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The Role Of Sharia Fintech In Supporting Sustainable Finance In Islamic Banks In Palopo

Fajrullah sabri [1], Rahmawati [2], Antong[3]
[1,2,3] Muhammadiyah University of Palopo

Corresponding email: fajarullahsabry@gmail.com

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ABSTRACT

This study aims to evaluate the extent to which Sharia-based financial technology (fintech) services influence financial sustainability in Islamic banking institutions within Palopo City. The focus is on three key services: Sharia peer-to-peer lending, Sharia crowdfunding, and Sharia e-wallet. A quantitative approach was employed using purposive sampling, involving 50 employees from three selected Islamic banks. Data were collected via questionnaires and analyzed using SPSS version 25. The statistical analysis reveals that all three fintech services significantly impact sustainable finance. Sharia P2P Lending has a t-value of 3.015 (p = 0.004), Sharia Crowdfunding 2.032 (p = 0.048), and Sharia E-Wallet 2.850 (p = 0.007). Simultaneously, the variables influence sustainable finance with an F-value of 33.304 and a significance level of 0.001. These findings confirm that synergy between fintech and Islamic principles enhances operational efficiency, transparency, and inclusive financial access. The practical implication is that Islamic banks should maximize Sharia fintech to support transactions and financing in line with sustainability goals. Academically, this study contributes to the discourse on digital Islamic finance and can serve as a reference for policymakers aiming to strengthen the foundations of sustainable finance through Sharia-compliant technological innovation. This study also fills a gap in the literature by providing empirical insights at the local level, which is often overlooked in broader analyses. The results highlight the importance of local institutional readiness and literacy in determining the success of Sharia fintech adoption. Future research is encouraged to incorporate customer perspectives and expand geographically to improve generalizability.

ARTICLE INFO

Keywords:
Sharia Fintech; Sustainable Finance; Sharia Peer to peer lending; Sharia Crowdfunding; Sharia E-Wallet

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Introduction

Financial technology is the result of an integration between innovative technology-based business models and financial services systems, including payment transaction

mechanisms (Lestari et all., 2022). The innovation of sharia-based financial technology, particularly in the form of Sharia P2P lending services, is increasingly utilized as a strategic alternative financing instrument to empower MSMEs (Ansori, 2019). Sharia P2P lending provides a mechanism that enables direct connections between funders and beneficiaries through digital platforms, eliminating the need for conventional financial institutions. This scheme simplifies the application process, accelerates the financing flow, and remains in compliance with Islamic legal principles (sharia compliance) (OJK, 2020; Subardi, 2021). In 2024, more than 100 Sharia P2P lending entities based on financial innovation were recorded under OJK supervision. However, some of them still fail to fully implement sharia compliance principles in their operations (Hasanah, 2019; Ningsih et al., 2022)

The concept of financial technology represents a collaborative outcome between advancements in digital technology and the financial sector, particularly banking, simultaneously shaping a more efficient and adaptive modern financial transaction ecosystem. In Indonesia, this transformation is reflected in the growth of digital financial services, especially in electronic payment systems and peer-to-peer (P2P) lending platforms (Wulanata, 2017). Consequently, these services open up opportunities for the application of sharia contracts, such as *musyarakah* and *mudharabah*, which substantially support the realization of justice and balance in financing (Kamaruddin, 2021; Lova, 2021).

Crowdfunding based on sharia principles also falls under the category of innovative financial technology, functioning as a financing instrument grounded in Islamic legal norms (Yahya, 2020). These community-based financial platforms enable Islamic banks to collect public funds online and distribute them to clients while adhering to sharia law, thereby avoiding elements of *riba* (usury) and *gharar* (Ardiansyah, 2019).

Nevertheless, the National Sharia Council–Indonesian Ulema Council (DSN-MUI) has issued official fatwas that legitimize the application of sharia contracts in digital transactions, ensuring their alignment with halal principles (Yudhira, 2021). Therefore, transparency and efficiency in the crowdfunding process have become critical factors in enhancing public appeal, especially among sectors with limited access to conventional financial services (Widiyawati, 2023).

Crowdfunding also plays a role in supporting the sustainability of Islamic finance, which according to the Maqashid Shariah framework emphasizes the protection of wealth (*Hifz al-Mal*) alongside the enhancement of overall societal welfare (Hasanah, 2019). In this context, sharia-compliant public fundraising models can be harmonized with the principles of corporate social responsibility (CSR), promoting ethical and sustainable business practices (Rahmawati et all., 2020).

Within this framework, sharia-based public fundraising mechanisms can be integrated harmoniously with CSR principles to strengthen the implementation of ethical and sustainability-oriented corporate governance (Rodliyah et al., 2020). With internet users in Indonesia exceeding 210 million, the Sharia e-wallet presents significant potential as a supportive instrument in the development of the digital finance sector (APJII, 2022). In addition to facilitating transactions, it contributes to enhancing accountability and efficiency in financial management (Zuchroh, 2021). From a sustainable finance perspective, the use of sharia e-wallets may reduce reliance on physical cash, which is often seen as inefficient and risk-prone (Alfarizi, 2021).

The urgency of this study stems from the need for an empirical analysis of the contribution of sharia fintech in a local context, particularly regarding how such technologies can strengthen the sustainability of the Islamic financial system in the Palopo region. The main issue addressed is the suboptimal utilization of sharia-based services in supporting sustainable financial practices at Bank Syariah Palopo (Adji et al., 2023; Handayani, 2023). Therefore, this study aims to investigate the role of sharia fintech services specifically Sharia P2P lending, Sharia crowdfunding, and Sharia e-wallets in supporting sustainable finance at Bank Syariah Palopo. The findings are expected to significantly contribute to a deeper understanding and support effective decision-making related to the challenges and opportunities in integrating sharia principles into the reinforcement of sustainable finance (Tripalupi, 2019).

Although there is no publicly available data specifically recording the number of Islamic fintech users in Palopo City, the trend of digitalization in Islamic financial services has shown significant growth at both the national and regional levels. According to OJK (2023), total national Islamic financing has surpassed IDR 320 trillion with a Financing to Deposit Ratio (FDR) of 75.80%, alongside increasing usage of digital platforms such as BSI Mobile and Sharia-compliant QRIS. In South Sulawesi, including the Palopo region, the presence of several Islamic banks indicates growing access to digital financial services, though optimization remains limited. This implies substantial untapped potential to enhance financial inclusion through sharia-compliant digital innovation.

However, studies that specifically examine the influence of Islamic fintech services on the financial sustainability of Islamic banks in smaller cities like Palopo remain limited. This study aims to fill that gap by providing localized empirical evidence on how Sharia P2P Lending, Sharia Crowdfunding, and Sharia E-Wallet contribute to sustainable finance within Islamic financial institutions in Palopo.

The development of financial technology has played a crucial role in expanding economic access. Alongside its widespread adoption, sharia financial technology has emerged as a sharia law-based alternative that offers inclusive and practical solutions for individuals unserved by conventional banks. Various services including Sharia P2P lending, Sharia crowdfunding, and Sharia e-wallets serve not only as tools to enhance financial inclusion but also as support mechanisms for sustainable practices through methods that avoid *riba*, *gharar*, and *maysir* (Ansori, 2019; Ningsih et al., 2022). This view is reinforced by Zreik & Iqbal (2024) who emphasize that Effective regulatory frameworks are essential to ensure that fintech innovations contribute positively to financial stability, consumer protection, and market integrity while encouraging innovation in a rapidly evolving digital economy.

Therefore, this study seeks to explicitly examine the influence of Sharia-based financial technology services namely Sharia Peer-to-Peer Lending, Sharia Crowdfunding, and Sharia E-Wallets on sustainable finance at Islamic banks in Palopo. The main research question posed is: *To what extent do these three Sharia-compliant fintech instruments contribute to the achievement of sustainable financial practices in local Islamic banking institutions?* While existing studies have widely discussed the role of fintech and Islamic finance at the national or international level, limited empirical evidence is available that contextualizes these relationships within local banking environments such as Palopo. This study thus addresses a crucial literature gap by providing localized insights into the operational integration of Sharia fintech with sustainable finance principles, offering practical implications for Islamic banking development in emerging regions.

Literatures Review

Theoretical Basis of Technology Adoption

The Unified Theory of Acceptance and Use of Technology (UTAUT) provides a comprehensive framework to explain individuals' behavioral intentions toward adopting technology-based financial services. This theory highlights the significance of performance expectancy, effort expectancy, and trust as essential predictors, especially when the adoption involves Shariah-compliant systems where ethical and religious principles play a central role (Hamdan et al., 2025).

Building upon the original UTAUT, the UTAUT2 model offers a broader understanding by incorporating factors such as social influence, price value, and user experience. In the context of Islamic banking, UTAUT2 is particularly useful for identifying behavioral differences between Islamic and conventional users, influenced by varying

perceptions of religious values, financial literacy, and technological convenience (Idrees & Ullah, 2024).

Islamic Financial Literacy Theory

Islamic financial literacy represents a specialized dimension of financial knowledge grounded in Islamic jurisprudence (*fiqh muamalah*), guiding individuals to make financial decisions in accordance with Shariah principles. Mansyur & Ali, 2022) emphasized that such literacy enables Muslim users, particularly millennials, to critically assess the permissibility, ethical alignment, and religious compliance of financial technology products.

Their study found that Islamic financial literacy plays a moderating role in the intention to adopt Sharia-based fintech services, particularly by strengthening the relationship between perceived usefulness and behavioral intention. As a result, consumers with higher levels of Shariah financial understanding tend to show stronger commitment toward adopting Islamic fintech platforms.

Sharia Peer-to-Peer Lending

Sharia-compliant peer-to-peer (P2P) lending facilitates direct relationships between borrowers and funders through online platforms, eliminating the need for traditional intermediaries such as conventional banks. According to research, the mechanism of sharia P2P lending typically involves musyarakah and mudharabah contracts, where financial profits and risks are proportionally distributed in accordance with Islamic legal principles. This model plays a crucial role in expanding access to capital for small-scale entrepreneurs who often face financing challenges through conventional banking institutions (Lova, 2021).

In Indonesia, sharia fintech platforms explicitly regulate that Sharia P2P lending can serve as a sustainable financing source for MSMEs, in accordance with Islamic legal provisions. This allows business growth without relying on interest-based conventional financing (Kamaruddin, 2021). A study by Bambang et al. (2024) revealed that Sharia P2P lending has a positive and significant impact on financial sustainability. Conversely, Kusumaningsih (2024) found that financial inclusion influenced by fintech P2P lending has a negative effect on financing in Islamic banks. Although the latter study did not explicitly address the sustainability aspect, its findings remain relevant since financial inclusion is a core component of the sustainable finance framework.

H1: Sharia peer-to-peer lending has a significant effect in supporting sustainable finance at Islamic banks in Palopo.

Sharia Crowdfunding

Sharia-based crowdfunding provides opportunities for investors to fund projects that align with Islamic law, either through collectively managed funds or by a community of funders. This model supports a collaborative financing mechanism that is highly effective in developing sustainability-oriented projects with wide-reaching social benefits (Paramita, 2023).

Research by Hikmah (2020) indicates that sharia-based community funding facilitates financing access for MSMEs through sharia-compliant programs while also increasing public participation in such projects. Although the study did not directly explore sustainable finance, its findings are relevant due to the significance of financial inclusion and social impact two main pillars in the financial sustainability framework. On the other hand, Irawan (2024) found that sharia crowdfunding has a negative impact on financial sustainability, primarily due to weak regulations, low financial literacy, and risks associated with the improper allocation of project funds.

H2: Sharia crowdfunding has a significant effect in supporting sustainable finance at Islamic banks in Palopo.

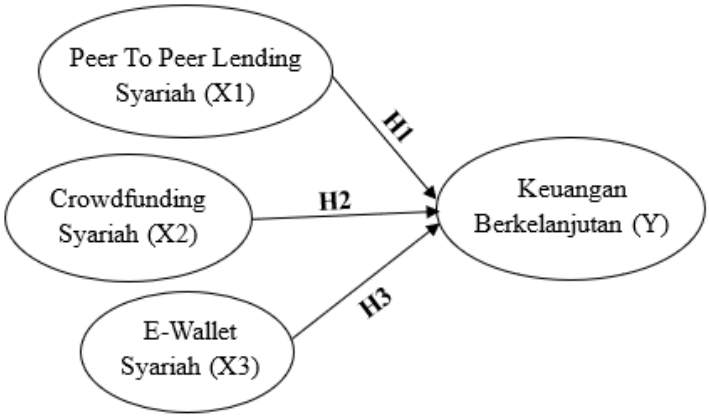
Sharia E-Wallet

Sharia e-wallets are digital wallets designed to facilitate daily transactions while upholding sharia principles (Ansori, 2019). Through the use of sharia e-wallets, users can conduct transactions without relying on conventional liquidity, thereby improving financial access and fostering an inclusive payment ecosystem (Zuchroh, 2021). A study by Maisaroh & Wahyuni (2024) revealed that sharia e-wallets indirectly contribute positively to financial sustainability, mainly through increased financial inclusion and public trust in sharia-compliant financial services.

This contrasts with the findings of Darmawan (2024) and Rusbianti and Canggih (2023), who argue that the use of e-wallets may trigger impulsive consumer behavior that deviates from responsible consumption, potentially leading to negative indirect effects on sustainable finance. However, the broader adoption of digital wallets has also contributed to carbon footprint reduction by minimizing the use of physical payment media, thereby supporting green financial initiatives. In line with other Islamic legal provisions, sharia e-wallets are designed to ensure the absence of prohibited activities, such as *riba* (usury) and *gharar* (Firmansyah, 2023).

H3: Sharia e-wallets have a significant effect in supporting sustainable finance at Islamic banks in Palopo.

Figure 1.
Research Model



Methods

This study adopts a quantitative research approach to evaluate the relationship between independent and dependent variables. Purposive sampling is the sampling method used, involving selection based on specific criteria to obtain representative data. The study population includes all employees from three Islamic banks that implement Sharia fintech services, totaling 60 employees. However, only 50 employees met the inclusion criteria and were thus selected as the sample for this research. The research was conducted in three Islamic banks operating in Palopo City, namely BSI KC Mikro Palopo, Muamalat KCP Makassar – Palopo, and BSI KCP Ratulangi Palopo.

Data were collected through the direct distribution of questionnaires to respondents, using a Likert scale as the measurement instrument. Data analysis was carried out using IBM SPSS version 25, selected for its capability to provide comprehensive analytical information and facilitate high-precision result interpretation.

Results

Respondents' Demographic Characteristics

Table 1 presents the demographic characteristics of the respondents, specifically based on gender. The data were obtained through direct distribution of questionnaires and subsequently processed using SPSS version 25. A total of 50 respondents participated in this study.

The table shows that the majority of respondents were female, accounting for 30

individuals or 60% of the total sample. In comparison, male respondents comprised 20 individuals, representing 40% of the total. This indicates that female participants were more prevalent than male participants in this research context.

Understanding the gender composition of respondents is essential, as it may influence the interpretation of research findings, particularly when gender-related factors are relevant to the topic being studied. The proportional distribution presented in the table ensures a clearer depiction of the sample's demographic profile and enhances the reliability of the data analysis.

Table 1.
Respondents' Demographic Characteristics

Characteristics	Description	Number of Respondents	Percentage
Gender	Male	20	40%
	Female	30	60%
Number of Respondents		50	100%

(Source: SPSS, 2025)

Descriptive Statistical Analysis

The questionnaire was distributed directly to the respondents over a three-week period. Data illustrating the characteristics of the respondents, including gender, are presented in Table 1. According to the data, the majority of respondents were female, totaling 30 individuals (60%), while male respondents totaled 20 individuals (40%) (see Table 1).

Based on the data collected, the author provides a descriptive statistical summary to illustrate the characteristics of the respondents in this study. These descriptive statistics are presented in Table 2 (see Table 2).

Sharia Peer-to-Peer Lending (X1) recorded a mean score of 39.70 with a standard deviation of 8.21, indicating a relatively high level of use or perception, though with significant variation among respondents. Sharia Crowdfunding (X2) showed a mean of 40.18 and a standard deviation of 7.16, reflecting a positive and more consistent perception compared to X1. Sharia E-Wallet (X3) obtained the highest mean of 41.84 with a standard deviation of 7.26, indicating that this service is the most preferred and positively perceived by the respondents. Sustainable Finance (Y) had a mean of 40.52 and a standard deviation of 7.49, suggesting that sustainable finance is perceived fairly well, although there is some variability in responses.

Table 2.
Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev
Sharia P2P Lending (X1)	50	20.00	50.00	39.7000	8.20963
Sharia Crowdfunding(X2)	50	20.00	50.00	40.1800	7.16195
Sharia E-Wallet (X3)	50	20.00	50.00	41.8400	7.26007
Sustainable Finance (Y)	50	20.00	50.00	40.5200	7.48670

(Source: SPSS, 2025)

Validity and Reliability Tests

Next, a validity test is conducted to examine the accuracy of the measurement instrument. Meanwhile, the reliability test aims to verify whether the instrument consistently collects relevant data related to the variables studied.

Based on the validity test results in Table 3, the data are considered valid because all question items (r-count) are greater than the r-table value, which is 0.278 (see Table 3).

Table 3.
Validity Test

Variable	Item	r-count	r-table	Description
Sharia P2P Lending (X1)	X1.1	0,578	0,278	Valid
	X1.2	0,779	0,278	
	X1.3	0,630	0,278	
	X1.4	0,837	0,278	
	X1.5	0,678	0,278	
	X1.6	0,719	0,278	
	X1.7	0,771	0,278	
	X1.8	0,773	0,278	
	X1.9	0,793	0,278	
	X1.10	0,790	0,278	
Sharia Crowdfunding(X2)	X2.1	0,592	0,278	Valid
	X2.2	0,724	0,278	
	X2.3	0,720	0,278	
	X2.4	0,729	0,278	
	X2.5	0,637	0,278	
	X2.6	0,597	0,278	
	X2.7	0,743	0,278	

	X2.8	0,669	0,278	
	X2.9	0,703	0,278	
	X2.10	0,765	0,278	
Sharia E-Wallet (X3)	X3.1	0,573	0,278	Valid
	X3.2	0,639	0,278	
	X3.3	0,632	0,278	
	X3.4	0,592	0,278	
	X3.5	0,665	0,278	
	X3.6	0,638	0,278	
	X3.7	0,758	0,278	
	X3.8	0,681	0,278	
	X3.9	0,743	0,278	
	X3.10	0,686	0,278	
Sustainable Finance (Y)	Y.1	0,635	0,278	Valid
	Y.2	0,731	0,278	
	Y.3	0,742	0,278	
	Y.4	0,678	0,278	
	Y.5	0,779	0,278	
	Y.6	0,650	0,278	
	Y.7	0,681	0,278	
	Y.8	0,679	0,278	
	Y.9	0,704	0,278	
	Y.10	0,745	0,278	

(Source: SPSS, 2025)

Based on the reliability test results in Table 4, the data are considered reliable because the Cronbach's Alpha values for all variables are greater than 0.60 (see Table 4).

Table 4.
Reliability Test

Variabel	Cronbach's Alpha	Significance Level	Description
Sharia P2P Lending (X1)	0,906	0,60	Reliable
Sharia Crowdfunding(X2)	0,877	0,60	Reliable
Sharia E-Wallet (X3)	0,853	0,60	Reliable
Sustainable Finance (Y)	0,881	0,60	Reliable

(Source: SPSS, 2025)

Classical Assumption Tests

Based on the normality test results in Table 5, the data are considered normally distributed because the Asymp. Sig. (2-tailed) value is greater than 0.05 (see Table 5).

Table 5.
Normality Test

	Asymp. Sig. (2-tailed)	Significance Level
Kolmogorov-Smirnov (1-Sample)	200	0,05

(Source: SPSS, 2025)

Based on the multicollinearity test results in Table 6, there is no indication of multicollinearity in the data. This is evidenced by the tolerance values for all independent variables being greater than 0.1, and the VIF values being below 10 (see Table 6).

Table 6.
Multicollinearity

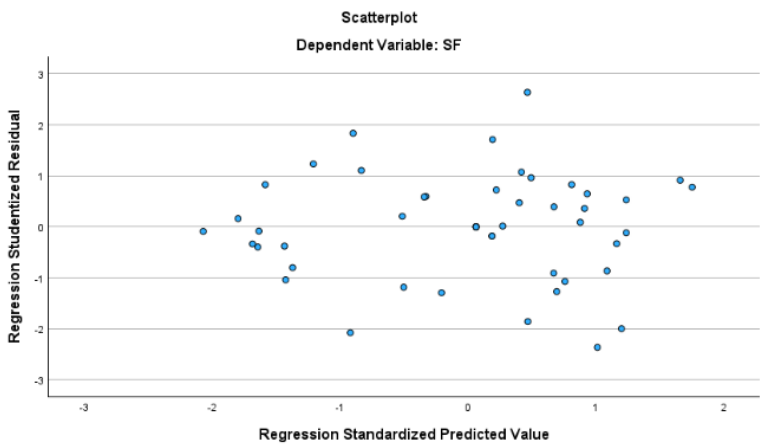
Variable	Tolerance	VIF
Sharia P2P Lending (X1)	0,552	1.810
Sharia Crowdfunding(X2)	0,362	2.762
Sharia E-Wallet (X3)	0,482	2.073

(Source: SPSS, 2025)

Next, the data are further tested for heteroscedasticity. The data are considered free from heteroscedasticity if the scatterplot shows that the residuals do not form a specific pattern and are randomly distributed.

As shown in Figure 2, the heteroscedasticity test using a scatterplot indicates that the data are free from heteroscedasticity because the points (circles) are

Figure 2.
Heteroscedasticity



widely and randomly scattered, suggesting that the data meet the assumption of homoscedasticity (see Figure 2).

Hypothesis Test

The t-test aims to examine the partial (individual) effect of each independent variable on the dependent variable. If the p-value is less than or equal to 0.05 and the t-count is greater than the t-table value, the independent variable is considered to have a significant influence on the dependent variable.

Based on the t-test results in Table 7, all variables have t-count values greater than the t-table value of 2.012 and p-values less than 0.05. Therefore, all variables show a significant positive influence on sustainable finance (see Table 7).

Table 7.
Hypothesis Testing Results (T-Test)

Variable	t-count	t-table	p-value	Significance Level
Sharia P2P Lending (X1)	3.015	2.012	0,004	0,05
Sharia Crowdfunding(X2)	2.032	2.012	0,048	0,05
Sharia E-Wallet (X3)	2.850	2.012	0,007	0,05

(Source: SPSS, 2025)

The simultaneous test is used to assess whether all independent variables collectively have a significant influence on the dependent variable. If the significance value of the F-test is less than 0.05, it indicates a simultaneous significant effect.

Based on the F-test results in Table 8, the independent variables collectively have a significant effect on the dependent variable, with F = 33.304, df = 3,46, and Sig. = 0.001. Since the significance value is less than 0.05, it confirms that the independent variables simultaneously affect the dependent variable (see Table 8).

Table 8.
Hypothesis Testing Results (F-Test)

F	Sig.	Significance Level	Description
33.304	0,001	0,05	Simultaneous

(Source: SPSS, 2025)

Discussion

The Influence of Sharia Peer-to-Peer Lending on Sustainable Finance

The results of the T-test indicate that the Sharia Peer-to-Peer Lending variable (X1) has a positive and significant effect on Sustainable Finance (Y), with a t-count value of 3.015

and a p-value of 0.004 (below the 0.05 threshold). This finding supports the research conducted by Bambang et al. (2024), which confirmed the positive contribution of Sharia Peer-to-Peer Lending in supporting sustainable finance. Conversely, this result differs from the study by Kusumaningsih (2024), which found a negative impact of fintech P2P lending on Islamic bank financing, which is also an integral part of the sustainable financial system.

This discrepancy can be attributed to differences in the geographical context of the study, levels of Sharia financial literacy, and the types of fintech platforms used. In the Palopo City area, the implementation of Sharia P2P lending appears to be more aligned and integrated with the needs and characteristics of Islamic bank customers, particularly in supporting the development of MSMEs, which serve as the backbone of the local economy.

The implications of these findings suggest that the development of Sharia Peer-to-Peer Lending services based on the principles of justice and transparency has the potential to serve as an effective instrument in strengthening the sustainability of the Islamic financial system. Therefore, Bank Syariah Palopo is advised to expand partnerships with trusted Sharia P2P lending platforms to reach customer segments that have not been served by conventional financing mechanisms. Alfadri et al. (2024) emphasized that *"the development of Fintech in banking is very influential on bank operations and income, including Bank Syariah Indonesia, with usage increasing every year."*

The Influence of Sharia Crowdfunding on Sustainable Finance

The analysis results indicate that Sharia Crowdfunding (X2) has a positive and significant impact on Sustainable Finance, with a t-count value of 2.032 and a p-value of 0.048. This finding reinforces the study by Hikmah (2020), which emphasized the role of Sharia Crowdfunding in expanding access to Islamic financing for social projects and MSMEs. However, this finding differs from Irawan (2024) research, which reported a negative impact due to weak regulations and the low level of public literacy regarding the Sharia Crowdfunding mechanism.

This discrepancy can be interpreted as a result of the readiness of Islamic financial institutions in Palopo to manage crowdfunding platforms systematically and transparently, supported by strong community participation. Local contextual factors play a crucial role in the successful implementation of Sharia Crowdfunding.

The implications of this finding suggest that Bank Syariah Palopo should optimize the function of Sharia Crowdfunding as an inclusive and sustainable fundraising strategy. Through strengthening internal regulations and enhancing public education, Sharia Crowdfunding has the potential to become a vital instrument in supporting social and economic initiatives aligned with the principles of *maqashid sharia*.

The Influence of Sharia E-Wallet on Sustainable Finance

The Sharia E-Wallet variable (X3) also demonstrates a positive and significant influence on Sustainable Finance, with a t-count value of 2.850 and a p-value of 0.007. This finding is consistent with the study by Maisaroh & Wahyuni (2024), which stated that the use of Sharia E-Wallets can enhance financial inclusion and accountability in financial transactions. However, this result contrasts with the studies by Darmawan (2024) and Rusbianti and Canggih (2023), which argued that the use of e-wallets may trigger consumptive behavior, potentially leading to negative impacts on financial sustainability.

This difference might be attributed to the contextual characteristics of Islamic banking customers in Palopo, who tend to adopt Sharia E-Wallets not merely for convenience but as part of their religious and ethical financial behavior. Unlike the national findings that link E-Wallet usage with impulsive consumption, the local respondents exhibit more cautious and value-driven digital spending patterns, likely due to strong institutional supervision and targeted literacy efforts. This context-sensitive adoption reflects that the impact of fintech tools on sustainability is not universal, but varies depending on cultural, institutional, and educational settings.

The implication of this finding highlights the importance of the role of Islamic banks in promoting the use of Sharia E-Wallets through careful integration aligned with Sharia principles. Enhancing digital literacy and fostering ethical consumption are crucial factors to ensure that Sharia E-Wallets not only simplify transactions but also contribute to the realization of comprehensive financial sustainability.

Conclusion

This study was conducted to evaluate the impact of Sharia-based fintech servicesincluding Sharia Peer-to-Peer Lending, Sharia Crowdfunding, and Sharia E-Walleton financial sustainability in Islamic banking institutions within the Palopo region. Statistical analysis revealed that all three services have a positive and significant effect, both individually and collectively, on financial sustainability. These findings affirm that the synergy between financial technology and Sharia principles contributes to enhancing operational efficiency, accountability, and expanding access to financial inclusion in a sustainable manner.

The practical implications arising from this study highlight the importance for Islamic banks to optimally leverage Sharia fintech services. Strategic synergy with fintech platforms, strengthening internal policies, and improving education on digital and Sharia financial literacy are essential to ensure that the use of such services is efficient and

responsible. This is particularly relevant in supporting MSME financing and accelerating digital transformation within the Islamic financial sector.

The limitations of this study include its geographic scope, which was confined to only three Islamic banking institutions in the city of Palopo, as well as its reliance on quantitative methods that depend solely on employee perception survey data, without involving the perspectives of customers or other key stakeholders. Moreover, this study did not incorporate an analysis of mediating or moderating variables, such as digital literacy, regulatory factors, or organizational culture.

For future research, it is recommended to broaden the geographic scope to include various regions in order to enhance the generalizability of the findings. Additionally, employing a mixed-methods approach that integrates customer and regulator perspectives is advisable. Subsequent studies should also investigate the role of intervening and moderating variables to gain a deeper and more comprehensive understanding of how Sharia financial technology interacts with the sustainability of the Islamic financial system.

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