
Islamic Civilization and the Digital Economy: Building a Sharia Economy in Modern Era

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ARTICLE HISTORY

Submit:

18 December 2024

Accepted:

29 January 2025

Publish:

30 April 2025

Article Type

Literature Review

KEYWORD:

Digital Economy

Sharia Economy

Islamic

Civilization

Financial

Inclusion

Technology

ABSTRACT

Islamic civilization has made great contributions in various fields, including economics, with principles that emphasize justice, balance and sustainability. principles that emphasize justice, balance, and sustainability. Along with digital transformation brings new challenges and opportunities for Islamic economics, which can integrate Islamic values with for Islamic economics, which can integrate Islamic values with modern technology. modern technology. This research aims to examine how Islamic civilization can build Islamic economics in the digital era through the utilization of technology such as fintech, blockchain, and e-commerce. technology such as fintech, blockchain, and e-commerce. This research uses a literature review approach. Digital economy can expand sharia financial inclusion, facilitate access to sharia-based financial services, and create innovations that meet the needs of sharia financial services, and create innovations that suit the needs of modern society. needs of modern society. Nonetheless, the main challenge faced is ensuring that digital economic practices remain in line with sharia principles, such as the prohibition of riba, gharar and maysar. principles, such as the prohibition of riba, gharar, and maysir. In this context, this research explores how digital technology can be applied in the Islamic economy without violating Islamic principles, as well as how regulation and supervision can ensure its integrity. Research results show that despite the challenges, the integration of the digital economy with Shariah principles can create a more inclusive, equitable and sustainable economic system, which can contribute to the development of a fairer global economy. This research contributes to the literature on Islamic economic development in the digital age and offers insights into ways to ethically utilize technology in accordance with Islamic values.

1. Introduction

Islamic civilization has become one of the world's religious, scientific, cultural and economic milestones. The broad and universal values of Islam provide a strong moral and ethical foundation for various aspects of life, such as business. In terms of economics, Islam emphasizes the principles of justice, balance, and sustainability, which are demonstrated by instruments such as zakat, infaq, shadaqah, and waqf. These principles are helpful in building an inclusive and equitable economic system. Global economic transformation has taken place at a rapid pace in the modern era, characterized by advances in digital technology. The way humans interact, transact and manage business has been transformed by digital technology. Technologies such as e-commerce, fintech, blockchain, and AI are the main drivers of the digital economy. These developments bring many opportunities as well as challenges for the Islamic economy, which must be able to adapt to the changing times without losing the sharia values that guide it.

The digital economy provides an opportunity to expand Islamic financial inclusion, facilitate access to Shariah-based financial services, and create new innovations that suit the needs of modern society. However, a key challenge is how to ensure that these digital economic practices remain in line with Shariah principles, such as the prohibition of riba, gharar and maysir, and promote equitable distribution of wealth. In this regard, it is important to study how Islamic civilization can offer a suitable for building an Islamic economy in the age of computers and the internet. The combination of Islamic values with modern technology can be a strong foundation for building an ethical and equitable economic system. , purpose of this paper is to examine the relationship between Islamic civilization and the digital economy and how they can work together to build a resilient Islamic economy in the contemporary era.

Previous research that examines Islamic civilization and digital economy has been found quite a lot. According to research conducted by Permata, et al, (2023) revealed that the development of Islamic civilization in modern times affects the pattern of people's lives both in economic, educational and cultural aspects. Research conducted by Shinta Maharani, (2019) the digital economy has an influence on Islamic economics such as the use of digital technology in Islamic economic activities. In addition, Selamat Hartanto, (2022) in his research found that the development of Islamic economics in the modern era is increasingly increasing, despite the challenges in its development efforts. Aan Anshori, (2016) in research also stated that the digital economy has an impact on the digitalization of Islamic economics in the modern era, both in micro and macroeconomics. Ayu Sukreni Hakim, et al (2024) in her research also revealed that the transformation of the digital economy provides broad access to technology-based Islamic economic development.

This research discusses various aspects including the potential of Islamic economics in the digital economy, the role of technology in strengthening Islamic financial inclusion, and how the values of Islamic civilization can provide guidance in facing digital transformation. Thus, this paper is expected to contribute to the literature that discusses the integration between Islamic civilization and the digital economy as an effort to create a sustainable and equitable economic system. This research brings novelty to the exploration of the integration of Islamic economic principles with digital technology in a modern context that continues to evolve. It proposes a new framework that combines

Islamic values, such as justice, sustainability, and inclusiveness, with technological innovations such as blockchain, Islamic fintech, and artificial intelligence (AI). In this context, the research also highlights the role of the digital ecosystem in expanding access to Islamic finance, improving service efficiency, and driving the growth of the halal sector globally. As such, this research makes a unique contribution through a multidisciplinary approach that not only strengthens the theoretical understanding of the sharia-based digital economy, but also offers practical solutions to support the economic transformation of Muslims in the modern era.

2. Literature Review

Digital Economy

The digital economy is a transformation of economic activity that relies on information and communication technology infrastructure. Technologies such as fintech, e-commerce, blockchain, and artificial intelligence have changed the way people transact, work, and innovate in business (Rahmawati et al., 2020). The digital economy is increasing global financial inclusion and making businesses more efficient. Technologies such as the Internet of Things (IoT), big data, blockchain, and artificial intelligence (AI) have changed the way people transact, conduct business, and obtain financial services. Indonesia's digital economy is growing rapidly, especially through platforms such as Tokopedia, Shopee, OVO, and GoPay that give people in cities and villages easier access to the economy (Satrio Ronggo Buwono et al., 2022). The digital economy creates opportunities for financial inclusion, especially for people who have not had access to traditional banking services (*unbanked population*) (Dhuafa, 2022). This is relevant to the concept of Islamic finance, which prioritizes inclusion and equitable distribution. However, digitalization also presents risks related to the ethical use of technology, such as data privacy, which needs to be adjusted to sharia principles (Budi Utomo et al., 2023).

Technologies that are key drivers of the digital economy include: Financial Technology (Fintech), Fintech has changed the way people access financial services, including loans, payments, and investments (Rahmawati et al., 2020). Innovations such as Digital wallets and app-based payment services enable fast and secure transactions. E-commerce, E-commerce platforms such as Tokopedia, Shopee, and Lazada allow consumers and producers to transact without geographical restrictions. This creates a wider market and encourages the growth of micro, small, and medium enterprises (MSMEs). Blockchain, Blockchain technology enables secure, transparent, and immutable recording of transactions (Ng et al., 2025). Blockchain plays an important role in financial data management and enables the development of cryptocurrencies. Artificial Intelligence (AI), AI is used to analyze big data, automate business processes, and create accurate predictions for decision-making. Internet of Things (IoT), IoT allows internet-connected devices to communicate with each other. In a business context, IoT enables more effective supply chain management and automation of production processes (Sutarsih, 2023).

Indonesia is one of the fastest growing digital economies in Southeast Asia. Local platforms such as Tokopedia, Shopee, OVO, and GoPay play an important role in accelerating financial inclusion (Annisa Ilmi Faried, 2024). Through these technologies, people in remote and rural areas can access financial services, online shopping, and new business opportunities. In addition, the Indonesian government has initiated policies and regulations that encourage the acceleration of the digital economy. Programs such as the

"National Non-Cash Movement" (GNNT) aim to reduce the use of cash and increase the adoption of digital payments. The digital economy has significant relevance to the concept of Islamic finance. Islamic finance prioritizes financial inclusion and equity distribution (Lidanna Dian Kurnia, 2020). Technology-based financial services enable people who previously did not have access to formal banking services to gain access to finance, in line with the principles of Islamic finance that uphold justice and equal access (Miftahuddin, 2019). In the context of Islamic fintech, sharia-based payment services, financing based on sharia contracts (such as murabahah, ijarah, and musyarakah), and digital zakat platforms have grown rapidly. Islamic fintech also allows people to pay zakat, infaq, and sadaqah online, which strengthens the role of Islamic financial institutions in distributing wealth fairly (Hasanah & Ichfan, 2021).

While the digital economy provides many benefits, there are some challenges that need to be addressed, including: The risk of personal data leakage and cybersecurity are major concerns in the digital economy (Economy et al., 2023). The use of blockchain technology and encryption systems is necessary to protect user data. In the context of Islamic finance, there is particular attention to the principles of fairness, transparency and halalness. The ethical use of technology must be in line with sharia principles. Not all people have equal access to digital technology (Budiarno et al., 2022). This creates a digital divide, especially in rural and underdeveloped areas. Regulations in the digital sector need to be strengthened in order to protect consumers and ensure the use of technology in accordance with sharia values. The digital economy is the transformation of economic activities that rely on information and communication technology infrastructure (Mahmud Yusuf et al., 2022). Various Key technologies, such as fintech, e-commerce, blockchain, AI, and IoT, have changed the way people transact, work, and innovate in business. Indonesia, as one of the fastest growing digital economies, has leveraged local platforms to increase financial inclusion and accelerate business digitalization (Muhammad Syahrul Hidayat, 2023).

The relevance of the digital economy to Islamic finance is also significant. The concept of Islamic finance, which emphasizes justice, transparency and wealth distribution, is in line with the principles of an inclusive digital economy (Budiono, 2017). However, challenges such as data security, ethical use of technology, digital divide, and regulation need to be considered so that the digital economy can provide optimal benefits for all levels of society. Therefore, collaboration between the government, private sector, and Islamic financial institutions is needed to create a safe, fair, and inclusive digital ecosystem (Hakim & Nisa, 2024).

Sharia Economics

Sharia Economics is an economic system based on Islamic principles such as justice (al-'adl), sustainability (istiqlal), and balance (tawazun) known as Islamic economics. One of the main principles of Islamic economics is that practices such as maysir (gambling), usury (interest), and gharar (uncertainty) are prohibited (Yasin, 2014). As the Islamic economy focuses on real business, it is more resilient to the global financial crisis than the conventional economy. Digital technologies, such as Islamic fintech platforms that offer

financing based on sharia contracts, are now supporting innovation in the Islamic economy (Yustiani et al., 2017). To illustrate, Investree Syariah and Ammana offer financing to MSME players through a faster and more transparent process. In addition, digitalization has a significant impact on the way zakat, infaq, shadaqah, and waqf (ZISWAF) are managed (Chaaben et al., 2024).

Digital technology plays a significant role in supporting the development of the Islamic economy. Digitalization enables the creation of sharia-based financial services that are faster, more efficient, and transparent (A. R. Wulandari et al., 2023). Some of the roles of digitalization in the Islamic economy are as follows: Islamic fintech platforms have changed the way sharia-based financial services are accessed by the public. Islamic fintechs are Investree Syariah and Ammana. This platform provides financing to MSMEs with a faster, easier, and more transparent process (Ardianto et al., 2024). In sharia fintech, the contracts used, such as murabahah (sale and purchase) and ijarah (rental), ensure that transactions are in accordance with sharia principles. Digitalization has made it easier to manage zakat, infaq, shadaqah, and waqf (ZISWAF) (Syahidin et al., 2024). Application-based services allow people to channel donations more easily through digital platforms. For example, various amil zakat institutions now have mobile applications that allow users to pay zakat and waqf online. This digitization increases the transparency of ZISWAF fund management and facilitates reporting to donors (Pratama et al., 2024).

Digitalization not only facilitates the process of collecting zakat, infaq, shadaqah, and waqf funds, but also increases the accountability and transparency of its management (Zulfa et al., 2023). Some of the impacts are that the public can channel zakat, infaq, shadaqah, and waqf through digital applications without having to come directly to the amil zakat institution office. This process makes ZISWAF management more practical and faster. Digitalization allows the management of ZISWAF funds to be carried out transparently (Zulfa et al., 2023). Through online applications and platforms, people can see real-time fund distribution reports. When fund management is done transparently, people have more trust in amil zakat institutions and are more willing to channel their funds through these institutions. In some cases, blockchain technology is starting to be applied in waqf and zakat management. Blockchain allows recording transactions that are immutable and transparent, thus increasing the accountability of ZISWAF fund management (Hakim & Nisa, 2024).

Islamic Civilization

Islamic civilization has made great contributions in various aspects of life, including science, philosophy, and economics (Ashani, 2015). In the context of economics, great figures such as Ibn Khaldun and Al-Ghazali have laid a theoretical foundation that is still relevant today. Ibn Khaldun's thought in his monumental work, "Muqaddimah" (Miftahus Surur, 2021), emphasizes the importance of justice in economic sustainability and wealth distribution. This concept underscores that injustice can lead to economic decline and social instability. In addition, Islamic values such as honesty, integrity and social responsibility are key principles in economic activity (Latifah, 2020). These values are not only relevant in the past, but can also be applied in the modern economic context, including in the era of globalization, which is full of challenges and opportunities.

In the modern era marked by rapid advances in technology, globalization, and socio-economic transformation, Islamic values play an important role in creating a sustainable and equitable economic system (Moh. Musfiq Arifqi, 2021). The utilization of technology without ignoring the principles of sharia is the main challenge faced by Muslims today. Digitalization of the economy opens up great opportunities in encouraging financial inclusion and the efficiency of the economic system. The concept of justice and wealth distribution emphasized by Ibn Khaldun can be applied through the use of sharia-based technology, such as digital waqf applications and Islamic marketplaces (Yustiani et al., 2017). These innovations reflect the adaptation of Islamic values to the needs of modern times. In addition, the development of sharia-based technology helps create a balance between morality and technological effectiveness, enabling the creation of a more inclusive and just economic ecosystem (Annisa Ilmi Faried, 2024).

However, the modern era also presents new challenges for Islamic civilization. One of the biggest challenges is socio-economic inequality and cultural identity crisis. Globalization often brings values that conflict with Islamic principles, so an ethical approach based on Islamic values is needed to overcome it. The establishment of digital ecosystem based on sharia is a strategic effort to answer these challenges (Ayu Rizkia & Rahmawati, 2021). This ecosystem may include the development of an Islamic finance platform that enables people to access sharia value-based financial services, including usury-free payment systems and halal investments. In addition, strengthening Islamic financial literacy is an important step so that Muslims can adapt to the dynamics of the global economy without sacrificing Islamic values (Sutarsih, 2023).

Islamic civilization encourages innovation based on ethical values that are relevant in the modern era. In this context, Islamic economics has great potential to strengthen the position of Islamic civilization in the global economic arena (Amsari et al., 2024). Through the development of sharia-based technologies, such as digital waqf applications, Islamic marketplaces, and technology-based Islamic banking services, Muslims can actively participate in the global economy (Berakon et al., 2022). In addition to providing economic benefits, this approach also contributes to strengthening Islamic cultural identity in the modern era. Thus, Islamic civilization is not only able to survive, but can also provide a more just, sustainable and ethical values-based alternative to an increasingly complex and globally connected world (Ashani, 2015).

Technology

Technology can be defined as a set of tools, techniques, and systems designed to solve problems or achieve specific goals (Agil Dzikrullah & Chasanah, 2024). The understanding of technology is not limited to hardware such as machines, computers, or gadgets, but also includes software and systems that facilitate the use of these tools and methods. In the modern context, technology has become an integral part of almost all aspects of human life, including the education, health, communication, and financial sectors. The presence of technology enables efficiency, speed and convenience in carrying out daily activities, both personally and professionally (Rahman Ambo Masse, 2016).

One of the sectors most affected by technological developments is the financial sector. Technological advances have driven a massive transformation in financial services, particularly in promoting financial inclusion (Dani Anggoro et al., 2020). Financial inclusion is the process of providing wider access to financial services for groups of people who were previously unreached by the traditional banking system. Through technological innovation, financial services can now be accessed by people in remote areas or people who do not have bank accounts. One of the tangible manifestations of this innovation is the presence of digital payment services (Annisa Ilmi Faried, 2024).

Digital payments have become a practical solution in supporting financial inclusion. Various e-wallet platforms such as OVO, GoPay, and DANA allow people to make transactions more easily, quickly, and efficiently without having to have a bank account. Using only a smart phone and internet connection, one can make payments at stores, transfer money, and pay bills in real-time. This provides great benefits, especially in developing countries, where many people do not have access to traditional banking services. Payment Digital also provides great opportunities for micro, small and medium enterprises (MSMEs) to reach a wider market and improve the competitiveness of their businesses.

Thus, it can be concluded that technological advancements, particularly in the financial sector, have played an important role in realizing broader financial inclusion. The existence of e-wallet services as part of the digital payment system allows people who previously did not have access to banking to participate in the modern financial ecosystem. This step not only accelerates financial transactions, but also encourages more inclusive economic development. Through strengthening the digital payment ecosystem, it is hoped that the gap in access to financial services can be minimized, thus creating a more prosperous and competitive society in the digital era.

Financial Inclusion

Technology can be defined as a collection of tools, techniques, and systems designed to solve problems or achieve specific goals. This definition includes not only hardware such as computers, smartphones, and automated machines, but also software that includes applications, programs, and algorithms that operate the hardware (Hakim & Nisa, 2024). In addition, technology also includes systems and procedures that enable the effective and efficient use of hardware and software. Technological advances have brought significant impacts in various areas of human life, including the financial sector. One of the biggest changes produced by technological advances in this sector is the increase in financial inclusion (Izzwah Nauroh, 2022). Financial inclusion is an effort to provide wider access to financial services to people who were previously unreached by the traditional banking system. In other words, financial inclusion aims to ensure that all levels of society have access to financial services, including the poor and those living in remote areas (Prastowo, 2018).

Digital technology has played a key role in accelerating the process of financial inclusion. One of the most significant innovations in this regard is the emergence of digital payment services. These services allow people to conduct financial transactions without the need to have a traditional bank account (Annisa Ilmi Faried, 2024). Some examples of

digital payment services that are popular in Indonesia are e-wallets such as OVO, GoPay, and DANA. Digital payment services allow users to make transactions instantly through mobile devices (Latifah, 2023). By using the e-wallet application, users can pay bills, buy credit, pay for online shopping, and make money transfers without the need to come to the bank. This provides great convenience and efficiency, especially for those who live in remote areas or who have limited access to bank offices. Transactions using e-wallets are much faster compared to conventional payment methods (Miftahuddin, 2019). Users only need to scan the QR code or enter the recipient's number, and the transaction can be completed in seconds. This reduces the need for cash and speeds up the payment process at physical and online stores. With access to digital payment services, people who previously unbanked can now participate in the digital economy. They can receive payments from customers, manage expenses, and even utilize microloan services from fintech platforms. This provides greater economic opportunities for people who were previously marginalized from the formal financial system (Latifah, 2023).

While digital payment services have many benefits, there are several challenges that must be overcome for financial inclusion to be optimally realized, including: Not everyone has access to the internet or devices that support e-wallet applications. This problem is mainly experienced by people in rural or remote areas who have limited digital infrastructure. Many people still have limitations in understanding how to use e-wallets or other digital payment services (O. A. D. Wulandari, 2023). Therefore, education and socialization to the community are needed so that they can utilize this service effectively. The risk of data theft and cyberattacks is one of the main concerns in using digital payment services. Technology has changed the way we access and use financial services. Digital payment services such as e-wallets (OVO, GoPay, DANA) provide convenience, efficiency and security in transactions. With this technology, people who previously did not have access to banks can engage in the digital financial ecosystem (Zairah, 2022). However, to realize broader financial inclusion, efforts need to be made to improve financial literacy, strengthen digital infrastructure, and ensure data security and privacy. If these challenges can be overcome, digital payment technology will further accelerate financial inclusion and promote more inclusive economic growth (Satrio Ronggo Buwono et al., 2022).

3. Methods

This research uses a qualitative approach with the literature review study method as the main framework. The literature review study method is a research method that aims to collect, analyze, and synthesize information from various relevant literatures in order to understand and evaluate the topic being studied. This approach allows researchers to explore concepts, theories, and findings from previous research as a basis for building a framework of thought and making a scientific contribution to the theme raised. In the context of the research entitled "Islamic Civilization and Digital Economy: Building Sharia Economics in Modern Times", this approach is very relevant. The development of the digital economy in the modern era has a major impact on Islamic economic governance.

Therefore, the literature review aims to explore the relationship between Islamic economic principles and the digital transformation taking place in the global financial system. Through the literature review study, researchers can identify how the digital economy can be utilized to strengthen the Islamic economic system as well as overcome the challenges that may arise

The data sources used in this research include scientific journal articles, books, research reports, and other publications relevant to the themes of Islamic civilization, digital economy, and Islamic economics. Scientific journal articles were chosen because they have high validity and credibility and have gone through a peer review process. Books, Journals related to Islamic economics and economic digitalization are also important sources in providing theoretical and practical understanding of the concepts studied. The data collection process began by searching various academic databases and scientific repositories such as Google Scholar, ResearchGate, and Scopus or SINTA indexed journals. After the literature was collected, the selection process was carried out by considering the relevance, quality, and suitability of the topic to the research. The selected literature was then analyzed using the content analysis method, in which the researcher identified the main themes, patterns, and key concepts related to the topic.

4. Results and Discussion

Sharia Economic Potential in the Digital Economy

Rapid digital transformation has presented great opportunities for the development of Islamic economics. With the integration of digital technology, the Islamic economic system can be more inclusive and efficient, so as to increase public participation in economic activities based on Islamic principles. This is realized through the development of sharia financial technology (fintech) and the optimization of digital management of zakat, infaq, shadaqah, and waqf (ZISWAF). Digital technology plays an important role in driving the progress of the Islamic economy. Through the adoption of technology, Islamic economic actors can utilize digital platforms to conduct financial transactions, investments, and financing in an easier, safer, and more transparent manner.

An important aspect of the role of digital technology in the development of Islamic economics is the emergence of Islamic fintech. Sharia fintech is a technology-based financial service that follows sharia principles, such as the avoidance of *riba* (interest) and *gharar* (uncertainty). Islamic fintech platforms, such as Investree Syariah, Ammana, and Alami, provide access to financing to Micro, Small, and Medium Enterprises (MSMEs) more quickly and efficiently than conventional financial institutions. Islamic fintech platforms use sharia contracts, such as *murabahah* (sale and purchase with an agreed profit margin), *musyarakah* (business partnership), and *ijarah* (leasing). In a *murabahah* contract, for example, fintech provides financing to customers to purchase certain goods, where the selling price of the goods is agreed upon in advance and added with a clear profit margin. With a digital-based system, the process of applying for financing to reporting can be done online, which allows time efficiency, reduces transaction costs, and minimizes the potential for fraud.

Optimizing Digital ZISWAF Management In addition to fintech, the management of Islamic social funds such as zakat, infaq, shadaqah, and waqf (ZISWAF) has also undergone a significant transformation. Digital technology allows ZISWAF management institutions to collect, manage, and distribute funds more transparently, quickly, and accountably. With the existence of digital zakat platforms and sharia-based marketplaces, people can easily channel donations through applications or websites. Digital zakat management enables real-time recording and reporting of ZISWAF fund distribution. This helps increase public trust in ZISWAF management institutions, considering that the distribution process is more open and can be monitored directly by the public. In addition, the use of big data and artificial intelligence also allows ZISWAF managers to analyze mustahik needs more accurately, so that the distribution of funds can be carried out more effectively and on target.

Digital transformation in the Islamic economy provides a number of significant benefits, among them, Technology enables people who previously did not have access to formal financial services to participate in the Islamic financial system. This is especially true for MSMEs that previously found it difficult to obtain financing from conventional banks. With a fully digitalized process, financing applications, payments, and reporting can be done online, thus speeding up the transaction process and reducing administrative burden. Digital technology enables real-time reporting and recording of transactions. This system reduces the risk of fraud, increases public trust, and ensures that the transaction process complies with sharia principles. Digital zakat and Islamic fintech platforms enable more people to participate in Islamic economic activities. Increased community participation will strengthen the overall Islamic financial ecosystem. Through digital processes, operational costs can be reduced as it does not require physical documents and in-person visits to financial institutions. This cost reduction is beneficial for the wider community, especially for MSMEs that have limited capital.

Digital transformation provides great opportunities for the development of the Islamic economy. With the existence of Islamic fintech and digital-based ZISWAF management, people can access Islamic financial services more easily, quickly, and transparently. Islamic fintech platforms such as Investree Syariah, Ammana, and Alami have made a real contribution in supporting MSME financing through sharia contracts that are free from usury and gharar. Digital-based ZISWAF management also enables efficient accountable collection and distribution of Islamic social funds, thereby increasing public trust in the Islamic financial system. Nevertheless, there are several challenges that need to be overcome, such as digital literacy, data security, and infrastructure availability. Therefore, collaboration between the government, financial institutions, and the community is needed to build a more inclusive and sustainable Islamic economic ecosystem in this digital era.

Sharia Financial Inclusion in the Digital Age

The development of Islamic civilization in the modern era faces both challenges and opportunities from the presence of the digital economy. One of the biggest opportunities is the increasing financial inclusion based on sharia principles. The concept of Islamic economics that aims for justice, sustainability, and shared prosperity is now getting a boost from digital-based financial technology (fintech) innovations. This study aims to analyze the role of

the digital economy in building Islamic civilization through strengthening the sharia economy. One of the key benefits of the digital economy is its ability to increase financial inclusion. According to World Bank data, more than 1.7 billion people in the world still do not have access to conventional banking services. In Indonesia, this group is known as the "unbanked population". This phenomenon creates its own challenges in building an inclusive financial system. However, the presence of sharia-based fintech platforms provides a solution to this problem. Applications such as digital wallets (OVO, GoPay, and DANA) allow people to conduct financial transactions digitally without having a bank account. Some of these platforms are starting to offer sharia-based services that comply with Islamic principles, such as online payment of zakat, infaq and sadaqah. This allows people who are in remote areas or do not have access to conventional banks to still engage in the sharia-based financial system.

The digital economy is also able to overcome geographical and social barriers in the distribution of financial services. Previously, people in remote or rural areas had difficulty accessing formal banking services. However, with sharia-based digital applications, they can access financial services through their mobile phones. Sharia-based fintech platforms, such as online sharia financing, allow people to obtain business financing funds without engaging in usury practices. A clear example of this is the presence of platforms that provide financing services based on sharia contracts, such as murabahah (sale and purchase with a margin) or qardhul hasan (benevolent loan) contracts. With this access, people who previously did not have access to conventional banks can obtain business capital to improve their standard of living. This creates more equitable economic justice in the community.

Islamic fintech plays a central role in building an Islamic civilization in the digital economy era. These platforms not only provide access to sharia-based financial products, but also promote the principles of fairness, transparency and sustainability. Some of the key services of Islamic fintech include, Providing usury-free loans, with fair and transparent schemes. Facilitating online payments of zakat, infaq, and sadaqah, making it easier for people to channel funds to those in need. Providing a sharia-based investment platform that allows people to invest with sharia principles. Through these services, Islamic fintech helps accelerate economic development based on social justice and encourages the achievement of Islamic financial goals (maqashid syariah).

While the digital economy provides great benefits, there are several challenges that need to be overcome to ensure the benefits are optimized. One of the main challenges is the low level of digital literacy among the public. Many people, especially in remote areas, are still unfamiliar with digital technology and how to manage it. This challenge can be addressed through digital literacy and sharia-based financial education programs. This program aims to increase public understanding of the use of sharia fintech applications and how to transact safely. The government, Islamic financial institutions, and fintech platform providers need to work together to improve people's digital literacy. The sharia-based digital economy has a far-reaching impact on the development of Islamic civilization. By increasing access to Islamic financial services, the digital economy enables social justice and equitable distribution of wealth. In a region that was previously unreachable by conventional banks, people can now access Islamic financial services online.

This impact is not only felt by the poor or remote communities, but also by small and medium enterprises (SMEs) that need Islamic financing. With greater access to financing, SMEs can expand their businesses, create jobs, and strengthen the local economy. In addition, digital zakat platforms enable more effective, transparent and targeted zakat distribution, thus contributing to poverty alleviation. The digital economy plays an important role in building Islamic civilization and strengthening the Islamic economy in the modern era. With the support of technology, access to sharia-based financial services is increasingly open to all levels of society, including those who previously did not have access to conventional banks. Through sharia-based fintech platforms, people can access financing, make zakat payments, and invest in sharia. However, for these benefits to be felt equally, collaborative efforts are needed from various parties, including the government, financial institutions, and sharia fintech providers. Efforts to improve digital literacy and sharia financial education are also crucial. By overcoming these challenges, the digital economy can be an effective instrument in building a more just, prosperous and sustainable Islamic civilization in the modern era.

Sharia Principles in the Digital Economy

Integrating sharia principles in the digital economy is not an easy task, given the challenges that arise due to the rapid development of technology that continues to move towards progress. For example, the basic principles of sharia that must be considered in digital transactions are the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling). All transactions that involve a high element of uncertainty, such as speculation in the stock market or transactions with unclear agreements, should be avoided. In this case, technology such as blockchain can be a solution to increase transparency and accountability in every transaction. This technology allows all parties in the transaction to see the history and details of the transaction, thus reducing the uncertainty that can arise in the transaction process.

However, the biggest challenge is to ensure that all Islamic fintech systems and platforms are fully compliant with sharia principles. Therefore, strict supervision and regulation from the competent authorities are necessary, so that practices that are contrary to sharia principles can be avoided. Institutions such as the National Sharia Council (DSN) in Indonesia have an important role in providing fatwa and sharia certification for fintech products to be in accordance with Islamic law.

The Role of Technology in Strengthening Sharia Economics

Digital technology can strengthen the Islamic economy in many ways. One of them is by introducing greater transparency in ZISWAF management. By using blockchain technology, all zakat and waqf transactions can be recorded securely, transparently and irreversibly. In addition, sharia-based crowdfunding platforms that can be used for waqf or other social projects also utilize technology reach a wider audience. In addition, sharia-based crowdfunding platforms that can be used for waqf or other social projects also utilize technology to reach a wider audience. The digital economy can also help facilitate a more equitable distribution of wealth, which is one of the main goals of the Islamic economy. With fintech platforms offering Islamic financing, the distribution of funds to productive sectors such as MSMEs can be more equitable and efficient. Thus, the Islamic economy is not only limited to large institutions, but also extends to include micro sectors that can have a positive impact on the economy as a whole.

Integration of Islamic Civilization and Digital Economy

Islamic civilization has long emphasized moral principles in conducting business and economics. Classical Islamic economic thought, such as Ibn Khaldun's *Muqaddimah*, emphasizes the importance of social justice, wealth distribution and integrity in business. In the context of the digital economy, these principles can be applied in ways that are relevant in the modern era. For example, by introducing Shariah-based technology in asset management and investment, we can ensure that the outcome is not only financially beneficial, but also socially beneficial by supporting sustainability and poverty alleviation goals. For example, digital applications and platforms that focus on sharia-based financing can ensure that the profits earned from investment or financing can be distributed equitably, without any party feeling disadvantaged. Similarly, digital zakat applications that allow people to contribute more easily and in a timely manner, ensure that wealth distribution can be more equitable and targeted.

Challenges and Opportunities

Along with the potential offered by the digital economy, great challenges remain. One of them is how to ensure that technology is used ethically and in accordance with Shariah values. In addition, while technology provides great opportunities, lingering socio-economic inequality can be an obstacle for the underprivileged to make the most of this technology. Therefore, there needs to be policies that support equal access to technology, as well as continuous education for the community on the use of digital technology in accordance with sharia principles. Overall, the digital economy opens up many opportunities for the Islamic economy to grow and reach more people, especially in terms of financial inclusion and wealth distribution. However, to maximize this potential, it is crucial to maintain a balance between technological advancements and the application of sharia principles in every transaction and innovation undertaken. A harmonious blend of Islamic civilization and digital economy can be a strong foundation for building a more equitable and sustainable economic system in the future.

5. Conclusion

The development of the digital economy opens up many opportunities for the Islamic economy to grow and develop more widely, especially in increasing financial inclusion, accelerating the efficiency of the financial system, and encouraging a more equitable distribution of wealth. Digital technologies such as fintech, blockchain, and digital zakat applications allow people, especially those marginalized from the traditional banking system, to access various Islamic financial products and services more easily, quickly, and transparently. This access not only increases people's participation in the economy, but also gives them the opportunity to further contribute to socio-economic activities, such as zakat, waqf and infaq, which are important instruments in the Islamic economy. On the other hand, while digital technology offers many benefits, great challenges remain, especially in ensuring that all practices and innovations do not violate Shariah principles. It is important to ensure that all products and services offered by digital platforms are based on valid sharia contracts, free from *riba* (interest), *gharar* (uncertainty) and *maysir* (speculation). For this reason, strict regulations and supervision from sharia authorities are needed. The role of the National Sharia Council (DSN) and other supervisory institutions is very important in providing appropriate fatwas and certifications so that digital economic practices remain within the corridors justified by Islamic law.

Another challenge that needs to be addressed is the gap in digital literacy among communities, which can limit the benefits that can be derived from the digital economy. Communities, especially in remote and less developed areas, often do not fully understand or have access to existing technologies. Therefore, it is important to provide educational programs aimed at improving digital literacy, so that these emerging technologies can be fully utilized by all levels of society, especially those in marginalized groups. Nonetheless, with the rapid advancement in technology and the growing number of sharia-based products, the digital economy provides room for sharia economics to adapt to the times and answer the challenges of modern times. The combination of moral values contained in Islamic civilization with modern technology can create a more inclusive, equitable and sustainable economic system. The utilization of digital technology based on sharia principles not only brings economic benefits, but also contributes to the achievement of more just and equitable socio-economic goals.

The digital economy can help improve the competitiveness of the Islamic economy at the global level, by ensuring that sharia-based financial products and services are more accessible, more efficient and more transparent. In addition, by utilizing technology, the Islamic economy can more easily reach more parties and promote a more equitable distribution of wealth, especially through digital-based zakat, infaq, shadaqah and waqf instruments. Overall, the digital economy provides a great opportunity to strengthen and expand the application of Islamic economics in modern times. However, in order to maximize this potential, there needs to be a coordinated effort between technological development, supporting regulations, as well as the implementation of the digital economy. Education that ensures people can utilize technology effectively and in accordance with sharia principles. Thus, an Islamic economy based on the digital economy can be a strong foundation for creating a more just, sustainable and prosperous economic system for all humanity in the future.

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