

Development of Financial Technology (Fintech) Based on an Islamic Economic Perspective

Nur Maulidatus Saidah¹ Safinah Amaliyah Zazky²

e-mail : nurmaulida006@gmail.com¹ safinahzazky@gmail.com²

DOI: <https://doi.org/10.62097/al-tsaman.v7i01.2007>

Received: 01-05-2025

Revised: 25-05-2025

Accepted: 31-05-2025

Info Artikel

KEYWORDS:

Development, Financial
Technology (Fintech),
Islamic Economic.

KATA KUNCI:

Pengembangan, Teknologi
Finansial (Fintech),
Ekonomi Islam.

Abstract

Your abstract should be written in one paragraph and typed single-spaced. Your abstract should not exceed 250 words in length. Your abstract should reflect your research objectives, research methods, research results, and recommendations. If your article draws from original research, please indicate in your abstract how the research was conducted, including the samples involved and the methods used. Please identify at least three keywords that make your research easiest to identify.

Abstrak.

Abstrak Anda harus ditulis dalam satu paragraf dan diketik dengan spasi tunggal. Abstrak Anda tidak boleh melebihi 250 kata. Abstrak Anda harus mencerminkan tujuan penelitian, metode penelitian, hasil penelitian, dan rekomendasi Anda. Jika artikel Anda diambil dari penelitian asli, harap tunjukkan dalam abstrak Anda bagaimana penelitian dilakukan, termasuk sampel yang terlibat dan metode yang digunakan. Harap identifikasi setidaknya tiga kata kunci yang membuat penelitian Anda paling mudah diidentifikasi.

INTRODUCTION

The evolution of increasingly sophisticated technology has opened up numerous opportunities for individuals to start and grow businesses. Each year, technological advancements bring innovations that ease human tasks and revolutionize daily operations. Indonesia, in particular, has experienced significant technological growth alongside advancements in science and knowledge in information and communication technology. This growth has led to the creation of tools and systems supporting unidirectional and interactive two-way communication (Narastrri, 2020).

Currently, Indonesia is amidst the Industrial Revolution 4.0, characterized by a surge in internet users across various demographic and societal groups. For instance, the number of internet users in Indonesia increased from just 500,000 in 1998 to over 100 million by the end of

2017. According to a survey conducted by [■] APJII in 2017, internet access grew by 7.9% compared to the previous year and over 600% in the last decade. The rapid proliferation of internet access, coupled with affordable digital devices, has spurred the emergence of Financial Technology (FinTech) companies as a viable solution to bridge financial gaps in society

FinTech is defined as an industry comprising companies that leverage technology to enhance the efficiency of financial systems and services. It represents technological innovations in financial services that enable the creation of new business models, applications, processes, or products with material impacts on financial service delivery. With creative ideas and innovations, FinTech provides consumers with convenient options for payments, remittances, fund intermediation, investments, and even automated investment recommendations through artificial intelligence (Muhammad Nizar & Antin Rakhmawati, 2022).

The integration of technological advancements with the financial sector ensures practical, safe, and modern financial transactions (Nizar & Rakhmawati, 2020). The rapid growth of FinTech start-ups in Indonesia is attributed to their ability to meet human needs in financial transactions, such as payments, share trading, loans, and other technology-based services. This phenomenon reflects the broader principle in Islam that emphasizes ease and facilitation, as stated in Surah Al-Baqarah (2:185): “Allah intends for you ease and does not intend for you hardship”(Nurul & Ningrat, 2019).

Islamic Financial Technology (Islamic FinTech) has gradually merged into the conventional financial system while adhering to Islamic principles. This necessitates understanding Sharia-compliant practices in FinTech, including contracts, conditions, legality, taxation, accounting, and audits, to avoid elements of *riba* (usury) and *gharar* (uncertainty). For instance, practices like offering cashback and discounts to investors must be carefully scrutinized to ensure they align with Islamic investment principles(Nurdin et al., 2020).

Given the rapid evolution of FinTech and its implications for financial practices, it is essential to explore its development from an Islamic perspective. This paper aims to analyze the major roles of FinTech start-ups, the relevance of FinTech to contemporary advancements, and its alignment with the principles of Islamic economics(Syahputra & Khairina, 2022).

RESEARCH METHODS

This study aims to examine the development of financial technology (fintech) from an Islamic economic perspective, focusing on how Islamic principles can be applied in the fintech sector. This is a descriptive qualitative research that seeks to explore and describe how fintech can be implemented in accordance with Islamic values, as well as analyze its impact on the financial

sector and the economy of society. The approach used is qualitative with an interdisciplinary approach, combining studies from two main fields: financial technology (fintech) and Islamic economics. This research will examine theories related to Islamic economic principles and how digital technology in the financial sector can align with Islamic values, such as justice, transparency, and public welfare (Irawan et al., 2021).

The data sources used in this study consist of primary and secondary data. Primary data is obtained through in-depth interviews with fintech experts, industry practitioners, fintech startup managers, academics focusing on Islamic economics, as well as regulators and authorities overseeing the implementation of fintech (Rakhmawati et al., 2019). Additionally, focus group discussions (FGDs) will be conducted to obtain direct perspectives on the challenges and opportunities in applying fintech in accordance with Islamic principles. Secondary data will be collected from literature studies involving international journals, books, research reports, and articles discussing fintech and Islamic economics, as well as statistical data and reports from financial institutions related to fintech development, regulations, and fintech adoption in Indonesia (Nantungga, 2023).

The data collection techniques used in this study are semi-structured interviews, FGDs, and document analysis. Data analysis will be carried out using content analysis and thematic analysis, where data from interviews and FGDs will be analyzed to identify key themes related to the development of fintech from an Islamic economic perspective. Additionally, document analysis will be conducted on literature, regulations, and reports related to the integration of fintech with Islamic economic principles (Muhammad Nizar & Antin Rakhmawati, 2022). This study aims to develop a conceptual model for the development of fintech based on Islamic economic principles, such as the prohibition of *riba* (usury), transparency, justice, and ease and security in transactions (Abidah et al., 2022).

This research will be conducted over six months, with phases including preparation and literature study in the first month, data collection in the second and third months, data analysis and model development in the fourth month, drafting of the preliminary report and validation of research findings in the fifth month, and final report preparation in the sixth month. The results of this study are expected to make a significant contribution to the development of fintech that is consistent with Islamic economic principles and provide new insights for the government, regulators, and fintech industry players in creating more inclusive, transparent, and fair financial solutions for Indonesian society (Hiyanti et al., 2019; Rakhmawati et al., 2020).

RESULTS AND DISCUSSION

RESULTS

1. Analysis of the Big Role of Financial Technology Start-Ups

Indonesia, as the largest archipelagic country in the world, has enormous potential in the economic sector, but also faces the challenge of limited equal opportunities, especially in remote areas. People in small areas often have to move to big cities to gain access to bigger opportunities and markets. However, people in remote areas often pay higher prices for the same products compared to those available in big cities. This is where the role of information technology, especially Financial Technology (Fintech), becomes crucial in creating solutions (Astuti et al., 2022; Nizar, 2018).

2. Information Technology Theory

Information Technology (IT) is an important element in industrial transformation, including the financial sector. According to Porter and Millar, information technology changes the way activities are carried out and improves the interconnectedness between activities inside and outside the company. Fintech, as an IT application in the financial sector, brings a major revolution, especially with services such as crowdfunding, mobile payments, and peer-to-peer (P2P) lending. For example, crowdfunding allows people to access funds from all over the world, even without meeting in person, while mobile payments allow financial transactions to be carried out more easily and quickly without the need for physical intermediaries such as banks (Narastri, 2020).

3. The Role of Information Technology

Information technology plays a role in accelerating business processes and strengthening companies' ability to reach consumers and suppliers. The role of this technology is not only to replace the role of humans, but also to strengthen it by providing better information for fast and efficient decision making. In the context of fintech, this technology accelerates access to financial services for individuals who previously did not have access or had difficulty accessing conventional financial services (Narastri, 2020).

4. Disruptive Innovation Theory

Disruptive innovation refers to the emergence of new technologies that replace old technologies and dominate the market. In the fintech sector, this occurs with the presence of digital payment applications and cryptocurrency systems such as Bitcoin which replace traditional transaction methods. Fintech is not only changing the way we transact, but also introducing new ways to access financial services in a more inclusive and affordable way, allowing people who are

not served by traditional banks to still be able⁴¹ to participate in the digital economy:(Putri Melani & Handri, 2023).

DISCUSSION

1. The Role of Financial Technology in Improving Community Welfare

Fintech start-ups have a significant impact on improving the standard of living of the Indonesian people, especially in providing wider access to financial services. Some of the major contributions of fintech include(Nurhidayat, 2020).

Better accessibility: Fintech allows people to access various financial services without having to come directly to the bank. This is especially important in areas that are underserved by banking infrastructure(Sugiharto & Syaifullah, 2023).

2. Reduced costs and time: By using fintech, users can save time and costs in making transactions, especially for inter-regional or international transactions. Increased financial literacy: Fintech not only provides access to financial services, but also educates people about financial management through educational platforms or financial analysis tools provided by many fintech start-ups(Alfarizi, 2022).

3. Impact of Financial Technology on the Indonesian Economy

Financial technology not only provides easy access to finance but also introduces new profitable business models. Some aspects that need to be noted are:

- a. Development of Bitcoin and Cryptocurrency. Fintech plays a role in the development of a blockchain-based global payment system such as Bitcoin, which can be used without intermediaries such as banks. This reduces dependence on the traditional banking system and opens access to financial services for the unbanked.
- b. Accelerating the Digitalization of the Sharia Economy. Fintech plays a major role in driving the digitalization of the sharia economy, which includes payment, investment, and financing services that are in accordance with sharia principles. In this case, fintech supports financial inclusion by providing financial alternatives that are in accordance with Islamic teachings.
- c. Improving Financial Infrastructure. Fintech also helps improve financial infrastructure, especially in areas that are underserved by conventional banks. With increasing internet penetration, fintech start-ups can reach consumers in remote areas that were previously difficult to reach by the traditional financial system.

⁴¹ 41 Jurnal Al-Tsaman, Vol 6, Issue 1, 2024

- d. Eliminating Loan Sharks. Fintech[▪] facilitates transparency in the money lending system, which in turn can reduce loan shark practices by providing more transparent and affordable loan alternatives.

4. Relevance of Financial Technology to the Current Era

In this digital era, technological advances have changed the way we interact with the economy. Fintech as part of the digital economy has introduced a more efficient transaction system, including cashless payments, which are increasingly popular in Indonesia. The use of e-money and digital wallets such as OVO, GoPay, and Dana replaces cash as the main payment method, allowing people to make transactions more easily and quickly. Fintech also allows people living in remote areas to access previously unaffordable financial services. This is important because it can reduce the economic gap between urban and rural areas (Rasyid et al., 2017).

CONCLUSION

Based on the results of the research and analysis that have been explained, it can be concluded that the Financial Technology (FinTech) agreement does not conflict with the Islamic economic system as long as it follows the principles of contract validity and meets the applicable terms and conditions, including relevant laws. In the Islamic economic system, Financial Technology will provide alternative choices for the community, especially for those who want to avoid the trap of usury. This shows that muamalah is not only limited to the aspect of economic value, but must also pay attention to the aspect of worship so that muamalah activities become a blessing.

This study can provide insight into the application of Financial Technology which is still relatively new and the relevance of financial literacy which is increasingly important. Therefore, further efforts are needed from the government, the Financial Services Authority (OJK), and Financial Technology service providers to improve literacy and in-depth scientific studies to ensure that the presence of Financial Technology in society can be a driver of learning in the digital era.

Previous research on Financial Technology in the context of Islamic economics needs to be expanded by examining more deeply the FinTech practices that have been implemented in countries with large Muslim populations, as well as their impact on financial inclusion and community welfare. In addition, more research that addresses the challenges of implementing Sharia-based FinTech, especially in terms of regulation and supervision, is also urgently needed to provide clearer guidance for FinTech developers and service providers.

The implication of this study is the importance of increasing digital financial literacy in society to ensure that the financial technology implemented is in line with Islamic economic

principles. This study also opens up opportunities for developing policies that support the integration of Financial Technology with a stronger Islamic economic system and in accordance with the needs of society. For FinTech service providers, the results of this study provide important insights regarding the application of Sharia principles in their services, as well as how to ensure that these services are not only financially profitable but also in accordance with religious values.

REFERENCES

- Abidah, A., Saiban, K., & Munir, M. (2022). PERAN AL-QURAN DAN AS-SUNNAH DALAM PERKEMBANGAN EKONOMI SYARIAH:KAJIAN, PELUANG DAN TANTANGAN FINTECH SYARIAH. *Muslim Heritage*. <https://doi.org/10.21154/muslimheritage.v7i1.3628>
- Alfarizi, M. (2022). STUDI EKSPLORASI PENERIMAAN DIGITALISASI PEMBAYARAN ZAKAT MELALUI APLIKASI FINTECH INDONESIA PASCA PANDEMI COVID-19. *An-Nisbah: Jurnal Ekonomi Syariah*. <https://doi.org/10.21274/an.v9i2.5982>
- Astuti, H. D., Solihah, C., Sahid, M. M., Ahmad, A. U. F., Sopyan, Y., & Husaeni, U. A. (2022). PRINCIPLE 5 C IN THE PRACTICE OF PEER TO PEER LENDING (P2P) FINANCIAL TECHNOLOGY IN THE PERSPECTIVE OF BUSINESS ETHICS AND ISLAMIC JUSTICE. *Jurnal IUS Kajian Hukum Dan Keadilan*. <https://doi.org/10.29303/ius.v10i2.1019>
- Hiyanti, H., Nugroho, L., Sukamadilaga, C., & Fitrijanti, T. (2019). Peluang dan Tantangan Fintech (Financial Technology) Syariah di Indonesia | Hiyanti | Jurnal Ilmiah Ekonomi Islam. *Jurnal Ilmiah Ekonomi Islam*.
- Irawan, S., Fasa, M. I., & Ja'far, A. K. (2021). Analisis Akad Pembiayaan Murabahah di Bank Syariah Indonesia Cabang Pringsewu. *Reslaj: Religion Education Social Laa Roiba Journal*. <https://doi.org/10.47467/reslaj.v4i2.693>
- Muhammad Nizar, & Antin Rakhmawati. (2022). Tantangan dan Strategi Pemasaran Produk Halal di Indonesia. *MALLA (TERAKREDITASI)*. <https://doi.org/10.35891/ml.v13i1.2872>
- Nantunga, K. . (2023). *PENGARUH FINANCIAL TECHNOLOGY DAN LITERASI KEUANGAN TERHADAP KEBERLANJUTAN UMKM DI KABUPATEN SLEMAN DENGAN INKLUSI KEUANGAN SEBAGAI VARIABEL MEDIASI*. Doctoral dissertation, Universitas Islam Indonesia.
- Narastri, M. (2020). FINANCIAL TECHNOLOGY (FINTECH) DI INDONESIA DITINJAU DARI PERSPEKTIF ISLAM. *Indonesian Interdisciplinary Journal of Sharia Economics (IJSE)*. <https://doi.org/10.31538/ijse.v2i2.513>
- Nizar, M. (2018). Pengaruh Entrepreneurial Orientation dan Market Orientation terhadap Keunggulan Bersaing dan Kinerja Pemasaran. In *ekonomi-syariah.yudharta.ac.id*.
- Nizar, M., & Rakhmawati, A. (2020). Tinjauan Wisata Halal Prespektif Maqosidus Syariah Terkait Fatwa Dsn Mui Dsn-Mui No. 08 Tahun 2016. *Jurnal Istiqro*. <https://doi.org/10.30739/istiqro.v6i1.555>
- Nurdin, Winda Nur Azizah, & Rusli. (2020). Pengaruh Pengetahuan,Kemudahan dan Risiko

- Terhadap Minat Bertransaksi Menggunakan Finansial Technology (Fintech) Pada Mahasiswa Institut Agama Islam Negeri (IAIN) Palu. *Jurnal Ilmu Perbankan Dan Keuangan Syariah*. <https://doi.org/10.24239/jipsya.v2i2.32.198-221>
- Nurhidayat, N. (2020). Muslim Milenial dan Gerakan Ekonomi Islam Indonesia. *Mizan: Journal of Islamic Law*. <https://doi.org/10.32507/mizan.v4i1.638>
- Nurul, M., & Ningrat, R. G. (2019). ADOPSI TEKNOLOGI MUSLIM, SIKAP, DAN INTENSI PEMBELIAN PRODUK INVESTASI ISLAM MENGGUNAKAN FINANCIAL TECHNOLOGY. *JEBA (Journal of Economics and Business Aseanomics)*. <https://doi.org/10.33476/jeba.v3i2.958>
- Putri Melani, R. F., & Handri. (2023). Pengaruh Financial Technology Merek Dompot Digital Ovo Terhadap Minat Bertansaksi dan Efektivitas Penggunaan di Masa Pandemi Covid-19. *Bandung Conference Series: Business and Management*. <https://doi.org/10.29313/bcsbm.v3i1.6668>
- Rakhmawati, A., Nizar, M., & Murtadlo, K. (2019). Pengaruh Electronic Word Of Mouth (E-WOM) dan Viral Marketing Terhadap Minat Berkunjung dan Keputusan Berkunjung (Studi Pada Konsumen Kafe Bernuansa Outdoor Di Kota Malang 2019). *Jurnal Sketsa Bisnis*, 6(1), 13–21. <https://jurnal.yudharta.ac.id/v2/index.php/SKETSABISNIS%0APengaruh>
- Rakhmawati, A., Rahardjo, K., Kusumawati, A., & Nizar, M. (2020). PENGARUH STRATEGIC ORIENTATION, GOVERNMENT REGULATION TERHADAP GREEN SUPPLY CHAIN MANAGEMENT DAN ENVIRONMENTAL PERFORMANCE. *AdBispreneur*. <https://doi.org/10.24198/adbispreneur.v4i3.19175>
- Rasyid, M. A.-Z., Setyowati, R., & Islamiyati, I. (2017). CROWDFUNDING SYARIAH UNTUK PENGEMBANGAN PRODUK PERBANKAN SYARIAH DARI PERSPEKTIF SHARIAH COMPLIANCE. *Diponegoro Law Journal*. <https://doi.org/10.14710/dlj.2017.19778>
- Sugiharto, B., & Syaifullah, M. (2023). Pengawasan dalam Perspektif Islam dan Manajemen. *ILTIZAM Journal of Shariah Economics Research*. <https://doi.org/10.30631/iltizam.v7i1.1878>
- Syahputra, A., & Khairina, K. (2022). KEDUDUKAN CRYPTOCURRENCY SEBAGAI INVESTASI DALAM EKONOMI ISLAM. *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah*. <https://doi.org/10.24235/jm.v7i2.10903>