

Summary of Capstone Project: Implementation of Islamic FinTech solutions to improve financial inclusion

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Research Question

“How can Islamic FinTech solutions be effectively designed and implemented to improve financial inclusion among underserved Muslim communities?”

Hundreds of millions of adults worldwide still operate outside the formal financial sector, and a striking share of this exclusion is concentrated in Muslim-majority regions or among Muslim minorities who avoid conventional banking because most products involve *riba*—interest, which Islamic law forbids. Although recent advances in financial technology (FinTech) could narrow the gap, little empirical work explains how Islamic-compliant digital products should be designed and deployed for people who are unbanked. Answering the above question matters for equity and for development; when households gain access to safe, affordable, religiously acceptable tools to pay, save, borrow and invest, they can launch businesses, manage shocks and build long-term wealth.

Methodology

A mixed-methods design underpins the project. First, an extensive literature review—covering a variety of peer-reviewed articles, policy notes and industry reports—provides a theoretical lens that blends Shariah principles with human-centered-design (HCD) concepts and standard inclusion metrics. Second, a quantitative gap analysis, based on the World Bank’s *Global Findex 2021* and the IMF *Financial Access Survey*, sizes the faith-related exclusion problem and identifies markets with the greatest unmet demand. Third, four anonymized case studies examine real-world Islamic FinTech ventures that span instant financing, robo-advisory, a digital-wallet/BNPL hybrid and a pure BNPL model. Each case draws on public disclosures, press releases and user reviews. Finally, cross-case thematic synthesis in NVivo distils common design

patterns, with all data publicly available and free of proprietary or personally identifiable information.

Key Findings

1. The scale of faith-related exclusion is material.

Roughly one in ten unbanked adults in Muslim-majority economies cite religious objections to interest-bearing accounts; that proportion implies that between 40 and 60 million adults would likely join the formal system if a trusted Islamic alternative existed. A broader “religiosity effect” further depresses overall account ownership in these economies by 25–35 percentage points relative to the global average.

2. Successful providers share a common formula.

Across the four case studies, each venture embeds Shariah compliance from the outset, treats user experience as a core differentiator—on-boarding takes fewer than five minutes on a mobile device—and relies on partnerships with banks, retailers, telecommunications companies or community organizations for distribution and liquidity rather than building infrastructure alone.

3. Measurable inclusion gains are already visible.

Collectively, the four firms have onboarded more than 15 million first-time users within three years of launch, and over a third of these new clients are women or young adults who previously lacked access to credit or investment services.

4. Certain risks remain.

Regulatory fragmentation imposes a “double compliance burden” because companies must satisfy both secular regulators and Shariah-governance boards, which slows cross-border scaling. In addition, Buy-Now-Pay-Later models create potential for digital over-indebtedness; leading providers therefore cap credit limits and forbid penalty interest to stay Shariah-aligned.

Proposed Design and Implementation Framework

The evidence converges on a five-part framework that any start-up, bank or NGO can adopt when launching an inclusive Islamic digital product. First, establish robust Shariah governance by creating an independent advisory board at project kick-off, embedding automated compliance checks in code and publishing contracts in plain language. Second, apply user-centric design that foregrounds trust and clarity, with intuitive flows, local-language support, optimization for low-bandwidth environments and transparent fees; tiered know-your-customer (KYC) requirements keep initial barriers low. Third, build a scalable technology stack using cloud infrastructure, micro-services and open APIs so that the product can integrate easily with payment rails, digital-ID services and partner platforms. Fourth, cultivate partnerships and ecosystem integration to leverage existing footprints—banks supply liquidity and licenses, while retailers, telcos and community hubs provide distribution and cash-in or cash-out points. Fifth, invest in education and outreach by combining in-app tutorials, community workshops and mosque-based awareness campaigns that emphasize responsible borrowing and disciplined saving. A phased roll-out—pilot, regional scale-up, then multi-country deployment—allows for controlled experimentation, with monitoring indicators that track active usage, repayment health and gender balance, not merely headline user numbers.

Contribution and Implications

On the academic front, the project enriches Islamic-finance scholarship by marrying doctrinal compliance with HCD theory and offering rare multi-case empirical evidence. For practitioners, the proposed framework gives clear heuristics for regulators drafting sandbox rules, for incumbents repurposing legacy infrastructure through partnerships and for impact investors evaluating Shariah-compliant FinTech pitches. From a social-development angle, responsibly scaled Islamic digital finance can convert latent demand into active participation, narrow the global account-ownership gap and foster inclusive growth without compromising religious tenets.

Limitations and Future Research

The analysis relies entirely on publicly disclosed data, so it cannot interrogate confidential financials or user-level behavior. Inclusion impact is inferred from aggregate uptake and media reports rather than longitudinal household surveys. Future research could run randomized controlled trials or panel studies to measure welfare effects more precisely, compare outcomes across regions or explore emerging verticals such as Islamic green-financing platforms.