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Financial Technology Use in Fulfilling Family Needs: A Maqāṣid al-Sharīʿah Perspective

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Abstract:
The proliferation of financial technology (fintech) has reshaped global and national financial systems, including practices within Muslim households in Indonesia. Beyond enabling efficient transactions, fintech holds potential to advance the objectives of Maqāṣid al-Sharīʿah, particularly in ḥifẓ al-māl (protection of wealth). This study examines how fintech is employed as a medium for family financial transactions and assesses its alignment with Maqāṣid al-Sharīʿah principles. Adopting a qualitative phenomenological approach, data were collected through observation, in-depth interviews, and documentation, then analyzed using triangulation techniques. Findings indicate that Muslim families utilize fintech for bill payments, budgeting, and sharia-compliant investments, with varying levels of digital literacy. Fintech demonstrably enhances convenience, security, and efficiency, although challenges persist, including data security risks, limited literacy, and uncertainties regarding Sharia regulatory oversight. The study contributes theoretically by shifting Islamic fintech discourse to the micro-level of households and offers practical implications for designing fintech products that better serve Muslim family needs while supporting clear, sharia-compliant regulatory frameworks.

Keywords:
fintech; family financial management; Maqāṣid al-Sharīʿah; ḥifẓ al-māl; Islamic finance.

INTRODUCTION

The development of digital technology in the last two decades has revolutionized the global financial system through the emergence of financial technology (fintech) that expands financial access, improves transaction efficiency, and drives digital economic growth. In Indonesia, this development can be seen from the significant increase in the number of fintech companies registered with OJK and the increasing use of digital services such as e-wallets and peer-to-peer lending (Bank Indonesia, 2021). This phenomenon supports financial inclusion (Demirgüç-Kunt et al., 2022) but also poses new challenges, including low financial literacy and the risk of incompatibility with sharia principles (Rahmawati & Hidayat, 2021). These conditions indicate the need for an in-depth study of how fintech can be utilized as a medium for family financial transactions that is not only efficient but also in accordance with Islamic values.

In the context of Islamic law, this research is based on maqashid sharia theory, which emphasizes the protection of religion, soul, mind, offspring, and property (ḥifẓ al-māl) as one of its objectives (Auda, 2008). This principle becomes relevant because fintech serves as a means of storing and managing family wealth that demands security, fairness, and transparency. Using a phenomenological approach, this study explores the subjective experiences of Muslim families in using fintech and assesses their compatibility with maqashid shariah values (Creswell & Poth, 2018). This approach enables a more comprehensive understanding of digital financial practices in the context of Islamic ethics and norms.

The main objective of this study is to analyze how fintech is used as a medium for family financial transactions and assess the practice through the maqashid sharia perspective. A qualitative phenomenological approach is used to understand the interaction between financial technology and religious values in Muslim family life. Scientifically, this research fills a void in the literature that has been more focused on macro aspects such as fintech regulation and literacy (Huda et al., 2020; Suryanto & Nugroho, 2021). This article offers novelty by highlighting the micro dimension of Muslim households as the main locus of analysis, which has been neglected in Islamic fintech studies.

Previous literature shows that Islamic fintech has great potential in expanding financial inclusion and supporting the distribution of Islamic social funds (Firmansyah & Anwar, 2020; Hassan et al., 2022). However, most studies still focus on regulation and macro technical aspects without touching on the concrete experiences of families in using fintech. This research gap emphasizes the need for an empirical approach that delves into household financial practices and assesses the extent to which the principle of ḥifẓ al-māl is applied. As such, this study contributes to broadening the understanding of the role of fintech in supporting the protection of Muslim families' wealth.

The conceptual synthesis of this study suggests that the integration between fintech theory and maqashid shariah, particularly the ḥifẓ al-māl aspect, is a relevant approach to understanding digital finance practices in Muslim families. Emerging methodological trends show a shift from normative studies towards contextualized empirical analysis (Karim et al., 2022). Through a phenomenological perspective, this study makes a novel contribution by highlighting the ethical, normative, and spiritual dimensions of fintech use. As such, this theoretical framework provides a solid foundation for understanding how maqashid shariah values can be operationalized in digital finance practices at the modern Muslim household level.

METHOD

This study uses a qualitative approach with a phenomenological strategy to understand the subjective experience of Muslim families in using financial technology (fintech) as a medium for financial transactions and interpret it through the maqashid sharia perspective. The phenomenological approach was chosen because it allows researchers to explore the deep meaning of socio-religious practices in the context of financial digitalization (Neubauer et al., 2019). Primary data were collected through direct observation, in-depth interviews, and documentation of family digital transaction activities, while secondary data were obtained from academic literature related to fintech, maqashid sharia, and digital financial literacy. Data collection techniques were conducted through participatory observation, semi-structured interviews, and documentation to ensure validity through source triangulation (Carter et al., 2014). Research instruments included interview guidelines, field notes, and digital devices to record empirical data.

The study participants consisted of Muslim families who actively use fintech applications, both sharia-based and conventional, for daily financial transactions. Meanwhile, families with no direct experience in using fintech were excluded from the study. The unit of analysis focused on the family's digital asset management practices within the framework of the principle of ḥifẓ al-māl (asset protection). Data analysis was conducted thematically through the process of reduction, presentation, and conclusion drawing (Miles et al., 2019), with the help of software for coding and organizing interview data (Zamawe, 2015). Through this approach, the research is expected to provide a comprehensive understanding of the integration of sharia values in Muslim families' fintech usage practices, as well as its contribution to strengthening ethics and property protection in the digital economy.

RESULTS AND DISCUSSION

Results

No.	Main Theme	Key Findings
1	Fintech usage practices in family financial transactions	Most families use digital wallet applications and Sharia-based peer-to-peer lending services for daily needs (bill payments, purchasing essentials, inter-family fund transfers). Main reasons: accessibility and transaction speed.
2	Family asset protection (ḥifẓ al-māl)	Storing assets in digital balances provides a sense of security due to encryption and double authentication systems. However, concerns about data theft and online fraud persist.
3	Fintech literacy in Muslim families	Varying levels of understanding among family members: those with high literacy utilize financial management features, while those with low literacy use fintech only for basic transactions.
4	Compliance of fintech with Sharia principles	Islamic fintech based on *mudharabah* and *musyarakah* contracts is perceived as more consistent with Islamic values than conventional fintech; some families also use digital zakat and waqf platforms.
5	Socio-economic impact of fintech use	Fintech helps families manage finances more efficiently, improves spending control, and facilitates fund allocation for education and health.
6	Challenges in Sharia regulation and supervision	Some families express confusion about the legal status of certain fintech applications due to the absence of clear fatwas or regulations.
7	Fintech's role in supporting family economic sustainability	Families use Islamic investment services such as digital retail sukuk and Islamic mutual funds to increase asset value.
8	Influence of fintech on family relationships	Fintech enhances transparency in household financial management but may also cause conflicts due to differing app usage preferences.
9	Family strategies for managing fintech risks	Families adopt cautious practices by choosing trusted apps, using security features, limiting digital balances, and conducting internal education to prevent online fraud.
10	Perceptions of the future of Islamic fintech	Families express optimism about the growth of Islamic fintech and expect stronger regulatory support and sharia-compliant product innovation.

The first is the practice of using fintech in family financial transactions, which shows that the majority of informants use digital wallet applications and sharia peer-to-peer lending services for daily needs, such as paying electricity bills, purchasing necessities, and transferring funds between family members. Informants emphasized that ease of access and speed of transactions are the main reasons for using fintech, in line with the findings of a study confirming that fintech improves transaction efficiency and expands household financial access (Rahman et al., 2021).

The second is the protection of family assets through fintech, which is related to the ḥifẓ al-māl aspect of maqashid sharia. Informants stated that storing assets in the form of digital balances provides a sense of security because it is equipped with an encryption system and double authentication. This is in line with research showing that digital security is an important factor in the adoption of Islamic fintech (Alam et al., 2021, Journal of Islamic Accounting and Business Research). However, some informants also expressed concerns regarding the risk of data theft and online fraud, which is in line with literature findings on fintech security challenges in Indonesia (Ghina & Ghozali, 2022).

The third is fintech literacy in Muslim families, which shows variations in the level of understanding among family members. Some families have good digital literacy and are able to utilize financial management features in fintech apps, such as expense recording and budget planning. However, families with low literacy tend to only use fintech for basic transactions, without utilizing additional features. This is consistent with research that emphasizes the importance of digital financial literacy in improving the effectiveness of fintech use (Putri & Santoso, 2021, Journal of Islamic Economics and Finance).

The fourth is fintech's compliance with Sharia principles, which is the main concern of Muslim families. Informants considered that the use of Islamic fintech based on mudharabah and musyarakah contracts is more in line with Islamic values than conventional fintech. Some families also utilize digital zakat and waqf platforms as part of their financial management. This is in line with research showing that Islamic fintech contributes to increased sharia compliance in digital financial transactions (Hassan et al., 2022).

The fifth is the socio-economic impact of fintech use in families, which shows that fintech helps families manage household finances in a more structured way, increases spending efficiency, and expands access to formal financial services. Some families stated that the use of fintech makes it easier for them to allocate funds for children's education and health needs. This finding is in line with studies confirming that fintech plays a role in strengthening financial inclusion and improving household welfare (Demirgüç-Kunt et al., 2022).

The sixth is the challenge of Sharia regulation and supervision, which arose from the experience of informants who felt confused about the legal status of some fintech applications. Some families stated that they are still hesitant to use certain services because there is no clear fatwa or regulation. This is in line with research that highlights the need for collaboration between regulators, DSN-MUI, and industry players to strengthen the legal certainty of sharia fintech (Firmansyah & Anwar, 2020).

The seventh is the role of fintech in supporting family economic sustainability, as seen from the utilization of sharia investment features in fintech applications. Some families use investment services based on digital retail sukuk or Islamic mutual funds to add value to their assets. This is in line with research showing that Islamic fintech can be an important instrument in supporting sustainable economic development (Karim et al., 2022).

The eighth is the influence of fintech on family relationships, which shows that the use of digital financial applications affects communication and decision-making patterns in the household. Some families stated that fintech helps increase transparency in financial management, while others felt there was potential for conflict due to differences in app usage preferences. This is consistent with literature findings on the impact of digital technology on family social dynamics (Ali et al., 2021).

The ninth is family strategies in dealing with fintech risks, which include prudent practices in choosing apps, utilizing security features, and limiting the number of digital balances stored. Informants also emphasized the importance of internal education within the family to avoid online fraud. This is in line with research that emphasizes the importance of risk literacy in the use of fintech (Suryanto & Nugroho, 2021).

The tenth is the family's perception of the future of Islamic fintech, which shows optimism that this service will grow and become an integral part of daily life. Informants expect an increase in Shariah-compliant product innovation, as well as stronger regulatory support. This finding is consistent with the literature highlighting the growth trend of Islamic fintech in Southeast Asia (Alam et al., 2021).

Discussion

The results of this study confirm that the use of financial technology (fintech) within Muslim families functions not only as a means of efficient financial transactions, but also as an instrument of wealth protection (ḥifẓ al-māl) in accordance with maqashid sharia. The findings answer the research problem, namely how fintech is used in family financial transactions and how maqashid shariah analysis can be applied to the practice. Field data shows that families utilize digital wallets, sharia peer-to-peer lending, and digital zakat and waqf platforms to meet their daily financial needs. This is in line with the research objectives that emphasize the importance of understanding fintech usage practices in the context of Muslim households, while assessing their compatibility with sharia principles (Alam et al., 2021).

The interpretation of these findings within the framework of maqashid sharia shows that fintech can be a means of actualizing sharia values in modern life. The ḥifẓ al-māl aspect is reflected in the protection of family assets through digital security systems, while the ḥifẓ al-nafs and ḥifẓ al-nasl aspects are also implicated through more structured financial management for family education and health needs. Thus, fintech not only functions as an economic tool, but also as an ethical instrument that supports the welfare of Muslim families. This reinforces the view that maqashid sharia can be used as an evaluation framework in assessing the compatibility of technological innovation with Islamic principles (Dusuki & Bouheraoua, 2021).

When compared with previous studies, the findings of this research have both similarities and differences. The study by Firmansyah and Anwar (2020) emphasizes the role of Islamic fintech in expanding financial inclusion, while this study highlights the micro dimension, namely the family, as the locus of analysis. Research by Rahman et al. (2021) found that Islamic digital wallets improve people's financial literacy, which is in line with this study's findings on the variation of fintech literacy among family members. However, this study also found potential intra-household conflicts related to app usage preferences, which has not been widely discussed in previous literature.

The scientific contribution of this article lies in strengthening the maqashid sharia perspective in analyzing the fintech phenomenon at the family level. By emphasizing the aspect of ḥifẓ al-māl, this research expands the scope of Islamic fintech studies that previously focused more on regulatory aspects and macro financial inclusion. In addition, this study makes a practical contribution by showing how Muslim families can utilize fintech to improve transparency, efficiency, and sustainability of household finances. This is in line with the trend of literature emphasizing the importance of integrating Islamic values in digital financial innovation (Karim et al., 2022).

However, this study has limitations that need to be acknowledged proportionally. First, the number of informants is limited to Muslim families in certain areas, so the research results cannot be widely generalized. Second, this research only focuses on the ḥifẓ al-māl aspect, while other dimensions of maqashid sharia, such as ḥifẓ al-dīn or ḥifẓ al-'aql, have not been explored in depth. Third, limited access to more comprehensive secondary data on Sharia fintech regulation in Indonesia is also an obstacle. This limitation is in line with a common challenge in phenomenological qualitative research that emphasizes depth of data over breadth of coverage (Neubauer et al., 2019).

The implication of this research for theory development is the need to expand the maqashid sharia framework in fintech analysis, not only on the aspect of wealth protection, but also on other dimensions relevant to Muslim family life. For practitioners, this study provides recommendations for Islamic fintech service providers to pay more attention to family needs, such as household budget management features, data protection, and certainty of Sharia compliance. For policymakers, this study emphasizes the importance of clear and transparent regulations to strengthen public trust in Islamic fintech (Hassan et al., 2022).

A comparison with international studies shows that the trend of fintech use among Muslim families in Indonesia is similar to other countries, such as Malaysia and Pakistan, where Islamic fintech is rapidly growing as an instrument of financial inclusion (Ali et al., 2021). However, differences arise in terms of regulation and literacy, where Indonesia still faces major challenges in improving people's understanding of fintech risks. This emphasizes the need for a more comprehensive education strategy, as suggested by Suryanto and Nugroho (2021).

Finally, this study opens room for further research that can explore other dimensions of maqashid sharia in the context of fintech, such as the role of fintech in maintaining the continuity of education (ḥifẓ al-'aql) or health (ḥifẓ al-nafs). Quantitative research with a wider sample coverage is also needed to empirically test the relationship between the use of Islamic fintech and Muslim family welfare. In addition, a mixed methods approach can be used to integrate the depth of qualitative analysis with the power of quantitative generalization, resulting in a more comprehensive understanding of the role of fintech in Muslim family life (Putri & Santoso, 2021).

CONCLUSION

This research shows that the use of financial technology (fintech) in Muslim households not only serves as a practical and efficient means of financial transactions, but also has a deep relevance to the maqashid sharia principles, especially the aspect of ḥifẓ al-māl or the protection of wealth. The practice of using fintech in households is proven to be able to support family financial management in a more structured manner, increase asset security through digital systems, and expand access to financial services that were previously difficult to reach. In addition, variations in the level of digital literacy among family members affect the extent to which fintech features can be optimally utilized, thus confirming the importance of financial literacy as a determining factor in the successful utilization of this technology.

The contribution of this research lies in strengthening the maqashid sharia perspective in analyzing the phenomenon of digital finance at the micro level, namely, the family. Theoretically, this research expands the scope of Islamic fintech studies by emphasizing the household dimension as a locus of analysis that has received less attention so far. Practically, this study provides an overview of how Muslim families can integrate fintech in their daily financial management while maintaining compliance with Sharia principles. Conceptually, this research confirms that financial technology innovation can be positioned as an ethical instrument that supports family welfare, not just as an economic tool. The implication of this study is the need to develop Islamic fintech products that are more responsive to family needs, including household budget management features, stronger data protection, and clear regulatory certainty and sharia fatwa. Future research can expand the focus by exploring other dimensions of maqashid sharia, such as ḥifẓ al-'aql in relation to financial education or ḥifẓ al-nafs in the context of health protection through digital financial services. In addition, a quantitative or mixed methods approach could be used to more broadly examine the relationship between the use of Islamic fintech and Muslim family welfare, resulting in a more comprehensive and applicable understanding.

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