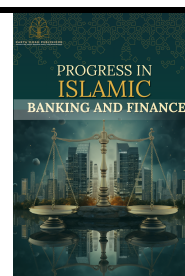




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Financial Justice and Sustainable Development: Reviving *Maqasid al-shariah* for a Changing World

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ABSTRACT

Financial justice and sustainable development are critical pillars in addressing contemporary economic disparities, particularly within the framework of Islamic economics. The increasing global inequalities, environmental degradation, and the economic recovery following the pandemic have heightened demands for a financial system that is more ethically grounded and sustainable. Although the United Nations' Sustainable Development Goals (SDGs) have achieved global recognition, the prevailing financial architecture continues to emphasize profit at the expense of justice and inclusion. This article identifies a gap in current discourse by proposing *maqasid al-shariah*, the higher objectives of Islamic law, as a comprehensive ethical framework that can promote financial justice and sustainable development over the long term. The primary issue is the insufficient application of Islamic economic principles in the formulation of global financial policies, even though these principles inherently align with SDGs related to equity, inclusion, and human dignity. By applying qualitative methodology through critical literature synthesis, this study aims to investigate the revival and operationalization of *maqasid al-shariah* to reposition Islamic finance as a transformative instrument for achieving financial justice and sustainable development. The findings offer important insights into the relationships among Islamic social finance, *maqasid al-shariah*, and the SDGs. Selected case studies are analyzed to illustrate practical models of convergence between Islamic principles and sustainability objectives. The findings demonstrate a significant theoretical and practical alignment between *maqasid al-shariah* and the SDGs. Instruments of Islamic social finance, such as zakat, waqf, and *qard al-hasan*, facilitate poverty alleviation and financial inclusion while integrating ethical considerations and communal well-being into financial transactions. Challenges including institutional fragmentation, governance limitations, and insufficient impact measurement persist in hindering progress. The study concludes that reviving *maqasid al-shariah* is essential for embedding justice, accountability, and long-term value creation in economic systems, rather than being solely a theological

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exercise. Policymakers, Islamic finance institutions, and international development agencies should work together to establish *maqasid* as an operational framework that is grounded in values while also addressing contemporary global challenges.

1. Introduction

The global financial system faces mounting challenges, including rising inequality, persistent poverty, and environmental degradation, all of which demand ethical and sustainable solutions [1]. While conventional economic models struggle to address these issues equitably, Islamic finance, rooted in *Maqasid al-shariah* (the higher objectives of Islamic law), offers a compelling alternative by harmonizing economic growth with social justice and ecological sustainability [2]. The *Maqasid* framework—preserving faith, life, intellect, progeny, and wealth—provides a holistic approach to development, yet its full potential remains underexplored in contemporary financial governance [3]. Despite the rapid growth of Islamic finance (projected to reach \$4.9 trillion by 2025, IFN, 2023), its impact on poverty alleviation, wealth redistribution, and climate resilience remains limited due to institutional inefficiencies, regulatory fragmentation, and a lack of alignment with the UN Sustainable Development Goals (SDGs) [4]. For instance, while zakat could theoretically eliminate extreme poverty in Muslim-majority nations, weak collection mechanisms and governance gaps hinder its efficacy. Similarly, green *sukuk*, though innovative, accounts for less than 0.5% of the global sustainable finance market [5], signaling missed opportunities for shariah-compliant climate action. Therefore, there is an urgent need to revisit the foundational objectives of Islamic finance. This study examines how reviving *Maqasid al-shariah* can address these gaps by (i) strengthening Islamic social financial instruments (*zakat*, *waqf*, *sadaqah*) to combat inequality; (ii) enhancing green *sukuk* and ESG-compliant investments for climate resilience; and (iii) proposing policy reforms to align Islamic finance with the SDGs. By bridging theory and practice, this study contributes to debates on ethical finance, sustainable development, and Islamic economics, offering actionable insights for policymakers and financial institutions.

Islamic finance's potential to support the SDGs has gained scholarly attention [4]. *Sukuk* (Islamic bonds) and *waqf* (endowments) have been leveraged for infrastructure, healthcare, and education [6]. However, critiques highlight that commercialization has diluted the sector's ethical focus, with less than 10% of Islamic banks' assets allocated to social finance [7]. Conversely, green *sukuk* exemplifies a successful convergence of shariah-compliance and environmental sustainability, funding renewable energy projects in Indonesia, Malaysia, and the UAE [5].

While prior research acknowledges the theoretical alignment between *Maqasid al-shariah* and the SDGs [3], few studies provide quantitative evidence or policy blueprints for implementation. Additionally, the role of fintech in scaling zakat and waqf remains underexplored [8]. This article addresses these gaps by integrating empirical data, case studies, and regulatory analyses to advance pragmatic solutions.

2. Methodology

This paper adopts a qualitative, conceptual research methodology grounded in Islamic legal theory and sustainable development literature. It involves a critical review of classical and contemporary Islamic finance texts, reports from international financial and development organizations, and scholarly articles on Islamic social finance, *maqasid al-shariah*, and the SDGs. The study uses a normative approach to explore how Islamic ethical principles, particularly the *maqasid*, can serve as a framework for reimagining Islamic finance.

This methodological framework provides the basis for proposing actionable reforms while ensuring the analysis remains rooted in Islamic epistemology and contemporary development goals. Data and statistics cited throughout the article are drawn from peer-reviewed studies and reputable institutional reports, ensuring both scholarly rigor and practical relevance.

3. Conceptual Framework: Understanding Financial Justice in Islam

The foundations of financial justice in Islam are deeply rooted in the Qur'an and Sunnah, which form the primary sources of Islamic law and ethics. Numerous Qur'anic verses emphasize honesty, fairness, and the prohibition of exploitation in economic dealings. For instance, Surah Al-Baqarah (2:275–280) strongly condemns usury (*riba*), contrasting it with trade and encouraging debt forgiveness as an act of piety. The Sunnah of the Prophet Muhammad (peace be upon him) further complements this guidance. The Prophet explicitly prohibited deceit in trade, encouraged transparency in transactions, and often exhorted fairness, stating: "The seller and the buyer have the right to keep or return goods as long as they have not parted, and if they spoke the truth and made clear the defects, then they would be blessed in their bargain" (Sahih al-Bukhari, Hadith 2079). These divine sources not only guide individual ethics but lay down institutional principles that have inspired centuries of Islamic economic thought. From the early Islamic caliphates to modern-day institutions, the Qur'an and Sunnah have served as a blueprint for economic systems that prioritize justice, equity, and social welfare. The moral imperatives derived from these texts underpin the prohibition of practices harmful to individuals and society—such as *riba*, *gharar*, and *maysir*—while promoting charitable instruments like zakat, waqf, and *qard al-hasan*. Such instruments are not merely financial tools, but manifestations of the broader ethical vision presented in the Qur'an and lived through the Sunnah.

Financial justice in Islam is grounded in the ethical framework of the shariah, which governs not only worship and rituals but also economic and social conduct. At its core, financial justice entails fairness in transactions, equitable distribution of wealth, and the protection of rights for all parties involved. The concept encompasses the principles of justice (*adl*), benevolence (*ihsan*), trust (*amanah*), and public interest (*maslahah*), which serve as the moral compass for economic behaviour [3].

Unlike secular interpretations of financial justice, which often focus on legal equality and procedural fairness, Islamic justice is outcome-oriented. It seeks to prevent exploitation, eliminate poverty, and ensure that wealth circulates fairly within society. The prohibition of usury (*riba*), excessive uncertainty (*gharar*), and gambling (*maysir*) are essential elements of this framework, aimed at safeguarding individuals and communities from unjust financial practices [2].

Islamic social finance instruments such as zakat (almsgiving), waqf (endowment), *sadaqah* (charity), and *qard al-hasan* (benevolent loans) are institutional mechanisms to realize financial justice. These tools are designed not merely for redistribution, but to empower individuals, promote dignity, and strengthen communal solidarity. According to Azhar and Hassan [9], these instruments align closely with the objectives of the SDGs, particularly in addressing poverty, hunger, and inequality.

Moreover, financial justice in Islam extends beyond the transactional level. It is embedded in a larger cosmological and moral worldview that sees human beings as stewards (*khalifah*) of God on earth. This responsibility implies an ethical duty to manage resources equitably and sustainably. [10] emphasize that financial justice, when guided by *maqasid al-shariah*, integrates both material and spiritual well-being, ensuring that economic development does not compromise ethical and social values.

In essence, the Islamic conception of financial justice is both timeless and timely. It offers a rich, principled alternative to contemporary financial models, particularly in addressing the failures of capitalism and financialization. As modern societies grapple with inequality, climate risk, and economic exclusion, the revival of Islamic financial ethics anchored in *maqasid al-shariah* presents a compelling path forward.

4. *Maqasid al-shariah* as a Foundation for Sustainable Development

The concept of *Maqasid al-shariah*, articulated by classical scholars like Al-Ghazali and Al-Shatibi, emphasizes the preservation of religion (*ad-deen*), life (*an-nafs*), intellect (*al-'aql*), lineage (*an-nasl*), and wealth (*al-maal*) as core objectives of Islamic law [11]. Some contemporary scholars expand this to include a sixth objective—the protection of the environment (*hifz al-bi'ah*)—reflecting modern sustainability concerns [3]. They argue that all of these principles inherently promote economic justice, equity, holistic development, and sustainability, aligning with both spiritual and material needs.

The *maqasid* framework aligns closely with the United Nations' Sustainable Development Goals (SDGs). For instance, poverty alleviation (SDG 1) corresponds with the protection of wealth (*hifz al-mal*), while quality education (SDG 4) supports the preservation of intellect (*hifz al-aql*) [12]. Similarly, health and well-being (SDG 3) relate to the protection of life (*hifz al-nafs*), and climate action (SDG 13) resonates with environmental sustainability under the expanded *maqasid* [13]. This congruence demonstrates how Islamic principles can contribute to global development agendas.

Unlike purely materialistic development models, *maqasid al-shariah* integrates ethical and spiritual dimensions into sustainability. It advocates for balanced economic growth, social justice, and ecological preservation, ensuring development does not compromise moral values [3]. By grounding policies in *maqasid*, nations can foster inclusive growth, ethical governance, and environmental conservation, making it a viable alternative to conventional development frameworks [11].

Maqasid al-shariah offers a holistic approach to sustainable development, bridging religious ethics with contemporary global challenges. Its alignment with SDGs, supported by Islamic legal maxims, positions it as a value-based paradigm that can guide equitable and sustainable progress. Further research is needed to operationalize *maqasid* in policymaking, ensuring its principles translate into actionable strategies for a just and sustainable future.

5. Financial Justice and the SDGs: Points of Convergence and Tension

The Sustainable Development Goals (SDGs), launched by the United Nations in 2015, comprise 17 interconnected objectives intended to address global poverty, inequality, and environmental degradation by 2030. Although these goals were developed within a secular framework, many of their underlying values resonate closely with the ethical commitments of Islam, particularly as framed within the *maqasid al-shariah*. At the core of this alignment is the shared aspiration to uphold human dignity, promote social justice, and ensure sustainable resource stewardship.

Maqasid al-shariah provides a moral and spiritual architecture for sustainable development. These objectives naturally converge with several SDG targets. For example, protecting life aligns with SDG 3 (Good Health and Well-being), while preserving intellect complements SDG 4 (Quality Education). The protection of wealth is central to SDGs 1 and 8 (No Poverty and Decent Work and Economic Growth), and the preservation of lineage relates to SDG 5 (Gender Equality) and SDG 16 (Peace, Justice, and Strong Institutions) when interpreted holistically [10].

Despite these parallels, there are also tensions. The SDGs, by their nature, are embedded in secular liberal paradigms which, at times, prioritize anthropocentric and material goals over spiritual ones. For instance, while SDG 5 champions gender equality, some interpretations of gender rights may not align seamlessly with Islamic legal and ethical prescriptions unless re-framed through the *maqasid* lens of justice and equity. This highlights the importance of reviving *maqasid al-shariah* not only as a tool for interpreting modern development agendas but also as a framework for ethical discernment and contextual adaptation.

Bhattacharya *et al.*, [10] argue that the *maqasid*-based approach enriches the SDGs by embedding divine accountability (*taqwa*) and ethical intentionality (*niyyah*), which are notably absent in conventional metrics of success. Islamic finance practitioners, guided by *maqasid*, are thus encouraged to pursue sustainability not just for reputational or regulatory compliance, but as an act of religious duty and moral stewardship. This reorientation shifts the development paradigm from output-centric to purpose-driven.

Furthermore, the *maqasid* framework provides a robust alternative to the often fragmented and instrumentalist nature of SDG implementation. As Azhar and Hassan [9] note, Islamic social finance instruments such as zakat, waqf, and *qard al-hasan* operationalize financial justice in ways that inherently support sustainable development. When designed around *maqasid*, these tools can mobilize resources toward long-term impact while maintaining spiritual integrity and social trust.

Therefore, rather than seeing SDGs and *maqasid* as parallel paths, this article advocates for their purposeful integration. Reviving *maqasid al-shariah* means recentring development on ethical accountability, intergenerational equity, and communal well-being. It transforms sustainability from a technocratic ambition into a divine trust, affirming Islam's capacity to contribute to a more just and sustainable global future. The following section further discusses the revival of *maqasid al-shariah* in contemporary practice based on the existing literature and case studies.

6. Reviving *Maqasid* in Contemporary Practice: Insights from Literature and Case Studies

Azhar and Hassan [9] argue that Islamic social finance (ISF)—comprising zakat, *waqf*, *sadaqah*, and *qard al-hasan*—embodies intrinsic values of equity, social justice, and welfare that are not only aligned with but also capable of enhancing the achievement of the SDGs. By conducting a comprehensive review of literature, they highlight how ISF instruments are uniquely suited to address poverty, inequality, and economic exclusion, particularly in Muslim-majority countries that often grapple with both systemic and sudden financial shocks.

ISF's potential as a poverty-alleviation tool lies in its ethical and interest-free structure. Zakat, for example, directly targets SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), offering a redistributive mechanism rooted in religious obligation and spiritual motivation [9]. Similarly, waqf enables long-term investment in public goods such as education and healthcare, thereby supporting SDGs 3 (Good Health), 4 (Quality Education), and 11 (Sustainable Cities and Communities).

Furthermore, *qard al-hasan* and Islamic microfinance provide inclusive access to capital without the burden of interest, which aligns with SDG 8 (Decent Work and Economic Growth) and supports entrepreneurship among the underserved. Unlike conventional finance, which is often debt-driven and exclusionary, ISF integrates socio-economic justice as a primary goal—what [9] refer to as “a promising alternative source of financial support for impoverished populations”.

Bhattacharya *et al.*, [10] delve deeper into the philosophical and legalistic underpinnings of *maqasid al-shariah* and their convergence with the SDGs. They argue that the five necessities of *maqasid*—preservation of faith (*ad-din*), life (*an-nafs*), intellect (*al-'aql*), progeny (*an-nasl*), and wealth (*al-mal*)—closely mirror many of the UN's 17 SDGs. For instance, the preservation of life

connects directly with SDGs 1 to 3, while the protection of intellect underpins the importance of SDG 4 (Quality Education). They refer to the views of classical and contemporary scholars such as Al-Ghazali, Al-Fassi, and Al-Shatibi, who articulate *maqasid* as aiming for human dignity, social harmony, and ethical governance. In doing so, Bhattacharya *et al.*, [10] affirm that Islamic finance should not be reactive to SDG benchmarks but should proactively shape development trajectories based on its inherent ethical compass.

Having established the ethical foundations, the following case studies demonstrate operationalization of *maqasid al-shariah* into recent developments across the Islamic finance world. A standout case is AZAM, zakat-based microfinancing in Malaysia. This microfinancing program, which was introduced by Alliance Islamic Bank, exemplifies a pioneering effort in Malaysian Islamic social finance. According to The Malaysian Reserve, launched with RM225,000 in zakat *wakalah* funds disbursed interest-free (*qard al-hasan*) to 45 eligible *asnaf* micro-entrepreneurs in its pilot, AZAM achieved a 36 % average increase in participants' incomes, rising from RM 2,151 to RM 2,924, along with over 90 % reporting improvements in health, education, and family welfare [14]. Repayments are channeled back into the fund, creating a revolving mechanism that amplifies sustainability. The model's success hinges on strategic collaboration between Islamic banking, zakat authorities, and microfinance experts—embodying *maqasid* principles of wealth circulation, social justice, and empowerment.

Additionally, iTEKAD initiative by Bank Negara Malaysia is a holistic social finance ecosystem. By mid-2024, it had supported 6,540 micro-entrepreneurs with RM 44.9 million in blended social finance, including zakat, waqf, and impact investment. iTEKAD combines capital with training in business and financial management, reflecting the *maqasid* emphasis on preserving intellect (*aqal*), dignity, and self-sufficiency [15]. The comprehensive ecosystem approach demonstrates scalability and alignment with SDGs 1, 4, and 8.

Another example, Bank Islam Malaysia Berhad (BIMB) launched the Sadaqa House project in 2018. This project is an innovation in the Islamic social finance model that allows individuals and institutions to contribute to the form of *sadaqah* to support transparent, high-impact, and trackable initiatives. Notably, it leverages digital crowdfunding platforms to fund education, health, and humanitarian cases, including but not limited to school meal programs, organ transplants, and educational scholarships. By 2023, Sadaqa House had channeled more than RM3 million to more than 20 impactful projects that promote good reputation and accountability [16]. The model revitalizes *sadaqah* as a strategic tool for achieving SDGs, especially SDG 3 (good health) and SDG 4 (quality education), while at the same time instilling *maqasid* shariah values such as collective responsibility, compassion, and ethical stewardship.

Outside Malaysia, Singapore's Warees Investment—a subsidiary of MUIS (Islamic Religious Council)—has effectively revitalized under-utilized waqf properties through strategic redevelopment and asset management under the three-year Wakaf Revitalization Scheme. By generating sustainable revenue from real estate, Warees supports community welfare, education, and religious activities. This initiative operationalizes *maqasid* goals of wealth preservation (*mal*) and socio-economic upliftment through ethical stewardship and professionalism. This model exemplifies the principle of wealth preservation and circulation, aligning with *maqasid al-shariah*'s emphasis on productive use of communal resources [10].

These case studies (summarized in Table 1) collectively demonstrate the viability of institutional finance aligned with *maqasid* by combining ethical intentionality (*niyyah*), structured governance, and a values-driven approach to resource mobilization—echoing the insights of Azhar and Hassan [9] and Bhattacharya *et al.*, [10].

Table 1

Summary of contemporary Islamic social finance models and *Maqasid* alignment

Model	Funding Type	Target Group	Key <i>Maqasid</i>	Aligned SDGs	Unique Features
AZAM (Alliance Bank, Malaysia)	Zakat (<i>qard al-hasan</i>)	Micro-entrepreneurs (<i>asnaf</i>)	Wealth (<i>mal</i>)	SDG 1, 8	Revolving fund, >36% income growth
iTEKAD (BNM, Malaysia)	Zakat, waqf, impact fund	B40 micro-entrepreneurs	Intellect (<i>'aql</i>), Wealth (<i>mal</i>)	SDG 1, 4, 8	Training and blended finance ecosystem
Sadaqa House (BIMB, Malaysia)	Sadaqah (crowdfunded)	Public beneficiaries	Compassion (<i>rahmah</i>)	SDG 3, 4	Transparent, trackable giving via fintech
Warees Investment (Singapore)	Waqf property	Muslim community	Wealth (<i>mal</i>), Faith (<i>din</i>)	SDG 11	Monetizing waqf for sustained education/welfare

These examples reflect a revival of *maqasid al-shariah* in practice—moving Islamic ethical aspirations from abstract ideals to tangible outcomes. They operationalize justice (*'adl*), stewardship, and collective benefit through financial tools designed to uplift communities and preserve dignity. Challenges remain—from governance limitations to contextual variability—but the underlying ethical architecture proves robust and adaptable.

For practitioners and policymakers, this suggests two key lessons. Firstly, collaborative ecosystems (e.g. AZAM, iTEKAD, Sadaqa House)—leveraging partnerships to embed capacity, resources, and governance. And secondly, asset revitalization (Warees)—utilizing idle waqf assets to generate ongoing benefits. These case studies reaffirm the potential of *maqasid*-based financial justice to contribute meaningfully to SDGs, moving beyond conventional philanthropy to embed justice and sustainability at the heart of Islamic financial architecture.

7. Toward a *Maqasid*-Driven, SDG-Aligned Framework for Islamic Finance

The revival of *maqasid* requires more than theoretical endorsement. The theory needs to be transformed into implementation. To bridge the gap between Islamic finance's ethical aspirations and its current practices demands structural reform, institutional innovation, and effective operational framework. These are further explained below.

7.1 Need of Structural and Institutional Reform

This involves policy review to embed *maqasid shariah* principles in the national or at least institutional financial regulation and development planning. This is to ensure that ethical objectives become embedded at the core of fiscal policy, legal infrastructure, and planning by aligning *maqasid* principles with central bank mandates, regulatory frameworks, and public financial management policies. For example, national development plans should integrate Islamic finance tools for social welfare, green finance, and inclusive economic growth. Such integration not only institutionalizes faith-based ethical values but also enhances public trust in the fairness and effectiveness of the financial system.

7.2 Proposed Framework: Operationalising Maqasid for a Just and Sustainable World

Based on the discussion earlier, this study proposes a framework to operationalize maqasid al-shariah towards a just and sustainable world. The framework is underpinned by the classical maqasid al-shariah, illustrated as the roof in the framework, which prioritizes the preservation of five essential necessities: religion, life, intellect, progeny, and wealth. Modern scholars such as Blaaize.tech [11] argue that these objectives should dynamically adapt to contemporary challenges, including sustainability and social justice. For instance, the preservation of life extends beyond physical survival to include healthcare access, clean environments, and climate resilience [12]. Similarly, the protection of wealth must incorporate ethical economics, fair trade, and poverty reduction in line with Islamic finance principles [2]. These foundational principles ensure that policies align with both spiritual and material well-being.

Next, the principle of justice is considered as a cross-cutting principle due to its central role in Islamic teachings, thus permeates all aspects of the framework. This includes distributive justice to ensure equitable resource allocation, procedural justice for inclusive governance, and intergenerational justice to safeguard future generations' rights [17]. The Quranic injunction to "stand firmly for justice" (Quran 4:135) reinforces the need for systemic fairness in economic and environmental policies. Scholars like Ramadan [18] emphasize that justice in Islam is not merely legal but socio-economic, requiring structural reforms to address inequality and historical injustices, such as colonial exploitation and climate debt.

The third element in the framework is sustainability. This element is rooted in the concepts of public interest (istislah) and common good or welfare (maslahah), which mandate responsible human stewardship of the earth (khalifah). The Prophet Muhammad's (PBUH) teachings against waste (israf) and overconsumption provide ethical guidelines for sustainable development. Modern applications include green Islamic finance, such as sukuk for renewable energy projects, and eco-friendly business models compliant with Shariah principles [3]. The alignment of maqasid with the SDGs demonstrates how Islamic ethics can contribute to global environmental efforts [19].

Additionally, effective implementation requires institutional structures that integrate Maqasid into policymaking. A Maqasid-based policy assessment tool can evaluate laws for their impact on justice, sustainability, and human welfare. Additionally, Shariah-compliant ESG (Environmental, Social, and Governance) frameworks can guide Islamic financial institutions toward ethical investments [20].

Finally, the last element in the framework is the implementation tools which are necessary to operationalize the framework. The tools include a maqasid index which is used to measure the national progress beyond GDP, incorporating social equity, ecological health, and well-being [21]. Islamic banks and financial institutions (IFIs) should adopt Maqasid-aligned performance indicators that measure social, environmental, and ethical outcomes alongside profitability. The Islamic Finance Ethical Index (IFEI) proposed by Blaaize.tech [11] evaluates institutions on (i) Wealth circulation (hifz al-mal) via equitable access to finance; (ii) environmental stewardship (hifz al-bi'ah) through green investments; and (iii) social welfare (maslahah) via zakat disbursement and microfinance. Such metrics align with Bank Negara Malaysia's Value-Based Intermediation (VBI) initiative, which mandates IFIs to report on SDG contributions [22].

In addition, the jurisprudence of priorities (fiqh al-awlawiyyat) helps policymakers address urgent crises like climate change before less critical issues. The principle of fiqh al-awlawiyyat offers essential guidance for tackling climate change, which is a significant civilizational threat that necessitates immediate action in preference to less urgent issues. Classical scholars such as Al-Shatibi have established that the preservation of life and intellect is paramount in situations of resource scarcity.

This framework supports the prioritization of climate mitigation efforts, such as investments in renewable energy, over less critical financial activities [13]. This is implemented in recent fatwas, including the Islamic Development Bank's 2022 ruling that allows extraordinary budget reallocations for climate adaptation under necessity (*darurah*), demonstrating *maqasid*'s adaptive response to existential crises. The proposed framework is illustrated in Fig. 1 below.

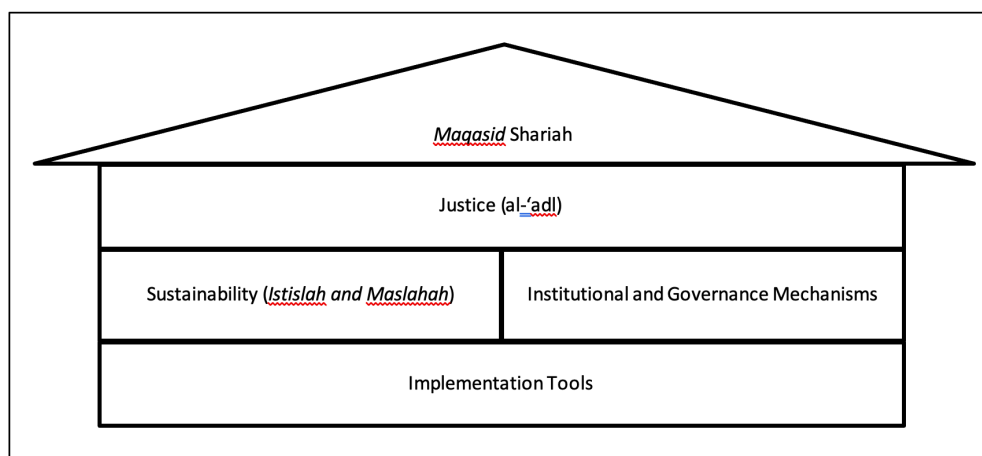


Fig. 1. Conceptual framework of *maqasid al-shariah* for a just and sustainable world

7.3 How the Framework Works?

To ensure that this framework can be implemented efficiently and effectively, the relevant workforce must have the relevant knowledge, skills, and expertise. For example, Islamic finance professionals need to be trained in *maqasid*-driven ESG principles and SDGs. They also need to be exposed to fintech decision-making.

The framework is applicable for local and global adaptation. For instance, various stakeholders can work collaboratively to implement the framework. They include Islamic finance institutions (IFIs), governments as well as non-governmental organizations (NGOs) and civil society. For instance, IFI can offer scale green and social sukuk for climate-resilient projects as exemplified by Indonesia's \$3.4 billion green sukuk for renewable energy) [5]. The government on the other side can enact policies to incentivize waqf digitization (e.g., Saudi Arabia's E-Waqf platform) and zakat-financed social enterprises [10]. Additionally, governments can issue sovereign waqf sukuk (e.g. Malaysia's waqf land sukuk) to fund educational and healthcare infrastructure through Islamic banks as intermediaries [4]. Meanwhile, NGOs and civil society can partner with IFIs to distribute interest-free microfinancing (*qard al-hasan*) to marginalized communities using zakat funds as what was done by the AZAM Program of Alliance Islamic Bank in Malaysia mentioned earlier.

Operationalizing *Maqasid al-shariah* requires moving beyond theoretical discourse to structural reforms in governance, finance, and policy. By embedding *Maqasid* into regulatory frameworks, leveraging technology, and fostering stakeholders' collaboration, Islamic finance can emerge as a transformative force for global sustainability. Future research should explore digital ISF platforms and policy harmonization across Muslim-majority economies to accelerate progress.

8. Conclusion

This article has reaffirmed the centrality of *maqasid al-shariah* as a comprehensive and dynamic framework for promoting financial justice in the contemporary world. Far from being a static legal

doctrine, maqasid embodies a higher moral vision that seeks to protect essential human values, foster social equity, and promote economic inclusion. As the world grapples with rising inequality, ecological crises, and a trust deficit in global financial institutions, maqasid offers an ethical compass that grounds financial conduct in accountability to both society and the divine.

The evidence presented—ranging from theoretical reflections to practical case studies—demonstrates that Islamic social finance instruments such as zakat, waqf, qard al-hasan, and sadaqah can be effectively revitalized to support sustainable development goals. However, this revival requires more than regulatory tweaks or product innovation. What is needed is a deeper transformation—a revival of Islamic economic ethics that re-centres intention (*niyyah*), purpose, and public good (*maslahah*) as the guiding principles of financial systems. Reforms must therefore be values-driven and rooted in the broader maqasid worldview.

This revival also calls for a repositioning of Islamic finance as not merely a parallel system to conventional finance, but as a leading model for ethical, inclusive, and sustainable development. Policymakers, regulators, and financial institutions must move beyond compliance-based approaches and instead embed maqasid into strategic decision-making, governance structures, and social impact evaluation. This includes investing in capacity building, digital infrastructure, and regulatory harmonization that allows Islamic finance to scale its social potential without compromising its spiritual foundations.

For instance, policymakers and institutions must adopt a phased, evidence-based approach to translate Maqasid al-shariah from theory to practice. The phases for global implementation are recommended as follows:

Phase 1: Short-Term Reforms (2024–2025): Embedding Accountability

Central banks—particularly in strategic markets like Indonesia, Malaysia, and the UAE—should mandate Maqasid Impact Statements for all Islamic financial products. These standardized disclosures would assess contributions to priority SDGs (e.g., SDG 1 [Poverty Alleviation] through zakat distribution ratios, SDG 8 [Decent Work] via fair wage policies, and SDG 13 [Climate Action] via green sukuk allocations). In addition, the Islamic Financial Services Board (IFSB) could develop reporting templates, building on Malaysia's Value-Based Intermediation (VBI) framework.

Phase 2: Medium-Term Coordination (2026–2030): Institutionalizing Harmonization

The Organisation of Islamic Cooperation (OIC) must establish a Maqasid Governance Council to unify fragmented social finance regulations. This body would (i) harmonize zakat collection/distribution mechanisms across member states; (ii) develop waqf securitization standards; and (iii) create a Maqasid Compliance Index to rank institutions on ethical performance, incentivizing competition in social impact.

Phase 3: Long-Term Capacity Building (Post-2030): Educating Future Leaders

Sustaining maqasid-aligned finance requires embedding its principles into the education ecosystem. In terms of fintech innovation, institutions can collaborate with blockchain developers to create open-source platforms for waqf management and AI-driven zakat poverty mapping to ensure technology serves ethical objectives.

However, the ethical potential of maqasid al-shariah in global finance remains marginalized due to three systemic barriers. First, regulatory fragmentation among Muslim-majority nations leads to inconsistent implementation. Malaysia's advanced zakat governance, which incorporates fintech and aligns with SDGs, stands in stark contrast to the more rigid yet less adaptable models of the Gulf Cooperation Council, thereby impeding cross-border standardization [4]. Second, commercial pressures undermine the social objectives of maqasid, as Islamic banks tend to prioritize profit maximization over transformative justice. Third, knowledge gaps sustain this disconnect; a limited number of Islamic finance professionals are trained in maqasid-based ESG metrics or comprehend

how to implement objectives such as *hifz al-bi'ah* (environmental stewardship) in product design [15].

Future research should utilize mixed-methods approaches, including stakeholder interviews with regulators and cross-country analyses of shariah governance frameworks, to quantify disparities and propose context-specific solutions. Failure to address these barriers may result in *maqasid* being perceived as a theoretical ideal rather than a catalyst for equitable financial systems. Additionally, scholars should explore the operational integration of *maqasid* into national development planning, public finance policy, and Islamic fintech regulation. Comparative studies between *maqasid* and other ethical finance frameworks—such as ESG, faith-based investment, or circular economies—can also enrich the discourse and build inter-civilisational collaboration. Empirical research on Islamic social impact measurement tools and longitudinal studies on zakat or waqf performance can provide robust evidence for policy innovation.

In an era of crises, reviving *maqasid al-shariah* is not only a religious imperative but a practical necessity for constructing financial systems that are just, compassionate, and sustainable. It offers a transformative vision for aligning wealth with welfare, prosperity with purpose, and finance with faith. As the global community seeks pathways to resilient and ethical economies, Islamic finance—when anchored in *maqasid*—stands ready to contribute meaningfully to shaping a just and sustainable future.

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