

Digital Islamic Banking and the Challenges of Sharia and Corporate Governance in Digital Transformation: A Conceptual and Analytical Framework for Previous Knowledge Efforts

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ABSTRACT: This research examines digital Islamic banking as a significant transformation of the global financial system. It focuses on the challenges of corporate Sharia governance in the digital age. The study emphasizes how Islamic financial institutions are shifting from traditional models to intelligent platforms that use artificial intelligence, data analytics, and blockchain technology to guarantee Sharia compliance and streamline processes. Although there are significant opportunities to expand financial inclusion and reduce operational costs, there are also challenges, including the absence of unified governance frameworks, an increasing reliance on technology without corresponding Sharia-compliant details, and a lack of qualified personnel with combined financial, jurisprudential, and technical expertise. Ultimately, the research emphasizes the importance of establishing collaborative models between Sharia boards and technology developers and of updating digital Sharia standards to enhance trust and protect the interests of clients and beneficiaries.

KEYWORDS: Digital Islamic banking, Sharia governance, Sharia compliance, digital transformation, blockchain, artificial intelligence, financial inclusion

I. INTRODUCTION

Over the past two decades, digital technology has significantly impacted banking systems, transforming them from traditional models reliant on paper-based procedures and rigid organizational structures into fully integrated digital models based on artificial intelligence, blockchain, and cloud computing. Digital Islamic banking has emerged in this context as a dynamic response to the needs of Islamic markets, combining the desire to benefit from modern financial innovations with adherence to Sharia principles. Today's customers have higher expectations, focusing on the speed of transactions, quality of service, cost reduction, and transparency of operational mechanisms. This has prompted Islamic financial institutions to accelerate their digital transformation to meet these evolving needs. However, this transformation is not solely technological; it raises a fundamental question about the Sharia-compliant framework that governs these systems and the extent to which institutions can ensure that digital activities align with the objectives of Islamic banking under Sharia law.

The central research problem is how Islamic financial institutions can manage effective Sharia governance within rapidly evolving digital banking systems. The greatest challenge lies in adapting to technological advancements and reinterpreting Islamic legal rulings in a virtual financial environment that relies on artificial intelligence algorithms rather than human decision-making. This issue becomes particularly evident when banking operations are invisible to humans and managed automatically, as with smart contracts that are concluded and executed without human intervention. This raises fundamental questions about Sharia oversight, intention, consent, obligation, liability for guarantees or ownership, and other legal conditions historically understood in the context of traditional transactions.

This issue raises an institutional challenge regarding Sharia boards' ability to keep pace with these transformations. Sharia boards often specialize in traditional jurisprudence, yet have limited technical understanding. A new, unconventional collaboration is necessary between jurists, technical engineers, cybersecurity experts, and systems developers to govern Sharia within the digital environment. This collaboration is still developing within Islamic financial institutions worldwide. Furthermore, differing jurisprudential backgrounds and schools of thought across countries and institutions create conflicting Sharia compliance standards, reinforcing the need for a unified global framework—or at least recognized, standardized frameworks—for assessing compliance.

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This research aims to provide an in-depth analysis of the context in which digital Islamic banking emerged, clarifying the dimensions of digital transformation within the Islamic financial sector. The research focuses on the Sharia challenges facing this transformation, whether they are jurisprudential, regulatory, or technological. Additionally, the research highlights the enormous potential of modern technologies to support Sharia compliance rather than complicate it. Blockchain technologies provide transparent and immutable records, enabling accurate tracking and continuous documentation of banking operations. This can enhance customer confidence and strengthen the credibility of Islamic banking.

This research is significant because it takes a balanced analytical approach that combines financial and jurisprudential perspectives. This approach contributes to the development of a new knowledge model for digital Islamic banking. This model considers Sharia principles while promoting innovation. This research is valuable to decision-makers in Islamic banking institutions, regulatory bodies, legislators, researchers, and jurists who are studying the future of Islamic financial transactions in the digital age, where traditional concepts of money, ownership, value, and contracts are evolving.

This research is especially important because digital transformation is a necessity, not an option, for the future. Financial institutions worldwide are striving to expand into digital markets and reach customer segments that were previously inaccessible, either geographically or economically. Therefore, ensuring Sharia compliance within this digital infrastructure is a fundamental requirement for the continued viability of these institutions, especially in Islamic environments where ethical and religious considerations are paramount. While digital financial innovation presents an opportunity for sector growth, it also carries risks related to privacy, cybersecurity, and algorithmic manipulation. These risks must be considered in light of Sharia principles based on justice, transparency, and the prohibition of deception, monopoly, and usury.

Thus, this study aims to diagnose the problem and guide the development of new digital Sharia governance models that are flexible and responsive to change while preserving the core principles of Islamic banking as an ethical system.

II. THEORETICAL FRAMEWORK

A. Islamic Banking:

Islamic banking emerged within the historical development of financial systems as an ethical economic model reflecting a vision compatible with Islamic law (Sharia). Its modern institutional beginnings can be traced back to Egypt in the 1960s with the Mit Ghamr Bank experiment in 1963. This experiment represented an initial attempt to implement interest-free financing in a local environment. The concept then gained global recognition with the establishment of the Dubai Islamic Bank in 1975, the first fully-fledged Islamic bank to offer commercial and investment banking services based on profit and loss sharing principles (El-Gamal, 2006). Since then, Islamic banking has evolved from a local phenomenon into a global sector, driving a growing financial movement in the Middle East, South Asia, Africa, and the Western world. Over the last two decades, the value of Islamic financial assets has exceeded one trillion dollars, accompanied by a comprehensive expansion in the types of services offered (IFSB, 2023).

Islamic banking is a financial system based on a set of jurisprudential principles that prohibit interest-based transactions, speculation, gambling, and illicit profit-sharing while encouraging risk-sharing financing. El-Gamal (2006) emphasizes that this concept is not limited to prohibiting usury; rather, it is based on an ethical vision that includes fair financial legislation, links real economic activity with productive work, and prevents the circulation of money as an independent commodity. Khan (2021) adds that the modern concept of Islamic banking has evolved to include contemporary Sharia-compliant financial products, such as Murabaha, Ijarah, Musharakah, Salam, and Istisna', as well as more advanced investment instruments in Islamic capital markets.

Islamic banking is important because it offers an ethical financial model that is an alternative to the conventional interest-based lending system. This importance becomes more apparent during global financial crises, when the impact of financing based on ethical stability and risk distribution among stakeholders is evident rather than the concentration of risk in the hands of a limited number of credit institutions. The Islamic Financial Services Board (2023) also notes that Islamic banking's significance extends beyond religiously observant individuals or those seeking Sharia compliance. Islamic banking is a model that promotes financial stability, mitigates speculative bubbles, and stimulates genuine investment in the economy. Thus, it creates a banking system that is closer to a productive economy than a speculative one.

The objectives of Islamic banking are multifaceted and not limited to Sharia compliance. They also include achieving distributive justice, reducing economic inequality, and stimulating sustainable development, as Khan (2021) explains. Khan notes that one of its primary objectives is to enhance financial inclusion by providing Sharia-compliant banking services to those unable to access the conventional banking system. Islamic banking also supports small and medium-sized enterprises (SMEs) through interest-free, participatory financing models. El-Gamal (2006) asserts that Islamic banking's goal is not merely to adapt traditional products to jurisprudence, but to build a parallel economic philosophy that views money as a means to develop society rather than accumulate abstract wealth.

Islamic banking is based on strict Sharia accounting and governance standards. These standards include adherence to prohibitions against usury (riba) and uncertainty (gharar), as well as compliance with Sharia-compliant purification rules for mixed profits and debt-for-debt transactions. Islamic banking adheres to standards issued by international regulatory bodies, such

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as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). AAOIFI has established detailed standards for Islamic contracts, compliance, and auditing mechanisms. Additionally, Islamic banking adheres to IFSB standards related to governance and risk management. An IFSB report (2023) affirms that these regulatory frameworks represent the institutional foundation supporting the sector's rapid growth and ensuring consistency in Sharia-compliant practices across countries and institutions.

Based on this historical and conceptual foundation, it is evident that Islamic banking is not merely a religious alternative to the interest-based system. Rather, it is a comprehensive financial system that has evolved into a part of the global economy. It is driven by ethical and institutional importance and supported by precise Sharia governance standards. Additionally, it has an economic vision that prioritizes people over capital, as confirmed by the aforementioned studies (El-Gamal, 2006; Khan, 2021; IFSB, 2023)

B. Sharia Governance:

The roots of Sharia governance in the Islamic banking industry can be traced back to the establishment of the first Islamic-oriented institutions in the 1960s and 70s. For example, the Mit Ghamr Bank in Egypt, established in 1963, represented the first practical attempt at interest-free banking. However, this experiment was still in its infancy in terms of governance and the regulation of institutional Sharia rulings (Sayed, 1996). As the Islamic banking industry expanded in the 1980s and 1990s and large entities such as the Islamic Development Bank (1975) and the Dubai Islamic Bank (1975) emerged, the need for a structured institutional framework for Sharia supervision and auditing became apparent. This framework was essential to ensure compliance, build market trust, and enhance credibility (El-Gamal, 2006).

As the third millennium dawned, Sharia governance took a significant step forward thanks to the efforts of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The AAOIFI played a crucial role in codifying Sharia governance principles and issuing Sharia and accounting standards that have become a globally recognized reference (AAOIFI, 2015). Consequently, Islamic banking institutions began establishing internal Sharia boards, independent Sharia councils, and Sharia audit and control units in line with transparency and corporate governance requirements (Archer & Abdel Karim, 2007).

Conceptually, Sharia governance in Islamic banking is defined as an institutional framework comprising supervisory and procedural structures and mechanisms that are designed to ensure a financial institution adheres to Sharia principles and guidelines in all aspects of its operations. This includes financial products, investment and financing activities, risk management, transparency, reporting, and stakeholder relations (Hasan, 2011). Unlike traditional Sharia supervision, the comprehensive concept of Sharia governance encompasses administrative and institutional structures and organizational frameworks of responsibilities rather than simply issuing fatwas or monitoring individual transactions (Lewis & Algaoud, 2001).

Sharia governance is important because it enhances customer trust in Islamic banking institutions. Public acceptance of these institutions depends heavily on customers' conviction that their transactions and products are ethically and Sharia-compliant (Rahman & Rahim, 2010). Studies have shown that declining customer confidence is often linked to suspicions, jurisprudential differences, or laxity in applying Sharia controls. These risks are no less important than financial risks and may surpass them in impact because any blow to credibility in the Sharia field directly collapses trust capital (Chapra & Ahmed, 2002).

The objectives of Sharia governance include ensuring continuous adherence to Sharia principles, documenting Sharia audit processes, mitigating risks of noncompliance, standardizing fatwa issuance methodology within the institution, preventing conflicts of interest, enhancing transparency, ensuring Sharia disclosure, and enabling stakeholders to assess Sharia compliance objectively and institutionally (Hasan & Ali, 2018). In this context, Sharia governance is viewed not as a cosmetic regulatory element but as a fundamental principle for preserving the identity of Islamic finance and distinguishing it from conventional banking.

Sharia governance standards have been organized within standard frameworks, most notably the AAOIFI and IFSB standards. The IFSB has issued detailed principles on forming Sharia boards, ensuring independence in Sharia decision-making, avoiding conflicts of interest, and establishing internal and external Sharia audit standards and Sharia disclosure rules (IFSB, 2009). These standards emphasize the independence of the Sharia board from the board of directors, the necessity of disclosing potential conflicts of interest, and recognizing the public's right to know the Sharia basis of products and services.

In terms of implementation, differences have emerged among Arab and Islamic countries based on their respective governance models. In Malaysia, for example, the central bank directly oversees Sharia governance through a supreme Sharia board that is binding on all banks. In contrast, Sharia boards in Gulf countries are more independent and specialized within each bank, often resulting in discrepancies in Sharia rulings between institutions (Dusuki, 2012). These discrepancies have sparked academic debate about the need to unify Sharia rulings or, at the very least, enhance transparency and consistency among institutions based on shared fundamental principles.

The advent of the digital age has made Sharia governance more complex due to artificial intelligence, self-service banking, and new digital products, such as virtual currencies and fintech. These developments raise new questions about applying Sharia

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principles to non-traditional business environments (Abozaid, 2020). Institutions now require a new Sharia interpretation that can address smart contracts, automated processes, and financial services that transcend traditional Islamic finance.

Thus, Sharia governance is an existential element of Islamic banking—a guarantee of an institution's commitment to its identity, a means of building market trust, and a fundamental component of the sustainability of the Islamic financial industry in a rapidly changing world.

C. Digital Transformation:

The origins of digital transformation can be traced back to the information revolutions that began in the mid-20th century with the development of early digital computing systems. These developments laid the groundwork for automation and large-scale digital data processing, marking a fundamental shift from manual to computerized systems (Castells, 1996). The concept of digital transformation evolved further with the advent of the Internet in the 1990s. The proliferation of global networks expanded the scope of digital interaction between organizations and stakeholders, creating new levels of connectivity and access to information that were previously impossible (Tapscott, 1997).

As the new millennium dawned, businesses and government institutions began adopting digital technologies to develop new business models and improve internal processes. This led to the emergence of the concept of the "digital economy," a general framework for transforming economic and social systems into data-driven, technology-based models (OECD, 2019). By the second decade of the 21st century, digital transformation had become a strategic imperative linked to competitive survival and institutional sustainability (Westerman et al., 2014), rather than an option or a trend. Conceptually, digital transformation is defined as the comprehensive redesign of organizational processes, structures, and value models using digital technologies, such as artificial intelligence, big data, cloud computing, the Internet of Things, and blockchain. The goal is to create new value and improve organizational performance (Vial, 2019). Digital transformation differs from traditional computing or business automation in that it involves not only the use of technology, but also a reshaping of managerial mindsets, organizational culture, and decision-making patterns.

Digital transformation is important because it enables organizations to perform efficiently and quickly, integrate knowledge, provide personalized customer service, and respond quickly to rapid market changes (Brynjolfsson & McAfee, 2014). Studies have shown that organizations that have adopted digital transformation experience faster growth, higher profitability, and greater innovation compared to traditional organizations that maintain old operating patterns (Kane et al., 2015).

Digital transformation's societal and cultural impact is also evident as it reshapes the relationship between individuals and institutions, increases transparency, and opens new opportunities in advanced education, improved healthcare, and smart government management (UNCTAD, 2021). This explains why countries are adopting comprehensive digital transformation plans as part of their future development strategies. Goals of digital transformation within organizations include enhancing service quality, improving customer experience, reducing operational costs, increasing internal innovation, supporting data-driven decision-making, strengthening strategic agility, and developing a more market-responsive business model (McKinsey, 2018). A key objective is to redeploy human resources so they can interact with digital systems rather than being limited to routine operational tasks.

Furthermore, digital transformation contributes to the development of a smart environment that utilizes resources efficiently based on predictive analytics and machine learning. This provides organizations with a continuous, evolving competitive advantage and effective integration into the global economy (Deloitte, 2020). Digital transformation enhances the ability to expand geographically and broaden the customer base without requiring substantial financial investments in traditional branches.

Several model methodologies have been adopted by international organizations to define the criteria for digital transformation, most notably the Digital Transformation Maturity Framework. This framework provides clear criteria for evaluating an organization's readiness for technological and cultural transformation. These criteria include digital leadership, data strategy, technological infrastructure, organizational culture, innovation, and technological sustainability (Gartner, 2022). These criteria emphasize that digital transformation involves more than just introducing technological tools; it requires a comprehensive development of thinking and working methods.

The criteria for digital transformation include developing data management so that data becomes a strategic asset, like financial capital. The quality and organization of data directly impact an organization's ability to make accurate decisions (IDC, 2020). This includes adhering to cybersecurity standards, ensuring information sustainability, and practicing digital governance to guarantee the transformation does not increase technical or organizational risks.

Another essential requirement is the digital empowerment of the workforce. Employees must be trained and have their digital skills enhanced to avoid a human capital gap (World Economic Forum, 2023). Digital transformation involves upgrading both systems and people and eliminating resistance to change.

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Digital transformation standards also include adopting and integrating emerging technologies into organizational systems to ensure innovation is an ongoing process, not a one-time event (Accenture, 2022). This capability distinguishes leading organizations from those that follow in the digital marketplace.

As times have evolved, digital transformation has become the central trend determining the competitiveness of nations and companies alike. This has led to the emergence of the concepts of the digital citizen, the digital marketplace, and smart government. Together, they form an integrated digital society where economic, institutional, and human components interact through interconnected knowledge platforms.

III. RESEARCH METHODOLOGY AND APPROACH

This research takes a descriptive, analytical approach to building a knowledge framework that integrates scholarly literature on digital Islamic banking with theories related to Sharia and corporate governance. It also draws on practical applications in Islamic financial institutions worldwide. First, the research defines key concepts relevant to the study, such as corporate Sharia governance, Sharia compliance models, and the mechanisms of digital transformation in the banking sector. These concepts will be analyzed through a comprehensive review of peer-reviewed academic sources, reports from international bodies such as the IFSB, and documents from leading Islamic banking institutions.

The research methodology focuses on analyzing the relationship between key variables, particularly the impact of digital transformation, artificial intelligence, and blockchain technology on the effectiveness of Sharia oversight within Islamic financial institutions. Potential causal links will be identified, and applied models from previous comparative studies examining the experiences of Malaysia, the UAE, Saudi Arabia, Turkey, and other countries will be utilized. Additionally, the research aims to identify sustainable digital Sharia governance practices that can be generalized across various institutions. Additionally, the research employs a content analysis methodology, reviewing the digital operating systems of modern Islamic banks and qualitatively examining the regulatory and Sharia texts that guide compliance processes within these institutions. This will lead to the reformulation of indicators for measuring digital Sharia governance capabilities. Therefore, rather than relying on field data collection or surveys, this research methodology relies on an in-depth analysis of intellectual and organizational frameworks, as the research is conceptual and foundational rather than empirical.

As the research progresses, a comparative analysis of findings from Arab, Asian, and European contexts is conducted. This approach enhances our understanding of Sharia governance in culturally and procedurally diverse digital environments. Additionally, pioneering digital experiences will be reviewed and analyzed, including the blockchain initiative at the Dubai Islamic Bank, Malaysia's digital Islamic finance platform, and Saudi Arabia's hybrid models combining human expertise and automated verification. Upon concluding the research, new analytical frameworks will be developed for digital Sharia governance, and a knowledge-based governance model will be proposed that integrates the Sharia jurist, technical engineer, and smart compliance algorithms. Thus, the research method will conclude with results based on critical inductive analysis, which interprets, deconstructs, and reconstructs the phenomenon within an integrated knowledge framework rather than providing a superficial description of it.

IV. THE ANALYTICAL ASPECT: "DIGITAL ISLAMIC BANKING AND THE CHALLENGES OF SHARIA AND INSTITUTIONAL GOVERNANCE IN DIGITAL TRANSFORMATION."

Over the past decade, digital Islamic banking has become a growing research focus, with recent studies revealing a clear evolution in Sharia-compliant banking business models within the virtual environment. For instance, Khan's 2021 study asserts that the transition from traditional to digital models in Islamic banks signifies more than just a technological upgrade; it represents a transformation in the essence of the financial product, the manner in which transactions are documented, contracts are issued, and Sharia approvals are obtained. The study shows that the relationship between digital transformation and Sharia governance is complex, with digital transformation compelling institutions to develop new jurisprudential approaches compatible with advanced technological systems.

The IFSB's 2023 study shows that applying digital solutions to Islamic financial institutions has led to a significant increase in service beneficiaries, raising financial inclusion levels and enabling non-traditional banking segments to participate in legitimate financial transactions. However, the report also indicates that this expansion can only be sustained with robust corporate Sharia governance to ensure the integrity of operations at the conceptual and operational levels. Trust is not merely a marketing factor here, but an existential element for banks that rely on religious credibility.

Similarly, Al-Sayed's 2022 study analyzed the link between using blockchain technology and artificial intelligence to monitor Sharia compliance and how these technologies are reshaping the concept of Sharia oversight. For example, the study shows that smart contracts can be programmed to automatically incorporate Sharia verification elements. This prevents transactions that might fall under the categories of usury, uncertainty, or the sale of something not owned by the supplier. The intersection of

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technology and Sharia gives rise to digital Sharia innovation, contributing to a more sophisticated framework for corporate Sharia governance.

Applied studies in the Middle East, on the other hand, have focused on case studies of Islamic banks in Saudi Arabia, the United Arab Emirates (UAE), Jordan, and Malaysia. These studies revealed that institutions that adopted smart systems for classifying Islamic transactions reduced Sharia verification time by up to 70%, compared to traditional manual processes. However, the accuracy of these systems largely depends on the quality of the legal data used to train the algorithms. This demonstrates that institutional legal governance is not merely a regulatory body but also a knowledge system that must transform legal texts into technically valid, standardized databases.

A study by an Islamic bank in the UAE revealed that using blockchain technology to monitor Islamic finance transactions significantly increases transparency. This makes it virtually impossible to alter details or conceal the nature of a financial contract. This gives Sharia auditors complete access to transactions from start to finish. Interestingly, researchers found that this transparency has contributed to increased trust between clients and the institution, leading to a rise in demand for digital Islamic products.

However, studies conducted at universities in Iraq, Jordan, and Egypt indicate that the lack of technical understanding among Sharia boards remains a major obstacle to digital development. These studies suggest that, although many Islamic scholars have sufficient jurisprudential knowledge, they lack an in-depth understanding of how digital systems operate and their characteristics. This has led some institutions to prohibit digital products that are actually Sharia-compliant out of an abundance of caution, as the lack of technological understanding has resulted in institutional reservations. This underscores the necessity of interactive educational and training models that integrate jurisprudential knowledge with technical skills for Sharia governance in the digital age. Studies of the Central Bank of Malaysia's experience indicate that establishing digital Sharia boards comprised of both Sharia and technical experts has led to the development of innovative Sharia governance frameworks based on rapid, Sharia-compliant decision-making models. This has positioned Malaysia as a leader in digital Islamic banking.

A comparative study of Islamic banks in Malaysia and Saudi Arabia revealed that Malaysian banks tend to use technology to improve Sharia compliance, whereas Saudi banks rely more on human involvement from their Sharia boards. This difference reflects a divergence in the philosophy of Sharia governance rather than in its adherence. In Malaysia, technology serves as a standardized tool for Sharia oversight. In Saudi Arabia, however, human Sharia boards remain the ultimate authority for legislation and interpretation.

Other studies suggest that the future of Sharia compliance in digital banking depends not only on audit systems, but also on Sharia forecasting. Artificial intelligence's ability to identify potential future Sharia risks based on transaction patterns creates a new model called proactive Sharia governance rather than reactive governance. This trend is reinforced by the vast knowledge base of financial data accumulated across digital systems that can be used to classify financial products and establish standardized Sharia classification rules. Over time, this makes Sharia processes faster and more accurate. This integration of historical Sharia knowledge and modern technological knowledge is genuine.

Therefore, linking these variables leads to a clear conclusion: digital Islamic banking cannot develop without institutional Sharia governance that can interact with technological innovation. Furthermore, digital transformation can strengthen Sharia compliance rather than threaten it, provided that the role of Sharia boards shifts from monitoring and approving to actively participating in building the technological system itself.

CONCLUSIONS

Given the analytical approach of this research, one could argue that digital Islamic banking is at a historical turning point, reshaping the relationship between technology and Sharia principles. This requires a new institutional approach that incorporates Sharia governance into the process of developing digital systems rather than acting as a post-implementation review mechanism. The findings demonstrate that digital transformation itself does not threaten Sharia compliance. Instead, the danger lies in the absence of a governance model that combines Sharia knowledge with technical expertise. This deficiency manifests as institutions struggling to keep pace with modern developments due to their reliance on a traditional jurisprudential understanding not integrated within digital systems. Furthermore, previous studies and institutional experiences have shown that technologies such as blockchain, smart contracts, and artificial intelligence can autonomously enhance Sharia compliance. These technologies ensure that no transaction is executed without prior programmatic compliance with Islamic legal principles, thus guaranteeing financial legitimacy within the system itself, not just procedurally.

The findings also reveal that creating a unified, standardized Sharia database is essential for the success of digital Islamic banking. Experience has shown that compliance algorithms only function effectively when based on stable, clear, and agreed-upon Sharia data. The study demonstrated that the gap between Islamic scholars and technology developers poses a significant challenge in the Arab banking environment. Therefore, the role of Sharia boards must be restructured so that they are partners in the structural design of digital banking applications, not merely observers. Furthermore, using blockchain technology for record-

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keeping increases transparency, reduces opportunities for error and manipulation, and promotes financial inclusion by attracting broad segments of the population who were previously wary of traditional systems.

On another note, the research concluded that successful Sharia governance in the digital environment is not merely a logical verification process. Rather, it is a cognitive and value-based process grounded in an understanding of the higher objectives of Sharia, not just the mechanical application of transaction rules. Some institutions that have focused on translating Islamic legal rulings into technical code without grasping the philosophy of governance have created rigid, mechanical models that disregard the flexibility of Islamic law. In contrast, institutions that adopted a purposive approach have been able to integrate technological development within a religious and ethical framework that guides innovation. From this perspective, the research recommends establishing joint learning and development platforms for Islamic scholars, software engineers, and economists. These platforms would foster a unified environment for producing knowledge, capable of developing new governance models that evolve over time.

The study also emphasizes the importance of establishing unified, international Sharia standards. At the very least, these standards should be flexible yet stable enough to avoid multiple, disparate jurisprudential references. This would create harmony among digital Islamic products and prevent conflicts between countries and institutions. Furthermore, the recommendations call for supporting scientific research that integrates technology and jurisprudence and for encouraging studies that test technological models within real-world Sharia frameworks. This approach would be preferable to relying solely on theoretical analysis or laboratory experiments that are divorced from institutional realities. In conclusion, the future of digital Islamic banking depends on its ability to develop intelligent corporate Sharia governance that can work harmoniously with algorithms as a partner, rather than an external observer. This governance model must blend rigorous compliance with the spirit of justice intended in Sharia. This path's success will enhance the standing of Islamic financial institutions and could make Islamic banking a global model for digital economic ethics. It would demonstrate how technology can serve humanity rather than control it and how innovation can align with human values rather than sacrifice them.

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