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Fintech-driven digital transformation in islamic business: Toward an integrated conceptual framework a systematic literature review

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Abstract

Introduction/Main Objectives: Existing research on digital transformation in Islamic business organizations remains fragmented, often treating critical success factors, organizational capabilities, and implementation barriers in isolation while neglecting Sharia governance and sustainability dimensions. **Research Methods:** To address the specific problem of conceptual fragmentation and the lack of integrated governance in existing studies, this study conducts a Systematic Literature Review (SLR) to synthesize existing evidence and develop an integrated conceptual framework for fintech-driven digital transformation. Following the Kitchenham and Charters guidelines, a comprehensive literature search was conducted across six academic databases, including Scopus, ScienceDirect, SpringerLink, MDPI, Google Scholar, and SINTA, covering publications from 2019 to July 15, 2026. Based on predefined inclusion and quality criteria, a total of 28 peer-reviewed studies were selected and analyzed using thematic synthesis. **Finding/Results:** The review organizes findings into four main themes, which encompass critical success factors comprising technological readiness, digital leadership, regulatory support, and user trust; organizational capabilities spanning technological, dynamic, human, and ecosystem capabilities; implementation barriers acting as moderating challenges across organizational, technological, governance, and environmental dimensions; and the integrated

conceptual framework. **Conclusion:** The framework's core theoretical contribution lies in synthesizing the Technology–Organization–Environment framework, Dynamic Capability Theory, and Maqasid al-Shariah to demonstrate how organizational capabilities mediate critical success factors while implementation barriers moderate digital transformation implementation. This synthesis provides a grounded conceptual model for aligning financial innovation with ethical governance and sustainable development in Islamic business ecosystems.

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INTRODUCTION

Digital transformation (DT) is a strategic organizational process that leverages digital technologies and organizational capabilities to reconfigure business models, operational processes, and customer interactions, enabling organizations to create new value(Egodawele et al., 2022). Driven by the rapid advancement of Industry 4.0 technologies, such as the Internet of Things (IoT), artificial intelligence (AI), big data analytics, and cloud computing, digital transformation has become a strategic imperative for organizations seeking to improve competitiveness and long-term sustainability (Pangaribuan et al., 2025; Shuning & Qiang, 2026). In today's digital economy, organizations increasingly rely on digital technologies to enhance operational efficiency, support data-driven decision-making, and foster business innovation in dynamic and highly competitive environments (Warner & Wäger, 2019; Zhu et al., 2021).

Financial technology (FinTech) has emerged as a key enabler of digital transformation by facilitating innovative, efficient, and customer-centric financial services (Choudhary & Thenmozhi, 2024; Suryono et al., 2020). Beyond digital payment systems, FinTech encompasses peer-to-peer lending, crowdfunding, digital wealth management, insurtech, and cryptocurrency services, enabling organizations to improve operational efficiency, automate business processes, reduce transaction costs, and expand financial inclusion through digital platforms(Ajouz & Abuamria, 2023; Firmansyah et al., 2023; Lee & Shin, 2018; Suryono et al., 2020). While general digital transformation literature extensively documents how digital technologies enhance operational efficiency and financial returns in conventional enterprises, research examining fintech-driven transformation specifically within Islamic business organizations remains severely limited and conceptually fragmented.

Within this evolving landscape, Islamic business organizations—including Islamic banks, halal industries, and Islamic SMEs—are increasingly adopting FinTech to enhance competitiveness and sustainability while adhering to Sharia principles (Badawi & Pancabudi,

2025; Dea Riyanti Paramitha & Muhamad Iqbal Fasa, 2025). However, digital transformation in Islamic business extends beyond regulatory compliance. Organizations are expected to balance technological innovation with ethical governance, social responsibility, and value creation aligned with *Maqasid al-Shariah*, making their transformation context fundamentally different from that of conventional business organizations (Ashraf et al., 2025; Kholidah, 2026; Wahyudi et al., 2026). Consequently, frameworks developed for conventional digital transformation may not fully capture the governance, sustainability, and value-oriented dimensions required in Islamic business ecosystems.

Despite growing interest in Islamic fintech, previous studies have failed to provide a holistic framework due to three distinct gaps in the literature. First, existing research predominantly analyzes technological, organizational, or human capabilities in isolation, offering limited understanding of how these capabilities systematically interact to drive digital adoption. Second, prior studies heavily focus on general technological adoption barriers while paying insufficient attention to governance challenges, such as the digital readiness gap among Sharia Supervisory Boards and the lack of harmonized global standards for Islamic fintech transactions. Third, the current literature lacks a unified conceptual model that connects antecedents, capabilities, contextual barriers, and ethics-oriented transformation outcomes within Islamic business ecosystems.(Ajouz & Abuamria, 2023; Pangaribuan et al., 2025; Rochim et al., 2026; Wahyudi et al., 2026 ; Ashraf et al., 2025; Choudhary & Thenmozhi, 2024; Kholidah, 2026).

To address these gaps, this study systematically integrates the Technology–Organization–Environment (TOE) framework, Dynamic Capability Theory (DCT), and Maqasid al-Shariah as complementary theoretical perspectives. Specifically, the TOE framework provides a structural lens to identify technological, organizational, and environmental antecedents influencing transformation readiness. Dynamic Capability Theory explains the internal organizational mechanisms—comprising sensing, seizing, and reconfiguring routines—required to convert technological opportunities into dynamic adaptations. Furthermore, Maqasid al-Shariah provides the overarching ethical and sustainability perspective, ensuring that digital transformation outcomes are evaluated not only by economic efficiency but also by their contribution to social welfare, environmental sustainability, and Sharia governance compliance. Together, TOE context establishes organizational readiness, DCT operationalizes capability reconfiguration, and Maqasid al-Shariah guides the ethical evaluation of transformation outcomes.

Derived directly from these identified gaps and theoretical perspectives, this systematic literature review addresses four central research questions in narrative sequence. The first question investigates the critical success factors that influence fintech-driven digital transformation and sustainable development in Islamic business organizations. The second question identifies the technological, organizational, human, and ecosystem capabilities enabling fintech-driven digital transformation in these organizations. The third question examines the organizational, technological, governance, and environmental barriers that challenge fintech implementation initiatives. Finally, the fourth question explores how an

integrated conceptual framework combining TOE, DCT, and Maqasid al-Shariah can be developed to explain the dynamic relationships among critical success factors, organizational capabilities, implementation barriers, and sustainable transformation outcomes in Islamic business ecosystems.

METHOD

This study employed a Systematic Literature Review (SLR) following the guidelines proposed by Kitchenham and Charters(Kitchenham, B., & Charters, 2007). The SLR approach provides a rigorous and transparent method for identifying, evaluating, and synthesizing existing evidence related to a specific research topic. The review process consisted of three main phases: planning the review, conducting the review, and reporting the review.

Although the Kitchenham and Charters (2007) guidelines were initially developed for software engineering, their core principles—systematic search protocols, transparent eligibility screening, quality evaluation, and thematic synthesis—are highly adaptable and widely adopted in multidisciplinary management, digital business, and financial technology research. Since fintech-driven digital transformation in Islamic business operates at the intersection of information systems, strategic management, and Sharia governance, utilizing this structured SLR framework ensures methodological rigor, minimizes review bias, and enhances the replicability of findings across interdisciplinary domains.

1. Research Questions

The review was conducted to answer the following research questions:

RQ1. What critical success factors influence fintech-driven digital transformation and sustainable development in Islamic business organizations?

RQ2. What technological, organizational, and human capabilities enable fintech-driven digital transformation and ecosystem sustainability in Islamic business organizations?

RQ3. What organizational, technological, governance, and environmental barriers challenge fintech implementation and digital transformation initiatives in Islamic business organizations?

RQ4. How can an integrated conceptual framework be developed to explain the relationships among critical success factors, organizational capabilities, implementation barriers, and sustainable fintech-driven digital transformation outcomes in Islamic business ecosystems?

2. Search Strategy

The literature search was executed across six major academic databases: Scopus, ScienceDirect, SpringerLink, MDPI, Google Scholar, and SINTA. These databases were strategically chosen to ensure a comprehensive and balanced coverage of both international and regional literature:

- Scopus, ScienceDirect, and SpringerLink: Provide high-impact, peer-reviewed global studies on digital transformation, dynamic capabilities, and financial technology.
- MDPI: Covers open-access, cutting-edge empirical and conceptual research on corporate governance, sustainability, and ESG integration.
- Google Scholar and SINTA (Science and Technology Index): Ensure comprehensive retrieval of regional publications specifically focused on Islamic banking, halal ecosystems, Sharia microfinance, and local Islamic business contexts (particularly from Southeast Asia, a major global hub for Islamic finance).

To avoid missing relevant articles due to variations in terminology, the search string was refined across all six databases by expanding synonyms and related terms for each core concept (Fintech, Digital Transformation, Organizational Capability, and Islamic Business).
The expanded search string utilized Boolean logic (AND / OR) adapted to the specific syntax of each database:

("FinTech" OR "Financial Technology" OR "Digital Financial Services" OR "Islamic FinTech")
AND ("Digital Transformation" OR "Digital Adoption" OR "Business Model Transformation" OR "Digitalization")
AND ("Organizational Capability" OR "Dynamic Capability" OR "IT Capability" OR "Digital Capability" OR "Resource-Based View")
AND ("Islamic Business" OR "Islamic Banking" OR "Islamic Microfinance" OR "Halal Industry" OR "Sharia Compliance" OR "Islamic Finance")

- Scopus & ScienceDirect: Executed on TITLE-ABS-KEY fields.
- SpringerLink & MDPI: Applied using advanced search filters targeting title, abstract, and keywords.
- Google Scholar & SINTA: Adjusted using simplified query combinations (e.g., "Islamic Fintech" AND "Digital Transformation" AND "Capability") to account for indexing constraints and search engine algorithms while capturing local and regional studies.

The literature search was formally executed between June 1, 2026, and July 15, 2026. The final baseline search update across all databases was completed on July 15, 2026, ensuring that no new eligible literature published up to that date was omitted. The publication year filter was set from 2019 to 2026 to capture recent technological advancements and current research trends in post-pandemic digital adoption.

3. Inclusion and Exclusion Criteria

To ensure the quality and relevance of the selected studies, predefined inclusion and exclusion criteria were established, as presented in Table 1.

Table 1. Inclusion and Exclusion Criteria

Inclusion Criteria	**Exclusion Criteria**
Peer-reviewed journal articles and conference proceedings	Theses, dissertations, books, editorials, and book reviews
Published between 2019 and 2026	Articles published prior to 2019
Written in English or Indonesian	Studies published in languages other than English or Indonesian
Full-text accessible through open-access or institutional subscriptions	Full-text unavailable or restricted
Studies discussing fintech, digital transformation, organizational capability, sustainability, governance, or Islamic business	Articles with insufficient empirical evidence or conceptual relevance to answer RQ1–RQ4

4. Study Selection and Data Extraction

The study selection process followed the systematic review procedure recommended by Kitchenham and Charters. First, duplicate records identified across multiple databases were removed manually. Subsequently, the titles and abstracts of the remaining studies were

screened according to the predefined inclusion and exclusion criteria. Full-text assessment was then conducted to determine the eligibility of potentially relevant studies.
To address potential single-author subjectivity during the screening and data extraction stages, a structured protocol was established. Screening decisions were guided by explicit, predefined coding checksheets. In cases of ambiguity regarding eligibility or thematic alignment, studies were subjected to a two-pass re-evaluation after a 7-day interval to test intra-coder consistency. Additionally, borderline papers were cross-checked against standard operational definitions of dynamic capabilities and Sharia governance to maintain consistency, objectivity, and auditability throughout data extraction.

5. Quality Assessment

Table 2. Quality Assessment

Quality Assessment Criteria	Description
QA1	Does the study clearly describe fintech or digital transformation?
QA2	Does the study address organizational capability, governance, sustainability, or Islamic business?
QA3	Are the research objectives clearly stated?
QA4	Does the study provide sufficient evidence to answer one or more research questions?

To ensure the relevance and reliability of the selected studies, a quality assessment adapted from Kitchenham and Charters (2007) was conducted. The assessment focused on four criteria as presenyed in Table 2: (1) whether the study clearly described fintech or digital transformation; (2) whether it addressed organizational capabilities, governance, sustainability, or Islamic business; (3) whether its research objectives were clearly stated; and (4) whether it provided sufficient evidence to address one or more of the research questions. These criteria were used as qualitative guidelines to examine the relevance, clarity, and contribution of each selected study to the objectives of this review. Particular attention was given to the alignment between each study's research focus and the scope of fintech-driven digital transformation in Islamic business. The assessment also considered the extent to which the findings contributed to understanding critical success factors, organizational capabilities, implementation barriers, and the development of an integrated conceptual framework.

6. Result Findings

The results of the systematic literature review are presented in this section. Following the review protocol proposed by Kitchenham and Charters , the retrieved studies were identified, screened, assessed for eligibility, and evaluated using predefined inclusion, exclusion, and quality assessment criteria. The overall review process is illustrated in Figure 1, while the detailed study selection process is summarized in Table 3.

The search initially identified 215 records from six academic databases. After removing duplicate publications, 183 records remained for title and abstract screening. Following the screening and full-text eligibility assessment, 28 studies published between 2019 and 2026 met all inclusion and quality assessment criteria and were included in the final synthesis. These studies form the evidence base for addressing the four research questions concerning critical success factors, organizational capabilities, implementation barriers, and the proposed integrated conceptual framework for fintech-driven digital transformation in the context of Islamic business.

The selected studies provide a comprehensive overview of fintech-driven digital transformation from technological, organizational, governance, sustainability, and Islamic business perspectives. As presented in Figure. 2, the number of publications has increased over recent years, with the highest publication trend recorded in 2021, 2025 and 2026 (five studies), indicating the growing research interest in fintech-driven digital transformation and its role in supporting sustainable business development.

Figure. 2 Numbers of journals over the years

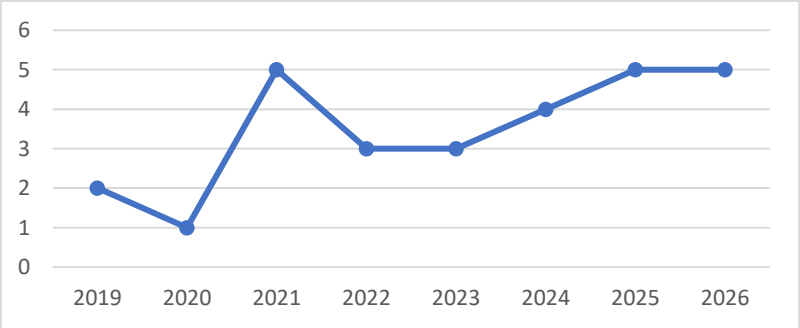


Figure. 1 Step of Systematic Literature Review

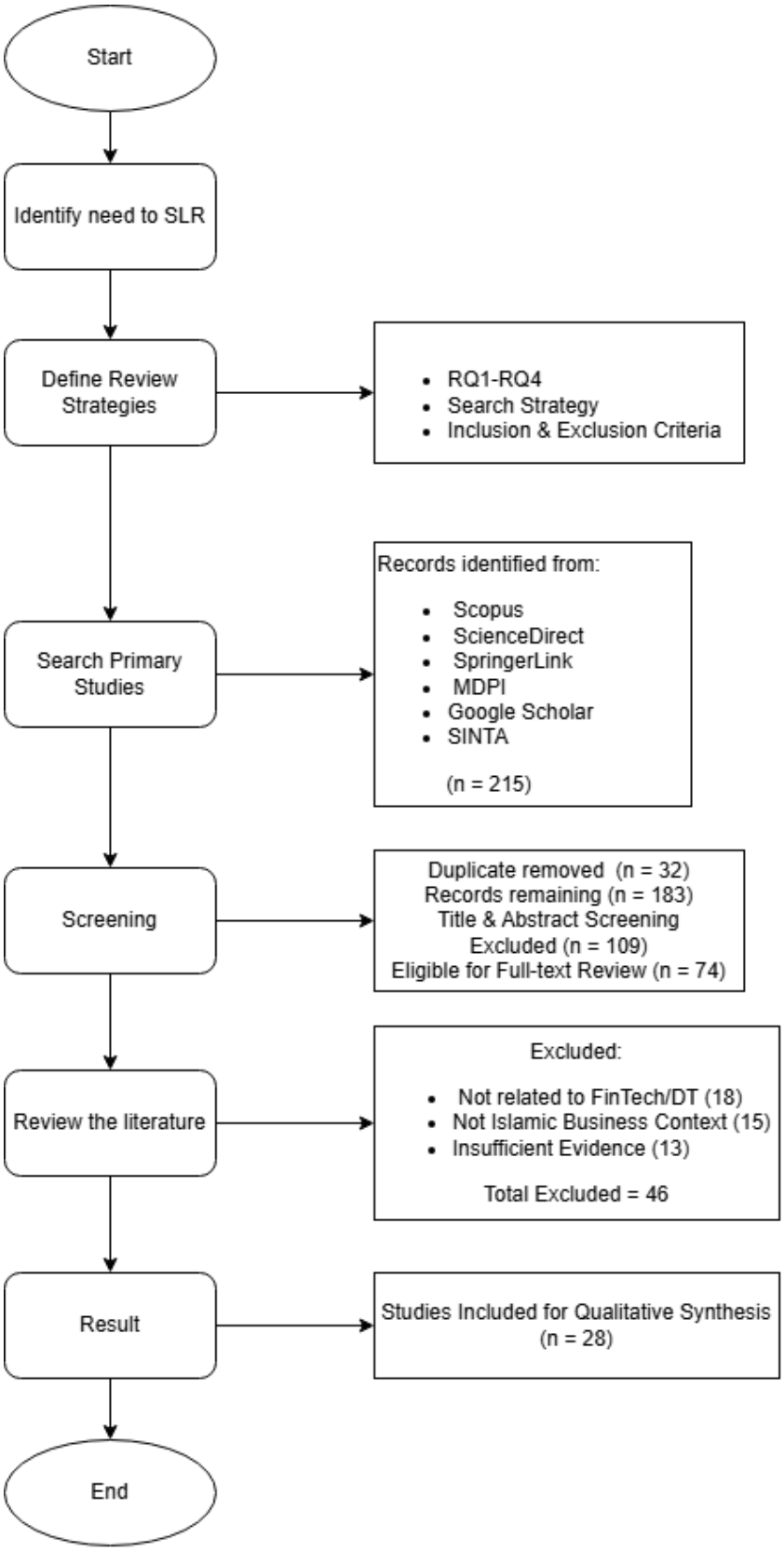


Table 3. Study Selection Process

Review Stage	Process	Number of Studies

Identification	Records identified from Scopus, ScienceDirect, SpringerLink, MDPI, Google Scholar, and SINTA		**215**
	Duplicate records removed	**32**	
	Records after duplicate removal	**183**	
Screening	Title and abstract screening		**183**
	Records excluded	**109**	
	Full-text articles assessed for eligibility	**74**	
Literature Review	Excluded: Not related to fintech-driven digital transformation	**18**	
	Excluded: Not related to Islamic business or digital business context	**15**	
	Excluded: Insufficient evidence to answer the research questions	**13**	
	Total excluded after eligibility assessment	**46**	
Result	Studies included in the qualitative synthesis		**28**

RESULT AND DISCUSSION

Following the study selection process, 28 articles satisfied the predefined inclusion criteria and were included in the final synthesis. These studies were published between 2019 and 2026, covering research on digital transformation, fintech, organizational capabilities, governance, sustainability, and Islamic business. The selected literature provides a comprehensive basis for answering the proposed research questions and identifying the key themes related to fintech-driven digital transformation.

Table 4. Summary Table of the 28 Included Studies

No	Author(s)	Year	Method	Research Focus	Key Findings
1	Warner & Wäger	2019	Conceptual	Dynamic capability & DT	Dynamic capabilities support successful digital transformation through strategic renewal.
2	Li & Chan	2019	Conceptual	IT capability	Dynamic IT capability strengthens organizational adaptability and innovation.
3	Suryono et al.	2020	SLR	FinTech	Cybersecurity, regulation, and trust are major FinTech challenges.

No	Author(s)	Year	Method	Research Focus	Key Findings
4	Lokuge & Duan	2021	Conference Study	SME Digital Transformation	Technology readiness and leadership enable digital transformation.
5	Nadkarni & Prügl	2021	Literature Review	Digital Transformation	Summarizes DT concepts and future research directions.
6	Verhoef et al.	2021	Literature Review	Digital Transformation	Digital transformation requires multidisciplinary organizational change.
7	Zhu et al.	2021	SLR	Digital Transformation	Technology, organization, and strategy jointly influence DT success.
8	Egodawele et al.	2022	SLR	Digital Transformation	Developed an overarching framework for digital transformation research.
9	Ghosh et al.	2022	Empirical	Dynamic Capability	Dynamic capability drives industrial digital transformation.
10	Konopik et al.	2022	Conceptual	Organizational Capability	Organizational capabilities determine DT implementation success.
11	Ajouz & Abuamria	2023	Conceptual Review	Islamic FinTech	Islamic FinTech enhances financial inclusion and ecosystem development.
12	Firmansyah et al.	2023	SLR	FinTech Adoption	Technology readiness and user trust influence FinTech adoption.
13	Qing & Jin	2023	Empirical	ESG & Sustainability	Digital transformation and ESG improve corporate sustainability.
14	Choudhary & Thenmozhi	2024	Bibliometric (ADO)	FinTech	Identifies research trends and future FinTech agenda.
15	Dwivedi et al.	2024	Conceptual	IT Capability	Dynamic IT capability promotes innovation during digital transformation.
16	Celestino et al.	2024	Theoretical	Digital Transformation	Provides theoretical perspectives on digital transformation.

No	Author(s)	Year	Method	Research Focus	Key Findings
17	Siswanti et al.	2024	Empirical	Governance & Sustainability	Corporate governance mediates sustainable digital transformation outcomes.
18	Ashraf et al.	2025	SLR	Islamic Banking	Digital transformation supports sustainability in Islamic banks.
19	Badawi & Pancabudi	2025	Empirical	Islamic Banking	Digital transformation improves Islamic banking performance.
20	Dea Riyanti Paramitha & Fasa	2025	Conceptual	Green Banking	Digital banking supports sustainable Islamic finance.
21	Hamzah	2025	Empirical	Digital Leadership	Digital leadership improves organizational performance.
22	Pangaribuan et al.	2025	Empirical	SMEs	Digital transformation enhances SME competitiveness.
23	Kholidah	2026	Empirical	Islamic Microfinance	Sharia governance influences organizational performance.
24	Rochim et al.	2026	Conceptual	ESG & Governance	ESG integration strengthens sustainable Sharia governance.
25	Shuning & Qiang	2026	Bibliometric	Manufacturing DT	Shows evolution of digital transformation research themes.
26	Wahyudi et al.	2026	Empirical	Islamic Banking	Intellectual capital and Sharia compliance support DT.
27	Widagdo & Rokhlinasari	2026	Mixed Methods	Islamic FinTech	Islamic FinTech improves MSME sustainability and financial inclusion.
28	Baden-Fuller	2021	Conceptual	Digital Strategy	Strategic renewal is fundamental for digital transformation.

To enhance the transparency of the review process, Table 4 summarizes the characteristics of the selected studies, including the authors, publication year, research

method, research focus, and key findings. The selected studies comprise conceptual papers, literature reviews, systematic literature reviews, and empirical studies, with most focusing on digital transformation, fintech adoption, organizational capabilities, governance, sustainability, and Islamic business. This overview highlights the diversity of existing research while revealing that the literature remains fragmented across technological, organizational, governance, and sustainability perspectives, thereby supporting the need for an integrated conceptual framework.

Based on the thematic synthesis, the findings are organized into four interrelated themes corresponding to the research questions: (A) critical success factors, (B) organizational capabilities, (C) implementation barriers, and (D) the proposed integrated conceptual framework. Together, these themes explain how fintech acts as a catalyst for digital transformation and contributes to sustainable development within Islamic business organizations.

1. Critical Success Factors of Fintech-Driven Digital Transformation

   The literature indicates that the success of fintech-driven digital transformation is influenced by a combination of technological, organizational, environmental, and sustainability-oriented factors. Rather than relying solely on technological innovation, organizations must align digital capabilities, leadership, governance, and external support to achieve sustainable transformation outcomes. The findings related to these critical success factors are discussed as follows.

   a. Technological Success Factors

   Successful digital transformation largely depends on flexible IT infrastructure and digital platforms capable of integrating multiple financial services (Li & Chan, 2019). Emerging technologies such as Artificial Intelligence (AI), Big Data Analytics, Cloud Computing, and Blockchain provide the technological foundation for improving operational efficiency, decision-making, and transaction transparency (Choudhary & Thenmozhi, 2024; Pangaribuan et al., 2025; Suryono et al., 2020). In addition, cybersecurity and data privacy protection are essential for enhancing customer trust and ensuring secure fintech service delivery (Badawi & Pancabudi, 2025; Gomber et al., 2018; Suryono et al., 2020).

   b. Organizational Success Factors

   Organizational success is strongly associated with digital leadership and top management support, which play a crucial role in driving strategic change and organizational commitment toward digital transformation (Galliers & Jarvenpaa, 2010; Hamzah, 2025; Nadkarni & Prügl, 2021). Furthermore, strategic alignment between business objectives and digital technologies, together with an innovation-oriented organizational culture, enables organizations to continuously adapt, experiment, and improve digital initiatives (Celestino et al., 2024; Warner & Wäger, 2019).

   c. Environmental Success Factors

   External environmental factors also contribute significantly to successful fintech implementation. Supportive government regulations, including the establishment of

regulatory sandboxes, encourage organizations to experiment with innovative fintech solutions while maintaining regulatory compliance (Choudhary & Thenmozhi, 2024; Suryono et al., 2020). Moreover, collaboration among traditional financial institutions, fintech startups, technology providers, and other ecosystem stakeholders facilitates knowledge sharing, innovation, and digital ecosystem development (Choudhary & Thenmozhi, 2024; Ghosh et al., 2022; Suryono et al., 2020).

d. Sustainability-Oriented Success Factors

Within the context of Islamic business, digital transformation success should not be evaluated solely through financial performance but also through its contribution to sustainable development and the achievement of Maqasid al-Shariah. These objectives include wealth protection (*Hifz al-Mal*), social welfare, and equitable economic development (Ashraf et al., 2025; Kholidah, 2026). Fintech innovation is expected to promote financial inclusion, particularly for underserved communities, while strengthening the halal business ecosystem (Dea Riyanti Paramitha & Muhamad Iqbal Fasa, 2025; Widagdo & Rokhlinasari, 2026). Furthermore, integrating Environmental, Social, and Governance (ESG) principles into fintech operations has emerged as an important indicator of long-term sustainability and responsible digital transformation (Ashraf et al., 2025; Qing & Jin, 2023).

Overall, the identified critical success factors establish the strategic foundation for fintech-driven digital transformation. However, their presence alone is insufficient to ensure successful implementation. Organizations must also possess the capabilities required to leverage these factors effectively. Therefore, the following section discusses the organizational capabilities that enable successful fintech-driven digital transformation.

2. Organizational Capabilities Enabling Fintech-Driven Digital Transformation

Building upon the identified critical success factors, the reviewed studies emphasize that organizational capabilities represent the mechanisms through which organizations convert technological opportunities into sustainable business value. These capabilities enable organizations to adopt fintech effectively, respond to environmental changes, and maintain long-term competitiveness.

a. Technological Capabilities

Technological capability forms the foundation for successful digital transformation by enabling organizations to manage and leverage digital resources effectively. IT capability supports the development, integration, and management of digital infrastructure required for fintech implementation (Ghosh et al., 2022; Lokuge & Duan, 2021). Furthermore, data analytics capability allows organizations to understand customer behavior, optimize business processes, and make evidence-based decisions (Galliers & Jarvenpaa, 2010; Pangaribuan et al., 2025; Verhoef et al., 2021). In addition, digital platform capability is essential to ensure interoperability, system integration, and seamless information exchange among multiple stakeholders (Li & Chan, 2019).

b. Organizational Capabilities

Organizational capability plays a crucial role in enabling firms to adapt to rapidly changing business environments. The literature consistently identifies dynamic capability, comprising sensing, seizing, and reconfiguring, as a fundamental capability for responding to technological disruption and market uncertainty (Konopik et al., 2022; Pangaribuan et al., 2025; Shuning & Qiang, 2026; Warner & Wäger, 2019). In addition, innovation capability and knowledge management capability enable organizations to continuously acquire, create, and utilize knowledge to improve organizational performance and support ongoing digital transformation initiatives (Li & Chan, 2019; Siswanti et al., 2024; Volberda et al., 2021).

c. Human Capabilities

Human capability is widely recognized as one of the most critical determinants of digital transformation success. Organizations require employees with strong digital skills, digital literacy, and AI-related competencies to effectively utilize emerging digital technologies (Dwivedi et al., 2024; Ghosh et al., 2022; Wahyudi et al., 2026). In the context of Islamic business, fintech competency is particularly important to ensure that digital financial services are implemented in accordance with Sharia principles(Ajouz & Abuamria, 2023; Widagdo & Rokhlinasari, 2026). Moreover, effective change management capability is essential for reducing employee resistance, fostering organizational readiness, and facilitating a smooth digital transformation process (Galliers & Jarvenpaa, 2010; Ghosh et al., 2022).

d. Ecosystem Capabilities

Beyond internal organizational resources, successful fintech-driven digital transformation also depends on the ability to collaborate within a broader digital ecosystem. Organizations should develop collaboration capability by establishing strategic partnerships with financial institutions, fintech providers, technology companies, regulators, and other stakeholders (Choudhary & Thenmozhi, 2024; Wahyudi et al., 2026; Warner & Wäger, 2019). Within the context of Islamic business, stakeholder integration strengthens collaboration across the halal business ecosystem and promotes shared value creation while ensuring compliance with Sharia principles (Ajouz & Abuamria, 2023; Ghosh et al., 2022).

The findings demonstrate that organizational capabilities play a crucial role in translating critical success factors into successful digital transformation initiatives. Nevertheless, organizations often encounter various internal and external obstacles that hinder capability development and technology implementation. These implementation barriers are discussed in the following section.

3. Implementation Barriers to Fintech-Driven Digital Transformation

Although fintech provides significant opportunities for accelerating digital transformation, organizations continue to face numerous implementation barriers. The reviewed studies reveal that these challenges extend beyond technological limitations and encompass organizational, governance, and environmental issues. Addressing these barriers is essential for ensuring the sustainability of fintech-driven digital transformation.

a. Organizational Barriers

Organizational barriers remain one of the primary obstacles to successful digital transformation. Common challenges include employee resistance to change, rigid organizational cultures, and limited financial resources for investing in advanced digital technologies (Dwivedi et al., 2024; Pangaribuan et al., 2025; Volberda et al., 2021; Warner & Wäger, 2019). Furthermore, the absence of a clear digital vision and insufficient commitment from top management often result in fragmented digital transformation initiatives that fail to deliver sustainable business value (Celestino et al., 2024; Galliers & Jarvenpaa, 2010).

b. Technological Barriers

Technological limitations also hinder the implementation of fintech-driven digital transformation. Many organizations continue to rely on legacy systems that are incompatible with modern fintech platforms, making system integration difficult and costly (Choudhary & Thenmozhi, 2024; Lee & Shin, 2018). In addition, concerns regarding cybersecurity, data privacy, and digital fraud remain significant challenges that can reduce customer trust and increase operational risks (Ajouz & Abuamria, 2023; Dea Riyanti Paramitha & Muhamad Iqbal Fasa, 2025; Siswanti et al., 2024; Suryono et al., 2020).

c. Governance Barriers

Governance-related issues represent another important challenge, particularly within the context of Islamic business organizations. The literature highlights limitations in Sharia governance, including the lack of digital capabilities among Sharia Supervisory Boards (SSBs) to monitor and audit fintech-based transactions effectively in real time (Rochim et al., 2026). Moreover, the absence of internationally harmonized Sharia compliance standards for fintech services creates regulatory uncertainty and complicates the implementation of innovative digital financial solutions across different jurisdictions (Ajouz & Abuamria, 2023; Dea Riyanti Paramitha & Muhamad Iqbal Fasa, 2025).

d. Environmental Barriers

External environmental factors further influence the success of fintech-driven digital transformation. Limited digital infrastructure in rural and underserved areas, together with low levels of digital literacy, continue to restrict the widespread adoption of fintech services (Ajouz & Abuamria, 2023; Ashraf et al., 2025; Dea Riyanti Paramitha & Muhamad Iqbal Fasa, 2025; Suryono et al., 2020). In addition, Islamic business organizations face increasing competition from well-established conventional financial institutions that possess more advanced technological capabilities, larger investment capacities, and broader digital ecosystems (Gomber et al., 2017, 2018; Lee & Shin, 2018).

The identified implementation barriers demonstrate that successful digital transformation depends not only on organizational capabilities but also on the ability to mitigate contextual challenges. This interaction between critical success factors, organizational capabilities, and

implementation barriers provides the foundation for developing an integrated conceptual framework, which is presented in the following section.

4. Proposed Integrated Conceptual Framework

Based on the thematic synthesis of the selected studies, this review proposes an integrated conceptual framework illustrating how fintech enables sustainable digital transformation in Islamic business organizations. As presented in Figure 3, the framework integrates four major constructs identified throughout the review, namely Critical Success Factors (CSFs), Organizational Capabilities, Implementation Barriers, and Sustainable Digital Transformation Outcomes.

The framework proposes that Critical Success Factors (CSFs) act as antecedents that exert a direct effect on the development of Organizational Capabilities. These CSFs include technological readiness, digital leadership, top management support, organizational culture, regulatory support, stakeholder collaboration, and user trust. Together, these factors establish the organizational foundation required to successfully initiate fintech-driven digital transformation.

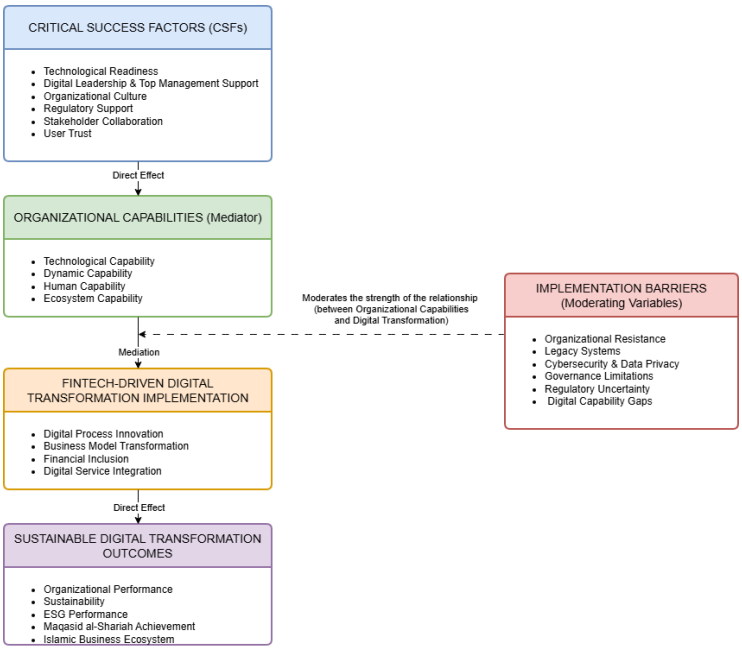
Furthermore, Organizational Capabilities function as a mediating variable between CSFs and fintech-driven digital transformation implementation. The literature indicates that technological capability, dynamic capability, human capability, and ecosystem capability enable organizations to effectively adopt, integrate, and exploit fintech innovations, thereby translating critical success factors into successful digital transformation initiatives.

Successful Fintech-Driven Digital Transformation Implementation subsequently produces a direct effect on Sustainable Digital Transformation Outcomes. These outcomes include improved organizational performance, operational efficiency, innovation capability, financial inclusion, ESG performance, stakeholder trust, organizational resilience, the achievement of Maqasid al-Shariah, and the strengthening of the Islamic business ecosystem.

However, as illustrated in Figure 3, the relationship between organizational capabilities and fintech-driven digital transformation implementation is moderated by Implementation Barriers. Organizational resistance, legacy systems, cybersecurity and data privacy concerns, governance limitations, regulatory uncertainty, and digital capability gaps may weaken the positive influence of organizational capabilities on transformation implementation. Consequently, mitigating these barriers can strengthen the effectiveness of organizational capabilities and improve the achievement of sustainable digital transformation outcomes.

Therefore, the proposed framework suggests that sustainable fintech-driven digital transformation is not determined by technological readiness alone, but by the dynamic interaction among critical success factors, organizational capabilities, implementation barriers, and organizational outcomes. This framework provides a conceptual foundation for future empirical studies seeking to validate the proposed relationships using quantitative methods such as SEM-PLS or other structural modeling approaches.

Figure 3. Theoretical Implications of Fintech-Driven Digital Transformation

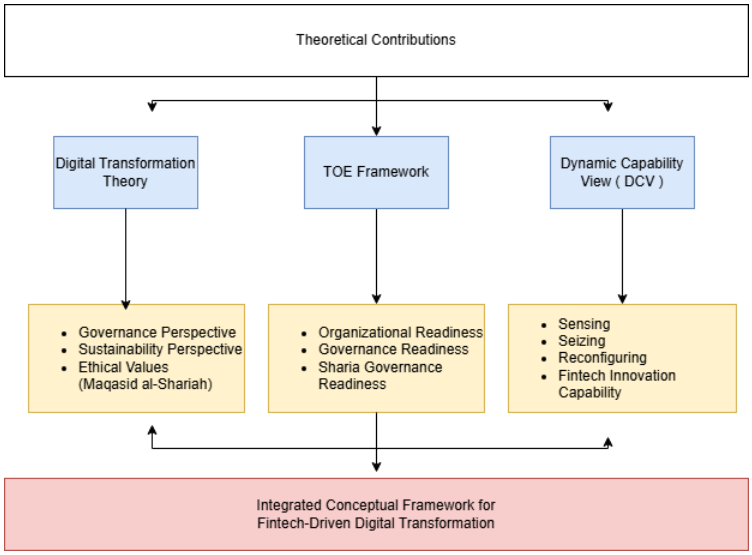


5. Research Implications

a. Theoretical Implications

This study contributes to the digital transformation literature by providing a comprehensive synthesis of fintech-driven digital transformation within the context of Islamic business organizations as presented in Figure. 4.

Figure 4. Theoretical Implications of Fintech-Driven Digital Transformation



First, the findings extend the understanding of digital transformation by demonstrating that successful transformation depends not only on technological advancement and operational efficiency but also on governance, sustainability, and ethical considerations. In Islamic business, principles such as Maqasid al-Shariah may serve as complementary indicators for evaluating sustainable digital transformation outcomes.

Second, this study enriches the Technology–Organization–Environment (TOE) Framework) by emphasizing that organizational readiness should encompass not only technological resources and infrastructure but also governance readiness. In the context of Islamic business, Sharia governance readiness emerges as an important organizational capability supporting fintech adoption and digital transformation.

Third, the findings reinforce the relevance of Dynamic Capability Theory (DCT) by highlighting that organizations capable of sensing, seizing, and reconfiguring resources are better positioned to respond to technological disruption, implement fintech innovations, and sustain digital transformation in dynamic and highly regulated environments.

Collectively, these theoretical perspectives complement each other and provide an integrated conceptual foundation for understanding fintech-driven digital transformation in Islamic business organizations, where governance, organizational capabilities, and sustainability jointly determine successful transformation outcomes.

b. Practical Implications

The findings also provide practical implications for managers, practitioners, and policymakers.

Financial institutions, including Islamic banks and other financial service providers, should strengthen strategic partnerships with fintech companies to improve operational efficiency, expand financial inclusion, and accelerate digital innovation while maintaining effective governance and regulatory compliance.

For SMEs and halal industries, digital transformation initiatives should prioritize digital literacy, organizational capability development, and fintech utilization to enhance access to financing, improve competitiveness, and expand market opportunities.

For policymakers and regulators, adaptive fintech regulations, stronger digital governance, consumer protection, and innovation incentives are essential to balance technological innovation with risk management. Furthermore, developing standardized sustainability indicators, including Environmental, Social, and Governance (ESG) metrics and Sharia-based sustainability measures, would facilitate a more comprehensive evaluation of fintech's economic, social, and ethical impacts.

CONCLUSION

1. Conclusion

This study systematically reviewed the literature on **fintech-driven digital transformation in Islamic business** to develop an integrated conceptual framework explaining the relationships among critical success factors, organizational capabilities, implementation barriers, and sustainable digital transformation outcomes.

Regarding **RQ1**, the review identifies that successful fintech-driven digital transformation depends on several critical success factors, including digital leadership, top management support, technological readiness, organizational culture, stakeholder collaboration, regulatory

support, and user trust. These factors collectively establish the organizational foundation necessary for sustainable digital transformation.

For **RQ2**, the findings demonstrate that organizations require complementary technological, organizational, human, and ecosystem capabilities to effectively implement fintech. In particular, dynamic capabilities, digital competencies, innovation capability, and collaborative networks enable organizations to adapt to technological change and sustain digital transformation initiatives.

Concerning **RQ3**, the review reveals that fintech implementation continues to face multiple barriers, including organizational resistance, legacy systems, cybersecurity and data privacy concerns, governance limitations, regulatory uncertainty, and inadequate digital capabilities. These barriers highlight that digital transformation requires not only technological investment but also organizational readiness, adaptive governance, and continuous capability development.

Addressing **RQ4**, this study proposes an integrated conceptual framework illustrating how critical success factors directly influence organizational capabilities, which subsequently mediate fintech-driven digital transformation implementation. Furthermore, implementation barriers moderate the relationship between organizational capabilities and digital transformation implementation, ultimately influencing sustainable digital transformation outcomes. The framework provides a comprehensive explanation of the dynamic relationships among technological, organizational, governance, environmental, and human dimensions in achieving sustainable digital transformation.

From a theoretical perspective, this study integrates **Digital Transformation Theory**, the **Technology–Organization–Environment (TOE) Framework**, and **Dynamic Capability Theory (DCT)** into a unified conceptual model. The proposed framework extends previous literature by incorporating governance and sustainability dimensions within the context of Islamic business organizations.

2. Limitations

This study has several limitations. First, the review synthesized only **28 selected studies**, which may not represent the entire body of fintech and digital transformation literature. Second, the review included only publications written in **English and Indonesian**, potentially excluding relevant studies published in other languages. Third, although six major academic databases were searched, relevant studies indexed in other databases may have been omitted. Finally, the proposed framework is conceptual and has not yet been empirically validated.

3. Policy Recommendations

The findings suggest several implications for policymakers and regulators. Governments and financial authorities should develop adaptive fintech regulations that balance innovation with risk management through regulatory sandboxes, cybersecurity standards, and data protection policies. Regulators should also promote digital capability development, strengthen Sharia governance mechanisms, and encourage collaboration among financial institutions, fintech providers, and technology partners. Furthermore, sustainability indicators, including ESG and

Maqasid al-Shariah principles, should be incorporated into digital transformation policies to ensure that fintech adoption contributes to inclusive and sustainable economic development.

4. Future Research

Future studies should empirically validate the proposed conceptual framework using quantitative methods such as SEM-PLS or mixed-method approaches across different industries and countries. Comparative studies involving Islamic and conventional business organizations are also recommended to examine the generalizability of the proposed relationships and to refine the framework under different organizational and regulatory contexts.

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