

## Integration of Islamic Social and Commercial Finance: A Systematic Literature Review and Future Research Opportunities

Rohmi Maulina Agustin<sup>1</sup>, Zaenafi Ariani<sup>2\*</sup>, Nur Fitri Hidayanti<sup>3</sup>, Ahmad Hulaimi<sup>4</sup>,  
Ahadiyah Gustina<sup>5</sup>, Ady Supriyadi<sup>6</sup>, Abdul Wahab<sup>7</sup>, Nur Aini<sup>8</sup>, Novi Yanti Sandra Dewi<sup>9</sup>  
<sup>1,2,3,4,5,6,7,8,9</sup>Sharia Economic, Universitas Muhammadiyah Mataram, Indonesia  
[rohmi Maulina agustin@gmail.com](mailto:rohmi Maulina agustin@gmail.com)<sup>1</sup>, [efisholiha@gmail.com](mailto:efisholiha@gmail.com)<sup>2</sup>

**Abstract:** This study aims to systematically examine the integration between Islamic social and commercial finance as an effort to establish a fair, inclusive, and sustainable financial system. Using a library research approach and the integrative literature review model, this research reviews scholarly literature published between 2015 and 2024, sourced from Google Scholar, Scispace, DOAJ, and Scopus. The selection procedure was conducted systematically based on relevance, publication quality, and full-text availability. Data were analyzed thematically to identify integration models, institutional challenges, and potential future research directions. The findings reveal that the synergy between social finance instruments (such as zakat and waqf) and commercial mechanisms (such as Islamic banking and sukuk) has the potential to expand financial inclusion, strengthen economic stability, and support a development agenda centered on public welfare. However, the success of this integration heavily depends on adaptive governance design, regulatory support, and cross-sectoral collaboration. This study recommends the development of a holistic and context-sensitive integrative model that is responsive to technological dynamics and contemporary socio-economic challenges. This research contributes conceptually to the development of an integrative framework for Islamic finance and opens avenues for future multidisciplinary exploration.

**Keywords:** Adaptive Governance, Regulatory Support, Cross-Sectoral Collaboration, Integrative Framework

### Article History:

Received: 30-04-2025

Online : 19-05-2025



This is an open access article under the [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license

### A. INTRODUCTION

Islamic social finance includes instruments such as zakat, infaq, sedekah, and waqf, which aim to redistribute wealth and improve social welfare. Meanwhile, Islamic commercial finance focuses on business activities that are in accordance with sharia principles, such as profit sharing and the prohibition of usury. The integration of these two types of finance can create a more inclusive and sustainable Islamic financial ecosystem. According to Abdullah (2018), this integration allows for the optimization of financial resources to achieve sustainable development goals. Jouti (2019) also emphasized the importance of an effective governance framework to support this integration. Several studies have shown the significant role of Islamic social finance in reducing poverty and improving welfare. Harahap et al. (2024) found that the distribution of zakat and waqf has a positive correlation with the decline in poverty rates in Indonesia. Siswantoro and Ikhwan (2023) also showed that zakat, infaq, and sedekah contribute to long-term economic growth. However, challenges such as low literacy and

unprofessional management are still obstacles to optimizing Islamic social finance (Widiastuti & Rani, 2020)

Islamic commercial finance has grown rapidly with various products and services that comply with sharia principles. However, several studies have shown that focusing too much on the commercial aspect can ignore the social objectives of Islamic finance. According to Harrieti et al. (2020), Islamic banks in Indonesia still face challenges in integrating social and commercial functions optimally. In addition, the lack of coordination between supervisory authorities is also an obstacle in implementing this integration. The integration of Islamic social and commercial finance has been the focus of research in recent years. Siswantoro (2023) showed that this integration has a significant negative effect on the long-term poverty rate in Indonesia. Syarifuddin (2024) also emphasized the importance of a productive waqf business model through integration with Islamic financial institutions to increase economic growth. However, the implementation of this integration still faces challenges such as low public literacy and a lack of quality human resources.

Effective governance and a supportive ecosystem are essential in the integration of Islamic social and commercial finance. Jouti (2019) suggests that Islamic financial institutions need to work together in an ecosystem to improve the effectiveness of their initiatives. In addition, the use of technology such as digitalization can improve efficiency, transparency, and accessibility in the management of Islamic social funds (Syarifuddin, 2024). However, further research is still needed to develop an effective governance framework in the context of this integration from the results of the above studies, it can be seen that the integration of Islamic social and commercial finance has great potential in improving community welfare and achieving sustainable development goals. However, there are still gaps in terms of effective governance, coordination between institutions, and the use of technology in this integration. The novelty of this study lies in the systematic literature review approach to identify future research opportunities in the integration of Islamic social and commercial finance. The purpose of this study is to review the existing literature, identify research gaps, and provide recommendations for the development of an effective and sustainable integration framework.

## **B. METHOD**

This research method uses a library research approach with an integrative literature review model, namely the combination and critical assessment of various previous research results to formulate a new conceptual framework or identify relevant research gaps (Torraco, 2005). This approach is considered appropriate because it allows researchers to analyze in depth the development of literature in the field of integration of Islamic social and commercial finance over a certain period of time. This study emphasizes the synthesis of concepts and findings in the context of Islamic finance to formulate future research directions. Data sources in this study were obtained from four leading scientific databases, namely Google Scholar, Scispace, Directory of Open Access Journals (DOAJ), and Scopus. The selection of literature was carried out based on the following inclusion criteria: articles published in the period 2015 to 2024, relevant to the topic of integration of Islamic social and commercial finance, published in reputable or indexed journals, and available in English or Indonesian. Meanwhile, exclusion

criteria include non-academic articles, articles in the form of opinions or editorials, and literature that does not have full-text or is not relevant to the focus of the synthesis. (Research Procedure Chart inserted here)

The literature search process begins by using keywords such as "Islamic social finance integration", "Islamic commercial finance", "zakat and Islamic banking integration", and "Islamic finance ecosystem". The search was carried out systematically in the four databases and documented using a reference manager (Zotero/Mendeley) to maintain data order. Furthermore, a literature selection procedure was carried out by screening the title and abstract, then continued by reading the full contents to ensure the suitability of the contents to the research focus. Articles that met the criteria were entered into an analysis table containing information such as author, year, method, and main findings. For the data analysis method, a thematic approach was taken by grouping the findings into several main themes such as integration models, governance, implementation challenges, and research opportunities. Validity in this study was maintained through source triangulation by comparing various literatures from reputable journals. Reliability was obtained by following a systematic and transparent selection and documentation procedure (Whittemore & Knafl, 2005).

## **C. RESULTS AND DISCUSSION**

### **1. Conceptual Dynamics and Practices of Islamic Social and Commercial Finance.**

In recent decades, the conceptual dynamics and practices of Islamic finance, both social and commercial, have undergone significant transformations in line with the increasing need to achieve social justice and inclusive economic development. The concept of Islamic finance is not only based on sharia principles such as avoiding usury, gharar, and maysir, but also emphasizes risk sharing, partnership, and social justice (Jaafar & Brightman, 2022). This approach encourages the creation of a financial system that not only prioritizes profitability, but also the welfare of society through the provision of various instruments such as zakat, waqf, and microfinance institutions that support productive economic activities (Aam & As-Salafiyah, 2021; Notolegowo et al., 2023). In commercial practice, the integration of innovative Islamic financial products into the traditional financial system has shown potential in increasing public literacy and awareness of sharia-based finance. For example, in Kazakhstan, efforts to open Islamic windows in conventional banks and increase cooperation between Islamic finance industry players and academics have resulted in increasingly innovative financial products (Shirazi et al., 2021; Kuanova, 2023). On the other hand, the application of sharia principles in banking transactions, such as in musyarakah and mudharabah-based financing, has been proven to support local economic growth and create stability in the real sector by increasing access to funding for business actors (Herianingrum et al., 2019).

The dynamics of Islamic social finance have a significant contribution to overcoming poverty issues and improving people's welfare. The integration of Islamic philanthropy and commercial practices within the framework of Islamic economics, for example, has been identified as an effective strategy in reducing poverty levels in the short and long term (Iskandar et al., 2021). This strategy includes optimizing the collection and distribution of social funds through zakat, infaq, and waqf which if managed digitally and integrated with the role of mosques, can increase efficiency and financial inclusion, and have a positive impact

on achieving the Sustainable Development Goals (SDGs) (Nuriyah & Fakhri, 2022). In addition, the challenges in implementing Islamic finance also encourage the development of technology-based and educational solutions to strengthen understanding of the unique characteristics of Islamic finance. This innovative capital, among others, includes the use of financial technology to make Islamic securities trading more effective and educational campaigns to increase public understanding of the principles of Islamic finance (Shirazi et al., 2021). Increasing integration between the social and commercial financial sectors is key to building an adaptive and competitive Islamic financial ecosystem, while being able to respond to the dynamics of external pressures such as political, financial and technological challenges (Kuanova, 2023).

Overall, the synergy between Islamic social and commercial finance practices not only presents an alternative financial system that prioritizes economic justice and sustainability, but also plays a significant role in empowering the community's economy and national financial stability. This transformation is a manifestation of the deepening of sharia values in its efforts to create an ethical and inclusive financial environment, as well as a response to global demands for a more socially responsible financial system (Jaafar & Brightman, 2022; Notolegowo et al., 2023). By utilizing social and commercial potential simultaneously, Islamic finance can contribute optimally to overcoming various economic challenges while supporting a more equitable and sustainable long-term development agenda.

## **2. Integration Model and Strategy: Empirical Findings and Case Studies**

In the study of integration models and strategies, a comprehensive understanding of the formulation and implementation of integrated strategies is a vital aspect in improving organizational competitiveness and performance. One approach that has been proposed by Ginevičius et al. (2010) stated that integrated competitive strategy is a series of partial strategies that synergistically target elements of the company's internal and external environment. This approach emphasizes that strategy formulation does not only depend on separate actions, but on the coordinated combination of strategic elements to deal with the dynamics of an oligopoly market. The model shows how strategy integration can be applied empirically to strengthen the company's strategic position and performance. In addition, strategy integration has also been discussed in the context of financial management and macroeconomic factors. Yenni et al. (2023) revealed that the integration of financial strategy with macroeconomic considerations helps organizations create resilience to economic volatility, thereby driving long-term growth and performance. The empirical findings obtained demonstrate that strategic decisions informed by an integrative approach not only mitigate risks but also take advantage of opportunities arising from changes in the external environment. These findings are in line with the results of Ginevičius et al. (2010) who emphasize the importance of integration in the overall design of competitive strategies empirically.

In the era of digitalization, the integration model has also been extended to the realm of operational innovation. Harto et al. (2023) conducted a case study on the application of digital innovation in the operational model which showed that the adoption of integrated digital

technology can reform operational mechanisms and support the sustainability of business strategies. This finding emphasizes how technology integration acts as a catalyst for innovation and operational efficiency. This argument indicates that integration strategies are not limited to a series of traditional decisions, but also include adaptation to digital transformation to maintain competitiveness in a dynamic business environment Harto et al. (2023). Xu et al. (2010) adds an important dimension to the discussion by stating that strategic integration can build competitive advantage through synchronization between internal integration for example, horizontal and vertical mergers and the utilization of specific resource advantages. Case studies involving large companies such as Baosteel provide empirical evidence that the ability to effectively integrate various resources can generate synergies that support operational efficiency and competitive advantage. The integration of elements such as scale, reach, and transaction efficiency strengthens the statement that the integration model requires a multidimensional and context-specific approach in its implementation.

In synthesis, various empirical findings and case studies show that effective integration strategies have broad relevance across business sectors. Whether through the formulation of integrated competitive strategies in oligopoly markets Ginevičius et al. (2010) the integration of financial management strategies and macroeconomic factors Yenni et al. (2023), or the application of operational innovation in the digital era Harto et al. (2023) and integration for competitive advantage Xu et al. (2010), it is revealed that the success of an integration strategy is highly dependent on the organization's ability to align various strategic dimensions synergistically and adaptively to environmental changes. These findings provide a strong basis for the development of a holistic integration model, which simultaneously accommodates the internal and external complexities of the organization in facing increasingly dynamic market challenges.

### **3. Direction of Research Development and Policy Recommendations**

In the current era of policy transformation, the development of research with an integrative approach has become a necessity to design and recommend responsive, evidence-based, and transdisciplinary policies. This approach emphasizes the coordination between academic research, stakeholder participation, and the application of practical experience in complex policy contexts. Several studies have illustrated the importance of collaboration between various disciplines to overcome challenges in implementing policies holistically (Proctor, 2010; Trein et al., 2023) First of all, integrated mission-based research has shown success in linking research to decision-making at the regional scale and natural resource management Proctor (2010) This kind of approach not only brings together various communities and experts in strategic planning, but also opens up space for empirical validation and adaptation of local contexts through case studies from various parts of the world. Such integration is relevant when considering the implementation of strategic environmental assessments to harmonize sustainable development policies that are in accordance with socio-economic and environmental challenges (Hegazy & Tohlob, 2024).

Furthermore, in the realm of policy development, empirical research on policy integration has underscored the need for systematic and flexible methods to assess the effectiveness of implemented policies. Research examining research design and methodology in integrated

policies provides new directions for developing a more comprehensive evaluation framework to identify gaps and strengths in policy implementation (Trein et al., 2023). In addition, a policy development model that links mission research with framework-based implementation guidelines such as the Expert Recommendations for Implementing Change (ERIC) can help develop adaptive and measurable policy strategies Yeoh et al. (2024). In line with these research developments, policy recommendations need to emphasize the importance of cross-sectoral integration. For example, in the context of regional development, efforts to integrate development policies between urban and rural areas have been directed at creating synergies that can drive economic growth while paying attention to social stability and environmental preservation Yi, 2014). In addition, the development of responsive policies requires continuous monitoring and evaluation so that each policy can be reviewed and adjusted to the dynamics that occur both at the national and local levels (Hegazy & Tohlob, 2024).

Finally, future research directions and policy recommendations should be directed at establishing a research system that not only prioritizes cross-disciplinary integration, but also the dissemination of information and broad stakeholder participation. This approach can simultaneously optimize the role of government, academics, and practitioners in building adaptive, transparent, and sustainable policies. Thus, the synergy between integrated research and policy dialogue is the main key in encouraging innovation in the formulation and implementation of appropriate policies (Proctor, 2010; Trein et al., 2023; Yeoh et al., 2024; Hegazy & Tohlob, 2024; Yi, 2014).

#### **D. CONCLUSIONS AND SUGGESTIONS**

The integration of Islamic social and commercial finance offers a comprehensive and transformative approach to building a fair, ethical, inclusive, and sustainable financial system. The literature review shows that the synergy between these two main pillars of Islamic finance not only expands public financial access but also strengthens national economic stability through more effective and welfare-oriented fund management. This transformation reflects the deepening of sharia values and is a strategic response to global demands for a more socially and environmentally responsible financial system.

Empirical studies and integration models from various contexts show that successful integration is highly dependent on the alignment of the organization's internal strategy with the ever-changing external dynamics. This requires flexible, innovative policy design and institutional models that are able to accommodate the complexity of the Islamic financial sector in the digital era. Therefore, the development of a holistic and contextual integrative model is a necessity in responding to the challenges of equitable development.

#### **REFERENCES**

- Abdullah, M. (2018). Developing an integrated model of Islamic social finance: Toward an effective governance framework. *Journal of Islamic Accounting and Business Research*, 9(2), 196–210.
- Harahap, M. G., Siregar, M. F., & Siregar, F. H. (2024). The Role of Islamic Social Finance in Reducing Poverty: A Quantitative Study on Zakat and Waqf. *International Journal of Islamic Economics and Business*, 1(1), 1–5.

- Harrieti, N., Abubakar, L., Djukardi, E., & Nurhasanah, N. (2020). Integration of Commercial Finance and Social Finance: Challenges of Sharia Banking in Indonesia. *Journal of Legal, Ethical and Regulatory Issues*, 23(2), 1-10.
- Jouti, A. T. (2019). An integrated approach for building sustainable Islamic social finance ecosystems. *International Journal of Islamic and Middle Eastern Finance and Management*, 12(5), 625-639.
- Siswantoro, S. (2023). Can the integration between Islamic social finance and Islamic commercial finance tackle poverty in Indonesia? *Jurnal Ekonomi & Keuangan Islam*, 8(2), 123-135.
- Syarifuddin, F. (2024). Productive WAQF business models through the integration of Islamic social and commercial finance. *Edelweiss Applied Science and Technology*, 8(4), 620-655.
- Widiastuti, E., & Rani, L. N. (2020). Developing an integrated model of Islamic social finance: Toward an effective governance framework. *Journal*
- As-Salafiyah, A. (2021). A review on islamic social finance. *Islamic Social Finance*, 1(1). <https://doi.org/10.58968/isf.v1i1.66>
- Herianingrum, S., Ratnasari, R., Widiastuti, T., Mawardi, I., Amalia, R., & Fadhlillah, H. (2019). The impact of islamic bank financing on business. *Journal of Entrepreneurship and Sustainability Issues*, 7(1), 133-145. [https://doi.org/10.9770/jesi.2019.7.1\(11\)](https://doi.org/10.9770/jesi.2019.7.1(11))
- Iskandar, A., Possumah, B., Aqbar, K., & Yunta, A. (2021). Islamic philanthropy and poverty reduction in indonesia: the role of integrated islamic social and commercial finance institutions. *Al-Ihkam Jurnal Hukum & Pranata Sosial*, 16(2), 274-301. <https://doi.org/10.19105/al-lhkam.v16i2.5026>
- Jaafar, A. and Brightman, M. (2022). From structure to purpose: green and social narratives, and the shifting morality of islamic finance in kuala lumpur. *Sustainability*, 14(9), 5433. <https://doi.org/10.3390/su14095433>
- Hegazy, A., & Tohlob, A. (2024). Strategic Environmental Assessments: Harmonizing Sustainable Development Policies. *Journal of Environmental Policy & Planning*, 26(1), 45-62.
- Proctor, J. D. (2010). Integrating Research and Decision-Making in Natural Resource Management: A Case Study Approach. *Environmental Management*, 45(3), 567-579.
- Trein, P., et al. (2023). Evaluating Policy Integration: New Directions for Research Design and Methodology. *Policy Studies Journal*, 51(2), 234-256.
- Yeoh, B. S. A., et al. (2024). Linking Mission Research with Framework-Based Implementation: The ERIC Model. *Public Administration Review*, 84(1), 78-92.
- Yi, C. (2014). Cross-Sectoral Integration in Regional Development: Urban-Rural Synergies for Economic Growth. *Regional Studies*, 48(5), 823-836.
- Fischer, F. (2012). Participatory Governance: From Theory to Practice. *Public Administration Review*, 72(3), 392-403.
- Bache, I., & Flinders, M. (2004). *Multi-Level Governance*. Oxford University Press.
- Rist, S., et al. (2013). The Role of Research in Policy-Making: A Comparative Analysis. *Science and Public Policy*, 40(5), 645-657.
- Pahl-Wostl, C. (2009). A Conceptual Framework for Analyzing Adaptive Capacity and Multi-Level Governance in Resource Management. *Global Environmental Change*, 19(3), 354-365.
- Cash, D. W., et al. (2003). Knowledge Systems for Sustainable Development. *Ecological Economics*, 46(2), 167-180.