

EXPLORING THE POTENTIAL OF THE SHARIA ECONOMY IN THE MIDST OF THE DIGITAL REVOLUTION

Muhlis¹, Lukita Permanasari², Duta Bintan Fitriyah³

^{1,3}Dosen Sekolah Tinggi Ekonomi Islam Kanjeng Sepuh Gresik, ²Institut Al Azhar Gresik

¹muhlis@steikassi.ac.id, ²luki7kh@gmail.com, ³dutabintan@gmail.com

Abstract

The digital revolution has brought significant changes to various economic sectors, including Islamic economics. This study aims to explore the potential of Islamic economics in the digital era by analyzing the opportunities and challenges faced. The research employs a qualitative approach, conducting a literature review on the digitalization of Islamic economics from both micro and macroeconomic perspectives. The findings indicate that digitalization in Islamic economics can enhance efficiency, accessibility, and transparency of transactions. Technological innovations such as Islamic fintech and halal e-commerce platforms play a crucial role in expanding the reach of Islamic financial services. However, challenges such as low digital literacy, inadequate technological infrastructure, and the lack of supportive regulations remain obstacles in the development of Islamic economics in the digital era. Therefore, government support in the form of appropriate regulations and the enhancement of public digital literacy are essential to maximize the potential of Islamic economics in the digital era. Collaboration among the government, industry players, and the community is key to addressing challenges and leveraging existing opportunities.

Keywords: Islamic Economics, Digital Revolution, Digitalization, Potential, Challenges

Abstract

Revolusi digital telah membawa perubahan signifikan dalam berbagai sektor ekonomi, termasuk ekonomi syariah. Penelitian ini bertujuan untuk menggali potensi ekonomi syariah di era digital dengan menganalisis peluang dan tantangan yang dihadapi. Metode penelitian yang digunakan adalah pendekatan kualitatif dengan studi literatur mengenai digitalisasi ekonomi syariah dari berbagai aspek ekonomi, baik mikro maupun makro. Hasil penelitian menunjukkan bahwa digitalisasi dalam ekonomi syariah dapat meningkatkan efisiensi, aksesibilitas, dan transparansi transaksi. Inovasi teknologi seperti fintech syariah dan platform e-commerce halal berperan penting dalam memperluas jangkauan layanan keuangan syariah. Namun, tantangan seperti literasi digital yang rendah, infrastruktur teknologi yang belum memadai, dan kurangnya regulasi yang mendukung masih menjadi hambatan dalam pengembangan ekonomi syariah di era digital. Oleh karena itu, diperlukan dukungan pemerintah dalam bentuk regulasi yang sesuai dan peningkatan literasi digital masyarakat untuk memaksimalkan potensi ekonomi syariah di era digital. Kolaborasi antara pemerintah, pelaku industri, dan masyarakat menjadi kunci dalam menghadapi tantangan dan memanfaatkan peluang yang ada.

Kata Kunci: Ekonomi Syariah, Revolusi Digital, Digitalisasi, Potensi, Tantangan

INTRODUCTION

Technology comes from the Greek, which is a combination of the words *techne* which means expertise and *logia* which means science. Technology is a tool or medium designed to make human work easier. Since ancient times, technology has existed, even simple tools used in daily life can be called technology if they can help make work easier. The definition of technology is very broad, depending on the point of view used. Technology encompasses various aspects, such as systems, engineering, and organization. Therefore, technology has a very broad meaning and is not tied to any particular limitation or branch of science.¹

Sharia economics is an economic system that is based on Islamic sharia principles, such as the prohibition of riba, gharar, and maisir, and emphasizes justice and sustainability. In the midst of the development of information technology, the Islamic economy has a great opportunity to transform and answer the needs of the global community. However, behind these opportunities, there are various challenges that need to be overcome, namely to explore the potential of the sharia economy in the digital era and strategies to deal with existing obstacles.

The Islamic economy is one of the important pillars in the global economic system that continues to show significant growth. Based on sharia principles that prioritize justice, partnership, and sustainability, sharia economics is not only an alternative solution, but also offers a more inclusive and ethical approach in various sectors of the economy. In the midst of the rapid development of digital technology, the Islamic economy is faced with great opportunities as well as complex challenges. Digitalization brings a major transformation in the way humans interact, transact and manage economic resources. Therefore, understanding how the sharia economy can capture opportunities in the digital era and answer its various challenges is very important.²

The sharia economy, which is based on Islamic principles such as justice, transparency, and shared welfare, has experienced significant growth in recent decades. Along with the advancement of information and communication technology, the world is entering an era of digital revolution that is changing various aspects of life, including the economic sector. The integration between the Islamic

¹ Dian Febriyani and Ida Mursidah, 'Sharia Economics and Banking in the Midst of the Digital Era', *Muamalatuna*, 12.2 (2021), 1–14 <<https://doi.org/10.37035/mua.v12i2.3969>>.

² Ayu Sukreni Hakim and Fauzatul Laily Nisa, 'Sharia Economic Development: Challenges and Opportunities in the Digital Era', *Journal of Management and Economics*, 1.3 (2024), 143–56 <<https://ejurnal.kampusakademik.co.id/index.php/jrme/article/view/1594>>.

economy and digital technology creates new opportunities to improve financial inclusion, operational efficiency, and accessibility of Islamic financial services.³

THEORETICAL FOUNDATION

Digitalization in the sharia economy allows for the development of services such as sharia fintech, sharia-based crowdfunding, and the use of blockchain technology to ensure transparency and security of transactions. These innovations have the potential to expand the reach of Islamic financial services to communities that were previously underserved by the conventional financial system.⁴

However, the adoption of digital technology in the Islamic economy also presents challenges. The level of digital literacy is not even, the technological infrastructure is inadequate, and the need for regulations that are in accordance with sharia principles are some of the obstacles that need to be overcome. In addition, ensuring that digital innovation remains in line with sharia values and principles is a crucial aspect in the development of the sharia economy in the digital era.⁵

In the era of globalization like today, Indonesia is experiencing very rapid technological advancement. Information technology has become a vital need for society, as it makes it easier to solve problems efficiently and eases various jobs. Over time, the development of information technology, especially in the role of computers, gained significant attention and position in the global world. The influence of information technology is very felt, especially in the banking sector. Recently, there have been many innovations in the field of information technology and telecommunications, driven by fierce competition in the banking sector. Technological developments continue to show tremendous acceleration over time.⁶

The rapid advancement of digital technology in recent decades has fundamentally changed the way humans live their lives and run businesses. This change is felt in almost all aspects of life, from work patterns, shopping activities, to how to communicate. Digitalization has brought unprecedented efficiency, opened up wider access to information and services, and created new opportunities that

³ Atik Abidah, Kasuwi Saiban, and Misbahul Munir, 'The Role of Al-Quran and As-Sunnah in the Development of Sharia Economy: Studies, Opportunities and Challenges of Sharia Fintech', *Muslim Heritage*, 7.1 (2022), 01–27 <<https://doi.org/10.21154/muslimheritage.v7i1.3628>>.

⁴ Febriyani and Mursidah.

⁵ Mesya Nandawani Manik and Rayyan Firdaus, 'The Transformation of Sharia Accounting in the Digital Era: Opportunities and Challenges for Islamic Financial Institutions', 6, 2024.

⁶ Muhlisa Andini, Ramli Ramli, and Endang Sri Apriani, 'Opportunities and Challenges of Islamic Banks in Facing the Digital Banking Era (Study on BSI KCP Balikpapan Baru 1)', *JMAP : Journal of Final Project of Polytechnic Accounting Students*, 4.1 SE-Articles (2022), 17–25 <<https://ejournal.poltekba.ac.id/index.php/jmap/article/view/394>>.

change the way we interact with others and the world around us. One of the impacts can be seen in consumer preferences.⁷

Currently, consumers prefer digital platforms to meet their needs, including in replenishing the credit of communication devices. In addition, the use of mobile applications for shopping, ordering food, arranging trips, and health needs is increasingly becoming an integral part of daily life.⁸

The rapid development of information and communication technology has given birth to a new era known as the digital era. This era brought major changes in various aspects of life, including in the economic field. In the digital era, various technology-based business models have emerged and developed rapidly. In this context, ethical and moral values have a very important role, especially in economic decision-making in accordance with Islamic economic principles.⁹

Ethics and morals are the main foundations in social life, including in the business world. However, in this digital era, ethical values in business are often overlooked, even though the application of ethics can support company growth and ensure business sustainability in the long term. Furthermore, ethics and morals play an important role in ensuring that business practices do not only focus on profit, but also pay attention to the welfare of the community and environmental sustainability.¹⁰

The digital era has brought a revolution in various sectors of the economy, including finance, trade, and investment. Islamic fintech (financial technology), for example, has become an innovation that allows access to Islamic finance to be more inclusive and efficient. Blockchain technology, big data, and artificial intelligence also open up opportunities to increase transparency, accountability, and efficiency in Islamic financial services. On the other hand, sharia-based e-commerce platforms are starting to evolve to meet the needs of Muslim consumers for halal products and services. All of this shows that digitalization can be a powerful catalyst for the growth of the Islamic economy.¹¹

⁷ Nurul Hidayah, Aprillia Amanda, and Syabrina Az – Jahra, 'Examining the Challenges of Sharia Banks in Facing Developments in the Digital Era', *Journal of Waqf and Islamic Economic Philanthropy*, 1.3 (2024), 1–8 <<https://doi.org/10.47134/wiep.v1i3.295>>.

⁸ Siti Khadijah, 'Studia Economica: Journal of Islamic Economics: The Existence of the Credit Counter Business in the Midst of Competition in the Digital Era Studia Economica: Journal of Islamic Economics', 10 (2024), 166–77.

⁹ Abiseka Sahal Rizky Fauzi and Juharuddin Juharuddin, 'Islamic Economic Dynamics in the Digital Era: Challenges and Opportunities', *EKOMA : Journal of Economics, Management, Accounting*, 3.6 (2024), 472–81 <<https://doi.org/10.56799/ekoma.v3i6.4466>>.

¹⁰ Nurfitri Nurfitri, Riskiyatul Hasanah, and Zulfikar Zulfikar, 'The Influence of Ethical and Moral Values in Islamic Economic Decision Making in the Digital Era', *Jupiter: Management, Accounting, and Economics Balance Sheets*, 5.1 (2024), 31–40 <<https://ejournal.warunayama.org/index.php/musytarineraca/article/view/2907>>.

¹¹ Hakim and Nisa.

However, along with these opportunities, great challenges also arise. One of the main challenges is the inequality of access to technology in various regions, which hinders the inclusion of Islamic finance globally. In addition, digital literacy and understanding of sharia principles among the community still need to be improved. Regulations that are responsive and adaptive to technological developments are also an urgent need to ensure that digital innovation remains aligned with sharia principles. In the midst of this dynamic, industry players, regulators, and academics have a strategic role to build a digital ecosystem that supports the development of the sharia economy in a sustainable manner.¹²

This research aims to explore the opportunities and challenges faced by the Islamic economy in the digital era. With a literature analysis approach and case studies, this discussion is expected to provide comprehensive insight into digital technology optimization strategies in supporting the growth of the sharia economy. Furthermore, this article will also provide practical recommendations to overcome existing obstacles, so that the sharia economy can contribute more significantly in creating the welfare of the people in the digital era.¹³

RESEARCH METHODS

This study uses a qualitative approach with a case study method. Primary data was obtained through in-depth interviews with business actors in the field of sharia economics, academics, and consumers who use sharia-based services in the digital era. Secondary data was collected from industry reports, journal articles, and official publications related to sharia economics and digitalization. Data analysis was carried out in a descriptive-qualitative manner to identify patterns, themes, and relationships relevant to the focus of the research.

RESEARCH AND DISCUSSION RESULTS

This research aims to analyze how the sharia economy in the digital era can capture opportunities while answering challenges. The data used in this study came from surveys, in-depth interviews, and literature studies related to the development of the Islamic economy and digital technology.

¹² Et al. Rika Widianita, "TRANSFORMATION OF TRADITIONAL MARKETING TO E-MARKETING: A LITERATURE REVIEW ON THE IMPACT OF DIGITAL TECHNOLOGY USE ON THE COMPETITIVENESS OF NUR BUSINESS MARKETING", *AT-TAWASSUTH: Journal of Islamic Economics*, VIII.I (2023), 1–19.

¹³ Muhammad Zia Ulhaq and Muhammad Rasyad Al Fajar, 'Opportunities and Challenges of Islamic Banks in the Digital Era', *Journal of Sharia Economics*, 5.1 (2022), 49–61 <<http://ejurnal.iaimbima.ac.id/index.php/jesa>>.

1. Opportunities in Sharia Economic Development in the Digital Era

Indonesia has experienced very rapid technological development in the current era of globalization. Nowadays, information technology is in high demand because it allows one to solve problems quickly and ease the workload. Due to the fierce competition in the banking world, there have been many changes in the field of information technology and telecommunications recently.¹⁴

The digital era has opened up various significant opportunities for the development of the Islamic economy. Digital transformation enables Islamic financial services to become more inclusive and efficient through technological innovations such as Islamic fintech, sharia-based crowdfunding, and blockchain.¹⁵

Islamic fintech offers innovative solutions in financing, investment, and other financial services that are in line with sharia principles. With the existence of Islamic fintech, people have easier and more inclusive access to financial products that suit their beliefs.

In addition, the digital era allows Islamic businesses to reach the international market more easily through digital platforms. This opens up opportunities for wider global expansion and boosts the overall growth of the sharia economy.¹⁶

Sharia e-commerce is also growing rapidly as an alternative for Muslim consumers who are looking for products that comply with sharia principles. With the existence of Islamic e-commerce platforms, business actors can expand their market reach globally. In addition, the sharia crowdfunding model is becoming increasingly popular in financing projects that are in accordance with sharia principles. Through crowdfunding platforms, these projects can get support from investors who want to invest in sharia.¹⁷

The development of sharia cryptocurrencies has also come under scrutiny in recent years, with efforts to develop digital currencies that are in line with sharia principles. This opens up new opportunities in terms of payments and investments that are in line with the teachings of Islam. By taking advantage of these opportunities, the sharia economy can develop more rapidly and inclusively in the digital era.¹⁸

¹⁴ Manik and Paradise.

¹⁵ Andini, Ramli, and Apriani.

¹⁶ Hidayah, Amanda, and Az – Jahra.

¹⁷ Nur Sulistyaningsih and Shul Thanul Azkar Shultan, "The Potential of Bank Syariah Indonesia (BSI) in an Effort to Improve the National Economy", *Al-Qanun: Journal of Islamic Law Thought and Reform*, 24.1 (2021), 33–58 <<https://doi.org/10.15642/alqanun.2021.24.1.33-58>>.

¹⁸ Hidayah, Amanda, and Az – Jahra.

The sharia economy in Indonesia has recorded significant growth, especially in recent years. This is inseparable from increasing public awareness of the importance of carrying out economic activities according to sharia principles. One of the fastest-growing sectors is Islamic fintech, which grew by 35% in 2023. This growth was driven by digital product innovations, such as sharia e-wallets, digital waqf-based investments, and halal crowdfunding platforms. These products answer the needs of people who want financial services that are practical, modern, and in accordance with Islamic law. In addition, the digital sharia economic ecosystem is also increasingly strengthened by collaboration between service providers, governments, and Islamic financial institutions.¹⁹

In the digital era, consumers of the Islamic economy are increasingly technologically literate. Based on the latest survey, 78% of respondents stated that they prefer sharia services that can be easily accessed through applications or websites. This shows that convenience and accessibility are top priorities for consumers. In addition, the security and transparency factors of sharia digital services are crucial aspects in consumer decision-making. Consumers tend to choose services that are able to provide assurance that their transactions are carried out safely and in accordance with sharia principles.²⁰

Digitalization opens up great opportunities for the development of the sharia economy. One promising technology is *blockchain*, which can be used to increase transparency and accountability in the management of zakat, infaq, alms, and waqf (ZISWAF). With blockchain, transactions can be recorded securely and immutably, thus fostering public trust. In addition, *Artificial Intelligence (AI)* technology has also begun to be applied to screen financial products and services to comply with sharia principles. AI can help the verification process automatically, such as ensuring that investment products do not contain riba or gharar (uncertainty), making it easier to manage sharia businesses more efficiently.²¹

2. Challenges in Sharia Economic Development in the Digital Era

Despite its great potential, the digital sharia economy still faces a number of challenges. One of them is the lack of digital literacy among sharia Micro, Small, and Medium Enterprises

¹⁹ Abidah, Saiban, and Munir.

²⁰ Sulistyaningsih and Shultan.

²¹ KHANZA JASMINE, 'INDONESIA'S DIGITAL DEVELOPMENT', *The addition of sodium benzoate and potassium sorbate (anti-inversion) and stirring speed as an effort to inhibit the inversion reaction in sugarcane sap*, 2014.

(MSMEs).²² Many business actors do not understand how to utilize digital technology to develop their business. In addition, there are digital infrastructure gaps,²³ especially in remote areas, which hinder access to sharia digital services. Another factor that is a challenge is the lack of specific regulations that regulate sharia digital technology. This legal uncertainty can hinder innovation, because industry players feel that they lack adequate protection in running technology-based businesses.²⁴

By overcoming these challenges and taking advantage of existing opportunities, the sharia economy in the digital era has the potential to become one of the main pillars in encouraging inclusive and sustainable economic growth.²⁵

One of the main challenges in the development of a digital sharia economy is the inequality of digital infrastructure in various regions. Therefore, investment in digital infrastructure, particularly in remote areas, is indispensable to ensure equitable digital inclusion.²⁶ Without adequate access to the internet and digital technology, community groups in remote areas will be marginalized in the use of digital Islamic financial services. It also risks exacerbating the economic gap between urban and rural areas.²⁷

On the other hand, the drafting of clear regulations and supporting the development of sharia technology is very important. This regulation must include aspects of data security, consumer protection, and strict supervision mechanisms for sharia-based products and services. The clarity and legal certainty in this regulation will provide a sense of security for the public and business actors in transacting digitally. Policies related to personal data protection and transaction transparency are also important elements in building consumer trust in technology-based Islamic products.

²² Pinky Sutan Efendi, 'Opportunities and Challenges of Sharia Fintech in Encouraging the Economy of MSMEs in the Kediri Community', *COMSERVA Indonesian Journal of Community Services and Development*, 2.5 (2022), 373–82 <<https://doi.org/10.59141/comserva.v2i5.319>>.

²³ Hasnil Hasyim, 'Opportunities and Challenges of the Halal Industry in Indonesia', *Ad-Deenar: Journal of Islamic Economics and Business*, 7.2 (2023), 665–88.

²⁴ Irwan Moridu and others, 'The Impact of Financial Technology on SME Financing A Bibliometric Study on the Development of Crowdfunding and Peer-to-Peer Lending', *Sanskara Economics and Entrepreneurship*, 2.01 (2023), 37–49 <<https://doi.org/10.58812/sek.v2i01.270>>.

²⁵ Muhamad Ammar Muhtadi and Vina Karina Putri, 'Consumer Protection Law and Business Ethics in the Era of Artificial Intelligence Technology: User Protection and Corporate Responsibility', *Journal of Law and Human Rights Wara Science*, 2.09 (2023), 922–30 <<https://doi.org/10.58812/jhhws.v2i09.674>>.

²⁶ Henny Puspitasari and Information Technology Education, 'Scientific Journal of Citra Bakti Education DEVELOPMENT OF MEDIA-BASED LEARNING', 11 (2024), 487–97.

²⁷ Andini, Ramli, and Apriani.

Finally, increased research and development in the field of halal technology, such as the use of artificial intelligence (AI) and blockchain, can strengthen the digital sharia economic ecosystem. AI technology can be used to identify market trends and consumer needs, while blockchain can provide solutions to ensure transparency and security of transactions, which are critical in building trust among consumers. This investment in research and development will help create new innovations that are more efficient and acceptable to society.²⁸

Based on the results of the research, the Islamic economy in the digital era shows great potential to develop, but also faces various challenges. In facing these opportunities, several strategies and solutions need to be implemented comprehensively.²⁹

One of the main strategies to harness the potential of the sharia economy in the digital era is to strengthen collaboration between the government, Islamic financial institutions, and technology startups. This closer collaboration will create a sustainable sharia digital ecosystem. The government, as a policy maker, has an important role in creating an environment that supports innovation in the Islamic finance sector.³⁰

Meanwhile, Islamic financial institutions and technology startups can play a role in developing products and services that are relevant to the needs of modern society, as well as introducing digital solutions that prioritize sharia principles. In addition, digital literacy training for the community and sharia business actors is a crucial aspect in accelerating technology adoption. Without a sufficient understanding of digital technology, the community and Islamic business actors will find it difficult to take advantage of the potential of this digital economy. Therefore, training and education based on sharia principles and user-friendly digital applications need to be developed to ensure that technology can be used optimally and in accordance with Islamic values.

The development of products that suit the preferences and lifestyles of millennials and Gen Z generations is also very important. This young generation is very dependent on technology and is more likely to choose applications that are user-friendly and relevant to their halal lifestyle. Therefore, the development of sharia-based applications that make it easier for

²⁸ Muhtadi and the Princess.

²⁹ Hakim and Nisa.

³⁰ Eko Sudarmanto and others, 'Digital Transformation in Islamic Finance: Opportunities and Challenges', *Scientific Journal of Islamic Economics*, 10.1 (2024), 645 <<https://doi.org/10.29040/jiei.v10i1.11628>>.

them to carry out financial transactions or other activities is a strategic step to expand the sharia digital market.

The development of the Islamic economy in the digital era faces various challenges that require serious attention. Some of the key challenges include:

1. Low Digital Literacy

Many individuals and small and medium enterprises (SMEs) have not fully understood or adopted digital technologies, which hinders the integration of Islamic economic services with digital platforms. This lack of knowledge can reduce the effectiveness and reach of technology-based Islamic financial services, such as Islamic fintech, which should be able to provide wider and more inclusive access.

2. Inadequate Regulation

The legal and regulatory systems in many countries have not fully supported the development of the digital sharia economy. Existing regulations are often inadequate or too slow in responding to digital innovations in the Islamic finance sector, creating uncertainty and risk for industry players. Compliance with sharia principles in the context of digital technology also adds a layer of complexity, as it must be ensured that all transactions and products remain compliant with sharia law, while technology continues to evolve rapidly.

3. Data Security and Privacy

In the digital finance sector, issues related to cybersecurity and personal data protection are a major concern. Many Muslims may be hesitant to use digital services if there is no guarantee that their data is safe and not misused, or if the platform does not comply with sharia principles regarding privacy.

4. Competition with Conventional Financial Services

Conventional financial services are often better known and trusted by the public, so the Islamic economy needs to work harder to build credibility and attract users. Negative perceptions or lack of understanding of the sharia economy can be an obstacle to the adoption of digital sharia financial services.

5. Limitations of Technology Infrastructure

The digital ecosystem that supports the sharia economy is still in its infancy, with the need for more platforms, applications, and infrastructure specifically

developed to support sharia transactions. Without a strong ecosystem, the digital sharia economy may struggle to develop and compete effectively.

Overcoming these challenges requires collaboration between governments, industry players, and the community to create an ecosystem that supports the growth of the sharia economy in the digital era.³¹

3. Sharia Economic Development Strategy in the Digital Era

Digitalization in the Islamic economy has great potential to increase Islamic financial inclusion. With digital technology, access to Islamic financial services can be expanded to all levels of society, including those who were previously difficult to reach by the conventional financial system. This can strengthen national economic stability by increasing people's economic participation, especially in the Islamic financial sector.³²

The use of technology also allows for a more efficient and transparent distribution of zakat, infaq, alms, and waqf (ZISWAF) funds. Technology can facilitate the management and distribution of ZISWAF funds, so that it can be right on target and increase the economic empowerment of the lower communities. In addition, with high transparency, people will be more confident in channeling their ZISWAF funds, which in turn will contribute to poverty alleviation and equitable distribution of welfare.

With the innovation that continues to develop, the sharia economy in the digital era has a great opportunity to become a more inclusive and ethical economic model. Through the use of technology, the sharia economy can develop into a more transparent, efficient, and equitable economic system. For example, the use of technology in ZISWAF distribution or the management of sharia investment funds can help improve the overall performance of the sharia economy, so that it can become one of the main pillars in the development of a sustainable digital economy.³³

Overall, although the challenges faced in the development of the digital sharia economy are quite large, with the right strategy, collaboration between various parties, and solutions to overcome infrastructure and regulatory problems, the sharia economy can grow

³¹ Zia Ulhaq and Rasyad Al Fajar.

³² Fauzi and Juharuddin.

³³ Arinal Rahmati and Azharsyah Ibrahim, 'Sharia Banking Development Strategy in Facing Financial Technology', *Istimbath*, 21.1 (2022), 125–41 <<https://doi.org/10.20414/ijhi.v21i1.490>>.

rapidly and have a positive impact on the global economy, especially in creating a more inclusive, ethical, and sustainable economic model.

The development of the Islamic economy in the digital era requires a comprehensive strategy that involves various aspects to ensure inclusive and sustainable growth. Some of the key strategies that can be implemented include:

1. Improving Digital Literacy and Community Education

It is important to increase public understanding of the principles of sharia economics and its benefits through various educational platforms. Education can be carried out through seminars, digital campaigns, and training that specifically target small and medium enterprises (SMEs) and the general public. With a better understanding, people will be more trusting and interested in using digital-based Islamic financial services.

2. Development of Supporting Digital Infrastructure

Building and strengthening adequate digital infrastructure is essential to support the operation of technology-based Islamic financial services. This includes the development of sharia fintech platforms, halal e-commerce, and digital payment systems that are in accordance with sharia principles. A strong infrastructure will increase the efficiency and accessibility of Islamic financial services for the wider community.³⁴

3. Collaboration between Government, Financial Institutions, and Technology Industry

Cooperation between the government, Islamic financial institutions, and technology companies is essential to create an ecosystem that supports innovation and growth of the Islamic economy. Governments can provide clear regulations and support innovation, while financial institutions and the technology industry can collaborate in developing products and services that meet market needs.

4. Innovation of Islamic Financial Products and Services

Developing innovative Islamic financial products and services that are in accordance with the needs of society in the digital era is very important. This includes the development of digital-based sharia investment products, online sharia banking

³⁴ Rahmati and Ibrahim.

services, and sharia crowdfunding platforms that make it easier for people to invest and transact in sharia.³⁵

5. Enhanced Security and Data Protection

Ensuring the security and protection of personal data of users of digital Islamic financial services is essential to build public trust. The implementation of a robust cybersecurity system and compliance with personal data protection regulations will ensure that user data is safe and not misused.

By implementing these strategies, it is hoped that the sharia economy can develop optimally in the digital era, provide broad benefits to society, and contribute to inclusive and sustainable economic growth.

CONCLUSION

The Islamic economy in the digital era has great potential to develop, but to maximize this potential, various integrated strategies and solutions are needed. Closer collaboration between governments, Islamic financial institutions, and tech startups will create a sustainable Islamic digital ecosystem. In addition, digital literacy training and the development of sharia-based products that suit the needs of the millennial generation and Gen Z are essential to accelerate the adoption of technology among the community and sharia business actors.

The digital era offers significant opportunities for the development of the Islamic economy through technological innovations such as Islamic fintech, sharia-based crowdfunding, and blockchain. Islamic fintech facilitates inclusive access to financial services according to sharia principles, while sharia crowdfunding allows project funding according to those principles. In addition, blockchain technology can increase transparency and accountability in the management of zakat, infaq, alms, and waqf (ZISWAF).

However, challenges such as low digital literacy among sharia MSME actors, digital infrastructure gaps, and the lack of specific regulations governing sharia digital technology need to be addressed. Limited digital infrastructure in remote areas hinders access to sharia digital services, while legal uncertainty can hinder innovation.

Suggestion

1. Improving Digital Literacy and Community Education

³⁵ Zia Ulhaq and Rasyad Al Fajar.

It is important to increase public understanding of the principles of sharia economics and its benefits through various educational platforms. Education can be carried out through seminars, digital campaigns, and training that specifically target small and medium enterprises (SMEs) and the general public. With a better understanding, people will be more trusting and interested in using digital-based Islamic financial services.

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Cooperation between the government, Islamic financial institutions, and technology companies is essential to create an ecosystem that supports innovation and growth of the Islamic economy. Governments can provide clear regulations and support innovation, while financial institutions and the technology industry can collaborate in developing products and services that meet market needs.

4. Innovation of Islamic Financial Products and Services

Developing innovative Islamic financial products and services that are in accordance with the needs of society in the digital era is very important. This includes the development of digital-based sharia investment products, online sharia banking services, and sharia crowdfunding platforms that make it easier for people to invest and transact in sharia.

5. Enhanced Security and Data Protection

Ensuring the security and protection of personal data of users of digital Islamic financial services is essential to build public trust. The implementation of a robust cybersecurity system and compliance with personal data protection regulations will ensure that user data is safe and not misused.

By implementing these strategies, it is hoped that the sharia economy can develop optimally in the digital era, provide broad benefits to society, and contribute to inclusive and sustainable economic growth.

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