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Islamic Digital Civilization: A Literature Analysis of the Evolution of Islamic Economics Towards the Virtual and Metaverse Era

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ABSTRACT

The social, economic, and spiritual paradigms of societies worldwide have been transformed by advancements in digital technology, resulting in the metaverse ecosystem. Islamic digital civilization also known as "Islamic digital civilization" is a significant momentum in the Islamic economy to revitalize the values, principles, and practices of sharia economics in the virtual world. This study employs a qualitative approach and literature review method to analyze the development of Islamic economics from a conventional system to a digital economic order based on the values of maqāṣid al-syarī'ah. The literature sources used include the latest national and international journals from 2019 to 2025 that discuss the integration of technologies such as blockchain, artificial intelligence, digital asset tokenization, and Islamic financial practices in the virtual world. Analysis shows that the digital Islamic economy is more than just the use of technology; it is a way to actualize the values of monotheism, justice, and trust in an increasingly digital economic environment. Thru smart contract systems, digital zakat platforms, and the tokenization of sharia assets, the Metaverse has a high probability of building a transparent and inclusive halal economic ecosystem. However, new ethical and jurisprudential challenges such as virtual ownership (digital ownership), data protection, and the authenticity of Sharia transactions in cyberspace are emerging. According to this research, to build an Islamic digital civilization, regulation, technological advancement, and spiritual governance must work together to ensure that digital progress remains focused on the values of maqāṣid al-syarī'ah. In this way, the Islamic economy can serve as an ethical model for global economic development in the Web 3.0 and

metaverse era, while also affirming Islam's position as a just, sustainable, and progress-oriented digital civilization.

Keywords: *Digital Islamic economy; sharia fintech; metaverse; virtual Islamic civilization.*

INTRODUCTION

The integration of the physical and digital worlds marks a new phase in human civilization. Economic and social paradigms have been transformed by an increasingly digitalized world due to the emergence of technologies such as blockchain, the metaverse, artificial intelligence (AI), and the Internet of Things (IoT) (Lee et al., 2021). This phenomenon has resulted in a new reality in which the distinction between virtual and real space is increasingly blurred.

Token transactions, digital assets, and data-driven economies now enable economic activity to take place beyond physical space (Ning et al., 2021). In such a situation, it is crucial to investigate how Islamic economic values, rooted in moral values such as justice and balance, can be effectively applied in the evolving digital era.

From its inception, Islamic economics has offered a broad perspective on economic action as part of worship and human moral obligations to Allah SWT and society. However, the digital transformation has made conventional understandings of things like ownership (susu), transactions (muamalah), and asset value (mal) difficult. In the virtual world, ownership is no longer a physical object; instead, it is a digital right represented by a non-fungible token (NFT), smart contract, or digital identity. This raises new questions in the field of Islamic jurisprudence (fiqh): does digital ownership qualify as a valid act under Sharia law? How can contracts such as bai', ijarah, and mudarabah be executed in a virtual space without the physical presence of the parties? In the metaverse era, this issue is at the heart of the challenges facing Islamic economics (Saad et al., 2023).

This transformation encompasses both civilizational and technological aspects. According to some modern scholars, this phenomenon marks the beginning of Islamic Digital Civilization (IDC). IDC is a new phase of Islamic civilization that seeks to combine Islamic spiritual values with contemporary digital innovation (Al-Khasawneh, 2021). From this perspective, Islamic economics is no longer simply a financial system based on Sharia; it is now part of a focused digital ecosystem on maqāṣid al-syarīʿah (goals of Islamic law). Maqāṣid approach emphasizes the protection of wealth (ḥifẓ al-māl), soul (ḥifẓ

al-nafs), reason (ḥifẓ al-ʻaql), religion (ḥifẓ al-dīn), and descent (ḥifẓ al-nasl), all of which are Therefore, The main issue is not whether Islamic economics can adapt technology, but how it can direct technological progress while maintain the principle of benefit.

Studies have shown that digital technology can help the objectives of sharia if used in the correct way. For example, the application of blockchain in Islamic financial systems can increase transparency, reduce usury, and enhance trust in transactions (Bin-Nashwan & Muneeza, 2023).

Conversely, advances in smart contracts can automatically improve contract efficiency and ensure Sharia compliance without third-party intervention (Katterbauer et al., 2023). However, these advances also bring new dangers, such as data manipulation, misuse of digital identities, and the loss of spiritual value in increasingly automated economic interactions (Hassan, 2022). Therefore, this study begins with the realization that digitalization is not only changing the form but also the way humans interact with the economic system.

Indonesian government policies supporting the strengthening of a technology-based Islamic economy have encouraged the growth of the digital Islamic economy. The digitalization of the Islamic economy encompasses banking, capital markets, waqf, zakat, and the halal industry, according to the National Committee for Islamic Economics and Finance (KNEKS, 2021).

Sharia fintech platforms, digital zakat platforms, and halal crowdfunding are some examples of the use of technology to increase financial inclusion among the Muslim community (Firman, 2023). While this progress is promising, conceptual and regulatory barriers remain that must be addressed to allow the Islamic economy to develop freely in a digital environment in accordance with the maqāṣid (obligatory duties). These inconsistencies include the lack of an epistemological framework that can connect digital technology, Islamic ethics, and the vision of a sustainable Islamic civilization.

Therefore, the purpose of this study is to provide a conceptual synthesis of the literature discussing how the Islamic economy is developing in the digital era, leading to the formation of an Islamic Digital Kingdom. This study focuses on how technologies such as blockchain, artificial intelligence, and the metaverse can be used to implement Islamic principles to achieve economic justice, trustworthiness, and social welfare. A qualitative approach through a desk study was chosen because it allows the researcher to observe how ideas develop, evaluate whether Sharia values align with global research, and develop a theory for the future of the digital Islamic economy.

The theories of maqāṣid al-sharīʻah (Auda, 2018), Islamic digital ethics (Hassan, 2022), and the Islamic digital economy (Al-Khasawneh, 2021) are

combined with the theory of virtual economics (Lee et al., 2021). The goal of this study is to broaden the discussion on how technology can function as a tool for civilizational da'wah (civilizational da'wah) to build a just, moral, and inclusive economic system. This research is also expected to help policymakers, regulators, and academics develop a strategy for the digitalization of the Islamic economy that is morally and spiritually superior.

It is hoped that this research will produce a digital Islamic economic paradigm that can address the challenges of the times while maintaining its values. Islamic digitalization is not simply a new modification; it is a manifestation of Muslims' efforts to balance technological advancement with the values of monotheism and goodness. By using the maqāṣid al-shari'ah as a moral compass, the digital Islamic economy can serve as a global model in guiding the progress of internet civilization toward a balance between ethics, innovation, and justice.

METHOD

This research uses a descriptive qualitative approach to understand and analyze the development of Islamic economics in the digital and metaverse eras. This method was chosen because the study does not focus on empirical data collection. Instead, the research focuses on studying concepts, theories, and previous research findings related to Islamic Digital Civilization. This method is used by the researcher to investigate how the principles of maqāṣid al-shari'ah, Islamic digital ethics, and modern financial technology can be integrated in the development of a digital-based Islamic economy.

This research involved analytical exploration and a search of relevant literature from scholarly databases such as Scopus, Google Scholar, ResearchGate, and Garuda. The literature selection criteria included research published between 2015 and 2025 that addressed issues such as the digitalization of the Islamic economy, Islamic blockchain technology, Islamic fintech, or Islamic digital civilization. During this search process, a number of academic articles from books, journals, and policy reports were collected. They were then evaluated to identify trends, opportunities, and challenges in implementing Islamic values in the digital economy.

Documentation techniques were used to collect data, including thoroughly reading and studying relevant literature using reference management applications such as Zotero and Mendeley. Key themes such as Islamic digital ethics, blockchain and sharia transparency, and maqāṣid in digital finance were identified. The goal of this process was to identify thought patterns, research

gaps, and conceptual models that could explain how Islamic values can serve as an ethical foundation in the era of the virtual economy and the metaverse.

Content analysis and thematic analysis were the methods used to analyze the data. Formulating conceptual conclusions, categorizing themes, interpreting meanings, and reducing data were all part of this process. The results of the analysis not only illustrate trends in the literature but also present a theory of Islamic digital civilization based on maqāṣid al-shari'ah. This research was validated by cross-referencing sources and critically considering various scientific perspectives. Therefore, the aim of this research is to provide a broad understanding of the pathways and challenges to building a just, moral, and sustainable digital Islamic economy in the metaverse era.

RESULTS AND DISCUSSION

1. Digital Islamic Economy as the Actualization of the Values of Tawhid, Justice, and Trustworthiness

With the growth of Islamic economics in the computer age, we are entering a new phase in the journey of human civilization that involves spiritual, social, and technological aspects. Digital Islamic economy means not only using information technology to build a sharia financial system, but also actualizing the values of divinity (tawhid), social justice ('adl), and moral responsibility (amanah) in an increasingly digital and complex economic environment. The Islamic perspective views technology as a trust that must be used for the benefit of the people, not as a tool for economic exploitation or domination. Therefore, the digitalization of Islamic economics is a strategic step in using technology to implement the maqāṣid al-shari'ah, namely safeguarding religion, intellect, property, life, and descendants in the contemporary digital world (Auda, 2018).

Islamic economics is based on monotheism, both in the real and virtual worlds. Monotheism affirms the equality of spiritual and material aspects, as well as financial goals and moral obligations towards the Creator. Monotheism is not merely a theological statement about the oneness of God, according to Al-Faruqi (1982). It is a way of life that demands that humans combine their faith with social and economic actions. In the digital world, the value of monotheism means directing technological progress to align with the principles of welfare, justice, and honesty. Therefore, digital platforms such as Islamic fintech, e-zakat, and blockchain sukuk not only serve as tools for conducting transactions but also serve as tools for propagating and implementing Islamic spirituality in everyday economic life (Nasr, 2014). Monotheism prevents a separation between the world of moral values and the world of technology; both must work together to build an ethical and just economic system. Furthermore, a key principle in the digital

Islamic economy is the value of justice ('adl), which ensures that technological advances benefit everyone, not just certain groups with easier access to digital resources. Digital justice encompasses transparency in Islamic financial services, data protection from misuse, and the transparency of algorithms used by online financial systems (Sudana, 2024). Information asymmetry and monopolistic practices often lead to inequality in conventional economic systems. Blockchain technology presents a solution to maintain justice by being decentralized and transparent.

According to Bin Nashwan and Muneeza (2023), using blockchain in the Islamic economy can eliminate dependence on intermediaries, reduce the possibility of manipulation, and ensure the clarity of every Sharia agreement. In this context, the principle of justice encompasses equitable distribution of benefits and digital literacy, as well as equal economic and technological opportunities. The value of justice also serves as a way to prevent digital exploitation such as data colonialism, algorithmic bias, and technology-based economic inequality. According to Jatmiko (2022), Islamic economic justice rejects any practices that disadvantage the weak, both in digital and conventional ecosystems. Therefore, when building a digital Islamic economy, one must consider social and ethical aspects when designing its technological systems. Technologies such as digital sukuk, halal markets, and Islamic crowdfunding can only be called "Islamic" if they are built on the principle of equitable profit sharing, free from digital manipulation and discrimination. Amanah, on the other hand, has evolved into an ethical value that connects spiritual aspects with public trust in the digital ecosystem. Amanah in Islamic economics means the moral responsibility to protect the rights of others, manage assets fairly, and fulfill promises in every transaction. Islamic digital ethics, or Islamic digital ethics, develops from amanah in the digital context and demands transparency, data security, and honesty in the algorithms used (Hassan, 2022). Privacy protection, financial system security, and the authenticity of online transactions are all linked to digital amanah. According to Alwi (2021), the basis of trust in Islamic banking stems from amanah (trustworthiness). This concept is now evolving in the digital space to maintain the integrity of blockchain-based systems, AI, and big data.

Smart contract systems, software that automatically executes Islamic contracts without human intervention, also assist in the implementation of amanah (Katterbauer et al., 2023). This system implements amanah as a digital code that demands honesty and Sharia compliance, not just moral commitment. The spiritual aspect of amanah must still be considered. As Abdullah (2025) stated, technology should complement moral values rather than replace them.

In a digital Islamic economy, trustworthiness means maintaining harmony between the use of technology and religious integrity. Although the system may operate automatically, its goals and principles must remain spiritually valuable. Therefore, the overarching moral framework used to build an Islamic digital society consists of the integration of the values of tawhid, justice, and trustworthiness. Both tawhid and justice provide spiritual direction, and trustworthiness maintains digital trust.

As Elasrag (2020) states, an Islamic digital economy can be an alternative model for a globalized world seeking a balance between economic efficiency and humanitarian values. These three are mutually reinforcing pillars in building a digital economic system oriented toward the maqāṣid al-Shari'ah (obligatory objectives). The digital Islamic economy functions as a contemporary financial system and as a tool for civilizational da'wah (preaching) that revives the spirit of Islam, rahmatan lil-'alamin (blessing for the universe) in the technological era. This is done by positioning monotheism as the source of awareness, justice as the guideline for distribution, and trust as the ethical foundation.

2. Smart Contracts as Ethical Instruments and Automation of Sharia Contracts

With the development of blockchain technology, new opportunities have been opened for the application of Sharia rules in digital financial systems. The emergence of smart contracts, or digital contracts that can be executed automatically according to predetermined conditions without the assistance of a third party, is one of the most important innovations. Because they can serve as ethical tools and mechanisms for automating Sharia contracts, smart contracts are crucial in Islamic economics (Katterbauer, Syed & Genc, 2023). With the help of these systems, contracts such as murabahah, ijarah, wakalah, or mudharabah can be executed transparently, securely, and in accordance with Sharia principles.

New smart contracts (aqd) based on digital code can be defined from a Sharia perspective. Islamic contracts require clarity, honesty, and mutual agreement, without any element of gharar (uncertainty) or usury. Smart contract technology fulfills this principle by automatically executing transactions based on pre-determined parameters. A study by Bin-Nashwan and Muneeza (2023) found that this system minimizes conflict between transacting parties, eliminates the risk of manipulation, and strengthens the principle of trust. Furthermore, smart contracts help Islamic financial institutions comply with Sharia principles through algorithm-based oversight known as AI sharia auditing, which can consistently record all financial transactions on a blockchain network.

However, there are ethical and fiqh challenges that need to be considered when implementing smart contracts. First, the issue of intention (niyyah) in

digital contracts must be reinterpreted. This is because agreements in automated systems do not involve direct statements from the parties. According to Auda (2018), the validity of a contract in classical Islamic law depends on both rational agreement and the underlying moral intention. Second, if an error occurs in the contract code, legal authorization and responsibility (tahakkum) arise. Who is responsible if a digital contract does not meet Sharia requirements or if a system error occurs? Therefore, Sharia smart contracts must be created with the involvement of Islamic jurisprudence experts, technology experts, and Sharia supervisory bodies to establish a robust Sharia regulatory framework (Alwi, 2021).

In implementing smart contracts, in addition to legal aspects, ethical aspects are also a primary concern. Hassan (2022) states that automated systems and artificial intelligence can only have moral value if they are governed by the principles of justice and trustworthiness. Technology is a tool for moral responsibility in Islamic economics, not simply a tool for efficiency. Smart contracts can increase transaction transparency, but automated systems can become new tools of oppression if trust is lacking. Therefore, to ensure that digital systems remain oriented toward the maqāṣid al-syarī'ah (the principles of justice, security of property, and the welfare of the community), spiritual values must be inherent in every stage of design and implementation.

When smart contracts are implemented, there is great potential for building Sharia-compliant financial inclusion. Communities previously without access to large-scale investments can participate in global Sharia-compliant financial projects through a system of tokenization and digital ownership. For example, retail investors can have ownership stakes in large projects without violating Sharia law by using blockchain-based sukuk (Elasrag, 2020). This system increases efficiency and enhances social participation and economic equity. Therefore, smart contracts are a true reflection of the combination of advanced technology, Islamic ethics, and the principles of socio-economic justice.

In other words, smart contracts in the Islamic digital economy are not only financial tools but also ethical tools that implement the principles of trustworthiness, justice, and transparency. This system demonstrates that Islam does not oppose technological progress but prioritizes the spiritual benefit of innovation. With smart contracts, the Islamic world has a tremendous opportunity to build a digital civilization based on divine values and fair governance. This kind of technology serves as a means to a transparent, just, and maqāṣid al-syarī'ah-oriented society from the perspective of an Islamic digital society.

3. Digital Zakat Platforms and Tokenization of Sharia Assets as Pillars of the Virtual Halal Economy

With the advancement of digital technology, there is a significant opportunity for the Islamic financial and philanthropic system to build a more rational, open, and equitable model. The digital zakat, waqf, and infaq (ZISWAF) platform and the tokenization of blockchain-based sharia assets are among the most prominent innovations in this field.

With these advancements, the digital Islamic economy is becoming more than just a commercial financial system and a social ecosystem based on the value of welfare. According to Elasrag (2020), the management of zakat and waqf funds can now be done in real time, transparently, and publicly audited thanks to the use of technologies such as smart contracts and digital warehouses. This reinforces the principles of trust and hisbah (moral oversight) in contemporary Islamic economics.

The need for efficiency and transparency in the management of Islamic social funds has driven the emergence of digital zakat platforms. Zakat institutions can record the distribution of funds, track beneficiaries, and ensure that funds are used according to Sharia-compliant objectives using digital applications and blockchain technology. Firman (2023) stated that the digitalization of zakat in Indonesia has increased public participation, especially among millennials and users of financial technology. Zakat payments can be made digitally within seconds, with permanently recorded transaction evidence. Therefore, the principle of trust no longer relies on personal trust in the amil (collector); it now relies on a digital system that can be validated and verified by anyone. Digital zakat becomes a tool that not only serves as a social finance tool but can also be used to build a digital ethical culture based on Islamic principles of justice and transparency.

Furthermore, the tokenization of Sharia-compliant assets is an innovative step in increasing access to halal investments. With tokenization, physical assets such as sukuk, property, or infrastructure projects can be converted into digital units that can be fractionally owned by the general public. Consequently, tokens with small values enable individuals who previously lacked significant capital to participate in Sharia-compliant investments. This aligns with the main principles of Maqāṣid al-Shari'ah, namely equal distribution of ownership and elimination of economic disparities. Several Islamic countries around the world have begun implementing blockchain-based sukuk models to speed up the issuance process, reduce transaction costs, and ensure compliance with Sharia law. This technology also reduces reliance on intermediaries, making it more effective and free from potential usury or administrative manipulation.

Asset tokenization enhances transaction transparency and security, while also increasing efficiency. An immutable shared repository system records all asset ownership and movement data. This allows all parties to publicly view transaction history. This enhances the trust value while addressing the need for accountability in the Islamic economy. Abdullah (2025) states that an investment system focused on social justice and spiritual responsibility is emerging as a result of combining tokenization technology with Islamic principles. This investment system is referred to as an "ethical digital asset ecosystem." Investors in this system not only seek financial returns but also contribute to broader socio-economic progress, such as financing halal MSMEs, productive waqf projects, and sustainable infrastructure development based on the maqāṣid al-Shari'ah (obligatory objectives).

However, asset tokenization and the development of digital zakat platforms also face significant challenges. First, jurisdictions do not have uniform Sharia regulations and standards. While most Islamic financial institutions still use manual systems, the implementation of smart contracts and blockchain requires strict legal regulation and Islamic jurisprudence (fiqh) oversight to prevent gharar and maysir.

Personal data protection and public digital literacy are secondary concerns, especially in developing countries like Indonesia. People can fall victim to digital manipulation or unscrupulous investments labeled "Sharia" if they lack adequate digital literacy (KNEKS, 2021). Therefore, to build a robust oversight system based on Sharia governance, the government, financial institutions, academics, and Islamic scholars must work together.

However, digital zakat platforms and the tokenization of Sharia assets have enormous potential that cannot be ignored. In addition to increasing economic efficiency, this transformation enhances the social and spiritual functions of the Islamic economy. Hassan (2022) states that the Islamic digital economy encompasses not only the digitization of the financial system but also the building of an ethical economic civilization that prioritizes people over technology. Muslims have the opportunity to build an inclusive, equitable, and sustainable financial system by making digital zakat and asset tokenization the pillars of a halal digital economy. This is the first step towards realizing an Islamic digital society based on tawhid, amanah (trustworthiness), and maqāṣid al-shari'ah (obligatory objectives of Islamic law).

4. Ethical and Fiqh Challenges: Virtual Ownership, Data Protection, and Authenticity of Transactions

The metaverse, a new economic space created by advances in digital technology and virtual reality (VR), is a data-driven interactive space where

people can interact, purchase assets, and trade digitally. The emergence of the metaverse and the virtual economy poses significant ethical and fiqh challenges in Islamic economics, particularly those related to virtual ownership (also known as digital ownership), personal data protection, and the authenticity of Sharia-compliant transactions conducted in the virtual world. To maintain the values of maqāṣid al-syarīʻah amid disruptive developments, this phenomenon demands a reinterpretation of classical Islamic legal principles in the context of modern technology.

In classical muamalah fiqh, ownership (milk) is determined by physical existence (ayn) and legally owned benefits (manfaʻah). However, in the digital world, new assets such as tokens, NFTs, or virtual property have emerged that possess legally recognized economic value despite their lack of physical form. This raises an important question: are digital assets included in the category of mal mutaqawwam, or legitimate assets according to sharia? According to Saad et al. (2023), the concept of digital ownership is acceptable according to Sharia law as long as it meets the following requirements: certainty of ownership, lawful profits, and clarity of the object of the contract (ma'qud "alayh). Therefore, owning virtual land in the metaverse or digital tokens that are free from gharar (excessive uncertainty) can be considered legitimate.

Challenges arise, however, when the value of digital assets is often speculative and lacks a clear underlying asset. In such situations, Islamic scholars and economists must create new concepts, such as fiqh al-milkiyyah al-raqamiyyah, which means digital ownership. These concepts will govern the rights and obligations of digital asset owners. Maqāṣid al-Shariʻah should be the primary standard for assessing the legitimacy of economic innovation, where ownership should not result in exploitation, injustice, or social harm, as stated by Auda (2018). Therefore, although digital ownership can be legally recognized, it must be constrained by social justice and moral responsibility to society. Data is the most valuable asset in the digital economy because artificial intelligence systems, financial algorithms, and automated decision-making depend on it. However, the collection and use of data have significant ethical consequences, especially if done without permission or with manipulative intentions. According to Hassan (2022), digital trust, or al-amānah al-raqamiyyah, is a component that must be protected from the dissemination and misuse of personal data. When someone provides personal data to a financial institution, the institution is legally and morally responsible to protect it in the same way they protect their customers' money. The concept of digital trust aligns with the maqāṣid al-syarīʻah principles of ḥifẓ al-māl (protection of property) and ḥifẓ al-nafs (protection of life), according to Alwi (2021).

Data protection is a moral obligation inherent in the integrity and honesty of Islamic financial institutions. Violations of digital privacy fall under the category of khiyānah, or betrayal of trust, which is prohibited by Islam. Therefore, a Sharia-compliant cybersecurity system must be created, where every algorithm, database, and digital contract must be based on the principles of justice and trustworthiness. In Indonesia, the Financial Services Authority (OJK) and the Indonesian National Sharia Business Council (KNEKS) have begun regulating data protection for Sharia-compliant fintech; however, to adapt to the dynamics of the digital economy, more specific fatwas and Islamic jurisprudence standards are still needed (KNEKS, 2021).

How to guarantee the validity of Sharia-compliant contracts and the authenticity of transactions in a fully digital system is one of the most challenging issues in the virtual economy. In cyberspace, systems or algorithms often perform the elements of ijab-qabul (contract) without the user's knowledge, but in Islamic law, the validity of a contract is determined by the following pillars and conditions: the parties to the contract (ʻaqidān), the object of the contract (maʻqud 'alayh), the sighat of ijab-qabul, and a lawful purpose. This requires a redefinition of Sharia contracts in the digital era, according to Bin-Nashwan and Muneeza (2023), where electronic contracts can be considered valid if they fulfill the elements of intention (niyyah) and clarity of transaction (bayān).

Furthermore, although highly effective, smart contract systems cannot replace the spiritual value of Sharia transactions. From an Islamic ethical perspective, intention and moral awareness remain essential for the validity of a contract. Consequently, a Sharia audit system based on artificial intelligence is needed that not only checks the technical correctness of contract code but also ensures its compliance with the maqāṣid al-Shariʻah (the requirements of Islamic law) (Katterbauer et al., 2023). This is crucial to prevent the emergence of transactions that appear "digitally halal" but do not meet Islamic moral values due to the lack of intention and spiritual awareness.

Digital identity is also crucial for transaction authenticity. Transactions in the virtual economy are typically conducted by avatars or digital identities, which cannot always be directly identified. This increases the potential for gharar and fraud. To ensure that transactions in the metaverse and Islamic financial platforms remain authentic, transparent, and accountable, an ethical and Sharia-compliant blockchain-based identity verification system is required. Ultimately, the digital Islamic economy faces ethical and Islamic jurisprudence challenges, necessitating Sharia digital ethics (digital Islamic ethics). This method focuses not only on formal legal compliance, or legal compliance, but also on building spiritual awareness and moral responsibility towards technology. According to

Hassan (2022), Sharia digital ethics consists of three main dimensions: system integrity, social justice, and spiritual accountability. To ensure that digital advancements do not distance the Muslim community from divine values, these three elements serve as a bridge between Islamic jurisprudence and modern technological advancements.

Therefore, while the virtual world and metaverse offer significant opportunities for the advancement of the Islamic economy, Muslims also have a significant responsibility to ensure that the values of tawhid, trustworthiness, and justice remain the foundation of every creative endeavor. Transaction authenticity, digital ownership, and data protection are moral issues concerning how humans use technology to manage God's trust. By using the values of maqāṣid al-shari'ah as the primary compass, the digital Islamic economy will be able to lead to a civilization that is moral, just, and focused on the welfare of the people.

5. Synergy of Regulation, Technology, and Spiritual Governance

Technology and economic innovation are key to building an Islamic digital society. It requires collaboration between three main pillars: regulations that support Sharia values, ethical technological advancement, and spiritual governance that ensures digital progress remains rooted in the maqāṣid al-Shari'ah. This collaboration forms an integrative foundation connecting the legal, economic, and moral aspects of the digital Islamic economic ecosystem. Digitalization will only produce technical efficiency without spiritual direction, eliminating the social justice aspect of the Islamic economy without strong integration.

In the era of computers and the internet, regulations ensure the stability and legitimacy of the Islamic financial system. The National Committee for Sharia Economics and Finance (KNEKS) and the Financial Services Authority (OJK) play a very strategic role in Indonesia. KNEKS (2021) states that the digitalization of the Islamic economy is crucial to the 2020–2025 national strategy. This includes strengthening the legal framework, advancing Sharia fintech, and integrating the digital zakat and waqf systems. To ensure that innovations such as smart contracts, asset tokenization, and metaverse finance do not violate Islamic law, strong legislation is needed.

However, legislation alone is not enough. To keep pace with rapid technological developments, it must be dynamically developed. According to Bin-Nashwan and Muneeza (2023), Islamic economic laws must adapt to new concepts such as virtual identity and digital ownership. However, they must maintain the essence of classical fiqh. Therefore, to develop a Shariah Management Framework that can address ethical, legal, and technological issues

simultaneously, regulators, religious scholars, academics, and technology experts must work together. Therefore, legislation acts not only as a controller but also as a guide for digital progress in Shariah. If managed in a manner consistent with Islamic teachings, digital technologies such as the Internet of Things (IoT), big data, blockchain, and artificial intelligence (AI) can serve as key catalysts for financial inclusion and social justice. In the Islamic digital economy, technology is not considered neutral; rather, it is considered necessary to achieve benefits (maslahah).

Elasrag (2020) states that blockchain reduces the possibility of usury, fraud, and data manipulation by enabling complete transparency in financial transactions. However, Islamic ethical principles can be used by AI to detect Sharia non-compliance and investment risks. Technology can also help maintain the equitable distribution of resources. Low-income communities can obtain capital without resorting to the prohibited interest system through the digitization of zakat, smart waqf platforms, and Islamic crowdfunding.

Hassan (2022) states that technological advancement must be balanced with moral awareness because technology can become a tool of exploitation if it lacks moral values. Consequently, the concept of spiritual governance is the third pillar of the overall Islamic digital economic system, meaning that technology must be seen as a tool or means to contribute to the welfare of the community. Spiritual governance is a type of governance that emphasizes legal compliance and fosters moral awareness and spiritual responsibility among stakeholders, such as regulators, financial institutions, technology developers, and the user community.

Abdullah (2025) refers to this method as the Organizational Framework of Islamic Ethics (IEAF), where the principles of tawhid, amanah, and maslahah are used as the basis for making strategic decisions about digital economic policy. The Maqāṣid al-Shari'ah (the principles of Islamic law), safeguarding religion (ḥifẓ al-dīn), reason (ḥifẓ al-'aql), wealth (ḥifẓ al-māl), and social justice are always prioritized in technological advancement by spiritual governance. In reality, spiritual governance can be achieved through the establishment of an Islamic Digital Ethics Council. This council is responsible for assessing the moral consequences of emerging technologies such as the metaverse, artificial intelligence, and asset tokenization. This council maintains the maqāṣid spirit of every technological advancement and acts as supervisory agency.

To instill digital ethical values in the younger generation, Islamic educational institutions must play an active role, according to spiritual governance. To ensure the ummah has balanced moral and technological skills, future Islamic economic education must include courses in fiqh al-raqamiyyah

(digital jurisprudence), digital sharia law, and data ethics. Therefore, spiritual governance permeates every aspect of the Islamic digital economy, not just at the policy level. It becomes a collective culture.

To build a sustainable Islamic digital economy, regulation, technology, and spiritual governance must work together. Technology provides power, rules provide direction, and faith provides meaning. Maqāṣid al-Shari'ah is the paradigm for sustainable moral development and legal norms, according to Auda (2018). Therefore, plans to build a digital Islamic economy must combine government policies, technological advancements, and Islamic moral principles in a healthy environment.

KNEKS (2021), an Indonesian government program developing a Digital Islamic Ecosystem, connects the halal industry, Islamic financial institutions, Islamic education, and digital entrepreneurship. This is a concrete example of this collaboration. This program demonstrates a concrete path towards an Islamic digital society, where every aspect of the digital economy is regulated according to the maqāṣid (obligatory) values. Therefore, technological advances not only result in increased economic efficiency but also produce a just, honest, and ethical digital civilization focused on the welfare of the community.

CONCLUSION

In the contemporary era, digital transformation has brought both significant opportunities and challenges for the growth of the Islamic economy. According to this study, the digital Islamic economy is not simply the use of new technologies; it is a way to implement the values of monotheism, justice, and trustworthiness in the online economy. Digitalization enables a broader and more dynamic application of the principles of maqāṣid al-syarī'ah, particularly in ensuring that technological advances are made to achieve the welfare of the people (maslahah 'ammah) and avoid the social inequalities that arise from the conventional economic system. Islamic digital business can be an alternative for a more moral, just, and sustainable global economic civilization if Islamic spiritual values are used as its foundation.

Technologies such as smart contracts and blockchain have demonstrated their potential as transparent and effective tools for automating Sharia contracts. In addition to upholding the principles of trust and justice, these systems have the ability to increase trust and reduce the risk of irregularities in financial transactions. Similarly, the development of digital platforms for zakat, waqf, and tokenization of Sharia-compliant assets has created an inclusive financial ecosystem that allows the wider community to participate in halal investments and manage social funds transparently. Therefore, digital innovation not only

increases efficiency but also enhances the social and spiritual aspects of the Islamic economy.

However, this study also emphasizes that technological advances bring new moral and legal challenges that cannot be ignored. New ijtihad is needed in Islamic economic law to address issues such as virtual ownership, personal data protection, and the authenticity of digital transactions. To ensure that classical principles such as gharar, riba, and niyyah remain relevant in the digital world, they must be reinterpreted to maintain their relevance without losing their moral value.

Therefore, Islamic scholars, academics, and technologists are crucial in developing a framework for fiqh al-raqamiyyah, or digital fiqh, that can connect Sharia law with contemporary technological advances.

Furthermore, regulations, technology, and spiritual governance must work together to produce a successful digital Islamic economy. Spiritual governance maintains moral integrity and maqāṣid al-Shari'ah orientation in every innovation, regulations provide direction and legal certainty, and technology provides efficiency and transparency. For the Islamic digital ecosystem to develop as a just, trustworthy, and inclusive system, these three pillars must work together effectively. Indonesia has significant potential in the Islamic economy, and if it can consistently build synergy between policies and spiritual ethics, the country can become a model for the development of an Islamic digital society.

In conclusion, this study argues that an Islamic digital society is a new paradigm that combines technological advancement with Islamic principles. Digitalization should not be considered as economic secularization; rather, it is a tool for enhancing morality, ethics, and justice in contemporary life. Based on the maqāṣid al-shari'ah (obligatory objectives), an Islamic digital economy may become the pivot for the emergence of a technologically, morally, and spiritually superior global economic civilization, with humans as caliphs who steer the digital world with divine values.

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