



# Sharia-Based Financial Inclusion Strategies for the Economic Empowerment of the Poor: A Systematic Literature Review

**Marlina Ekawaty<sup>1</sup>**, **Moh Agus Nugroho<sup>2\*</sup>**

<sup>1</sup> Universitas Brawijaya, Indonesia

<sup>2</sup> Institut Agama Islam Negeri Sultan Amai Gorontalo, Indonesia

\*Corresponding Email: [aguslee02@gmail.com](mailto:aguslee02@gmail.com)

## Keywords:

Sharia-based financial inclusion, Islamic finance, Poverty alleviation, Economic justice, Islamic fintech

## ABSTRACT

This study employs a Systematic Literature Review (SLR) approach to examine the role of Sharia-based financial inclusion in empowering the poor and fostering economic justice in Indonesia. The review analyzes eleven peer-reviewed studies published between 2020 and 2024, focusing on the implementation of Islamic financial instruments such as Sharia microfinance, zakat, Islamic cooperatives, and digital Islamic financial technology (fintech). The findings reveal that Sharia-based financial inclusion significantly contributes to poverty alleviation by increasing access to capital, promoting entrepreneurship, and improving financial literacy among marginalized groups. However, its effectiveness is often constrained by governance challenges, regulatory fragmentation, and inadequate digital infrastructure. The results underscore the importance of institutional collaboration, innovation in financial products, and inclusive regulatory frameworks. Integrating Islamic economic principles with national development strategies, along with enhanced financial literacy programs, is vital for achieving sustainable socio-economic outcomes. This study contributes to the literature by synthesizing recent findings on the strategic role of Sharia-compliant finance in promoting inclusive development and offers actionable insights for policymakers, practitioners, and Islamic financial institutions in designing more effective and ethical financial inclusion strategies.

## Kata Kunci:

Inklusi keuangan berbasis syariah, keuangan Islam, pengentasan kemiskinan, keadilan ekonomi, fintech Islam

## ABSTRAK

Studi ini menggunakan pendekatan Tinjauan Literatur Sistematis (SLR) untuk meneliti peran inklusi keuangan berbasis Syariah dalam memberdayakan masyarakat miskin dan mendorong keadilan ekonomi di Indonesia. Tinjauan ini menganalisis sebelas studi yang telah ditinjau oleh rekan sejawat yang diterbitkan antara tahun 2020 dan 2024, dengan fokus pada implementasi instrumen keuangan Islam seperti pembiayaan mikro syariah, zakat, koperasi syariah, dan teknologi finansial (fintech) Islam digital. Hasil tinjauan menunjukkan bahwa inklusi keuangan berbasis syariah berkontribusi signifikan terhadap pengentasan kemiskinan dengan meningkatkan akses terhadap modal, mendorong kewirausahaan, dan meningkatkan literasi keuangan di kalangan kelompok marjinal. Namun, efektivitasnya sering terkendala oleh tantangan tata kelola, fragmentasi regulasi, serta keterbatasan infrastruktur digital. Temuan ini menegaskan pentingnya kolaborasi institusional, inovasi produk keuangan, dan kerangka regulasi yang inklusif. Integrasi prinsip-prinsip ekonomi Islam dengan strategi pembangunan nasional, disertai dengan program literasi keuangan yang diperkuat, sangat penting untuk mencapai hasil sosial-ekonomi yang berkelanjutan.

Article Information  
How To Cite

e-ISSN / p-ISSN

: Received: 05 November 2025; Revised: 29 December 2025; Accepted: 30 December 2025  
: Ekawaty, M., & Nugroho, M. A. (2025). Sharia-Based Financial Inclusion Strategies for the Economic Empowerment of the Poor: A Systematic Literature Review. *Talaa : Journal of Islamic Finance*, 5(2), 93–110. <https://doi.org/10.54045/talaa.v5i2.790>  
: 2807-3002 / 2807-3312

## INTRODUCTION

Financial inclusion has emerged as a critical component in the global agenda to reduce poverty and promote sustainable economic development (Syahrul Hidayat et al., 2023). It describes how all facets of society may access and utilize official financial services, particularly the unbanked and underserved populations (H. Maulana & Umam, 2018). Despite progress in expanding access to financial services in many regions, significant gaps remain, especially in Muslim-majority countries where conventional banking systems may not align with religious and ethical values (Ginanjar & Kassim, 2021). This creates an urgent need for alternative, inclusive financial mechanisms that adhere to Islamic principles (Ahmed Hassan, 2024).

Based on Sharia law, Islamic finance provides a workable framework for enhancing financial inclusion among Muslim communities (Ahmad, 2024). By prohibiting interest (*riba*), promoting risk-sharing, and emphasizing ethical and social responsibility, Sharia-Compatible financial products such as profit-and-loss sharing schemes, zakat, waqf, and microfinance can serve as effective tools for economic empowerment (Pamungkas. V.D & Wulandari.F, 2022). These instruments are particularly pertinent to low-income people who might not be able to use traditional banking systems due to religious beliefs or systemic barriers (Nengsih, 2020).

The incorporation of Islamic social finance tools, including waqf (obligatory almsgiving) and zakat (charitable endowments), into financial inclusion strategies has gained growing attention in recent years (Sudi et al., 2024). These instruments not only provide immediate financial support to the poor but also contribute to long-term development through community-based empowerment programs (Wahyudi et al., 2024). Furthermore, Islamic microfinance institutions (IMFIs) have demonstrated the capacity to close the distance between financial services and marginalized populations, while maintaining compliance with Sharia principles (Hunjra et al., 2024).

Despite these promising developments, there remains a lack of comprehensive understanding regarding the effectiveness, implementation challenges, and sustainability of Sharia-based financial inclusion initiatives (Kaharuddin et al., 2024). Existing studies are often fragmented or limited to specific regions, making it difficult to draw generalizable insights (Hartanto et al., 2023). Therefore, a systematic literature review is essential to synthesize the corpus of existing knowledge, identify key trends, and highlight gaps for future research and policy development (Raza et al., 2024).

The purpose of this study is to perform a thorough literature review on Sharia-based financial inclusion strategies, focusing on their role in empowering the poor. By examining scholarly articles, policy papers, and empirical studies, this review seeks to map the conceptual landscape, assess the contributions of Islamic financial tools, and explore how these mechanisms can be optimized to support inclusive and sustainable economic growth in Muslim-majority and minority contexts.

## METHODOLOGY

Sharia-based financial inclusion presents a promising solution for empowering low-income communities, particularly in Indonesia, where many remain excluded from formal financial systems (Judijanto et al., 2025). As an alternative grounded in Islamic principles, Islamic microfinance, zakat, waqf, and profit-and-loss sharing are examples of tools that provide moral financial services in line with cultural and religious principles (A. Maulana & Darmastuti, 2020). These mechanisms emphasize social justice, risk-sharing, and equitable access to capital. However, despite their potential, the practical implementation of Sharia-based financial inclusion strategies often faces several challenges, including weak institutional coordination, limited public awareness, and inconsistent regulatory support (Syahrul Hidayat et



al., 2023). As a result, many of these initiatives fall short in effectively reaching and uplifting the economically marginalized.

This systematic literature review aims to examine the effectiveness of Sharia-based financial inclusion in alleviating poverty by identifying key barriers and strategic opportunities for improvement. By analyzing governance structures, the function of Islamic banking organizations, and the effects of the digital revolution, this study highlights critical areas for reform and innovation. A clear gap remains between the theoretical promise of Islamic finance and its real-world outcomes due to administrative inefficiencies, technological limitations, and a lack of integration with national financial systems. Strengthening institutional capacity, improving outreach, and embedding digital tools in Sharia-based services are essential to unlock their full potential. The findings of this review provide insightful information to stakeholders, practitioners, and legislators aiming to strengthen the role of Islamic finance in promoting inclusive and sustainable economic development.

Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) criteria are followed in this work (Moher et al., 2009) to improve the caliber of Systematic Literature Review reports (SLR). (Page et al., 2021a, 2021b) The researchers created keyword development, conducted a database search, and cleaned and sorted data. The research questions for this study were developed using the Participants, Intervention, Comparison, Outcomes, and Study Design (PICOS) framework (Table 1).

**Table 1: Research questions are developed using the PICOS criterion.**

Components	Description
Participants	Low-income individuals and communities, Islamic financial institutions, microfinance recipients, zakat and waqf beneficiaries, and stakeholders involved in Sharia-based financial inclusion efforts.
Intervention	Implementation of Sharia-based financial inclusion strategies, including Islamic microfinance, zakat, waqf, profit-loss sharing contracts, and digital financial services rooted in Islamic principles.
Comparison	Comparison between Sharia-based financial inclusion strategies and conventional financial inclusion models, or between different implementations of Islamic finance across regions or institutions.
Outcomes	Key outcomes include improved financial access, poverty reduction, economic empowerment, institutional sustainability, donor/beneficiary trust, and the scalability of Islamic financial services.
Study Design	Case studies, qualitative, quantitative, or mixed technique empirical research, and systematic reviews, and conceptual frameworks such as Islamic Economic

### Keyword development

Initial keyword development for this study focused on building a comprehensive search strategy related to Sharia-based financial inclusion, poverty reduction, and the empowerment of low-income communities. Keywords used include combinations such as "Poverty, financial inclusion, and Islamic finance," "Sharia-based microfinance AND economic empowerment," and "zakat AND waqf AND inclusive finance." This systematic approach ensures the identification of relevant and high-quality studies from multiple academic databases, enabling a robust foundation for evaluating the current landscape of Islamic financial inclusion efforts.

Following the keyword formulation and literature retrieval through databases such as Scopus, Google Scholar, and CrossRef, the screening process involved a thorough review of abstracts and full texts to select studies in line with the goals of the research. The analysis focused on critical components such as institutional models, regulatory frameworks, technological innovations, and how Islamic social finance tools can increase financial services accessibility. Through this systematic review, the study aims to synthesize key findings that reveal the strengths, limitations, and potential of Sharia-based financial inclusion strategies in empowering the poor and promoting sustainable economic development.

### Database search

We searched Scopus, Google Scholar, and CrossRef databases to collect literature relevant to Sharia-based financial inclusion and its role in empowering economically disadvantaged communities. The search included articles published between 2020 and 2025 to ensure coverage of both recent innovations and foundational studies in Islamic finance. An initial total of 3,753 articles was identified using a combination of keywords related to Islamic microfinance, zakat, waqf, profit-loss sharing, and financial inclusion. The selection process involved removing duplicate entries, evaluating topic relevance, and applying predetermined inclusion and exclusion criteria focused on the alignment with Islamic financial principles and poverty reduction objectives.

The remaining articles then underwent a thorough screening process to guarantee the incorporation of superior studies specifically addressing the effectiveness, challenges, and outcomes of Sharia-based financial inclusion efforts. This included a detailed examination of institutional structures, policy frameworks, implementation models, and the integration of digital technologies in service delivery. Key focus areas such as accessibility, governance, community trust, and financial sustainability were assessed to extract meaningful insights. The final selection of studies was systematically analyzed to uncover patterns, emerging trends, and strategic recommendations for enhancing the impact of Sharia-compliant financial services in reducing poverty and promoting inclusive economic development.

### Data cleaning and sorting

The data for this study were obtained through a structured search process using selected keywords relevant to Sharia-based financial inclusion, Islamic microfinance, zakat, waqf, and poverty reduction. The initial stage involved a thorough data cleaning and sorting process, which included removing duplicate records, screening titles and abstracts for relevance, and applying inclusion and exclusion criteria based on the study's objectives. Articles that did not



focus on Sharia-compliant financial instruments or their role in empowering low-income populations were excluded to maintain the accuracy and focus of the review.

Following the initial filtering, the remaining articles were evaluated to confirm their alignment with the research questions and scope. Abstracts, titles, and keywords were carefully examined to ensure each study provided insights into Islamic financial inclusion strategies and their impact on poverty alleviation. Articles lacking discussion on key elements such as financial access, governance, institutional efficiency, community empowerment, or technological integration were excluded. The selected studies form a refined dataset, offering insightful information about the mechanisms, challenges, and efficiency of Islamic finance initiatives.

Citation data from 3,753 papers were downloaded in RIS format and subjected to a multi-stage screening process. After removing duplicate entries, a total of 2,624 articles remained. These were reviewed based on relevance, methodology, and theoretical alignment. Articles that were conceptually vague, lacked empirical support, or failed to address financial inclusion outcomes were excluded. This resulted in a final set of eleven articles that met the criteria for in-depth analysis and synthesis.

The eleven selected studies underwent a detailed review and data extraction phase, focusing on recurring themes such as institutional design, financial service accessibility, community participation, regulatory support, and the role of digital platforms in enhancing service delivery. This process revealed a number of patterns and gaps in current practices, such as fragmented implementation, insufficient combining of waqf and zakat in financial inclusion, and the untapped potential of fintech in expanding outreach. These insights highlight both the strengths and the limitations of current Sharia-based financial inclusion efforts.

The results of this systematic review contribute to the growing discourse on Islamic finance as a social and economic instrument of empowerment. The findings offer actionable recommendations for policymakers, Islamic development professionals, and financial institutions to increase the impact and scalability of Sharia-compliant financial systems. By identifying key enablers such as governance reform, digital transformation, and inclusive policy frameworks, this study establishes a foundation for future research and the development of more effective, faith-aligned financial inclusion strategies. The systematic procedure, summarized in Figure 1, enhances the reliability and academic rigor of the findings.

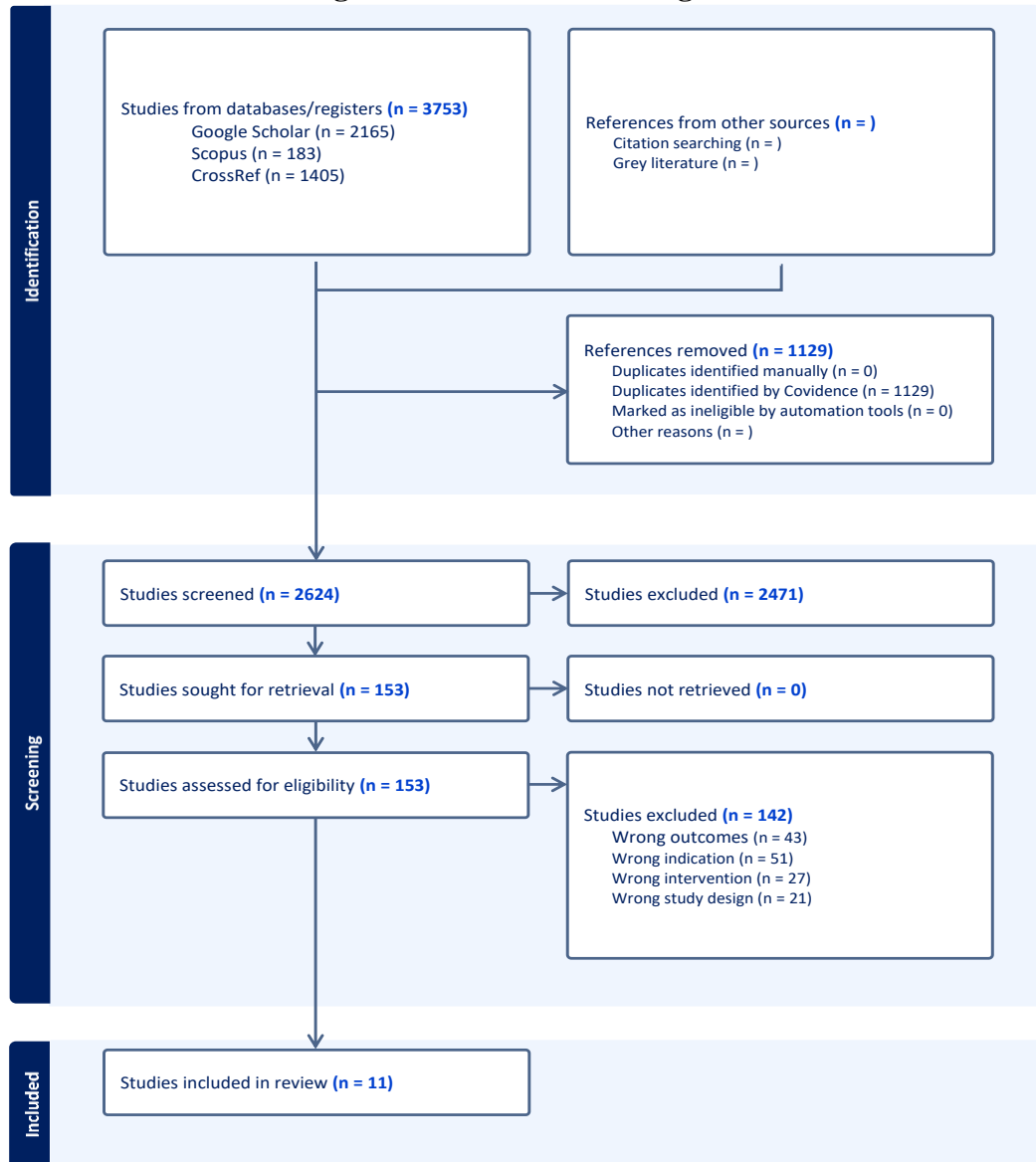
## Research questions

The following questions are addressed by this meta-analysis and systematic literature review (SLR):

- (1) What are the key strategies and instruments within Sharia-based financial inclusion that effectively contribute to the economic empowerment of low-income communities in Muslim-majority contexts?
- (2) How do institutional frameworks, regulatory policies, and digital innovations influence the accessibility, sustainability, and trustworthiness of Sharia-compliant financial services?
- (3) What are the broader implications of implementing Sharia-based financial inclusion strategies on poverty reduction, financial equity, and long-term socioeconomic development in Indonesia?



**Figure 1. PRISMA flow diagram**



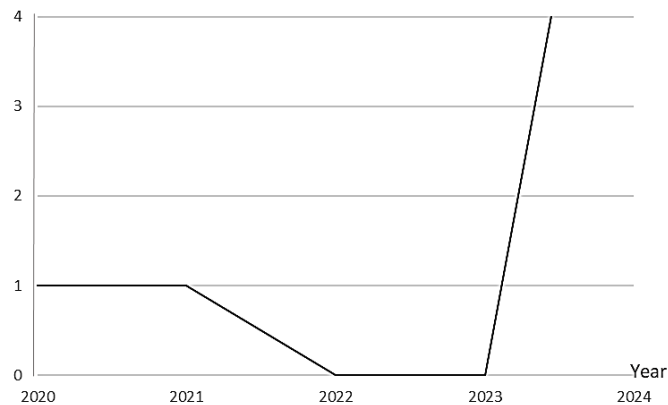
## RESULT AND DISCUSSION

This section presents the data analysis results in three sub-sections: classification by publication year, characteristics, and review of included studies.



## Classification based on the publication year

**Figure 2. Total publications from 2020-2024**



The reviewed studies on Sharia-based financial inclusion strategies for economic empowerment provide insightful information on the changing function of Islamic finance in addressing poverty and inequality. Early research, such as that by Nengsih (2020) and Raisa (2021), emphasized the potential of Islamic redistributive instruments and Sharia cooperatives to enhance financial inclusion and empower MSMEs in Indonesia. These studies laid foundational arguments for using zakat, *qardhul hasan*, and Sharia-based entrepreneurship as vehicles to promote socio-economic welfare. As the field matured, more comprehensive analyses emerged in 2024, with studies by Ayunda et al., Suryanto et al., and Ulum et al. focusing on rural and coastal communities, demonstrating how Sharia microfinance and cooperative models contribute to production growth, income improvement, and community welfare. These works collectively highlight the capacity of Islamic finance to bridge financial access gaps while aligning with broader developmental goals such as the SDGs.

A particularly notable trend in 2024 is the integration of digital innovation and strategic alliances within Islamic financial systems. Research by Amalia & Rahmatullah, Yulia et al., and Pasha et al. explored how Islamic fintech, crowdfunding, and digital economic platforms can enhance access to ethical financing and promote financial literacy among underserved populations. Additionally, studies by Hidayat et al., Majdina Natasya et al., and Kenneh et al. delved into the legal, social, and sustainability dimensions of Sharia-based financial inclusion, emphasizing justice, empowerment, and economic equality. These studies underscore the importance of regulatory frameworks, multi-sector collaboration, and technological integration to optimize the impact of Islamic finance. The surge of research in 2024 reflects a growing consensus on the need to transform Islamic financial systems from traditional charity-based models into dynamic, inclusive mechanisms for long-term economic empowerment.

## Characteristics of included studies

Table 2 outlines a series of studies that study the link between Sharia-based financial inclusion and economic empowerment in Indonesia. Raisa (2021) investigated the effects of entrepreneurial spirit and financial inclusion on MSMEs through Sharia cooperatives in East Java during the new normal era. Through the use of SEM (structural equation modeling), the study found that both factors significantly influence MSME empowerment, highlighting the pivotal role of Sharia cooperatives in strengthening resilience and sustainability. Similarly,

Novia Nengsih (2020) used a mixed-method approach to examine how Islamic banking's redistributive tools might maximize financial inclusion, such as zakat, benevolence funds, and *qardhul hasan*, finding notable growth in these instruments and their contribution to social equity.

Other studies emphasized the effectiveness of Sharia financial institutions in improving rural and marginalized communities. Sarifa Ayunda et al. (2024) analyzed sharia microfinance and found significant improvements in farmers' income, productivity, and welfare, indicating its potential to alleviate poverty. Complementing this, Tulus Suryanto et al. (2024) explored the role of Sharia-based empowerment in coastal areas within the framework of the SDGs, finding that these initiatives contribute to social justice and equality. They emphasized the need for investment in human capital, Islamic ethics, and technology as essential components of inclusive development.

Bachrul Ulum et al. (2024) highlighted the role of rural Sharia cooperatives in promoting economic empowerment by improving financial access and sustainability. The study recommends stronger collaboration between universities, NGOs, and the government to provide support and training. Euis Amalia and Indra Rahmatullah (2024) examined the synergy between Sharia microfinance and financial technology, identifying Sharia-compliant crowdfunding as a strategic model to boost capital access and financial literacy for micro-enterprises. These findings reflect the growing importance of innovative and digital-based Sharia solutions in addressing financing gaps.

Broader legal and investment perspectives were examined by Nikita Majdina Natasya et al. (2024) and Mohammed Kenneh et al. (2024). Their findings support the role of Sharia economic law and Sharia investments in promoting justice, inclusion, and economic sustainability. These studies underscore the alignment between Islamic principles and global goals such as financial equality and socio-economic justice, while also stressing the importance of regulatory reform and digital innovation.

In terms of national development, Aly Hidayat et al. (2024) identified Sharia economics as a strategic framework to support Indonesia's vision for 2045 through sustainable and inclusive growth. Elsa Islammia Pasha et al. (2024) further confirmed that Sharia financial systems positively impact economic welfare and financial literacy, especially within Muslim communities. Lastly, Devi Yulia et al. (2024) found that the digital Islamic economy, particularly fintech, has a transformative role in enhancing financial inclusion and empowering underserved populations.

**Table 2: Features of the included research**

Author	Country	Purposes	Population	Method	Result	Conclusion	Implications
(Raisa Fitri & Murniati, 2021)	Indonesia	Analyze the effect of Financial inclusion and an entrepreneurial mindset on sharia-based MSME empowerment	Sharia-based MSMEs in East Java	Quantitative, SEM (Structural Equation Modeling)	Financial inclusion and an entrepreneurial mindset both significantly and favorably impact MSME	Using sharia to promote financial inclusivity and an entrepreneurial mindset cooperatives are crucial for empowerment	Strengthening policies to improve access to financing and enhancing entrepreneurial skills among MSMEs via sharia





		ment cooperativ es in the new normal era			empower ment	ng MSMEs in the new normal	cooperativ es
(Nengsih, 2020)	Indone sia	Analyze maximizin g financial inclusion with Islamic banking's redistributi ve tools	Indonesian society	Mixed methods (qualitati ve and quantitati ve)	Growth in charity funds, qardul hasan financing, and zakat funds increased.	Islamic banking can use redistributi ve tools to maximize financial inclusion.	Reference for determinin g Islamic banking's use of technology to maximize financial inclusion zakat and qardul hasan.
(Ayunda et al., 2024)	Indone sia	Evaluate sharia microfinan ce's contributio n to poverty alleviation	Rural farmers	Literatur e study, case studies, data analysis	Improved production , income, and welfare for farmers using sharia microfinan ce	Sharia microfinan ce can effectively alleviate poverty and improve rural economies .	Need for improved sharia microfinan ce access, education, and governme nt support for infrastruct ure.
(Suryanto et al., 2024)	Indone sia	Explore Sharia- based communit y empower ment to address poverty	Coastal communitie s	Literatur e review	Identified the role of SDGs in promoting social justice and equity for coastal communiti es	SDGs are crucial for achieving equality, backed by programs for empower ment based on Sharia law.	Need for capacity building in human resources, Islamic business ethics, and technology for communit y empower ment.
(Ulum et al., 2024)	Indone sia	Enhance economic empower ment through the developme nt of	Rural communitie s	Qualitati ve research	Establishm ent of sharia cooperativ es improves economic well-being	Sharia cooperativ es effectively promote economic empower ment and	Requires collaborati on among universitie s, NGOs, and governme nt for

		sharia cooperatives			and access to finance	sustainability in rural areas.	support and training in sharia cooperatives.
(Amalia & Rahmatullah, 2020)	Indonesia	Investigate strategic partnerships between financial technology and sharia microfinance	Tiny microbusinesses	Qualitative research	Identified a crowdfunding business model compliant with sharia principles	Strategic alliances strengthen access to capital for small businesses and improve financial literacy.	Highlights the need for innovative products and policies for sharia microfinance and fintech cooperation.
(Natasya et al., 2024)	Indonesia	Explore Sharia economic law's contribution to reducing poverty	Rural communities	Literature review	Identified how Sharia economic law promotes justice, empowerment, and welfare	Sharia economic law is crucial for alleviating poverty and achieving socio-economic justice.	Highlights the need for regulatory support and community engagement to effectively implement Sharia economic practices.
(Kenneh, 2024)	Indonesia	Explore the role of Sharia investment in promoting financial equality	Small and micro enterprises	Systematic Literature Review	Identified alignment of Sharia principles with sustainability goals and economic justice	Sharia investment can enhance financial inclusion and socio-economic justice through digital innovation.	Emphasizes the need for regulatory frameworks, improved financial literacy, and collaboration between sectors.
(A. Hidayat et al., 2024)	Indonesia	Explore the role of Sharia economics	Indonesian society	Literature review	Identified Sharia economics as a means of	Sharia economics can significantly	Highlights the need for integrating Sharia

		in poverty alleviation			promoting fair financial inclusion and sustainable growth	contribute to achieving Indonesia's vision of a prosperous society by 2045.	principles in national development strategies and enhancing financial literacy.
(Pasha & Ahmad, 2024)	Indonesia	Analyze Sharia finance's effects on the economy welfare	Muslim communities	Quantitative survey	Identified Sharia finance's beneficial effects on the economy welfare and financial literacy	Sharia finance can enhance economic welfare by promoting financial inclusion and ethical practices.	focuses on the necessity of better financial education and access to Islamic finance services for marginalized groups.
(Yulia et al., 2024)	Indonesia	Explore digital Islamic economics' contribution to financial inclusivity	Muslim communities	Qualitative literature review	Identified the positive Islamic fintech's effects on economic empowerment and inclusion	Digital Islamic economy can enhance financial inclusion and support socio-economic justice.	Emphasizes the need for improved regulations and financial literacy to overcome barriers in accessing Islamic finance.

### Sharia-Based Financial Inclusion Strategies for the Economic Empowerment of the Poor

According to the table's summary of the systematic analysis of the studies, Sharia-based financial inclusion tactics are crucial for empowering the underprivileged and marginalized groups in Indonesia. These strategies involve instruments such as Sharia cooperatives, Islamic microfinance, zakat, qardhul hasan, and digital Islamic economy, all of which emphasize justice, equity, and sustainability. Studies by Raisa (2021) and Bachrul Ulum et al. (2024) demonstrate that Sharia cooperatives are crucial in enhancing financial access and entrepreneurial capacity, especially in rural areas and the post-pandemic context. Meanwhile, research by Novia Nengsih (2020) and Devi Yulia et al. (2024) emphasizes the value of digitization and the efficacy of redistributive Islamic finance tools in expanding financial services to underserved communities.

Furthermore, the reviewed studies emphasize the importance of collaboration among government institutions, Sharia financial institutions, academia, and digital technology in strengthening the ecosystem of inclusive Islamic finance. For example, Euis Amalia & Indra Rahmatullah (2024) identified a Sharia-compliant crowdfunding business model as an

innovative alternative for microfinancing. Additionally, research by Nikita Majdina Natasya et al. (2024) and Mohammed Kenneh et al. (2024) indicated that Islamic economic law and Sharia investments significantly contribute to achieving social justice and economic equity. These findings affirm that Sharia-based financial inclusion strategies not only effectively reduce poverty but also support long-term, equitable, and sustainable socioeconomic development.

## DISCUSSION

*Key strategies and instruments within Sharia-based financial inclusion that effectively contribute to the economic empowerment of low-income communities in Muslim-majority contexts*

One of the most impactful strategies within Sharia-based financial inclusion is the provision of Islamic microfinance, which operates on principles of risk-sharing and interest-free lending (Savon & Yousfi, 2023). Unlike conventional microfinance, Islamic microfinance avoids *riba* (interest) and instead uses contracts such as *murabahah* (cost-plus financing), *Mudarabah* (profit-sharing), and *qard al-hasan* (benevolent loans) (Mohamed & Elgammal, 2023). These instruments are particularly effective for low-income communities that are typically excluded from traditional banking systems due to collateral requirements and high-interest rates (A. A. Ibrahim & Alenezi, 2024). By providing capital access without burdening borrowers with unsustainable debt, Islamic microfinance encourages entrepreneurship, supports small businesses, and promotes self-reliance among the poor (Siregar, 2024).

In addition to microfinance, Islamic social finance tools such as *sadaqah*, *waqf*, and *zakat* are also essential in enhancing economic empowerment (Arwani et al., 2024). *Zakat*, as a mandatory almsgiving, functions as a redistributive mechanism that channels wealth from the affluent to the needy, while *waqf*, or Islamic endowment, can be used to fund public services such as education, healthcare, and infrastructure (Mukhid, 2024). When managed transparently and efficiently, these instruments can address both immediate needs and long-term development goals (Fatur Rahman et al., 2020). Digital platform integration for *zakat* and *waqf* distribution and collection has further increased reach and accountability (Aisyah Indarningsih et al., 2023). Collectively, these strategies represent a holistic, value-based approach to financial inclusion that not only uplifts individuals economically but also strengthens community welfare sustainably and ethically.

*Institutional frameworks, regulatory policies, and digital innovations influence the accessibility, sustainability, and trustworthiness of Sharia-compliant financial services*

Institutional frameworks, the laws and regulations are crucial in forming the accessibility and sustainability of Sharia-compliant financial services. In many Muslim-majority countries, the presence of dedicated regulatory bodies overseeing Islamic finance ensures compliance with Sharia principles while maintaining financial stability (Dawood et al., 2022). Clear legal recognition and supportive policies encourage the growth of Islamic financial institutions, enabling them to reach underserved populations. However, in contexts where regulatory frameworks are underdeveloped or fragmented, Islamic financial services struggle to gain public trust and scale effectively (Taufiq & Razali, 2024). The alignment between national financial inclusion strategies and Islamic finance objectives is therefore crucial to foster broader participation and long-term viability (W. H. W. Ibrahim & Ismail, 2020).

Digital innovation has emerged as a transformative force that enhances both the efficiency and transparency of Sharia-compliant financial services (Dawood et al., 2022). The adoption of digital platforms for Islamic microfinance, mobile banking, *zakat* collection, and *waqf* management has significantly lowered operational costs and expanded outreach, especially in remote or rural areas (Sarif et al., 2025). Fintech solutions not only improve user experience



and service speed but also strengthen accountability through real-time tracking and reporting mechanisms. This increased transparency builds trust among donors, beneficiaries, and regulators, reinforcing the credibility of Islamic financial institutions (Satibi, 2024). When combined with sound institutional governance and adaptive regulatory frameworks, digital innovation holds the potential to unlock inclusive and resilient Islamic financial ecosystems (Alliance for Financial Inclusion, 2024).

*The broader implications of implementing Sharia-based financial inclusion strategies on poverty reduction, financial equity, and long-term socioeconomic development in Indonesia*

The implementation of Sharia-based financial inclusion strategies in Indonesia has far-reaching implications for poverty reduction and financial equity, particularly among marginalized and unbanked populations (Furqon et al., 2024). By promoting financial services grounded in Islamic values such as fairness, risk-sharing, and social justice, these strategies offer an ethical alternative to conventional finance that resonates with the cultural and religious context of the majority Muslim population (Adinugraha et al., 2023). Instruments like zakat, waqf, and Islamic microfinance not only address immediate economic needs but also encourage productive asset-building, entrepreneurship, and social responsibility (Birjaman et al., 2023). This inclusive approach helps reduce dependency and fosters economic self-reliance among the poor, making it a strategic tool for addressing structural poverty in a sustainable manner (Nuhanovic, 2020).

Beyond poverty alleviation, Sharia-based financial inclusion also contributes to long-term socioeconomic development by reinforcing financial equity and community resilience (Rizka et al., 2024). Islamic social finance's incorporation into national development programs can support public services such as education, health, and housing, especially in underserved areas (Y. Hidayat, 2019). Moreover, the emphasis on ethical investment and profit-and-loss sharing encourages more responsible and transparent economic behavior, which can lead to more stable financial ecosystems (Sakinah et al., 2022). In the Indonesian context, where regional disparities and social inequality persist, the scaling of Sharia-compliant financial services supported by robust policies and digital infrastructure holds significant potential to promote inclusive growth and bridge the development gap across communities (Handoko, 2020).

## CONCLUSIONS

Based on the reviewed literature, Sharia-based financial inclusion emerges as a pivotal strategy for economic empowerment and poverty alleviation, particularly in Indonesia. The findings underline the significant contributions of instruments such as Islamic microfinance, sharia cooperatives, zakat, and fintech innovations in enhancing access to capital, improving financial literacy, and fostering economic justice. However, the implementation of these strategies still faces critical challenges, including regulatory gaps, limited outreach to remote communities, and insufficient integration between financial institutions and digital platforms. Addressing these gaps through coordinated policy frameworks, improved institutional governance, and greater digital adoption is essential to ensure that sharia-based financial services effectively reach and uplift the most vulnerable populations.

The broader impact of Islamic financial inclusion strategies lies in their ability to promote sustainable development and reduce socio-economic inequality. Beyond providing access to credit or savings, these approaches must evolve to include entrepreneurship support, capacity-building initiatives, and inclusive financial ecosystems that empower the poor to participate actively in the economy. Strengthening partnerships among government bodies, NGOs, academia, and Islamic financial institutions is crucial for scaling up these efforts. With proper implementation, monitoring, and innovation, Sharia-based financial inclusion can



significantly contribute to building a resilient, equitable, and prosperous society that aligns with both religious values and national development goals.

## REFERENCES

- Adinugraha, H. H., Shulhoni, M., & Achmad, D. (2023). Islamic social finance in Indonesia: Opportunities, challenges, and its role in empowering society. *Review of Islamic Social Finance and Entrepreneurship*, 2(1), 45–62. <https://doi.org/10.20885/risfe.vol2.iss1.art4>
- Ahmad, M. (2024). *Waqf And Microfinance Integration For Enabling Sustainable Financial Inclusion : Analysis Of Shari'ah Compliance*. 1(3), 43–66.
- Ahmed Hassan, R. A. (2024). Financial Inclusion in Muslim-Majority Countries: Overcoming Economic and Social Challenges Through Islamic Lending. *Invest Journal of Sharia & Economic Law*, 4(1), 46–73. <https://doi.org/10.21154/invest.v4i1.8340>
- Aisyah Indarningsih, N., Agus Futuhul Ma, M., Noval Waliyuddinsyah, M., & muhammadagusfutuhulmawa, wa. (2023). *Review of Islamic Social Finance and Entrepreneurship (RISFE) 2023*, 2(1), 13-28 Zakat, infaq, shadaqah, and waqf using financial technology: Millennial generation perspective. 2(1), 13–28. <http://creativecommons.org/licences/by-sa/4.0/>
- Alliance for Financial Inclusion. (2024). *Islamic finance and financial inclusion: AFI members' perspectives*. 23(2), 1–38.
- Amalia, E., & Rahmatullah, I. (2020). *Strategic Alliances between Sharia Microfinance Institutions and Financial Technology in Strengthening Small Micro Enterprises for Socio Economic Justice*. *Icri 2018*, 2444–2452. <https://doi.org/10.5220/0009944224442452>
- Arwani, A., Muhammad, R., & ... (2024). Sustainable development and Islamic philanthropy: Synergy of zakat and SDGs. *Al-Uqud: Journal of Islamic ...*, 8, 124–160. <https://journal.unesa.ac.id/index.php/jie/article/view/32226>
- Ayunda, S., Mahdi, Sufitrayati, Mutia, R., & Fitriani. (2024). Enhancing Poverty Alleviation Strategies With Sharia-Compliant Microfinance: A Farmer Group Case Study. *Proceeding 2nd Medan International Economics and Business*, 2(1), 791–799.
- Birjaman, M. I., Ismail, N., & Mahfudz, S. (2023). The Islamic Social Finance in Poverty Alleviation: R Biblioshiny Method. *Journal of Islamic Economic Law*, 7(2), 191–210. <https://doi.org/10.21111/aliktisab.v7i2.11627>
- Dawood, H., Al Zadjali, D. F., Al Rawahi, M., Karim, D. S., & Hazik, D. M. (2022). Business trends & challenges in Islamic FinTech: A systematic literature review. *F1000Research*, 11, 1–26. <https://doi.org/10.12688/f1000research.109400.1>
- Faturohman, T., Hassandi, I., & Yulianti. (2020). User Acceptance of Online Waqf Applications: Evidence From Indonesia. *Journal of Islamic Monetary Economics and Finance*, 6(3), 503–530. <https://doi.org/10.21098/jimf.v6i3.1117>
- Furqon, A., Nurhayat, N., & Mukhid, M. (2024). Islamic Social Finance and Poverty





- Alleviation. ... *Studies and Banking Journal* ..., 1(5), 256–264. <https://ppipbr.com/index.php/demand/article/view/332%0Ahttps://ppipbr.com/index.php/demand/article/download/332/311>
- GINANJAR, A., & KASSIM, S. H. (2021). Roles of Islamic Microfinance Institutions in Improving Financial Inclusion in Indonesia: Empirical Evidence from Baitulmaal wa Tamwil. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 13(1), 87–108. <https://doi.org/10.15408/aiq.v13i1.19842>
- HANDOKO, L. H. (2020). Bibliometric analysis and visualization of islamic economics and finance articles indexed in scopus by Indonesian authors. *Science Editing*, 7(2), 169–176. <https://doi.org/10.6087/KCSE.213>
- HARTANTO, S., SUPARYANTO, T., & AZWAR. (2023). Islamic Finance Practices in Micro, Small, and Medium Enterprises in Indonesia: A Systematic Literature Review. *Millah: Journal of Religious Studies*, 22(2), 435–464. <https://doi.org/10.20885/millah.vol22.iss2.art6>
- HIDAYAT, A., AKBAR, W., ARDIANSYAH, M., ADRIANA, E., & IBRAHIM, B. (2024). *The Impact Of Sharia Economics On The Vision Of A Golden Indonesia 2045*. 6(2), 116–139.
- HIDAYAT, Y. (2019). Sharia economics and financial inclusion program in Indonesia. *Academic Journal of Interdisciplinary Studies*, 8(3), 195–201. <https://doi.org/10.36941/ajis-2019-0017>
- HUNJRA, A. I., ARUNACHALAM, M., & HANIF, M. (2024). The Role of Islamic Social Finance in Poverty Eradication. *Islamic Finance in the Modern Era: Digitalization, FinTech and Social Finance*, 1, 26–39. <https://doi.org/10.4324/9781003366751-3>
- IBRAHIM, A. A., & ALENEZI, A. (2024). Leveraging Qardh al-Hasan within Islamic Finance: A Conceptual Framework for Advancing Sustainable Development among Early-stage Enterprises. *Tazkia Islamic Finance and Business Review*, 18(1), 18–54. <https://doi.org/10.30993/tifbr.v18i1.368>
- IBRAHIM, W. H. W., & ISMAIL, A. G. (2020). Do Regulation, Maqasid Shariah and Institutional Parameter Improve Islamic Bank Efficiency? *Journal of Islamic Monetary Economics and Finance*, 6(1), 135–162. <https://doi.org/10.21098/jimf.v6i1.1195>
- JUDIJANTO, L., NURHASANAH, D. P., & NOVITASARI, S. A. (2025). *The Role of Islamic Microfinance in Reducing Poverty and Improving Community Welfare in Indonesia*. 03(02), 284–292.
- KAHARUDDIN, K., AMRIN, A., NURDIN, M. R., SUGIYARTO, S., SU'UD, S., & SUPRIYANTO, S. (2024). The Role of Islamic Financial Literacy and Local Wisdom in Decisions to Use Sharia Banking Products: A Systematic Literature Review. *Mimbar Agama Budaya*, 41(1), 61–79. <https://doi.org/10.15408/mimbar.v41i1.38602>
- KENNEH, M. (2024). Sharia investment Challenges and Growth for Sustainable and Inclusive Financial Equality in Digital Innovation. *Bulletin of Islamic Economics*, 3(1), 1–11.
- MAULANA, A., & DARMASTUTI, D. (2020). Awareness, Perception, and Willingness To Contribute To Micro Waqf Banks Among Muslims in Indonesia. *El Dinar*, 8(2), 100–114. <https://doi.org/10.18860/ed.v8i2.8824>



- Maulana, H., & Umam, K. (2018). Identifying Financial Exclusion and Islamic Microfinance as An Alternative to Enhance Financial Inclusion. *International Journal of Islamic Business and Economics (IJIBEC)*, 99–106. <https://doi.org/10.28918/ijibec.v1i2.1004>
- Mohamed, T. S., & Elgammal, M. M. (2023). Credit risk in Islamic microfinance institutions: The role of women, groups, and rural borrowers. *Emerging Markets Review*, 54, 100994. <https://doi.org/10.1016/j.ememar.2022.100994>
- Moher, D., Liberati, A., Tetzlaff, J., Altman, D. G., Antes, G., Atkins, D., Barbour, V., Barrowman, N., Berlin, J. A., Clark, J., Clarke, M., Cook, D., D'Amico, R., Deeks, J. J., Devereaux, P. J., Dickersin, K., Egger, M., Ernst, E., Gøtzsche, P. C., ... Tugwell, P. (2009). Preferred reporting items for systematic reviews and meta-analyses: The PRISMA statement. *PLoS Medicine*, 6(7). <https://doi.org/10.1371/journal.pmed.1000097>
- Mukhid. (2024). Keuangan Sosial Islam: Menggali Zakat, Wakaf, dan Shadaqah dalam Pembangunan Ekonomi. *Economics Studies and Banking Journal*, 1(1), 46–52. <https://journal.ppipbr.com/index.php/demand>
- Natasya, N. M., Sandri Wijaya, D., & Ezwandi, Y. (2024). *SAQIFAH: Jurnal Hukum Ekonomi Syariah* 48 *THE ROLE OF SHARIA ECONOMIC LAW IN POVERTY ALLEVIATION EFFORTS*. 48–55.
- Nengsih, N. (2020). Optimization Of Financial Inclusion Through Sharia Banking Redistributive Instruments. *AL-ARBAH: Journal of Islamic Finance and Banking*, 2(2), 221–245. <https://doi.org/10.21580/al-arbah.2020.2.2.7426>
- Nuhanovic, A. (2020). Identification of the Strengths and Weaknesses of the Conventional and Islamic Financial System during the COVID-19 Pandemic. *Asian Journal of Business and Management*, 8(5), 72–82. <https://doi.org/10.24203/ajbm.v8i5.6416>
- Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., Shamseer, L., Tetzlaff, J. M., Akl, E. A., Brennan, S. E., Chou, R., Glanville, J., Grimshaw, J. M., Hróbjartsson, A., Lalu, M. M., Li, T., Loder, E. W., Mayo-Wilson, E., McDonald, S., ... Moher, D. (2021a). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. *PLoS Medicine*, 18(3), 1–15. <https://doi.org/10.1371/JOURNAL.PMED.1003583>
- Page, M. J., McKenzie, J. E., Bossuyt, P. M., Boutron, I., Hoffmann, T. C., Mulrow, C. D., Shamseer, L., Tetzlaff, J. M., Akl, E. A., Brennan, S. E., Chou, R., Glanville, J., Grimshaw, J. M., Hróbjartsson, A., Lalu, M. M., Li, T., Loder, E. W., Mayo-Wilson, E., McDonald, S., ... Moher, D. (2021b). The PRISMA 2020 statement: An updated guideline for reporting systematic reviews. *The BMJ*, 372. <https://doi.org/10.1136/bmj.n71>
- Pamungkas. V.D, & Wulandari.F. (2022). Journal of Management and Islamic Finance. *Journal of Management and Islamic Finance*, 2(1), 137–152. <https://doi.org/10.22515/jmif.v2i1.5243>
- Pasha, E. I., & Ahmad, Z. (2024). *Analysis of the Implementation of Islamic Finance on Economic Welfare among Muslim Communities*. 3(11), 429–438.
- Raisa Fitri, & Murniati, A. (2021). Sharia Cooperative Financial Inclusion and Entrepreneurial



- Orientation To Improve Sharia-Based MSME Empowerment New Normal Era In Malang City. *JBMP (Jurnal Bisnis, Manajemen Dan Perbankan)*, 7(1), 74–92. <https://doi.org/10.21070/jbmp.v7i1.1226>
- Raza, H., Riaz, N., Rasool, F., & Riaz, A. (2024). Islamic Banking and Finance: A Systematic Literature Review And Bibliometric Analysis. *Journal of Accounting and Finance in Emerging Economies*, 10(2), 73–86. <https://doi.org/10.26710/jafee.v10i2.2933>
- Rizka, H. N., Hastina, H., & Pramono, S. E. (2024). A Bibliometric Analysis Of Green Accounting Research. *JAS (Jurnal Akuntansi Syariah)*, 8(1), 37–53. <https://doi.org/10.46367/jas.v8i1.1737>
- Sakinah, G., Kasri, R. A., & Nurkholis, N. (2022). Islamic Finance and Indonesia's Economy: An Empirical Analysis. *Jurnal Ekonomi & Keuangan Islam*, 8(1), 47–59. <https://doi.org/10.20885/jeki.vol8.iss1.art4>
- Sarif, A., Ariyanti, R., & Crowdfunding, S. (2025). *Digital Innovation in Zakat and Waqf Management: Case Study on Sharia Crowdfunding Platforms*. 7(1). <https://doi.org/10.56338/ijhess.v7i1.6942>
- Satibi, I. (2024). *Financial Technology Innovation in Modernizing Zakat Payment in the Digital Era*. 03(2), 127–138.
- Savon, Z., & Yousfi, A. (2023). Monetary policy and Islamic banks: a critical literature review. *Journal of Islamic Accounting and Business Research*, September. <https://doi.org/10.1108/JIABR-07-2022-0168>
- Siregar, H. A. (2024). Analysis of Banking Risk Effect on The Profitability of Islamic Commercial Banks in Indonesia. *International Journal of Finance Research*, 5(3), 270–285. <https://doi.org/10.47747/ijfr.v5i3.1968>
- Sudi, D. M., Sarif, A., Wang, Y., & Zou, G. (2024). *Optimizing Waqf as a Socio-Economic Financing Instrument in the Digital Era*. 2(June), 139–150.
- Suryanto, T., Utami, P., & Ahmad, R. (2024). *Aligning Sharia-Based Empowerment with SDGs: Addressing Poverty and Inequality in Coastal Regions*. 15(1), 53–71. <https://doi.org/10.21580/economica.2024.15.1.22935>
- Syahrul Hidayat, M., Mazidah, N., Setia Aksana, D. S., & Nurhayati. (2023). Financial Inclusion through Islamic Microfinance: Empirical Evidence from Developing Countries. *International Journal of Scientific Research and Management (IJSRM)*, 11(11), 5302–5312. <https://doi.org/10.18535/ijssrm/v11i11.em03>
- Taufiq, & Razali. (2024). The Role Of Financial Inclusion In Islamic Bank Efficiency : Evidence From Asian OIC Countries. *Jurnal Ekonomi Dan Keuangan Islam*, 13(2), 578–606. <https://doi.org/10.22373/share.v13i2.22894>
- Ulum, B., Firmansyah, M., Hasan, Z., & Halili, H. (2024). Economic Empowerment Of People Through Development Of Sharia Cooperatives In Rural Communities. *Sahwahita: Community Engagement Journal*, 2(1), 11–17.



Wahyudi, I., Yama, I., & Muhammad. (2024). Revolutionizing Islamic Finance: Unleashing the Power of Waqf Banks for Socio-Economic Transformation. *AL-AWQAF Jurnal Wakaf Dan Ekonomi Islam*, 17(2), 127–139.

Yulia, D., Vidiati, C., & Nursindi, M. (2024). The Role Of Digital Islamic Economics In Increasing Financial Inclusion In The Fintech Era. *Advances in Social Humanities Research*, 2(12), 1348–1358.

**Copyright Holder:**

© Ekawaty, M., & Nugroho, M. A. (2025)

**Fisrt Publication Right:**

Talaa : Journal of Islamic Finance

Department of Sharia Financial Management Institut Agama Islam Negeri Sultan Amai Gorontalo, Indonesia

