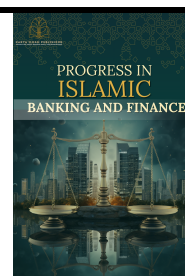




Progress in Islamic Banking and Finance

Journal homepage:
<https://karyailham.com.my/index.php/piibf/index>
ISSN: XXXX-XXXX



Role of Islamic Finance Education in Community Empowerment from the Lens of Maqasid Al-Shariah

Roslina Mohamad Shafi^{1,*}

¹ Department of Economics and Financial Studies, Faculty of Business and Management, Universiti Teknologi MARA. Puncak Alam Campus, Selangor, Malaysia

ARTICLE INFO

Article history:

Received 2 July 2025

Received in revised form 15 August 2025

Accepted 27 August 2025

Available online 26 September 2025

Keywords:

Islamic finance; maqasid al-shariah; community empowerment

ABSTRACT

While Islamic finance has grown rapidly worldwide, its educational dimension is often underexplored in terms of socio-economic impact. By aligning educational objectives with the higher purposes of Shariah, this study argues that Islamic finance education can serve as a strategic tool for sustainable development and inclusive community empowerment. This study aims to explore a dynamic nexus between Islamic finance education, community empowerment and maqasid al-shariah. This study maps how Islamic finance education contributes to socio-economic context, guided by the framework of maqasid al-shariah. It also discusses the critical challenges and the consequences. This paper concludes with practical recommendations and emphasizes that Islamic finance education should be rooted in the real life of the community, hence empowering their quality of life.

1. Introduction

Iqra' (read, recite), is the first word revealed in the Quran and highlights the fundamental importance of education in Islam. The Prophet Muhammad SAW received this command was in the cave of Hira. It is reflecting that seeking knowledge is a sacred and obligatory duty for each muslim. Showing that Islam is a religion that values knowledge, literacy and education. Islam calls humans to think, to reflect, to seek and to grow.

In Surah Al-'Alaq, Allah says:

"Read in the name of your Lord who created... Taught man that which he knew not."
(Al-'Alaq, 96:1–5)

The verse reminds us that knowledge is a divine gift. Seeking knowledge is upliftment to both the individual and the community. Education serves as a fundamental pillar in cultivating individuals who

* Corresponding author.

E-mail address: rosli286@uitm.edu.my

<https://doi.org/10.37934/piibf.1.1.4248>

are not only intellectually adept but also emotionally, spiritually, and physically well-rounded, which aligns with the holistic development emphasized in Islamic teachings.

However, in this contemporary era where information is easily available and accessible, wisdom is something that is rare. Education has become a commodity, something to trade and make a profit out of. The *niyyat* (intention) to seek knowledge somehow has been commodified and associated with personal goals such as to earning a substantial salary, luxury cars and houses, and accumulating riches. This is not the primary reason Islam urges its ummah to pursue knowledge.

Islam demands the community to seek knowledge not just limited to the *fard' ain* (individual obligation) but also *fard' kifayah* (communal obligation) knowledge. Examples of *fard' kifayah* include medicine, finance, engineering, and other professions imperative for the welfare of society.

Discussing Prophet Muhammad SAW and his career before prophethood in trading and business caravans, exemplifies how knowledge and Islamic finance education stand as vital tools in equipping individuals and communities with the means to attain economic dignity, justice, and sustainable development all at once, while remaining true to the higher purposes of shariah.

The value of Islamic finance assets is now worth USD4.5 trillion [7] and is expected to exceed USD6.7 trillion by 2027 [8]. The Islamic finance industry transformed from a niche market to mainstream in many countries, demonstrating how a small sector can grow to become a large standalone industry. As the market grows, it reflects the need for talents in Islamic finance. The growth of the Islamic finance market directly correlates with the need for skilled professionals in the field. As the industry expands, so does the demand for talent with expertise in Islamic finance principles, shariah compliance, and related areas.

However, while financial products and institutions have advanced rapidly, the corresponding growth in educational initiatives, especially those targeting grassroots empowerment, has lagged. Communities, particularly in Muslim-majority regions, often face financial exclusion, limited literacy, and economic vulnerability [9]. Islamic finance education offers an opportunity to bridge these gaps, fostering not just awareness of halal financial products but a deeper understanding of ethical wealth management, risk-sharing, and social responsibility.

Maqasid al-Shariah, which translates to the "objectives of Shariah," provides a comprehensive framework for assessing the benefits and outcomes of actions and policies, with the ultimate aim of promoting human welfare and preventing harm. Integrating the principles of *Maqasid al-Shariah* into educational curriculum and practices is crucial. Through this integration, we can foster community empowerment by equipping individuals with the knowledge, skills, and values necessary to address societal challenges, promote justice, and contribute to the development of the ummah.

The primary research inquiry of this study is, in what ways may Islamic financial education, informed by the *Maqasid al-Shariah*, facilitate the comprehensive empowerment of communities? Accordingly, the aim of this paper is to focus on how we can link Islamic finance education and community empowerment while fulfilling the higher call of *maqasid al-shariah*. The paper will provide the fundamental understanding and suggest a framework of how Islamic finance education can be developed further. The paper concludes with reflections on the transformative potential of *maqasid*-based education in building empowered, equitable societies.

Maqasid al-Shariah: An Overview and Link to Islamic Finance Education

The word *maqasid* denotes meanings such as "modest", "simple", "true", and "fair", with strong purpose and determination [10]. Literally, *maqasid* is the plural form of *maqsad* and *maqsid*, derived from the word *qasada* in Arabic, which means heading towards a direction. While *shari'ah* means water springs where it is the source of drinks, paths, and what is sanctioned by Allah in the aspect of *aqidah* as well as rulings, the religion and the opinions of *mazhab* which are clear and straight.

There are five objectives of maqasid al-shariah, namely, protection of faith (religion), protection of life, protection of intellect, protection of lineage and protection of property [11]. Imam as-Syatibi is among the prominent scholars in the area of maqasid al-shariah. He detailed the field of Maqasid al-Shariah comprehensively, structured and systematically through his book-al-Muwafaqat.

In contemporary times, maqasid al-shariah has been embedded in the practice of Islamic finance, particularly in the Islamic capital market. The Securities Commission of Malaysia, for instance, in the year 2023 has established guidance that linked both of these concepts. In this perspective, the role of Islamic finance education play a greater role in facilitating equitable growth, which then builds and promotes a sustainable and inclusive stakeholders economy.

With the growing challenges nowadays, such as climate change, wars and social inequalities, Islamic finance can be one of the solutions to empower the community. Grounded in the principles of maqasid al-shariah, Islamic finance offers a practical avenue for community empowerment where it acts as a tool to achieve maqasid al-shariah. Financial institutions plays a central role in promoting and contributing to the protection and promotion of faith, life, intellect, progeny, and wealth.

Islamic finance education can reduce the gaps of social inclusion between the rich and poor, disadvantage and educated communities. Social inclusion is where people from all walks of life, especially the marginalised and disadvantage are being considered in the sustainability development. This includes youth, women, indigenous people and the hardcore poor regardless of age, educational background and gender, whereby they must be parts of the sustainability plans. They should have equal access to opportunities, resources, rights and active participation in economic, social, political, cultural and environmental movements.

By linking Islamic finance education to maqasid al-shariah, we can nurture a knowledgeable community that is better equipped to understand, utilize, and benefit from Islamic financial products and services.

At the Malaysia tertiary level, the role of Islamic finance education is very significant. Many universities and higher education institutions offer undergraduate or postgraduate courses related to Islamic finance. Private institutions and consultancy firms also promoting professional certification in Islamic finance. Islamic finance education ecosystem in Malaysia is impressive, with the support of the government initiatives.

The ICD–Refinitiv Islamic Finance (2024) Knowledge Index has identified 968 educational institutions providing Islamic finance education at degree, course, and professional certification levels [1]. Southeast Asia, particularly Malaysia and Indonesia, leads in Islamic finance education, hosting 62 and 355 educational institutions, respectively. In other regions, the UK, featuring 72 providers, has shown its intention to maintain its status as the principal European center for Islamic financing.

2. The Role of Islamic Finance Education in Achieving Maqasid al-Shariah

When we examine education through this lens, we realize the powerful role of maqasid al-shariah in mapping the Islamic financial education and community empowerment. Islamic finance education empowers religious understanding and promotes ethical values within the community. It strengthens the religious education in fostering social-religious resilience [6] and protects the purity of the religion.

In the context of protection of life, Islamic finance education promotes ethical management of wealth, such as income purification through zakat, voluntary charity such as waqf and how to reduce exploitation of wealth that is against the teachings of Islam. It also teaches individuals, households and businesses financial protection through takaful. By having an understanding of how Islamic

finance values the protection of life, it reduces vulnerability to poverty and financial shocks. To the businesses, it promotes the understanding of business resilience, where the financial performance of a business must be protected, emphasizing the necessity of safeguarding financial performance to ensure the welfare of employees and other pertinent stakeholders.

In addition, by having knowledge of Islamic finance, we are empowering the intellectual capability of the community. Education in Islamic finance enhances financial literacy while cultivating critical thinking, innovation skills and problem-solving skills. Individual that are equipped with these qualities may be able to contribute to society's development. It enables individuals to make responsible and informed decisions on their financial management. A lack of understanding about financial products and services can exacerbate economic vulnerability [3]. This enables the furtherance of the maqasid of protecting intellect and promoting responsible financial behavior.

Islamic finance education is capable of protecting the lineage and promotes family values and the well-being of future generations by providing awareness of halal income and responsible consumption. Parents that are educated in Islamic finance can raise responsible children in managing their personal finances. Moreover, it empowers women that usually manage their domestic consumption. In the longer term, it builds responsible and sustainable household financial management and strengthens the household's economic resilience.

While some communities are excluded from the conventional system, Islamic finance emphasizes inclusivity and aims to provide financial services to this group of people [13]. Through Islamic finance, one can learn about wealth creation, protection of wealth and asset preservation. This will enable circulation of wealth in many hands, equitable wealth distribution and support participations of an inclusive community.

Financial literacy, entrepreneurship, and vocational skills help lift communities out of poverty and build sustainable livelihoods. By providing access to capital, promoting entrepreneurship, and fostering sustainable development, Islamic finance can help uplift communities and reduce economic vulnerability [2]. This process directly contributes to the Maqasid of wealth creation and the overall well-being of society [5].

Table 1 demonstrates the nexus of Islamic finance education and community empowerment from the lens of the maqasid al-shariah. It summarized the triadic interlinkages of how each of these components relate to each other.

Table 1

Mapping the Nexus of the Triadic Model of Islamic Finance Education, community empowerment, and Maqasid al-Shariah

Maqasid al-Shariah	Role of Islamic Finance Education	Community Empowerment
Protection of religion (Hifz al-Din)	Promotes Shariah-compliant financial behavior and shariah principles in financial dealings	Promotes ethical behavior, shariah literacy and halal economic practices in the community
Protection of life (Hifz al-Nafs)	Encourages ethical use of wealth, reduces exploitation. Teaches individuals, households and businesses financial protection through takaful.	Reduces vulnerability to poverty and financial shocks. Business resilience.
Protection of intellect (Hifz al-'Aql)	Enhances financial literacy and critical thinking	Builds informed citizens capable of making responsible financial decisions
Protection of lineage (Hifz al-Nasl)	Builds responsible and sustainable household financial management	Strengthens household economic resilience and intergenerational well-being

Protection of property (Hifz al-Mal)	Teaches wealth creation, protection, zakat, waqf and asset preservation.	Enables equitable wealth distribution and supports inclusive economic participation
--------------------------------------	--	---

Source: Author's suggestion.

3. Case Studies of Community Empowerment

There are many prominent projects and activities involving Islamic finance education and community empowerment while embodying the principles of maqasid al-shariah.

Maybank Islamic Zakat-Based Entrepreneurship Program for the Students

Maybank Islamic is going beyond the traditional zakat distribution method. Using zakat funds, a community grant is offered to higher education institutions to run a community project. In 2025, an entrepreneurship-based model was set up to ensure the sustainability of the project and not just a one-off funds distribution. This mentorship program is organized to empower the youth especially, the underprivileged students. This initiative aims not only to offer short-term relief but to build long-term economic empowerment aligned with the fulfilment of maqasid al-shariah especially in protection of life, intellect and property.

In this program, students are expected to be trained as entrepreneurs, produce products, and project some returns from the program. Moreover, this program also positions zakat not just as charity but as a tool for strategic empowerment. This will ensure the sustainability of zakat management (protection of wealth) and value-based intermediation (VBI) and demonstrate how Islamic banking institutions can lead in ethical socio-economic development and Islamic finance education.

4. Waqf-Based Financial Education in Turkey

This project is unique and historic since it was begun in the Uthmaniyyah Empire. During this time, waqf was used for humanitarian purposes for all communities regardless of religion, and in fact, it also benefited the animals [12]. However, in contemporary practice, the Türkiye government, through the Directorate General of Foundations, manages over 3,500 historical waqf properties from the Uthmaniyyah times. The waqf is used for rents and business concessions. Part of this revenue stream goes toward financial education, like enabling micro-entrepreneurship training and community welfare programs tied to waqf assets. In addition, they have special waqf to deal with earthquakes and natural disasters, as well as to help widows and children of war victims [12]. This program has fulfilled the maqasid al-shariah by protecting life and intellect.

Financial Literacy Program in Indonesia: Gerakan Nasional Cerdas Keuangan (GENCARKAN)

This program was held in 2024 by the Financial Services Authority (OJK) of Indonesia. It is a national initiative program with the aim to strengthen understanding and increase awareness of financial products among the community. It is expected that through this program it will increase access to financial knowledge, increase participation in the financial market and consequently encourage better financial inclusion in Indonesia. From the shariah point of view, this program has efficaciously met the maqasid al-shariah by protecting the life, intellect and wealth of the community.

Zitouna Tamkeen – A Maqasid-Based Microfinance Model for Women's Empowerment

Islamic Development Bank (IDB) has invested USD1.1 million of funds in the equity capital of Zitouna Tamkeen (ZT), a Tunisian-based full-fledged Islamic microfinance institution. The aim of this project is to encourage disadvantaged groups and develop economic empowerment by promoting initiative and supporting self-employment projects.

Throughout this program, it can create jobs in a number of ways, from the hiring of skilled staff to the financing of projects that will employ people with diverse skill sets, including farmers, artisans, and educated unemployed youths (Economic Empowerment by Zitouna Tamkeen, n.d.).

From the maqasid lens, surely this project has met the fulfilment of life protection by educating the disadvantaged in business but also in protecting the lineage by ensuring the well-being of the household economy.

5. Challenges and Consequences

To materialize the tripartite model of Islamic finance education, community empowerment, and maqasid al-shariah, there are primary challenges that need to be addressed. Among other things, is the quality of finance education was separated between Islamic and conventional. This is due to the different philosophical of theories between both of the areas. However, some of the conventional finance theories remain relevant and can find their way into Islamic finance education. Moreover, religious education in schools focuses only on providing basic understanding and knowledge of Islam. This has led to lack of integration and disconnection between theory and community needs, especially underprivileged community. While at higher learning institutions, debates and knowledge exploration is actively made, yet at the grassroot Islamic finance concept is still inaccessible and remain abstract to ordinary people. Another obstacle is limited access to quality education in rural areas. Most of them are financially marginalized people who cannot even have access to basic education. In addition, there are gaps in understanding the maqasid in practice, what's more, in relate it to Islamic finance education. The practitioners are struggling to apply the concept of maqasid in practice, and the implementation remains limited and not coherent across educational systems, countries and jurisdictions.

Consequently, as the community does not have sufficient knowledge of Islamic finance, a lack of Islamic products and services is adopted. Language and jargon barriers cause the community to have a preference on conventional counterparts over Islamic finance products and services. Some Muslims prefer to choose Islamic finance products just because they are labeled as Islamic, without have a true understanding of the philosophy behind them, and thus they cannot appreciate their values. Communities that received zakat or waqf assistance might misuse the funds or not be able to develop sustainable income streams and engage in the program for a long term, if they were not educated in Islamic finance. People will not be empowered and will feel alienated if they do not understand the contextual relevance. Hence, they might miss the opportunities to innovate and uplift their social conditions.

6. Conclusions and Recommendations

To realize the above model, Islamic finance curriculum development needs to be embedded with the syllabus of maqasid al-shariah, where it needs to be tailored with real case examples of learning contexts. The curriculum design can also be integrated with other social science or information technology programs to encourage interdisciplinary studies. More programs that involve the community can be organized, and this program should be able to integrate training models so that it is more sustainable. Another important solution is to introduce a maqasid metric or scorecard model to measure the impact of maqasid al-shariah on community empowerment. This will serve as reference point and benchmark to quantifying the success of the Islamic finance education.

References

- [1] Adil, M., & Omar, P. D. A. (2020). Taking Islamic Finance Education To New Heights. In *INCEIF Refinitiv Islamic Finance Knowledge Outlook Report 2020*. <https://static.zawya.com/pdf/Others/2020%20INCEIF%20Report.pdf>
- [2] Kakembo, Ssemambo Hussein, and Abu Umar Faruq Ahmad. "Employing Islamic Microfinance in Addressing Poverty Challenges in Brunei: A Mudarabah Approach." *International Journal of Corporate Finance and Accounting (IJCFA)* 6, no. 1 (2019): 49-61.
- [3] Antara, Purnomo M., Rosidah Musa, and Faridah Hassan. "Conceptualisation and operationalisation of Islamic financial literacy scale." *Pertanika Journals* 25 (2017): 251-260.
- [4] Economic Empowerment by Zitouna Tamkeen. (n.d.). <https://www.isdb.org/case-studies/economic-empowerment-by-zitouna-tamkeen>
- [5] Farrar, Salim, and Tanvir Uddin. "Building islamic ethics into development: Exploring the role and limitations of "Islamic" microfinance in poverty alleviation—an Indonesian case study." *Law and Development Review* 13, no. 2 (2020): 371-406. <https://doi.org/10.1515/ldr-2020-0047>
- [6] Faoziyah, Sitti. "Community Empowerment Through Religious Education and Islamic Social-Resilience." *Dinamika Ilmu* 22, no. 2 (2022): 293-316.
- [7] Islamic financial sector. (2025, March 20). Statista. <https://www.statista.com/topics/6345/islamic-financial-sector/>
- [8] LSEG. (2025). *Refinitiv has now changed to LSEG*. <https://www.lseg.com/en/data-analytics/refinitiv?>
- [9] Lyons, Angela C., and Josephine Kass-Hanna. "Financial inclusion, financial literacy and economically vulnerable populations in the Middle East and North Africa." *Emerging Markets Finance and Trade* 57, no. 9 (2021): 2699-2738. <https://doi.org/10.1080/1540496X.2019.1598370>
- [10] Mutalib, L. B. A., Hilmi, A. M. B. M., Abdullah, M. I. B., Ibhram, M. R. B., Omar, I. B., Ismail, A. H. B. B. @., & Shaberi, M. B. (2023). Maqasid Sharia in Dharar parameters during the pandemic. *International Journal of Academic Research in Business and Social Sciences*, 13(2). <https://doi.org/10.6007/ijarbss/v13-i2/16479>
- [11] Uula, Mimma Maripatul, and Darwis Harahap. "The implementation of Maqasid Shariah in economic studies." *Journal of Islamic Economics Literatures* 4, no. 1 (2023). <https://doi.org/10.58968/jiel.v4i1.223>
- [12] Wira, Ahmad. "The Transformation of Waqf in Turkey from the Ottoman to the Contemporary Period." *International Journal of Islamic Thought* 24 (2023): 25-30. <https://doi.org/10.24035/ijit.24.2023.267>
- [13] Zulkhibri, M. (2016). Islamic Finance, Financial Inclusion Policy and Financial Inclusion: Evidence from Muslim Countries. *ideas.repec.org*. https://ideas.repec.org/p/ris/irtiwp/1437_001.html