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Analysis of the Implementation of Sharia Principles on the Effectiveness of the Use of Sharia Financial Instruments in the Digital Era: The Perspective of Sharia Maqashid

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Abstract
The development of financial technology has significantly changed the face of the Islamic finance industry, ranging from digital banking, Islamic electronic wallets, sharia peer-to-peer lending, to digital sukuk. This change raises fundamental questions about the extent to which digital-based Islamic financial instruments are truly effective in realizing the goals of Islamic law or sharia maqashid, not just formally complying with contracts. This research aims to analyze the implementation of sharia principles on the effectiveness of the use of sharia financial instruments in the digital era by using the perspective of sharia maqashid as an analysis knife. The method used is library research with a descriptive-analytical qualitative approach, examining various literature, national and international scientific journals published in the last five years, regulatory authorities, and official documents of Islamic financial institutions. The results of the study show that the digitalization of Islamic finance makes a positive contribution to the achievement of HIFZ AL-DIN, HIFZ AL-NAFS, HIFZ AL-'AQL, HIFZ AL-NASL, AND HIFZ AL-MAL through expanding access, transaction cost efficiency, and increasing financial inclusion. However, this effectiveness is still faced with challenges in the form of digital sharia financial literacy gaps, weak sharia compliance supervision on technology platforms, data security risks, and the potential for a shift in orientation from maslahah to just formal compliance (pseudo-shariah compliance). This study recommends strengthening digital sharia governance, increasing public literacy, and regulatory synergy between financial authorities and the National Sharia Council so that the digital transformation of sharia finance remains based on the essence of sharia maqashid.

Keywords: *sharia maqashid; sharia financial instruments; digitalization; effectiveness; sharia fintech*
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INTRODUCTION

The global Islamic finance industry has experienced rapid growth in the past decade, in line with the increasing awareness of the Muslim community on the importance of financial transactions in accordance with Islamic principles. In Indonesia, this growth is further strengthened by the wave of digital transformation that has given birth to various technology-based Islamic financial instruments, such as Islamic digital banking, Islamic electronic wallets, Islamic peer-to-peer lending financing services, Islamic crowdfunding, and digital retail sukuk. The presence of these instruments promises efficiency, speed, and expansion of access to Islamic financial services to the public that has not been reached by conventional financial institutions (Qothrunnada et al., 2023).

On the other hand, the rapid development of digital innovation raises fundamental questions about the extent to which the digital Islamic financial instrument is truly effective in realizing the goals of Islamic sharia (maqashid sharia), and not just fulfilling formal compliance with the contract. Maqashid sharia, as formulated by Imam Ash-Syatibi, places five basic values as the main goal of sharia, namely the protection of religion (hifz al-din), soul (hifz al-nafs), intellect (hifz al-'aql), heredity (hifz al-nasl), and property (hifz al-mal). This framework is an important benchmark to assess whether an Islamic financial product or service really brings benefits (maslahah) to its users, not just legally valid by contract but with minimal substantive benefits (Fathurohman, 2024; Solihin et al., 2023).

The phenomenon of digitalization of Islamic finance raises two sides that need to be critically examined. On the one hand, digitalization has been proven to be able to expand Islamic financial inclusion, reduce operational costs and transaction costs, and make it easier for people in areas with minimal access to conventional banking to obtain financial services in accordance with sharia (Zulkifli & Abduh, 2022; Sriyono, 2023). On the other hand, there are concerns that the business orientation of financial technology platforms may shift the focus from achieving maslahah to simply fulfilling formalistic sharia compliance, in addition to new risks in the form of digital literacy gaps, weak sharia supervision on algorithm-based applications, and the potential for misuse of users' personal data (Amalia et al., 2026; Rarawahyuni & Rismaya, 2022).

Based on this background, this study aims to analyze the implementation of sharia principles on the effectiveness of the use of Islamic financial instruments in the digital era using the perspective of sharia maqashid. This study is important considering that there is still limited research that specifically evaluates the effectiveness of digital sharia financial instruments through the framework of the five basic values of sharia maqashid comprehensively, most previous studies are still partial and focus on regulatory aspects or financial performance alone (Wiraguna, 2024).

RESEARCH METHODOLOGY

This research uses a qualitative approach with a descriptive-analytical library research method. The data used are secondary data sourced from articles from accredited national and international scientific journals, especially those published in the last five years (2021–2026), reference books, Financial Services Authority (OJK) regulations, fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), and official reports of institutions related to the development of Islamic finance in Indonesia. The data collection process was

carried out through searching academic databases using the keywords maqashid sharia, sharia financial instruments, sharia fintech, and Islamic finance digitalization.

Data analysis is carried out using content *analysis techniques*, namely by identifying, classifying, and interpreting findings from various literature based on the five dimensions of sharia maqashid as the main analytical framework. The analysis stages include data reduction, data presentation, and conclusion drawn, as commonly used in qualitative research based on literature studies. The validity of the data is strengthened through triangulation of sources, which is comparing findings from various academic literature with empirical data from industry and official regulations to obtain a comprehensive and objective picture.

RESULTS AND DISCUSSION

1. The Concept of Sharia Maqashid as a Framework for Sharia Financial Evaluation

Sharia maqashid is the goals that Islamic sharia wants to achieve in regulating all aspects of human life, including economic and financial aspects. This concept not only serves as a philosophical foundation, but also as an evaluative instrument to assess whether an Islamic financial policy or product really provides benefits for society (Arifyanto, 2025). In the context of Islamic financial institutions, the five dimensions of sharia maqashid can be translated operationally: hifz al-din is reflected in product compliance with sharia contracts and fatwas; hifz al-nafs related to consumer protection from exploitation and usury; hifz al-'aql is related to information transparency that educates customers; hifz al-nasl is related to economic sustainability for future generations; while hifz al-mal concerns the protection and growth of wealth in a fair and productive manner (Fattah, 2024; Putri & Ansori, 2024).

Several researchers have developed sharia maqashid-based measurement indices, such as the Maqasid Sharia Index (MSI), as a more holistic measure of Islamic financial institution performance than conventional financial ratios alone (Solihin et al., 2023). This approach is relevant to assess the effectiveness of digital Islamic financial instruments, because contract compliance alone is not enough to ensure the achievement of substantive benefits for users.

2. The Development of Islamic Financial Instruments in the Digital Era

Digital transformation has given birth to various new Islamic financial instruments that were previously unavailable in conventional and offline-based Islamic financial systems. Islamic digital banks, for example, offer services without physical branch offices with a fully application-based account opening and transaction process (Yusuf et al., 2022). In addition, sharia peer-to-peer lending fintech services and sharia securities crowdfunding provide alternative financing for micro, small, and medium enterprises that have had difficulty accessing conventional banking financing (Norrahman, 2023; Rarawahyuni & Rismaya, 2022).

This development is also supported by the Financial Services Authority regulations and DSN-MUI fatwa that regulates digital contract schemes such as murabahah, mudharabah, musharakah, and application-based qardh. The study of Hamadou and Suleman (2024) shows that the integration of financial technology with Islamic financial principles opens up great opportunities for the expansion of the global Islamic financial market, although it is still faced with the challenge of harmonizing cross-border regulations. At the domestic level, the study by Alshater et al. (2022) also confirms the trend of increasing research on the convergence of fintech and Islamic finance as one of the new directions for the scientific development of Islamic economics.

3. The Effectiveness of Digital Sharia Financial Instruments reviewed from Maqashid Sharia

Viewed from the dimension of hifz al-mal, the digitization of Islamic financial instruments has been proven to contribute to increasing transaction cost efficiency and protecting customer assets through a more transparent and digitally auditable system. Research by Zulkifli and Abduh (2022) found that Islamic fintech significantly encourages financial inclusion in the Southeast Asian region, in line with hifz al-mal's goal of a more equitable distribution of welfare. Similar findings were conveyed by Sriyono (2023) which shows that digital payment services make a real contribution to the expansion of financial inclusion in the Indonesian people.

In the dimensions of hifz al-nafs and hifz al-'aql, the effectiveness of digital Islamic financial instruments can be seen from the ease of access to product information, financing simulations, and financial education integrated in the application, so that it has the potential to increase literacy and prevent customers from being trapped in usury practices and illegal financial schemes. However, this effectiveness is not evenly distributed, because the level of digital Islamic financial literacy in some regions, especially outside Java, is still relatively low (Rohmah & Habibi, 2025; Wiraguna, 2024).

As for the hifz al-din dimension, sharia compliance with digital instruments is highly dependent on the strength of the Sharia Supervisory Board's supervision of the algorithm design and business processes of financial technology platforms. The study by Al-Shammari et al. (2023) confirms that the legitimacy of Islamic banks is greatly influenced by the quality of disclosure and application of sharia maqashid principles in their business practices, including on digital channels. Meanwhile, the dimension of hifz al-nasl is reflected in the contribution of digital sharia financial instruments to the financing of the productive sector and the sustainability of micro, small, and medium enterprises across generations, as shown by the development of securities crowdfunding and financing based on digital musyarakah contracts (Norrahman, 2023).

In general, these findings show that digital sharia financial instruments have high potential effectiveness in realizing the five dimensions of sharia maqashid, especially in the aspects of expanding access (hifz al-mal) and education (hifz al-'aql). However, this effectiveness is not fully optimal and is still partial in the aspect of sharia compliance supervision (hifz al-din) and the equitable distribution of digital literacy between regions.

4. Challenges in Implementing Sharia Principles in Digital Financial Instruments

Several main challenges are identified from literature reviews. First, the digital sharia financial literacy gap that causes some people to not be able to utilize Islamic financial instruments optimally and critically (Rohmah & Habibi, 2025). Second, weak sharia compliance supervision of the algorithm design of financial technology platforms, which has the potential to lead to practices that are formally labeled sharia but substantially do not fully reflect the value of maslahah (Amalia et al., 2026). Third, data security and customer privacy risks in the digital ecosystem are closely related to the protection of users' lives and property (Sriyono, 2023). Fourth, the disparity in digital infrastructure between regions in Indonesia that cause the benefits of sharia finance digitalization have not been felt evenly (Qothrunnada et al., 2023).

5. Opportunities and Strategies for Strengthening Effectiveness Based on Sharia Maqashid

To strengthen the effectiveness of digital Islamic financial instruments within the framework of sharia maqashid, synergy is needed between regulators, the National Sharia Council, financial technology providers, and educational institutions. Strengthening digital sharia governance can be done through technology-based sharia audits (RegTech and SupTech), standardization of sharia compliance reporting systems on digital platforms, and improving the competence of the Sharia Supervisory Board in understanding the architecture of financial technology (Hamadou & Suleman, 2024; Fathurohman, 2024). In addition, a massive and sustainable digital sharia financial literacy program needs to be directed at community groups that have not yet reached formal financial services, in line with the spirit of financial inclusion that is at the core of Hifz al-Mal and Hifz al-'aql in maqashid sharia.

CONCLUSION

Based on the results of the literature review that has been conducted, it can be concluded that the implementation of sharia principles in Islamic financial instruments in the digital era in general makes a positive contribution to the achievement of the goals of maqashid sharia, especially in the dimension of hifz al-mal through the expansion of financial inclusion and transaction cost efficiency, as well as the dimension of hifz al-'aql through increased access to financial information and education. However, this effectiveness still faces significant challenges in the form of a gap in digital sharia financial literacy, weak supervision of sharia compliance with technology design, data security risks, and digital infrastructure disparities between regions. Therefore, the digital transformation of sharia finance needs to be directed not only at the aspect of formal contract compliance, but also at the achievement of substantive benefits for society as a whole. The next study is recommended to quantitatively measure effectiveness using the sharia maqashid index on certain digital financial instrument objects, in order to obtain more measurable and in-depth empirical evidence.

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