

The Impact of Islamic FinTech Innovations on the Efficiency and Competitiveness of Islamic Banking Sector in Bangladesh.

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The current era is witnessing a profound shift brought on by the rise of information technology. As a result of its efforts to broaden access to online financial services, Islamic financial technology (FinTech) is gradually becoming more dependent on the utilization of technological capacity. Due to the rapid expansion of Islamic banking and finance in the international banking and finance sector, Bangladesh has recently witnessed a rise in Islamic banking and finance that was predicted to occur. The study aims to establish Islamic FinTech in Bangladeshi Islamic Banking Industry. To achieve the aim and objectives of this research, the study employs a quantitative approach and makes use of secondary and primary data, secondary sources such as journal articles, books, and the websites of Bangladesh's central bank and other commercial banks. This study looks at the elements that influence Islamic bank customers' use of internet banking. The significance of this research aims to improve the quality of Internet banking, Mobile banking and artificial intelligence services in Bangladesh to better serve customers and compete with their competitors in the Islamic banking industry. The research's contribution to literature and Islamic financial technology-related issues is its main advantage. Internet banking and Islamic financial technology both have their advantages, but there are also efforts to learn more about the risks, negative perceptions, and flaws of both methods. This research provides a contract and advice to help Islamic bank managers persuade their customers to adopt online banking. The study discovered

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new findings for academics on the positive impact of banking on the socio-economic development of Bangladeshi consumers, particularly those who are disadvantaged. It should highlight the advantages that its use brings, and awareness might be raised to better draw customers to Islamic FinTech innovative service.

Keywords: Islamic Finance, Islamic banking, Islamic FinTech, Islamic social finance

Introduction

Islamic banks are significant players in the banking and finance industry, investing money according to Islamic principles. They operate globally, with a strong presence in Arab Gulf countries, Japan, South Korea, Britain, and many others (Rahman, A. A. et al., 2023). The adoption of financial technology (FinTech) could enhance the Islamic banking sector's productivity, customer experience, and efficiency while reducing expenses and offering a broader range of products. The implementation of Sharia principles in FinTech could attract 150 million new banking customers over the next three years. The Islamic banking sector has grown substantially in recent years due to the development of Islamic FinTech and increased demand for Islamic banking products (Suzuki & Miah, 2022). FinTech encompasses the use of modern digital innovations, such as mobile banking, blockchain, cloud computing, and artificial intelligence to enhance accessibility, efficiency, security, and cost-effectiveness through software, mobile apps, and digital platforms. It has revolutionized financial services by providing greater accessibility to individuals and businesses, streamlining operations, and reducing costs. One of the most significant innovations within the FinTech sector is agent banking, particularly in developing economies, which allows banks to extend financial services utilizing digital platforms through local agents in areas where conventional bank branches are not available.

Literature review

Concept and Current Practice of Islamic FinTech

FinTech refers to a new technical development that has made it possible for the banking industry to carry out financial transactions. Numerous studies have been undertaken to learn what factors influence customers' openness to financial technology (FinTech), especially in the banking industry. These analyses have focused on the factors that people consider when deciding to adopt FinTech (Hamzah et al., 2022). Islamic finance is defined as conducting business following the tenets of Islamic Shariah law. In its broadest meaning, Islamic finance is an effort to establish a fair connection between the parties involved, as well as a profit-and-risk-sharing component integrated into economic transactions that are compliant with Sharia law (Maniam, S. 2024).

The goal of Islamic FinTech is to conform to Shariah law while still offering cutting-edge financial products, services, and investment opportunities. It seems that referring to FinTech in Islamic finance using the term "Islamic FinTech," as opposed to "Shariah-compliant FinTech" or simply "Islamic Finance FinTech solutions," is a better method to convey the distinctiveness of FinTech in Islamic finance. (Muryanto, & Ciptorukmi 2022). The presence of Islamic FinTech is a momentum that opens great potential for new alternative financing following sharia principles outside of the banking sector. This can help increase transactions, meet market needs, and promote financial inclusion for both individuals and particularly for business actors, such as micro, small, and medium-sized enterprises (MSMEs), which are the foundation of the Indonesian economy. (Maniam, S. 2024).

The application of FinTech in Islamic finance involves not only the traditional possibilities but also some novel aspects like Sharia consulting, ethical assessment, and the development of partnership products that are per the principles of Sharia. The term "Islamic FinTech" refers to the fact that the creation of FinTech implementations for Islamic financial services and products will be governed not only by the legislation of various jurisdictions but also by Sharia's rules and regulations. The ethics and principles of Shariah are the foundation of Islamic FinTech, which has the potential to completely transform the financial industry as we know it. One of the best things about Islamic financial technology is that it is simple to comprehend, simple to gain access to, and simple to use. (Azad, Sultana, & Bushra, 2024)

FinTech has already been included in Islamic financing. Briefly put, FinTech is the application of innovative and potentially game-changing financial technology, and Islamic FinTech is the same applied in a way that complies with Sharia law (Karim et al. 2022). Muslim communities around the world are looking for banking options that are in line with sharia law, and Islamic finance is a growing industry to meet this demand. Through increased ease of use, productivity, and openness, FinTech has the potential to boost the Islamic financial sector. FinTech is presently being employed in a variety of places throughout the world. The speed with which the financial sector and the global economy are being transformed by financial technology is unprecedented. In addition to rich countries, developing countries are progressing in their acceptance of FinTech. With a primary emphasis on Shariah-compliant corporate and consumer financing, Islamic FinTech has been a growing sector of the global FinTech ecosystem since 2010.

Islamic FinTech is the next wave of growth in Islamic finance. Most Islamic FinTech is addressing the problems of financial imbalance and poor customer service in its early phases, as they face and expand an opportunity of 1.8 billion

people. Islamic FinTech places a greater emphasis on social justice and equitable economic distribution and addresses Islamic finance as tools like Zakat, Awqaf, Takaful, and others that meet the needs of a sustainable financial system.

FinTech in the Islamic Finance sector has been brought up by some academics in the field. Money laundering, terrorist financing, cybercrimes, tax fraud, consumer protection, and ambiguous rights are risks. Global governments were equally troubled by the issues of data security and privacy, as well as transparency. They mentioned blockchain technology, the technology that powers cryptocurrencies, and said that it enables anybody to possess cryptocurrencies without requiring authorization from financial institutions and enables them to be sent to anyone with an e-wallet. They noted that because bitcoin and blockchain technology is decentralized and enable and validate online transactions without middlemen, such as central bank Gassner & Lawrence, regulatory bodies are uneasy with them. The scenario would also have legal and regulatory repercussions, especially if the currency was being deposited, in which case a license would be needed.

Use of FinTech for crowdfunding Waqf and Zakat

Crowdfunding is a new financial assistance mechanism that permits and assists those in need of finances, as well as those working on specific projects, to obtain funding with small sums of capital from the public. Various initiatives, non-profit organizations (NGOs), and individuals are commonly funded through philanthropic crowd funding. With its disruptive technology breakthroughs in the sphere of money, fintech has already revolutionized our daily lives. As a result of technical improvements, financial services are now provided by robot financial advisors and artificial intelligence-based solutions.

Most financial services today rely on technology to deliver them. The financial industry has already

been transformed by the usage of Block chain and artificial intelligence. FinTech will make it easier to supply Islamic financial services like Waqf, Crowdfunding, and Zakat to customers by making them more transparent, efficient, inventive, appealing, and user-friendly. Islam provides one kind of instrument for enhancing the community's social security and well-being. There are two types of charitable giving mechanisms: forced and voluntary charity giving. Religion requires individuals who can pay alms or zakat if they have adequate wealth (as determined by specified calculations). Waqf, Hiba, infaq, and sadaqah are all systems in Islam that encourage voluntary charitable contributions. Its features must adhere to the basic laws of Zakat and must not violate any of the zakat terms or restrictions. Technology integration also aids administrators in handling donor data and online gift transactions, allowing them to complete reports more quickly and efficiently.

With zakat, sadaqah, waqf, Islamic microfinance, and micro takaful models, Islam has developed a system of social finance that helps bring about financial inclusion. Financial inclusion can be aided by using Islamic social finance instruments. In Muslim countries, economic disparity has decreased thanks to the widespread usage of Islamic social financing mechanisms Khan et al., (2022). Financial technology has allowed Islamic financial institutions to extend their social finance programs like zakat, waqf, and Islamic microfinance to the very last person in line. Aziz et al. (2021) identified a positive association between digital banking and financial inclusion in their research, thus lending credence to this claim.

The Role of FinTech in developing Islamic Banks

Islamic banks have emerged as a dominant force across the world's financial markets, whether those markets are in nations that practice Islam. These Islamic banks, on the other hand, offer a variety of services that are competitive with those offered by traditional banks. This is especially true when it comes to investing investors' money

in a manner that is compliant with Islamic Sharia, which prevents investors from engaging in usury and other practices that are prohibited by Islamic Sharia. Traditional banks that charge usurious interest rates have a significant competitor in the form of Islamic banks, which have been instrumental in the expansion of the banking industry in a variety of nations, particularly those that have a predominately Islamic culture.(Hossain et al., 2025)

As a result, Islamic banks faced significant difficulties because of their successes because they were forced into direct rivalry with the traditional usury-based banks that are present all over the world. The benefits of current financial technology developments in the areas of customer service and the completion of financial transactions were notably visible in the competitive aspects, which considerably raised the efficiency of these banks and improved their services (Causevic, 2018). As a result of recent advances in financial technology, the global financial system has reached a major turning point, and banks, especially Islamic banks, are now more competitive than they used to be (Panjwani, & Shili, 2020). Indonesia, Malaysia, and the Gulf nations are among the Islamic nations that have been interested in utilizing the advancements of contemporary financial technology to improve the performance of their Islamic banks. These banks were able to improve the performance of their banks by offering products and services that heavily rely on digital technology to complete transactions related to these products and services (Karim, Naeem, & Abaji, 2022).

Online and mobile banking operations are part of the FinTech digital banking business model (verticals). More and more people are becoming aware of "neo-banks" or "challenger banks," which offer all banking services through digital banking with little to no physical presence (Li & Xu, 2021). These digital banking companies can gain a competitive advantage thanks to their total reliance on technology. Customers have less faith in large banks because of pandemics and other

financial disasters. In addition, in response to COVID-19, international banks urge their clients to adopt neo-banking services. According to Li and Xu (2021), the emergence of neo-banking may have three effects. The first is a lack of capital. The second is the quickening of collaboration between traditional banks and FinTech companies in the banking sector. Third, clients are dissatisfied with traditional banks' services compared to "FinTech start-ups in the banking business" neo-banking services since they are better, more user-friendly, simpler to use, and offered more value. Thus, neo-banking makes more money as a result (Dawood, et al, 2022).

The growth of beneficial and convenient financial technology in the financial services sector can pose a risk to the banking industry, especially Islamic banking. Banking industry funding services are seen as more complex than financial sector services provided by financial technology. Herindar & Aufa (2022). Furthermore, banking laws are notoriously stringent and tangled. So, when it comes to their money needs, more and more people are looking for alternatives to traditional banking. The banking sector responded to this threat by launching a plan of action. The plan is to incorporate banking, and Sharia law, with modern financial tools. Kiyawa, & Abubakar (2022).

The development of Islamic banking's technological infrastructure and the expansion of Islamic banks' financing portfolios are both necessary steps toward a more seamless integration of Islamic banking and financial technology. Since digitizing banking will cut into profits and alter margin structures. As the bank's portfolio grows, so will its earnings. Mohamed, & Ali (2022) Then, Islamic banks will have more chances to make long-term investments because bank profits are going up, especially because they are using financial technology more in their different banking processes. According to the research, Islamic banking will be able to attract more types of commercial players, notably micro, small, and medium-sized enterprises (MSMEs), if

it begins working with financial technology and Islamic financial institutions. In a broader context, MSME actors can apply for financing and request capital directly through electronic media alone, bypassing the need to visit their local bank branch. Small and medium-sized enterprises (SMEs) and other business players who use these services will boost the Islamic banking industry's credibility and professionalism.

Islamic FinTech and Financial Inclusion

Islam's openness to new ideas, the field of modern Islamic finance was able to develop as an outgrowth of financial engineering; this is a clear example of Islam's dynamic nature and ensures the religion will remain viable and relevant for generations to come. As part of its larger goals, Shariah encourages the use of technology and other permissible ways to create socially beneficial financial solutions that improve people's lives (Muneeza & Mustapha, 2021). Islamic FinTech can expand access to banking services by meeting the demands of both traditionally banked and unbanked customers. Due to its ability to assess a customer's creditworthiness or payment capacity in several ways, FinTech is crucial in broadening access to the financial system. Financial inclusion is crucial to achieving the Sustainable Development Goals (SDGs) (Mufaidah, 2022).

Financial institutions nowadays are aware of how crucial technology is to provide customers with higher-quality services. A fresh wave of technology Startups and companies marked the commencement of the FinTech era (2008–present). FinTech companies are providing a variety of services directly to consumers at the lowest possible cost. FinTech was defined by Leong and Sung (2018) as an inventive concept that improves financial service operations by offering technologically assisted solutions that are appropriate for a given business environment. FinTech has developed innovative disruptive concepts and business models that have the potential to alter the entire operational ecosystem (Hossain et al., 2025). FinTech is a combination

of finance and technology that offers more creative solutions and environmentally friendly business models. As leverage is eliminated by financial technology, some researchers who studied Islamic FinTech concluded that it is closer to the spirit of sharia while others disagreed and called for changes to the regulations governing Islamic FinTech. As a result, traditional banks are facing increased competition from FinTech, computerized banks, and versatile simple banks. Even while conventional banks and modern banks provide identical services, some important distinctions between the two make one more alluring than the other. FinTech empowers users to take responsibility for their financial decisions, resulting in clearly more crucial financial literacy than ever before.

FinTech has seen a considerable surge in investment in the latter half of the last decade because of its growing effectiveness and popularity. The application of financial technology in financial services has boosted efficiency, cost-effectiveness, and consumer convenience (Iman, 2020). Increasing demand cost pressure and technological advancement are all contributing to the growth of fintech. As technology advances, a risk arises that banking professionals worldwide are attempting to mitigate. FinTech can fundamentally alter the financial services ecosystem, and both the risk and the usefulness of this potential transformation must be taken into consideration. Fintech is developing at a rapid rate and may fundamentally alter the financial industry in the next few years, but this comes with many hazards that the industry may not be prepared to handle. In addition to the most typical hazards, such as compliance and regulatory risks (Rabbani, 2022).

Islamic FinTech Opportunities and Challenges

The phrase "Islamic Financial Technology," or "FinTech," is one of the most widely used and creative in the business world today, and it describes developments in the automation and

delivery of financial services with an Islamic perspective. It makes use of high-tech computer software and algorithms to help business owners, entrepreneurs, and consumers handle their finances more efficiently, and this trend is only expected to grow. Since this concerns such a large population and may be put to good use, policymakers around the world are paying close attention. It was argued by Atif, Hassan, Rabbani, that in recent years, financial institutions all over the world have become increasingly reliant on such cutting-edge technology services. Because of how useful and simple this FinTech idea is, more and more banks are adopting it (Amin, 2022). As a result of globalization, there has been an uptick in cross-border trade, and an increasing number of customers prefer doing their foreign transactions via the Internet rather than visiting a physical location. (Hossain & Subhan, 2021)

The FinTech industry in the Asia-Pacific region might be valued at more than \$150 billion by 2025. The world's leading technology companies have developed a plethora of digital wallet systems to ease online financial transactions; some of the most well-known include Apple Pay, Google Pay, ALIPAY, Amazon Payments, and Samsung Pay. Furthermore, in recent years and decades, several new companies have emerged, each promising state-of-the-art solutions to assist individuals and businesses in better managing their financial activities (Salaheldeen, 2022).

Islamic banking and Islamic FinTech have a promising future in majority-Muslim countries. The proliferation of smartphones has facilitated the growth of the financial technology industry in these regions. These possibilities are not without dangers, of course. Legislation and a lack of robust, trustworthy research in the Islamic FinTech field pose the greatest threat to the industry. Another study found that Islamic FinTech firms were beneficial to startups. It's a big deal for recent grads because so few businesses offer sharia-compliant financing to them. (Rahman et al., 2026)

The number of financial technology agreements signed in the London area has increased by a factor of three since 2011 and now represents more than half of the total financial technology activity in Europe. There is an opening in the market for new businesses that focus on financial technology, and this opening can be used by providing a diverse array of financial services and showing respect for customers. It is essential for the growth of financial services firms and banks because the establishment and expansion of FinTech companies will give customers the option of using both traditional financial services and the innovative and creative services supplied by FinTech companies. This choice is essential for the growth of financial services firms and banks. Traditional banking institutions have been thrown a lifeline by FinTech start-ups, allowing them to go digital and offer low-cost financial services. In a country like the Czech Republic, combining low-cost banking with FinTech will help the country's banks compete with those that are bigger and have been around longer. (Muryanto, & Ciptorukmi Nugraheni, 2022)

The Sharia law and morals serve as the foundation for Islamic financial technology, which has the potential to take over the traditional banking sector around the world. One of the major advantages of Islamic financial technology is that it is transparent, easily available, and uncomplicated to employ. The global financial crisis did not affect the financial performance of Islamic banks because of the nature of Islamic finance, which has developed as an alternative to conventional finance. Islamic finance has evolved as an alternative to conventional financing. Islamic banks can now contribute to the overall improvement of the financial industry and position themselves as a form of alternative finance with higher ethical and transparent standards thanks to the growth of Islamic FinTech. The financial and banking industries have only seen the beginning of the changes that will be brought about by technological breakthroughs. Islamic financial institutions have a responsibility to be ready for

the changes and to welcome them. Sharia compliance might bring in an additional 150 million clients for Islamic financial technology companies over the next three years. (Widagdo, Rokhlinasari, & Wartoyo, 2026)

The emergence of Islamic FinTech opens a lot of doors for poor countries because it offers a cost-effective solution to financial services. At the same time, it tests the competence of regulatory agencies to keep things steady and protect investors and institutions from fraudulent trade practices. To secure the long-term viability of Islamic FinTech, an education campaign targeting current university students might be launched. To survive in the long run, FinTech must be creative, as the adoption of FinTech by Islamic financial institutions has repercussions beyond the Muslim community and throughout the global finance industry. The advent of FinTech is ushering in a new era of financial services for banks, given the crucial role that Islamic FinTech plays as a financial intermediary for society and in people's daily lives around the world. How consumers conduct their financial dealings has been revolutionised by FinTech. FinTech has become a challenge for financial institutions, but by embracing FinTech companies as partners rather than competitors in offering innovative services, it may be turned into an opportunity. (Alsaghir, M. 2023)

Banks need to disrupt established business models to develop unique customer experiences and complement client needs considering the difficulties of integrating digital strategy implementations with the evolving decision-making processes and technological prototypes of today's digital consumers. The protection of consumer rights has gotten more challenging because of technical security concerns. Because financial risk and personal information leakage can arise from the employment of robot advisers for fund services and wealth management, FinTech could be held accountable for any damages caused by system or algorithm. ZakatTech blockchain plates are the result of a collaboration between the International Shari'ah

Research Academy for Islamic Finance (ISRA) and SysCode, to increase both the efficiency and veracity of the zakat contribution process and the trust of community members in it. In addition to increasing zakat collection and distribution to the poor, emphasised that the initiative was intended to boost the social economy, decrease transaction costs, boost overall collection and distribution efficiency, and cut down on system faults and fraud. (Suswanto, Wahyudi, & Said, 2025).

Islamic FinTech usage and Internet banking

FinTech services may be accessed by the public in a simple, practical, and secure manner, considerably facilitating public access to banking financial services (Abdillah, 2020). Internet banking is becoming more popular as more sophisticated technology is introduced, which promotes competition while also facilitating more transactions through the bank system. Financial Technology, often known as FinTech, is a disruptive technology that alters stakeholder banking behavior, indicating that FinTech is influencing not just conventional but also Islamic finance. (Hossain & Subhan, 2022) Islamic financial technology (FinTech) is a topic that interests and excites people all around the world, regardless of their religious affiliation. A subset of the financial sector, Islamic finance is guided by the moral and ethical foundations of Islamic sharia. Financial technology has the potential to significantly contribute to the development of Islamic finance. To imagine modern life without some form of technological advancement is at best difficult. The widespread use of information and communication technology (ICT) is causing big changes in the economy and society of many developing countries.

Furthermore, Bangladesh has recently achieved significant success in the Islamic banking sector. In Bangladesh, various banks are now offering Islamic banking services. Most of this research focuses on comparing Islamic finance and internet banking adoption to Islamic FinTech usage. Bangladesh will benefit from rising financial openness, accountability, and dynamism

by establishing a FinTech link between banks and financial enterprises. (Nuhic, Hassan, & Meskovic, 2026) One of the financial services that allow customers to access information, communicate, and make banking transactions via the internet. Internet banking provides access to account balance information, payments (electricity, telephone, credit cards, and others), purchases (vouchers or tickets), transfers to other banks, and information on banking products and services. The convenience of transacting with a comprehensive menu and the fact that it can be accessed from any device, including a cell phone, laptop, notebook, and computer, are two advantages of internet banking. People who grew up when the Internet became more accessible to everyone are more likely to be interested in new technology. Because of this, digital transformation is no longer a choice for today's businesses. Banks aren't an exception, especially since FinTech solutions have come a long way. The term "financial technology," which is often shortened to "FinTech," is used a lot today to talk about how financial service institutions, especially banks, use new technology. But as we learn more about how banking has changed over time, it seems that this is not a brand-new idea. (Kilic, & Türkan, 2023)

Additionally, because of its simplicity of use, versatility, and ability to provide consumers with dependable services, information technology is regarded as the fastest financial service. Today's digital customer's profit from using this cutting-edge technology by getting quicker payment alternatives, utility bill payments, and rapid money-sending capabilities (Liang & Nguyen, 2018). Additionally, the concept of online banking presents the banking system with a variety of advantageous options to serve the current financial market by attracting and enticing a new group of banking customers from the existing population of internet users. Financial institutions, particularly Islamic banking, are in the same scenario. Islamic banking must become digitally literate to prosper in this new era of technology. In this age of globalization, no

community activity can be detached from technical breakthroughs (Siska, 2022)

Internet banking is another FinTech feature that banks offer. Customers can use any device that is connected to the internet network to complete the numerous transactions offered by Islamic banking with the use of internet banking services. The utilization of internet banking services will rise which would help banks boost their financial performance. If this occurs, internet banking will have a favorable and considerable impact on how well Islamic banking performs financially. This is consistent with research findings that indicate internet banking has a major impact on the financial success (Mahmoud, M. A. et al, 2025). After some initial trepidation, the larger banks began investing heavily in digital infrastructure upgrades, internet-based digital platform expansions, and the addition of new customer-facing applications to better compete for their business. In the United States, this pattern stood out very clearly. Several of them also started offering digital banking in reaction to the changing circumstances, which allowed them to provide a better banking experience to their consumers. It makes Islamic financial services more accessible and less expensive, which allows them to keep up with the aspirations of the younger generation and achieve financial inclusion, which helps fight poverty and promote social justice.(Rabeya Bushra, Tijani, Khan, 2025)

In light of favorable regulatory, legislative, and supervisory environments that are consistent with the purposes of Islamic Sharia, as well as qualified human resources, it has been demonstrated through impressive results that the effective use of Islamic financial technologies combined with innovative business models increases confidence in Islamic finance and banking, which in turn results in an increase in demand for its products and the expansion of its investments, particularly in the area of telecommunications. This is especially true given the existence of regulatory, legislative, and supervisory environments consistent with the goals. The adoption of Islamic financial

technology innovations in the Islamic banking sector and their ongoing development by Islamic financial engineering, as well as encouragement for the development of new financial technology products that are compliant with Islamic Sharia, will give the Islamic financial and banking sector a new push to advance, allow it to improve its products, and allow it to compete with the financial and banking sector not only on a level playing field but also in a way that is more effective (Rahman & Amin, 2022).

Research Method and Approach

Research methods can be broken down into two categories: inductive and deductive, as described by Saunders et al. (2009). It is crucial to distinguish between the positivist roots of deduction and the interpretive roots of induction when discussing the differences between the two research methods. Particularly, Saunders et al. (2009) show that such labelling can be counterproductive and deceptive, ultimately serving no useful purpose. The term "team research" has been used in the scientific community, but its precise definition is open to debate. There is a distinction between qualitative and quantitative approaches to research, which may be implied in some publications where the term "research methodology" is used. A quantitative approach was used in this research According to (Petrov et al., 2021) quantitative methodology generally relates to the inquiries carried out on corporate issues and it also supports the testing of existing theories and concepts, which are composed of several sets of variables. Quantitative research is also drawn to establish the validity of theoretical generalizations, which at present is common in the field of social science and business studies (Chu et al., 2020). However, we believe that a research methodology is better understood as the whole strategy and methods used to carry out the study. The research methods can thus be broken down into three broad classes: (i) Deductive method (ii) inductive method and the (iii) abductive method.

A literature review is a detailed summary of previous studies on the subject. It describes the problem statement or the requirement for further analysis based on previously existing information about the subject. There are several types of literature reviews, and a narrative literature review is one in which researchers collect concerns and solutions connected to a specific topic. Narrative literature reviews are used to examine literature reviews. Since this is a review of the literature, secondary data from previously published empirical studies, review articles, and case studies was used in this investigation. The current study was organized by evaluating recent studies.

Conclusion and Recommendation

The purpose of the study is to ascertain how FinTech might enhance the performance of financial institutions and the Islamic banking sector. Since the pandemic revealed the vulnerability of the Islamic finance sector to outside challenges, both Islamic and mainstream finance have experienced comparable outcomes. In conclusion, Islamic FinTech has grown to be a significant part of the Islamic digital economy. Islamic FinTech has a more promising future, particularly in Muslim nations. In relation to

Bangladesh. This paper's goal is to investigate the role of Islamic FinTech in the Islamic digital economy, which is explained here: empowering the Islamic finance sector, boosting charitable endeavours, supporting small and medium-sized businesses (SME), Blockchain, internet banking, artificial intelligence, and financial inclusion. These positions increase the variety and marketability of Islamic FinTech's offerings. All stakeholders must work together to make Islamic FinTech accessible to all societal strata and connect complementary industries to guarantee improved financial transaction experiences for businesses and consumers in order for it to realize its enormous potential. Future research could explore the micro concerns of Islamic FinTech, including the operational mechanisms of Islamic FinTech products, the role of Islamic FinTech in facilitating Islamic social finance, and the regulatory frameworks governing Islamic FinTech across different countries. The FinTech community is eager for expert consultation, and it is essential to address the need for government support in establishing a robust legal framework that enables FinTech instruments to function effectively.

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