

**EDITORIAL FOREWORD****ISLAMIC FINANCE: ADVANCING SUSTAINABILITY THROUGH INNOVATION,
GOVERNANCE, AND SOCIETAL IMPACT**

Professor Dr. Aishath Muneeza
Chief Editor

International Journal of Islamic Economics and Finance Research
International Research Centre of Islamic Economics and Finance (IRCIEF)
Universiti Islam Selangor (UIS)
Kajang, Selangor, Malaysia
muneeza@inceif.edu.my

It is with great pleasure that we present the latest issue of the International Journal of Islamic Economics and Finance Research. This edition brings together a diverse collection of scholarly works that reflect the dynamism, relevance, and growing influence of Islamic economics and finance in addressing some of today's most pressing global challenges.

Islamic finance, rooted in Shariah principles, presents a compelling framework for fostering sustainable development and achieving global equity. Its core tenets—which emphasize social justice, ethical investment, and risk sharing—are inherently aligned with the United Nations Sustainable Development Goals (SDGs) (Hassan et al, 2025; Kunhibava et al., 2024). This unique synergy positions Islamic finance as a powerful catalyst for addressing pressing global challenges, including poverty eradication, inequality, and environmental degradation (Dirie et al., 2024). Indeed, the comprehensive relationship between Islamic finance and sustainable development has been thoroughly explored, highlighting its potential to drive a more ethical and responsible global economy (Hassan et al, 2025).

Recently, the criticality of these integrated principles was underscored by Malaysia's Prime Minister, YAB Dato' Seri Anwar Bin Ibrahim, at the launching of the Centre of Excellence for Research and Innovation in Islamic Economics (I-RISE). He called for a re-evaluation of Islamic finance beyond mere avoidance of *riba*, advocating for a deeper commitment to *Maqasid al-Shariah*—the higher objectives of justice, sustainability, and welfare (*maslahah*). The Prime Minister emphasized that robust governance and clarity in macroeconomic policies are crucial, asserting that these are often overlooked yet fundamental pillars for propelling economic growth, combating corruption, and enabling Islamic finance to truly serve humanity and achieve its potential in a sustainable world (Ibrahim, 2025).

The alignment of Islamic finance with sustainability is evident in its various instruments and practices. Zakat and waqf, for instance, are pivotal in supporting socio-economic development. Zakat, as a mandatory almsgiving, directly contributes to poverty alleviation and income redistribution, significantly aiding in meeting the basic needs of vulnerable populations and fostering their economic independence (Khamis et al., 2024). Similarly, waqf, as an endowment for charitable or religious purposes, provides sustainable funding for education, healthcare, and infrastructure projects. Beyond social welfare, Islamic finance promotes ethical investment by prohibiting activities deemed harmful, such as gambling, alcohol, and conventional arms production, steering capital towards socially and environmentally





responsible ventures (Choudhury et al., 2019). The growth of green sukuk, Shariah-compliant bonds designed to fund eco-friendly projects, further underscores this commitment, mobilizing capital for renewable energy initiatives and climate action (Liu & Lai, 2021).

Innovation, particularly in financial technology (fintech), is significantly enhancing the efficacy and reach of Islamic finance. Fintech and blockchain solutions are revolutionizing the management and distribution of Islamic social finance instruments, ensuring greater efficiency, transparency, and accountability. For example, blockchain technology can provide an immutable ledger for zakat funds, allowing donors to track their contributions from collection to final distribution, thereby increasing trust and reducing the potential for fraud (Mohd Nor et al., 2021; Nazeri et al., 2023; Omar & Khairi, 2021). Mobile applications and digital wallets are also broadening access to Islamic financial services, enabling remote fulfillment of obligations like zakat and expanding the donor and beneficiary base (Yahaya & Ahmad, 2019). These technological advancements not only streamline operations but also foster greater financial inclusion, bridging gaps for underserved communities.

Robust governance and accountability frameworks are indispensable for ensuring the integrity and effectiveness of Islamic financial institutions and non-profit organizations. Strong governance ensures that funds are channeled appropriately, minimizes misuse, and builds stakeholder confidence (Ortega-Rodríguez et al., 2020). By prioritizing transparent practices and adhering to stringent regulatory standards, Islamic finance can amplify its social impact and fulfill its ethical mandate.

Collectively, the integration of Islamic finance principles with modern innovation and strong governance offers a powerful pathway towards sustainable and inclusive economic growth. By synergizing tradition with progress, Islamic finance positions itself as a crucial tool in the global development agenda, capable of addressing complex contemporary challenges and inspiring transformative change on a global scale.

This issue features a range of cutting-edge research:

1. "Determinants of Sukuk Issuance Among Top 100 Listed Companies in Malaysia" by Aliana Shazma Amir et al. explores the key factors influencing sukuk issuance decisions. Their findings offer important implications for regulators, issuers, and investors aiming to align corporate funding with Shariah-compliant, sustainable financial instruments.
2. "Social Entrepreneurship Integration for Productive Zakat: Empirical Study of Program Desa Berdaya Rumah Zakat Indonesia" by Muhamad Wahyudi and Naili El Muna demonstrates how zakat, when strategically integrated with social entrepreneurship, can drive meaningful grassroots empowerment and poverty alleviation. Their work presents a compelling case for reimagining zakat distribution for long-term socioeconomic impact.
3. "Systematic Bibliometric Analysis of Takaful Performance Research" by Norul Elya Shahira binti Md Sanusi and Hazriah binti Hasan offers a structured review of Takaful performance literature. This study maps existing trends and research gaps, providing a





valuable foundation for future scholarship and development within the Islamic insurance sector.

4. "Criteria of Potential Shariah Non-compliance Event: Analysis in a Full-Fledged Islamic Bank in Malaysia" by Aizul Aiman Musa, Supiah Salleh, and Zurina Shafii looks into the essential domain of Shariah governance and risk management. By identifying red flags and compliance risks, this research supports the integrity and accountability of Islamic financial institutions.

Collectively, these contributions enrich the growing body of literature at the intersection of Islamic finance, sustainability, and governance. They reflect not only academic rigour but also a commitment to practical relevance—bridging the gap between scholarly discourse and the lived experiences of communities, institutions, and markets.

We are sincerely grateful to the contributing authors for their impactful research, to our dedicated reviewers for their thoughtful and constructive evaluations, and to our readers for their continued support and engagement. As Islamic economics and finance continues to evolve in both scope and significance, we hope this issue serves as a catalyst for deeper inquiry, cross-sector collaboration, and bold innovation.

May this edition inspire further research and guide practitioners, academics, and policymakers alike toward building a more just, ethical, and sustainable global financial future through the principles of Islamic economics.

REFERENCES

- Choudhury, M. A., Hossain, M. S., & Mohammad, M. T. (2019). Islamic finance instruments for promoting long-run investment in the light of the well-being criterion (maslaha). *Journal of Islamic Accounting and Business Research*, 10(2), 315-339.
- Dirie, K.A., Alam, M.M. and Maamor, S. (2024). Islamic social finance for achieving sustainable development goals: a systematic literature review and future research agenda. *International Journal of Ethics and Systems*, 40(4), 676-698.
- Hassan, M.K., Muneeza, A. & Hasan, R. (2025). *Islamic Finance and Sustainable Development*. Cambridge University Press.
- Ibrahim, A. (2025, June 10). Keynote Address by YAB Prime Minister: Launching of Centre of Excellence for Research and Innovation in Islamic Economic (I-RISE) – Reshaping the Future: Islamic Economics for a Humane and Sustainable World. Prime Minister's Office of Malaysia. <https://www.pmo.gov.my/2025/06/keynote-address-by-yab-prime-minister-launching-of-centre-of-excellence-for-research-and-innovation-in-islamic-economic-i-rise-reshaping-the-future-islamic-economics-for-a-humane-and-sustainable-2/>





- Khamis, M. R., Jameelah Hashim, M., & Ab Rahman, A. (2024). Effectiveness Role of Zakat in Reducing Income Inequality Among Muslim Society. *Ulum Islamiyyah*, 36(03), 26-37.
- Kunhibava, S., Muneeza, A., Khalid, M. B., & Mustapha, Z. (2024). *Islamic Social Finance: Law and Practice in Malaysia*. Springer.
- Liu, F. H., & Lai, K. P. (2021). Ecologies of green finance: Green sukuk and development of green Islamic finance in Malaysia. *Environment and Planning A: Economy and Space*, 53(8), 1896-1914.
- Nazeri, A. N. N., Mohd Nor, S., Abdul Rahman, A., Abdul Majid, M., & Ab. Hamid, S. N. (2023). Exploration of a New Zakat Management System Empowered by Blockchain Technology in Malaysia. *ISRA International Journal of Islamic Finance*, 15(4), 127–147. <https://doi.org/10.55188/ijif.v15i4.568>
- Omar, N., & Khairi, K. F. (2021). Zakat and blockchain: a review. *International Journal of Islamic Economics and Finance Research*, 4(2), 60-66.
- Ortega-Rodríguez, C., Licerán-Gutiérrez, A., & Moreno-Albarracín, A. L. (2020). Transparency as a key element in accountability in non-profit organizations: A systematic literature review. *Sustainability*, 12(14), 5834.
- Yahaya, M. H., & Ahmad, K. (2019). Factors affecting the acceptance of financial technology among asnaf for the distribution of zakat in Selangor-A Study Using UTAUT. *Journal of Islamic Finance*, 8, 035-046.

