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Islamic Finance and Multicultural Social Justice: A Systematic Review of Rahmatan *lil-'Alamin* Principles in Economic Development

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ABSTRACT

In the context of globalization and multiculturalism accompanied by persistent economic inequality and social injustice, this study examines the role of Islamic finance in promoting social justice through the integration of *Rahmatan lil-'Alamin* values and Maqasid al-Shariah principles in economic development. Despite the growing discourse on ethical and inclusive finance, the practical capacity of Islamic finance to address social justice challenges in multicultural societies remains insufficiently systematized. This study contributes a systematic synthesis that explicitly links Islamic finance instruments, *Maqasid al-Shariah*, and multicultural social justice within a unified analytical framework. Employing a Systematic Literature Review (SLR), this study reviews 52 selected articles from an initial corpus of 2,616 Scopus-indexed publications published between 2015 and 2025. The findings reveal that Islamic finance promotes social justice through inclusive mechanisms such as profit-and-loss sharing, zakat, waqf, and sukuk, contributing to inequality reduction, financial inclusion, and community empowerment. The study concludes that Islamic finance represents a viable ethical economic system capable of fostering inclusive and socially just development in multicultural societies.

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INTRODUCTION

The modern world, shaped by globalization and digitalization, has transformed human civilization, making multiculturalism a social inevitability that brings together diverse cultural, economic, and religious backgrounds (Riza, 2021). Despite this progress, global society continues to face widening social and economic inequality. According to the World Inequality Report (2022), the richest ten percent of the world's population controls seventy-six percent of global wealth, while the bottom fifty percent owns only two percent of productive assets. This condition indicates that global economic growth does not necessarily translate into equitable welfare distribution. Within multicultural societies, such disparities not only divide rich and poor but also intensify social distance among ethnic groups, social classes, and regions, potentially leading to social exclusion and economic polarization (Gunawan et al., 2023).

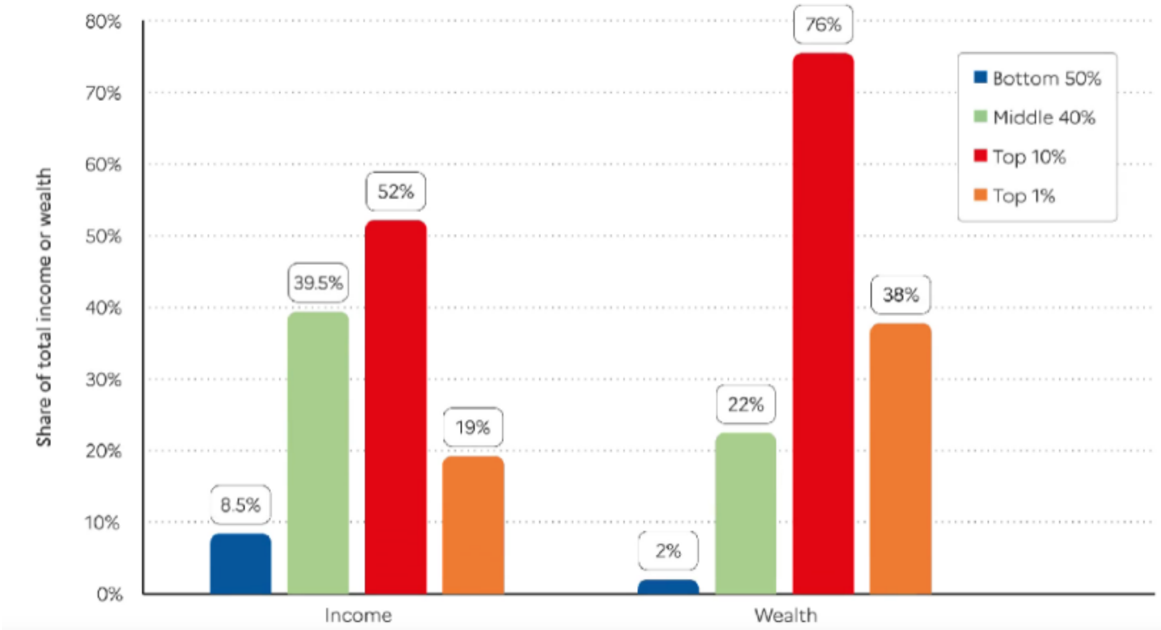

Figure 1. Global Inequality Index 2025

Source: World Inequality Report, 2026

Beyond economic inequality, gender- and culture-based injustice remains a pervasive global challenge that constrains human potential (Lulu'Aniqurrohmah, 2023). The Gender Social Norms Index published by UNDP (2023) reports that nine out of ten people worldwide still hold biases against women, while nearly half of the global population believes men are more suitable leaders in political and business spheres. Such social biases persist across regions and development levels, underscoring that social justice is not merely an economic issue but a broader crisis of human values transcending religious, racial, and cultural boundaries (Baso et al., 2024). In plural societies, these biases weaken social cohesion and generate unequal opportunities, thereby necessitating more inclusive and just economic systems (Yasin & Cikusin, 2025).

Within this complex context, Islamic finance emerges as an economic system that seeks to balance spiritual and material dimensions. The principle of *maqāṣid al-sharīʿah* places human welfare at the core of economic activity by upholding justice, benevolence, and human solidarity (Rasito & Mahendra, 2022). Chapra (1992) mphasizes that Islamic finance is not merely concerned with prohibiting interest but aims to establish a just wealth distribution system through zakat, waqf, and profit-and-loss sharing mechanisms. These values resonate with the concept of *Islam Rahmatan lil-ʿAlamin*, which emphasizes universal compassion and inclusivity regardless of religious or cultural background. In multicultural societies, Islamic finance therefore holds significant potential to strengthen social solidarity and reduce economic disparities by positioning human well-being at the center of development (Juniar et al., 2024).

Empirically, the growth of the Islamic finance industry reflects increasing global relevance. According to LSEG Data and Analitycs (2024), Islamic financial assets reached USD 4.5 trillion in 2023 and are projected to exceed USD 6 trillion by 2028, spanning banking, green sukuk, and digital innovations such as Islamic fintech that expand financial access. Hasan et al. (2022) find that Islamic financial institutions contributed to socio-economic stability during the COVID-19 pandemic by maintaining socially oriented financing. These developments indicate that Islamic finance can bridge economic efficiency and inclusive social justice while adapting to the demands of pluralistic and dynamic modern societies.

Islamic finance is grounded in the principles of *maqāṣid al-sharīʿah*, which aim to achieve welfare and social justice through comprehensive adherence to Islamic law (Al-Nahari et al., 2022). These principles provide a moral foundation that guides economic activities beyond material profit toward social benefit and balance. Specifically, *maqāṣid al-sharīʿah* emphasizes the protection of religion, life, intellect, lineage, and wealth as essential considerations in developing Islamic financial products and services that support sustainable development (Kazak et al., 2023). A sound understanding of *maqāṣid* helps address misconceptions that Islamic financial institutions are purely profit-oriented, as they are normatively designed to achieve distributive justice and public welfare (Al-Nahari et al., 2022; Hassan et al., 2023).

However, in practice, misinterpretations often arise in applying *maqāṣid al-sharīʿah*, particularly in financial product development that prioritizes profitability over societal welfare (Alam et al., 2023). This gap between *maqāṣid* ideals and real-world implementation reflects commercial pressures that may marginalize spiritual and social dimensions. Therefore, a contextual and comprehensive understanding of *maqāṣid* is essential to ensure that Islamic financial institutions balance their economic and social roles and contribute to justice-based and sustainable development (Al-Nahari et al., 2022; Kazak et al., 2023). Social justice in Islamic economics is a fundamental principle emphasizing equitable wealth distribution to reduce inequality and strengthen social solidarity (Yusuf et al., 2021). This value is operationalized through mechanisms such as zakat, infaq, and sadaqah, which function as redistributive instruments to address income disparities and enhance collective welfare (Hidayati et al., 2023). Transparency and accountability are also essential to ensure that economic growth benefits all segments of society equitably (Syed Azman et al., 2022a).

Moreover, social justice reflects a balance between rights and obligations, directing economic activities toward sustainability and collective well-being rather than profit maximization alone (Nik Abdullah & Haron, 2022). Islamic financial instruments are thus designed to prevent exploitation and ensure fair risk- and benefit-sharing. As emphasized Hassan et al. (2023) the application of justice ensures that Islamic economic systems function ethically and civilly, positioning justice not merely as a moral norm but as a practical strategy for building a shariah-based socio-economic order. Despite its growing recognition, existing literature on Islamic finance and social justice within multicultural contexts remains fragmented and thematic. Prior studies such as Harahap et al. (2024), Hasan et al. (2022), dan Nik Abdullah & Haron (2022) highlight positive contributions but remain limited to sectoral or regional perspectives.

Other studies emphasize regulatory and ethical dimensions without explicitly linking *maqāṣid al-sharīʿah* to cross-cultural social justice (Mohd Noor et al., 2024; Tok & Yesuf, 2022). Addressing this gap, this study represents the first attempt to integrate Islamic finance and multicultural social justice using a Systematic Literature Review (SLR). This approach enables the consolidation of diverse empirical and conceptual findings into a transparent, systematic, and evidence-based knowledge framework, thereby advancing Islamic finance as a universal value system compatible with social justice in plural societies and informing more inclusive, ethical, and welfare-oriented financial policies aligned with *Rahmatan lil-ʻAlamin* principles.

METHOD, DATA, AND ANALYSIS

This study employs secondary data in the form of scholarly articles collected through a Systematic Literature Review (SLR). The data consist of peer-reviewed journal articles addressing Islamic finance, social justice, and multicultural societies. Scopus was selected as the primary database due to its high credibility, international indexing standards, and quality assurance mechanisms based on Q-rank (Q1–Q4) and SJR scores. The literature search was conducted on 11 October 2025, covering publications from 2015 to 2025 in order to capture a decade of academic developments related to Islamic 219inancee and social justice within multicultural contexts. Only English-language journal articles in the fields of Economics, Finance, Econometrics, and Social Sciences were considered to ensure relevance and academic rigor.

The Systematic Literature Review (SLR) method was selected due to its ability to provide a transparent, systematic, and replicable synthesis of existing research, thereby reducing researcher bias and enhancing the reliability of findings (Lame, 2019). SLR is particularly suitable for addressing fragmented and thematic literature, as it enables the consolidation of diverse empirical and theoretical studies into a coherent body of knowledge. In this study, the SLR method is used to examine how *maqāṣid al-sharīʻah* principles and *rahmatan lil-ʻalamin* values are operationalized within Islamic finance to support social justice in multicultural societies. The review process follows established SLR protocols to ensure comprehensiveness and methodological rigor (Rethlefsen & Page, 2022).

Steps of Research

The research procedure was conducted through three main stages: the search stage, the implementation stage, and the data extraction results stage.

Search Stage

The search stage involved defining the search strategy and identifying relevant publications in the Scopus database. Boolean operators were applied using the query TITLE-ABS-KEY (“Islamic finance” AND “social justice” AND “multicultural” OR “maqasid al-shariah”) to capture studies linking Islamic finance, social justice, and cross-cultural inclusivity. The initial search yielded 66 relevant publications, which were further assessed for thematic relevance and journal quality. Four research questions (RQs) were formulated to guide the selection and evaluation of the literature (Table 1).

Table 1. Research Questions

Code	Research Question
RQ1	How are *maqāṣid al-sharīʿah* principles integrated into contemporary Islamic finance practices?
RQ2	How does Islamic finance contribute to the achievement of social justice in multicultural societies?
RQ3	What are the current research trends linking Islamic finance with issues of inclusivity and social diversity?
RQ4	What opportunities and challenges exist in strengthening the role of Islamic finance as an instrument of *rahmatan lil-ʿalamin* within the global economic system?

Source: Authors processed, 2026

Implementation Stage

The implementation stage involved a systematic screening process of 2,616 initial publications retrieved from Scopus using the keyword “Islamic finance” for the period 2015–2025. After limiting the document type to journal articles, the number was reduced to 1,691 publications, and further to 1,592 at the final publication stage. Subsequent filtering using the keywords “Islamic finance” and “economic growth” resulted in 869 articles, of which 864 were journal articles and 836 were published in English. From this pool, 307 open-access articles were identified. The scope was then restricted to Economics, Econometrics, Finance, and Social Sciences, yielding 266 articles. Among these, 169 articles originated from OIC member countries, and only 70 articles had been cited more than ten times. After removing duplicates, 52 final articles were selected for in-depth analysis. The inclusion and exclusion criteria applied in this process are summarized in Table 2, and the overall screening procedure follows the PRISMA flow diagram (Figure 2).

Table 2. Inclusion and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
Peer-reviewed scholarly articles published in reputable Scopus-indexed journals (Q1–Q4) with verified SJR scores.	Non-journal documents such as conference proceedings, editorials, technical reports, or conference papers.
English-language publications in the fields of Economics, Finance, and Social Sciences.	Articles published in languages other than English or outside the fields of economics and social sciences.
Studies focusing on Islamic finance, *maqāṣid al-sharīʿah*, social justice, multicultural societies, or economic growth in OIC member countries.	Studies addressing theological, jurisprudential (*fiqh*), or legal aspects without economic or social justice relevance.
Empirical or conceptual studies with citation counts ≥ 10 and no duplication.	Duplicate publications, in-press articles, or studies without verifiable citation indicators.

Source: Authors processed, 2026

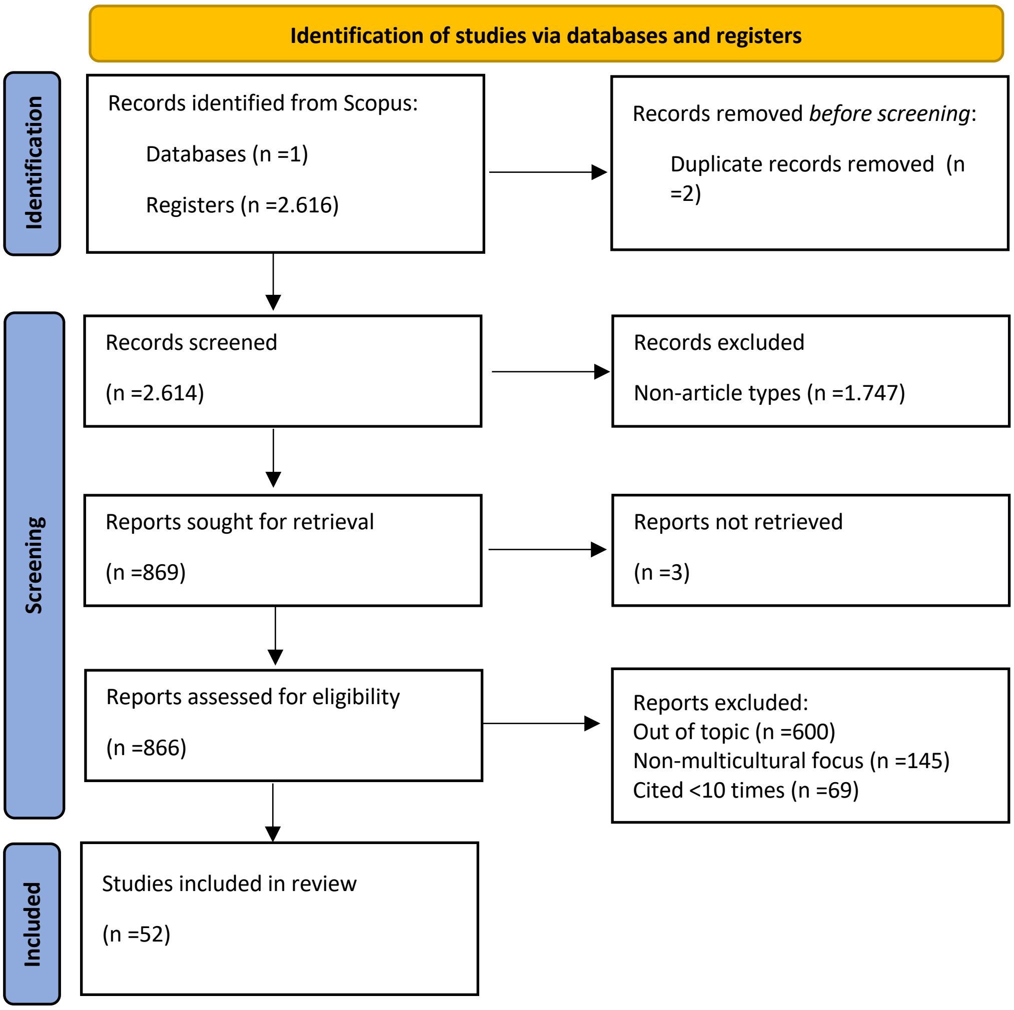

Figure 2. PRISMA Flow Diagram

Source: (Authors processed, 2025)

Data Extraction Results

The final dataset comprises 52 articles published in Scopus-indexed journals verified by Q-rank (Q1–Q4) and SJR scores. The majority of articles were published in ISRA International Journal of Islamic Finance and Journal of Islamic Monetary Economics and Finance, which serve as core outlets for Islamic finance research. High-ranked journals such as *Borsa Istanbul Review*, *Research in International Business and Finance*, and *Pacific Basin Finance Journal* further strengthen the academic validity of the review. Multidisciplinary journals contribute additional perspectives on social justice and multiculturalism. Publication trend analysis (Figure 3) indicates a significant increase in research output between 2018 and 2020, followed by moderate stabilization through 2023. The distribution of articles by Q-rank (Figure 4) shows that most publications fall within Q3 and Q1 categories, confirming the overall quality and credibility of the reviewed literature.

Table 3. Data Extraction Result by publisher

Publisher	Quantity	Q-Rank	SJR Score
Al-Ahkam	1	Q1	1.326
Borsa Istanbul Review	7	Q1	1.415
Global Finance Journal	1	Q1	1.31
Legality: Jurnal Ilmiah Hukum	1	Q1	0.688
North American Journal of Economics and Finance	1	Q1	0.951
Pacific Basin Finance Journal	1	Q1	0.792
PSU Research Review	1	Q1	1.157
Research in International Business and Finance	2	Q1	0.581
SAGE Open	1	Q1	0.961
Sustainability (Switzerland)	1	Q1	0.514
Environmental Economics	1	Q2	0.273
European Research Studies Journal	1	Q2	0.471
Journal of Banking Regulation	1	Q2	0.48
Journal of Capital Markets Studies	1	Q2	0.294
Journal of Risk and Financial Management	1	Q2	0.299
Pertanika Journal of Social Sciences and Humanities	2	Q2	0.571

Publisher	Quantity	Q-Rank	SJR Score
Qualitative Research in Financial Markets	1	Q2	0.525
Quarterly Review of Economics and Finance	1	Q2	0.288
Science Editing	1	Q2	0.377
Asian Economic and Financial Review	1	Q2	0.725
Buletin Ekonomi Moneter dan Perbankan	1	Q3	0.313
ISRA International Journal of Islamic Finance	13	Q3	0.264
Journal of Islamic Monetary Economics and Finance	5	Q3	0.205
Journal of Governance and Regulation	1	Q3	0.208
Journal of King Abdulaziz University: Islamic Economics	3	Q4	0.138
Zbornik radova Ekonomskog fakulteta u Rijeci	1	Q4	0.195
Total	**52**		

Source: Authors processed, 2026

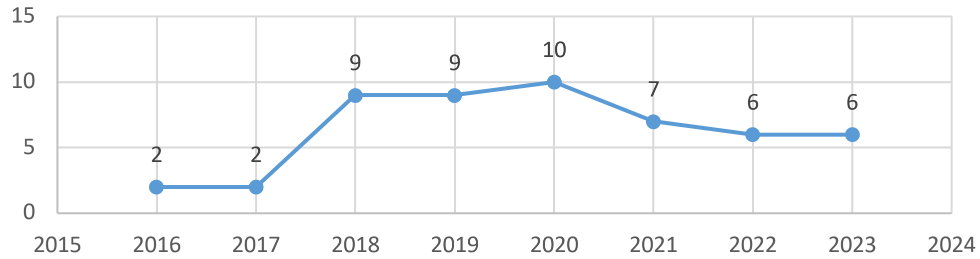

Figure 3. Research Trend by Year

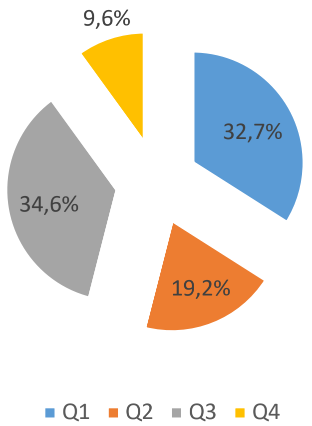

Figure 4. Research Trend by Scopus Quantile Rank

Source: Authors processed, 2026

RESULT AND DISCUSSION

Before discussing the research findings thematically, the initial step is to present a comparative synthesis summarizing the empirical and conceptual contributions of the selected literature. This synthesis is presented in Table 4, which serves as a visual map of the global research landscape on Islamic finance and social justice. The table is constructed based on a rigorous selection process using the Systematic Literature Review (SLR) methodology, enabling the identification of research patterns and focal areas across different countries. The categorization is organized by country or region as recorded in the Scopus database. Each geographical entry not only represents the research location but also reflects specific areas of inquiry, socio-cultural contexts, and the distinctive analytical perspectives adopted by the original authors. Accordingly, Table 4 does more than list studies; it provides a comprehensive overview of how Islamic finance and social justice have been examined and implemented across diverse multicultural settings worldwide.

Based on the tabulation below, it can be concluded that the global Islamic finance literature has empirically demonstrated its substantive and multidimensional contributions to the realization of social justice in multicultural societies. Studies conducted in Malaysia, Indonesia, Turkey, the GCC region, and various other countries consistently reveal that Islamic finance functions not merely as an alternative financial system, but as a driving force for financial inclusion, economic empowerment of vulnerable groups, systemic stability, and the recognition of diverse community identities and values. These findings reinforce the proposition that the fundamental principles of Islamic finance are closely aligned with the spirit of *rahmatan lil-'alamin*, which conceptualizes economic development as inseparable from efforts to foster a more just, inclusive, and sustainable social order across cultures and geographical boundaries.

Table 4. Synthesis of key findings from the SLR

Country/Region Studied	Number of Publications	Key Findings
Malaysia	11	Gani & Bahari (2021): Islamic banking contributes to GDP and supports inclusive welfare foundations. Mansor et al. (2020): Shariah-compliant funds provide just investment alternatives for principled investors. Tok & Yesuf (2022): Value-based banks demonstrate resilience and stronger

Country/Region Studied	Number of Publications	Key Findings
		social impact. Razak et al. (2019): Shariah–FinTech regulation protects multicultural consumers. Laldin & Furqani (2018): Shariah governance (IFSA) strengthens cross-community trust. Hussain et al. (2018): hariah firms enjoy fairer access to capital markets. Caporale et al. (2020): Stable Islamic bank credit supports equitable financing. Atta & Marzuki (2020): Comparable performance of Islamic and conventional funds offers diverse investment choices. Nik Abdullah & Haron (2022): SG reporting enhances social accountability in Islamic banks. Syed Azman et al. (2022b): RI sukuk facilitate value-based investments across investor backgrounds. Anwer et al. (2019): Islamic venture capital offers equitable equity-based financing.
Indonesia	6	Hidayati et al. (2023): Progressive digital fatwas expand equitable financial access. Masrizal & Trianto (2022): Profit-and-loss sharing financing supports participatory and just growth. Yusuf et al. (2021): Halal tourism models empower local community economies. Yuspin et al. (2022): Adaptive AI regulation is essential for inclusive technological benefits. Loang (2023): SDGs influence Islamic investor behavior and link finance to global justice. Ningrat & Nurzaman (2019): Agricultural value-chain financing supports marginalized farmers.
Turki	4	Kazak et al. (2023): Islamic banking dynamically influences the real sector and informs equitable policy design. Dinc et al. (2021): Islamic financial literacy empowers individuals in multicultural settings. Hassan et al. (2023): Convergence in Islamic financial development supports cross-country fairness standards. Yıldırım et al. (2020): Sukuk development contributes to long-term inclusive growth
Kawasan GCC	8	Nechi & Smaoui (2019): IIBR’s linkage to conventional interest rates reflects global financial interconnection. Alshammari & Ory (2023): Oil prices affect takaful efficiency, highlighting resilience needs. Alandejani & Asutay (2017): Sectoral Islamic bank financing affects NPLs, emphasizing

Country/Region Studied	Number of Publications	Key Findings
		fair credit allocation. Al Balushi et al. (2019): SME adoption of Islamic finance highlights small business empowerment. Majdoub et al. (2018): Lower volatility of Islamic stock markets offers protective stability for investors. Tlemsani & Al Suwaidi (2016): Islamic banks emphasize social justice over conventional utility orientation. Loang (2023): SDGs influence Islamic stocks in the GCC, linking finance to equitable development. Alshammari & Ory (2023): Competition affects takaful and insurance efficiency differently, shaping fair market dynamics.
Multi-Country/Regional	10	Hassan et al. (2023): Islamic finance convergence promotes cross-border fairness harmonization. Yıldırım et al. (2020): Sukuk development supports inclusive growth across countries. Boukhatem & Moussa (2018): Strong institutions enhance Islamic finance's positive growth impact. Kahya et al. (2020): Capital structure of Shariah firms is sensitive to diverse economic environments. Hasan et al. (2022): Global sukuk resilience provides stability as a public good. Bhuiyan et al. (2019): Sukuk offer effective diversification relative to emerging bond markets. Cevik & Bugan (2018): Financial market interconnection necessitates fair global system cooperation. Boujlil et al. (2020): Fundamental factors shape equitable sovereign sukuk issuance decisions. Tijjani et al. (2020): Dominance of Malaysian studies signals the need for broader inclusive discourse. Rusydiana & Marlina (2019): COVID-19 and Islamic finance research highlights resilience during crises.
Other Countries	6	Sabirzyanov (2016): Islamic finance addresses minority community identity needs (Tatarstan). Meera (2018): Shariah criteria for cryptocurrencies ensure ethical and just financial innovation. Abdeldayem et al. (2021): hariah-compliant cryptocurrencies enable fair participation in the digital economy. Uluyol & Abdullah (2016): Islamic legal maxims provide flexibility to achieve substantive justice.

Country/Region Studied	Number of Publications	Key Findings
Unspecified	3	Rafikov & Akhmetova (2020): Multidisciplinary approaches (*collective ijtihad*) are essential for comprehensive justice solutions. Al-Jarhi (2017): Islamic financial economic theory offers systemic reform toward fairer economic structures. Al-Nahari et al. (2022): Emphasis on *maqāṣid al-sharīʿah* directs Islamic finance toward universal welfare. Mohd Noor et al. (2024): Shariah risk management protects the rights of all transactional parties. Zulkhibri (2019): Macroprudential policies promote financial stability for society as a whole.

Source: Authors processed, 2026

DISCUSSION

Integration of *Maqasid al-Shariah* Principles within the Framework of Social Justice in Islamic Finance

The integration of *maqasid al-Shariah* principles constitutes the core philosophical foundation explaining the contribution of Islamic finance to social justice. Al-Nahari et al. (2022) emphasize that Islamic financial products and practices should move beyond mere formal compliance (*shariah compliance*) toward the realization of substantive welfare (*maslahah*), particularly through the fulfillment of needs (*hajiyyat*) and the enhancement of quality of life (*tahsiniyyat*). The application of *maqasid* principles is evident in various contemporary innovations, such as green sukuk, which integrate financial objectives with environmental and social goals (Alam et al., 2023), as well as *unit trust waqf* models that ensure the sustainability of public benefits across generations (Sulaiman et al., 2024).

The flexibility of Islamic law, manifested through *fiqh* maxims such as *al-mashaqqah tajlib al-taysir* (hardship begets facilitation), enables Islamic finance to adapt to diverse multicultural contexts (Uluyol & Abdullah, 2016) Nevertheless, the complexity of contemporary challenges necessitates more integrative methodological approaches. Rafikov & Akhmetova (2020) highlight the importance of *collective ijtihad* and multidisciplinary perspectives to avoid normative and technical fragmentation in proposed solutions. In the context of digital innovation, Meera (2018) cautions that technologies such as cryptocurrencies must be rigorously evaluated based on their alignment with *maqasid* to prevent socio-economic inequality and speculative injustice. At the macro level, Al-Jarhi (2017) conceptualizes Islamic finance as an alternative theoretical framework for systemic economic reform oriented toward justice and sustainability. Accordingly, the *maqasid* framework ensures that Islamic finance operates not only within legal legitimacy but also fulfills its broader social and ethical objectives across all segments of society.

Contributions of Islamic Finance to Social Justice in Multicultural Societies

The literature demonstrates that Islamic finance contributes substantively to social justice through multiple mechanisms within multicultural societies. In terms of financial inclusion, evidence from Tatarstan indicates that Islamic finance serves as a means of affirming identity and meeting the financial needs of Muslim minority communities (Sabirzyanov, 2016). In Indonesia, progressive digital fatwas issued by the National Sharia Council (DSN-MUI) have expanded inclusive access to Islamic financial services (Hidayati et al., 2023), while in Malaysia, Sharia-compliant FinTech regulations have enhanced consumer protection across diverse cultural backgrounds (Razak et al., 2019). Islamic finance also plays a significant role in empowering the real sector. Profit-and-loss sharing (PLS) financing schemes in Indonesia promote participatory and equitable economic growth (Masrizal & Trianto, 2022), whereas halal tourism development in Aceh strengthens local community-based economies (Yusuf et al., 2021). Agricultural value-chain financing models specifically target small-scale farmers who are often marginalized within conventional financial systems (Ningrat & Nurzaman, 2019) At the macroeconomic level, Islamic banking contributes dynamically to the real sector in Turkey (Kazak et al., 2023), and supports inclusive welfare foundations through its contribution to GDP in Malaysia (Gani & Bahari, 2021).

Moreover, Islamic social finance instruments and Sharia-compliant capital markets reinforce distributive justice. Blockchain-based zakat systems enhance transparency and accountability in wealth distribution (Khairi et al., 2023). while *cash waqf* management ensures the continuity of long-term social benefits (Azrai Azaimi Ambrose & Abdullah Asuhaimi, 2021). SRI sukuk and sovereign sukuk provide equitable and sustainability-oriented investment instruments that broaden market participation (Syed Azman et al., 2022b) and (Boujlil et al., 2020). Additionally, Islamic venture capital (Anwer et al., 2019), Islamic financial literacy initiatives (Dinc et al., 2021), Sharia-compliant cryptocurrencies (Abdeldayem et al., 2021), and takaful systems (Alshammari & Ory, 2023) collectively expand the scope of Islamic finance in fostering an inclusive and just economic ecosystem.

Research Trends and Directions: Inclusivity and Diversity in Islamic Finance Discourse

The mapping of the literature reveals a significant shift in Islamic finance research toward inclusivity and diversity. Geographically, while studies remain dominated by Malaysia and Indonesia (Tijjani et al., 2020), increasing contributions from GCC countries, such as the United Arab Emirates (Tlemsani & Al Suwaidi, 2016), Oman (Al Balushi et al., 2019), and other countries (Alshammari & Ory, 2023; Majdoub et al., 2018; Nechi & Smaoui, 2019) have enriched contextual perspectives. Cross-country studies further provide comparative insights into system convergence, market integration, and the inclusive growth impacts of Islamic finance (Bhuiyan et al., 2019; Boujlil et al., 2020; Boukhatem & Moussa, 2018; Hassan et al., 2023; Kahya et al., 2020; Yıldırım et al., 2020).

Loang (2023) Thematically, research increasingly intersects with global agendas, including the Sustainable Development Goals (SDGs), while Nik Abdullah & Haron (2022) highlighted the importance of ESG reporting. Financial resilience during the COVID-19 crisisCOVID-19 (Hasan et al., 2022; Rusydiana & Marlina, 2019) and systemic stability (Zulkhibri, 2019) also become an important focus. Methodologically, the field has advanced through the application of sophisticated quantitative techniques, such as time-varying causality, wavelet coherence, and stochastic frontier analysis, enhancing analytical rigor and policy relevance. Studies examining capital structure determinants, ethical fund performance, non-performing financing, and market efficiency offer robust empirical foundations for more just and accountable Islamic financial practices.

Strategic Opportunities and Challenges: Strengthening Islamic Finance as *Rahmatan lil-'Alamin*

Strengthening the role of Islamic finance as *rahmatan lil-'alamin* entails navigating a range of strategic opportunities and challenges. A key opportunity lies in the demonstrated contribution of Islamic finance to financial stability and resilience. Empirical evidence shows that global sukuk markets (Hasan et al., 2022) and Sharia-compliant stock markets in the GCC (Majdoub et al., 2018) exhibit relative robustness during periods of financial turbulence, underscoring their potential role as stabilizing instruments within the global financial system. Moreover, the core values of Islamic finance increasingly converge with global development trends, as reflected in initiatives such as Value-Based Intermediation (Tok & Yesuf, 2022) and the expansion of green sukuk aligned with environmental and social objectives (Alam et al., 2023).

Technological innovation further amplifies these opportunities. The integration of FinTech solutions (Razak et al., 2019), blockchain-based applications (Khairi et al., 2023), and artificial intelligence (Yuspin et al., 2022) offers significant potential to enhance efficiency, transparency, and financial inclusion. In addition, the diversification benefits provided by sukuk instruments (Bhuiyan et al., 2019) position Islamic finance as an attractive destination for global investors seeking ethical and risk-adjusted investment alternatives. Despite these prospects, Islamic finance continues to face substantial internal and external challenges. Internally, persistent gaps in the operationalization of *maqasid al-Shariah* (Al-Nahari et al., 2022), low levels of Islamic financial literacy (Dinc et al., 2021), and limited understanding of Sharia risk management (Mohd Noor et al., 2024) constrain its social impact. Externally, challenges include underdeveloped regulatory frameworks (Yuspin et al., 2022) , competitive pressure from conventional financial systems (Tlemsani & Al Suwaidi, 2016), vulnerability to external macroeconomic conditions such as oil price volatility (Alshammari & Ory, 2023), and the structural complexity of sukuk instruments (Razak et al., 2019). The tension between financial inclusion and potential financial migration also warrants careful consideration.

Addressing these challenges requires coherent and forward-looking strategic responses. Key policy directions include strengthening Sharia governance frameworks (Laldin & Furqani, 2018), enhancing intellectual capital development within Islamic financial and non-profit institutions, promoting multidisciplinary research approaches (Rafikov & Akhmetova, 2020), implementing adaptive macroprudential policies (Zulkhibri, 2019), and increasing regulatory awareness in countries with significant yet underutilized Islamic finance potential (Tijjani et al., 2020). By systematically overcoming these constraints while capitalizing on existing opportunities, Islamic finance can more fully realize its potential as a comprehensive system that delivers justice, inclusivity, and sustainable welfare, consistent with the universal ethos of *rahmatan lil-'alamin*.

CONCLUSION AND SUGGESTION

This study concludes that Islamic finance has moved beyond its position as a mere alternative financial system and has demonstrated a substantive and multidimensional role in advancing social justice within multicultural societies. Empirically, the reviewed literature shows that Islamic finance promotes financial inclusion, empowers marginalized economic actors, enhances systemic stability, and supports ethical and sustainable investment through instruments such as profit-and-loss sharing, sukuk, Islamic social finance, and value-based intermediation. Theoretically, the findings reaffirm maqasid al-Shariah as a coherent and integrative framework that aligns economic efficiency with social welfare, inclusivity, and sustainability, thereby operationalizing the universal principle of rahmatan lil-'alamin. From an economic perspective, these mechanisms contribute to more equitable resource allocation, market diversification, and resilience across diverse socio-cultural and institutional contexts, while also revealing a growing convergence between Islamic finance and global agendas such as ESG, the SDGs, and digital financial innovation.

Despite these contributions, this study has several limitations that warrant careful consideration. The exclusive reliance on Scopus-indexed, English-language journal articles may have led to publication and language bias, potentially overlooking locally grounded or policy-oriented research. In addition, the application of citation thresholds may underrepresent emerging themes and recent innovations that have not yet accumulated extensive citations. These constraints are methodological rather than errors in analysis and reflect deliberate choices to ensure rigor, transparency, and replicability. Future research is therefore encouraged to broaden data sources, include non-English and regional databases, adopt mixed-method or meta-analytic approaches, and conduct empirical case studies to further assess and refine the role of Islamic finance as a viable instrument for promoting social justice in multicultural economic systems.

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