from his interviews with Islamic finance experts, AI advisory tools also function as financial education platforms, helping users understand why certain investments are or are not Shariah-compliant and what the underlying principles are. Limited financial literacy remains an important barrier to Islamic financial inclusion. Improving public understanding of Islamic financial products is therefore just as important as expanding access to those services. AI addresses both the supply-side and the demand-side of this exclusion simultaneously.

Governance, Accountability, and the Limits of Algorithmic Islam

The enthusiasm in the literature for AI's inclusion potential needs to be balanced by honest engagement with what the same literature reveals about AI's risks and limitations. Rabbani et al. (2022) identify three governance challenges that are particularly acute in the Islamic context, and all three deserve serious attention.

The first challenge is transparency. Islamic financial contracts are required under Shariah to be clear, unambiguous, and fully understood by all parties. The classical Islamic concept of *bay'an* (clarity in dealing) and the prohibition of *gharar* (excessive uncertainty) both require that financial arrangements not obscure their true nature from the people who enter into them. AI systems that make consequential financial decisions through processes that even their designers cannot fully explain create a structural conflict with this requirement. Santoni de Sio and Mecacci (2021) describe this challenge as the epistemic responsibility gap, arguing that AI systems should be designed to provide transparent and explainable decisions, even if this requires sacrificing a degree of algorithmic performance.

The second challenge is accountability. When a human loan officer makes a wrong or discriminatory decision, there is a clear line of institutional and personal accountability. When an AI system makes the same decision, that line of accountability becomes blurred. Erdélyi and Goldsmith (2018) argue that this problem requires new regulatory frameworks at the global level, and their proposal for internationally coordinated AI governance has particular relevance for Islamic finance, where Shariah compliance is simultaneously a local religious obligation and a global commercial standard. Hemmet (2023) emphasizes from his field research that Muslim scholars and Islamic finance experts are already alert to this accountability problem, and that many are insisting that human Shariah scholars retain final decisional authority over any financial outcome that an AI system recommends.

When Shariah scholars engage in *ijtihad*, they do far more than match predefined rules to individual cases. Their judgments involve contextual interpretation, historical understanding, ethical reflection, and careful consideration of the wider consequences of each decision. Nishant et al. (2020) similarly argue. AI performs effectively within structured problem environments but remains limited when confronted with open-ended moral reasoning. Accordingly, AI should be viewed as a tool that supports Shariah scholars and Islamic financial institutions rather than as a substitute for the human judgment required in Islamic jurisprudence.

Employment Disruption and the Hidden Cost of Automation

No paper on AI and Islamic financial inclusion can honestly leave out the employment question. AI does not only help people access financial services. It also automates jobs, and the jobs it tends to automate first are the ones held by the people that Islamic financial inclusion programs are designed to help. Makridakis (2017) was among the earliest researchers to argue that AI would fundamentally reshape labour markets across almost every sector of the economy. More recently, Gill et al. (2022) document how the expansion of AI infrastructure, including cloud computing, edge computing, and eventually quantum computing, is accelerating the pace at which automation can be applied to previously labor-intensive tasks.

Dwivedi et al. (2021) note that while AI is expected to create new jobs in fields like data science, AI maintenance, and digital product development, these new jobs require significantly higher skill levels than the jobs they replace. The transition from a displaced manufacturing worker to an AI system trainer is not a small step. It requires education, time, and financial resources that many people in Muslim-majority economies do not have. Mhlanga (2023) argues that without deliberate intervention, AI is likely to widen inequality rather than narrow it, concentrating the gains of automation among the already well-positioned while leaving the most vulnerable further behind.

From a Maqasid al-Shariah perspective, this creates a tension that cannot be resolved by financial inclusion programs alone. The Islamic social finance toolkit, particularly Zakat and Waqf, provides the institutional mechanisms to address this transition, funding retraining programs, income support, and new business development for displaced workers. But this only works if the Islamic financial sector is willing to treat the employment disruption caused by AI not as someone else's problem but as a direct consequence of its own technological choices, and to resource the response accordingly.

Linkback Comparison

The research question asks specifically how AI can enhance financial inclusion while advancing Maqasid al-Shariah objectives. Looking back across the thematic analysis and comparing the findings of the 15 selected studies before, several conclusions emerge that are stronger together than any single study could establish alone.

The first finding is that AI's contribution to financial inclusion in Islamic contexts is real and well-documented, but it operates through specific mechanisms rather than as a general force for good. The most powerful mechanisms are cost reduction in service delivery (Khan and Rabbani, 2020; Dwivedi et al., 2021), precision in Zakat and Qardh-Al-Hasan distribution (Haider Syed et al., 2020; Unal and Aysan, 2022), alternative data credit scoring for the unbanked (Lo Piano, 2020; Nishant et al., 2020), and democratization of Shariah-compliant investment (Gazali et al., 2020). Each of these mechanisms corresponds to a specific dimension of Maqasid al-Shariah: cost reduction serves *hifz al-mal* in its distributive dimension, precision redistribution serves the *maslahah* of the community, fair credit access serves *adl* (justice), and investment democratization serves *hifz al-mal* at the wealth-building level.

The second finding is that the governance conditions matter as much as the technology itself. Lo Piano (2020), Rabbani et al. (2022), Santoni de Sio and Mecacci (2021), and Hemmet (2023) collectively establish that AI advances Maqasid al-Shariah objectives only when it is transparent in its decision-making, accountable through clear human oversight, fair in its outcomes across demographic groups, and subordinate to human scholarly authority in matters of Islamic legal interpretation. These are not optional features. From the perspective of Maqasid al-Shariah, an AI system that is effective at inclusion but opaque, discriminatory, or unaccountable fails the normative test regardless of its technical performance.

The third finding, and arguably the most important contribution this analysis makes beyond the individual studies, is that AI's inclusion potential and its disruption risks are inseparable. Makridakis (2017), Mhlanga (2023), and Gill et al. (2022) likewise suggest that the same technological infrastructure capable of expanding financial inclusion may also accelerate employment automation. Any strategy that embraces AI for Islamic financial inclusion without simultaneously addressing the employment disruption it causes is incomplete from a Maqasid al-Shariah standpoint, because it advances *hifz al-mal* for some while undermining it for others. The Islamic financial sector possesses unique tools, namely Zakat, Waqf, and Qardh-Al-Hasan, to manage this transition, but it needs to actively choose to use them for this purpose. AI can be a genuine accelerator for Maqasid al-Shariah-oriented financial inclusion in the digital economy. But it needs to be deployed within an ethical and governance framework that takes the full scope of Maqasid al-Shariah seriously, not just the parts that are technically convenient

CONCLUSION

This paper set out to answer a question that sits at the intersection of technology, Islamic law, and development economics: how can AI enhance financial inclusion while advancing Maqasid al-Shariah objectives in the digital economy? The systematic review of 15 selected studies shows that the answer is both encouraging and conditional. AI offers considerable promise because it addresses several long-standing barriers to Islamic financial inclusion. Lower operating costs, improved credit assessment for individuals without formal financial histories, more efficient zakat distribution, and affordable Shariah-compliant financial advice all demonstrate its capacity to expand access to Islamic financial services. Each of these contributions maps directly onto the distributive and justice-oriented reading of Maqasid al-Shariah that the normative literature establishes. AI is conditional because these contributions only materialize under specific governance conditions. The technology must be designed for explainability and transparency so that it does not violate the Islamic requirement for clarity in financial dealings. Transparency and explainability must remain central design principles so that AI systems comply with the Islamic requirement for clarity in financial transactions.

Human Shariah scholars must continue to exercise final interpretive authority because algorithmic systems cannot replace the contextual moral reasoning required in Islamic jurisprudence. Its deployment must be accompanied by deliberate use of Islamic social finance instruments to support workers displaced by the same

automation that makes inclusion possible. The most important contribution of this paper is the argument that AI's inclusion potential and its disruption risks cannot be separated. A complete Maqasid al-Shariah response to AI in Islamic finance must hold both sides of this reality together.

LIMITATIONS AND RECOMMENDATIONS

Several honest limitations, because it relies entirely on published literature, it is shaped by what researchers have chosen to study, and the data contextualization in Table 2 shows that the literature overrepresents global conceptual work while underrepresenting geographic, means that the findings may not translate evenly to all Muslim-majority contexts. The dominance of conceptual methodologies, at 53.33 percent of the selected literature, also means that many of the AI models discussed in this paper have not yet been rigorously tested in real communities over meaningful time periods. Developers and policymakers must also ensure that AI systems do not reinforce historical patterns of discrimination, since algorithmic bias would conflict directly with the Islamic principle of justice. Future research should prioritize field studies and randomized evaluations of AI-driven Islamic financial inclusion programs in underrepresented regions, particularly Sub-Saharan Africa and South Asia. Islamic finance scholars and AI researchers need to collaborate more directly, since the literature currently shows these two groups largely talking within their own fields rather than to each other. Regulators in Muslim-majority countries should develop AI governance standards that are specifically adapted to Islamic finance contexts, incorporating Shariah compliance requirements into AI certification and auditing frameworks. And Waqf institutions should be studied more carefully as potential vehicles for funding both digital infrastructure development and workforce transition support, two things that are essential for AI-driven inclusion to genuinely advance Maqasid al-Shariah rather than simply modernize existing inequalities.

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