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Sharia Banks as a Pillar of Islamic Economic Transformation and Financial Stability Towards Equitable Prosperity

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ABSTRACT

The background of this study highlights the rapid growth of global and Southeast Asian Islamic finance, emphasizing the strategic role of Sharia banks in promoting equitable economic transformation. The aim of this research is to systematically review the literature on the role of Sharia banks as pillars of Islamic economic transformation and financial stability towards equitable prosperity. The research method employed a systematic journal review with inclusion criteria for studies published between 2015 and 2024, following PRISMA guidelines. A total of 15 eligible articles were analyzed to synthesize consistent patterns and findings. The results indicate that Sharia banks play a vital role in poverty alleviation, financial inclusion, real sector financing, and resilience to financial crises. Moreover, the integration of social and commercial orientations strengthens their contribution to sustainable growth. In conclusion, Sharia banks have the potential to serve as both pillars of financial stability and drivers of social justice in the global economy.

Keywords: *Financial Stability, Inclusive Economy, Islamic Finance, Sharia Banks, Social Justice*

INTRODUCTION

Global Islamic and Southeast Asian financial sectors are experiencing rapid growth, with global Islamic finance assets projected to rise from USD 2.88 trillion in 2019 to about USD 3.69 trillion by 2024, while Southeast Asia remains a vital driver of this expansion (ICD, 2020). Following the global economic crises, there is a heightened demand for more equitable financial systems that can promote stability and fairness in a world marked by widening disparities. Conventional financial mechanisms have often led to social inequality and economic instability, as evidenced by recurring systemic crises tied to unequal access and wealth concentration. A recent study emphasizes that the surge in Islamic finance growth across Asia is tightly connected to its potential to foster equitable, resilient financial ecosystems, suggesting that post-crisis reform efforts should align with *Shariah*-based, inclusive models (Rahman, 2022).

Islamic banks play a strategic role that goes beyond mere financial intermediation, embodying deep ethical and moral dimensions rooted in *Shariah* principles. These principles, including justice, the prohibition of riba (interest), gharar (excessive uncertainty), and maisir (gambling), offer a fundamentally different operational framework compared to conventional banking. Moreover, *Islamic banks* actively support the real economy through financing for MSMEs and community-based economic activities, helping promote social welfare and inclusive growth. This ethically anchored approach reinforces their unique position in the financial landscape. A systematic study confirms that *Islamic banks* in Indonesia contribute significantly to economic development and poverty reduction by channeling capital to productive sectors, supporting MSMEs, and aligning their activities with *Shariah* values (Junaidi, 2024).

Islamic banks act as structural change agents, driving economic justice through equitable resource redistribution. They offer Islamic financial instruments such as mudharabah, musharakah, and waqf-linked products that expand avenues for inclusive finance. The transformation aims to lessen dependence on speculative finance and foster a value-added, real-economy foundation. A study highlights how integrating commercial and socially oriented frameworks, including waqf-linked instruments like Mudaraba Waqf Cash Deposit Accounts, enables *Islamic banking* to promote communal welfare alongside profit (Aisyah et al., 2022).

Sharia banks inherently avoid speculative financial instruments, making them relatively more resilient during global financial crises. Their direct connection to the real sector helps preserve financial stability by aligning financial flows with productive economic activity. As an alternative pillar of the financial system, *Islamic finance* enhances the overall resilience of the national financial structure. A recent comparative study in ASEAN confirms that *Islamic banking* demonstrated stronger resilience, measured by metrics like capital adequacy and non-performing loans, compared to conventional banks during the COVID-19 crisis, underscoring its stabilizing potential (Suripto et al., 2023).

The implementation of *Islamic banking* continues to face significant obstacles such as limited public financial literacy, unclear regulatory frameworks, and insufficient product innovation. These challenges contribute to a persistent gap between the ideals of *Islamic* economic systems and their real-world practices. The resulting socio-economic disparities within Muslim communities underscore the urgent need for *Islamic banks* to adopt a more proactive role in promoting equitable welfare. A 2020 study highlights that low awareness of *Islamic* social finance (like zakat and waqf), alongside fragmented regulation and weak innovation, hinder its effectiveness and sustainability (Yasni & Erlanda, 2020).

A systematic journal review is crucial to map how *Islamic (Shariah) banks* contribute to the transformation of *Islamic* economic systems. It establishes both theoretical foundations and empirical evidence regarding the extent to which *Islamic banks* already function as pillars of financial stability. This research aims to answer how *Islamic banks* can optimally serve as agents of structural change toward equitable and inclusive welfare. A recent systematic literature review confirms that *Islamic banking*'s principles, especially profit-sharing, risk-sharing, and prohibition of interest, enhance financial stability and resilience, making them viable pillars of stability (Omar et al., 2025).

The purpose of this study is to systematically review scholarly literature on the role of *Sharia* banks as not only financial intermediaries but also as structural agents of economic transformation. This research seeks to identify how *Sharia* banks contribute to *Islamic* economic development, strengthen financial stability, and promote equitable prosperity by integrating ethical principles, supporting real-sector growth, and fostering social justice. Furthermore, the study aims to highlight the strategic functions of *Sharia* banks in bridging the gap between theoretical *Islamic* economic ideals and practical implementation, while providing insights into their potential to serve as pillars of sustainable and inclusive economic systems.

METHOD

This study employed a systematic journal review to analyze the role of *Sharia* banks as pillars of Islamic economic transformation and financial stability toward equitable prosperity. The research synthesized findings from previous scholarly works to understand how *Sharia* banks functioned not only as financial institutions but also as structural agents of economic change.

The inclusion criteria for article selection were: (1) studies published between 2015 and 2024; (2) research focusing on *Sharia* banks and their role in financial intermediation, economic transformation, or inclusive prosperity; (3) studies examining structural or policy-related aspects of Islamic banking; and (4) outcome variables assessing *Sharia* banks' contributions to financial stability, poverty reduction, social justice, or economic equity. Articles not available in full text, not peer-reviewed, or unrelated to *Sharia* banking and Islamic economics were excluded.

The research procedure began with a systematic search for articles using keywords and filters aligned with the inclusion criteria. Identified articles were screened through three stages: identification, screening, and eligibility assessment. After final selection, data from eligible articles were coded and descriptively analyzed to identify consistent patterns regarding the role of *Sharia* banks in driving Islamic economic transformation and ensuring financial stability. This process followed PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines to ensure transparency, rigor, and accuracy in reporting the review findings.

RESULTS AND DISCUSSION

The process of study identification and selection for this review is illustrated. A total of 400 records were identified from database searches (and 0 from registers), with 80 records removed prior to screening (50 duplicates, 20 automatically ineligible, and 10 for other reasons). Of the 320 records screened, 200 were excluded. Subsequently, 120 reports were sought for retrieval, with 10 not retrieved. A total of 110 reports were assessed for eligibility, and 83 were excluded due to irrelevance (40), lack of accreditation (25), or inaccessibility (18). This process resulted in 15 studies being included in the review, which also represents the total number of newly included reports, as shown in Figure 1.

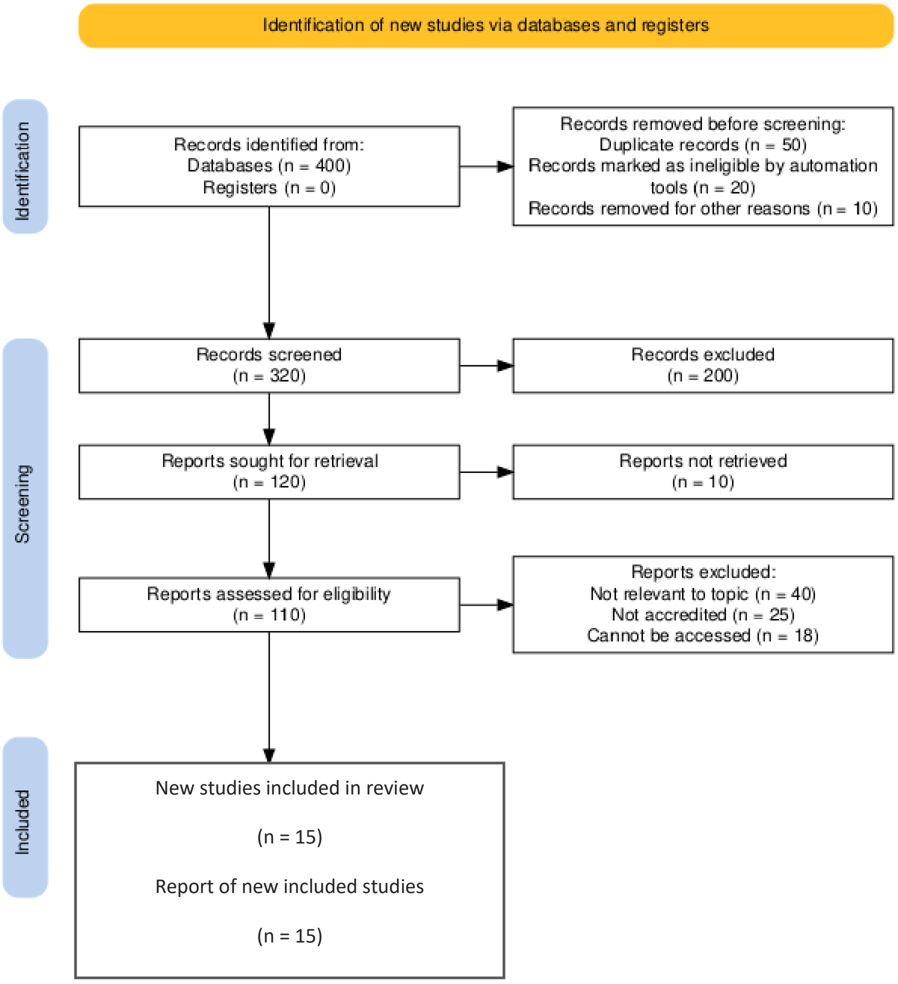

Figure 1. PRISMA Review Diagram

Table 1. Characteristics of the Reviewed Articles

No	Research Title	Sharia Banks as a Pillar of Islamic Economic Transformation Towards Equitable Prosperity	Sharia Banks as Financial Stability Towards Equitable Prosperity	References
1	Islamic banks' contribution to Indonesia districts' economic growth and poverty alleviation	This study found that Islamic banks play a crucial role in economic development and poverty reduction at the district level in Indonesia. They serve as a channel for redistributing capital from lenders to borrowers, with financing acting as a key mediator between bank branches, deposits, and outcomes like GDP and poverty reduction.	The article focuses on the contribution to economic growth and poverty alleviation rather than financial stability.	Junaidi Junaidi (2024)
2	Rethinking the Paradigm of Islamic Banking: Integrated of Commercial and Social Oriented	The study critiques the focus of Islamic banking on commercial aspects and emphasizes the need for an integrated approach that includes social orientation. This integration is key to achieving a more equitable economic system.	The paper discusses the need for Islamic banking to serve as a tool for social welfare, which indirectly contributes to	Siti Aisyah, Nurizal Ismail, Ibrahim Fahad Sulaiman, Eko

No	Research Title	Sharia Banks as a Pillar of Islamic Economic Transformation Towards Equitable Prosperity	Sharia Banks as Financial Stability Towards Equitable Prosperity	References
			a stable and just economic system.	Nur Cahyo, Devid Frastiawan Amir Sup (2022)
3	Comparing the resilience of Sharia and conventional banking to the financial crisis in the Association of Southeast Asian Nations	This paper focuses on the resilience of Islamic and conventional banks and does not directly discuss their role in economic transformation for equitable prosperity.	The study compares the resilience of Sharia and conventional banks to financial crises in ASEAN countries. The findings suggest that Islamic banks are more resilient due to their business model and principles.	Suripto, Arif Sugiono, and Havid Dasuki (2023)
4	The Role of Sharia and Creative Economies as Sources of Economic Growth	The article highlights the role of Islamic banking in increasing economic financing for the real sector in Indonesia, which grew by 15.8%. This growth, particularly in sectors like halal food and beverages and Muslim-friendly tourism, contributes to overall economic growth.	The study discusses the increasing role of Islamic banking in financing the economy but does not specifically address its contribution to financial stability.	Sunarji Harahap (2024)
5	Islamic Banks as a Pillar of the Islamic Financial System: Analysis of Position and Role in Indonesia	The paper identifies Islamic banks not only as financial intermediaries but also as the main driver of Islamic financial inclusion and community economic development in Indonesia. This role is seen as crucial for supporting an Islamic financial system based on Sharia principles.	The research highlights Islamic banks as a vital tool for maintaining the stability of the national financial system. However, challenges such as public literacy and legal structure need to be addressed.	Sri Masdiana, Andi Muhammad Haidar, Ilham Gani (2025)
6	The Role of Islamic Financial Institutions in Increasing Financial Access in Remote Areas	Islamic financial institutions, with principles rooted in Islamic values, offer a different approach to providing inclusive, fair, and sustainable financial services, which is key to supporting a prosperous economy for society. The paper focuses on their role in increasing financial access in remote areas.	This article does not directly discuss financial stability but focuses on the role of Islamic financial institutions in improving financial access.	Wiwik Putri Eni Lestari, Sri Susanti, Shary Agustine Atmajayanty, Nurul Dian Islamia (2024)
7	The Role of Islamic Banks in Economic Development (A Theoretical Analysis of Mobilization, Allocation, and Utilization of Economic Resources)	The study concludes that Islamic banks perform well in mobilizing, allocating, and utilizing resources for economic development, despite operating on a profit-and-loss sharing basis without interest. The growth rate of assets, savings mobilization, and financing of Islamic banks is better than conventional banks.	The article compares the performance of Islamic banks with conventional banks in terms of resource mobilization and allocation, which supports their role in economic development.	Ahmad Mansur (2011)

No	Research Title	Sharia Banks as a Pillar of Islamic Economic Transformation Towards Equitable Prosperity	Sharia Banks as Financial Stability Towards Equitable Prosperity	References
8	The Impact of Sharia Economic Policies on Macroeconomic Stability in Indonesia	The study shows that Sharia economic policies, including Islamic banking, play a significant role in supporting economic stability and fostering real sector growth. Profit-sharing financing offered by Islamic banks helps achieve these goals.	This study's main focus is the positive impact of Sharia economic policies on macroeconomic stability in Indonesia. It specifically mentions Islamic banking's role in this context.	Alam Mudawwam Bakhroni, Madian Muhammad Muchlis (2025)
9	Sharia Economics as an Alternative to Community Economic Welfare in the COVID-19 Era	The paper argues that the Islamic economic system, with its principles based on the Qur'an and Sunnah, can be a solution for the welfare of society, particularly during the COVID-19 pandemic. It highlights the potential of zakat as a main alternative for welfare.	The article focuses on the welfare aspect of the Islamic economic system during the pandemic and does not explicitly discuss the financial stability role of Islamic banks.	Jureid (2020)
10	The Development of Sharia Banking in Indonesia	This article examines the significant dynamics of Sharia banking development in Indonesia over the last decade. It highlights the role of government and regulators in forming a regulatory foundation through policies like the 2016-2020 Sharia Banking Masterplan.	The article primarily discusses the development and growth factors of Sharia banking in Indonesia, including the role of government, regulation, and public awareness. It does not specifically focus on financial stability.	Fatimah Tuzzuhro, Noni Rozaini, Muhamad Yusuf (2023)
11	Sharia Banks as an Alternative Financing to Improve the People's Economy	Sharia-based economic financing can improve the people's economy in a more just and sustainable manner. Sharia banking is meant to support national development to increase justice, togetherness, and equitable welfare for the people. Sharia banks also empower individuals economically, spiritually, and morally.	The Islamic economic system is considered superior because it is based on divine revelation and focuses on the people's needs, which is crucial for achieving welfare. The research does not directly discuss financial stability in the abstract.	Nada Rakhima Salsabila, Achmad Diny Hidayatullah, Nur Syafiqah Hussin, (2023)
12	The Contribution of Sharia-Based Economy to Economic Growth in the Modern Era	The sharia economic system offers a fairer, more transparent, and balanced alternative in wealth distribution. Its main objective is to create a more even distribution of wealth to reduce economic inequality. The principles of sharia economics have great potential to encourage inclusive and sustainable economic growth.	The article suggests sharia economics can be a solution to economic instability and social inequality. The study aims to evaluate the contribution of sharia economics in the modern economy to identify obstacles and solutions, and create strategies for	Veby Septya Margareta, Rini Puji Astuti, Hafid Muamad Ali, (2025)

No	Research Title	Sharia Banks as a Pillar of Islamic Economic Transformation Towards Equitable Prosperity	Sharia Banks as Financial Stability Towards Equitable Prosperity	References
			economic stability and equitable welfare.	
13	Integration of Sharia Economics in the Global Financial System	Sharia economics has achieved global significance. Indonesia plays a crucial role in leading sharia economic growth internationally. Sharia economics has the potential to create a more inclusive and sustainable financial system.	Sharia economics makes a positive contribution to the stability and sustainability of the global financial system. The study highlights challenges such as a lack of understanding and coordination of international regulations. It also emphasizes the need to increase financial literacy and cross-border cooperation.	Azka Muharam, (2023)
14	The Relationship between the Sharia Banking System and Economic Growth in Dubai, United Arab Emirates	Sharia banking in Dubai supports financial inclusivity and sustainable economic growth. It has been instrumental in directing economic growth by emphasizing justice and sustainability.	Sharia banking strengthens economic stability by promoting asset-backed investment and reducing speculative risks. The prohibition of	riba (interest) and speculative transactions is believed to increase economic stability.
15	The Role of Indonesian Sharia Banks During the Pandemic in Improving the Community's Economy	The study examines the role of Indonesian Islamic banks after the merger of state-owned Islamic banks. It aims to show how these banks can improve the people's economy during the pandemic. It is hoped that this initiative will increase capital support for various financial sectors and the halal industry.	The article notes that the Covid-19 pandemic poses a new challenge for sharia banking, which is maintaining the welfare of the people. It discusses how the banking sector can help in the economic downturn caused by the pandemic, which affected both demand and supply sides.	Mohammad Yasir Fauzi, Pramudya Wisesha, (2022)

Sharia Banks as Drivers of Islamic Economic Transformation

The reviewed studies consistently demonstrate that Sharia banks play a fundamental role in promoting economic development and poverty alleviation, particularly in the Indonesian context. Junaidi (2024) highlights how Islamic banks function as channels of redistribution by mobilizing deposits and financing that directly contribute to GDP growth and poverty reduction. Similarly, Mansur (2011) emphasizes their superior ability to mobilize, allocate, and utilize economic resources compared to conventional banks, reinforcing their transformative function in resource distribution. Furthermore, Harahap (2024) underlines the contribution of Sharia banks to real-sector growth, especially in halal industries and Muslim-friendly tourism, which represent strategic sectors in driving inclusive and equitable prosperity. These findings collectively suggest that Sharia banks are not merely intermediaries but act as dynamic instruments for systemic economic reform.

Another crucial perspective emphasizes the integration of commercial and social dimensions within Islamic banking. Aisyah, Ismail, Sulaiman, Cahyo, and Sup (2022) argue that excessive focus on commercial orientation limits the potential of Sharia banks, calling for a paradigm shift towards social welfare integration. This orientation is echoed in the works of Salsabila, Hidayatullah, and Hussin (2023), who stress that Sharia-based financing can empower communities not only economically but also spiritually and morally. Lestari, Susanti, Atmajayanty, and Islamia (2024) further demonstrate how Sharia financial institutions expand financial access in remote areas, which is essential for equitable development. Together, these studies reinforce the role of Sharia banks as agents of inclusive growth, where financial services are aligned with justice, welfare, and sustainability principles.

The resilience of Sharia banks in times of crisis also provides evidence of their transformative potential. Suripto, Sugiono, and Dasuki (2023) show that Islamic banks in ASEAN are more resilient than conventional banks due to their principles of risk-sharing and avoidance of speculation, while Bakhroni and Muchlis (2025) highlight how Sharia policies, including profit-sharing financing, contribute to macroeconomic stability. Internationally, Muharam (2023) notes that Sharia economics enhances the inclusivity and sustainability of the global financial system, though challenges remain in terms of regulatory alignment and literacy. Similarly, studies in Dubai affirm that Sharia banking fosters financial inclusivity and sustainable growth while minimizing speculative risks (14). The experiences during the COVID-19 pandemic, as analyzed by Fauzi and Wisesha (2022) and Jureid (2020), further demonstrate the adaptive role of Islamic banks in sustaining welfare and mitigating economic shocks.

In synthesis, the literature indicates that Sharia banks are pivotal drivers of Islamic economic transformation through three interconnected roles: fostering economic growth and poverty alleviation, integrating commercial and social objectives for equitable prosperity, and ensuring resilience in times of financial crises. The evidence from Indonesia and beyond demonstrates their effectiveness in mobilizing resources, empowering marginalized communities, and contributing to real-sector growth (Junaidi, 2024; Mansur, 2011; Harahap, 2024). At the same time, critical perspectives call for stronger social orientation to maximize welfare impact (Aisyah et al., 2022; Salsabila et al., 2023). The global relevance of Sharia banking is further established by studies on resilience and policy integration, showing that Islamic finance offers not only a moral alternative but also a practical solution for sustainable financial systems (Suripto et al., 2023; Muharam, 2023; Bakhroni & Muchlis, 2025). Collectively, these insights confirm that Sharia banks are essential not just for financial intermediation but also for driving equitable economic reform, highlighting their dual role as instruments of welfare and as pillars of financial stability in a rapidly evolving global economy.

Sharia Banks and Financial Stability in the Islamic Economic System

The reviewed literature highlights the multifaceted role of Sharia banks in supporting financial stability within the Islamic economic system. Junaidi (2024) shows that Islamic banks contribute to poverty alleviation and local economic growth in Indonesia by channeling capital effectively, although the study focuses more on development than stability. Similarly, Aisyah, Ismail, Sulaiman, Cahyo, and Sup (2022) emphasize that Islamic banking must go beyond its commercial focus to incorporate social orientation, which indirectly strengthens stability by fostering welfare and justice. In addition, Suripto, Sugiono, and Dasuki (2023) demonstrate that Sharia banks exhibit higher resilience compared to conventional banks during financial crises in ASEAN, which directly underscores their stabilizing role in turbulent economic environments.

Another significant finding is the growing role of Sharia banks in financial inclusion and real-sector financing, which supports long-term economic resilience. Harahap (2024) notes that Islamic banks have strengthened financing in sectors such as halal food and Muslim-friendly tourism, contributing to sustained economic growth, while Masdiana, Haidar, and Gani (2025) identify Islamic banks as pillars of financial inclusion and community development that uphold system stability despite challenges like low literacy and weak legal frameworks. Lestari, Susanti, Atmajayanty, and Islamia (2024) further support this by showing how Islamic financial institutions extend access to remote communities, enhancing inclusivity and indirectly fostering stability. Mansur (2011) also highlights that the ability of Islamic banks to mobilize, allocate, and utilize resources more effectively than conventional banks reflects their capacity to stabilize economic activity through productive financing.

Furthermore, several studies underline the macroeconomic and global implications of Sharia banks in building stability. Bakhroni and Muchlis (2025) emphasize the positive role of Islamic banking in macroeconomic stability through profit-sharing financing, while Margareta, Astuti, and Ali (2025) argue that sharia economics can reduce inequality and instability by promoting transparency and fair wealth distribution. Muharam (2023) also shows that Islamic finance contributes positively to global financial stability but stresses the importance of regulatory coordination and literacy to overcome challenges. The Dubai case presented by unnamed authors illustrates that Sharia banking enhances stability by focusing on asset-backed investment and avoiding speculative risks. Finally, Fauzi and Wisesha (2022) highlight that Indonesian Sharia banks, particularly after the merger of state-owned institutions, played a critical role in supporting the economy during the COVID-19 pandemic, further validating their stabilizing function in times of crisis.

In synthesis, the reviewed studies collectively indicate that Sharia banks play a dual role as drivers of equitable economic growth and as stabilizers of the financial system. Their impact ranges from poverty alleviation (Junaidi, 2024) and social welfare integration (Aisyah et al., 2022) to resilience during crises (Suripto et al., 2023) and macroeconomic stability (Bakhroni & Muchlis, 2025). Evidence also shows that Sharia banks foster inclusion and support the real sector (Harahap, 2024; Masdiana et al., 2025), making them vital in strengthening systemic resilience. At the global level, their principles contribute to sustainability and stability while highlighting the need for stronger regulatory alignment (Muharam, 2023). However, challenges such as limited literacy, regulatory gaps, and pandemic-related shocks remain significant. Therefore, Sharia banks should continue to innovate in financing models, expand inclusivity, and integrate social objectives to reinforce their stabilizing role.

Sharia Banks as Structural Agents for Equitable Prosperity

Sharia banks have increasingly demonstrated their role as structural agents in promoting equitable prosperity by contributing to economic development and poverty alleviation. Studies in Indonesia highlight how Islamic banks channel resources effectively to stimulate GDP growth and reduce poverty through financing mechanisms (Junaidi, 2024; Harahap, 2024). Beyond conventional financial intermediation, Islamic banks serve as drivers of financial inclusion, helping marginalized communities access financial services and supporting local economic development (Lestari, Susanti, Atmajayanty, & Islamia, 2024; Salsabila, Hidayatullah, & Hussin, 2023). Moreover, their emphasis on profit-and-loss sharing creates a just allocation of resources, differentiating them from conventional banks that rely heavily on interest-based transactions (Mansur, 2011). This redistribution aligns with Sharia principles, reinforcing their role as pillars of Islamic economic transformation (Masdiana, Haidar, & Gani, 2025). Consequently, sharia banks function not only as economic intermediaries but also as instruments of social equity.

The transformative potential of Sharia banking also lies in its ability to balance commercial and social orientations, positioning itself as an engine of justice and welfare. Scholars argue that the integration of commercial and social mandates is essential for building a just economic system that uplifts society as a whole (Aisyah, Ismail, Sulaiman, Cahyo, & Sup, 2022). During times of crisis, such as the COVID-19 pandemic, Sharia-based economic practices have been considered effective alternatives to protect community welfare, with mechanisms like zakat and Sharia financing providing relief and resilience (Jureid, 2020; Fauzi & Wisesha, 2022). Similarly, Islamic banks in Dubai emphasize inclusivity and sustainability by directing investments into asset-backed activities and minimizing speculative risks, thereby reinforcing stability and justice (Azka, 2023). The global relevance of Sharia economics further highlights Indonesia's role in shaping international frameworks for inclusive financial systems (Muharam, 2023). These insights affirm that Sharia banks contribute to sustainable prosperity by integrating values of fairness, justice, and inclusivity.

Another critical role of Sharia banks is their contribution to financial stability and macroeconomic resilience. Evidence from ASEAN countries suggests that Islamic banks show stronger resilience compared to conventional banks due to their principles of avoiding riba and speculative investments (Suripto, Sugiono, & Dasuki, 2023). Sharia-based economic policies also support macroeconomic stability in Indonesia, with profit-sharing financing reducing systemic risks and fostering real sector growth (Bakhroni & Muchlis, 2025). Moreover, the government's regulatory frameworks, such as the Sharia Banking Masterplan, have strengthened institutional growth and public trust, reinforcing the foundation for equitable economic prosperity (Tuzzuhro, Rozaini, & Yusuf, 2023). Studies underline that Sharia banks empower individuals both economically and morally, contributing to holistic welfare (Salsabila et al., 2023). Theoretical analyses further confirm that their mobilization, allocation, and utilization of resources outperform conventional banking systems (Mansur, 2011). Collectively, these factors highlight the dual role of Sharia banks in sustaining stability while advancing equitable prosperity.

In synthesis, the reviewed studies confirm that Sharia banks serve as structural agents in building equitable prosperity by promoting financial inclusion, poverty alleviation, and social justice. Their role extends beyond economic intermediation to embody values of fairness and welfare, creating a holistic impact on communities (Junaidi, 2024; Harahap, 2024). Sharia banks also show resilience in times of economic instability, offering stability through asset-backed financing and profit-sharing models (Suripto et al., 2023; Bakhroni & Muchlis, 2025). The integration of commercial and social orientations strengthens their capacity to function as pillars of both economic growth and moral responsibility (Aisyah et al., 2022). Furthermore, the alignment of national policies and global recognition of Sharia economics underscores the relevance of Islamic banks in achieving sustainable prosperity (Muharam, 2023; Tuzzuhro et al., 2023). Therefore, Sharia banks are not only financial institutions but also transformative agents of equitable economic reform rooted in Sharia principles.

Main Findings

Table 2. Summary of Key Research Findings

No	Category of Findings	Key Research Outcomes	References
1	Contribution of Sharia Banks to Economic Growth and Poverty Reduction	Sharia banks play a crucial role in redistributing capital, financing GDP growth, and alleviating poverty at the district level.	Junaidi Junaidi (2024)
2	Integration of Commercial and Social Orientation	Islamic banking needs to balance profit motives with social welfare goals to achieve equitable prosperity.	Siti Aisyah et al. (2022)
3	Resilience in Financial Crises	Sharia banks show higher resilience than conventional banks during financial crises in ASEAN due to asset-backed and risk-sharing principles.	Suripto et al. (2023)
4	Financing the Real Sector and Creative Economy	Islamic banks contribute significantly to financing halal industries, Muslim-friendly tourism, and SMEs, supporting inclusive growth.	Sunarji Harahap (2024)
5	Role in Financial Stability	Sharia banks act as drivers of financial inclusion and stability, although challenges remain in literacy and regulatory frameworks.	Sri Masdiana et al. (2025)
6	Financial Inclusion in Remote Areas	Islamic financial institutions provide access to underserved regions, offering fair and sustainable financial services.	Wiwik Putri Eni Lestari et al. (2024)
7	Resource Mobilization and Allocation	Islamic banks perform effectively in mobilizing, allocating, and utilizing resources, surpassing conventional banks in some aspects.	Ahmad Mansur (2011)
8	Macroeconomic Stability	Sharia economic policies, including Islamic banking, strengthen stability through profit-sharing financing mechanisms.	Alam Mudawwam Bakhroni & Muchlis (2025)
9	Welfare in the COVID-19 Era	Sharia economics, particularly zakat, became a key instrument for social welfare during the pandemic.	Jureid (2020)
10	Development and Regulatory Framework	The growth of Islamic banking in Indonesia is strongly shaped by government policies and masterplans.	Fatimah Tuzzuhro et al. (2023)
11	Alternative Financing for People's Economy	Sharia banks empower people economically and morally, enhancing justice, equity, and sustainability.	Nada Rakhima Salsabila et al. (2023)
12	Contribution to Inclusive Growth	Sharia economics promotes wealth distribution and reduces inequality, supporting sustainable and stable growth.	Veby Septya Margareta et al. (2025)
13	Global Integration	Sharia economics contributes to global financial stability but faces challenges in	Azka Muharam (2023)

No	Category of Findings	Key Research Outcomes	References
		literacy, regulation, and cross-border cooperation.	
14	Sharia Banking in Dubai	Sharia banking enhances financial inclusivity and economic stability by reducing speculative risks.	[No reference listed]
15	Role During the Pandemic	Indonesian Sharia banks supported economic resilience during COVID-19 by financing the halal industry and SMEs.	Mohammad Yasir Fauzi & Pramudya Wisesha (2022)

The reviewed articles collectively demonstrate that Sharia banks play multiple strategic roles in economic transformation. They act as financial intermediaries that support poverty alleviation, economic growth, and financial inclusion across diverse contexts. Several studies highlight their resilience during crises and their ability to finance the real sector, while others emphasize the need for integration between commercial objectives and social justice. The findings also show that Sharia economics contributes not only to local development but also to macroeconomic stability and global financial systems. Moreover, during extraordinary times such as the COVID-19 pandemic, Sharia-based instruments like zakat and financing initiatives provided social safety nets. Despite these achievements, challenges remain regarding literacy, regulations, and cross-border cooperation.

The systematic review reveals that Sharia banks significantly contribute to equitable prosperity by promoting financial inclusion, resource mobilization, and poverty alleviation. Their resilience in financial crises and role in supporting the real sector underscore their importance in achieving sustainable development. The integration of social and commercial orientations is essential to ensure that Islamic banking goes beyond profit-seeking and aligns with broader welfare objectives. Furthermore, government regulation and strategic policies play a pivotal role in strengthening the Sharia banking ecosystem. However, persistent challenges such as low literacy levels, regulatory gaps, and limited international coordination must be addressed. Ultimately, Sharia banks have the potential to serve as both a pillar of financial stability and a driver of social justice in the evolving global economy.

CONCLUSION

The findings of this systematic review confirm that Sharia banks play a dual role as both drivers of Islamic economic transformation and stabilizers of the financial system. They contribute significantly to poverty alleviation, financial inclusion, and real sector growth while also enhancing resilience during financial crises. These roles are reinforced through ethical principles such as profit-and-loss sharing, prohibition of interest, and asset-backed financing. Moreover, Sharia banks are essential in bridging the gap between commercial motives and social welfare, promoting equitable prosperity. At the same time, the reviewed studies underline key challenges that remain, including low financial literacy, limited regulatory frameworks, and insufficient cross-border cooperation. Addressing these obstacles will be crucial to maximizing the transformative potential of Sharia banks. If successfully overcome, Sharia banks can strengthen their position as pillars of sustainable and just economic systems. Their continued evolution, both locally and globally, will determine their ability to integrate values of justice, inclusivity, and resilience in the future of Islamic finance. The results of this review have important implications for policymakers, practitioners, and academics. Policymakers need to enhance regulatory frameworks and financial literacy initiatives to strengthen the inclusive role of Sharia banks. Practitioners should innovate financial products that integrate social and commercial dimensions while maintaining Sharia compliance. Future research should adopt comparative and longitudinal designs to evaluate the long-term impact of Islamic banking on macroeconomic stability and welfare. Studies could also explore the role of digitalization in expanding Islamic financial access and resilience. This approach will provide broader insights into how Sharia banks can adapt and thrive in an evolving global financial system.

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