

From Jurisprudence to Algorithms: The Role of Artificial Intelligence in Contemporary Sharia Financial Decision-Making

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Abstract: The development of *Artificial Intelligence* (AI) has had a profound impact on the modern financial system, including the Islamic finance sector. Today, AI is utilized to support risk analysis, financing decision-making, and the management of Sharia-based investment portfolios. However, the application of AI in Islamic finance also raises several legal and ethical issues that require in-depth examination from the perspective of contemporary *fiqh muamalah*. This study aims to analyze the compatibility of AI implementation in Islamic financial decision-making with the principles of *maqāṣid al-shari'ah*, justice, and human responsibility (*taklīf*). This research employs a qualitative method with a normative-theological approach and descriptive-analytical analysis. Primary data were obtained from the study of fatwas, regulations, and practices of Islamic financial institutions that have adopted AI, while secondary data were derived from academic literature, scholarly journals, and contemporary Islamic legal writings. The analysis was conducted through the stages of reduction, classification, and normative interpretation to assess the harmony between Sharia principles and technological innovation. The findings suggest that the application of AI in Islamic finance is permissible as long as it does not contravene the principles of honesty and justice, and continues to prioritize humans as moral supervisors and legal subjects. Academically, this study enriches contemporary *fiqh muamalah* discourse by providing a normative framework for developing AI-related regulations and ethics that align with the *maqāṣid al-shari'ah*. It also encourages an interdisciplinary dialogue between Islamic

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law, technology ethics, and the digital economy toward an adaptive and sustainable Sharia financial system.

Keywords: Artificial Intelligence, Islamic Finance, Contemporary Fiqh Muamalah, Islamic Ethics, Maqāṣid al-Syarī'ah.

Abstrak: Perkembangan teknologi Artificial Intelligence (AI) memberikan pengaruh besar terhadap sistem keuangan modern, termasuk sektor keuangan syariah. Saat ini, AI dimanfaatkan untuk mendukung analisis risiko, pengambilan keputusan pembiayaan, serta pengelolaan portofolio investasi berbasis prinsip syariah. Namun, penerapan AI dalam keuangan syariah juga menimbulkan sejumlah persoalan hukum dan etika yang perlu ditinjau secara mendalam melalui perspektif fiqh muamalah kontemporer. Penelitian ini bertujuan untuk menganalisis kesesuaian penerapan AI dalam proses pengambilan keputusan keuangan syariah dengan prinsip maqāṣid al-syarī'ah, keadilan, dan tanggung jawab manusia (taklif). Penelitian ini menggunakan metode kualitatif dengan pendekatan normatif-teologis dan analisis deskriptif-analitis. Data primer diperoleh melalui telaah terhadap fatwa, regulasi, dan praktik lembaga keuangan syariah yang mengimplementasikan AI. Data sekunder berasal dari literatur akademik, jurnal ilmiah, serta karya ulama kontemporer yang relevan dengan hukum muamalah modern. Analisis dilakukan melalui tahapan reduksi, klasifikasi, dan interpretasi normatif untuk menilai keselarasan antara prinsip syariah dan inovasi teknologi. Hasil penelitian menunjukkan bahwa penggunaan AI dalam keuangan syariah diperbolehkan sepanjang tidak melanggar prinsip kejujuran, keadilan, dan tetap menempatkan manusia sebagai pengawas moral serta subjek hukum. Secara akademik, penelitian ini berkontribusi memperkaya kajian fiqh muamalah kontemporer dengan menawarkan kerangka normatif bagi pengembangan regulasi dan etika penggunaan AI yang sejalan dengan maqāṣid al-syarī'ah, serta mendorong sinergi antara hukum Islam, etika teknologi, dan ekonomi digital menuju sistem keuangan syariah yang adaptif dan berkelanjutan.

Kata Kunci: Artificial Intelligence, Keuangan Syariah, Fiqh Muamalah Kontemporer, Etika Islam, Maqāṣid al-Syarī'ah.

Introduction

The development of digital technology in the 21st century has brought fundamental changes to the global economic and financial system. The Industrial Revolution 4.0 has given rise to various innovations that are changing the way humans interact, transact, and make economic decisions. One of the most significant innovations is the emergence of *Artificial Intelligence* (AI), which has played a crucial role in accelerating data analysis and automating financial processes. AI is now not only used in the conventional banking sector, but is also being integrated into the Islamic financial system to improve the efficiency and accuracy of decision-making.¹ The application of AI in

¹ Rifki Ismal, *Islamic Banking in Indonesia: New Perspectives on Monetary and Financial Issues* (Singapore: Wiley, 2020), p. 45.

Islamic finance is expected to expand access to financial services, accelerate financing processes, and enhance the accuracy of risk detection. However, these advances pose ethical and legal challenges that need to be studied from the perspective of *fiqh muamalah*.

In Islamic finance, AI is used to support various functions, including risk assessment, feasibility analysis for financing, and the development of investment strategies in accordance with Sharia principles.² By analyzing large, complex datasets, AI can identify halal investment opportunities and reduce the likelihood of usury, *gharar*, and *maysir* practices.³ However, the role of AI is so significant that it raises concerns about the potential reduction of human involvement in the decision-making process. In Islamic finance, economic decisions should ideally still consider spiritual, moral, and social justice values that cannot be fully represented in an algorithmic system. Therefore, the use of AI needs to be directed to remain in line with *maqasid al-shari'ah*, namely maintaining benefits and avoiding damage (*mafsadah*).⁴

A fundamental question arises regarding the legitimacy of using non-human technology in economic activities with Sharia value. In *fiqh muamalah*, every form of economic transaction requires the awareness, intention, and responsibility of human beings as the leading actors. The use of AI in economic decision-making can raise legal issues if the technology supplants human judgment in determining contract validity, transaction intentions, or moral responsibility for decision outcomes. In the Islamic view, every economic decision is judged not only in terms of efficiency, but also in accordance with the principles of justice (*al-'adl*), honesty (*as-sidq*), and trust (*al-amānah*).⁵ Therefore, AI should serve as a tool, not a substitute for humans, in determining *muamalah* decisions.

In addition to the legal aspects, ethical and spiritual dimensions must be considered when applying AI in the Islamic finance sector. Technology should not eliminate the element of *human touch* in the economic process, because sharia values are rooted in the relationship between humans and Allah (*habl min Allah*) and fellow humans (*habl min an-nas*).⁶ If AI is applied without a clear framework for Sharia ethics, there is a risk of social inequality, data misuse, and the neglect of moral considerations in financial management. Therefore, there needs to be Sharia regulations and guidelines that regulate the limits on the use of AI to remain in accordance with *maqasid al-shari'ah*.⁷

² Nurul Huda and Mustafa Edwin Nasution, *Investment in the Sharia Capital Market* (Jakarta: Kencana, 2019), p. 83.

³ Mervyn K. Lewis, *Islamic Finance and the New Financial System* (Cheltenham: Edward Elgar, 2019), p. 112.

⁴ Jasser Auda, *Maqasid al-Shariah as Philosophy of Islamic Law: A Systems Approach* (London: IIIT, 2008), p. 38.

⁵ Muhammad Syafi'i Antonio, *Bank Syariah: From Theory to Practice* (Jakarta: Gema Insani, 2011), p. 75.

⁶ Yusuf al-Qaradawi, *Daur al-Qiyam wa al-Akblaq fi al-Iqtisad al-Islami* (Cairo: Maktabah Wahbah, 1995), p. 29.

⁷ Habib Ahmed, *Risk Management for Islamic Banks* (Edinburgh: Edinburgh University Press, 2011), p. 141.

Thus, the study of the integration of AI and fiqh muamalah is important to ensure that the advancement of digital technology does not shift moral and spiritual values in the Islamic financial system. This research aims to examine the extent to which AI can be accepted within the framework of Islamic law and how the principles of fiqh can adapt to technological developments without losing the essence of its fundamental values. In the future, it is hoped that a new paradigm will emerge in Islamic finance that is not only oriented towards technological efficiency but also upholds justice, transparency, and social responsibility.⁸ Thus, the application of AI can strengthen Islamic values in an increasingly digital global economy.

Method

This study employs a qualitative method with a normative-theological approach and descriptive-analytical analysis, aiming to gain an in-depth understanding of the relationship between Islamic legal principles and the application of Artificial Intelligence (AI) in the Islamic financial system. The normative-theological approach is chosen because it allows an exploration of the foundational values and Sharia norms that serve as ethical guidelines for technological innovation in muamalah (economic transactions). Meanwhile, the descriptive-analytical method is employed to systematically describe the empirical phenomenon of AI implementation and assess its alignment with the principles of *maqāṣid al-sharī'ah* and contemporary *fiqh muamalah*. Primary data for this research were obtained through an in-depth review of authoritative fatwas issued by institutions such as the Indonesian Ulema Council's National Sharia Board (DSN-MUI), government regulations, and the operational practices of Islamic financial institutions that have adopted AI technologies in areas such as risk assessment, customer service, and investment management. Secondary data include academic literature, scholarly journals, previous studies, and works of contemporary Muslim scholars discussing the relevance of Islamic law to technological developments. The analytical process involves several stages: data reduction to select information relevant to the research focus; data classification based on key themes such as ethics, law, and technological implementation; and normative interpretation to evaluate the harmony between Sharia principles and AI innovation. Through these stages, this study aims to produce a conceptual synthesis that is not merely descriptive but also provides normative recommendations for developing a Sharia-compliant financial system that remains technologically adaptive while upholding Islamic moral and spiritual values.

Result and Discussion

The Concept of Contemporary Fiqh Muamalah

Fiqh muamalah is a branch of fiqh that regulates human relations in the economic, social, and legal spheres based on Sharia principles. The main goal of fiqh muamalah is to realize justice, benefit, and balance in every human activity related to property and transactions. In practice, fiqh muamalah not only focuses on the halal and

⁸ Ziauddin Sardar, *Reading the Qur'an: The Contemporary Relevance of the Sacred Text of Islam* (Oxford: Oxford University Press, 2011), p. 203.

haram aspects of a transaction, but also considers Islamic moral and ethical values in every economic decision. Therefore, fiqh muamalah has a strategic role in forming an economic system that is just and oriented towards social benefits. When faced with the challenges of globalization and technological advancement, fiqh muamalah must adapt without compromising the fundamental values of Sharia.⁹

In the contemporary context, the rapid development of digital technology, particularly in finance and trade, necessitates a reevaluation of the laws of muamalah. This is important so that the provisions of fiqh do not become rigid but remain relevant to the needs of modern society. The principles of maqāṣid al-sharī'ah, namely maintaining religion (*hifẓ al-dīn*), soul (*hifẓ al-nafs*), intellect (*hifẓ al-'aql*), heredity (*hifẓ al-nasl*), and property (*hifẓ al-māl*), are the primary basis in formulating modern muamalah laws. The maqāṣid approach enables Islamic law scholars and academics to evaluate the potential of innovations, including digital transactions, electronic contracts, and the application of *blockchain* and *artificial intelligence* in the sharia economy.¹⁰ Thus, maqāṣid al-sharī'ah serves as an ethical and methodological guide for navigating changing times.

A dynamic and contextual approach to muamalah fiqh requires ijtihad that is oriented towards the benefit of the ummah (*maslahah mursalah*). Classical scholars such as al-Ghazali and al-Syatibi affirm that Islamic law is flexible enough to adapt to human needs, provided it does not conflict with the basic principles of Sharia. In this case, the roles of mujtahids and Islamic law academics are indispensable in reinterpreting fiqh texts to keep pace with contemporary challenges, such as digital commerce, fintech, and data-driven economic systems.¹¹ Through ijtihad based on maqāṣid, fiqh muamalah can serve as a legal instrument that not only upholds spiritual values but also rationally and reasonably addresses the needs of modern economics.

Thus, fiqh muamalah in the modern era must balance Islamic values with the realities of technological developments. An approach that is open to innovation yet grounded in the maqāṣid al-sharī'ah will make fiqh muamalah relevant and applicable across various areas of life. The reactualization of the muamalah law is not intended to change the substance of Sharia, but to ensure that the moral message of Islam can be applied in the changing socio-economic context. An integrative study of fiqh, economics, and technology is necessary so that Islamic law can address modern problems while maintaining the values of justice, honesty, and social responsibility.¹²

Artificial Intelligence in Sharia Finance

⁹ Adiwarman A. Karim, "Reconstruction of Muamalah Fiqh Thought in the Digital Economy Era," *Indonesian Journal of Sharia Economics*, Vol. 4, No. 2 (2022), p. 87-98.

¹⁰ Khakim, Ibnu. "Digitalization of Islamic Boarding School Economy: An Analysis of Islamic Law on the Use of Sharia Fintech in the Student Environment." *Journal of Tabarru': Islamic Banking And Finance* 8, No. 1 (2025): 171-178.

¹¹ M. Hasbi Ash-Shiddieqy, *Introduction to Fiqh Muamalah* (Jakarta: Bulan Bintang, 1990), p. 112.

¹² M. Umer Chapra, *Islam and the Economic Challenge* (Leicester: Islamic Foundation, 1992), p. 79

Artificial Intelligence (AI) is a computer system designed to mimic human thinking abilities, such as learning, analyzing, and making decisions based on past data and experience. This technology allows machines to perform tasks that previously required human intelligence, including in economics and finance. AI operates through machine learning algorithms and *big data analytics* to find patterns and make more accurate predictions. In the conventional financial sector, AI has been widely used for fraud detection, market prediction, and risk management. This, in turn, inspired Islamic financial institutions to adopt similar technologies to improve efficiency and transparency in their systems.¹³

In Islamic finance, the application of AI has experienced rapid growth in recent years. This technology is used in the credit scoring process to assess financing feasibility through consumer behavior analysis and financial data, as well as in risk management to predict potential losses and market uncertainties. Additionally, AI is used in portfolio optimization to manage investment composition in accordance with Sharia principles that prohibit *ribā*, *gharar*, and *maysir*.¹⁴ With fast, accurate analysis, AI helps Islamic financial institutions make more efficient, data-driven decisions while expanding access to inclusive finance for communities not yet served by conventional systems.

Despite its great potential, the use of AI in Islamic finance also poses significant challenges, particularly regarding moral and legal responsibility. When an AI system makes a mistake in a risk assessment or unfairly denies financing, from an Islamic law perspective, every economic decision should be based on human intentions (*niyyah*) and responsibility, rather than on artificial entities that lack moral consciousness. Therefore, the accountability mechanism needs to be strictly arranged so that the application of AI remains in line with the principles of justice (*al-'adl*) and trust in *fiqh muamalah*.¹⁵

Furthermore, integrating AI into the Islamic financial system requires an ethical and regulatory framework grounded in the *maqāṣid al-sharī'ah*. This principle ensures that the use of technology is not only oriented towards economic efficiency, but also ensures social justice, data protection, and community welfare. Interdisciplinary research on the intersection of technology and Islamic law is crucial for formulating ethical guidelines that can minimize the risks of algorithmic and systemic bias. Thus, AI can function as an instrument to support the benefit of the *ummah* (*maslahah 'āmmah*), not just a commercial tool. An approach that balances technological innovation with Sharia principles will make AI a strategic means in strengthening a sustainable Islamic economic ecosystem.¹⁶

Compatibility of AI with the Principles of Fiqh Muamalah

¹³ Sari, Erna, and Fitria Adilla. "Use of Artificial Intelligence Technology to Increase Operational Efficiency of Sharia Banks." In *Proceedings of Academic Seminar and International Conference*, vol. 1, no. 1, pp. 25-30. 2024.

¹⁴ Kismawadi, E. R. (2025). Artificial Intelligence in Islamic Finance: Revolutionizing Risk Management, Auditing, and Shariah Compliance. In *AI's Transformative Impact on Finance, Auditing, and Investment* (pp. 101-122). IGI Global Scientific Publishing.

¹⁵ A. Al-Zuhayli, *Al-Fiqh al-Islami wa Adillatuh*, Volume 5 (Beirut: Dar al-Fikr, 1985), p. 3615.

¹⁶ M. U. Chapra, *Islam and the Economic Challenge* (Leicester: Islamic Foundation, 1992), p. 102

The use of Artificial Intelligence (AI) in Islamic finance is generally permitted as long as it serves as a tool in the decision-making process, rather than replacing human roles. Within the framework of Islamic law, AI is viewed as a technological tool that can expedite data analysis, enhance prediction accuracy, and mitigate the risk of human error in financial and investment activities. The use of AI, in line with the principles of efficiency and justice, is considered in accordance with *maslahah mursalah* (public benefit), as it provides broad socio-economic benefits without violating Shariah provisions. However, the application of AI must be accompanied by a deep understanding of *maqāṣid al-syarī'ah* so that technological innovation does not ignore the moral and ethical aspects of Islamic finance.¹⁷

In practice, AI can assist with risk assessment, credit scoring, and portfolio management processes in Islamic financial institutions. Using machine learning algorithms, AI systems can analyze customer data and market conditions more quickly, thereby enabling objective, accurate decision-making. These benefits reflect the spirit of Islam, which encourages economic efficiency and justice. However, the use of AI without human supervision raises serious issues regarding legal responsibility (*al-taklīf*) and trust (*al-amānah*). In Islam, every economic decision must involve the moral consciousness of the individual as the party responsible for the outcome of the action, not an automatic system that lacks intention (*niyyah*) or ethical awareness.¹⁸

Therefore, the application of AI in Islamic finance requires ethical regulation and governance that ensures human involvement in every decision-making process. The balance between technological innovation and moral responsibility is crucial in ensuring that the Islamic financial system remains grounded in the values of justice, honesty, and trust. Some researchers emphasize that the use of AI in accordance with *maqāṣid al-sharī'ah* not only improves economic efficiency but also strengthens the ethical and social dimensions of Islamic finance. Thus, AI can be an instrument of *tawassul* (intermediation) that supports the achievement of benefits for people, provided its use is under the control of humans who are legally and spiritually responsible.¹⁹

Algorithm Fairness and Transparency

One important issue in applying *Artificial Intelligence* (AI) in the Islamic financial system is the potential for *algorithmic bias*. This bias arises when algorithms used in the decision-making process, such as *credit scoring* or risk analysis, produce non-objective decisions due to unbalanced training data or non-neutral system design. From the perspective of Islamic law, a form of injustice in the customer assessment process can be categorized as *ẓulm* (tyranny) because it disproportionately harms one of the parties.

¹⁷ Mustapha, Ramlan, and Siti Norma Aisyah Malkan. "Maqasid Al-Shariah In The Ai Era: Balancing Innovation And Islamic Ethical Principles." *International Journal Of Islamic Theology & Civilization* (E-ISSN-3009-1551) 3, No. 3 (2025): 1-21.

¹⁸ Lima, Gabriel, Nina Grgić-Hlača, and Meeyoung Cha. "Human perceptions on moral responsibility of AI: A case study in AI-assisted bail decision-making." In *Proceedings of the 2021 CHI conference on human factors in computing systems*, pp. 1-17. 2021.

¹⁹ Najib, Nabilah Wafa'mohd, Siti Khalilah Basarud-Din, and Farahdina Fazial. "Artificial Intelligence (AI) in Islamic Finance: A Maqasid Al-Shariah Perspective." *International Journal Of Law, Government And Communication (Ijlgc)* 10 (2025): 40.

In addition, algorithmic bias can cause gharar (uncertainty), as customers do not know the exact basis for the system's decision against them.²⁰ Therefore, Islamic financial institutions must apply the principles of fairness and transparency in every stage of AI use.

In the context of fiqh muamalah, justice (*al-'adl*) is a fundamental principle that must be maintained in all economic activities, including the use of digital technology. AI used to assess risk, determine customer eligibility, or manage investments should be designed with maqāṣid al-sharī'ah in mind, especially in safeguarding wealth (*hifẓ al-māl*) and upholding economic justice. When algorithms operate without ethical oversight, the potential for injustice increases, including discrimination against certain groups and errors in financial risk calculations. To avoid this, the principle of transparency (*al-shafāfiyyah*) must be applied, requiring Islamic financial institutions to explain the basis of AI and its decision-making mechanism to users.²¹ Thus, the application of AI can align with Sharia values that uphold honesty, justice, and moral responsibility.

Ethical oversight and Sharia compliance with AI systems are crucial to ensure that technology aligns with Islamic values. Modern researchers in Islamic finance emphasize the importance of a Shariah governance framework that involves fiqh experts, technologists, and regulators in the algorithmic audit process to mitigate bias. This effort is in line with the principle of *hisbah* in Islam, which is the supervision of economic activities so that they remain within the corridor of justice and the public good (*maslahah 'āmmah*).¹⁰ With the integration of human supervision and artificial intelligence, Islamic financial institutions can maintain credibility and accountability, and ensure that any AI-based decisions truly meet the standards of maqāṣid al-sharī'ah and do not cause *gharar* or *ẓulm*.²²

²⁰ Alshaer, Basel. "Artificial Intelligence Applications in Financial Markets from a Shari'ah Perspective." *Manchester Journal of Transnational Islamic Law & Practice* 20, no. 4 (2024).

²¹ Kannike, Uthman Mohammed Mustapha, and AbdulGafar Olawale Fahm. "Exploring The Ethical Governance of Artificial Intelligence from An Islamic Ethical Perspective." *Journal of Fiqh* 22, no. 1 (2025): 134-161.

²² Nikmah, Ma'rifatun. "God-Conscious AI: Maqasid al-Shari'ah in Algorithmic Design." *Salam Institute of Islamic Studies* 2, no. 1 (2025): 13-20.

Maqāṣid al-Syarī'ah and Technological Ethics

Within the framework of *maqāṣid al-sharī'ah*, the application of *Artificial Intelligence* (AI) in the Islamic financial sector must be directed toward achieving the basic goals of Sharia, especially safeguarding property (*ḥifẓ al-māl*) and maintaining reason (*ḥifẓ al-'aql*). The use of AI that can improve the operational efficiency of Islamic financial institutions, accelerate risk analysis, and help the public understand Islamic financial literacy is a form of *maslahah* (benefit) that aligns with the values of *maqasid*. For example, AI-based systems can analyze customers' financial behavior and offer secure, transparent Islamic investment solutions. AI plays a crucial role in supporting economic justice and the welfare of the *ummah*, provided its application aligns with Islamic ethics and does not compromise the values of the common good.²³

However, when AI is used without strict oversight mechanisms, potential irregularities can occur, including the exploitation of personal data, privacy violations, and the misuse of financial information. From the perspective of *fiqh muamalah*, this kind of action is contrary to the principle of *ḥifẓ al-māl*, because it causes loss or uncertainty for individuals and institutions. In addition, violations of data privacy can also undermine the principle of *ḥifẓ al-'aql*, because manipulated or unethical use of information can mislead people's economic thinking and decision-making. The application of AI must be accompanied by Sharia regulations that affirm moral and legal responsibilities in data management and the protection of user rights. By maintaining these two aspects of *maqasid*, the use of AI can remain in the corridor of justice and benefit.²⁴

The integration of *maqāṣid al-sharī'ah* values with AI technology demands a multidisciplinary approach between *fiqh* experts, economists, and technologists. *A Shariah-compliant AI governance model is needed so that every technological innovation not only focuses on economic benefits but also considers ethics, social justice, and the protection of people.* AI should be seen not just as a technical tool, but as an instrument to strike a balance between efficiency and spiritual responsibility. Thus, if developed correctly, AI can be a strategic means to strengthen sharia *maqasid*, expand access to inclusive finance, and realize an economic system that is fair, ethical, and sustainable.²⁵

²³ Tegar, Tegar, and Citra Mulya Sari. "Maqashid Al-Shariah-Driven Islamic Fintech: Ethical Digital Innovation and Financial Inclusion in the Global Supply Chain Era." In *Proceeding of Annual International Conference on Islamic Economics (AICIE)*, vol. 4, no. 1, pp. 9-22. 2025.

²⁴ Kannike, Uthman Mohammed Mustapha, and AbdulGafar Olawale Fahm. "Exploring The Ethical Governance of Artificial Intelligence from An Islamic Ethical Perspective." *Journal of Fiqh* 22, no. 1 (2025): 134-161.

²⁵ Abdullah, Hamdy, Nik Hazimi Mohammed Foziah, Muhammad Khalid Shahid, Noor Fadzlina Mohd Fadhil, Abdul Hafaz Ngah, and Ahmad Monir Abdullah. "Faith and sustainability: developing Maqasid Shariah-based elderly care organization empowerment index." *Quality in Ageing and Older Adults* (2025).

The Role of Sharia Supervision and Regulation

The Sharia Supervisory Board (DPS) plays a fundamental role in ensuring that all technological innovations, including Artificial Intelligence (AI), operate in accordance with Sharia principles. The primary function of DPS is not limited to issuing fatwas or product approvals, but also to conducting in-depth oversight of the algorithms and data sources used in AI-based Islamic financial systems. This is important because the algorithms used in *credit scoring* or *investment recommendation systems* have the potential to cause elements of *gharar* (uncertainty) or *zulm* (tyranny) if not audited transparently. DPS needs to expand its oversight to include algorithm audits, verification of data sources, and assessments of potential ethical and legal risks.²⁶

In addition, collaboration between fiqh experts, sharia economists, and information technology experts is an urgent need in the era of Islamic financial digitalization. This multidisciplinary synergy will ensure that the design and implementation of AI is not only technically efficient but also in line with the values of *maqāṣid al-sharī'ah*, especially in maintaining justice and the benefit of the ummah. DPS acts as a bridge between the normative dimensions of Islamic law and complex technological realities. By studying fiqh and understanding algorithmic structures, DPS can provide normative guidance applicable to Islamic financial institutions, helping them avoid practices detrimental to customers.²⁷ DPS plays a crucial role in supervision, ensuring that AI functions as a beneficial instrument, rather than an exploitative tool that violates Sharia principles.

On the other hand, it is necessary to strengthen DPS capacity through cross-field education and certifications relevant to digital financial technology. Some recent literature emphasizes the importance of the *Shariah Techno-Governance Framework*, which integrates Sharia principles with modern technology audit practices.²⁸ In this context, DPS alone is not enough to understand fiqh muamalah; it also requires digital literacy to assess the reliability and transparency of AI-based systems. With this step, DPS can ensure that the implementation of AI not only meets the legal and formal requirements of Sharia but also incorporates the moral, ethical, and social responsibility values at the core of *maqāṣid al-sharī'ah*.

²⁶ Alshaer, Basel. "Artificial Intelligence Applications in Financial Markets from a Shari'ah Perspective." *Manchester Journal of Transnational Islamic Law & Practice* 20, no. 4 (2024).

²⁷ Aspiranti, Tasya, Qaisar Ali, Shazia Parveen, Ima Amaliah, Abdul Jalil, and Farah Merican Isahak Merican. "Bibliometric review of corporate governance of Islamic financial institutions through AI-based tools." *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.* 8, no. 4 (2023): 12.

²⁸ Gordon, David, and Meia Nouwens, eds. *The digital Silk Road: China's technological rise and the geopolitics of cyberspace*. Taylor & Francis, 2022.

Conclusion

The integration of Artificial Intelligence (AI) into Islamic financial decision-making represents a forward-looking innovation aligned with the dynamics of the digital era and the growing demand for economic efficiency. However, its application must remain firmly grounded in the principles of contemporary *fiqh al-mu‘āmalah*, which emphasize justice (*al-‘adl*), honesty (*al-ṣidq*), and moral responsibility (*al-amānah*). AI should serve as a supportive tool that enhances human capacity to assess risks, evaluate financing eligibility, and optimize investment strategies in accordance with *sharī‘ah* principles—rather than replacing human judgment in matters of legal and ethical significance. From the perspective of *maqāṣid al-sharī‘ah*, the deployment of AI must aim to achieve *maṣlaḥah* (social benefit) while safeguarding the law's core objectives, such as the protection of wealth (*ḥifẓ al-māl*) and intellect (*ḥifẓ al-‘aql*). Therefore, oversight by the Sharia Supervisory Board (DPS) is crucial to ensure that AI algorithms do not introduce elements of *gharar* (uncertainty), *ribā* (usury), or *zulm* (injustice). Moreover, continuous collaboration among *fuqahā'* (Islamic jurists), economists, and data scientists is essential to guarantee that technological advancements remain anchored in Islamic ethical values and uphold social accountability. Through such synergy, the convergence of modern technology and Islamic principles can foster an Islamic financial ecosystem that is not only efficient and transparent but also equitable—capable of addressing moral and spiritual challenges amid the accelerating digital revolution.

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Authors Contribution

Edi Mulyono conceived and conceptualized the core research idea, formulated the study framework, and led the overall design of the research process. He was actively involved in conducting data collection, ensuring methodological rigor, and maintaining the study's integrity.

In addition, he provided substantial theoretical guidance by integrating classical and contemporary perspectives within the framework of Islamic law and modern financial ethics.

Edi Mulyono also made significant contributions to the analytical phase, providing critical interpretations of the data in line with the principles of *fiqh muamalah* and *maqāṣid al-syarī'ah*. He meticulously reviewed each section of the manuscript, offering intellectual insights that enhanced its academic depth and coherence. His leadership and scholarly expertise ensured that the research findings were not only methodologically sound but also relevant to the ongoing discourse on Islamic legal reform and technological adaptation.

Conflict of Interest

The author declares that there is no conflict of interest in the conduct of this research or the preparation of this manuscript. All stages of the study—from data collection and analysis to interpretation and writing—were carried out independently and objectively. The research process was guided solely by academic integrity and scholarly rigor, without any external pressure, sponsorship, or personal interest that could potentially bias the findings.

Furthermore, the author affirms that all data sources have been used responsibly and ethically, ensuring transparency and accountability in the presentation of results. The conclusions drawn reflect an honest interpretation of the empirical and theoretical evidence, with no manipulation or selective reporting intended to favor any institution or individual. This declaration underscores the author's commitment to upholding the highest standards of research ethics, professionalism, and intellectual honesty in their contributions to Islamic studies and contemporary financial research.

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