



ISLAMIC DIGITAL BANKING FRAMEWORK IN MALAYSIA: A PRACTITIONERS' PERSPECTIVE

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ABSTRACT

The proliferation of the current technology has changed the operation of the banking and financial services. Financial institution in Malaysia has been urged to react to the changes in order to provide a better service to the customers as well as to the underserved people. Through the development and application of digital banking, it will help many people to access the banking services in improving their socio-economic well-being. However, the framework of Shariah compliant digital banking is necessary to be explored in order to achieve Maqasid al-Shariah or the objective of Shariah and Shariah-compliant products and services. The objective of this study is to investigate the practitioners' perspective on the framework of Shariah compliant digital banking based on Maqasid al-Shariah for financial inclusion in Malaysia. The methodology of research in this study is qualitative approach through interview session with the practitioners. The selection of the practitioners and experts is based on their background in digital banking and Shariah. A general finding shows that, Shariah compliant digital banking should be incorporated with the element of accessibility and affordability, wealth protection and Islamic social finance in order to be in line with Maqasid al-Shariah as well as to achieve the objective of financial inclusion. This study has contributed towards the development of model for Islamic digital banking framework for financial inclusion in Malaysia.

Keywords: Digital Banking, Maqasid al-Shariah, Financial Inclusion, Islamic Finance

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INTRODUCTION

The banking and financial sector is a very important sector to the community since it enables the mobilisation of monies in the form of deposits and investment, making it possible for people to access their money and return. The role of the traditional banking is not limited to receiving money from depositors and withdrawing money to account holders, but it also provides customers with financial support in the form of investments and financing in the bank's branch. In order to advertise various financial goods and services, the banks fulfilled the function of an intermediary between the consumer and financial institutions. Malaysia as a country that practices dual banking system, conventional and Islamic, is in a position to efficiently manage its own resources as a result of the existence of the cutting-edge technology. The expansion of automated teller machines, often known as ATMs, which supply a number of functions and





execute a variety of activities associated to money, is a crucial piece of evidence in this respect. In addition to the automated teller machine (ATM) system, which Malayan Banking Berhad deployed for the first time in 1981, the financial institution also provides a wide variety of other services, such as the ability to transfer money between savings and checking accounts and mortgage loans (Amir, 2006).

In a digitally fast-paced world, financial institutions have been exhorted to adapt to the digitalization wave in order to satisfy demands for more accessible and safe banking options. Banks have been pushed to switch their operations from in-person to online banking to make their services more convenient, reliable, and available to customers. The growth of information and communication technology (ICT) has served as a catalyst for digitalization of this sector to pave the way for the banking and finance industry to be more efficient in serving the customers (Malali & Gopalakrishnan, 2020).

In addition, the advent of the internet and various electronic devices, such as smartphones, has technologically revolutionized the current banking system, making it possible for banks to reach out to consumers even when those customers are not physically present at the bank. As a result, the development of digital banking is essential in order to provide customers with financial services in a digital medium, particularly given that digital banking will eventually be available in all geographic areas via the internet. Bank Negara Malaysia (BNM) had issued five successful applicants for the digital bank licenses as approved by the Minister of Finance Malaysia based on the fulfilment of requirement as stated by Bank Negara Malaysia. The approval was based on the successful applicants' ability to meet the requirements (BNM, 2022). In brief, "digital banking" refers to "branchless banking," which is banking that delivers financial products and services via digital channels rather than physical locations. This is in contrast to traditional banking, which provides banking products and services at physical locations called "branches". Even though a physical bank also offers internet banking and mobile banking, certain transactions, such as opening a deposit account, depositing a check, or signing for a financing document, still require the customer to be present in person at the bank's branch in order to be completed.

The development of digital banking is aimed to achieve financial inclusion as required by the BNM. Digital banks will be expected to provide banking products and services to unserved or underserved markets while also working to resolve the financial inclusion disparities that exist across the country. There are some populations in this country that are not being adequately provided with financial accessibility. These communities are made up of individuals and businesses that have limited availability of traditional financial products as a result of their unstable or poor income, difficulties obtaining credit, or the absence of bank locations that can facilitate financial transactions in rural regions. According to the Edge Market (2022), this market category is distinct from the unbanked community, which comprises five percent of the population in Malaysia and does not have access to the country's traditional banking or financial systems, such as a savings account of the most fundamental kind.

However, the implementation of digital banking shall comply with Shariah rulings and and Maqasid al-Shariah in order to bring justice and fairness to the community in this country. The fact that Muslims make up most of the population in Malaysia means that the requirement for Shariah compliant digital banking must be satisfied. Shariah law must be observed in order for Islamic digital banking to be valid transactions for the Muslim. As Muslims, they have a responsibility to determine whether a particular banking and financial product is Halal (permissible) in Islamic law or Haram (forbidden). Shariah compliant digital banking is not permitted to involve with transaction that has the element of interest (*Riba*), uncertainty





(*gharar*), gambling (*maysir*) and other prohibited element such as liquor, pork and pornography.

Thus, this study aims to investigate the perspective of the experts and practitioners on the development of model for Shariah compliant digital banking based on Maqasid al-Shariah for financial inclusion. Through this study, the main question needs to be solved is what are the practitioners' view on the Shariah compliant digital banking for financial inclusion? The development of unique model for Shariah compliant digital banking is crucial to ensure the development of new technology can be implemented successfully in the future and able to help nurture the financial and digital literacy among underserved and unbanked community in Malaysia. This article will be divided into various sub-topics namely Literature Review, Methodology, Result and Discussion.

LITERATURE REVIEW

Definition of Digital Banking

There are a lot of studies that had be done related to the development of digital banking and many experts and researchers had come out with different understanding of definition and the concept of digital banking. In general, the term "digital banking" refers to the combination of online banking with traditional banking. It offers traditional banking services, but they can be accessed via a website or a mobile program instead of a physical location. Digital banking makes it possible to perform a variety of banking transactions, such as opening a bank account, transferring funds, setting up direct debits, making remote payments, sending remittances, and setting up direct deposits, all without having to physically visit a location of the bank. Every single transaction that takes place in a digital bank is completed instantly and involves a significant amount of financial management, security, and adaptability on the part of the user (Santander, 2020).

According to Oanh Thi (2020), digital banking is a method of conducting business that makes use of a technological framework to facilitate connections and transactions between customers and financial institutions. This is accomplished through the utilization of digital devices that are connected to computer software via the internet. It is not necessary for customers to physically attend a bank branch in order to complete a transaction, nor is it necessary for financial institutions to meet with customers in order to accomplish this task. By utilizing digital banking, financial institutions may very well be able to provide additional services to their clientele while simultaneously lowering the costs associated with mailing out statements and conducting in-branch business with clients. Consumers have a growing desire for digital banking to have the same level of interactivity as social media.

Apart from that, the term digital banking also refers to the transition of all traditional financial activities and services into the realm of digital (Sharma, 2017). Digital banking is a highly technologically demanding field, including innovation in financial services for customers and commercial customers around mobile, digital, AI and payment strategies, blockchain, API, distribution channels, and technology. In its most basic form, digital banking can be understood as an operational paradigm that is founded on a technology framework and enables customers and institutions to communicate with one another and complete transactions.

This procedure is carried out by digital instruments that are linked to computer applications running in an internet-based environment. Consumers are not required to visit the physical locations of bank facilities in order to complete financial transactions, and banks are also not required to meet in person with customers in order to process financial dealings (e.g., signing documents, tracking records) (Sharma, 2017).





Moreover, many studies also mentioned that electronic devices such as the telephone, the internet, and mobile devices have all emerged as significant digital banking service channels, making them crucial to the continued existence of banks due to the numerous advantages they provide, such as the ability to receive services at any time and from any location (Sundarraaj, 2005; Daniel, 1999; Mols, 2001). According to Mbama (2018), the introduction of digital banking channels such as telephone banking (t-banking), internet banking (e-banking), and mobile banking (m-banking) has revolutionized the way that customers can utilize the services, putting conventional banking procedures to the test. Digital banking also has given banks the ability to provide multi-channel services, which has altered the way in which they interact with customers digitally (Payne, 2017; Cortiñas, 2010).

Digital Banking and Maqasid al-Shariah

The implementation of digital banking must be based on Maqasid al-Shariah. Maqasid al-Shariah is Islamic legal doctrine for Muslim. According to Imam al-Ghazali (1058–111 CE), the objective of Shariah is to promote the well-being of all mankind, which includes safeguarding their faith (*deen*), ego (*nafs*), intellect (*a'qal*), posterity (*nasl*), and wealth (*mal*). Anything that assures the protection of these five principles serves the public interest and is therefore desirable. Without the protection of life, lineage, and property, as well as the guidance of faith and intellect, deception and exploitation of people would increase. Maintaining these five elements is essential to human health and survival, as is able to care for one's property. Imam al-Ghazali (1058–111 CE) also categorized into three groups: The essentials or necessities (*daruriyyat*), the requirements (*hajiyyat*), and the supplementary items (*tahsiniyyat*) (M.S. Abdul Rasool, 2020). Al-Shatibi (2004) defines Maqasid al-Shariah as achieving good, welfare, advantage, and benefits and preventing evil, harm, and loss of creatures. However, Al-Shatibi endorses al-Ghazali's framework, implying that the latter's views are the most Shariah-compliant (Ibn Ashur, 2006).

Moreover, Maqasid al-Shariah gives a clear framework for the process of *ijtihad* to find solutions to problems that are in accord with human interests and the will of the Creator. Meanwhile, the Islamic Banking and Finance Institute of Malaysia (IBFIM) explains that Maqasid al-Shariah is based on the concept that all Shariah injunctions and commandments are directed towards protecting people from harm (*Daf' al-Mafasid*) and bringing benefit to all people (*Jalb al-Masalih*). As a consequence, the outcomes of all Islamic rule should be directly related to and consistent with these goals (IBFIM, 2020). The prior research recommended that the wealth is commonly regarded as being beneficial to the human. In order to maintain one's property, one must take precautions to ensure that it is safe from devastation and is not distributed to other people in a manner that is unethical or coercive (*hifz Mal*) (Yazid Ahmad & Iknor Azli Ibrahim, 2006). In Malaysia, the element of Maqasid al-Shariah should be applied to the development of digital banking for the community advantages. In the prior research, it is also mentioned that the use of digital platforms that allow for cashless financial interactions can lessen the likelihood of theft occurring (Liang, 2021).

Issues and Challenges in Digital Banking

Firdaus (2018) demonstrated that users do not need to carry around a large amount of currency and may even make precise payments without the need to save coins or cash back when they use digital platforms like E-wallets. Because of this, using an electronic wallet is not only easy but also quite comfortable and convenient. The previous study found that digital banking not only provides a higher level of security, but also a lower risk of the manipulation or theft of





checks. This means that customers do not need to carry around large amounts of cash because they have the option of paying with credit or with debit cards, or through online wallets, which is a much safer option. Digital banking also improves the consistency of cash flows and increases the rate at which cash can be moved (North, 2018).

On the other hand, the use of electronic money provides a safeguard against the circulation of counterfeit money (Amrizal & Yusri Effendi, 2019). Therefore, the evidence suggests that using an electronic wallet can prevent individuals from putting themselves in risky situations. Moreover, Dwi Satria et al. (2021) have endorsed the aforementioned argument, stating that mobile banking was designed to facilitate customers' access to a variety of Islamic financial products and services, including but not limited to savings, insurance, pawning, and other options. In addition, it encourages people to progressively cease engaging in prohibited activities under Islamic law, particularly the practice of usury. It is anticipated that the community's contribution to Islamic finance will continue to expand daily due to its accessibility. Then, advancements in Islamic financial technology must be made in accordance with *dharuriyyah*, which includes the preservation of religion, soul and intellect, lineage, and property.

According to North (2018), digital banking has benefited both customers and banks in terms of time constraints, as it eliminates the need for customers to travel to a bank to conduct transactions. They are not required to wait in endless lines only to be directed to a separate counter to complete their transaction. Online services enable customers to conduct transactions from the convenience of their homes, offices, or vehicles, without having to wait for an extended period. Given that several services required lengthy wait times, at bank branches, displays displaying the time required for various services were displayed. Even the act of redeeming a check required time. However, instantaneous digital banking eliminates time constraints (North, 2018).

The implementation of Shariah compliant digital banking must combine with the element of financial inclusion. The term of financial inclusion can be defined in numerous ways. In other words, the imperative of financial inclusion necessitates that some individuals and businesses be denied access to financial services. According to Howard Thomas (2019), financial inclusion is a process that provides simple access, availability, and active use of the formal financial system for all members of an economy, society, and practitioner. Individuals and businesses are considered financially included in a society when they not only have access to and prompt availability of financial services, but also the knowledge and willingness to utilize them.

Furthermore, according to Srivastava (2019), those who are presently incapable of using financial services can be considered excluded from the financial system. Financial inclusion is defined as making it possible for these individuals to access financial services at an affordable price. World Bank (2018) defines financial inclusion as the process by which individuals and businesses acquire access to practical and affordable financial products and services that meet their needs. These products and services may include transactions, remittances, savings, credit, and insurance, and they must be responsibly and sustainably delivered.

Meanwhile, according to Buckley and Malady (2014), adoption of digital financial services is essential to expanding people's access to financial services and should be considered an integral part of any viable financial solution. Implementing digital banking is an important step towards attaining financial inclusion. Digital banking significantly improves the public's access to financial services, which is a highly beneficial development. Prior research indicated that mobile banking makes formal financial services more accessible to a greater proportion of the population, including rural residents. This is made possible by the increased opportunity to





create banking alternatives outside of the network of bank branches and ATMs (Md. Nur Alam Siddik, 2014). In an endeavour to increase financial inclusion among the unbanked, an increasing number of nations are capitalizing on digital banking alternatives (Srivastava, 2019).

In addition, George Okello (2019) realizes that the unbanked and underbanked, especially in rural areas of emerging nations, can benefit greatly from the widespread adoption and use of digital banking services using new technology like mobile phones. This is because there are some evidences that digital banking can reduce fees for customers and financial institutions alike. The fees typically associated with getting payments and saving money through bank accounts can be minimized with the help of digital banking services. Additionally, digital banking can expand the availability of low-cost, easy-to-use, and safe banking options for the underprivileged in emerging countries. There are additional advantages to financial inclusion that can be gained using digital banking, such as the possibility of gaining access to savings accounts, loans, insurance, and investment vehicles that all carry income (Kikulwe, 2014).

According to Haider (2018), digital banking services are more convenient and more affordable than traditional banking services. This enables low-income and indigent people in developing nations to save and lend within the formal financial system, generate a financial return, and pay for their consumption. Consequently, nearly three-quarters of the world's low- and low-middle income nations have already implemented digital financial services (Harihareswara, 2018).

METHODOLOGY

The qualitative approach was carried out in this study to investigate the practitioner's perspective and understanding on Shariah compliant digital banking based on Maqasid al-Shariah for financial inclusion. Interviews with subject matter experts and practitioners are a common approach taken in observational social research including numerous subfields of practical social research, policy and implementation research, industrial sociology, research on elites and usage, and research on usage. The expert knowledge and experience of the individual being interviewed are of the primary interest in the interview (Bohnsack, 2003).

Ethnography served as the basis for the design of the research, which aimed to investigate the comprehension, perceptions, and social interactions that are typical of a particular group, specifically the digital bank and finance experts (Reeves, 2008). The experts who have prior experience in the fields of digital banking, technology, financial inclusion and Shariah will serve as the focus of the sample population for this research. The technique of purposeful sampling was selected because it enables us to achieve an in-depth understanding of digital banking services and generate new knowledge through the processes of comparison and contrast with quantitative results (Palinkas, 2005).

There are four experts in their respective fields chosen based on their professions for this study: 2 digital banking practitioners and 2 shariah experts. In order to ensure that all interviews were performed in the same manner and with the same level of consistency, similar semi-structured interview questions were asked in the interviews. The interviewees were given the option to respond in either Malay or English, and the questions were asked in either language. Each interview was recorded, and for those interviews that were performed in Malay, the translation of any quotation was checked by a person who was associated with the study. Then, all the data have been analyzed via Nvivo software to ascertain specific themes in this study.





RESULTS

After categorizing the themes that emerged from the analysis of the qualitative responses from the interviews, they were summarized and divided into 3 categories (The accessibility and affordability of digital banking service for underserved, affordability and wealth creation and protection, and the element Islamic Social finance in Shariah compliant digital banking). Following an analysis of the interviews, the most significant variables have been classified into the three categories discussed below.

Theme 1: The accessibility and affordability of digital banking service

In the course of the interview session, the accessibility of the banking services that can be accessed digitally became the primary emphasis of the discussion regarding the introduction of digital banking in Malaysia. The experts are concerned with the degree of the accessibility that will influence the adoption of Shariah compliant digital banking in Malaysia. It is important to have internet coverage as well as electronic devices such as computers and smartphones in order to make a way for people who are financially excluded. This is particularly true for people who live in rural areas where there is little to no internet coverage and lack of digital literacy become a hinder to them to use banking service that will be offered by digital bank. The factors that affect accessibility to the banking service digitally will determine the adoption of digital banking in Malaysia as mentioned below:

“I would say that the internet coverage would become a challenge to the implementation of Islamic digital banking. So, in order to digital banking be able to reach everyone in Malaysia it cannot require a very heavy digital infrastructure service. As you perceive from Kenya, they have M PESA which digital platform that has been used by their people in the country in order to transfer and withdraw money through telco provider. This MPESA use the lower digital infrastructure to provide simple banking service. Another challenge is digital literacy among the community itself.”-R2.

“The designing product should adhere with Shariah principle. So, it is indirectly contributed to Maqasid al-Shariah. It also provides financial inclusion for rural place. So, they do not need to travel to access to the banking services for 24/7.”-R3.

From this point, it denotes that the factors which influence the development of digital banking are internet coverage and a heavy digital infrastructure service in developing digital banking as mentioned by one of the interviewees, R2. As expected, the lack of digital literacy among the community from various income levels also impacts the accessibility to the financial products and services digitally. It will also impact in achieving financial inclusion as required by BNM.

Apart from that, the affordability of the product and service also has been paid attention to in the interview session with the expert. Affordability of the products and services that are offered by digital banking provider is significant especially for underserved people like B40 category. Digital banks need to offer financial assistance to this category in order to help them in improving their economy and standard of living. In the interview session, the expert has discussed on how the digital banking can provide affordable product and service as stated below.





“I definitely believe that the provider has the upper hand for overhead cost because the provider does not need as much overhead cost in traditional banking. So that, the provider has the reach to offer products that are not typically offered by traditional banks, such as tiny products with wholesale pricing such as motor financing to the dep worker.”-R1.

“With the lower overhead cost with the higher outreach rate and they (digital banking) do not mind going to the small financing on kind of asset it will benefit the B40 category and on the liability side they will have a good track record for some SME”-R1.

In comparison, the interviewee R1 mentioned that digital banking providers are able to offer more affordable services and products. This is possible due to the fact that digital banking allows for certain overhead costs to be reduced. It stands to reason that digital banking should be able to provide disadvantaged customers such as the B40 group with the opportunity to apply for financing at a rate that is lower than that available via traditional banking. Separate from that, it will be profitable for the provider of digital banking services to concentrate on this group because they will be able to offer the small product at wholesale price if they do so. So that, it indicates that, through affordable pricing of services and product offers by digital banking can aim for achieving financial inclusion.

Theme 2: Wealth protection

Through digital banking model, the element of wealth protection is needed. The interviewee identified that the wealth protection can be existed through digital banking in order to help underserved populations in improving their income as well as provide income protection.

“In my point of view, The Islamic digital banking can safeguard the individual life (Hifz Nafs) and their wealth (hifz mal) from theft”.-R1

“We (KAF investment bank) are encouraged to focus more for wealth creation and wealth preservation. KAF investment will also looks for life protection in which partnering with takaful provider in order to ensure that takaful products are affordable for B40 community.”-R3.

On the other hand, digital banking needs to incorporate both the aspect of wealth creation and the aspect of wealth preservation. For instance, digital banks can provide takaful products to the underserved population at a lower cost if they form partnerships with takaful operators, as was discussed earlier. These products can be income protection or life protection products. By adding the element of wealth creation and protection, digital banking is in line with Maqasid al-Shariah as it offers the benefit to the community rather than the harm.

Theme 3: Islamic Social finance in Shariah compliant digital banking

The element of Islamic social finance must be applied in the model of Shariah compliant digital banking. Through this digital bank, it can help in managing Islamic social finance fund to alleviate the poverty and improve socio economics. Among the Islamic social





finance (ISF) instruments available for this purpose are Zakat, Waqf, and Sadaqah (charity), which have been adopted and applied even outside the Islamic world. The instruments are used to provide education and healthcare, develop infrastructure, and maintain social welfare provisions for the poor and impoverished. Throughout the interview session, most of the experts recommend combining the element of Islamic social finance in the model of digital banking as stated below.

“I would recommend Islamic digital banking needs to incorporate with the Islamic social finance whether for distribution or collection, whether for a strategy to improve Muslim economy.”-R2.

“Definitely, the best model for digital banking is to combine with the Islamic social finance like zakah, sadaqah and waqf and concern about financial inclusion element.”-R3

“For me, benefitting the social fund like Waqf and Zakah fund by collaborating with State Islamic Religious Council to use that fund in creative manner like provide financing to the SME and unbanked people in improving their economy.”-R4.

In contrast, Islamic social Finance is the element that should be applied in the implementation of Shariah compliant digital banking in order to improve B40 socio economic as well as mobilize the Islamic social finance fund in the productive and creative manner as mentioned by interviewee R4.

In summary, the result from the interview session with the practitioners and experts has led to the development of best model for Shariah compliant digital banking by considering the accessibility and affordability of the service to the underserved customer, combining the element of wealth creation as well as incorporating the elements of Islamic social finance. Thus, the development of Islamic digital banking model based on Maqasid al-Shariah for financial inclusion is able to be realized.

DISCUSSION

From the analysis of the data, the accessibility and affordability of digital banking is a key for achieving financial inclusion. According to Rachel Gong and Maia Hollins-Kirk (2022), the application of digital banking has increased all over the world, which able to cut various expenses while simultaneously boosting productivity and openness of the banking sector. Additionally, new doorways have been created to financial inclusion as a result of digital banking. People who have traditionally been unbanked can now be reached by digital banks products and services through the growing availability of internet access in previously inaccessible regions of the globe.

The proliferation of these advantages has contributed to the rise of digital banking in many countries. As a result of the development of digital banking, financial institutions are no longer constrained by the same constraints that previously prohibited them from catering to customers with low incomes. The preliminary evidence gathered by CGAP (Consultative Group to Assist the Poor) indicates that certain online banks are progressing towards becoming more accessible to all customers. The preliminary evidence points to a few specific ways in which they are reaching low-income consumers with services that are more beneficial and more affordably priced (Arisha Salman, 2020).





Throughout this analysis, the element of wealth protection is the key for digital banking in order to be in line with Maqasid al-Shariah. By adding wealth protection model like takaful will offer Muslims a Shariah-compliant alternative for the protection of their wealth. Therefore, takaful is one of the elements in the larger Islamic financial system, in which the Maqasid al-Shariah should be applied towards achieving its goals, objectives, values, and direction by realizing the *maslahah* (benefits) and preventing or repelling the *mafsadah* (harms) in all aspects of human life. In other words, takaful is one of the ways in which the Islamic financial system strives to achieve its goals and objectives. Instilling a sense of social responsibility and facilitating mutual collaboration within society are some of the goals of takaful. Takaful also aims to protect life and help wealth circulate more smoothly (Furqani, 2012).

In addition, the element of Islamic social finance also needs to be instilled in the implementation of the Shariah compliant digital banking as it helps in improving socio economics well-being among the poor Muslim population in Malaysia. Islamic social finance such as Waqf (endowment fund), Sadaqah (donation) and Zakat allow the surplus fund among Muslim to be purified through digital banking platform in order to be distributed in fair and justice. Previous studies also show that Fintech is used in Islamic social finance and how digital zakat makes it easier to collect and distribute zakat (Yahaya, 2019; Utami, 2020).

Munshi (2021) also said that Islamic crowdfunding is a powerful model that can attract and combine existing funding flows while also opening up new sources of funds for the real economy. Sharia Fintech is acted as solution for improving electronic-based mosque Islamic social finance management. Rabbani et al. (2021) discovered that the combination of Fintech and socially based Islamic finance was more effective in reviving the economy during the COVID-19 pandemic. Research by Ascarya (2021) bolsters previous research on ISF instruments such as zakat, infaq, and waqf, as they were discovered to be able to assist the government and society in recovering from the effects of the Covid-19 pandemic, particularly for Micro and Small Enterprises (SMEs).

CONCLUSION

In conclusion, general finding shows that the best model development for the Islamic digital banking service that need to be incorporated are the element of accessibility and affordability of the product, offering wealth protection to the customer and also incorporating with the element of Islamic social finance in order the achieve the objective Shariah for financial inclusion.

The implementation of digital banking can pave way for underserved population to enjoy the banking services in order to improve their economy and standard of living as well as to alleviate the poverty. Throughout the finding of this study, it offers a better understanding for digital and financial literacy to the community in order to influence them to adopt this new technology in which can give advantage to them in conducting the banking service with convenience and efficient that complied with Shariah.

For future research attempt, it would be recommended that a greater number of experts should be interviewed in order to comprehend more comprehensive understanding on Islamic digital banking for financial inclusion in various countries. Also, future research may concentrate more on quantitative methods to understand the perception and acceptability among unbanked customers toward Islamic digital banking.





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