



Strategic Innovation in Inclusive Islamic Finance for Islamic Ultra Micro Entrepreneurs in the Digital Era: A Systematic Literature Review Using the PRISMA Method

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Abstract

This systematic literature review employs the PRISMA 2020 framework to synthesize 107 peer-reviewed studies published between 2022 and 2025, examining strategic innovations in inclusive Islamic finance for ultra-micro entrepreneurs in the digital era. Despite the proliferation of Islamic financial instruments and digital platforms, financial exclusion persists among ultra-micro Muslimpreneurs operating in informal sectors with limited digital literacy and no collateral. The review identifies three interconnected strategic pillars: (1) Shariah-based financial instruments including zakat produktif, qardhul hasan, and profit-sharing contracts (mudharabah and musyarakah) that provide interest-free and risk-aligned models; (2) Islamic fintech platforms such as peer-to-peer lending, crowdfunding, and digital zakat-waqf systems that enhance accessibility and scalability; and (3) contextual financial literacy programs grounded in Islamic values and embedded within digital ecosystems. The findings demonstrate that effective financial inclusion requires integrated ecosystem approaches rather than siloed interventions. Institutional integration between traditional Islamic financial bodies (BMTs, zakat organizations) and fintech startups emerges as critical for building trust and bridging digital divides. Policy implications indicate that regulators, financial institutions, and technology developers must collaborate through regulatory sandboxes and hybrid models to establish Shariah-compliant, digitally accessible, and locally grounded financial systems. The proposed Strategic Model of Inclusive Islamic Financial Innovation synthesizes evidence across finance, technology, and education domains, offering a replicable blueprint for advancing financial inclusion and economic empowerment of marginalized Muslim entrepreneurs in Muslim-majority economies.

Keywords: Islamic Financial Inclusion, Islamic Fintech Innovation, Ultra-Micro Entrepreneurs.

Introduction

The development of inclusive Islamic finance has become a central policy direction in many Muslim-majority countries, including Indonesia, in response to growing calls for economic justice and equitable access to financial services. According to the Indonesian Financial Services Authority (OJK), as of 2023, more than 40 million individuals in Indonesia remained financially excluded, with a large portion representing the ultra-micro segment. These entrepreneurs, often operating in informal sectors with limited digital literacy and no

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collateral, are among the most underserved despite their significant role in supporting household income and local economies.

Among these underserved groups are Islamic ultra-micro entrepreneurs entrepreneurs who not only operate in ultra-micro business segments (with assets below IDR 10 million) but also seek financial products that are compliant with Shari-ah principles. This group, commonly referred to as Muslimpreneurs, contributes to the growing halal economy but often lacks access to Shariah-compliant financial ser-vices. Traditional Islamic financial institutions and even modern Islamic fintech plat-forms often overlook this segment due to perceived risks, lack of credit history, and limited technological capability.

Despite the growing number of government and private sector initiatives, such as zakat-based financing programs, Islamic cooperatives (BMTs), and Shariah-compliant fintech platforms, challenges persist. Recent reports from Bank Indonesia and the National Committee for Islamic Economy and Finance (KNEKS) underscore several structural issues: low financial literacy, limited product innovation tailored to ultra-micro needs, and a lack of integration among Islamic financial stakeholders.

Several studies have explored Islamic financial inclusion, but few focus specifical-ly on the intersection between innovation, digital transformation, and the unique conditions faced by Islamic ultra-micro entrepreneurs. The literature remains frag-mented, with limited synthesis of effective models or strategies that could inform scalable and sustainable interventions.

Islamic financial inclusion refers to the provision of Shariah-compliant financial services to all segments of society, particularly those traditionally underserved by the conventional banking sector. It is rooted in the principles of justice (adl), mutual co-operation (ta'awun), and wealth circulation (tawazun) in Islam. The notion goes be-yond access to financial products it encompasses ethical governance, profit-and-loss sharing, and social equity (Ascarya, 2022).

Despite the global development of Islamic finance, the reach to ultra-micro entre-preneurs remains limited. The World Bank and Islamic Development Bank (2023) report that Islamic financial institutions often concentrate on middle-income clients, overlooking low-income and informal-sector entrepreneurs due to higher risk profiles, cost-to-serve challenges, and limited product design innovation.

Indonesia, with its robust Islamic economic ecosystem, still grapples with inclusion gaps. According to OJK (2023), the Islamic financial literacy index stands at only 9.1%, far below the conventional counterpart. Moreover, most ultra-micro entrepre-neurs rely on informal

financing sources or avoid financial services altogether due to lack of trust, religious concerns, or procedural complexity (KNEKS, 2024).

While instruments like zakat, infaq, and qardhul hasan are designed to serve these groups, their scale, integration, and digitalization remain weak. Research by Rahman et al. (2023) suggests that productive zakat programs lack consistency in execution and monitoring, limiting their long-term impact. Similarly, BMTs and Islamic cooperatives often lack digital infrastructure to scale their services. Subsequent paragraphs, however, are indented.

The emergence of Islamic financial technology (fintech) presents an opportunity to bridge inclusion gaps through scalable, low-cost, and Shariah-compliant platforms. Islamic fintech is defined as the application of technology to deliver financial services that adhere to Islamic commercial jurisprudence (fiqh muamalah), particularly avoiding riba, gharar, and maysir (Helmi et al., 2024).

Key innovations in this space include Shariah-compliant peer-to-peer (P2P) lending, crowdfunding, digital zakat and waqf platforms, and AI-based credit scoring models for underserved populations. Indonesia, Malaysia, and the GCC region have witnessed the rise of Islamic fintech startups such as Ammana, Ethis, and Blossom Finance, which target social impact alongside commercial goals (Islamic Fintech Report, 2023).

However, adoption among ultra-micro entrepreneurs remains low. Studies by Surbakti & Nurzaman (2024) highlight barriers including limited smartphone usage, low digital literacy, lack of trust in online platforms, and unclear Shariah governance in fintech models. Furthermore, the regulatory landscape remains fragmented, particularly in distinguishing between conventional and Islamic fintech compliance mechanisms.

Another gap in the literature is the integration between Islamic fintech and traditional Islamic financial institutions. Most studies treat these domains separately, although collaboration could enhance distribution, trust, and innovation. For example, hybrid models linking BMTs with fintech APIs could leverage both physical proximity and digital scalability.

Financial literacy is a pivotal factor in financial inclusion, particularly for ultra-micro Muslimpreneurs who often lack exposure to formal education and banking systems. Islamic financial literacy extends beyond understanding products it includes comprehension of Shariah principles, ethics, and the socio-religious rationale behind finance (Prawana et al., 2024).

Empirical research confirms that low financial capability correlates with limited product uptake, overreliance on informal lending, and vulnerability to financial shocks (OJK, 2023).

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Among Muslimpreneurs, this gap is exacerbated by misconceptions about Islamic financial terms, such as confusing profit-sharing with interest-bearing loans.

Innovative literacy interventions have emerged, including gamified learning, mobile-based tutorials, and community mentoring. However, most programs are generic and fail to address the specific contexts of ultra-micro Muslimpreneurs, especially in rural or semi-urban areas (Suryanto & Azzahra, 2024). Moreover, evaluation of these programs' long-term impact remains scarce in the literature.

There is also a conceptual debate about whether financial literacy should precede financial access or be delivered alongside it. While some scholars argue for foundational literacy before onboarding (Rahmah, 2022), others promote embedded literacy approaches integrated into financial products and fintech onboarding processes.

This review reveals several critical gaps: (1) A lack of integrated models combining Islamic finance instruments, fintech innovation, and literacy strategies tailored for ultra-micro entrepreneurs; (2) Limited empirical and synthesis-based research focusing exclusively on Islamic ultra-micro entrepreneurs; (3) A need to explore the interaction between Shariah values, digital capability, and entrepreneurial resilience in the context of inclusive Islamic finance.

This study addresses those gaps by synthesizing literature across three domains (finance, technology, education) using a PRISMA-based SLR approach, thereby providing a novel framework for developing inclusive Islamic financial strategies in the digital era.

This study seeks to address this gap by conducting a Systematic Literature Review (SLR) using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework. The goal is to identify and synthesize strategies for inclusive Islamic financial innovation covering both conventional instruments like za-kat, qardhul hasan, and mudharabah as well as digital platforms such as Shariah P2P lending and crowdfunding. In addition, this study explores how financial literacy and digital empowerment can act as enablers in ensuring broader outreach and impact.

This article contributes to the discourse on Islamic financial inclusion by offering a structured, strategic model grounded in recent literature from 2022–2025. It offers policy insights for Islamic financial institutions, regulators, and fintech developers seeking to empower Islamic ultra-micro entrepreneurs in a digital era marked by rapid transformation and inclusion gaps.

Research Method

This study employs a Systematic Literature Review (SLR) methodology using the PRISMA 2020 framework (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) to ensure a structured, transparent, and replicable review of the literature. SLR is an effective approach to synthesize scattered evidence across disciplines and to build conceptual models or frameworks based on secondary data (Moher et al., 2020).

The PRISMA method was selected due to its rigor in identifying, screening, and selecting studies systematically, reducing bias and improving reproducibility. It is especially relevant when exploring emerging multidisciplinary topics such as inclusive Islamic finance, which intersects finance, religion, digital technology, and education.

1. Review Protocol and Research Questions

The review protocol was designed to answer the central research question: “What strategic innovations in inclusive Islamic finance are effective for supporting ultra-micro Muslimpreneurs in the digital era?”

Sub-questions include:

- a. What Islamic financial instruments are suitable for ultra-micro entrepreneurs?
- b. How can Islamic fintech enhance access and outreach?
- c. What financial literacy strategies can support adoption and sustainability?

2. Inclusion and Exclusion Criteria

Inclusion Criteria:

- a. Published between 2022 and 2025
- b. Peer-reviewed journal articles, conference papers, policy reports
- c. Focused on Islamic finance, Islamic fintech, micro/ultra-micro entrepreneurship, or financial literacy
- d. Written in English or Bahasa Indonesia
- e. Available in full-text online

Exclusion Criteria:

- a. Studies focusing on conventional finance only
- b. Irrelevant to Islamic financial inclusion or digital strategies
- c. Duplicates, opinion pieces, or editorials without empirical or conceptual contribution

3. Search Strategy and Data Sources

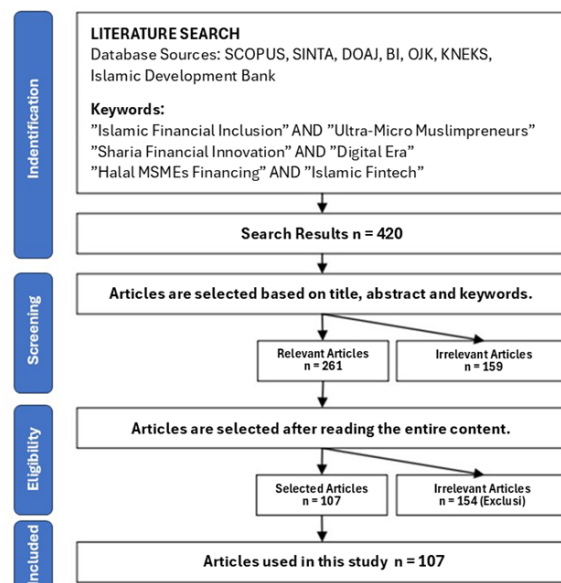
The review process was conducted in four stages:

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- Identification – A systematic search was performed across databases including Scopus, SINTA, DOAJ, and Google Scholar, using keywords such as: ("Islamic finance" OR "Sharia finance") AND ("financial inclusion" OR "ultra-micro entrepreneur") AND ("fintech" OR "digital strategy") AND ("financial literacy")
- Screening – A total of 412 records were initially identified. After title and abstract screening, 184 records were selected.
- Eligibility – Full-text articles were assessed. After applying the inclusion-exclusion criteria, 107 articles met the quality and relevance threshold.
- Inclusion – Final selection consisted of 107 peer-reviewed studies and policy reports, which were coded and included in the thematic synthesis.

A PRISMA 2020 flow diagram was developed to illustrate the selection process.

Figure 1. PRISMA 2020 Flow Diagram Selection Process



Source: Processed Research Data

4. Data Extraction and Analysis

From the 107 included articles, data were extracted into a review matrix covering:

- Author(s), year, country/region
- Research objective and design
- Type of Islamic financial intervention
- Use of digital technology
- Literacy and capability components

The data were analyzed using thematic content analysis, grouped into three strategic domains:

- a. Shariah-based financial instruments (e.g., zakat produktif, qardhul hasan, mudharabah, musyarakah)
- b. Islamic fintech and digital access models
- c. Financial literacy and empowerment frameworks

Coding was performed iteratively to refine conceptual themes and identify recurring challenges, opportunities, and innovations related to Islamic financial inclusion for ultra-micro entrepreneurs.

5. Validity and Reliability

To ensure transparency, the review process adhered strictly to the PRISMA check-list. All selection steps were documented. To improve reliability, articles were cross-reviewed, and inclusion decisions were double-checked. Bias was minimized by relying on peer-reviewed and indexed sources only.

Result

1. Overview of Included Studies

The final selection of 107 studies comprises a diverse range of empirical, conceptual, and policy-based research published between 2022 and 2025. These studies span countries such as Indonesia, Malaysia, Pakistan, Nigeria, the UAE, and Turkey each offering unique insights into Islamic finance innovation, digital adoption, and grassroots entrepreneurship. Thematically, the literature clustered around three core pillars: (1) Shariah-based financial instruments, (2) Islamic fintech platforms, and (3) financial literacy and capability frameworks.

2. Theme 1 – Shariah-Based Financial Instruments for Inclusion

Many studies emphasized the pivotal role of zakat produktif, qardhul hasan, and profit-sharing contracts (*mudharabah and musyarakah*) in enabling financial access for ultra-micro entrepreneurs. These instruments provide interest-free or risk-sharing models aligned with Islamic ethical finance principles.

Productive zakat is increasingly recognized not only as a social safety net but also as an empowerment tool when linked to entrepreneurship programs (KNEKS, 2024; Rahmah, 2022). However, challenges persist in terms of distribution consistency, impact monitoring, and integration with formal financial institutions.

Qardhul hasan, as a benevolent loan, is highlighted in studies (e.g., Asmuni & Tartila, 2023) as highly relevant for ultra-micro clients due to its affordability and simplicity. Yet, sustainability remains a concern without continuous donor funding or recycling mechanisms.

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Profit-sharing contracts (mudharabah and musyarakah) offer risk-sharing financing, ideal for entrepreneurial ventures, but are underutilized due to administrative complexity, risk aversion from financiers, and lack of standardized documentation.

3. Theme 2 – Digital Transformation through Islamic Fintech

Islamic fintech is a growing field that promises scalable, low-cost, and ethical access to finance. Platforms offering Shariah-compliant P2P lending, equity crowdfunding, digital zakat and waqf, and micro-savings apps have emerged across Southeast Asia and the Middle East.

Studies from Indonesia and Malaysia (Helmi et al., 2024; Surbakti & Nurzaman, 2024) emphasize fintech's role in breaking geographical and bureaucratic barriers. Innovations such as automated Shariah screening, mobile onboarding, and AI-based micro-credit scoring are transforming access dynamics.

However, adoption remains uneven. Many ultra-micro entrepreneurs still lack:

- a. Access to smartphones or stable internet
- b. Trust in digital platforms
- c. Knowledge of how Islamic fintech differs from conventional services

Additionally, regulatory fragmentation and limited Shariah oversight in some fintech platforms pose concerns regarding legitimacy and user confidence. Collaboration between traditional Islamic institutions (like BMTs) and fintech startups is seen as a way forward. These partnerships can combine local trust and digital scalability, enhancing outreach to rural and ultra-micro segments.

4. Theme 3 – Financial Literacy and Capability Building

Low financial literacy consistently emerges as a critical barrier in most reviewed studies. Many Muslimpreneurs lack understanding of key concepts such as *riba*, *gharar*, and *tawarruq*, leading to mistrust or misinterpretation of Islamic financial products (OJK, 2023; Prawana et al., 2024).

Innovative literacy strategies were found in several studies:

- a. Mobile-based tutorials with simplified Islamic finance content
- b. Community mentoring by BMT officers or mosque networks
- c. Gamification and storytelling adapted to local contexts

However, the long-term impact and scalability of these initiatives are rarely evaluated. Many programs are donor-driven and lack integration into national curricula or institutional frameworks. A few studies advocate for embedded literacy, where education is integrated

directly into fintech apps or onboarding journeys. This just-in-time learning model aligns with adult learning theory and addresses attention span constraints among low-literate users.

5. Synthesis: Toward an Integrated Strategic Model

The findings across all three themes suggest that inclusive Islamic finance for ultra-micro Muslimpreneurs cannot rely on a single intervention. Instead, an integrated strategy is required, combining:

- a. Ethical and accessible financial instruments (*zakat produktif, qardhul hasan, mudharabah*)
- b. Shariah-compliant digital platforms adapted for ultra-micro needs
- c. Culturally appropriate financial literacy frameworks

This synthesis supports the construction of a holistic model that is not only Shariah-compliant but also digitally inclusive, locally grounded, and socioeconomically empowering.

A. Thematic Synthesis and Strategic Clustering

This section presents the findings from the 107 studies included in the review. Thematic synthesis revealed three core domains contributing to inclusive Islamic finance for ultra-micro Muslimpreneurs: (1) Shariah-based financial instruments, (2) Islamic fintech platforms, and (3) financial literacy and empowerment strategies. These themes are discussed below with a focus on recurring patterns, critical gaps, and interlinkages across the literature.

To enhance clarity and structure, Table 2 below summarizes the main themes, specific findings, and representative references based on the 107 articles reviewed.

Table 1. Thematic Summary of Results

THEME	FOCUS FINDINGS	SAMPLE REFERENCES
Shariah-Based Financial Instruments	Productive zakat, qardhul hasan, and mudharabah/musyarakah are conceptually strong but underutilized due to scalability and institutional challenges.	Rahmah (2022), Ascarya (2022), KNEKS (2024)
Islamic Fintech Platforms	Fintech solutions such as P2P lending, crowdfunding, and digital zakat enhance accessibility, but adoption is limited by digital literacy gaps.	Helmi et al. (2024), Surbakti & Nurzaman (2024), IDB (2023)
Financial Literacy and Empowerment	Low understanding of Islamic finance principles persists; solutions include gamified mobile learning and community-based mentorship.	Prawana et al. (2024), OJK (2023), Rahmah (2022)

Source: Processed Research Data

1. Shariah-Based Financial Instruments

Shariah-compliant financial instruments have historically served as the foundation of ethical finance. Among ultra-micro entrepreneurs, instruments such as productive zakat, qardhul hasan, and profit-and-loss sharing contracts (mudharabah, musyarakah) are frequently referenced as enabling tools for inclusion without violating religious principles (Rahmah, 2022; KNEKS, 2024).

Several studies (e.g., Ascarya, 2022; Asmuni & Tartila, 2023) highlight the transformative potential of productive zakat when applied to capital formation and enterprise development. However, implementation challenges such as fragmented distribution, lack of enterprise follow-up, and inconsistent integration with financial institutions remain key obstacles.

Qardhul hasan interest-free lending is frequently cited as the most accessible and ethically aligned tool for ultra-micro actors. Yet, its sustainability is debated, as most qardhul hasan programs are donor-dependent with limited capital recycling mechanisms (Islamic Development Bank, 2023).

While mudharabah and musyarakah provide participatory financing aligned with Islamic values, their complexity in terms of documentation, monitoring, and profit-risk calculations often deters financial institutions from offering them at ultra-micro levels (Helmi et al., 2024).

Synthesis: The literature consistently suggests that Shariah-based instruments are effective in principle but underutilized in practice due to lack of institutional innovation and scalability models tailored for ultra-micro clients.

2. Islamic Fintech and Digital Platforms

The rapid expansion of Islamic fintech represents one of the most promising avenues for financial inclusion. Platforms offering P2P lending, crowdfunding, digital zakat/waqf management, and mobile savings tools have gained traction, especially in Indonesia, Malaysia, and the Gulf region (Surbakti & Nurzaman, 2024; Bank Indonesia, 2024). These digital models are praised for lowering transaction costs, increasing outreach, and enabling real-time compliance checks through automated Shariah filters. However, adoption among ultra-micro entrepreneurs remains limited due to barriers such as:

- a. Low smartphone penetration
- b. Lack of digital literacy
- c. Perceived complexity and low trust in digital platforms (Prawana et al., 2024)

Moreover, the literature notes a disconnect between Islamic fintech startups and traditional financial actors such as BMTs or cooperatives. Several scholars advocate for hybrid models that link digital platforms with local community institutions to build trust and bridge the digital divide (KNEKS, 2024).

Synthesis: Fintech innovation holds strong potential for scaling inclusion, but success among ultra-micro Muslimpreneurs depends on localized interfaces, embedded education, and trust-building mechanisms.

3. Financial Literacy and Empowerment

Financial literacy is both an enabler and a barrier in Islamic financial inclusion. Studies indicate that ultra-micro Muslimpreneurs often misunderstand basic concepts such as *riba*, *mudharabah*, and *zakat produktif*, which leads to avoidance or misuse of Shariah-compliant services (OJK, 2023; Prawana et al., 2024).

Effective strategies highlighted in the literature include:

- a. Community-based financial education integrated with religious leaders and BMT officers
- b. Gamified learning apps and audio-visual micro-lessons tailored for low-literate audiences
- c. Mentorship and peer learning circles facilitated by Islamic economic networks

However, a recurring gap is the lack of standardized curricula and scalable impact evaluation frameworks. Most literacy programs remain project-based, short-term, and poorly aligned with digital onboarding experiences (Rahmah, 2022). An emerging trend is the use of embedded financial literacy, where fintech platforms integrate short Shariah-compliant educational prompts during account registration, loan applications, or savings plans (Helmi et al., 2024).

Synthesis: Financial literacy must evolve from passive education to proactive capability building, delivered through culturally resonant, digitally accessible, and community-supported models.

4. Cross-Cutting Discussion

The synthesis of these three themes reveals a clear need for integration. While each component Shariah-based finance, digital access, and financial literacy has individual merit, their combined impact is exponentially greater when designed as part of a strategic ecosystem. Several studies (KNEKS, 2024; IDB, 2023) emphasize that successful inclusion must:

- a. Begin with faith-aligned financial instruments
- b. Be delivered via mobile-first, Shariah-governed platforms

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- c. And be reinforced by contextual, continuous financial education

Without this integration, most programs risk becoming fragmented, short-lived, and failing to reach the core target of ultra-micro Muslimpreneurs.

B. Strategic Model

1. Conceptual Foundation of the Model

The results of the systematic literature review indicate that financial exclusion among ultra-micro Muslimpreneurs persists despite various Islamic financial products and digital initiatives. The key issue is the lack of integration between ethical financial instruments, digital delivery systems, and context-sensitive literacy programs. Most interventions operate in silos limited in scale, sustainability, and systemic reach.

To address this gap, this study proposes a Strategic Model of Inclusive Islamic Financial Innovation, derived from 107 peer-reviewed articles and policy reports between 2022 and 2025. The model is grounded in the objectives of maqashid sharia, emphasizing justice, equity, and empowerment of marginalized groups. It seeks to integrate financial access, digital transformation, and human capability development into a unified system tailored to ultra-micro Muslimpreneurs.

2. Three Pillars of the Strategic Model

The model comprises three interdependent pillars, each corresponding to one of the dominant themes from the literature:

Pillar 1: Accessible Shariah-Based Financial Instruments

- a. Simplified, scalable applications of zakat produktif, qardhul hasan, and profit-sharing schemes.
- b. Designed to be low-risk, interest-free, and aligned with religious preferences.
- c. Delivered through institutions with community presence (e.g., BMTs, zakat bodies).

Pillar 2: Digitally Enabled Islamic Fintech Infrastructure

- a. Mobile-first platforms for Shariah-compliant P2P lending, micro-savings, and crowdfunding.
- b. Includes automated Shariah compliance screening, alternative credit scoring, and wallet-based disbursement.
- c. Encourages partnerships between Islamic fintech startups and grassroots institutions for hybrid models.

Pillar 3: Contextual Financial Literacy and Capability Building

- a. On-demand financial education integrated within digital platforms (embedded literacy).
- b. Community-based mentorship and peer-learning via mosques, BMTs, and youth organizations.
- c. Focus on demystifying Islamic finance concepts (riba, gharar, mudharabah) through audio-visual media.

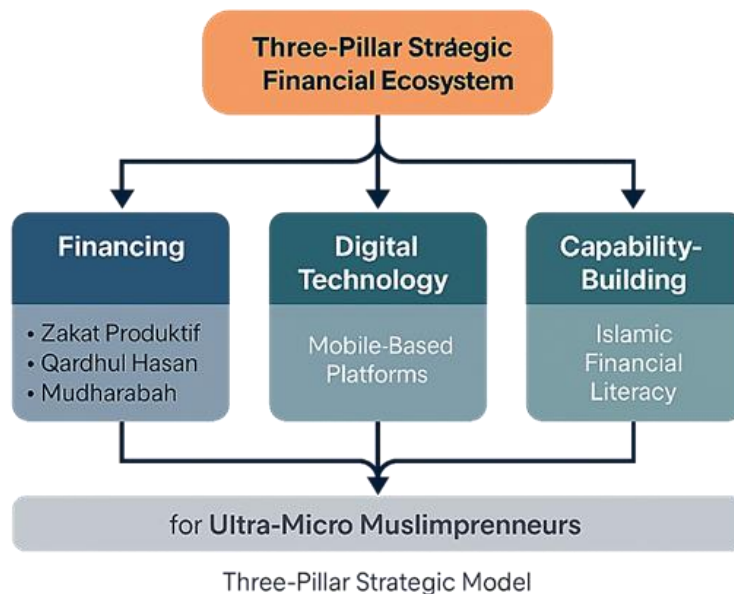
3. Model Integration and Systemic Flow

The three pillars are not standalone components. Instead, they form a cyclical, inter-linked ecosystem:

- a. Shariah-based financial instruments become more effective when delivered via digital platforms.
- b. Digital platforms become more trusted and adopted when paired with financial literacy interventions.
- c. Financial literacy becomes more relevant when embedded in real-life financial product use.

This ecosystem fosters inclusive growth, ethical financing, and long-term sustainability for ultra-micro entrepreneurs, particularly those operating in informal and rural sectors. It also addresses both material (access to funds) and spiritual (faith-based financial compliance) needs.

Figure 2. Strategic Model for Inclusive Islamic Financial Innovation



Source: Processed Research Data

4. Innovation and Contribution

This model:

- a. Responds to the fragmentation found in existing programs
- b. Offers a holistic approach grounded in both Islamic values and digital scalability
- c. Proposes a scalable blueprint for institutions, policymakers, and fintech developers
- d. Aligns with national objectives outlined by KNEKS and Bank Indonesia

It also serves as a conceptual bridge between Islamic economic thought and contemporary technological solutions, making it a novel contribution to the discourse on Islamic financial inclusion in the digital era.

C. Implications

The proposed strategic model for inclusive Islamic financial innovation offers multidimensional contributions across policy, institutional practice, and academic research. This section outlines the implications of the study for key stakeholders and future developments.

1. Policy Implications

This study presents strong implications for regulators and national policy institutions, particularly OJK, Bank Indonesia, and KNEKS. The findings suggest the need to:

- a. Formulate adaptive micro-fintech regulations that cater specifically to ultra-micro and informal sector entrepreneurs seeking Shariah-compliant solutions.
- b. Integrate financial literacy into national programs, embedding Islamic financial education in the curricula of pesantren-based entrepreneurship, vocational training, and women-led community initiatives.
- c. Incentivize collaboration between Islamic financial institutions, zakat boards, and fintech startups through regulatory sandboxes and Shariah innovation hubs.
- d. Digitize zakat and waqf management frameworks to support productive uses for ultra-micro businesses.

These policy shifts can close the inclusion gap and align national Islamic economic goals with the lived realities of underserved Muslimpreneurs.

2. A Subsection Sample

For financial institutions and fintech developers, the model emphasizes a community-centric and faith-integrated approach:

- a. Islamic banks and BMTs can design microfinancing products using simplified mudharabah or qardhul hasan schemes tailored to ultra-micro clients.
- b. Fintech platforms should integrate embedded Islamic financial literacy into user onboarding and transaction flows, especially in mobile apps and chatbot interfaces.
- c. Zakat and waqf institutions are encouraged to prioritize productive disbursement channels and partner with local Islamic microfinance networks for greater reach and impact.
- d. Shariah compliance officers should expand their scope beyond institutions to fintech design and digital operations, ensuring ethical coherence.

This collaborative, hybrid model can generate scalable, sustainable outreach to the most underserved Muslim segments.

3. Theoretical and Research Implications

From an academic perspective, this study contributes to the emerging body of knowledge at the intersection of:

- a. Islamic finance
- b. Financial technology
- c. Micro-entrepreneurship
- d. Financial capability development

The strategic model synthesizes these domains and proposes a holistic ecosystem anchored in Islamic ethical principles and technological scalability.

Future research can build on this study by:

- a. Empirically testing the model in diverse regional settings
- b. Comparing implementation outcomes across BMT-led, fintech-led, and hybrid programs
- c. Exploring behavioral responses of ultra-micro Muslimpreneurs to digital Shariah products

By combining systematic evidence and model-building, this paper advances the academic discourse on how to achieve inclusive, ethical, and digitally empowered Islamic finance.

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Conclusion

This systematic literature review synthesized 107 peer-reviewed studies to examine strategic innovations in inclusive Islamic finance for ultra-micro Muslimpreneurs in the digital era, revealing three interconnected pillars: Shariah-based financial instruments (zakat produktif, qardhul hasan, and mudharabah), Islamic fintech platforms that enhance digital accessibility, and comprehensive financial literacy programs grounded in Islamic values and contemporary digital ecosystems. The findings demonstrate that effective financial inclusion requires an integrated approach that transcends conventional siloed interventions, combining ethical product design, technological innovation, and capability-building to address the structural barriers that systematically exclude ultra-micro entrepreneurs from formal financial services. Policy implications suggest that stakeholders including Islamic financial institutions, regulatory bodies such as the OJK and KNEKS, and fintech developers must collaborate to establish a unified ecosystem that reduces complexity, increases trust, and aligns financial instruments with both Islamic principles and the socioeconomic realities of informal-sector entrepreneurs. Future research should prioritize longitudinal studies and implementation science approaches to validate the scalability and sustainability of proposed strategic models, ensuring that inclusive Islamic finance transitions from policy rhetoric to measurable economic empowerment across Muslim-majority economies.

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