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ISLAMIC FINANCE, SUSTAINABILITY AND INNOVATION

Shaping the Future

EDITED BY

Ahmet Faruk Aysan, Syed Nazim Ali,
Abdurahman Jemal Yesuf, Muhammad Fazlurrahman Syarif

Islamic Finance, Sustainability and Innovation

EMERALD STUDIES IN ISLAMIC ECONOMY AND FINANCE

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Foreword

The global financial system stands at a crossroads. As societies grapple with climate change, widening inequality, and technological disruption, the need for financial models that are not only efficient but also ethical and inclusive has never been more urgent. Islamic finance, rooted in principles of justice, equity, and sustainability, presents a compelling alternative capable of addressing these 21st-century challenges.

This timely volume, *Islamic Finance, Sustainability and Innovation: Shaping the Future*, brings together a diverse body of work that explores the intersections between Islamic finance, digital transformation, and sustainable development. The contributors – academics, practitioners, and policymakers – offer fresh perspectives on topics ranging from the adoption of fintech in Islamic banking to the role of waqf in achieving the sustainable development goals.

This book's three-section structure enables a comprehensive examination of the evolving Islamic finance landscape. The first section highlights how digital technologies such as artificial intelligence and blockchain are being leveraged to enhance financial inclusion and operational efficiency. The second section investigates Islamic social finance and its transformative potential for poverty alleviation, healthcare, gender equity, and environmental stewardship. The final section examines institutional innovations and financial instruments, such as sukuk and zakatech, that match Islamic finance with long-term development imperatives.

What distinguishes this book is not only its academic rigor but also its forward-looking orientation. It challenges the reader to imagine how Islamic finance can evolve beyond compliance and conventionality – towards a more holistic paradigm where innovation and integrity co-exist.

This work will be of great interest to a wide audience, including students, researchers, financial institutions, regulators, and development agencies. It is a significant contribution to the discourse on how Islamic economic principles can be mobilized to shape a fairer and more sustainable global economy.

I commend the editors and authors for their valuable contributions and invite readers to engage critically and constructively with the ideas presented herein.

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Preface

This volume emerges at a pivotal juncture in the evolution of Islamic finance – one marked by the convergence of sustainability imperatives, digital transformation, and renewed interest in ethical financial systems. As the global economy undergoes tectonic shifts driven by technological innovation, climate challenges, and shifting social expectations, Islamic finance offers a values-based alternative that is both resilient and adaptable.

The chapters presented in this book reflect the collective efforts of scholars, practitioners, and policymakers from diverse regions who are committed to advancing the frontiers of Islamic economic thought. This compilation is not merely an academic exercise; it is a response to real-world challenges – from enhancing digital inclusion and sustainable development to rethinking zakat distribution and embedding environmental, social, and governance principles into financial instruments.

Structured across three thematic sections – Digital Innovation, Social and Sustainable Development, and Institutional Instruments – this volume captures cutting-edge research and case studies that illuminate both the promise and complexity of matching Islamic finance with long-term development goals.

It is our hope that this work will serve as a resource for researchers, industry leaders, and policymakers seeking to navigate the rapidly evolving landscape of Islamic finance. By strengthening interdisciplinary dialogue and evidence-based insights, we aim to contribute to a more inclusive, equitable, and sustainable financial future.

We extend our deepest appreciation to all contributing authors, reviewers, and institutions whose commitment and expertise have made this publication possible.

Acknowledgements

This volume is the product of a collaborative journey involving numerous individuals and institutions whose contributions have been invaluable at every stage of its development.

First and foremost, we express our heartfelt gratitude to all the contributing authors whose scholarly insights, research efforts, and commitment to excellence have shaped the intellectual core of this book. Their diverse perspectives, spanning digital transformation, Islamic social finance, and sustainable development, reflect the richness and dynamism of the Islamic finance ecosystem today.

We are especially thankful to the reviewers and editorial advisors whose constructive feedback elevated the academic quality and coherence of the chapters. Their dedication to rigour and relevance ensured that this volume meets the highest scholarly standards.

Our sincere appreciation extends to the team at Emerald Publishing for their unwavering support, professionalism, and belief in the importance of this work. We are also grateful to the institutions that have supported the contributors through research funding, academic affiliations, and knowledge exchange platforms.

Special thanks are due to the College of Islamic Studies at Hamad Bin Khalifa University, Qatar Foundation, for providing an enabling environment that strengthens interdisciplinary dialogue and research on Islamic finance and sustainability.

We also wish to record our deep appreciation for the Qatar Financial Centre (QFC) Authority and its Chief Executive Officer, Mr Yousef Al Jaidah, for their unconditional support of our efforts to promote and advance the Islamic finance phenomenon. Their steadfast partnership with Hamad bin Khalifa University, enabling dialogue, research, and capacity-building across the ecosystem, has directly nurtured the intellectual soil from which this volume has emanated. This book is, in many ways, a concrete outcome of those shared endeavours.

We are equally indebted to the various universities, think tanks, and fintech innovation hubs across the globe that have served as research homes for our contributors.

Lastly, we acknowledge the tireless efforts of our families, colleagues, and research assistants, whose patience and encouragement made the completion of this volume possible.

To all who have supported this endeavour, we extend our deepest thanks and hope that this book will serve as a meaningful contribution to the advancement of Islamic finance, ethical innovation, and global sustainability.

The authors of this book acknowledge and appreciate QFC Authority's grant to facilitate the Seventh International Conference on Islamic Finance Towards a Rooted Future of Islamic Finance at the College of Islamic Studies, Hamad Bin Khalifa University, in 2024, which contributed to the content of this volume and to the editorial assistance.

Introduction

The global financial landscape is undergoing unprecedented change. As the world grapples with the dual challenges of climate change and digital transformation, there is a growing demand for financial systems that are not only efficient and innovative but also ethical, inclusive, and sustainable. In this context, Islamic finance – rooted in the principles of Shariah, including justice, risk-sharing, and the prohibition of exploitative practices – offers a compelling paradigm for rethinking finance in the 21st century.

This book, *Islamic Finance, Sustainability and Innovation: Shaping the Future*, seeks to explore how Islamic finance can meaningfully contribute to addressing today's most pressing social, economic, and environmental issues. It provides an interdisciplinary platform that bridges theory and practice, highlighting the ways in which Islamic finance can evolve to meet the demands of a rapidly changing global economy.

The volume is organized into three interrelated sections. The first focuses on digital innovation and technology in Islamic finance, examining the role of artificial intelligence, fintech, digital banking, and blockchain in transforming financial service delivery. The second section examines the intersection of Islamic finance and social development, including its contribution to the sustainable development goals, financial inclusion, health, education, and gender equity. The final section addresses institutional frameworks and financial instruments, such as sukuk, zakat, and waqf, offering critical analysis and innovative models that strengthen the sector's capacity for long-term development.

Through case studies, empirical research, theoretical analysis, and policy insights, this book brings together scholars and practitioners from across regions and disciplines. It aims to catalyse new thinking, strengthen collaboration, and provide actionable recommendations for governments, regulators, financial institutions, and development organizations.

In a world increasingly shaped by uncertainty, the values and mechanisms embedded in Islamic finance offer a roadmap for building a more resilient, just, and sustainable financial future. We invite readers to engage with the insights presented in this volume and contribute to advancing this important discourse.