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The evolution of Islamic fintech in Malaysia

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Abstract---This study aims to showcase Malaysia's experience in the adoption of Islamic fintech, which has become one of the leading countries competing in the use of fintech in the Islamic financial industry as one of the most powerful ecosystems in this field. Our presentation of this experience found that Malaysia's success was not a coincidence but a great effort and support on the part of stakeholders. In addition to developing plans and strategies to achieve the goals of Vision 2030, which is important to maintain Malaysia's position as an Islamic fintech hub among the world's countries. We also found that Malaysia has key elements for the success of Islamic finance technology, namely the sophisticated legal and regulatory infrastructure, as well as a diverse society that extends beyond traditional financial functions.

Keywords---Islamic fintech, Malaysia, Islamic Financial.

1. Introduction

Technology has become an integral part of our daily lives, benefiting many sectors. The world is increasingly seeking easy and fast transactions that save time, effort, and even money, finding its solution in the digital transformation brought about by technology. Gradually, traditional methods of dealing are being abandoned. One of the most prominent sectors that has undergone a

fundamental transformation is the financial sector, with advanced methods relying on technology that have accelerated and simplified financial transactions under what is known as financial technology (fintech).

In response to the desires of Muslim customers, the Islamic financial services industry had to be developed, leveraging fintech to eventually include even non-Muslim clients, given its success surpassing traditional services. This technology incorporates modern techniques such as blockchain, artificial intelligence, and more. Malaysia is considered a pioneer in Islamic fintech and one of the first to adopt it. The country has worked diligently through support and provision of various means and mechanisms to encourage and develop this industry, now owning one of the largest Islamic finance markets in the world.

Research Problem:

Given the above, the study revolves around the following problem: **What is the current state of Islamic fintech in Malaysia? And what are the mechanisms of its development?**

Research Hypotheses:

The study is based on the following hypothesis: **The industry of financial services and products compliant with Islamic law has seen significant development in Indonesia following the technological invasion.**

Importance of the Study:

The importance of this study stems from:

The importance of the topic, as it is one of the significant and contemporary economic issues worldwide.

The importance of Malaysia's pioneering experience in developing Islamic financial services based on fintech.

Study Methodology:

The descriptive method was used to present some concepts related to Islamic fintech and to describe and analyze statistics related to the development of Islamic fintech in Malaysia.

Study Structure:

This presentation will attempt to review the theoretical framework of Islamic fintech and then address Malaysia's experience in using technology to innovate financial services that comply with Islamic law. Thus, the study is divided into two sections:

- Theoretical framework of Islamic fintech.
- The reality of Islamic fintech in Malaysia.

2. Theoretical Framework of Islamic Fintech

In our review of the theoretical framework of Islamic fintech, we must go through several points that clarify the essence of the topic, presented methodologically as follows:

2.1. Definition of Fintech:

Fintech is an abbreviation for Financial Technology, a term that emerged during the 1980s and 1990s. It refers to "financial technology institutions adopting a process that does not rely on intermediaries, using big data, blockchain, robo-advisors, the Internet of Everything (IOE), and effectively exploiting digital channels and mobile devices, tools that allow them to reshape the financial services industry" (Benalkama, 2022, p. 06).

Fintech is also defined as "any technological invention employed in financial services. These innovations used in the industry have developed new technologies that compete with traditional financial markets. Startups have played a significant role in inventing them, but many large global banks, such as HSBC and Credit Suisse, have developed their own fintech ideas" (Oqasem & Hamdi, 2019, p. 401)

From the above, fintech can be described as the utilization of modern and advanced technology in the financial and banking services industry, whether by startups or by the financial institutions themselves.

2.2. Emergence of Fintech:

The emergence of smartphones and the use of mobile applications during the first decade of the 21st century significantly contributed to the strong and rapid growth of mobile finance. The initial forms of fintech were represented in payments and banking services via smartphones and the internet. Additionally, the recent global financial crisis of 2008 pushed users to seek more transparent and cost-effective solutions due to their loss of trust in traditional banking and transactions. This led to the rapid development of fintech, coinciding with advancements in mobile technology, networks, internet technologies, artificial intelligence, and big data analytics. (Steinvile, p. 22)

2.3. Definition of Islamic Fintech:

Islamic fintech means "introducing fintech into the Islamic financial sector." It is also defined as "various contemporary digital financial applications and their technological products that comply with Islamic law, with the necessary conditions and provisions adopted by Islamic financial and banking institutions" (Kadri, 2022, p. 17)

Fintech is also defined as "a part of fintech that follows Islamic Sharia principles, which prohibit earning from debts, interest payments, and investment in businesses related to alcohol, tobacco, and gambling...". (Ben Issa & Mori, 2022, p. 284)

From the above, Islamic fintech can be described as the use of modern and advanced technology to create financial services that adhere to Sharia principles and comply with regulatory guidelines in Islamic law.

2.4. Islamic Fintech Services:

Islamic fintech services cover several areas, as listed below (Dinar Standard, ELIPSES, SALAAM GATEWAY, 2023, p. 08) :

2.4.1. Giving and Protection Services:

These services are divided into two sections:

- Social Finance: Includes waqf, zakat, and sadaqah.
- Insurance: Includes insurtech and takatech.

2.4.2. Savings and Investment Services:

These services are divided into two sections:

- Wealth Management: Includes robo-advisory, personal finance management, retirement funds, and asset management.
- Deposits and Lending: Includes innovative banking, open banking, mortgage finance, and student finance.

2.4.3. Financing Services:

These services are divided into five sections:

- Fundraising: Includes crowdfunding and peer-to-peer (P2P) financing.
- Payments: Includes payments, remittances, and foreign currencies.
- Capital Markets: Includes investment, trading, and sukuk.
- Digital Assets: Includes platforms, exchanges, wallets, legal personnel, and token issuers.
- Alternative Finance: Includes alternative finance, SME finance, and trade finance.

2.5. Opportunities and Challenges of Islamic Fintech:

The concept of Islamic fintech is relatively new in the field of Islamic finance. Despite this, it has garnered significant and widespread attention, being seen as a crucial element that can bring substantial improvements to the quality of Islamic financial services. However, like its conventional counterpart, Islamic fintech is not without its opportunities and challenges.

Table 1 will outline some of the opportunities and challenges that Islamic fintech may encounter, which could potentially result in negative impacts and hinder the achievement of the desired objectives:

Table 1. Opportunities and Challenges of Islamic Fintech

Opportunities of Islamic Fintech	Challenges of Islamic Fintech
Islamic fintech companies can significantly assist Islamic startups.	Lack of quality and authentic research in the Islamic fintech sector.
Islamic fintech companies can offer a wide range of innovative products and services.	The lack of qualified and trained personnel and a clear government policy has hindered the development of Islamic fintech.
Providing customers with the option to use traditional financial services alongside new innovative services.	Educational institutions must conduct quality research and provide trained staff, and academic researchers should produce quality research.
Offering a cost-effective solution for financial services and providing a	Islamic fintech companies need to keep up with the rapid evolution in

Opportunities of Islamic Fintech	Challenges of Islamic Fintech
lifeline for traditional Islamic banks to become digital and offer low-cost financial services	the traditional finance world.
Islamic fintech is characterized by transparency, ease of access, and use, which can quickly gain customer trust.	Islamic fintech must maintain stability and protect investors and institutions from fraudulent business practices.
It can be linked to cryptocurrencies, blockchain, and other areas such as cross-border payments.	Banks have become exposed at all levels due to the transparency imposed by technology.
It can easily gain the trust of Muslim investors as it adheres to the principles stipulated in Sharia.	Islamic fintech companies are still new, and investors cannot be sure how much investment is worthwhile.

Source: (Benalkama, 2022, p. 05)

3. Figures on Islamic Fintech Worldwide

The global volume of Islamic fintech transactions was estimated at USD 138 billion during the 2022/2023 period, and it is expected to reach USD 306 billion by 2027, with an annual growth rate of 17.3%. This compares to the overall global fintech industry, which is expected to grow at an annual rate of 12.3% over the same period. Saudi Arabia leads the countries in terms of transaction volume, followed by Iran, Malaysia, the United Arab Emirates, Indonesia, and Kuwait. Meanwhile, the 2023/2024 GIFT index ranks Malaysia, Saudi Arabia, Indonesia, the UAE, and the UK as the top five most favorable ecosystems for Islamic fintech globally. The index applies a total of 19 indicators across five different categories for each country: talent, regulation, infrastructure, Islamic fintech market, ecosystem, and capital. It also indicates that Bahrain, Pakistan, Qatar, and Turkey are rapidly growing ecosystems. Last year, the Islamic fintech market continued its growth trajectory, driven mainly by young Muslims who are digitally savvy and keen on accessing Islamic financial services. The sector has shown great resilience and innovation, with various startups providing diverse solutions such as digital banking, peer-to-peer lending, wealth management, and more. (Dinar Standard, ELIPSES, SALAAM GATEWAY, 2023, p. 4)

Despite the regulatory advancements in Islamic fintech, it has become a double-edged sword. On one hand, Saudi Arabia and Malaysia have made significant progress in creating conducive environments for Islamic fintech startups by offering regulatory sandboxes and digital banking licenses. On the other hand, there is still a lack of unified global guidelines that comply with Islamic law. (Dinar Standard, ELIPSES, SALAAM GATEWAY, 2023, p. 05)

4. Islamic Fintech in Malaysia

Malaysia holds a leading position in the financial services industry among various countries worldwide, focusing on areas such as Islamic banking, Islamic investment funds, and sukuk (Islamic bonds). Thanks to government support, Malaysia has become competitive with the largest countries in using fintech in the

Islamic banking services industry, being one of the strongest ecosystems in this field. Below is an overview of the development of Islamic fintech in Malaysia:

4.1. Development of Islamic Fintech in Malaysia:

Islamic financial technology is rapidly expanding in Malaysia, driven by increasing demand from the Muslim-majority population and a technologically skilled populace. According to an industry report, the country's fintech landscape continues to demonstrate robust growth. As of 2023, there are over 300 fintech companies operating in Malaysia, spanning diverse categories including e-wallets, payments, lending, wealthtech, insurtech and blockchain or cryptocurrency. Total fintech fundraising reached new highs in 2022, headlined by TNG Digital Sdn Bhd's record RM 750 million raise. Several ongoing policy developments are looking at enabling fintech innovation while safeguarding consumer interests such as the proposed Consumer Credit Act establishing the Consumer Credit Oversight Board. This field is also fast developing including with the advent of digital banks. Coming on stream is the launch of Malaysia's first digital bank, GXS Bank, and continued efforts to expand regional payment connectivity through cross-border QR code linkages. (HISHAM, 2023)

For Islamic fintechs, the top five countries by number of Islamic fintechs were Saudi Arabia, Indonesia, UK, Malaysia and Kazakhstan. These five countries alone accounted for 70% of the global total of Islamic fintechs (excluding technology providers), indicating a strong concentration for this sub-segment, too. Another point to note on concentration is that many Organisations of Islamic Cooperation (OIC) countries did not have an existing footprint in either the OIFIs sector or the Islamic fintech segment in 2021. To illustrate: out of 102 fintechs globally (excluding technology providers), there were only 23 countries with Islamic fintechs, and this number drops to only nine that have three or more Islamic fintechs each. Another example: out of 136 countries covered in IFDI 2022, 57 had OIFIs, and this number decreases to 25 that have five or more OIFIs each. Finally, only 28 of the 136 countries covered in 2022 had any reported OIFI assets, and there were only 16 countries with US\$100 million or more in OIFI assets. (Refinitiv, 2022)

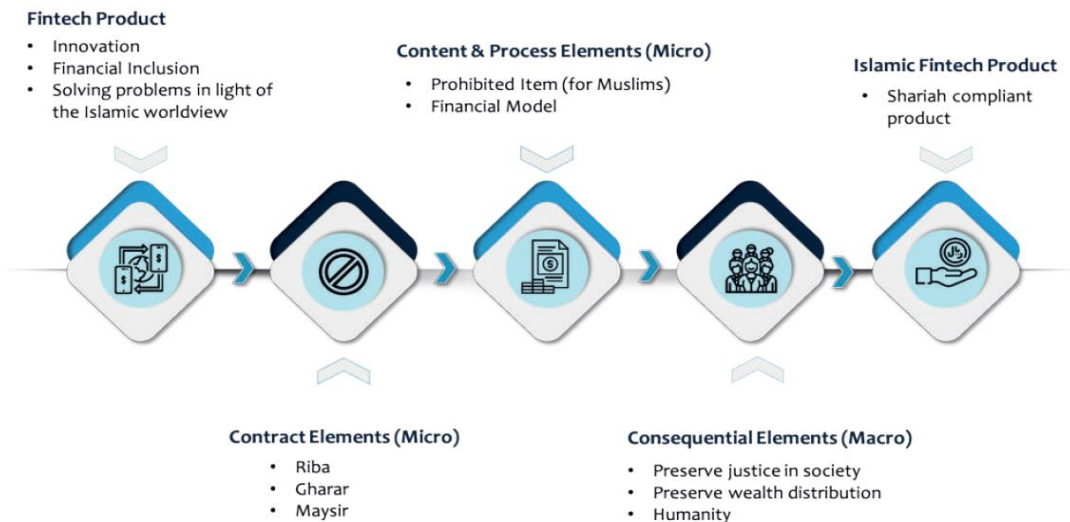


Figure 1: The Evolution Process of Islamic Fintech in Malaysia
Source: (INCEIF & ISRA & MDEC, 2020, p. 36)

The previous figure summarizes the evolution process of Islamic fintech in Malaysia, demonstrating that achieving Islamic fintech requires ensuring the elements of the contract on a micro or individual level to guarantee results on a macro level. The key here is to maintain the principle that individual elements do not conflict with Islamic Sharia, avoiding riba (usury), gharar (excessive uncertainty), and maysir (gambling), in order to achieve justice in society, maintain wealth distribution, and uphold humanity, which are among the main objectives of Islamic Sharia.

To ensure the overall results of Islamic fintech and the compliance of financial products with Islamic Sharia, Malaysia has undertaken regulatory steps to ensure Sharia compliance in three key areas: digital assets, electronic money, and equity crowdfunding. Regarding digital assets, Malaysia, through the Sharia Advisory Council of the Securities Commission, issued a decision permitting the issuance, trading, and use of Sharia-compliant tokens and digital assets. For electronic money, following its widespread use, the Sharia Advisory Council of Bank Negara Malaysia issued a decision allowing the use of electronic money as a legitimate means of payment, along with comprehensive guidelines to ensure compliance with Islamic Sharia. For equity crowdfunding and peer-to-peer financing, these are regulated according to recognized market guidelines that are periodically evaluated, requiring the appointment of a Sharia advisor to provide guidance and ensure compliance with Sharia principles, answering various questions in the Islamic capital market regarding Sharia-compliant products and other related activities. (INCEIF & ISRA & MDEC, 2020, pp. 39-43)

The purpose of all these measures is to regulate the fintech ecosystem and subject it to Sharia authority monitoring, to confine it within the correct Sharia framework.

4.2. The Islamic Fintech Market in Malaysia:

The Malaysian fintech market size is expected to grow in terms of transaction value from USD 46.63 billion in 2024 to USD 96.09 billion by 2029, with a compound annual growth rate (CAGR) of 15.56% during the forecast period (2024-2029). There was a negative impact of COVID-19 on the Malaysian fintech market in the first two quarters of the fiscal year 2020. The coronavirus pandemic affected the smooth operation of various industries across regions. This negatively impacted the Malaysian fintech market and the technology industry significantly. This was primarily due to a decline in transactions because of the imposed lockdown, leading to a halt in business and financial transfers or investments. The rise in the fintech industry began in the last two quarters of 2020, leading to positive growth. The digital transformation in Malaysia has been ongoing over the past decade, but the pandemic accelerated the adoption of digital banking services. In 2020, the penetration rate of online and mobile banking reached 112.5% and 61.8%, respectively, with mobile banking transactions amounting to USD 100.79 million - a 125% increase compared to the previous year. Fintech has now become an essential part of the financial sector in Malaysia, with significant room for expansion, according to a recent analysis by the International Monetary Fund (IMF). With the growing middle class, high mobile phone usage, and strong government support for digitizing the economy, Malaysian companies and consumers are ready to embrace fintech technology. Digital payments and wallets lead the way in the Malaysian fintech sector, followed closely by insurtech, digital remittances, blockchain, crowdfunding, and other forms of fintech. (Mordor intelligence)

The global Islamic fintech market was valued at USD 138 billion during the 2022/2023 period, representing 1.2% of the global fintech market size. As for Malaysia, its position among the top six countries can be illustrated by the following figure:

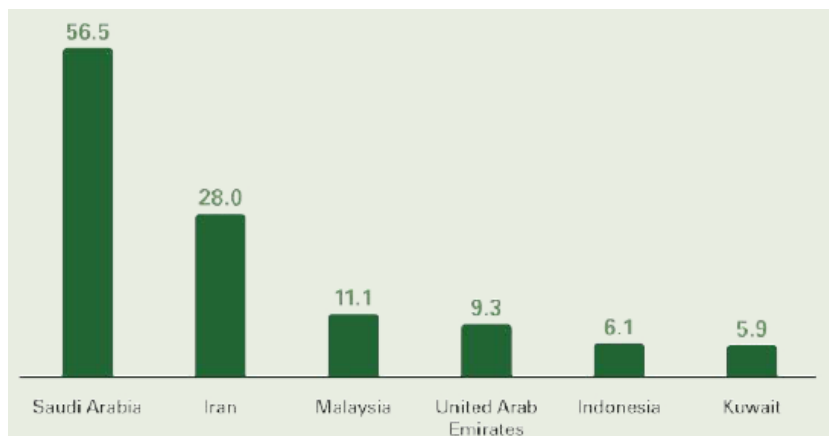


Figure 2: Top 6 Islamic Fintech Markets 2022/2023

Source: (Dinar Standard, ELIPSES, SALAAM GATEWAY, 2023, p. 09)

From the figure shown above, we can observe that the top 6 Islamic fintech markets in terms of transaction volume and assets during 2022/2023 are: Saudi

Arabia, Iran, Malaysia, the United Arab Emirates, Indonesia, and Kuwait. These six countries dominate 85% of the global Islamic fintech market, thus representing two main regional hubs for Islamic fintech.

The market size of each of these six countries exceeded USD 5 billion in 2023, with Saudi Arabia leading the six countries with a market size of USD 56.5 billion, followed by Iran with USD 28 billion, and Malaysia with a market size of USD 11 billion, making it the third-largest among these countries. This is due, as previously mentioned, to the serious efforts made by the Malaysian government to create a conducive environment and encourage the Islamic fintech market, in addition to providing ethical and responsible alternatives compared to traditional financial services. The Malaysian market is expected to attract more customers from various Islamic and non-Islamic segments in the coming years.

Additionally, at the end of 2022, the Securities Commission Malaysia (SC) issued new guidelines on Islamic capital market products and services, highlighting the potential of Islamic fintech to enhance financial inclusion, social impact, and sustainability. These guidelines are expected to become a key reference for all diverse offerings of Islamic financial products and services. (ISDB, 2024)

4.3. Islamic Fintech Companies in Malaysia:

Malaysia is witnessing a boom in the Islamic fintech sector, with a range of leading companies offering innovative solutions compliant with Islamic Sharia. These companies cover a wide array of financial services, from lending to fundraising, all adhering to Islamic Sharia. Figure 3 illustrates the proportion of Islamic fintech companies in Malaysia compared to the total number of fintech companies:

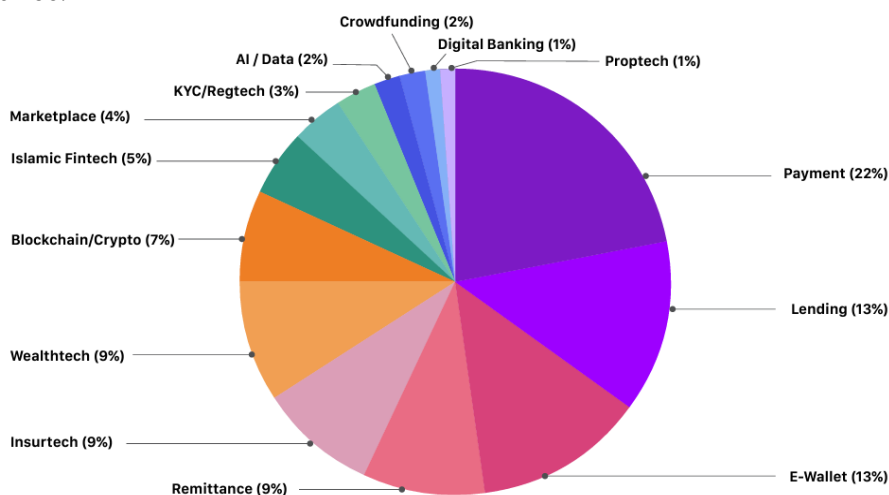


Figure 3: Fintech Companies in Malaysia
Source: (Islamic Fintech, 2023, p. 2)

Figure 3 shows the distribution percentages of various fintech companies in Malaysia. Payment companies constitute the largest portion at 22%, followed by lending companies and e-wallet companies, each at 13%. Other companies, such

as those involved in financial transfers, insurtech, Islamic fintech, and blockchain/cryptocurrency, each make up 9%, 7%, 5%, and 4% respectively. The remaining percentages are distributed among crowdfunding companies, data/AI companies, digital identity/regtech companies, digital banks, and proptech companies, with proportions ranging between 1% and 3%.

Table 2: Islamic Fintech Firms in Malaysia

Name of Islamic Fintech	Major Activities
Ethis Kapital	Peer-to-peer lending platform
As-Sidq	As-Sidq provides a fundraising platform which is approved by twenty financial institutions in Malaysia
Finterra	Finterra provides cloud-based financial services
Global Sadaqah	Donation-based crowdfunding platform.
Payhalal	Payment gateway which follows Shari'ah standards
Wakaful	Digital financial services following waqf principles

Source: (Rashedul , M. Kabir , & Sirajo , 2020, p. 84)

From the previous table, it is evident that Malaysia is a pioneer in the field of Islamic fintech, hosting a variety of companies that offer innovative and Sharia-compliant financial solutions. These include: **Ethis Kapital**, which operates a peer-to-peer lending platform, **As-Sidq**, which provides a fundraising platform endorsed by twenty financial institutions in Malaysia, **Finterra**, offering cloud-based financial services, **Global Sadaqah**, managing a donation-based crowdfunding platform, **Payhalal**, which provides a Sharia-compliant payment gateway, **Wakaful**, offering digital financial services based on waqf principles.

Collectively, these companies contribute to the development of the Islamic fintech sector in Malaysia by providing diverse and innovative solutions that meet market needs while adhering to Sharia principles.

4.4. Factors Contributing to the Successful Adoption of Islamic Fintech in Malaysia:

There are five main factors that have contributed to Malaysia's successful adoption of Islamic fintech: (Ethis, 2020)

- **The current status of the country:** Malaysia is considered a hub for Islamic finance, being one of the most developed Islamic finance markets globally.
- **Advanced legal and regulatory infrastructure**, along with a diverse community extending beyond traditional financial functions.
- **Malaysia's unique competitive advantage** in leading the regional and global Islamic digital market.
- **Increased demand for the development of Islamic fintech**, due to the growing Muslim population in the Asia region.
- **Strong governmental support for the digital economy.**

4.5. Key Pillars Supporting the Spread of Islamic Fintech in Malaysia:

Malaysia has four key pillars that have helped in spreading fintech in general and Islamic fintech in particular: (Arqoob, 2022, p. 09)

4.5.1. Regulatory Framework:

The entities responsible for the regulatory frameworks for Islamic fintech are Bank Negara Malaysia and the Securities Commission Malaysia. They take regulatory steps to ensure compliance with Shariah principles.

4.5.2. Supporting Institutions:

Key supporting institutions include government agencies, business organizations, incubators such as the Digital Economy Corporation, accelerators, digital labs, and educational institutes that provide training and develop specialists in Islamic finance and technology.

4.5.3. Funding:

Necessary funding for investment in Islamic fintech in Malaysia is obtained through strategic planning and supporting startups in this field.

4.5.4. Human Capital Development Programs:

Malaysia focuses on training and developing experts in Islamic financial services by establishing educational centers such as the International Centre for Education in Islamic Finance (INCEIF) and the International Shari'ah Research Academy for Islamic Finance (ISRA).

4.6. Shariah-compliant Platforms in Malaysia:

Malaysia stands out from other countries as it has successfully adopted the use of digital platforms to enhance Shariah-compliant financial products and services. Some of its key platforms include: (CM2 Capital markets Malaysia)

4.6.1. Peer-to-Peer (P2P) Financing Platforms:

P2P financing platforms fund borrowers without the need for intermediaries (financial institutions). These platforms offer advantages in that they comply with Islamic Shariah. Some of these platforms include: Funding Societies, microLEAP, CapBay, MoneySave, Nusa Kapital, Capsphere, and Cofundr.

4.6.2. Equity Crowdfunding (ECF) Platforms:

Among the equity crowdfunding platforms are ETHIS and PitchIN, which support startups and creative projects by receiving donations from individuals or institutions.

4.6.3. Digital Investment Manager (DIM) Platforms:

Wahed is among the digital investment manager platforms, aiming to manage Islamic digital investments and provide investment services based on Islamic Shariah principles.

4.7. Malaysia's 2030 Vision for Developing Islamic Fintech:

Despite the noticeable development in the field of Islamic fintech globally, and specifically in Malaysia, some challenges still hinder the growth of this sector.

Relevant authorities are working through research and development centers to establish guidelines and regulations to organize the frameworks in which establishments or banking entities operate.

Malaysia, through the plans and strategies outlined in its 2030 Vision, aims to enhance its position as a global hub for Islamic fintech. Several initiatives have been undertaken, the most significant of which include: (Dashveenjit, 2022)

- **Establishing Funds and Institutions for the Digital Economy:** Their mission is to support the Islamic digital economy and Islamic fintech.
- **Enhancing Education and Training:** By supporting capacity building and research and development in the field of Islamic fintech, overseen by specialized training entities such as ISRA Academy and the International Centre for Education in Islamic Finance (INCEIF).
- **Launching Islamic Fintech Accelerator Programs:** Such as the FIKRA program, which aims to identify and expand fintech solutions and increase individuals' awareness of Islamic fintech.
- **Setting Up Digital Platforms for Fintech Companies:** To launch and promote their products, which has significantly benefited their utilization even in other countries.

4.8. Challenges to the Growth of Islamic Fintech in Malaysia:

Although the numbers appear commendable at first glance, the Islamic fintech sector remains weak compared to its conventional counterpart. According to Fintech News Malaysia, Islamic fintech companies represent only 5% (or 16 out of 294 companies) of the total fintech space in Malaysia in 2022. Even if there were 48 Islamic fintech companies according to the 2022 Islamic Fintech Dialogue report by MDEC, this means Islamic fintech companies constitute only about 16% of the total fintech market in Malaysia. A major barrier to growth is the lack of funding: 33% of participants in the 2021 IFN Fintech CEO and Founder Survey indicated that access to capital is the biggest obstacle to expansion, followed by poor knowledge of Islamic finance and unsupportive regulations.

One reason for the lack of funding is that many investors, private equity firms, and venture capitalists are based in non-Islamic countries, where they do not perceive the impact of Islamic finance. This lack of awareness is exacerbated by the low level of familiarity with Islamic finance. Limited understanding of the differences between Islamic and conventional finance — and even bias against Islam — leads to investor reluctance in supporting Islamic fintech, despite the clear synergy between sustainable development and Sharia-compliant Islamic finance. While capital is available in Islamic countries, with Islamic finance assets in Malaysia estimated at around USD 619.7 billion for 2021 according to the 2022 State of the Global Islamic Economy Report, smaller Islamic fintech companies face challenges in securing investment funding or strategic partnerships. The 2022 Islamic Fintech Dialogue report by the Malaysia Digital Economy Corporation (MDEC) revealed that Islamic banks and funds in Malaysia are uninterested in purchasing or funding these startups. (Rahman, 2023)

4.9. Evaluation of the Malaysian Experience:

The success of the Malaysian experience in adopting Islamic fintech was not a coincidence; it was linked to the collective efforts of the state, startups, and the Malaysian individual, who stands out with great awareness, advanced educational culture, and a tendency to use modern technology. All of this contributed to creating a distinguished environment that led Malaysia to top the list of countries with the best environment for Islamic fintech. To benefit from this unique experience, any country seeking to develop Islamic fintech should rely on one main pillar and five sub-pillars, which can be outlined as follows:

➤ **Main Pillar:**

Developing the country's infrastructure, as it is considered the foundation upon which the bases of any sector are built in general, and the Islamic fintech sector in particular. The state should establish laws and regulations governing the fintech sector, create plans and strategies to achieve goals, and make serious efforts to develop this sector.

➤ **Sub-Pillars :**

-Human Capital Development: By setting up training programs supervised by specialized entities, academies, and even universities.

-Developing the Digital Economy: This will pave the way for the success of Islamic fintech by transferring the experiences of global companies, relying on qualified and trained competencies, and attracting foreign investments, which open the field of competition to provide the best for the sector.

-Educating Participants and Raising Awareness: By introducing them to the importance of adopting technology to obtain financial products and services.

-Supporting Fintech Startups: Providing full support as they are a primary source of innovation and pioneering work.

-Providing Financial Institutions: Supporting Islamic fintech, whether governmental or private, as funding is one of the essential sources for uplifting the sector, facilitating the training of human resources, and supporting various startups.

5. Conclusion

Malaysia has established itself as a leading country in Islamic fintech, becoming a global center competing with many major countries. This success is primarily due to the government's interest and support for Islamic fintech, considering it one of the most critical activities for economic growth, in addition to the legal and regulatory frameworks established to address Sharia compliance, funding, and the creation of supporting institutions.

Malaysia, through the goals it aims to achieve with its "Vision 2030," which includes enhancing its global position in Islamic fintech, has been diligently working to develop this sector through plans and strategies that it continues to pursue and develop.

5.1 Results:

From this research, we have concluded several key points, summarized as follows:

- Malaysia has made a significant leap in Islamic fintech, possessing the most conducive environment.

- Among the reasons for Malaysia's success in leading the field of Islamic fintech are government support and encouragement of innovation and entrepreneurship.
- Malaysia has worked through specialized training institutions and academies to train and develop experts in the field of Islamic financial services.
- Malaysia possesses key components for the success of Islamic fintech, represented by advanced legal and regulatory infrastructure and a diverse community extending beyond traditional financial functions.
- The success of Islamic fintech is linked to the state's strategic planning, aiming through a clear vision, and working to implement these strategies by providing the necessary support and involving various stakeholders to achieve the best results.
- Malaysia continues its efforts to achieve the objectives of Vision 2030 and is also on its way to further developing the sector, with expected continued and accelerated growth in the coming years.

5.2. Recommendations:

Based on the results obtained, the study recommends the following:

- The state should establish laws and regulations specific to the field of Islamic fintech to organize institutional relationships with participants and stakeholders, facilitating work towards achieving the desired goals.
- By presenting the Malaysian experience in Islamic fintech, it is essential to provide state support to advance this sector.
- Develop the necessary infrastructure for work, relying on trained and qualified competencies.
- Strive to renew and develop the digital economy by integrating modern technologies and various contemporary technologies to maintain competitiveness.
- Educate participants and raise awareness among the community about the importance of adopting technology to obtain financial products and services.

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