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Shariah Compliance Management in P2P Financing: An Exploratory Study on Islamic FinTech

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Abstract

Shariah compliance in financial technology (fintech) is crucial for maintaining the trust of stakeholders and ensuring ethical financial practices. This article studies the intricacies of Shariah compliance management in peer-to-peer (P2P) financing within the burgeoning Islamic fintech sector. As P2P financing platforms grow in popularity, their alignment with Islamic principles such as Riba (usury) prohibition, Gharar (uncertainty) reduction, and the promotion of ethical financial practices becomes a focal point for ensuring legitimacy and market sustainability. Utilising a qualitative methodology and in-depth literature review approach to identify best practices in ensuring compliance while balancing innovation and operational efficiency, this study explores how Islamic fintech platforms implement compliance mechanisms, engage with Shariah advisory boards, and leverage technology to ensure adherence to Islamic jurisprudence. Key findings reveal that while fintech platforms offer promising opportunities to broaden financial inclusion and empower underbanked communities, they face challenges such as regulatory fragmentation, the integration of Shariah principles with evolving technologies, and limited awareness among stakeholders. Recommendations emphasise the importance of robust governance structures, effective communication between Shariah boards and platform operators, and the adoption of advanced compliance technologies such as smart contracts and AI-driven monitoring systems. By aligning fintech operations with Islamic ethics, this study highlights how P2P platforms can foster trust, expand market reach, and contribute to the broader goals of ethical finance. This article provides actionable insights for policymakers, fintech innovators, and Islamic finance scholars to advance Shariah-compliant financial ecosystems.

Keywords

Shariah, P2P Financing, FinTech, Compliance, Ethics

Introduction

The rapid growth of financial technology (fintech) has revolutionised the financial services industry, with peer-to-peer (P2P) financing emerging as a prominent segment (Varga, 2017). P2P financing platforms have gained significant traction, offering an alternative to traditional banking channels and catering to the evolving needs of consumers (Basdekis *et al*., 2022). However, as the fintech industry continues to expand, there is a growing need to ensure that these innovative financial services align with the principles of Islamic finance, particularly in regions with a significant Muslim population (Hassan *et al*., 2022).

Shariah compliance is a fundamental aspect of Islamic finance, and it is essential for P2P financing platforms to adhere to these principles to maintain the trust and confidence of their Muslim clientele (Hassan *et al*., 2022). This involves ensuring that all financial transactions and products are in line with the principles of Islamic law, which prohibit the charging of interest (*Riba*), speculation (*Gharar*), and the financing of activities deemed *haram* (unlawful) (Najaf *et al*., 2022).

P2P financing platforms operating in the Islamic fintech space must implement robust Shariah compliance management systems to ensure that their operations and products are in line with these principles (Suryono *et al*., 2021). This may involve the establishment of Shariah advisory boards, the development of Shariah-compliant financing structures, and the implementation of stringent due diligence and monitoring processes (Hassan *et al*., 2022).

The integration of Shariah compliance into P2P financing platforms presents a unique set of challenges and considerations. One of the key challenges is the need to balance the principles of Islamic finance with the innovative and disruptive nature of fintech (Najaf *et al*., 2022). This may require the development of new Shariah-compliant financing structures and the adaptation of existing fintech models to ensure compliance (Hassan *et al*., 2022).

Another important consideration is the need to ensure that Shariah compliance is not merely a superficial or cosmetic exercise, but rather a genuine and comprehensive integration of Islamic financial principles into the platform's operations and decision-making processes (Suryono *et al*., 2021). This may involve the involvement of Shariah scholars and the implementation of robust governance and oversight mechanisms to ensure the integrity of the Shariah compliance framework (Najaf *et al*., 2022).

The regulatory landscape for Islamic fintech, including P2P financing, is evolving rapidly, with various jurisdictions introducing guidelines and frameworks to ensure the Shariah compliance of these innovative financial services (Basdekis *et al*., 2022). For example, the Monetary Authority of Singapore has introduced the "Guidelines on the Provision of Digital Payment Token Services", which include specific provisions for the Shariah compliance of digital financial services (Suryono *et al*., 2021).

The Islamic fintech industry has also seen the emergence of various industry-led initiatives aimed at promoting Shariah compliance and best practices (Hassan *et al*., 2022). These include the establishment of the Global Islamic Fintech Alliance, which brings together Islamic fintech providers, Shariah scholars, and other stakeholders to develop standards and guidelines for the industry (Najaf *et al*., 2022).

The primary objectives of this study are to explore the integration of Shariah principles, such as the prohibition of *Riba* (interest), the reduction of *Gharar* (uncertainty), and the promotion of ethical finance, into peer-to-peer (P2P) financing operations. The research question at the heart of this study is: How can P2P financing platforms implement effective Shariah compliance management? This question is particularly relevant in the context of the rapid growth of Islamic fintech, which has the potential to cater to the financial needs of a large and underserved segment of the population.

Additionally, the study aims to assess the challenges Islamic fintech platforms face in balancing compliance with operational efficiency and innovation. The significance of aligning fintech innovations with Islamic financial principles cannot be overstated, as it is crucial for maintaining market trust and ethical compliance. Finally, the research will provide actionable recommendations for enhancing Shariah compliance management within the Islamic fintech industry.

Literature review

The principles of Islamic finance, such as the prohibition of *Riba* (interest), *Gharar* (uncertainty), and the emphasis on *Maslahah* (public benefit), are fundamental to ensuring the financial legitimacy of any transaction or product (Abdullah and Chee, 2013). Riba, which is commonly interpreted as interest, is strictly forbidden in Islamic finance, as it is seen as a form of unjust enrichment (Vejzagic and Smolo, 2011). *Gharar*, on the other hand, refers to the presence of excessive uncertainty or risk in a financial transaction, which is also prohibited (Tabash and Dhankar, 2014). The principle of *maslahah*, which prioritises the overall well-being and benefit of the community, is a crucial consideration in the development of Shariah-compliant financial products and services (Vejzagic and Smolo, 2011).

The adherence to these Shariah principles is not only a religious obligation but also a fundamental requirement for the legitimacy and acceptance of any financial product or service within the Islamic financial system (Tabash and Dhankar, 2014). This is particularly important in the context of the growing Islamic finance industry, which has seen significant growth in recent years, with an estimated global market size of $2.88 trillion as of 2020 (Islamic Financial Services Board, 2021). The strict adherence to Shariah principles helps to ensure the ethical and socially responsible nature of Islamic finance, which is a key factor in its appeal to Muslim and non-Muslim investors alike.

The rise of peer-to-peer (P2P) financing platforms has been a significant development in the financial technology (fintech) landscape, with the potential to broaden financial inclusion and provide alternative financing options for individuals and small businesses (Sa'ad *et al*., 2019). P2P platforms connect borrowers directly with lenders, often using innovative technologies to streamline the lending process and reduce the costs associated with traditional financial intermediaries (Ab Razak *et al*., 2020).

Existing studies on the implementation of Shariah principles in fintech have highlighted the potential for these technologies to enhance financial inclusion and provide Shariah-compliant financing solutions (Sa'ad *et al*., 2019). For example, the use of smart contracts in P2P platforms can facilitate the implementation of Shariah-compliant financing structures, such as *mushārakah* (profit-and-loss sharing) or *murābahah* (cost-plus-profit) (Sa'ad *et al*., 2019). These structures align with the principles of Islamic finance by promoting risk-sharing, transparency, and the avoidance of interest-based transactions.

However, the integration of Shariah principles into fintech platforms also presents unique challenges. The rapid pace of technological innovation and the need for robust regulatory frameworks to ensure Shariah compliance can pose significant hurdles (Ab Razak *et al*., 2020). Additionally, the lack of standardisation and the diversity of interpretations of Shariah principles across different jurisdictions can create complexities in the development and implementation of Shariah-compliant fintech solutions (Ab Razak *et al*., 2020).

One of the primary challenges in Shariah compliance management within the P2P financing landscape of Islamic FinTech is the issue of regulatory fragmentation. Dawood *et al*. (2022) highlight that the lack of standardised guidelines and regulatory frameworks across different jurisdictions has created a complex environment for FinTech firms to navigate. This fragmentation can lead to uncertainties regarding the interpretation and application of Shariah principles, making it difficult for these firms to ensure consistent compliance. Saba *et al*. (2019) further emphasise that the diverse nature of Shariah interpretations across different schools of thought can exacerbate this challenge, as FinTech firms may struggle to reconcile the varying requirements and expectations.

Another significant challenge is the lack of stakeholder awareness and understanding of Shariah compliance within the FinTech industry. Yuspin and Fauzie (2023) note that many FinTech firms, as well as their customers, may not fully comprehend the nuances of Shariah-compliant financing. This lack of awareness can hinder the effective implementation and adoption of Shariah-compliant practices, potentially leading to non-compliance or misunderstandings. Haridan *et al*. (2020) emphasise the importance of educating both FinTech providers and their clients on the principles of Islamic finance to foster a greater understanding and commitment to Shariah compliance.

The role of Shariah advisory boards in providing guidance and oversight is crucial in addressing these challenges. Arwani (2018) highlights that these boards play a vital role in ensuring the Shariah compliance of FinTech products and services, as well as in monitoring their ongoing operations. However, the effectiveness of Shariah advisory boards can be hindered by the limited availability of qualified and experienced Shariah scholars, as well as potential conflicts of interest or lack of independence (Saba *et al*., 2019). Addressing these issues through the development of robust governance frameworks and the strengthening of Shariah advisory board structures can enhance the credibility and reliability of Shariah compliance management in the Islamic FinTech sector.

Methods

This study employs a qualitative methodology, centred on an in-depth literature review to investigate Shariah compliance management in peer-to-peer (P2P) financing within the Islamic fintech sector. The research approach is designed to synthesise existing knowledge and uncover best practices, providing a robust framework for understanding how fintech platforms can align their operations with Islamic financial principles. The method focuses on analysing scholarly articles, industry reports, regulatory documents, and case studies that examine the interplay between innovation, governance, and compliance in Islamic fintech.

The literature review encompasses a wide range of sources to ensure a comprehensive exploration of the subject. Key areas of focus include the principles of Islamic jurisprudence relevant to financial activities—such as *riba* (usury), *gharar* (uncertainty), and *maslahah* (public benefit)—and how these principles are applied to emerging fintech models. The review also evaluates the integration of technological advancements like blockchain and AI in compliance mechanisms, highlighting their potential to enhance transparency, efficiency, and stakeholder trust. Additionally, the study examines the role of Shariah advisory boards and governance frameworks in ensuring operational legitimacy while fostering innovation.

By critically analysing the published insights and practical applications of Shariah compliance in fintech, this study identifies both opportunities and challenges in the sector. The qualitative approach allows for a nuanced understanding of the current landscape, offering actionable recommendations for fintech operators, policymakers, and scholars. This methodology is particularly suited to exploring the evolving dynamics of Islamic fintech, providing a foundational basis for advancing ethical and sustainable financial practices.

Result and Discussion

Shariah Compliance Management in P2P Financing

The integration of Shariah principles into P2P financing is crucial for the development of a robust and ethical Islamic fintech ecosystem. Riba, the prohibition of interest-based transactions, is a fundamental tenet of Islamic finance (Mujiatun *et al*., 2022). Islamic fintech platforms must ensure that their lending and borrowing activities are free from any form of *riba*, which can be achieved through the use of Shariah-compliant financing models, such as *murabahah* (cost-plus-profit), *ijarah* (leasing), and *musharakah* (profit-and-loss sharing) (Rabbani, 2022).

Furthermore, the reduction of *gharar*, or uncertainty, is another essential Shariah principle that must be addressed in P2P financing. Islamic fintech platforms should implement robust risk management frameworks to mitigate the risks associated with information asymmetry and ensure transparency in their operations (Mohd Haridan *et al*., 2023). This can be done through the use of technology-enabled due diligence processes and the provision of clear and comprehensive information to all stakeholders.

The ethical finance aspect of Shariah principles is also crucial in the context of P2P financing. Islamic fintech platforms should prioritize the financing of projects and activities that are in line with Islamic values, such as those that promote social welfare, environmental sustainability, and the betterment of society (Sudarwanto *et al*., 2023). This can be achieved through the development of Shariah-compliant investment portfolios and the implementation of ethical screening processes.

While the integration of Shariah principles into P2P financing is essential, Islamic fintech platforms often face challenges in balancing compliance with operational efficiency and innovation. The development of Shariah-compliant products and services can be time-consuming and resource-intensive, as it requires extensive consultation with Shariah scholars and the implementation of complex compliance frameworks (Muryanto, 2023).

Moreover, the rapidly evolving nature of the fintech industry and the need for continuous innovation can create tensions between Shariah compliance and operational agility. Islamic fintech platforms must find ways to adapt to changing market demands and technological advancements while ensuring that their operations remain Shariah-compliant (Mohd Haridan *et al*., 2023).

Regulatory uncertainty and the lack of harmonised Shariah governance frameworks across different jurisdictions can also pose significant challenges for Islamic fintech platforms. The absence of clear and consistent guidelines can lead to compliance issues and hinder the growth and scalability of these platforms (Sudarwanto *et al*., 2023).

To address the challenges faced by Islamic fintech platforms in managing Shariah compliance, it is crucial to develop comprehensive and effective compliance management strategies. This can involve the establishment of dedicated Shariah boards or advisory committees, which can provide guidance and oversight on Shariah-related matters (Mujiatun *et al*., 2022).

Additionally, Islamic fintech platforms should invest in robust technology-enabled compliance systems, such as automated transaction monitoring and reporting tools, to ensure real-time compliance with Shariah principles (Rabbani, 2022). Regular Shariah audits and compliance reviews can also help identify and address any gaps or weaknesses in the compliance framework.

Collaboration and knowledge-sharing among Islamic fintech players, Shariah scholars, and regulatory bodies can also contribute to the enhancement of Shariah compliance management. By fostering a collaborative ecosystem, Islamic fintech platforms can learn from each other's best practices, share resources, and collectively address the challenges they face (Muryanto, 2023).

Islamic P2P Financing: Expanding Financial Inclusion While Implementing Ethical Practices

P2P financing platforms have the potential to expand financial inclusion by offering services to underbanked communities (Ali *et al*., 2018). These platforms can provide access to financing options for individuals and small businesses that may not have access to traditional banking services. By leveraging technology, P2P platforms can reach remote and underserved areas, enabling more people to participate in the financial system (Musari, 2022). This is particularly important in developing countries where financial inclusion remains a significant challenge.

Furthermore, P2P platforms can cater to the specific needs of Muslim borrowers and investors by offering Shariah-compliant financing options (Takidah and Kassim, 2022). This can help to address the financial needs of the Muslim population, who may have been underserved by conventional financial institutions due to their adherence to Islamic principles. By providing Shariah-compliant alternatives, P2P platforms can play a crucial role in promoting financial inclusion and empowering Muslim communities.

P2P platforms that adhere to Shariah principles can gain a competitive edge in the market by positioning themselves as ethical and socially responsible financial service providers (Supriyadi, 2022). In an era where consumers are increasingly conscious of the social and environmental impact of their financial decisions, Shariah-compliant P2P platforms can differentiate themselves by offering a values-based approach to financing.

By aligning their operations with Islamic principles, such as the prohibition of interest (*riba*), the avoidance of speculative activities, and the promotion of risk-sharing, Shariah-compliant P2P platforms can build trust and attract a growing segment of the market that seeks ethical and socially responsible financial solutions (Takidah and Kassim, 2022). This can lead to a competitive advantage, as these platforms can cater to the needs of a specific target audience and potentially capture a larger market share.

Moreover, the emphasis on ethical and socially responsible practices in Shariah-compliant P2P financing can contribute to the overall sustainability and stability of the financial system. By promoting risk-sharing and avoiding excessive speculation, these platforms can help to mitigate the risks associated with traditional financial practices and contribute to a more resilient and equitable financial ecosystem (Supriyadi, 2022).

Shariah Compliance Implementation: Challenges and Adaptive Strategies

One of the key challenges in implementing Shariah compliance in P2P financing platforms is the integration of advanced technological tools. Kamdzhalov (2020) highlights the need for Islamic FinTech platforms to leverage smart contracts and AI-driven compliance systems to ensure adherence to Shariah principles. Smart contracts, for instance, can automate the execution of transactions based on predefined rules, reducing the risk of non-compliance (Kamdzhalov, 2020). Similarly, AI-powered compliance systems can continuously monitor transactions and flag any potential violations, enabling real-time oversight (Kamdzhalov, 2020). However, the integration of these technologies requires significant technical expertise and investment, which may pose a barrier for some Islamic FinTech platforms, particularly smaller or newer entrants.

Another significant challenge in implementing Shariah compliance in P2P financing is the lack of harmonised regulatory frameworks across jurisdictions. Bhuiyan *et al*. (2020) note that the absence of a unified Shariah compliance standard has led to inconsistencies in the interpretation and application of Shariah principles, creating compliance challenges for cross-border transactions. This lack of harmonisation can lead to uncertainty and increased compliance costs for Islamic FinTech platforms, as they navigate different regulatory requirements in different markets (Bhuiyan *et al*., 2020). Addressing this issue would require collaboration between regulatory authorities and Islamic finance scholars to develop a more standardised approach to Shariah compliance.

The limited awareness and understanding of Shariah principles among stakeholders, including platform operators and users, can also hinder the effective implementation of Shariah compliance in P2P financing. Marzuki and Nurdin (2020) found that a lack of Fiqh (Islamic jurisprudence) knowledge among consumers was a significant factor in their intention to use Shariah-compliant FinTech products. This suggests that educational initiatives and awareness campaigns may be necessary to enhance the understanding of Shariah principles and their relevance in the FinTech context (Marzuki and Nurdin, 2020). Platform operators must also ensure that their staff are well-versed in Shariah compliance requirements to effectively implement and monitor adherence to these principles.

In the context of Shariah-compliant FinTech, the protection of consumers' spiritual rights is of paramount importance. Sugiarto and Disemadi (2020) emphasise that the implementation of Shariah FinTech must safeguard the spiritual well-being of consumers, ensuring that their religious beliefs and values are respected. This includes, for example, ensuring that the financing products offered are truly Shariah-compliant and that any associated fees or charges do not violate Shariah principles (Sugiarto and Disemadi, 2020). Failure to uphold consumers' spiritual rights can erode trust in the Islamic FinTech industry and undermine its long-term sustainability.

To address the challenges in implementing Shariah compliance in P2P financing, Islamic FinTech platforms can explore several strategies. Firstly, they can invest in the development of advanced technological solutions, such as smart contracts and AI-driven compliance systems, to automate and streamline Shariah compliance processes (Kamdzhalov, 2020). Secondly, they can collaborate with regulatory authorities and Islamic finance scholars to develop harmonised Shariah compliance frameworks, ensuring consistency across different jurisdictions (Bhuiyan *et al*., 2020). Thirdly, they can implement comprehensive training and education programs for their staff and users to enhance the understanding of Shariah principles and their application in the FinTech context (Marzuki and Nurdin, 2020). Finally, they can prioritise the protection of consumers' spiritual rights, ensuring that their financing products and services are truly Shariah-compliant and aligned with the ethical principles of Islamic finance (Sugiarto and Disemadi, 2020).

By addressing these key challenges and implementing effective strategies, Islamic FinTech platforms can strengthen their Shariah compliance management and build trust among their target market, ultimately contributing to the growth and sustainability of the Islamic

Solution and Best Practices of Islamic P2P Financing

The integration of technology, particularly blockchain, has played a pivotal role in streamlining Shariah compliance in the Islamic fintech industry. Blockchain technology offers a transparent and traceable platform that can enhance the monitoring and verification of Shariah-compliant transactions (Muneeza and Mustapha, 2019). By leveraging blockchain, Islamic fintech platforms can ensure that every transaction is recorded and can be audited, providing a robust system to maintain Shariah compliance.

Moreover, the use of blockchain can facilitate the real-time monitoring of Shariah compliance, as highlighted by Jiun and Hussin (2023). The authors introduce the concept of a Shariah Compliance Real-Time Dashboard (SCRD), which utilizes blockchain technology to provide a comprehensive and up-to-date view of the compliance status of various fintech activities. This dashboard empowers Shariah scholars and regulatory bodies to closely monitor and address any potential non-compliance issues in a timely manner.

The adoption of blockchain-based solutions has been demonstrated by several successful Islamic fintech platforms. For instance, the platform developed by Fermay *et al*. (2018) in Indonesia incorporates blockchain technology to ensure the traceability and transparency of transactions, thereby enhancing Shariah compliance. This collaborative model between fintech providers and traditional financial institutions has proven to be an effective approach in addressing Shariah compliance challenges.

Effective collaboration between fintech providers, Shariah scholars, and regulatory bodies is crucial for ensuring Shariah compliance in the Islamic fintech industry. Fintech providers possess the technological expertise to develop innovative solutions, while Shariah scholars play a vital role in interpreting and ensuring adherence to Islamic principles (Satirah *et al*., 2013). Regulatory bodies, on the other hand, are responsible for establishing the necessary frameworks and guidelines to govern the industry.

By fostering collaboration among these key stakeholders, Islamic fintech platforms can leverage the collective knowledge and expertise to develop Shariah-compliant products and services. Shariah scholars can provide guidance on the interpretation and application of Islamic principles, while fintech providers can incorporate these requirements into their technological solutions. Regulatory bodies can then work closely with both parties to ensure that the industry operates within the boundaries of Shariah compliance (Fermay *et al*., 2018).

This collaborative approach has been demonstrated in various jurisdictions. For instance, in Malaysia, the e-Shariah initiative has facilitated the integration of technology within the justice system, enabling seamless coordination between the judiciary, Shariah scholars, and other stakeholders (Satirah *et al*., 2013). Similarly, the collaborative model developed in Indonesia has brought together fintech providers, banks, and regulatory authorities to address Shariah compliance challenges (Fermay *et al*., 2018).

Several Islamic fintech platforms have successfully adopted the practices of leveraging technology and fostering collaboration to ensure Shariah compliance. One such example is the platform developed by Fermay *et al*. (2018) in Indonesia, which incorporates blockchain technology to enhance the traceability and transparency of transactions. This collaborative model, involving fintech providers, traditional financial institutions, and regulatory bodies, has demonstrated the effectiveness of such an approach in addressing Shariah compliance challenges.

Another notable example is the Shariah Compliance Real-Time Dashboard (SCRD) introduced by Jiun and Hussin (2023). This innovative solution utilizes blockchain technology to provide a comprehensive and real-time view of Shariah compliance across various fintech activities. The SCRD empowers Shariah scholars and regulatory bodies to closely monitor and address any potential non-compliance issues, ensuring the integrity of the Islamic fintech ecosystem.

Furthermore, the e-Shariah initiative in Malaysia, as discussed by Satirah Wan Mohd Saman and Haider (2013), showcases the successful integration of technology within the justice system. This collaborative approach has facilitated the seamless coordination between the judiciary, Shariah scholars, and other stakeholders, enabling the effective implementation of Shariah-compliant practices.

Conclusion

The integration of Shariah principles within peer-to-peer (P2P) financing platforms in the Islamic fintech sector represents a significant step towards aligning technological innovation with ethical financial practices. This study has highlighted the critical role of compliance management in ensuring that P2P platforms adhere to Islamic jurisprudence while fostering market trust and operational sustainability. The findings illustrate that effective implementation of Shariah compliance not only ensures ethical governance but also positions P2P platforms as key players in expanding financial inclusion and addressing the needs of underbanked communities. However, the journey is not without challenges, as platforms grapple with regulatory fragmentation, technological integration, and stakeholder awareness.

From a policy perspective, the study underscores the necessity of harmonised regulatory frameworks to provide clarity and consistency in Shariah compliance across jurisdictions. The absence of standardised guidelines has created operational ambiguities, particularly in cross-border transactions, which could hinder the scalability of Islamic fintech solutions. Governments and regulatory authorities are called upon to collaborate with Shariah scholars and industry stakeholders to develop comprehensive policies that promote innovation while safeguarding compliance. Such frameworks should also include provisions for capacity-building initiatives, aimed at enhancing the technical and Shariah-related expertise of fintech operators and users alike.

Looking ahead, the role of advanced technology in addressing compliance challenges cannot be overstated. Tools such as blockchain and AI-driven systems offer transformative potential for automating compliance processes, ensuring real-time monitoring, and enhancing transparency. The adoption of these technologies requires substantial investment and a commitment to continuous innovation, particularly as the fintech landscape evolves. Equally critical is fostering a culture of education and awareness among stakeholders, including platform operators and users, to deepen their understanding of Shariah principles and their relevance in fintech operations. Islamic fintech platforms must prioritise the development of intuitive and accessible compliance systems that cater to the needs of diverse stakeholders.

Collaboration emerges as a recurring theme for the successful integration of Shariah compliance in P2P financing. A unified effort between fintech innovators, regulatory bodies, and Shariah advisory boards can create a robust ecosystem that balances ethical governance with technological progress. Initiatives such as knowledge-sharing forums, joint research projects, and strategic partnerships can play a pivotal role in overcoming the barriers identified in this study. Moreover, enhancing the independence and capacity of Shariah advisory boards will ensure that platforms maintain operational integrity while adapting to market demands.

In conclusion, the findings from this study offer a roadmap for advancing Shariah-compliant practices within the Islamic fintech sector. By leveraging technology, fostering collaboration, and prioritising education, P2P platforms can navigate the complexities of compliance while contributing to the broader goals of ethical finance and sustainable development. The future of Islamic fintech hinges on its ability to adapt to the dynamic financial landscape without compromising the principles that define its foundation. Through strategic and coordinated efforts, the sector has the potential to not only meet the financial needs of Muslim communities but also set a global standard for ethical and inclusive financial practices.

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