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BEYOND RELIGIOSITY: A NARRATIVE REVIEW OF THE MULTIFACETED FACTORS INFLUENCING ISLAMIC FINTECH ADOPTION IN SOUTHEAST ASIA

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ABSTRACT

This narrative review explores the multifaceted drivers and barriers influencing the adoption of Islamic fintech services across Southeast Asia with integrates behavioural theories such as Technology Acceptance Model (TAM) and Unified Theory of Acceptance and Use of Technology (UTAUT) to explain adoption patterns, findings reveal that adoption is shaped by religiosity, trust, perceived risk and facilitating conditions such as digital infrastructure and regulatory frameworks. The findings indicate that while Shariah compliance and religiosity remain important foundations, adoption decisions are increasingly shaped by trust, perceived risk and facilitating conditions such as digital infrastructure and regulatory frameworks. Technological applications including blockchain, smart contracts and artificial intelligence demonstrate significant potential to enhance transparency, efficiency and Shariah governance in Islamic financial services while digital Islamic social finance initiatives contribute to financial inclusion.

Nevertheless, persistent challenges remain, particularly inconsistencies in Shariah governance, cybersecurity risks and varying levels of consumer literacy across countries. This paper provides a holistic synthesis of Islamic fintech adoption in Southeast Asia and offers insights for academics, policymakers and industry practitioners seeking to foster sustainable and trustworthy Islamic digital finance ecosystems.

Keywords: *Islamic fintech, technology adoption, Trust, Southeast Asia*

1.0 INTRODUCTION

The global Islamic finance industry has undergone significant transformation over the past decade with the rapid advancement of financial technology (Fintech). The convergence of digital innovation with Shariah principles has given rise to what is commonly referred to as Islamic fintech which aims to deliver financial services that are inclusive, transparent and compliant with Islamic law. Unlike conventional fintech models that prioritise efficiency and profitability alone, Islamic fintech is grounded in ethical finance principles including risk sharing, social justice, transparency and the prohibition of riba’(interest), gharar (excessive uncertainty) and maysir (gambling) (Elasrag, 2019; Alam et.al., 2021). As such, Islamic fintech represents not merely the digitalisation of Islamic financial products but a fundamental reconfiguration of financial intermediation that align technological innovation with moral and religious values.

Southeast Asia has emerged as one of the most dynamic regions for the growth of Islamic fintech driven by a large Muslim population, expanding digital infrastructure and supportive regulatory environments. Malaysia and Indonesia serve as key hubs due to their well-established Islamic finance ecosystems and high levels of internet and smartphone penetration (Alshater, 2022). National initiatives such as Malaysia’s Islamic Capital Market Masterplan and Indonesia’s Shariah Fintech regulatory framework have further accelerated innovation by providing regulatory sandboxes and Shariah governance mechanisms that support experimentation while safeguarding consumer trust (Ali et.al., 2019; Hidayat & Kassim, 2023). The emergence of Islamic fintech platforms such as Ammana, Ethis, Blossom Finance and the digital expansion of Islamic banks reflect growing institutional commitment to this sector. Despite this development, adoption rates among consumers remain uneven indicating that the potential of Islamic fintech in Southeast Asia is yet to be fully realised.

Early research on Islamic financial services adoption has consistently emphasised religiosity and Shariah compliance as dominant determinants of user acceptance. Studies grounded in Islamic consumer behaviour suggest that religious commitment motivates individuals to select Shariah-compliant products as a means of fulfilling religious obligations and avoiding prohibited financial practices (Raza et.al., 2019). However, as Islamic financial services increasingly migrate to digital platforms, emerging evidence suggests that religiosity alone is insufficient to explain adoption behaviour in competitive and technology-driven environments. Recent empirical studies indicate that while Shariah compliance remains a necessary condition, the factors such as perceived usefulness, trust in digital platforms, social influence and perceived risk play equally significant roles in shaping adoption decisions (Hudaefi & Junari, 2022; Mokhtar et.al., 2023). This shift highlights a more complex adoption landscape in which religious motivation interacts with psychological, technological and institutional considerations.

The growing body of literature on Islamic fintech adoption has largely relied on established technology adoption theories, particularly the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT). These frameworks have been widely applied to examine how perceived usefulness, ease of use, social influence and facilitating conditions influence users’ behavioural intentions (Davis, 1989; Venkatesh et.al., 2003). While these models have demonstrated strong explanatory power, their application within Islamic fintech studies has often been limited to narrowly defined geographic contexts and cross-sectional survey designs. As a result, empirical findings remain fragmented and are rarely synthesised across countries to develop a comprehensive regional understanding of adoption behaviour in Southeast Asia (Alshater, 2022).

Moreover, existing studies exhibit an imbalance in analytical focus, with greater emphasis placed on adoption drivers rather than barriers. As highlighted by Wardi et.al. (2024), critical inhibitors such as perceived cybersecurity threats, data privacy concerns, lack of consumer awareness and inconsistencies in Shariah governance remain underexplored despite their growing relevance in digital finance. This imbalance limits the ability of scholars and policy makers to fully understand why certain segments of the population remain hesitant to adopt Islamic fintech services, even in digitally advanced environments. Without a holistic synthesis that integrates both enabling and constraining factors, policy interventions and product development strategies risk being ineffective or misaligned with user concerns.

In addition, the interaction between religiosity and non-religious determinants such as trust, perceived risk and facilitating conditions remain insufficiently theorised. While some studies report religiosity as a direct predictor of adoption, other suggest that its influence is mediated through trust in Shariah certification and institutional credibility (Khan, 2022; Alam et.al., 2021). This inconsistency indicates the need for a more nuanced analytical perspective that moves beyond simplistic assumptions about religious motivation and acknowledges the socio-technical nature of Islamic fintech adoption.

To address these gaps, this article adopts a narrative review approach to critically examine the multifaceted factors influencing Islamic fintech adoption in Southeast Asia. A narrative review is particularly appropriate given the conceptual diversity, methodological heterogeneity and evolving nature of the field, which limits the feasibility of strict systematic synthesis. This review integrates insights from behavioural adoption theories, technological innovation literature and Islamic finance scholars to identify recurring patterns, contradictions and research gaps. By synthesising evidence across countries and thematic domains, this study aims to provide a balanced and contextualised understanding of Islamic fintech adoption that extends beyond religiosity alone.

Accordingly, this review contributes to the literature by offering a comprehensive conceptual synthesis that highlights the dynamic interplay between religious values, technological perceptions, institutional trust and regulatory environments. The findings are expected to inform future academic research while providing practical insights for fintech developers, financial institutions and policymakers seeking to promote sustainable and inclusive Islamic fintech ecosystems in Southeast Asia.

2.0 FINDINGS

2.1. Adoption And User Behaviour

Research on fintech adoption in Islamic context has relied heavily on established technology-acceptance frameworks to explain why individuals adopt digital financial services. The foundational work by Tan and Teo (2000) adapted Theory of Planned Behaviour and early TAM constructs to internet banking and showed that perceived usefulness, perceived ease of use (attitude), subjective norm and perceived behavioural control (self-efficacy and facilitating conditions) significantly shape intention to adopt online banking, their framework remains useful as a baseline for later Islamic-fintech studies. Hussin et.al. (2021) extended the traditional TAM by posited that perceived usefulness and perceived ease of use remained central predictors of e-wallet adoption, but security concerns emerged as a crucial determinant influencing users’ trust and confidence in digital payment systems. Their findings demonstrated that users are more likely to adopt and continue using financial technology when they perceive the system as secure, easy to operate and beneficial in daily transactions. This empirical insight supports the applications of TAM within the Islamic fintech context, where adoption decisions are not solely driven by religiosity or Shariah compliance but are also shaped by technological perceptions such as usefulness, ease of use and security assurance.

Building on UTAUT/UTAUT2 traditions, empirical studies in Islamic Banking contexts find similar core drivers but place additional emphasis on contextual factors such as religiosity and Shariah-related credibility. For example, Raza, Shah and Ali (2019) applied a modified UTAUT model to mobile banking users of Islamic banks and reported that performance expectancy (perceived usefulness), effort expectancy (ease of use), social influence and facilitating conditions are strong predictors of behavioural intention. The authors also highlighted the moderating importance of perceived value and habit among Islamic banking customers. Khan (2022) similarly found that social influence, facilitating conditions, perceived credibility and perceived benefits matter for customers’ behavioural intentions toward Islamic financial technologies, reinforcing the centrality of both technology attributes and contextual trust signal in Islamic settings.

Diffusion of Innovation perspectives complement TAM/UTAUT by emphasising relative advantage, complexity, compatibility, trialability and observability as determinants of adoption. Shaikh, Amin, Noordin and Shaikh (2023), studying non-users of digital services in Pakistani Islamic banks founded that relative advantage, technology self-efficacy and complexity were decisive for adoptions intentions which pointing to the continued importance pf perceived usefulness and ease-of-use type constructs but framed in DOI language for clarity when discussing non-adopters.

In Malaysia, Mohd Thas Thaker et.al., (2019) studied existing users of Islamic mobile banking and found that perceived usefulness positively influences adoption intentions while perceived risks exert a significant negative effect. It suggesting that technical benefits alone are insufficient if customers fear financial or security risks. Similarly, studies that extend TAM (UTAUT) in Malaysian samples report that effort expectancy (ease of use) and performance expectancy (usefulness) remain strong predictors of intention but that perceived risk and cost moderate these relationships (Febriandika, 2024; Thaker et.al.,2019). These Malaysian findings show a pattern familiar from classical TAM research but with risk-related constructs carrying more weight in the Islamic banking context. In Indonesia, UTAUT-based and TAM-based surveys of millennials and bank customers produce complementary results. One Indonesian study of millennials customers found performance expectancy and effort expectancy to be positive predictors of intention whereas perceived risk and perceived financial cost had significant negative effects. At the bank level, Hidayat and Kassim (2023) panel analysis of Islamic banking services in Indonesia emphasizes the importance of facilitating conditions and market characteristics for organizational adoption of digital banking channels (Hidayat & Kassim, 2023). Their results suggest that supply side factors shape whether Islamic banks make digital services available which in turn affects customer adoption opportunities.

Brunei and Malaysia have been the subject of comparative, qualitative case studies which emphasis the transformative potential of fintech for Islamic banking but caution about governance and Shariah credibility. A widely cited qualitative case study of Brunei and Malaysia (Ali, Abdullah & Zaini, 2019) concludes that fintech has great potential impact on Islamic banking particularly in payments, inclusion and operational efficiency but also stresses the need for clear Shariah rulings and regulatory frameworks before widespread consumer trust can be established. The qualitative evidence from this case study complements surveys by showing how industry stakeholders perceive both opportunities and legitimacy challenges in practice.

Evidence on religiosity, trust, perceived risk and facilitating conditions in Southeast Asia supports a nuanced view beyond the simple claim that more religious users always adopt Islamic fintech more readily. Empirical papers show religiosity functions primarily as a compatibility or credibility signal where users who perceive a product as Shariah compatible are more likely to adopt, but religiosity usually works indirectly through trust and perceived compatibility rather than as a direct engine of technology uptake. For instance, Malaysian and Indonesian studies repeatedly report that trust in service provider and in Shariah certification mediates the relationship between perceived usefulness and behavioural intention when the trust is high, the risk perceptions decline and adoption rises (Mohd Thas Thaker et.al., 2019; Febriandika, 2024).

Perceived risk (data privacy, financial loss and fears of Shariah non-compliance) consistently shows up as the most potent deterrent in Southeast Asian samples. Multiple surveys in Malaysia and Indonesia report that perceived risk either directly reduces intention to adopt or moderates the effect of perceived usefulness. In plain terms, even a highly useful app will not be adopted if users worry about losing money or that the product may contravene Shariah rules (Thaker et.al., 2019; Febriandika, 2024).

Meanwhile, facilitating conditions including broadband and smartphone penetration, customer service infrastructure, digital identification systems and supportive national regulatory frameworks such as financial sandboxes which play a decisive role at both the demand and supply levels in Islamic fintech adoption. On the demand side, practical enablers like access to smartphones and reliable internet are prerequisites for users to engage with digital finance platforms. In Malaysia, mobile broadband penetration reached over 130% in 2023, indicating that many individuals own multiple connected devices, which directly supports higher adoption rates of mobile banking and e-wallets (MCMC, 2023). Similarly, in Indonesia, around 77% of adults had internet access by 2022 which has facilitated the rise of Shariah compliant peer-to-peer (P2P) lending platforms (OJK, 2022). On the supply and regulatory side, clear sandbox rules and supportive regulatory guidance increase both providers' willingness to innovate and consumers' trust in Shariah-aligned digital products. For instance, Bank Negara Malaysia's Financial Technology Regulatory Sandbox, introduced in 2016, has been praised for enabling Islamic fintech startups to test products under real market conditions with regulatory oversight (Hidayat & Kassim, 2023). Similarly, Indonesia's OJK launched a Shariah Fintech sandbox framework in 2019 that explicitly requires compliance with Islamic commercial law ensuring that innovations align with religious principles while maintaining consumer protections standards (Ali et.al., 2019).

Thus, across Southeast Asia, empirical evidence consistently suggests that improving facilitating conditions through robust digital infrastructure, regulatory support and Shariah governance which offers a high leverage route to increase Islamic fintech adoption.

2.2 Technology and Applications

The integration of advanced technologies such as blockchain, smart contracts and artificial intelligence (AI) has emerged as a transformative driver in the Islamic fintech ecosystem. These technologies promise to enhance transparency, efficiency and compliance with Shariah principles. Blockchain in particular has been widely discussed for its immutably in financial transactions. Lacasse (2017) mentioned that blockchain provides a tamper-proof, transparent ledger that can strengthen Islamic finance governance by embedding Shariah compliance within transaction records. Building on this idea, Elasrag (2019) emphasized that blockchain can serve as a "trust machine" for Islamic finance by reducing reliance on centralized intermediaries thereby aligning with Islamic principles of fairness and risk sharing.

A blockchain use case in Islamic finance is the tokenization of sukuk (Islamic bonds). Tokenization facilitates fractional ownership, liquidity and global accessibility. For example, in 2021, the Islamic Development Bank (IDB) collaborated with blockchain firms to explore digital sukuk issuance, using smart contracts to automate compliance and profit distribution (Hassan & Rabbani, 2021). Similarly, in Malaysia, the Labuan Financial Services Authority announced pilot projects for blockchain-based sukuk, demonstrating how distributed ledgers can streamline issuance and settlement processes while maintaining Shariah integrity

(Rahman & Kassim, 2022). These initiatives show the growing acceptance of blockchain as a vehicle for Islamic capital market innovation.

Beyond sukuk, blockchain also supports smart contract applications in murabahah (cost plus financing) and ijarah (leasing) structures. Smart contracts automate contract execution in ensuring that assets transfers and profit payments occur only when Shariah compliant conditions are met. Prabowo et.al., (2023) indicated that how smart contracts can minimize human error and enforce compliance through algorithmic verification of transaction terms. However, the implementation of such systems faces technical challenges including interoperability issues, scalability limitations and the need for Shariah-compliant oracles that verify real-world data before triggering blockchain events (Rabbani et.al., 2021).

Meanwhile, artificial intelligence (AI) is increasingly applied to credit scoring, customer service and fraud detection in Islamic fintech platforms. AI-driven models enable better financial inclusion by assessing non traditional data such as digital handprint and transactions histories to evaluate creditworthiness while avoiding interest-based (riba) mechanisms (Ali et.al., 2022). Chatbots powered by natural language processing (NLP) have also been adopted by Islamic banks in Malaysia and Indonesia to enhance Shariah compliant customer support (Suhaili & Ismail, 2024). Despite these advances, ethical and technical challenges persist particularly regarding algorithmic transparency, data privacy and the risk of bias which must be managed to maintain Maqasid Shariah in digital finance (Zainuddin et.al., 2023).

Overall, emerging technologies like blockchain, smart contract and AI offer significant potential to strengthen Islamic finance by embedding compliance, transparency and efficiency into financial operations. Nevertheless, to fully realize their potential, Southeast Asian regulators and developers must address infrastructural and governance barriers while nurturing Shariah-compliant innovation ecosystems.

2.3 Islamic Crowdfunding and Alternative Finance

Islamic crowdfunding has emerged as one of the most vibrant components of the Islamic fintech ecosystem, offering an ethical and inclusive alternative to conventional financing. Rooted in Shariah principles that prohibit riba and emphasize social justice, risk sharing and community empowerment, Islamic crowdfunding connects entrepreneurs and investors through digital platforms based on Islamic contract. Purwatiningsih (2024) highlighted that Islamic crowdfunding in Southeast Asia particularly in Indonesia and Malaysia has evolved rapidly since 2016 driven by government initiatives and public interest in ethical investment models. The platforms operate under three main models which are donation-based, equity-based and peer-to-peer (P2P) financing where each reflecting different levels of financial return and Shariah compliance oversight.

Donation-based crowdfunding facilitates charitable giving and endowment contributions without financial returns to donors. These platforms emphasize social solidarity and often regulated under non-profit frameworks (Rahman & Saad, 2022). Equity-based crowdfunding by contrast enables investors to acquire ownership stakes in startups or social enterprises following musharakah or Mudarabah contracts to ensure profit and loss sharing in line with Shariah law. Empirical evidence from Malaysia indicates that investors’ willingness to participate in such platforms depends on Shariah assurance, perceived transparency and platform reputation (Abdullah et.al., 2021). Meanwhile, P2P Islamic crowdfunding platforms allow entrepreneurs to access capital directly from individuals using contracts like Murabahah or Ijarah to structure returns without interest. According to the Financial Services Authority of Indonesia (OJK, 2023), P2P Islamic financing accounted for approximately 8% of all fintech lending in Indonesia by 2023, it signals growing consumer confidence in this alternative finance model.

Furthermore, the success of Islamic crowdfunding depends on technological efficiency and user trust. Studies indicate that the adoption of blockchain and smart contract can enhance transparency and reduce fraud risk, especially in donation and equity-based models (Ali et.al., 2022). Nevertheless, barriers such as limited digital literacy, inadequate regulation and cross-border legal uncertainty continue to restrict scale. Overall, Islamic crowdfunding represents a promising avenue for inclusive and ethical financial intermediation blending fintech innovation with Shariah compliant governance to promote sustainable socioeconomic development in Southeast Asia.

2.2 Islamic Social Finance And Inclusion

Islamic Social finance encompassing zakat (obligatory almsgiving), waqaf (endownment), and microfinance has undergone significant digital transformation in recent years and positioning itself as a vital mechanism for promoting financial inclusion and poverty alleviation. These instruments grounded in principles of equity and social justice aim to redistribute wealth and support the underserved thereby aligning with the Maqasid al-Shariah that emphasize socioeconomic welfare. The rise of digital zakat and waqaf platforms in Southeast Asia reflects a strategic effort a modernize traditional Islamic philanthropy through technology-driven efficiency and transparency. According to Kamaruddin et.al. (2022), digitalization has revolutionized the zakat ecosystem by increasing accessibility, accountability and speed of distribution which enabling real-time tracking of donations and automated disbursement to beneficiaries.

In Malaysia, institutions such as Pusat Pungutan Zakat (PPZ) and Lembaga Zakat Selangor (LZS) have launched mobile applications and online payment gateways that allow contributors to calculate and remit zakat instantly, increasing collection efficiency and outreach (Abdullah et.al., 2021). Similarly, Waqaf Selangor Muamalat introduced and online waqaf portal where donors can contribute to education and healthcare projects digitally, ensuring transparency through digital receipts and reporting dashboards (Kamaruddin et.al., 2022). In Indonesia, digital zakat initiatives have attracted younger donors where Purwatiningsih (2024) reported that over 60% of online zakat contributors are aged between 25 and 40. This illustrating how fintech tools can engage a new generation of socially conscious Muslims.

The cumulative effect of these digital transformations is a measurable improvement in financial inclusion and socioeconomic well-being. By lowering transactions barriers, enhancing transparency and broadening participation, digital zakat, waqf and microfinance platforms empower marginalized groups particularly women, rural entrepreneurs and microenterprises to engage in the formal financial system. Kamaruddin et.al. (2022) emphasize that the digitalization of Islamic social finance represents not merely a technological shift but a moral imperative toward inclusive economic justice. Nevertheless, persistent challenges remain including uneven digital literacy, cybersecurity risks and the need for harmonized Shariah governance across platforms (Rahman & Hassa, 2022).

2.3 Trust, Perceived Risk And Shariah Governance In Islamic Fintech Adoption

Trust, perceived risk and Shariah governance are pivotal determinants influencing users’ behavioural intentions toward adopting Islamic fintech applications. Within the frameworks of the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT), the factor of trust mitigates uncertainty and enhances users perceived usefulness and behavioural intention to use digital financial platforms (Davis, 1989; Venkatesh et.al., 2003). In the context of Islamic fintech, trust extend beyond technological reliability to encompass compliance with Shariah principles which serves as moral assurance for Muslim users (Alam et.al., 2021). Strong Shariah governance structures such as the presence of Shariah boards, transparent fatwa rulings and regular audits reinforce users’ confidence that digital transactions are conducted ethically and in accordance with Islamic law (Hassan et.al., 2020). Conversely, perceived risk whether financial, operational or related to data privacy negatively influences adoption as users may fear system failures, misuse of funds or non-compliance with Shariah standards (Farooq & Rizvi, 2017). Empirical evidence shows that enhancing digital transparency, cybersecurity mechanism and Shariah assurance in Islamic social finance platforms such as digital zakat and waqaf systems fosters higher trust and reduces perceived risk thereby promoting broader financial inclusion (Kamaruddin et.al., 2022; Purwatiningsih, 2024). This, integrating behavioural adoption theories with the principles of Shariah governance provides a holistic understanding of users’ trust-based decision-making processes in Islamic fintech environments.

Hussin, Muhammad and Azmi (2021) incorporated security as an additional construct within TAM to examine e-wallet adoption during the Covid era in Malaysia. Their findings highlighted that beyond perceived usefulness and ease of use, security assurance significantly influenced users’ willingness to continue using e-wallet services, particularly amid heightened online transaction activities during lockdowns. The study underscored that users’ perception of data protection, system reliability and fraud prevention mechanism directly reduced perceived risk and enhanced confidence in digital transactions. This suggests that within the Islamic fintech ecosystem, robust security frameworks and transparent risk mitigation measures may similarly serve as critical enablers of user adoption. Strengthening cybersecurity and privacy assurance thus aligns with the broader goal of building sustainable trust in Islamic digital finance across Southeast Asia.

3.0 DISCUSSION

The synthesis of studies from 2000 to 2025 reveals that Islamic fintech adoption in Southeast Asia is a socio-technical phenomenon shaped by intertwined behavioural, technological, institutional and religious dimensions. Across user behavior models such as the Technological Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT) and Diffusion of Innovation (DOI), consistent evidence shows that perceived usefulness, ease of use and social influence remain fundamental determinants of adoption (Tan & Teo, 2000; Raza et.al., 2019; Shaikh et.al., 2023). However, in Islamic context, these determinants are deeply filtered through religiosity, Shariah compliance and ethical trust which redefine how consumers evaluate technology (Khan et.al., 2022; Alam et.al.,2021).

Technological advances especially blockchain, smart contract and artificial intelligence (AI) have introduced new modes of financial innovation while aligning with Islamic ethical objectives such as transparency and justice (Elasrag, 2019; Lacasse, 2017). For instance, the tokenization of sukuk and smart contract in Murabaha financing demonstrate how technology can enhance trust and accountability by embedding Shariah compliance into digital transaction logic. Similarly, empirical evidence from Malaysia and Indonesia shows that regulatory sandboxes and digital ID initiatives lower perceived risk and increase consumer trust by formalizing fintech experimentation within Shariah compliant boundaries (Ali et.al., 2019; Hidayat & Kassim, 2023).

In the field of Islamic social finance, digitalization of zakat, waqaf and crowdfunding platforms has expanded financial inclusion, especially among unbanked populations and youth segments. Studies highlight that these innovations enhance transparency. Trust and social participation when accompanied by robust governance and technological literacy (Kamaruddin et.al., 2022; Purwatiningsih, 2024). Overall, a central insight across the literature is that technological utility and religious legitimacy must coexist where the adoption flourishes only when platforms demonstrate both operational efficiency and moral assurance.

Despite strong conceptual alignment across studies, empirical inconsistencies remain prevalent, reflecting contextual variations in trust formation, perceived risk and religiosity effects. While some studies argue that religiosity is the dominant predictor of adoption in Islamic finance (Raza et.al., 2019), others find that its effect is indirect or insignificant once trust and perceived usefulness are controlled (Khan et.al.; 2022). This inconsistency suggests that religiosity may act as a moderator, amplifying the impact of trust and Shariah compliance rather than serving as an independent determinant.

In the other hand, the findings on perceived risk are contradictory. In Malaysia, digital literacy and regulatory assurance appear to neutralize risk concerns (Shaikh et.al., 2023), whereas in Indonesia, fear of online fraud and uncertainty about Shariah certification still significantly dater adoption (Hidayat & Kassim, 2023). This divergence reflects unequal maturity in digital infrastructure and regulatory enforcement across Southeast Asian markets.

In addition, literature on Islamic social finance platforms offers mixed evidence on inclusivity outcomes. While some studies emphasize enhances efficiency and engagement (Kamaruddin et.al., 2022). Others note persistent digital divides and governance opacity that limit equitable (Purwatiningsih, 2024). Thus, while digital transformation in social finance is promising, its impact on genuine financial inclusion remains context-dependent and uneven. Therefore, future research on Islamic fintech adoption in Southeast Asia should move beyond descriptive analysis toward explanatory and longitudinal designs that capture behavioural dynamics over time. While current studies often apply TAM or UTAUT frameworks, integrating these with context-specific constructs such as maqasid al-shariah, ethical awareness and perceived barakah could yield richer theoretical insights (Shaikh et.al., 2023; Khan et.al., 2022). Cross country comparative research between Malaysia, Indonesia, Brunei and Singapore would also clarify how regulatory maturity, infrastructure and religiosity interact to shape adoption trajectories.

4.0 CONCLUSION

This narrative review provides a comprehensive synthesis of the multifaceted factors influencing Islamic fintech adoption in Southeast Asia by integrating behavioural adoption theories, technological innovation perspectives and Islamic finance principles. The review demonstrates that adoption decisions are shaped not by religiosity alone but by a complex interaction of technological perceptions, trust, perceived risk, facilitating conditions and Shariah governance. While perceived usefulness, ease of use and relative advantage remain foundational drivers where their influence is significantly mediated by users’ trust in platform security, regulatory oversight and Shariah compliance. In conclusion, the sustainable growth of Islamic fintech in Southeast Asia depends on achieving a careful balance between technological innovation, regulatory assurance and Islamic ethical integrity. This review provides a foundation for more informed academic inquiry and evidence-based policymaking aimed at advancing inclusive, trustworthy and Shariah compliant digital financial ecosystems.

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Author Contribution

Hussin, N. L., Yahaya, M. H. and Wan Jusoh, W. N. H contributes to the paper, reviewed the results and approved the final version of the manuscript.

Conflict Of Interest

This manuscript has not been published elsewhere, and all authors have agreed to its submission and declare no conflict of interest regarding the manuscript.

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