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Convergent ethical paradigms: a systematic review of islamic financial principles as a response to the challenges of the new world order

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ABSTRACT

The new world order, marked by digital disruption, environmental crises, social inequality, and global governance changes, calls for a reconstruction of the ethical paradigm in the financial system. Islamic finance offers a foundation based on Maqāṣid al-Sharī'ah (Islamic Principles of Sharia), emphasizing justice, balance, social responsibility, and sustainability. This study aims to develop a convergent ethical paradigm through a systematic literature review (SLR) of Islamic financial principles addressing contemporary global economic challenges. Using the PRISMA 2020 guidelines, ten articles were selected, analyzed with thematic synthesis to identify key patterns. The results show that aligning Maqāṣid al-Sharī'ah with the Environmental, Social, and Governance (ESG) framework forms a strong ethical foundation for a sustainable financial system. Principles like distributive justice, transparency, and environmental preservation align with global sustainability goals. The study suggests that strengthening sharia governance, developing an ESG disclosure index, and integrating sharia-compliant fintech innovations are vital strategies to improve the credibility and accountability of Islamic finance. In conclusion, Islamic finance can establish a convergent ethical paradigm that upholds Sharia integrity while engaging with global sustainability standards, offering a conceptual framework for sustainable finance policies in the new world order.

Keywords:

Islamic finance,
Maqāṣid al-sharī'ah,
ESG,
Sustainability,
Shari'ah governance,
Convergent ethics paradigm

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Introduction

The transformation of the new world order, marked by multidimensional geopolitical crises, climate change, digital disruption, and instability in the global financial system, has given rise to an urgent need for a financial paradigm based on ethics and sustainability (Susetyo, 2025). Criticism of the conventional financial capitalist system has intensified following the COVID-19 pandemic and increased global market volatility. In this context, Islamic finance is seen as an alternative system offering a moral foundation based on the maqāṣid al-Sharī'ah (Islamic principles of justice), emphasizing distributive justice, balance, and social responsibility (Ashraf et al., 2022). Recent studies have shown that the Islamic financial system exhibits a relatively higher level of resilience in the face of economic shocks compared to conventional systems.

Between 2021 and 2026, international literature has shown a significant increase in studies integrating Islamic finance with ESG (Environmental, Social, and Governance) frameworks and sustainable finance. Values such as justice (‘adl), trustworthiness, and the prohibition of exploitation

are considered to have normative coherence with the principles of sustainable investment. Empirical research shows that Islamic banks have competitive ESG scores and a more conservative risk appetite (Almaskati, 2023).

The development of green sukuk and social sukuk also strengthens the argument that Islamic finance can contribute to the SDGs agenda and energy transition financing. Recent studies have shown that green sukuk not only serves as a financing instrument for environmentally friendly projects but also as a symbol of the convergence between Sharia ethics and global green finance (Harahap et al., 2023). However, the growing literature still shows conceptual fragmentation. Many studies discuss Islamic finance and ESG in parallel without formulating a truly convergent ethical paradigm. Yet, the concept of *maqāṣid al-Sharī'ah* as a normative framework has the potential to become an integrative theoretical foundation that bridges religious values and modern global demands (Wiyono, 2025).

On the other hand, digital transformation through Sharia fintech, blockchain, and artificial intelligence is expanding the landscape of Islamic financial practices. The literature highlights the need for Sharia governance that adapts to technological innovation to maintain compliance and system integrity. However, this approach remains predominantly technical-operational and has yet to establish a convergent ethical construct between classical principles and global digital architecture (Sumarni et al., 2023). In the context of global governance, the fragmentation of Sharia supervisory standards poses a serious challenge. Variations in governance implementation between jurisdictions demonstrate the lack of international harmonization of ethics and regulations. This situation indicates that although Islamic finance is developing institutionally, its global ethical paradigm has not yet been fully integrated into the new world order (Buil et al., 2021).

Nationally, Indonesia, as the country with the largest Muslim population, has shown significant progress in strengthening the Islamic economic and financial ecosystem. Recent studies highlight the consolidation of national Islamic banking and the role of policy in enhancing global competitiveness. However, national studies still predominantly focus on policy aspects and industry performance, rather than on reconstructing the convergent ethical paradigm (Al-jayyousi et al., 2022). Furthermore, the relationship between Islamic finance and the SDGs has largely been studied in a normative-descriptive manner without a comprehensive synthesis model. In fact, the potential of zakat, productive waqf, and profit-sharing financing as instruments of social redistribution is highly relevant in addressing global inequality (Avdukic & Asutay, 2025).

Another limitation in the literature to date is the dominance of quantitative empirical approaches without in-depth theoretical synthesis regarding the evolution of the Islamic financial ethics paradigm. However, a Systematic Literature Review (SLR) approach allows for the comprehensive and transparent identification of trends, gaps, and conceptual patterns. Based on this review, several key research gaps remain. First, there is the lack of a theoretical construct that unites the *maqāṣid al-Sharī'ah*, ESG, and SDGs within a convergent ethical paradigm based on the latest literature. Second, there is a lack of integrative studies linking Islamic ethics to digital transformation and global economic restructuring. Third, there is a lack of systematic research mapping the evolution of Islamic financial ethics thought over the past five years. Therefore, this study aims to conduct a systematic literature review of publications from 2015–2025 related to the principles of Islamic financial ethics as a response to the challenges of the new world order.

Methods

The research method used in this study is the Systematic Literature Review (SLR) approach. This approach was chosen to systematically identify, evaluate, and synthesize scientific studies that examine the ethical principles of Islamic finance in responding to the dynamics of the new world order, from the perspectives of *maqāṣid al-Sharī'ah*, sustainability (ESG and SDGs), sharia governance, and digital transformation. Through the SLR, this study seeks to build a comprehensive conceptual synthesis regarding the convergence between Islamic normative values and the demands of the contemporary global economic system. This approach ensures that the literature search process is

transparent, structured, and replicable, minimizing potential bias through the application of clear and well-documented inclusion and exclusion criteria.

The objects of study in this research are scientific articles discussing the ethical principles of Islamic finance, the integration of Islamic finance with ESG and SDGs, global sharia governance, and digital transformation in Islamic finance. The literature analyzed reflects the latest developments in thinking on the role of the *maqāṣid al-Sharī'ah* (Islamic principles) in developing an ethical paradigm responsive to global challenges. Meanwhile, methodological references regarding the procedures and techniques of the systematic literature review draw on established methodological literature in the fields of management and social sciences.

Research data were obtained from reputable academic databases, including ScienceDirect, ProQuest, Sage Journals, Emerald Insight, SpringerLink, Wiley Online Library, Taylor & Francis Online, and Google Scholar. Data collection instruments included indexed journal articles, reputable scientific proceedings, and academic research reports relevant to the topic. Each document was analyzed based on key information, including title, year of publication, author(s), research objectives, theoretical framework (e.g., *maqāṣid al-Sharī'ah* or Islamic ethical framework), methodological approach, and key findings related to ethical principles, sustainability, governance, and the transformation of the global financial system.

The research procedure followed the PRISMA 2020 guidelines, which include identification, screening, eligibility, and inclusion. In the identification stage, a literature search was conducted using a combination of keywords such as "Islamic finance ethics," "*maqāṣid al-Sharī'ah*," "ESG and Islamic finance," "Islamic governance," "green sukuk," "Islamic fintech," and "global financial order," combined with the Boolean operators "AND" and "OR." This strategy was designed to capture literature that explicitly addresses the dimensions of ethics, sustainability, and governance within the Islamic finance framework.

The inclusion criteria for this study included (1) articles published in reputable and indexed scientific journals; (2) research that explicitly addresses the ethical principles of Islamic finance, *maqāṣid al-Sharī'ah*, Islamic governance, ESG/SDGs integration, or digital transformation in Islamic finance; (3) articles that provide a conceptual framework, empirical analysis, or theoretical synthesis relevant to the development of a convergent ethics paradigm; (4) publications in English or Indonesian with full-text access; and (5) studies that have a clear and academically sound methodology.

Meanwhile, exclusion criteria included (1) articles that do not directly address the ethical dimensions or normative principles of Islamic finance; (2) non-academic publications such as popular opinion pieces, media articles, or blogs; (3) articles with unclear data or methodology; (4) duplicate publications; and (4) studies that focus on the technical-operational aspects of finance without relevance to ethical frameworks or normative governance.

In the initial screening stage, all articles obtained from the identification process were reviewed based on their titles and abstracts to assess their suitability to the research focus, namely the ethical principles of Islamic finance in responding to the dynamics of the new world order. Of the total identified articles, 231 were eliminated because they did not meet thematic relevance criteria, were published outside of reputable academic journals, were systematic reviews inconsistent with this research design, had unclear methodological information, were not available for full-text access, or were indicated as duplicates. After this process, 63 articles were deemed relevant and entered the further evaluation stage. The next stage was an eligibility assessment, which was conducted through a more in-depth review of the full content of the articles. At this stage, 44 articles were excluded because they did not meet established methodological standards, such as non-empirical or non-analytical research designs.

Next, a final selection of the 19 articles was conducted through a comprehensive reading to ensure their substance aligned with the research objectives and their contribution to the development of a convergent ethics paradigm in Islamic finance. At this stage, nine articles were excluded due to

inconsistencies in topic focus, limited analytical depth, or indications of redundant findings that did not provide conceptual added value. Ultimately, 10 articles met all inclusion criteria and were selected as the final sample in this systematic literature review.

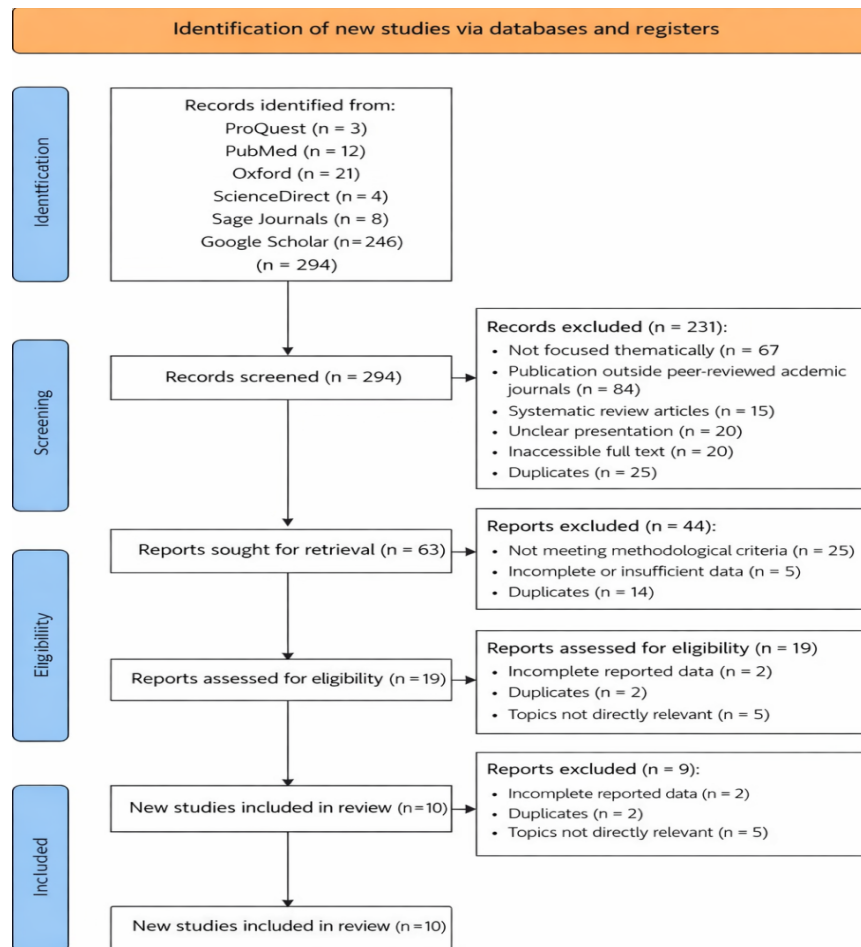


Figure 1. PRISMA Chart

Results and Discussion

Result

The ten articles selected in the final inclusion stage represent a spectrum of contemporary thinking on the ethical principles of Islamic finance and their relevance in addressing the challenges of the global economic order. In general, these articles can be grouped into several broad themes: normative reform of Islamic finance based on the maqāṣid al-Sharī'ah (the principles of Islamic law), integration of Islamic finance with sustainability and ESG, strengthening sharia governance, and developing transparency and accountability in the global financial system, as follows :

Table 1. Literature Finding

Authors, Year	Journal	Title	Design, Country	Focus	Results
Khan, (2019)	Journal of King Abdulaziz University – Islamic Economics	Reforming Islamic Finance for Achieving Sustainable Development Goals	Conceptual study, Global	Islamic finance reform and SDGs	Islamic finance must move beyond profit orientation toward ethical restraint, social justice, and

Authors, Year	Journal	Title	Design, Country	Focus	Results
Mergaliyev et al., (2019)	Journal of Business Ethics	Higher Ethical Objective (Maqasid al-Shari'ah) Augmented Framework for Islamic Banks	Conceptual & framework-based, International	Maqasid al-Sharia and ethical banking	environmental balance. Embedding Maqasid al-Sharia strengthens ethical governance, long-term responsibility, and restraint against excessive exploitation of resources.
Haron et al., (2020)	IntechOpen	Banking and Finance	Conceptual review, Global	Islamic finance and sustainable development	Islamic finance emphasizes balance, moderation, and social welfare, reinforcing the moral economy paradigm aligned with rest, justice, and ecological preservation.
Osman, (2023)	International Journal of Membrane Science and Technology	Advancing Ethical and Sustainable Economy: Islamic Finance Solutions for Environmental, Social, & Economic Challenges	Conceptual review, Global	Islamic finance, sustainability, fintech	Islamic finance offers ethical financial mechanisms that counter environmental degradation and social inequality through value-based governance.
Habib, (2023)	Springer	Islamic Finance and Sustainability: The Need to Reframe Notions of Shariah Compliance, Purpose, and Value	Conceptual book chapter, Global	Sharia compliance and sustainability	A broader interpretation of Sharia compliance is essential to integrate ethics, environmental stewardship, and social responsibility beyond formal legality.
Pratama, (2024)	Jurnal Middle East and Islamic Studies (MEIS)	How Halal Certification and Islamic Ethics Tackle Greenwashing	Conceptual & policy analysis, Indonesia	Halal certification and greenwashing	Integrating environmental ethics into halal certification enhances trust, sustainability, and moral

Authors, Year	Journal	Title	Design, Country	Focus	Results
Dempere et al., (2024)	Frontiers in Sustainability	Unveiling the Truth: Greenwashing in Sustainable Finance	Systematic review, Global	Greenwashing and ESG credibility	accountability across production life cycles. Strong ethical frameworks and transparent validation mechanisms are crucial to counter deceptive sustainability claims.
Salin et al., (2024)	Information Management and Business Review	Examining Islamic ESG Current and Future Research – A Bibliometric Analysis	Bibliometric analysis, Global	Islamic ESG research trends	Islamic ESG research highlights growing emphasis on ethical governance, social justice, and environmental accountability.
Boudawara et al., (2022)	Journal of Applied Accounting Research	Shari'ah Governance Quality and ESG Performance in Islamic Banks	Quantitative cross-country study	Sharia governance and ESG	Strong Sharia governance positively influences ESG performance, reinforcing ethical restraint and long-term responsibility.
Sori et al., (2025)	SSRN Electronic Journal	Developing an ESG Disclosure Index for Islamic Financial Institutions	Conceptual & framework development, Global	ESG disclosure and transparency	Structured ESG disclosure enhances accountability, trust, and ethical alignment between Islamic finance and global sustainability norms.

Based on Table 1, the literature review reveals that the ethical framework in Islamic finance, particularly those based on the Maqāṣid al-Sharī'ah and the integration of ESG, reflects a normative critique of exploitative tendencies in the contemporary global economic order. These studies emphasize the importance of ethical restraint, the balance between economic activity and moral responsibility, and the protection of human and environmental well-being. In this context, Islamic financial principles serve as a moral paradigm that discourages excessive accumulation and the organization of uncontrolled growth, while also offering an ethical foundation for redirecting the global economic system toward holistic human well-being, justice, and prosperity.

The integration of Islamic ethical values into the halal industry has the potential to enhance the integrity of the entire Islamic economic ecosystem and establish it as a pioneer of ethical and

sustainable consumption (Pratama, 2024). Expanding the scope of certification beyond just the halal status of products to encompass a comprehensive evaluation of the life cycle of goods and services, thus encouraging more authentic environmental management within an Islamic economic framework (Pratama, 2024). This approach leverages the principles of transparency, social justice, and accountability inherent in Islamic finance to counter perceived misinformation and build stronger trust among consumers and investors (Khan, 2019).

By more systematically incorporating environmental criteria into the governance of the halal industry and Islamic finance, this system can offer a value proposition aligned with the global agenda and effectively address greenwashing practices (Osman, 2023; Pratama, 2024). A framework based on the principles of equality, fairness, and moral responsibility serves as a strong normative mechanism to ensure that Sharia compliance extends beyond the formal legal dimension and reflects a substantive commitment to sustainability. This approach encourages tangible contributions to green economic development and strengthens the moral legitimacy of the halal industry (Tubastuvi & Ramadani, 2025).

The development of innovative financial products and strategies in Islamic finance also holds significant potential for promoting environmental responsibility, particularly for underserved communities (Osman, 2023). These initiatives can focus on financial instruments that facilitate access to sustainable technologies and environmentally friendly practices, thereby empowering marginalized communities to participate in the transition to a more inclusive and environmentally conscious economy (Kanwal et al., 2023; Osman, 2023). This calls for a critical evaluation of how Islamic fintech innovations combined with sustainable investments can mitigate environmental degradation, improve social welfare, and address structural inequalities.

Strengthening the integration between Islamic finance and the ESG domain also requires regulatory adjustments and policy coherence to create a harmonious and credible ecosystem (Osman, 2023). Challenges to market credibility and stakeholder trust can be addressed through a paradigm shift in the validation of environmental and social claims within corporate strategies (Dempere et al., 2024). In this context, the development of a structured ESG index for Islamic financial institutions is crucial to enhance transparency, accountability, and alignment between global best practices and Sharia principles (Sori et al., 2025).

This step also requires active collaboration with regulatory authorities and international organizations to standardize reporting metrics and ensure consistent application of ESG principles across jurisdictions (Sori et al., 2025). This integrated approach will strengthen a transparent financial ecosystem and attract investors seeking ethical and sustainable investment opportunities (Osman, 2023). Furthermore, exploring non-financial indicators such as environmental impact and social contribution provides a more holistic evaluation of ESG practices in Islamic finance (Salin et al., 2024).

This more comprehensive evaluation allows for a deeper understanding of Islamic financial institutions' social and environmental contributions and strengthens their accountability to stakeholders (Sori et al., 2025). This is crucial for assessing the extent to which Islamic finance can contribute to sustainable development goals by going beyond conventional financial indicators (Salin et al., 2024). The alignment between the principles of Maqāṣid al-Sharī'ah and global development goals demonstrates the potential of Islamic finance to integrate economic prosperity with ecological integrity and social justice (Haron et al., 2020).

The development of a comprehensive disclosure index is also necessary to transparently communicate commitment to ethical and sustainable practices, thereby deepening Maqāṣid-based ESG integration and enhancing public trust (Zain et al., 2024). A framework based on the protection of faith, life, intellect, progeny, and property as the primary objective of Sharia has the capacity to address environmental and social failings still found in some Islamic banking practices (Boudawara et al., 2023; Shalhoob, 2025).

A broader interpretation of Sharia compliance beyond a legalistic approach is a crucial prerequisite for substantively integrating ethical, social, and environmental dimensions into Islamic financial

practices (Habib, 2023). This perspective ensures that Islamic finance is not solely oriented toward financial profit but also makes a tangible contribution to human well-being and sustainable development (Hassan et al., 2024). This holistic approach positions Islamic finance as a crucial catalyst in fostering a global economic system that balances growth with moral responsibility.

The reorientation toward a stakeholder perspective strengthens Islamic financial institutions' commitment to the social and environmental impacts of every financial decision (Habib, 2023). This shift enables Islamic institutions to go beyond traditional profitability metrics and embed the principles of ecological sustainability and societal well-being into their operational ethos (Shalhoob, 2025). The fundamental alignment between the Maqāsid al-Sharī'ah and the ESG framework demonstrates the inherent compatibility between Islamic values and the global sustainability agenda (Mergaliyev et al., 2019).

This convergence opens up opportunities for Islamic financial institutions to play a leadership role in the development of sustainable finance, offering a model that balances spiritual values and contemporary socio-ecological responsibilities (Salin et al., 2024). Rooted in Islamic jurisprudential principles emphasizing justice and welfare, this system has the potential to foster long-term value creation and strengthen societal well-being and ecological balance in the global economic order.

Discussion

This involves integrating ESG considerations into Islamic financial services, reflecting a deeper sensitivity to human well-being and meeting both formal Sharia law and the substantive moral requirements of the Islamic worldview (Boudawara et al., 2023). This integration of ESG factors within the Islamic financial framework is further supported by its inherent emphasis on ethical investment, social justice, and environmental sustainability, which offers a robust model for addressing contemporary global challenges (Aysan & Unal, 2024; Nasution et al., 2023; Osman, 2023).

This approach shifts Islamic finance from being solely profit-oriented to value-oriented, aligning it more closely with fundamental Sharia principles and the global goals of sustainable (Butt et al., 2023). This value-centered model prioritizes the well-being of all creation, going beyond superficial alignment with sustainability to embody a more comprehensive ethical framework (Kol & Tekdoğan, 2024). This comprehensive ethical framework, guided by the Maqasid al-Shariah, ensures that financial activities promote justice, equality, and environmental stewardship, thereby fostering sustainable societal development (Sadek et al., 2025).

The integration of environmental, social, and governance considerations with Islamic financial principles is a significant step towards creating a more inclusive, responsible, and sustainable economic ecosystem (Nasution et al., 2023; Osman, 2023). This unique alignment offers a robust framework for addressing contemporary economic challenges in the digital age, emphasizing risk sharing, equitable wealth distribution, and shared prosperity (Aysan & Unal, 2024; Osman, 2023). The inherent ethical foundation of Islamic finance makes it an ideal vehicle for advancing global sustainability initiatives, particularly when viewed through the lens of the Maqasid al-Shariah (Ansari & Alanzarouti, 2020; Karimullah, 2023). This is especially true given that Islamic finance fundamentally aims to preserve the public good and enhance the well-being of all humanity, actively seeking to eliminate evil and harm from society (Wahab & Naim, 2021). This fundamental commitment to ethical behavior and societal well-being intrinsically links Islamic finance to global efforts to achieve environmental, social, and governance goals, highlighting a convergence that strengthens Islamic finance's role in sustainable economic development (Nasution et al., 2023; Shalhoob, 2025).

The realization of this function aligns with the moral ethics underlying Islamic finance, namely Maqasid Shariah, which emphasizes sustainability through financial stability, environmental and social activities, and infrastructure financing (Setiawati & Salsabila, 2023). This ethical framework extends to various mechanisms, such as Islamic Green Sukuk, Islamic Microfinance, and Islamic Impact Investment, which actively promote the Sustainable Development Goals (Raimi et al., 2024). These instruments, by their very design, integrate ecological conservation and social equity with

financial mechanisms, underscoring the intrinsic link between Islamic finance and global sustainability.

This inherent ethical foundation, deeply rooted in the Quran and Sunnah, positions Islamic finance as an attractive model for fostering an inclusive, responsible, and environmentally conscious global financial system, effectively reducing the tyranny of debt that plagues conventional economies (Cattelan, 2020). This makes Islamic finance uniquely capable of addressing pressing global issues such as poverty alleviation, social inequality, and environmental degradation, thus offering a viable pathway to a more equitable and sustainable future. This is exemplified by the role of Sukuk in channeling Sharia-compliant capital toward sustainable development initiatives, such as Indonesia's green Sukuk issuance, which supports environmentally beneficial projects while promoting risk sharing and financial inclusion. These innovative financial instruments underscore the practical application of Islamic finance principles in addressing modern challenges and contributing to global sustainability goals (Madani et al., 2020; Setiawati & Salsabila, 2023).

Conclusion

The ethical foundations of Islamic finance are inherently aligned with sustainable development by promoting social equality, environmental preservation, and economic justice, offering a comprehensive framework for ethical business practices (Baloch & Chimanya, 2023; Slamet, 2020). This alignment is further strengthened by the emphasis on Maqasid al-Shariah, which seeks to preserve and enhance human well-being, encompassing aspects of faith, life, intellect, progeny, and wealth, thus directly supporting the Sustainable Development Goals (Haron et al., 2020). Indeed, the Quran contains over 500 verses guiding the treatment of the environment, and the life of the Prophet Muhammad offers numerous examples of justice and equity, strengthening the philosophical link between Islamic principles and sustainable development (Kol & Tekdoğan, 2024). This fundamental commitment to ethical behavior and societal well-being intrinsically links Islamic finance to global efforts to achieve environmental, social, and governance goals, highlighting a convergence that strengthens Islamic finance's role in sustainable economic development (Slamet, 2020). The synergy between Islamic finance and sustainable development is also evident in the prohibition of exploitative practices, such as excessive wealth accumulation and indiscriminate exploitation of natural resources, thus promoting a more balanced and equitable economic system (Al-Roubaie & Sarea, 2019; Wibowo, 2023). Furthermore, the practical implementation of Green Sukuk exemplifies this synergy, channeling investment into environmentally conscious projects and promoting sustainable urban development (Osman, 2023). This integration is not merely theoretical but has been demonstrated through Sharia-compliant instruments that effectively channel funds into sectors aligned with the Sustainable Development Goals, such as renewable energy and sustainable infrastructure (Zahari, 2025). This approach underscores the potential of Islamic finance to make a significant contribution to a new global economic order centered on ethical considerations and long-term sustainability, transcending the often short-sighted profit motive of conventional finance (Harun & Rahmat, 2025; Osman, 2023). Furthermore, the core principles of Islamic finance, such as the prohibition of *riba* (usury) and speculation (*gharar*), inherently promote economic stability and prevent practices that can lead to financial crises, thus supporting a more resilient and sustainable global financial architecture (Al-Roubaie & Sarea, 2019). This aligns with the broader goal of improving welfare across society and ensuring the equitable distribution of resources, which are core principles of Islamic jurisprudence. This perspective is supported by scholarly work highlighting how Islamic economic principles, including the prohibition of waste and the emphasis on social justice, are closely aligned with sustainable development goals. The integration of Islamic finance with green economy principles thus forms a sustainable path that not only benefits the economy but also respects Islamic moral and ethical values, leading to a significant positive impact on economic development through environmental management and long-term sustainability. This integration enhances the stability and resilience of the financial system as a whole by promoting community empowerment and economic justice (Siregar et al., 2023).

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