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STRATEGIES TO SUPPORT THE IMPLEMENTATION OF *SUSTAINABLE DEVELOPMENT GOALS* (SDGs) THROUGH *SHARIA* FINANCIAL TECHNOLOGY: POTENTIAL AND CHALLENGES

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ABSTRACT

Islamic finance, especially *Islamic financial technology*, in its development has shown great potential in supporting the implementation of the Sustainable Development Goals (SDGs) launched by the United Nations (UN) to protect human welfare and the environment. The presence of sharia fintech can increase people's financial inclusion, business development and income, as well as fulfillment for the economy. This research is qualitative using the *study library research* method with a *literature review* approach. This study aims to further review how the strategy of using sharia *fintech* in supporting the implementation of the SDGs is accompanied by its potential and challenges. Based on the results of the study, there are several strategies for using *sharia fintech* in supporting the implementation of the SDGs to overcome global problems, namely through poverty alleviation, quality education, gender equality, infrastructure innovation, and climate action. Some of the opportunities for the development *of sharia fintech in Indonesia include the OJK providing opportunities for* sharia fintech actors *to freely register their businesses legally, the ease of technology for investment and donation activities, and the opportunity for* sharia fintech to show its advantages due to *fintech* The majority of Indonesia's population is Muslim, and the rapid development of technology in Indonesia has the opportunity to be used quickly and more efficiently by the Muslim community. However, although the opportunities for the development of sharia *fintech* in Indonesia are quite promising, based on the facts that occur in the field of sharia fintech, several challenges are still faced, including: 1) Lack of public literacy and knowledge of sharia financial services, 2) Government regulations, 3) Lack of religious awareness, 4) Lack of human resources who understand and understand the rules related to the sharia economy, 5) Green project risk management, 6) Technology gaps, and 7) Lack of data security.

Keywords: *Sustainable Development Goals (SDGs), Sharia Financial Technology, Sharia Finance*

INTRODUCTION

Technological, economic, and social factors are the challenges of today's business world. Digital transformation is one of the most important things and puts additional pressure on investors, businesses, entrepreneurs, policymakers, and all stakeholders (Noreen, 2024). Among the technological advancements, financial technology (*Fintech*) has recently emerged as an essential tool that allows financial institutions to be competitive in the face of global competition and contribute to the development of any country. *Fintech* as a new breakthrough and innovation in the field of financial services using digital transactions without having to use physical money (*Cashless*). In simple terms, *Fintech* is defined as technological instrumentation that provides solutions in the field of finance and financial intermediation (Yudha et al., 2020). According to *Financial Stability Board* (FSB), *Fintech* includes technology updates that introduce new business approaches, operational processes, and products that significantly impact financial institutions, markets, and overall improvements to financial services (Qoriah et al., 2025). The main parts of financial technology include artificial intelligence, *Blockchain*, cloud computing, and big data.

Fintech provides access to new prosperity for financial institutions and the banking sector and it has been highlighted that thanks to *Fintech* The goal of financial inclusion can be achieved and can improve the overall financial ecosystem (Noreen, 2024). Therefore, financial institutions have an additional responsibility that not only provides technology-friendly solutions to their users, but also handles sustainability. The Millennium Development Goals (MDGs) focus on poverty alleviation, education expansion and halting the spread of HIV/AIDS in developing countries, while *Sustainable Development Goals* (SDGs) are more ambitious and use a broader and transversal approach to gender equality, as well as address a broader set of concerns and emphasize the relationship between global goals and national targets (Biermann et al., 2017). The SDGs were first introduced at the United Nations (UN) conference on the topic of sustainable development in 2012 in Rio de Janeiro. About 194 countries around the world passed the SDGs in September 2015 (Hoang et al., 2022).

Advances in the field of transactions known as *Fintech* this also affects technological innovation in the world of Islamic economics and finance in Indonesia (Efendi & Wulandari, 2022). At the global level, the Islamic finance industry (*Islamic Finance*) is an impressive growing financial segment, supported by the world's Muslim population of 1.8 billion. Key drivers *Fintech* Sharia is the generation under the age of 34, which covers half of the world's Muslim population (Rohman et al., 2021). In Asia, the two largest Muslim countries, namely Pakistan and Indonesia, have Islamic banking assets of 15% and 5.8% of total banking assets, respectively. With a Muslim population of more than 80%, the potential *Fintech* sharia still has great potential to be developed even more (Rohman et al., 2021).

Figure 1. Country Ranking Based on the Strength of the Sharia *Fintech* Business Ecosystem in 2021

Ranking	Country	Score	Ranking	Country	Score	Ranking	Country	Score
1	Malaysia	87.0	23	France	32.5	45	Algeria	17.2
2	Saudi Arabia	75.5	24	Sri Lanka	31.7	46	Albania	16.2
3	United Arab Emirates	70.1	25	Germany	31.6	47	Bosnia and Herzegovina	16.1
4	Indonesia	65.8	26	Egypt	30.5	48	Kyrgyzstan	15.6
5	United Kingdom	55.6	27	Kazakhstan	29.1	49	Senegal	15.4
6	Bahrain	53.7	28	Japan	28.3	50	Maldives	13.9
7	Kuwait	48.0	29	India	27.6	51	Gambia	13.0
8	Iran	45.8	30	Spain	26.8	52	Yemen	12.3
9	Pakistan	44.0	31	Brunei	26.7	53	Mauritania	12.3
10	Qatar	43.9	32	Kenya	26.0	54	Palestine	12.3
11	Jordan	41.3	33	China	24.9	55	Mali	12.1
12	Singapore	40.6	34	Russia	24.2	56	Afghanistan	9.3
13	United States	40.0	35	Tunisia	24.0	57	Iraq	9.1
14	Hong Kong	38.2	36	Thailand	23.9	58	Burkina Faso	6.7
15	Oman	37.7	37	Morocco	23.1	59	Syria	6.2
16	Australia	35.4	38	South Africa	23.1	60	Ivory Coast	6.0
17	Switzerland	35.3	39	Lebanon	21.8	61	Uzbekistan	4.2
18	Canada	35.2	40	Azerbaijan	20.1	62	Libya	3.3
19	Bangladesh	34.8	41	Tajikistan	20.0	63	Niger	0.9
20	Luxembourg	34.3	42	Sudan	18.7	64	Suriname	0.8
21	Turkey	33.8	43	Philippines	18.3			
22	Nigeria	32.6	44	Cameroon	17.5			

Source: *World Bank Group*

Based on the table above, according to *the 2021 Global Islamic Fintech* Report (GIFT), it shows that Saudi Arabia, Iran, UAE, Malaysia and Indonesia are the largest based on estimated transaction volume. Of the eight indicators used in GIFT, Indonesia occupies the fourth position with a score of 66, below Malaysia (score 87), Saudi Arabia (score 76), the United Arab Emirates (score 70), and above the United Kingdom which occupies the fifth position with a score of 56 (Rohman et al., 2021).

Then in 2022 there was an increase in position where Indonesia ranked third in the *Global Islamic Fintech Report* out of 64 other countries after ranking fourth in 2021 (Syariah, 2022). According to the landscape and database in the report, *sharia fintech* in Indonesia had financing growth of more than 130 percent from 2020 to 2021. In running its business, sharia *fintech* still uses the legal basis of POJK Number 77 of 2016 concerning Information Technology-Based Money Lending Services, the operational system between *sharia and conventional fintech is very different, because in* sharia *fintech* there must be operational compliances in accordance with sharia principles in accordance with the Fatwa of the Indonesian Ulema Council (DSN-MUI) Number: 117/DSN-MUI/II/2018 concerning Services Information Technology-Based Financing Based on Sharia Principles (DSN-MUI, 2018). Through the business model developed, *sharia fintech* services generally do not contain riba, *gharar* (fraud), mudharat (negative impacts), and avoid jahalah (non-transparent) (Rohman et al., 2021). As an alternative to financing, the growing sharia fintech services include zakat (*obligatory charity*), sodaqoh (*voluntary charity*), waqf (*Islamic endowments*). For the zakat category, this service globally accumulated funds of up to USD 1 trillion in 2018, which can be used for poverty alleviation programs (Rohman et al., 2021).

Islamic finance, especially Islamic financial technology (Islamic fintech), has shown great potential in supporting the implementation of the Sustainable Development Goals (SDGs) launched by the United Nations (UN) to safeguard human welfare and the environment. However, although the opportunities for the development of sharia fintech in Indonesia are quite promising, based on the facts on the ground, sharia fintech still faces various challenges, such as the lack of public literacy and knowledge about sharia financial services so that people are still unfamiliar with sharia fintech services. In addition, the regulations made by the government are mostly still focused on conventional fintech, so in some provisions they have not accommodated the needs of Islamic fintech. The low level of public religious awareness which is characterized by the still rampant practice of usury, lack of human resources who really understand the rules related to the Islamic economy, risk management in green projects, technology gaps, and weak data security are also obstacles in the development of Islamic fintech in Indonesia. Therefore, the author is interested in conducting research to further explore how the use of Islamic financial technology can support the implementation of the SDGs and the potential and challenges faced.

Based on the above background, this study presents a novelty in strategically linking the use of Sharia *Financial Technology* (*Fintech*) to the implementation of *the Sustainable Development Goals* (SDGs) in Indonesia through a comprehensive and thematic literature approach. In contrast to previous research that only highlighted the role of sharia fintech in terms of economy and financial inclusion.

METHOD

This research is qualitative in nature that intends to describe a research subject or discuss more deeply related to strategies to support implementation *Sustainable Development Goals* (SDGs) through *Fintech* Sharia and its potential and challenges. The data implemented in this study is using the Literature Study method (*Study Library Research*) with the *Literature Review*, where the findings data obtained from several sources are relevant to the research theme of the *Fintech* Shariah and Programs *Sustainable Development Goals* (SDGs). Literature research is carried out by collecting data contained in books, journals, articles and other sources related to the problem taken. According to Simatupang

(2008), literature research is research that emphasizes the use of secondary data or in the form of written legal norms and/or interviews with informants and sources (Rifqi et al., 2023). The purpose is to describe and interpret observations or findings regarding developments *Fintech* sharia in Indonesia, strategies for the use of *Fintech* in supporting the implementation of the program *Sustainable Development Goals* (SDGs) to improve welfare and sustainability along with its potential and challenges.

RESULT AND DISCUSSION

1. Concept and Role *of Sharia* Fintech

Literally *fintech (Financial Technology)* is *financial* means finance and *Technoloy* means technology/digital. So it can be interpreted that *financial technology (Fintech)* is a financial system that utilizes technology to improve the effectiveness and efficiency of financial services. According to *The National Digital Research Center (NDRC)* headquartered in Dublin, Ireland defines *fintech* as "*innovation in financial services"* or "Innovation in financial services" coupled with a touch of technology-based innovation. On the other hand, *fintech* is defined as the application of digital technology related to financial problems. On the other hand, *fintech* is present as an industry consisting of various companies that organize financial transactions based on information technology. Kelvin Leong narrowed the definition of *fintech* into 3 variables, namely *financial,* technology management, and information management (Mawardi et al., 2023).

Islamic fintech has a role in supporting the realization of *sustainable development goals* (SDGs) programs. *Sharia fintech* is one of the Islamic financial products that is currently developing, through *online* activities, will be able to access a wider community to reach. With the presence of sharia *fintech*, the community will further develop financial inclusion, which will increase, people can take advantage of the existence of sharia *fintech*, to earn income, or develop businesses, and fulfillment for the economy. Some of the SDGs of the goals that can be met are decent work and economic growth, and without poverty, without hunger, Prosperity.

Kind *Fintech* Sharia loans provide access to funding for MSME businesses by providing convenience so that businesses can develop better. MSME entrepreneurs can apply for additional business capital. Moreover *Fintech* This type provides access to investors or funders so that it can be used as income. With increasing borrowing *Fintech* sharia, will provide more access to funding, with business progress will create more decent jobs. Kind *Fintech* This sharia payment, as a means of payment, can be used as a means of earning income (Trimulato et al., 2022).

The availability of product variants provided by *fintech* that aims to serve the interests of the community, such as *crow funding, mobile payment* and money transfer services to realize fundamental changes in the business world. *Crowd Funding* financial services can be used to get funds from various countries easily, even from someone who has never met. Fintech services also make it easy to send money globally around the world. In *fintech,* there is a PayPal payment service that can change the money exchange rate automatically, so that even though we are abroad, we can still buy goods from Indonesia very easily. *Fintech* also has a fairly important role in meeting the needs of consumers, such as; First, financial data and information can be accessed anytime and anywhere, Second, it gives hope to small business owners to be able to develop their business to be able to match even large businesses.

The development of technology-based financial systems or known as *financial technology (Fintech)* which is intense in providing services for financial institutions that are flexible, effective, efficient, anywhere and anytime. This condition can be used as an opportunity for financial institutions to develop financial service systems. At this time, *fintech* is growing rapidly with the Islamic financial institution system. The Islamic financial system is a financial system based on sharia principles. The collaboration between *fintech* systems and sharia-based systems is an extraordinary thing in facing challenges in competing with conventional financial institutions. In its implementation, *fintech* certainly has legal sources. The sources of *fintech* law in general in Indonesia are:

a. Financial Services Authority Regulation Number 77/POJK.01/2016 concerning information technology-based services for money lending activities.
b. Law No. 11 of 2008 concerning information and electronic transactions which explains that activities carried out using computer networks or other electronic media, in the subject of law are referred to as electronic transactions.
c. Financial Services Authority Regulation Number 1/POJK.07/2013 discusses consumer protection issues for the financial services sector in general.
d. Law Number 8 of 1999 concerning consumer protection
e. Government Regulation Number 82 of 2012, which supports the implementation of Law Number 11 of 2008 concerning electronic transaction activities along with the rights and obligations of each legal subject.
f. Bank Indonesia Regulation No. 19/12/PBI/2017 concerning the Implementation of Financial Technology (Yudha et al., 2020).

The special reference for the source of sharia *fintech* law is guided by the Indonesian Ulema Council (MUI), namely DSN MUI Fatwa Number 117/DSN-MUI/II/2018 regarding sharia principles in digital-based financing services. In this DSN MUI Fatwa, there are several provisions, namely the first point about the general provisions of information technology-based financing services with sharia provisions is the implementation of services that bring together financiers and financing recipients in order to carry out financing contracts through an electronic system using the internet network (DSN-MUI, 2018).

The second point of the DSN-MUI fatwa No. 117 regarding the legal provisions of information technology-based financing services is allowed on the condition that it is in accordance with sharia principles. The third point is about the subject of information technology-based financing services consisting of organizers, financing recipients, and financing providers. The fourth point of this DSN-MUI is about the provisions of the general guidelines for information technology financing services which states that transaction activities must not contain elements of *riba, ghrar, maysir, tadlis, dhrar, zulm,* and haram. Sharia *fintech* in providing financing services by paying attention to contracts that will be formed in accordance with the agreement between the organizer, financing recipient, and financing provider. From this, of course, *sharia fintech* is different from *fintech* in general (DSN-MUI, 2018).

2. Development of *Sharia Fintech* in Indonesia

The development of Indonesian sharia fintech has experienced rapid development, especially in the inclusion of Islamic finance. Based on information submitted in a press release from the Financial Services Authority (OJK) together with IFSE (2024), national financial inclusion reached 75.02% and *fintech* as one of the driving indicators in increasing financial inclusion in Indonesia. Of the high national financial inclusion of 12.87%, it comes from sharia-based finance, including sharia *fintech*, based on the 2024 National Financial Literacy Survey (SNLIK) (OJK, 2024).

The rapid development *of fintech* in Indonesia is marked by the fact that per Q3 there are 302 companies from different business capitals that are part of the *Indonesian Fintech Association* (AFTECH). One of the business models that runs with the *fintech* ecosystem is peer-to-peer (P2P) lending which has distributed loan funds to the public of IDR 27.44 trillion. [1]

The emergence of *today's sharia fintech follows the trend and halal lifestyle (*halal life-style) which is increasingly advanced with the times. In general, the development of *fintech* in Indonesia is at least motivated by several things, including changes in consumer behavior, the Indonesian economy, geographical conditions, cultural background, demographic factors, and also the level of literacy and public education related to financial products and services. Some types of *fintech* in general that operate and develop in Indonesia include:

a. *Digital payment*

The form of digital payment service is in the form of online transaction payments in the form of virtual wallets (*e-wallets*) that are oriented towards efficiency, speed and ease of access for the public. This service is usually used in e-commerce transactions through *payment gateway services*.

b. *Financing and Investment*

For *financing and investment* services, the company provides crowdfunding and Peer to Peer (P2P) Lending services. In this sector, some *fintech* companies combine the two services in one parent company, but there are also those that only provide one of the two services. *Crowdfunding* is an effort to raise funds en masse to start a specific project or business where the funds raised come from a group of people (*crowd*) and the time of fundraising is limited to a certain period of time. Meanwhile, P2P is an electronic money lending platform that is transparent and open. This openness makes P2P lending open access to capital for parties to be easier and more affordable. Loans provided by *Fintech* P2P lending companies in Indonesia vary widely, ranging from business capital loans, motor vehicle loans, Unsecured Loans (KTA), People's Housing Loans (KPR) to wedding loans, maternity loans, home renovation loans and Umrah travel loans. In addition, P2P lending also provides offers for people who want to invest their funds in exchange for *returns* in the future.

c. *Account Aggregator*

This type of *fintech* offers transaction services from various banking accounts through only one *platform*. Consumers who have more than one banking account through this *platform* can easily monitor all banking transactions.

d. *Information and Feeder Site*

This fintech provides information services needed by potential consumers who want to use products and services in the financial services sector. This company will later provide services in the form of comparisons to be adjusted to consumer needs.

e. *Personal Finance*

In its development, the company *Fintech* can provide financial planning services. Armed with one specific platform, the company will assist consumers in making good financial reports and leading to good and wise fund management (Rohman et al., 2021.

3. Sustainable *Development Goals* (SDGs)

According to the United Nations, the *Subtainable Development Goals* (SDGs) are a collective global plan to reduce global problems such as reducing inequality, ending extreme poverty, inequality, climate, environmental degradation, and justice by 2030. Based on the results of Turcea & Constantin's (2021) research, the *Sustainable Development Goals* (SDGs) are built on the assumption that:

[1] Financial Services Authority (OJK)," Press Release,,,,,,"

- Economic prosperity, social progress and environmental protection go hand in hand and must be united. Thus, all SDGs are interrelated and must be pursued together.
- Collective efforts involving various actors (governments, corporations and civil society) are needed to transform our global society. The SDGs are seen as a means to unite the efforts of these different actors around common aspirations. One of the important things about the SDGs is that the SDGs explicitly emphasize the need for partnerships *multi-stakeholder* and new cross-sectoral (Aji & Kartono, 2022).

Figure 2. *Sustainable Development Goals* (SDGs)

Source: HEC Paris

Sustainable Development Goals (SDGs)**)** has 17 goals that previously had 8 goals that the global community wants to achieve, including: 1). No poverty; 2). No hunger; 3). Healthy and Prosperous Life; 4). Quality Education; 5). Gender Equality; 6). Clean Water and Proper Sanitation; 7). Clean and Affordable Energy; 8). Decent Work and Economic Growth; 9). Industry, Innovation and Infrastructure; 10). Reduced Gaps; 11). Sustainable Cities and Settlements; 12) Responsible Consumption and Production; 13). Climate Change Management; 14). Ocean Ecosystems; 15). Terrestrial Ecosystems; 16). Peace, Justice, and Resilient Institutions; 17). Partnerships to Achieve Goals (Bainus and Rachman, 2018).

Environmentally sound economic growth is another name for the concept of SDGs. The goal is to achieve harmony between ecological sustainability, economic sustainability, and socio-political sustainability. Sustainable development has always sought to conserve and improve our resources by gradually changing the way our technology is developed and used. All states must meet the basic needs of employment, food, energy, water and sanitation. Everyone has the right to a healthy, safe and clean environment. This can be easily achieved by reducing pollution, poverty and unemployment.

4. The Relationship *of Sharia* Fintech with *Sustainable Development Goals* (SDGs)

The presence of *fintech* in various sectors of the financial industry cannot be prevented in the development of the digitalization system. The presence of digitalization systems such as *fintech* can change people's perceptions from traditional systems to digital patterns. In the development of *fintech* in the financial industry, it can facilitate the provision of services. This can be a challenge for Islamic banking to improve digitalization services in crediting for the development of digitalization and *fintech*.

The Islamic digital financial *system (fintech*) also has an important role in providing support for *the Sustainable Development Goals* (SDGs).

The presence of sharia fintech can increase people's financial inclusion, business development and income, as well as fulfillment for the economy. The Islamic financial system has the purpose of financial management in accordance with sharia principles to create prosperity. This goal is in line with the goal of establishing a *Sustainable Development Goals* (SDGs) system, some of which are decent work and economic growth, and without poverty, without hunger, prosperity. Digital finance and Islamic *fintech* play an important role in achieving the SDGs, namely:

First, increasing the allocation of existing financial resources to support sustainable development. This happens through business models, incentives, policies, and regulations to direct financial resources globally and in individual countries to provide SDG-related financing. Examples include ESG (Environmental, Social and Government) and green investment strategies, and rapid growth in the European Union, China and Japan, particularly in environmental, social and Government (ESG) related financing.

The *second* involves the expansion of resources in the financial system in general which in turn can support the SDGs. This happens through the development of the financial sector, which together can increase the amount of financial resources available globally and in particular in developing countries and with increased savings, investment and inclusion that generate the potential for large amounts of new money available. China's digital financial transformation is perhaps the best example of this.

The *third* involves the use of digital finance and *Fintech* to directly achieve the SDGs themselves. This happens through the use of new technologies and regulatory technologies (RegTech) to design better financial and regulatory systems to achieve policy objectives, by demonstrating the dramatic potential offered (Mawardi et al., 2023).

Fintech in the country *Emerging Market* such as Indonesia has proven to have a significant relationship with the green economy and sustainable development. Using the VAR approach, the study shows a causal correlation between financial technology, green finance, and gross domestic product (GDP). *Fintech* not only helps in transaction efficiency, but also accelerates the financing of sustainable green projects (Qoriah et al., 2025).

Based on the presentation of the relationship *between fintech* and *the Sustainable Development Goals* (SDGs), these are two sigmas that reinforce each other not only to provide service efficiency but also to accelerate sustainable development financing.

5. Strategy for the Use of *Sharia Fintech* in the SDGs

Sustainable Development Goals (SDGs) began to be created at a conference held by the United Nations in Rio de Janeiro in 2012. The purpose of this meeting is to achieve a universal common goal that can maintain a balance of three-dimensional sustainability, namely Development: environmental, social, and economic. In maintaining this balance, the SDGs have 5 main foundations, namely *human, planetary, prosperity, peace, and partnership* which aims to achieve three noble goals by 2030 in the form of poverty alleviation, achieving equality, and combating climate change (Noreen, 2024).

Fintech Sharia can contribute to several SDGs in the following ways:

1. Poverty Alleviation (SDGs)

   Fintech Sharia can provide financial access to those who are not served by traditional financial institutions. Through inclusive products and services, such as Sharia microloans, they can help underprivileged communities to start small businesses or improve their financial well-being.

2. Quality Education (SDGs)

    Fintech Sharia can support access to quality education through digital platforms that provide access to Islamic financial education, training, and literacy content. This can help increase public awareness and knowledge about Islamic finance concepts.

3. Gender Equality (SDGs)

    Fintech Sharia can play an important role in helping women's economic empowerment. They can provide financing and special support for micro and small businesses owned by women. By providing easy and equitable access to finance, *Fintech* Sharia can help reduce the gender gap in access to financial services.

4. Infrastructure Innovation (SDGs)

    Fintech Sharia often uses digital technology to provide financial services. This can promote innovation and the development of inclusive financial infrastructure in remote areas or difficult to reach by traditional financial institutions. With the adoption of this technology, *Fintech* Sharia can improve the accessibility and efficiency of financial services throughout Indonesia.

5. Climate Action (SDGs)

    Climate action can be supported by the use of *Fintech* Sharia through how to promote environmentally friendly financing by presenting Sharia financing products for sustainable investments in renewable energy, energy efficiency, and other green projects. It can drive positive changes in the direction of economically and ecologically sustainable development (Mawardi, 2023).

6. Opportunities and Challenges *of Sharia* Fintech in Indonesia

Rika Nur Amaliah mentioned several opportunities from the future development *of sharia fintech* in Indonesia, namely:

a. The Financial Services Authority (OJK) provides opportunities for *Sharia Fintech* actors to officially register their business with the OJK, meaning that they are free to legally register their business with the OJK.
b. The ease of technology for investment and donation activities is very helpful, meaning that the existence of *fintech* makes it easier for investors and donors to make transactions such as investing and donating.
c. Negative cases and phenomena involving conventional *fintech* have given a bad stigma in society so that this is a unique opportunity for Islamic *fintech* to show its advantages over conventional *fintech*.
d. The majority of Indonesia's population is Muslim with more than 207 million Muslims, this is a good opportunity for *sharia fintech* because more and more people will choose to use *sharia-based* fintech.
e. With the rapid development of technology in Indonesia, innovation *Fintech* and its development will be faster and more efficient to be used by the Muslim community in Indonesia (Amelia et al., 2024).

Indonesia is a Muslim-majority country, but the development of a sharia-based digital financial system is still not able to compete with the conventional based financial system caused by the lack of public knowledge about technology due to the character of the society which is still traditional or can cause social disparities which can affect the high level of individualism in society. Lack of capital *Fintech* sharia. Over the gap it causes *Fintech* Sharia needs to innovate to be able to compete with the conventional system, considering that

Indonesia has a wide availability of jobs, and rich resources are opportunities for system development *Financial Technology (Fintech)* sharia (Billah and Nuntupa, 2021).

According to Ika Swasti. P & Siti Hayati Efi.F (2021) from the results of research conducted on the application of *sharia fintech* in MSMEs, there are several factors that hinder the growth of sharia *fintech*, namely:

1. Infrastructure

   The infrastructure related to *fintech* currently only exists in big cities that already have many modern finance-based banks. Meanwhile, in remote areas, the use of the internet is still not mushrooming like in big cities, so the application of *fintech* has not been able to be carried out optimally.
2. Human Resources (HR)

   Competent human resources in terms of operating sharia fintech are still quite limited. This is because the knowledge possessed by people in remote areas about *fintech is not evenly* distributed, so the spread of *fintech* is hampered.
3. Legislation

   Banking based on *fintech* in its current implementation adheres to civil law. This is due to the lack of special regulations for the application of *financial technology* which has an impact on the lack of a handle in carrying out various *fintech* activities. This is the government's responsibility in drafting a law that regulates *the fintech* system that can be handled by every bank.
4. Lack of financial literacy

   Regarding the problem of lack of literacy, some people in remote areas still do not know the term *Fintech* comprehensively, including its definition, how to use it, its benefits, profits, and the purpose obtained when conducting a financial transaction based on *Fintech* (Putri and Friantin, 2021).

The *financial technology (fintech) system* has many opportunities, but it does not rule out the possibility that it has several challenges:

a. Regulation and Data Security: Immature regulation in developing countries, including Indonesia, is one of the main obstacles. In addition, the security of user data in the digital era is also a major concern (Aziz, et al., 2024).
b. Technology Gap: In rural areas, limited access to digital technologies can limit benefits *Fintech* for global sustainability (Qoriah et al., 2025).
c. Green project risk management: The risks and rewards of green investments should be carefully evaluated to ensure environmental sustainability and financial viability (Saeedi and Ashraf, 2024).

From the findings of various researchers about the potential and opportunities for *sharia fintech* in Indonesia, basically sharia *fintech* has a great opportunity to be able to compete with conventional systems. Islamic *fintech* needs to innovate, socialize, and support from the government. In addition, there is collaboration with the private sector for the advancement of *fintech*. Indonesia is rich in resources and availability of jobs, but there is still a lack of public awareness of technological advancements that result in lagging behind in the information technology system and still dependence on traditional systems.

CONCLUSION

Some strategies for using sharia *fintech* that can support the implementation of the SDGs are through poverty alleviation, quality education, gender equality, infrastructure innovation, and climate action. Some of the opportunities for the development *of sharia fintech in the future in Indonesia include OJK providing opportunities for* sharia fintech actors *to freely register their businesses* *legally, technological ease for investment and donation activities, and a separate opportunity for* sharia fintech to show its advantages due to *fintech* The majority of the Indonesian population is Muslim, and the rapid development of technology in Indonesia has the opportunity to be used quickly and more efficiently by the Muslim community in Indonesia.

However, although the opportunities for the development of sharia *fintech* in Indonesia are quite promising, based on the facts that occur in the field of sharia *fintech*, there are still several challenges faced, including: 1) The lack of public literacy and knowledge of sharia financial services so that people are still not familiar with sharia *fintech* services , 2) Regulations made by the government mostly only focus on *fintech* so that in some of the provisions of these regulations it still does not accommodate sharia *fintech*, 3) The lack of the level of religious awareness of the community is characterized by the fact that there are still many people who struggle with the practice of usury, 4) There is still a lack of human resources who understand and understand the rules related to the sharia economy, 5) Green project risk management, 6) Technology gaps, and 7) Lack of data security.

Suggestion

1. For the Government
   The government is expected to immediately make official regulations and increase supervision related to *Islamic fintech*, build adequate infrastructure, increase the use of the latest technologies such as *blockchain* and AI to improve transaction efficiency and security, and actively socialize related to Islamic financial literacy to the public.
2. For Islamic Financial Institutions
   Improving financial literacy, especially in the digital aspect, continuing to develop innovative digital-based products and services, establishing partnerships with *fintech* service providers to improve the efficiency, transparency, and accessibility of Islamic financial services, organizing HR training programs in the field of Islamic finance, and paying attention to risks such as data leakage and balance theft.

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