



## **DIGITAL SHARIA FINANCE PRODUCTS AND SERVICE INNOVATION UNDER MANAGERIAL GOVERNANCE**

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### **Abstract**

This article develops a normative account of product innovation and service digitalization in sharia finance. It addresses managerial choices for technology based sharia offerings, institutional adaptation to sharia fintech, and the safeguarding of sharia compliance within digital delivery. The discussion treats user interface design as a moral medium that shapes contract readability, informed consent, and fairness of disclosed fees. It argues that credible innovation requires embedded compliance through system rules, auditable change control, and accountable ecosystems across third party providers. Data use is framed through trust, proportional collection, clear purpose limitation, and explainable automated decisions. The paper also highlights complaint handling as procedural justice and a core expression of amanah in digital services. A conceptual framework is proposed with three pillars: digital contract design, governance of feature updates, and ecosystem accountability for partnerships and outsourcing. The central claim is that sharia digitalization becomes durable when managerial governance aligns growth ambitions with transparent consent, verifiable controls, and dignity preserving customer communication.

**Keywords:** sharia finance, digital services, product innovation, fintech, compliance, governance, amanah.

## Introduction

Digitalization of financial services has transformed how society interacts with financial institutions, shifting from face-to-face encounters to application-based interactions that demand speed, clarity, and a sense of security. This change encourages institutions to reorganize business processes, shorten service times, and build a consistent user experience (Rabbani et al., 2021). This becomes critically important because a solid understanding from prospective customers regarding product advantages and religious values is often the primary reason they choose to use specific banking services (Hardyansah et al., 2023). Amidst this shift, Islamic finance carries a unique ethical mandate: ensuring that transactions are not merely efficient, but also aligned with *muamalah* principles. This mandate means that innovation in Islamic finance cannot be understood simply as migrating services to digital channels, as every feature involves a contract (*akad*), the object of the transaction, and the consequences of rights and obligations. When services move to the digital realm, contractual language turns into text on a screen, choices of *akad* become menus, and consent becomes the act of a click. This change in form affects how customers understand, assess, and approve transactions. Therefore, technology-based Sharia product innovation demands a managerial interpretation that unites market needs, service design, and accountable compliance.

In business practice, product innovation is often driven by competition, demands for efficiency, and customer expectations for convenience. Islamic financial institutions face the same expectations, but with an additional dimension of Sharia compliance as the primary source of legitimacy (Ullah et al., 2018). This legitimacy is formed when customers believe that products and services truly uphold the prohibitions of *riba*, *gharar*, and *maysir*, while prioritizing transactional justice. Such trust is increasingly tested when services are designed to be automated and the distance between customers and officers grows wider. Therefore, every technological development must be based on the principle of responsibility so that the systems created still feel fair and honest for all parties (Radjawane & Mardikaningsih, 2022). Customers may find it easy to perform transactions, yet simultaneously feel they lack an understanding of the details of the *akad*, costs, and the consequences of delays. In a digital atmosphere, decisions to purchase financial products often occur rapidly,

thereby increasing the risk of consent without understanding. This risk is not merely a consumer risk, but a Sharia reputational risk for the institution. At a managerial level, innovation decisions must take into account that technology can expand access, but it can also magnify ambiguity if the language, flow, and compliance controls are not meticulously designed. Thus, digitalization demands governance that balances growth with the order of norms.

The emergence of Sharia-based financial technology companies has accelerated the transformation of the service landscape. Sharia fintech offers streamlined processes, fast registration, and service integration within a single application (Rabbani, 2022). This offering sets a new standard in the eyes of customers regarding speed and personalization. More established Islamic financial institutions are forced to review how they build products, as traditional models relying on branches and lengthy documents can be perceived as less aligned with digital habits. However, adaptation is not enough if it is merely mimicking interfaces. Relevant adaptation needs to assess what changes when a contract is processed through a system, when verification is conducted via digital identity, and when risk assessment utilizes automated models. This is where managerial strategy becomes crucial, as management must decide on innovation priorities, manage partnerships with technology providers, and organize compliance audit processes. On the other hand, the success of this change highly depends on the quality of human resources capable of working with professional values while remaining steadfast to religious rules (Darmawan, 2021). Sharia competence, risk competence, and technological competence must be converged within a single workspace. Without this meeting of competencies, innovation becomes fast but fragile, or compliant but slow both of which have the potential to decrease competitiveness.

Technology-based Sharia products are often associated with microfinance, payments, investment, and social fund management (Trimulato, 2019). Each category carries a different contractual structure and entails different compliance risks. For example, financing requires clarity of the object, ownership, and margin schemes, whereas investment demands risk transparency and clear profit-sharing mechanisms. When everything is presented in a digital format, the main question is how to make customers understand the core of the contract (*akad*) without having

to read long, difficult texts. We must also realize that not everyone has the same technological capabilities, so the services created must be easy to use for anyone (Ramle & Mardikaningsih, 2022). Clarity is not merely a matter of communication but a part of contractual justice. In the digital space, contractual justice demands that information on costs, consequences, and customer rights be presented legibly and consistently. Furthermore, digital products often utilize third parties, such as identity verification providers, payment providers, or cloud providers. This dependency raises questions about responsibility, data confidentiality, and audit trails. In Islamic finance, confidentiality and trustworthiness (*amanah*) are values that shape trust. Therefore, the protection of users' personal data must be a top priority so that it is not misused or detrimental to customers in the future (Aziz et al., 2023). Product innovation and service digitalization demand that management design a service chain that maintains *amanah* while providing agile services.

Sharia compliance in the digital era demands an interpretation that goes beyond document compliance (Farooq, 2022). In traditional processes, compliance is often visible in contractual documents, approval flows, and manual checks. In digital processes, compliance must also be embedded in the code, system rules, and user flow design. If a system allows transactions that violate contractual terms, then violations can occur on a massive scale without being noticed. Therefore, digital compliance requires preventive control designs, rather than merely corrective ones. However, preventive designs must still provide room for business needs, as overly restrictive services can hinder access. This is done to avoid social injustice that might arise due to the use of technology that is too rigid or poorly targeted (Mardikaningsih & Oluwatoyin, 2023). It is this tension that places managerial strategy at the center of the discussion. Management must determine how to build Sharia-compliant innovations, how to assess the compatibility of Sharia fintech business models, and how to direct a compliance culture so it is not left behind by a culture of acceleration. Here, compliance is not an additional burden, but a source of moral differentiation that gives customers a reason to choose Sharia services. Thus, digitalization demands a reorganization of the relationship between innovation, risk, and legitimacy.

The description of the problem in this topic relates to how managerial strategies can formulate technology-based Sharia product innovations without reducing the clarity of the *akad* and without blurring responsibility (Saba et al., 2019). Innovation is often driven by the need to simplify processes, but simplification can end up in a reduction of information that customers should know. In Sharia transactions, an understanding of the object and the return mechanism is an essential element that maintains the principles of mutual consent (*kerelaan*) and transparency. When digital flows compress decisions into a few steps, there is a risk that consent becomes a formality unaccompanied by understanding. This issue demonstrates that user experience design has normative consequences. If a design prioritizes transaction conversion without ensuring the readability of the contract, then management has placed growth above contractual justice. Additionally, product innovation often involves the integration of third-party services that extend the chain of responsibility. If not managed properly, this condition can create new gaps, where smaller parties actually find it difficult to compete in the fast-paced digital economic world (Sinambela et al., 2022). If responsibilities are not strictly mapped out, then when a dispute occurs, the customer is in a weak position. This issue demands a conceptual discussion on how management organizes accountability in digital Sharia services.

The next description of the problem concerns the adaptation of Islamic financial institutions to agile Sharia fintechs, while compliance requires rigorous verification and supervision processes. Adaptation is often understood as acceleration, yet acceleration can result in a lack of synchronization between business teams, technology teams, and compliance functions (Todorof, 2018). This lack of synchronization can emerge when new products are launched before control mechanisms are mature, or when new features are added without adequate Sharia assessment. In digital services, small changes to system rules can alter contractual consequences. If changes are made through rapid application updates, compliance risks are not always detected by traditional procedures. This issue is also related to data governance. Digital models rely on data collection, profile assessment, and personalization. In Islamic finance, the use of data must be linked to the principles of *amanah* (trustworthiness) and justice, so that automated decisions do not

disadvantage customers through unexplainable biases. When management pushes for the use of automation without explanation standards, customers lose their right to understand. Thus, adaptation to Sharia fintech requires a normative framework that evaluates acceleration, automation, and compliance as a unified governance entity.

The urgency of this writing lies in the need to formulate a conceptual framework that positions product innovation and the digitalization of Sharia financial services as matters of management, transactional ethics, and compliance legitimacy (Baber & Billah, 2022). Discussions on innovation often focus on features and channels, whereas Sharia values demand contractual readability, the orderliness of rights, and protection from ambiguity. This writing is necessary to organize the mindset that compliance in the digital era must be present within the system design, not merely in approval documents. Furthermore, this writing is relevant for explaining how the relationship between Islamic financial institutions and Sharia fintech can be understood as an ecosystem architecture choice namely, choices regarding partnerships, outsourcing, and accountability. Such a framework is needed so that managerial decisions do not get trapped in a false dilemma between being fast or being compliant. Instead, this writing asserts that legitimate speed actually requires compliance embedded within the process, making innovation credible for customers and stable for the institution.

The objective of this writing is to develop a normative conceptual framework regarding product innovation and the digitalization of Sharia financial services that focuses on managerial strategy, adaptation to Sharia fintech, and maintaining compliance through governance and system design. This writing aims to explain the principles of contractual readability, service chain accountability, and technology-based risk control as the foundation for managerial decisions. Additionally, it aims to formulate normative measures to assess the honesty of product claims, customer protection, and data usage ethics. Theoretically, this framework enriches the discussion on innovation management within value-based financial industries. Practically, this framework provides direction for the design of credible digital Sharia products.

## Method

This study utilizes a qualitative literature review to develop a conceptual synthesis regarding product innovation and the digitalization of Sharia financial services. The selection of reading materials is directed towards the themes of innovation management, digital service governance, value-based financial product design, and compliance mechanisms within organizations. Lancaster (2007) emphasizes that management research requires a strict focus and orderly thematic grouping so that arguments stem from clear questions rather than a mere collection of terms. Dudley (2005) highlights the importance of traceable research procedures, including the methods for selecting sources and structuring reasoning, so that the coherence of the conclusions can be assessed. In this study, materials were selected based on their ability to explain the relationship between managerial decisions, service process architecture, and normative reasoning regarding compliance. The synthesis is performed by identifying key concepts, grouping debates, and constructing an argumentative flow that addresses the problem formulation without presenting empirical data.

The processing of materials is carried out through repetitive reading, concept mapping, and the arrangement of interconnected normative propositions. Sarantakos (2017) emphasizes that good social research requires discipline in distinguishing between description, interpretation, and normative judgment, ensuring the writing remains academic and measured. Beins (2017) underscores that method is a thinking tool that helps the author test the consistency of reasons, examine assumptions, and organize claims so they do not rely solely on intuition. In this study, consistency is tested by examining whether every claim regarding digital innovation can be linked to the principles of contractual readability, accountability, and customer protection. Furthermore, the concept of adaptation to Sharia fintech is organized as an ecosystem architecture issue specifically, choices regarding partnerships, outsourcing, and change control. In this way, the results of the study are positioned as a conceptual synthesis that evaluates the requirements for credible digital Sharia innovation.

This writing also utilizes methodological sensitivity toward the plurality of ways of knowing in social studies, particularly when discussing technology as a system of meaning and a system of power within

organizations. Scheurich (2014) emphasizes that methods need to be sensitive to how discourse shapes what is considered normal, including how institutions name risk, compliance, and innovation. This sensitivity is used to assess how managerial language regarding acceleration, user experience, and automation can shift attention away from the obligation of *amanah* (trustworthiness) if not given firm conceptual boundaries. Thus, this qualitative literature study does not stop at comparing definitions but constructs a reasoning framework that connects digital service design with normative consequences in Sharia transactions. The framework is developed through thematic mapping, assessing coherence between ideas, and drawing conceptual implications for innovation governance. This method section concludes with a list of references in accordance with the citations used in the methodological description.

## Result and Discussion

Product innovation in technology-based Sharia finance needs to be understood as a process of designing value, not merely designing features. Sharia values contain principles of justice, transparency, and *amanah* (trustworthiness) that must be present within the product structure. When a product is migrated to an application, this structure is manifested through the choice of *akad* (contract), the method of presenting information, and the way the system enforces transaction requirements. Generally, the appropriate use of technology in product development is crucial so that such innovations can survive and compete in a broader market (Mardikaningsih & Hariani, 2023). Therefore, a relevant managerial strategy begins with establishing design principles, namely that customers must be able to reasonably understand the essence of the *akad* before consenting. This principle demands readability, consistency of terminology, and a flow arrangement that does not force rapid approval. In digital services, persuasion often occurs through step reduction. Reducing steps can be useful, but it must be limited by the need for sufficient explanation. From a management perspective, readability is not a burden but a reputational investment. Sharia reputation depends on the perception that the institution is honest and does not hide cost consequences. Thus, digital Sharia product innovation demands that

management place contractual ethics as a design priority, ensuring that service acceleration does not sacrifice the clarity of rights and obligations.

Managerial strategy in digital Sharia product innovation also requires mapping architectural decisions. Architectural decisions include whether the institution builds its own platform, uses third-party providers, or forms partnerships with Sharia fintechs. Every choice carries accountability consequences. In this regard, cooperation with external parties such as digital lending platforms must also pay attention to applicable legal regulations so that investment risks for users can be mitigated (Sahid et al., 2023). An in-house platform provides significant control but requires technological capacity and mature change management. Partnerships provide acceleration but extend the chain of responsibility and open risks of misalignment in compliance standards. From a normative perspective, accountability demands that customers can identify the responsible party in the event of a dispute, data breach, or contractual non-compliance. Furthermore, healthy business competition must be maintained so that the digital economy continues to provide a sense of fairness for all business actors (Wibowo et al., 2023). Management needs to organize service contracts and audit procedures so that accountability does not evaporate within ecosystem complexity. Additionally, architectural decisions affect the institution's ability to enforce preventive controls. If the core part of the transaction is outside direct control, then control must be shifted to verification, monitoring, and inspection rights mechanisms. Thus, innovation strategy cannot be separated from ecosystem governance strategy, as Sharia compliance requires clear trails of responsibility.

Digitalization of services transforms the *akad* process into a user experience guided by an interface. The interface is not a cosmetic element but a medium that shapes understanding. In Sharia transactions, understanding is a moral prerequisite for mutual consent (*kerelaan*). Therefore, the interface must present a summary of the *akad*, costs, and risks with an easily understandable structure. To reach more people, social media can also be utilized as an effective promotional space for introducing products to the public (Infante & Mardikaningsih, 2022). Good presentation avoids ambiguous terms and avoids placing important information in hard-to-find sections. Even older methods like sending

messages via email are still considered very useful for establishing good communication with customers in this modern era (Sinambela & Darmawan, 2021). Management needs to set standards for writing, information sequence, and approval standards that ensure customers pass through a minimum point of understanding. This minimum point of understanding can take the form of explicit confirmation of the type of *akad*, yield schemes, and consequences of delays. However, confirmation must be designed as brief education, not just a checkbox. If confirmation becomes a meaningless routine, the objective of readability fails. In the digital realm, there is a tendency to maximize conversion. Islamic finance must resist this tendency when dealing with information that is ethically mandatory to know. Consequently, management must balance growth indicators with approval quality indicators, as meaningful consent is the core of Sharia legitimacy.

Adaptation to Sharia fintech requires institutions to understand that fintech often excels in the speed of experimentation. Experimentation takes place through the launch of new features, flow testing, and adjustments based on user feedback. Similarly, in the industrial world, the use of advanced technology such as artificial intelligence is highly helpful in accelerating and simplifying various work affairs (Putra & Arifin, 2021). Within a Sharia framework, experimentation must be given boundaries so that changes do not alter the contractual structure without assessment. Therefore, an important managerial strategy is to build a controlled change mechanism. This mechanism includes cross-functional internal approval processes, change logs, and compliance assessments before features are released. This technological support in the workplace certainly aims to make employees feel more comfortable and assisted in completing their tasks (Putra et al., 2022). In digital services, changes can occur rapidly through application updates. If compliance relies on slow manual checks, a time gap emerges and risk increases. Consequently, management needs to organize compliance as part of the development cycle rather than as a final stage. A compliance-aligned development cycle places Sharia and risk functions at the very beginning of the design phase. This is not about slowing down, but about preventing costly corrections after the product has circulated. Thus, adaptation to Sharia fintech requires process discipline that maintains agility without weakening legitimacy.

Sharia compliance in the digital era can be understood as embedded compliance. Embedded compliance means that Sharia rules are translated into system logic, so that the system prevents transactions that violate contractual terms. For example, the system can prevent fund withdrawals before the contract is complete or prevent the imposition of fees that were not agreed upon. However, we must also be careful with the influence of internet figures who can change public perceptions through the intimate relationships they build in the virtual world (Hariani & Mardikaningsih, 2022). Translating rules into the system requires clear definitions and scenario limitations. If Sharia definitions are treated as general texts without parameters, developers will interpret them independently, and the risk of inconsistency will increase. Therefore, management needs to build an operational compliance dictionary a list of rules that can be programmed and tested. This dictionary should be compiled together by Sharia experts, product experts, and technology experts. Furthermore, embedded compliance requires repetitive testing as the system changes. Testing is not a one-time activity. Testing is a routine that maintains consistency. From a normative perspective, this routine is a form of *amanah* (trustworthiness). *Amanah* demands prudence in safeguarding the community's transactions. Thus, digital compliance is not merely supervision, but process engineering that binds innovation within ethical boundaries.

Innovation management for digital Sharia products also needs to assess the position of data as a sensitive resource. Digitalization drives the collection of transaction data, user behavior, and risk profiles. Data can improve personalization and risk control, but it also opens opportunities for misuse. Within a Sharia framework, *amanah* and justice demand data usage that is proportional and explainable. Proportional means only collecting data relevant to service and compliance, not collecting excessively for non-transparent commercial purposes. Explainable means customers understand why data is requested and how it is used. In automated services, decisions such as financing approvals can be influenced by scoring models. If the model cannot be reasonably explained, customers lose their right to understand and their opportunity to correct information (Martin, 2019). This ambiguity disrupts the principle of justice. Therefore, management needs to organize data policies aligned with Sharia values, including internal access controls, retention

policies, and clear consent mechanisms. Such policies also protect the institution from reputational loss. Thus, data ethics is an integral part of digital Sharia compliance, not a standalone side issue.

Technology-based Sharia product innovation often requires the simplification of onboarding processes, including identity verification and eligibility assessment. Simplification is necessary to expand access, yet it must not compromise thoroughness. Accuracy is vital to prevent service misuse and to maintain the validity of contracts. From a normative perspective, the validity of a contract requires certainty regarding the contracting parties and their capacity to understand. Thus, managerial strategy must design onboarding that is fast while ensuring accountable verification (Hassan & De Filippi, 2017). At the same time, onboarding must safeguard privacy. Privacy is a part of *amanah* (trustworthiness). If verification forces excessive information collection, customers feel insecure. This sense of insecurity decreases trust in Sharia services. Furthermore, onboarding needs to avoid hidden discrimination within automated decisions. Automated decisions can produce rejections that are difficult to comprehend. In Sharia services, unexplainable rejections create a sense of unfairness. Therefore, management needs to demand that the system provides acceptable reasons, at least at a categorical level, so that customers understand the basis of the decision. Consequently, onboarding becomes a critical arena that demonstrates whether digitalization strengthens justice or merely accelerates transactions.

Islamic finance possesses a variety of contracts (*akad*), each requiring unique operational treatment. The *murabahah* contract demands clarity on cost price, margin, and asset ownership. *Mudharabah* and *musyarakah* contracts demand clarity on profit-sharing and risk-sharing. The *ijarah* contract demands clarity on the leased benefits and maintenance provisions. In a digital system, these differences must be manifested through distinct flows, documents, and controls. If the system treats them all the same, the substance of the contract risks being reduced to a mere label. Labels without substance undermine compliance (Muneeza & Mustapha, 2019). Therefore, managerial strategy needs to organize product portfolios with operational model discipline. This discipline prevents the creation of products that appear Sharia-compliant but operationally mimic conventional credit. Additionally, management must ensure that the technology team

understands the implications of the *akad* on system logic, such as when revenue is recognized and how penalties are handled. The treatment of penalties is a sensitive issue as it potentially resembles interest (*riba*). Thus, the system must lock in treatments according to Sharia principles. In this way, digital Sharia product innovation requires the translation of contracts into strict and tested operational rules.

Digitalization of services often introduces real-time monitoring features and automated notifications. These features can improve payment discipline, reduce delays, and strengthen communication. However, from a normative perspective, notifications must be designed ethically. Ethics means messages are not intimidating, humiliating, or misleading. In financing services, digital collection can become aggressive if algorithms pressure users without considering their circumstances (Allen, 2019). Islamic finance demands *muamalah* etiquette (*adab*) that respects human dignity. Therefore, management needs to establish digital communication guidelines aligned with Sharia values, including word choice, frequency, and channels. Furthermore, real-time monitoring opens opportunities for excessive surveillance of user behavior. Over-surveillance can violate privacy. Consequently, the use of transaction data must be limited to clear purposes. In digital systems, these boundaries need to be written into policies and embedded in access controls. Thus, digital features that appear technical actually have ethical consequences. Sharia innovation management must be able to recognize these consequences so that digital services do not erode the principle of *amanah*.

Partnerships with Sharia fintech often occur through schemes of channel provision, technology provision, or user network provision (Alam et al., 2019). Partnerships expand reach but require the alignment of standards. This alignment includes compliance standards, data security standards, and complaint handling standards. From a normative perspective, customer complaints are a testing point for *amanah* because it is at that moment that the institution demonstrates responsibility. If customers are bounced between parties, accountability fails. Therefore, managerial strategy must organize the accountability design before the partnership begins, including dispute resolution mechanisms, compensation responsibility sharing, and communication channels. Additionally, partnerships require agreements regarding system changes. If

the fintech updates a feature, the institution must ensure the update does not alter the contractual treatment. Hence, management needs to establish cross-organizational change committees or build notification and approval procedures. Without these procedures, the innovation of a partner could create compliance risks for the institution. Thus, a good partnership is not merely a commercial contract, but a governance contract that maintains Sharia principles within a dynamic digital ecosystem.

Cybersecurity and system resilience are components of compliance in a broad sense, as financial services concern wealth and *amanah* (trustworthiness) (Dupont, 2019). In Sharia services, security failures can be understood as a breach of trust. Therefore, managerial strategy in digitalization must incorporate security as a design principle, rather than as an add-on after the service is operational. This principle includes access security, encryption, anomaly monitoring, and recovery plans. However, normative discussion emphasizes that security also relates to justice. If a system frequently fails at certain hours or on specific devices, then certain user groups will be disadvantaged. Service justice demands equitable reliability. Furthermore, security must be aligned with user convenience. Security that is too complex can reduce access, while security that is too lax increases risk. Management needs to establish a balance point through transparent risk evaluation. Within a Sharia framework, transparency is part of *amanah*. Customers have the right to know security procedures and the right to receive explanations when incidents occur. An honest explanation is more important than withholding information. Thus, security in the digitalization of Sharia services is an issue of reputation management and ethics, as it determines whether the institution is worthy of trust.

Digital Sharia product innovation often touches upon platform-based financing that connects fund providers and fund recipients (Muneeza & Mustapha, 2021). This model demands strict governance regarding project selection, risk disclosure, and monitoring mechanisms. From a normative perspective, risk disclosure is a requirement of justice because customers must not be encouraged to take risks they do not understand. Disclosure must be presented in understandable language, not in technical terms that obscure meaning. Additionally, platform models often rely on risk scoring. Scoring can be helpful, but it can also produce non-transparent decisions. In Islamic finance, eligibility

assessment must avoid biases that cause unfair disadvantage. Bias can occur if a model relies on variables representing social status rather than capability. Therefore, management needs to ensure that the risk model has verification and correction mechanisms. Here, Sharia compliance meets the ethics of automated decisions. The ethics of automated decisions demand that decisions are accountable and correctable. Thus, Sharia platform innovations must be built on transparency, disclosure, and accountability, so that the objectives of *muamalah* justice are not lost in technological jargon.

The design of digital Sharia products also requires attention to justified costs and revenues. Digital services often introduce service fees, administrative fees, or premium feature fees. From a normative perspective, fees must have a clear basis, be agreed upon, and not become a tool to disguise interest (*riba*) (Fatarib, 2020). Fee clarity must appear before consent, with concise and consistent explanations. If fees are hidden in small links or appear after the transaction, then the customer's mutual consent (*kerelaan*) is violated. Furthermore, institutions often face revenue needs to cover technological costs. This need is legitimate but must be managed with a fair fee structure. A fair fee structure considers the customer's capability and the benefits of the service. In Islamic finance, justice also means avoiding the exploitation of ignorance. Therefore, managerial strategy must organize honest pricing policies. Honest pricing policies strengthen reputation and reduce complaints. In digital services, complaints spread easily and can damage trust quickly. Thus, fee policy is a central area in maintaining compliance and the legitimacy of innovation, as fees are the most sensitive point in the perception of *riba*.

Digitalization demands that institutions manage organizational change. Organizational change includes changes in structure, changes in work processes, and changes in culture (Musaigwa & Kalitanyi, 2023). Compliance culture is often built through formal procedures, yet digital innovation requires a culture of cross-functional collaboration. Cross-functional collaboration means that Sharia teams, risk teams, product teams, and technology teams work together from the outset. If collaboration does not occur, digital products will undergo repetitive revisions and lose momentum. However, collaboration also demands a shared language. Sharia language is often normative, while technology

language is often operational. Management needs to facilitate translation, for instance, through requirement documents that transform principles into rules. Furthermore, cultural change is also linked to incentives. If incentives only evaluate the number of users and transaction growth, then the compliance function will always lose out. Incentives must include quality indicators, such as clarity of information and the number of compliance corrections. Quality indicators help position *amanah* (trustworthiness) as a performance target rather than a mere slogan. Thus, managerial strategy in digital Sharia innovation involves organizational engineering that ensures compliance moves in tandem with innovation, rather than lagging behind and becoming a bottleneck.

Compliance in the digital era is also related to audits and evidence (Nurani, 2022). Traditional audits rely on documents and sample testing. In digital services, evidence resides in system logs, approval trails, and code change records. Therefore, management needs to build digital audit capabilities capable of reading these trails. Digital audit capabilities allow institutions to assess whether transactions are running according to rules and whether discrepancies exist. Additionally, digital audits must be able to evaluate feature changes, as feature changes can alter contractual consequences. From a normative perspective, changes without a trail constitute a breach of *amanah*. Because of this, management needs to ensure strict change governance, including approvals, documentation, and testing. Testing must cover compliance scenarios, not just functional scenarios. For example, testing must ensure that fees are not calculated outside of agreements, or that profit-sharing is calculated according to the approved formula. Thus, digital compliance demands the strengthening of the audit function as one that understands technology. This changes the human resource profile within Sharia institutions. Institutions require auditors who understand systems, as well as Sharia experts who understand feature implications. Without these capabilities, compliance will become an assumption rather than evidence.

User experience in digital Sharia services is linked to trust, as customers judge an institution based on application stability, clarity of information, and the way complaints are handled (Muneeb, 2023). Within a normative framework, complaint handling is a form of procedural justice. Procedural justice means customers have easy access, clear answers,

and a process that is not convoluted. Digital services often use chatbots or tickets. These systems can be helpful, but they can also make customers feel ignored if answers are generic and fail to resolve the issue. Management needs to determine when automation is appropriate and when human intervention is required. In Sharia transactions, some complaints concern the substance of the *akad* (contract), so answers must be accurate and accountable. If an answer is incorrect, the institution damages trust and undermines Sharia legitimacy. Furthermore, complaint services must maintain privacy. Communications that request sensitive data without adequate security breach *amanah*. Thus, managerial strategy in digitalization must not view customer service as a cost. Customer service is a guardian of reputation. Sharia reputation is built through experience, not through claims. Therefore, fair complaint services become part of compliance in a moral sense.

Innovation in digital Sharia products also demands the management of unique reputational risks. Islamic finance carries a moral claim, so every incident is perceived more heavily because it involves religious trust and ethics. Reputational risk can arise from contractual ambiguity, from fees perceived as unfair, from data breaches, or from partnerships with parties perceived as misaligned (Gaultier-Gaillard & Louisot, 2006). Therefore, management needs to build honest and measured public communication. Honest communication acknowledges service limits and avoids absolute claims. Absolute claims are dangerous because they are easily debunked by negative experiences. Additionally, management needs to establish rapid and responsible incident response mechanisms. Responsible response includes explanations, restoration, and commitments to improvement. In a Sharia framework, restoration is not just about compensation, but also the restoration of *amanah*. *Amanah* is restored through process transparency and the prevention of recurrence. Thus, managerial strategy must include reputational risk scenarios as part of the innovation design. This means every new feature needs to be assessed based on moral questions whether the feature could create perceptions of injustice or dishonesty. With this assessment, innovation becomes more stable and more trusted.

Service digitalization also strengthens the need for interoperability, which is the ability of a service to connect with payment systems, identity systems, and reporting systems (Kouroubali & Katehakis, 2019).

Interoperability increases convenience but expands the risk surface because data moves between systems. From a normative perspective, data transfer must be limited to legitimate purposes and protected by adequate controls. Furthermore, interoperability demands consistency in definitions. If one system labels a fee with a certain term and another system uses a different term, customers will be confused. This confusion undermines contractual readability. Therefore, management needs to organize terminology standards and information display standards. These standards must be consistent across all channels. In digital services, inconsistencies emerge quickly because updates occur in different modules. Thus, management needs to organize a glossary of terms that serves as a single reference. In this way, interoperability is not merely a technical issue. It is an issue of customer experience and information justice. Islamic finance, which emphasizes transparency, must ensure that system complexity does not transform into complexity for the customer. If complexity is shifted to the customer, the institution fails to fulfill the *amanah* (trustworthiness) of explanation. Therefore, management must place interoperability within a framework of fair service.

Technology-based Sharia products often feature personalization, such as offers tailored to profiles or reminders based on behavior (Hanafizadeh & Amin, 2022). Personalization can increase relevance but can also become manipulative if it encourages rapid decisions without understanding. From a normative perspective, digital marketing must respect customer autonomy. Autonomy means customers are free to choose without pressure that obscures risk. If personalization uses excessive language of urgency or hides cost information, then autonomy is violated. Islamic finance demands *muamalah* (transactions) that are free from deception. Thus, managerial strategy needs to organize digital marketing guidelines, including notification guidelines, offer guidelines, and data usage guidelines for segmentation. These guidelines must prohibit practices that exploit user vulnerabilities. Furthermore, personalization must be accompanied by transparency, ensuring users understand why an offer appears. Transparency provides a sense of control. Without control, users feel monitored. The feeling of being monitored erodes *amanah*. Consequently, personalization in digital Sharia services needs to be managed as a tool for education and convenience, not

as a tool for subtle coercion. Responsible management will assess the success of personalization through long-term trust, not merely through momentary transactions.

Sharia compliance also relates to user education, as Sharia transactions contain terms and structures that are not always familiar (Che Azmi et al., 2016). User education in digital services can be conducted through brief explanations, visualizations, and simulations. However, education must be designed so that it does not feel patronizing or obstructive. Management needs to organize education as part of the experience, for example, through progressive explanations that appear at relevant moments. Education must also maintain accuracy. Overly simplified explanations can be misleading. Thus, a balance between conciseness and precision is required. From a normative perspective, education is part of justice because it reduces information asymmetry. Information asymmetry is the root of many contractual injustices. Islamic finance, which upholds transparency, must reduce this asymmetry. Additionally, user education can improve the quality of consent. Quality consent is consent given with understanding. In the digital realm, the quality of consent often declines due to the habit of rapid clicking. Therefore, management needs to design reasonable pause points so that users truly read important sections. Pause points must be elegant and non-coercive, yet sufficient to serve as a reminder. Thus, user education is a managerial strategy that unites compliance objectives with growth objectives, as users who understand tend to be more trusting and loyal.

Adaptation to Sharia fintech also requires an assessment of revenue models (Oladapo et al., 2022). Fintechs often utilize service fees, commissions, or subscription models. From a Sharia perspective, revenue models must be mapped into valid contracts (*akad*) and must avoid ambiguity. If a commission is charged, the basis for the commission must be clear, the services provided must be real, and the commission size must be agreed upon. Ambiguity would resemble *gharar*. Therefore, managerial strategy needs to ensure that revenue models are not added as hidden layers on top of transactions. Furthermore, digitalization often gives rise to data monetization. Data monetization carries high ethical risks in Sharia services, as it can violate *amanah* (trustworthiness) and privacy. Thus, management needs to establish strict boundaries regarding data usage,

including a prohibition on selling data without clear consent. Consent must be meaningful, not tucked away within lengthy terms and conditions. Within a normative framework, meaningful consent is a moral requirement. Consequently, the adaptation of Sharia fintech revenue models must be bound to the principles of transparency, readability, and justice. These principles position revenue as the result of legitimate services, not the result of user confusion. If revenue is obtained through confusion, the institution undermines Sharia legitimacy.

The digitalization of Sharia financial services is also related to inclusion, namely the effort to expand access for groups that have historically found it difficult to reach formal services (Aziz & Naima, 2021). Inclusion is often cited as the moral justification for innovation. However, from a normative perspective, legitimate inclusion must be accompanied by protection. Protection means that users who are new to the service are not exploited by misunderstood costs or confusing flows. Protection also means the availability of human assistance when needed. If a service is fully automated, users are vulnerable to confusion. Additionally, inclusion must consider digital literacy. If the interface is too complex, the service merely shifts from being geographically exclusive to being digitally exclusive. Islamic finance, which emphasizes *maslahah* (public interest), must ensure that digitalization does not create new gaps. Therefore, management needs to design user-friendly interfaces, provide language options, and offer educative support. Educative support must be consistent with Sharia principles, including explaining that financing is an obligation that must be fulfilled. At the same time, institutions must avoid debt collection practices that cause humiliation. Thus, inclusion in digital Sharia services is an ethical project. Its success is measured by fair access and experiences that respect human dignity.

In digital Sharia product innovation, the Sharia Supervisory Board is often positioned as the guardian of compliance. However, in the digital era, the oversight function needs to evolve. Supervision must understand the implications of technology, not just examine product documents. This demands a more intense dialogue between Sharia supervisors and technology teams (Mohd Haridan et al., 2023). Management needs to create work mechanisms that facilitate this dialogue, for instance, through regular forums discussing feature updates and workflow changes.

Furthermore, oversight needs access to digital evidence, such as approval logs and system rules. Without access, supervision becomes symbolic. Symbolic oversight is dangerous because it provides a false sense of security. From a normative perspective, a false sense of security is a betrayal of *amanah* (trustworthiness). Therefore, management needs to build oversight capacity through training, technical support, and repeatable audit procedures. These procedures must include risk assessments of changes, as digital updates occur continuously. Thus, the managerial strategy in maintaining compliance is not to shift responsibility to Sharia supervisors, but to build a system that facilitates the work of supervision. Compliance is an organizational function, not the function of a single unit. When the organization views compliance as a collective effort, innovation becomes more credible.

Digital Sharia finance also requires attention to the handling of delays and defaults (Ashraf, 2023). In Sharia principles, the treatment of delays must avoid profiting from time. Therefore, system design must ensure that penalties or compensation, if any, are treated according to Sharia provisions and do not become income resembling interest (*riba*). In digital services, calculations are performed automatically. If a formula is incorrect, the impact is widespread. Thus, management needs to ensure that formulas are approved and tested. Additionally, handling delays must consider the etiquette (*adab*) of debt collection. Digital collection can become intensive because notifications can be sent frequently. Excessive intensity can turn into psychological pressure. Sharia finance demands dignified treatment, including space for deliberation (*musyawarah*). Therefore, digital services need to provide clear restructuring or rescheduling paths without causing humiliation. These paths are part of justice. Within a normative framework, justice demands a balance between the institution's right to fund recovery and the customer's right to humane treatment. Consequently, delinquency control is an area that demonstrates whether digitalization strengthens Sharia values or instead adopts aggressive practices that undermine legitimacy.

Innovation management for digital Sharia products needs to establish appropriate success indicators (Abiola-Adams et al., 2023). Indicators that focus solely on user growth and transaction volume risk encouraging internal behaviors that ignore quality. In Sharia services,

quality includes information clarity, calculation accuracy, system stability, and customer satisfaction regarding complaint handling. Quality also includes compliance that can be proven through audits. Therefore, management needs to build dual indicators that assess both growth and *amanah*. Indicators of *amanah* can include the number of compliance fixes before release, the number of deviations prevented by system controls, and the level of information readability. Measuring readability can be done through internal standards, such as summary length, information sequence, and terminology consistency. The goal is not to collect numbers for reports, but to ensure the design remains justice-oriented. Thus, managerial strategy needs to shift the center of gravity from chasing transactions to maintaining trust. Trust is the primary asset of Sharia finance. Trust persists when customers feel they are treated honestly. If indicators assess honesty, the organization will internalize behaviors that support compliance. In this way, innovation and compliance can move in the same direction through appropriate incentive settings.

Regulatory changes and standards also influence digital innovation, as institutions must ensure that services meet reporting obligations, consumer protection, and security requirements (Sugiarto & Disemadi, 2020). From a normative perspective, regulatory compliance does not contradict Sharia compliance. Both can reinforce each other through the objective of protection. However, tension can arise when regulations drive specific procedures that alter the user experience, such as stricter verification obligations. Management needs to translate these obligations into designs that remain user-friendly. Furthermore, management needs to build interpretive capabilities the ability to read regulations and translate them into system rules. Weak interpretation results in half-correct implementations. Half-correct implementation is dangerous because it gives a false sense of compliance. In digital services, false compliance can persist for a long time before being detected. Therefore, managerial strategy needs to incorporate the functions of regulatory compliance and Sharia compliance into an integrated control framework, yet without using prohibited terms as labels. The core lies in routine coordination, policy updates, and testing. Thus, digital Sharia innovation requires the ability to manage external and internal changes simultaneously, so that products remain valid, secure, and trusted.

Organizing the innovation portfolio is a critical decision, as institutions cannot develop all products at once. Management needs to determine priorities based on value for the customer, organizational readiness, and the level of compliance risk. Products with complex contractual structures may require more time to be digitalized safely. Products with simpler structures can serve as entry points to build internal capabilities. However, priorities should not be based on convenience alone. This is highly challenging for Sharia business actors because they must remain competitive amidst current rapid technological advancements (Mardikaningsih et al., 2023). Priorities must also consider social needs, such as small business financing needs or transparent zakat and waqf management. Within a normative framework, choosing an innovation portfolio is a moral act because it determines which services are facilitated and which are left behind. Islamic finance carries an orientation toward *maslahah* (public interest), so the innovation portfolio should weigh social benefits. Additionally, it is essential for Sharia banks to always align ethical values with responsible financial practices (Putra et al., 2022). At the same time, the institution must maintain business feasibility. Business feasibility is legitimate but must be aligned with the principle of justice. Thus, a good managerial strategy will combine value considerations, risk considerations, and execution capability considerations. Execution must include readiness for embedded compliance, digital audit readiness, and complaint service readiness. If readiness is not yet present, innovation should be postponed. A responsible delay is better than a launch that damages *amanah* (trustworthiness).

The choice of technology architecture influences the institution's ability to maintain compliance in the long term. A modular system facilitates updates, yet modularity also increases the risk of inconsistency if standards are not maintained. A monolithic system may be more consistent but is more difficult to change. Management needs to assess this trade-off using measures of compliance and resilience. Therefore, every change made must be carefully planned so that new technology can align with management goals (Sinambela, 2023). In Sharia services, resilience means the system's ability to maintain contractual rules despite changing business needs. Thus, management needs to demand a core rule layer that is difficult to alter without approval. This core rule layer functions as a

fence. This fence protects transactions from impulsive changes. Furthermore, the architecture needs to provide observability, which is the ability to see what occurs within the system. Observability is essential for auditing and incident handling. Without observability, the institution cannot prove compliance. From a normative perspective, verification is part of *amanah* (trustworthiness), as *amanah* demands accountability. Consequently, technology decisions must be assessed as ethical decisions, not merely cost decisions. Low costs that sacrifice auditing capabilities will result in significant losses during disputes. Thus, managerial strategy needs to position architecture as the foundation of digital compliance.

The development of digital Sharia products also demands attention to contractual documentation and evidence of consent. In digital transactions, consent is often manifested through electronic signatures. Electronic signatures must be accompanied by timestamps, version logs of the contract, and logs of the information displayed at the moment of consent. Without these records, disputes will be difficult to resolve. We also need to realize that non-cash transactions through electronic wallets still carry risks that require legal protection for their users (Oriento et al., 2023). From a normative perspective, difficulties in dispute resolution disadvantage the customer because they are in a weak position. Therefore, management needs to ensure that the system stores sufficient evidence while still safeguarding privacy. Storing sufficient evidence does not mean storing everything. Storing sufficient evidence means storing what is relevant for accountability. Furthermore, contractual documentation must be easily accessible to the customer after the transaction. If the customer cannot find the document, then transparency has failed. Sharia services must facilitate easy access for customers to both summaries and full documents. This access supports user education and strengthens trust. If customers feel satisfied and have a good saving experience, their trust in the bank will grow stronger (Darmawan, 2022). Thus, managerial strategy in digitalization must organize documentation as part of the service, not merely as an internal archive. Good documentation helps the institution maintain its reputation because it demonstrates transparency. Transparency is the core of clean *muamalah* (transactions).

Digital Sharia finance also faces issues regarding certification standards and compliance labels. Many users rely on symbols to judge

whether a product is Sharia-compliant. Moreover, currently, many people are interested in using application-based financial services due to a fast-paced and practical lifestyle (Mardikaningsih et al., 2020). However, symbols without explanation can lead to misunderstandings. From a normative perspective, symbols must be supported by verifiable information. Therefore, management needs to organize honest and specific compliance communication. Specific communication explains the type of *akad* (contract), the limits on fund usage, and the oversight mechanisms. Honest communication avoids claims that everything is perfect. Perfection is a claim that is difficult to justify. Additionally, management needs to avoid using language that triggers fear. Fear-based marketing can pressure customer autonomy. Customer autonomy must be respected. Sharia finance rests on mutual consent (*kerelaan*). Consent requires room for choice. Consequently, compliance labels should serve as an entry point for education rather than a tool for manipulation. When an institution explains compliance concisely yet sufficiently, customers can assess it calmly. A calm assessment strengthens responsible decision-making. Good service quality and a bank's good reputation will certainly keep customers loyal to the service (Hardyansah & Jahroni, 2023). Thus, compliance communication is part of the managerial strategy in digital innovation.

There are three interconnected pillars: the pillar of digital *akad* design, the pillar of change governance, and the pillar of ecosystem accountability. Digital *akad* design emphasizes readability, cost clarity, and accessible evidence of consent. Change governance emphasizes that every feature update must pass a compliance assessment and system rule testing. Ecosystem accountability emphasizes that partnerships, outsourcing, and service integration must be accompanied by responsibility mapping and audit mechanisms. These three pillars position managerial strategy as the bond between Sharia values and technological practices. With this framework, adaptation to Sharia fintech is understood as an adaptation of architecture and process, not merely an adaptation of appearance. Maintaining compliance is understood as embedded compliance that works through system rules, data ethics, and fair complaint services. Thus, product innovation and the digitalization of Sharia financial services can proceed credibly if management leads with the principle of *amanah*, builds cross-functional collaboration, and sets success indicators that evaluate

growth alongside the quality of consent and accountability. This framework explains how managerial decisions can maintain Sharia legitimacy in digital services.

## Conclusion

Product innovation and the digitalization of Sharia financial services are managerial projects that must link *muamalah* values with technology architecture and organizational processes. An adequate managerial strategy places contractual readability, cost clarity, and evidence of consent at the core of legitimacy, as digital consent easily becomes a mere formality if design prioritizes speed alone. Adaptation to Sharia fintech is understood as an ecosystem choice that requires accountability mapping, alignment of standards, and control over feature changes so that compliance is not left behind by the rhythm of updates. Safeguarding compliance in the digital era demands embedded compliance through system rules, repetitive testing, digital audits, as well as proportional and explainable data usage ethics. Thus, the answer to the problem formulation demonstrates that compliance is not a final stage, but a design principle that shapes user experience, service quality, and Sharia reputation. Credible digitalization is digitalization that enables customers to understand, feel secure, and receive fair treatment throughout the entire service chain.

Implications and suggestions emphasize the need for Sharia financial institutions to build innovation governance that binds digital product development to standards of readability, accountability, and *amanah* (trustworthiness). Organizations need to strengthen cross-functional collaboration with documented and testable change approval mechanisms, ensuring that application updates do not alter the substance of the *akad* (contract) without assessment. Data policies need to be formulated with principles of minimization, transparency, and strict purpose limitations, so that personalization does not turn into manipulation or excessive surveillance. Partnerships with Sharia fintech need to be organized as governance contracts, including audits, responsibility for complaints, and clear dispute resolution mechanisms for customers. Furthermore, innovation success indicators need to include measures of consent quality and complaint service quality, so that growth does not encourage the reduction of information that is mandatory to know. Future writing is

suggested to further detail the normative indicators of embedded compliance and product communication ethics indicators, so that this framework can be used to assess digital Sharia service designs consistently.

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