

# Chapter 6

## The Expansion of Islamic Fintech: The Digital Transformation of Financial Services in the World and Turkey

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### **ABSTRACT**

*Fintech is a concept that encompasses new technologies and financial innovations with the objective of optimizing the delivery and utilization of financial services. The term “Islamic fintech” is employed to describe the transformation of financial services and processes through the integration of technological innovations, including blockchain, artificial intelligence, and big data, with the principles of Islamic finance. The advent of Islamic fintech*

DOI: 10.4018/979-8-3693-8079-6.ch006

*has precipitated a notable surge in demand for Islamic financial products across regions such as the Middle East, Southeast Asia, and Africa. This study assesses the compatibility of fintech with the ethical and operational framework of Islamic finance, with particular emphasis on interest-free banking, risk sharing, and transparency. Furthermore, the study evaluates the potential benefits and obstacles associated with the digitization of the Islamic finance sector, including the sustainable growth and the advancement of innovative solutions. Additionally, the study assesses the impact of regulations and policies in this context.*

## **1. INTRODUCTION**

The rapid advancement of technology has had a profound impact on numerous facets of human existence, including the financial sector, which plays a pivotal role in our lives. The digitalization and technological innovations have transformed the provision of financial services, accelerating the sector and creating new opportunities. In addition, markets have undergone significant changes as a result of these technological developments and digital transformations, entering a state of constant change and renewal. A review of developments over the past five years reveals that financial technology (fintech) has had a profound impact on the provision of financial services, fundamentally altering traditional banking and finance processes. Fintech has not only facilitated the transition of conventional financial services to digital platforms but has also spearheaded the advent of novel business models in domains such as payment systems, digital wallets, blockchain, and AI-driven financial solutions. The advent of fintech has precipitated a paradigm shift in the financial sector, affecting domains as diverse as banking, investment, payments, insurance, and other financial systems. The innovative solutions offered by fintechs have enabled users to access faster, more economical, and more accessible financial services, while also gradually increasing consumer financial literacy. By meeting societal demands for more efficient and inclusive financial services, as well as increasing financial mobility and complexity,

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