



THE ROLE OF ISLAMIC SOCIAL FINANCE IN ACHIEVING SUSTAINABLE DEVELOPMENT GOALS

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Abstract: Islamic Social Finance (ISF) has emerged as a strategic instrument for supporting the achievement of the Sustainable Development Goals (SDGs) through its contributions to poverty alleviation, human capital development, inclusive economic growth, and inequality reduction. This study aims to analyze the role of Islamic social finance in achieving sustainable development. Using a qualitative approach and a systematic literature review (SLR) method, this research examines approximately 30 scholarly articles and institutional reports related to zakat, waqf, sadaqah, infaq, Islamic microfinance, and SDGs. The findings reveal that Islamic social finance significantly contributes to SDG 1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities). Furthermore, the integration of governance, institutional collaboration, and digital innovation enhances the effectiveness of Islamic social finance programs. This study concludes that Islamic social finance represents a comprehensive and sustainable development framework capable of promoting inclusive growth, social welfare, and equitable development while supporting the broader achievement of the SDGs.

Keywords: Islamic Social Finance; Sustainable Development Goals; Zakat; Waqf; Inclusive Economic Growth.

INTRODUCTION

Islamic social finance has increasingly attracted attention from policymakers, academics, and practitioners as a viable solution for supporting poverty alleviation, social protection, economic empowerment, and community development programs. The Indonesian government and Islamic financial institutions have intensified efforts to integrate Islamic social finance with national sustainable development agendas. Various initiatives involving zakat institutions, waqf management organizations, Islamic philanthropic foundations, and



Islamic microfinance institutions have demonstrated positive contributions toward supporting SDGs, particularly Goal 1 (No Poverty), Goal 2 (Zero Hunger), Goal 4 (Quality Education), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities). However, several challenges persist, including fragmented institutional coordination, limited digital adoption, governance inefficiencies, and inadequate impact measurement systems. Although numerous programs have successfully empowered microenterprises, supported educational scholarships, and funded healthcare services, their overall contribution to SDG achievement remains suboptimal due to the lack of an integrated Islamic social finance ecosystem. This phenomenon indicates that while Indonesia possesses significant Islamic social finance potential, maximizing its effectiveness requires stronger governance, institutional collaboration, technological innovation, and strategic alignment with the SDGs framework. Therefore, examining the role of Islamic social finance in achieving sustainable development has become increasingly relevant within the Indonesian context.

Despite the growing scholarly attention devoted to Islamic Social Finance (ISF) and the Sustainable Development Goals (SDGs), several significant research gaps remain unresolved. Existing studies have predominantly examined the individual contributions of zakat, waqf, sadaqah, and Islamic microfinance toward poverty alleviation, social welfare, and economic inclusion. For example, research has demonstrated that zakat plays a substantial role in reducing poverty and income inequality (Shaikh, 2022), while waqf has been recognized as an effective instrument for financing education, healthcare, and community development (Muneeza et al., 2023). Furthermore, Islamic microfinance has been identified as a mechanism for enhancing financial inclusion among vulnerable populations (Ascarya & Sakti, 2022). Other scholars have emphasized the strategic alignment between Islamic social finance principles and the global sustainability agenda (Ainol-Basirah et al., 2024; Hassan et al., 2022). However, most of these studies focus on



specific instruments of Islamic social finance independently, thereby providing only a fragmented understanding of how an integrated Islamic social finance ecosystem contributes to achieving multiple SDGs simultaneously. Consequently, the literature lacks a comprehensive framework explaining how the synergy among zakat, waqf, sadaqah, and Islamic microfinance can collectively accelerate sustainable development outcomes at the national and global levels.

Moreover, previous empirical findings reveal inconsistencies regarding the effectiveness of Islamic social finance in achieving sustainable development objectives. Several studies argue that Islamic social finance significantly contributes to poverty reduction, quality education, and economic empowerment, thereby supporting SDGs 1, 4, 8, and 10 (Ismail et al., 2023; Abdullah et al., 2024). In contrast, other studies indicate that the impact of Islamic social finance remains constrained by governance weaknesses, limited institutional capacity, regulatory fragmentation, and inadequate technological integration (Razak et al., 2022; Haneef et al., 2023). Similarly, while digital transformation has been identified as a catalyst for enhancing the efficiency and outreach of Islamic social finance institutions, empirical evidence concerning its role in maximizing SDG achievement remains limited (Tlemsani et al., 2023; Ahmed & Mohieldin, 2024). Most existing studies focus either on financial performance, institutional governance, or social impact separately, without examining the interconnected relationships among governance quality, digital innovation, institutional effectiveness, and SDG outcomes. As a result, there is still insufficient understanding of the mechanisms through which Islamic social finance can generate sustainable and measurable contributions across the broader SDG framework.

Therefore, the novelty of this study lies in developing a holistic perspective on the role of Islamic social finance in achieving Sustainable Development Goals by integrating various Islamic social finance instruments within a unified sustainable development framework. Unlike previous studies that examine zakat, waqf, or Islamic microfinance in



isolation, this research investigates how the collective implementation of Islamic social finance instruments contributes to economic, social, and environmental sustainability dimensions. Furthermore, the study extends the current literature by exploring the strategic role of governance, institutional collaboration, and digital innovation in enhancing the effectiveness of Islamic social finance toward achieving SDGs. Based on these considerations, this research aims to analyze the role of Islamic social finance in supporting the achievement of Sustainable Development Goals and to propose a comprehensive framework that strengthens the contribution of Islamic social finance to sustainable and inclusive development.

RESEARCH METHOD

This study adopts a qualitative approach using a systematic literature review (SLR) method to analyze the role of Islamic Social Finance (ISF) in achieving the Sustainable Development Goals (SDGs). The literature review approach is considered appropriate because it enables researchers to synthesize and critically evaluate existing knowledge regarding the contribution of Islamic social finance instruments, including zakat, waqf, sadaqah, infaq, and Islamic microfinance, to sustainable development outcomes (Snyder, 2019). Furthermore, literature-based research allows for the identification of theoretical developments, empirical findings, research trends, and knowledge gaps that can provide a comprehensive understanding of a particular research domain (Paul & Criado, 2020). Given the increasing scholarly attention to the integration of Islamic social finance and sustainable development, a systematic review approach is particularly relevant for consolidating fragmented evidence and generating broader insights into the subject matter (Ainol-Basirah et al., 2024; Abdullah et al., 2024).

The study relies exclusively on secondary data obtained from approximately 30 scientific articles published between 2020 and 2026 in reputable international journals indexed in Scopus, Web of Science, and other recognized academic databases. The selected



articles focus on Islamic social finance, zakat management, waqf development, Islamic philanthropy, Islamic microfinance, poverty alleviation, financial inclusion, and SDGs implementation (Hassan et al., 2022; Muneeza et al., 2023; Ismail et al., 2023). In addition, secondary data were collected from institutional reports published by the United Nations Development Programme (UNDP, 2024), the Islamic Development Bank (IsDB, 2023), Bank Indonesia (2024), the Indonesian Financial Services Authority (OJK, 2024), the National Zakat Board (BAZNAS, 2024), and the Indonesian Waqf Board (BWI, 2024). These reports provide statistical information, policy developments, and institutional performance indicators related to Islamic social finance and sustainable development. The use of multiple data sources enhances the reliability and comprehensiveness of the study by enabling triangulation of findings across academic and institutional perspectives (Creswell & Creswell, 2018).

Data collection was conducted through a systematic search process using keywords such as “Islamic Social Finance,” “Zakat and Sustainable Development Goals,” “Waqf and SDGs,” “Islamic Philanthropy,” “Islamic Microfinance,” “Financial Inclusion,” and “Sustainable Development.” The inclusion criteria consisted of peer-reviewed journal articles, conference proceedings, and institutional reports that specifically discussed the relationship between Islamic social finance and sustainable development. Subsequently, the collected data were analyzed using qualitative content analysis techniques, which involved data reduction, classification, coding, thematic categorization, comparison of findings, and synthesis of evidence from previous studies (Miles et al., 2020). This analytical procedure facilitated the identification of dominant themes, theoretical perspectives, empirical patterns, and research gaps concerning the contribution of Islamic social finance toward achieving SDGs. By employing a systematic and rigorous literature review methodology, this study aims to provide a comprehensive framework for understanding how Islamic social finance can support inclusive economic growth, poverty reduction, social welfare enhancement, and



the broader sustainable development agenda (Ahmed & Mohieldin, 2024; Tlemsani et al., 2023; Ainol-Basirah et al., 2024).

RESULTS AND DISCUSSION

The Role Of Islamic Social Finance In Achieving Sustainable Development Goals

1. The Role of Islamic Social Finance in Poverty Reduction (SDG 1)

The findings of this study demonstrate that Islamic Social Finance (ISF) plays a crucial role in supporting poverty alleviation efforts and advancing the achievement of Sustainable Development Goal 1 (No Poverty). Islamic social finance encompasses a variety of instruments, including zakat, waqf, sadaqah, infaq, and Islamic microfinance, all of which are designed to promote social justice, equitable wealth distribution, and economic empowerment (Hassan et al., 2022; Ainol-Basirah et al., 2024). Unlike conventional poverty reduction programs that often rely heavily on government expenditure and external assistance, Islamic social finance provides a faith-based and community-driven mechanism for addressing socio-economic inequalities through sustainable resource mobilization and redistribution (Ahmed & Mohieldin, 2024). The literature reviewed indicates that zakat, as one of the most significant pillars of Islamic social finance, has evolved beyond its traditional role as a charitable transfer mechanism and increasingly functions as a strategic tool for economic empowerment (Shaikh, 2022). Productive zakat programs implemented by various Islamic institutions focus on providing business capital assistance, vocational training, entrepreneurial mentoring, and capacity-building initiatives that enable beneficiaries to generate sustainable income and improve their economic resilience (Ismail et al., 2023; Abdullah et al., 2024). Through these interventions, recipients are transformed from aid-dependent individuals into economically productive members of society, thereby contributing to long-term poverty reduction and community development (Razak et al., 2022).



Furthermore, the findings reveal that Islamic microfinance institutions supported by zakat and waqf funds play a pivotal role in expanding financial inclusion among economically marginalized populations. Many low-income households and micro-entrepreneurs face significant barriers to accessing formal financial services due to a lack of collateral, limited financial literacy, and restrictive lending requirements (Ascarya & Sakti, 2022). Islamic microfinance addresses these challenges by offering Sharia-compliant financing schemes that prioritize social welfare and economic empowerment rather than profit maximization (Obaidullah & Khan, 2021). Through instruments such as qard al-hasan, profit-sharing arrangements, and micro-investment programs, Islamic microfinance institutions provide affordable financial resources that enable individuals to establish or expand small businesses, increase productivity, and create employment opportunities (Haneef et al., 2023). The reviewed studies consistently demonstrate that access to Islamic microfinance contributes to higher household incomes, improved financial stability, and enhanced entrepreneurial capabilities among beneficiaries (Muneeza et al., 2023; Ahmed & Mohieldin, 2024). As a result, Islamic social finance not only alleviates immediate economic hardship but also strengthens the long-term capacity of individuals and communities to achieve sustainable livelihoods.

The literature also highlights the multidimensional nature of poverty and the corresponding ability of Islamic social finance to address various dimensions simultaneously. Poverty is not merely characterized by insufficient income but also encompasses limited access to education, healthcare, housing, and social protection (United Nations, 2024). Islamic social finance institutions increasingly adopt integrated poverty alleviation strategies that combine financial assistance with social development programs (Hassan et al., 2022). For instance, zakat-funded educational scholarships help children from low-income families access quality education, while waqf-supported healthcare facilities provide affordable medical services to vulnerable populations (Muneeza et al., 2023; IsDB,



2023). Such initiatives contribute to human capital development by improving educational attainment, health outcomes, and workforce productivity (UNDP, 2024). Consequently, Islamic social finance addresses both the symptoms and structural causes of poverty, thereby fostering sustainable socio-economic transformation. This integrated approach aligns closely with the SDG framework, which emphasizes the interconnectedness of economic, social, and human development objectives (United Nations, 2024).

Another important finding is that Islamic social finance promotes social cohesion and community solidarity, which are essential components of sustainable poverty reduction. The principles underlying Islamic social finance encourage wealth circulation and collective responsibility for societal welfare (Haneef et al., 2023). Through zakat, sadaqah, and waqf, individuals with greater financial resources contribute directly to the well-being of disadvantaged members of society, thereby reducing social disparities and strengthening economic inclusiveness (Shaikh, 2022; Abdullah et al., 2024). This redistribution mechanism reduces income inequality, strengthens social trust, and enhances community resilience during periods of economic uncertainty (Razak et al., 2022). In addition, Islamic social finance institutions frequently collaborate with local communities, charitable organizations, and government agencies to implement development programs tailored to specific socio-economic needs (Ainol-Basirah et al., 2024). Such partnerships increase the effectiveness of poverty alleviation initiatives by ensuring that resources reach targeted beneficiaries and address local development challenges (IsDB, 2023). Therefore, Islamic social finance serves not only as a financial instrument but also as a social institution that fosters inclusive development and social justice.

2. The Role of Islamic Social Finance in Enhancing Education and Health (SDGs 3 and 4)

The findings of this study reveal that Islamic Social Finance (ISF) serves as a strategic instrument for improving human capital development through enhanced access to education and healthcare services, which are fundamental components of Sustainable



Development Goals 3 (Good Health and Well-Being) and 4 (Quality Education). Unlike conventional financial mechanisms that primarily focus on economic growth, Islamic social finance emphasizes the development of human well-being by addressing social vulnerabilities and expanding opportunities for disadvantaged populations (Mansori et al., 2023; Noor & Pickup, 2024). The literature indicates that Islamic philanthropic instruments, particularly waqf, zakat, infaq, and sadaqah, have historically played a vital role in financing educational institutions, healthcare facilities, scholarship programs, and community welfare initiatives. In contemporary practice, these instruments continue to support the provision of affordable and inclusive social services, thereby reducing barriers to education and healthcare among low-income households (Khan & Badjie, 2023). Consequently, Islamic social finance contributes to strengthening human capital, which is widely recognized as a critical driver of sustainable economic and social development.

The review further demonstrates that educational programs funded through Islamic social finance have significantly expanded learning opportunities for economically disadvantaged communities. Zakat-based scholarship schemes, waqf-funded schools, and Islamic educational endowments provide financial assistance to students who may otherwise be unable to pursue formal education due to economic constraints (Sulaiman et al., 2024). These initiatives not only increase school enrollment rates but also improve educational attainment and reduce inequalities in access to learning resources. Furthermore, several studies indicate that educational investments supported by Islamic social finance contribute to the development of knowledge, skills, and competencies required in modern labor markets (Rahman & Iskandar, 2023). As educational attainment improves, individuals become better equipped to secure employment, increase productivity, and participate actively in economic activities. Therefore, the contribution of Islamic social finance extends beyond short-term financial assistance and promotes long-term socio-economic mobility through human capital enhancement. This finding highlights the strategic importance of



integrating Islamic social finance into national education development frameworks aimed at achieving inclusive and equitable quality education.

In addition to education, the findings show that Islamic social finance has become an important mechanism for improving healthcare accessibility and community well-being. Waqf-based hospitals, charitable clinics, mobile healthcare services, and zakat-funded medical assistance programs have emerged as effective approaches for addressing healthcare inequalities, particularly among vulnerable populations (Amin et al., 2024; Alshater et al., 2023). In many developing countries, limited healthcare infrastructure and financial barriers often prevent low-income households from obtaining adequate medical treatment. Islamic social finance helps bridge this gap by mobilizing philanthropic resources to finance healthcare facilities, subsidize treatment costs, and provide preventive health programs. The reviewed literature suggests that such initiatives contribute to improved health outcomes, reduced disease prevalence, and enhanced quality of life among beneficiaries (Mohamed et al., 2024). Furthermore, healthcare programs financed through Islamic social finance support maternal and child health, nutrition improvement, and public health awareness campaigns, which are essential components of sustainable development. As a result, Islamic social finance directly contributes to achieving SDG 3 by promoting healthier and more resilient communities.

Another important finding is that the integration of education and healthcare initiatives within Islamic social finance creates a multiplier effect that enhances overall social welfare. Improved educational outcomes increase health literacy, while better health conditions positively influence educational performance and workforce productivity (Yumna & Clarke, 2023). This interconnected relationship demonstrates that investments in human development generate long-term benefits extending beyond individual beneficiaries to broader society. Moreover, Islamic social finance institutions increasingly adopt holistic development models that combine educational support, healthcare services, social



protection, and community empowerment programs. Such integrated approaches align closely with the multidimensional nature of sustainable development and ensure that vulnerable populations receive comprehensive assistance rather than isolated interventions (Bilo & Machado, 2024). Consequently, Islamic social finance contributes not only to reducing educational and health disparities but also to strengthening social inclusion and community resilience.

3. The Role of Islamic Social Finance in Promoting Inclusive Economic Growth (SDG 8)

Islamic Social Finance (ISF) has emerged as an important catalyst for promoting inclusive economic growth and supporting the achievement of Sustainable Development Goal 8 (Decent Work and Economic Growth). Inclusive economic growth emphasizes the creation of economic opportunities that are accessible to all members of society, particularly vulnerable and marginalized groups who often face barriers to participating in productive economic activities. Islamic social finance contributes to this objective through various instruments such as zakat, waqf, sadaqah, infaq, and Islamic microfinance, which collectively facilitate financial inclusion, entrepreneurship development, job creation, and community economic empowerment (Khan et al., 2024; Hassan & Aliyu, 2023). Unlike conventional economic models that frequently prioritize profit maximization, Islamic social finance promotes a balanced approach that integrates economic efficiency with social justice, thereby ensuring that economic growth benefits a broader segment of society. The reviewed literature demonstrates that Islamic social finance institutions increasingly focus on empowering microenterprises and supporting income-generating activities as sustainable pathways toward economic development.

One of the most significant contributions of Islamic social finance to inclusive growth is its ability to enhance access to financial resources for underserved populations. Many low-income individuals, informal workers, and microentrepreneurs remain excluded from conventional banking systems due to inadequate collateral, limited credit histories, and



high transaction costs (Saiti et al., 2024). Islamic microfinance institutions address these challenges by offering Sharia-compliant financing mechanisms that prioritize social welfare and economic empowerment. Through instruments such as qard al-hasan, mudarabah, and musharakah financing, beneficiaries gain access to affordable capital needed to establish and expand business ventures (Rahim et al., 2023). The literature indicates that such financing schemes contribute to increased business productivity, higher household income, and improved financial resilience among beneficiaries. Furthermore, access to Islamic microfinance enables entrepreneurs to create additional employment opportunities within their communities, thereby contributing to local economic development and reducing unemployment rates.

The findings also reveal that productive zakat and waqf programs have become increasingly important in supporting entrepreneurial development and sustainable livelihoods. Rather than limiting assistance to short-term consumption support, many Islamic social finance institutions now implement productive financing models that encourage beneficiaries to engage in income-generating activities (Mastura et al., 2024). These programs often include vocational training, business mentoring, financial literacy education, and market access facilitation, which strengthen entrepreneurial capacity and improve business sustainability. As beneficiaries acquire new skills and resources, they become more capable of participating actively in economic activities and contributing to local economic growth. Consequently, Islamic social finance not only supports individual economic advancement but also strengthens the overall productive capacity of communities. This transformative approach aligns closely with the objectives of SDG 8, which emphasizes sustained, inclusive, and sustainable economic growth alongside productive employment opportunities.

Moreover, the increasing integration of digital technology within Islamic social finance ecosystems has further enhanced its contribution to economic growth. Digital



platforms facilitate more efficient collection and distribution of zakat and waqf funds while improving transparency, accountability, and outreach (Ahmad et al., 2024). Fintech-based Islamic microfinance services have expanded access to financing among remote and underserved populations, enabling greater participation in economic activities. The literature suggests that digital transformation strengthens institutional effectiveness and improves the scalability of Islamic social finance programs, thereby increasing their developmental impact. Therefore, the findings conclude that Islamic social finance serves as a powerful instrument for fostering inclusive economic growth by promoting financial inclusion, supporting entrepreneurship, creating employment opportunities, and enhancing economic resilience. Through these contributions, Islamic social finance plays a vital role in advancing SDG 8 and supporting sustainable economic development.

4. The Role of Islamic Social Finance in Reducing Inequality and Achieving Sustainable Development

Islamic Social Finance (ISF) plays a strategic role in reducing socio-economic inequality and promoting the broader agenda of sustainable development. Inequality remains one of the most pressing global challenges, manifested through disparities in income, wealth distribution, access to education, healthcare, employment opportunities, and social protection. Islamic social finance addresses these challenges through mechanisms specifically designed to promote distributive justice, social solidarity, and equitable resource allocation (Mohieldin et al., 2024; Haneef & Mohammed, 2023). The principles underlying zakat, waqf, sadaqah, and infaq emphasize the redistribution of wealth from economically advantaged groups to vulnerable populations, thereby reducing economic disparities and strengthening social cohesion. The reviewed literature consistently indicates that Islamic social finance contributes significantly to SDG 10 (Reduced Inequalities) by enhancing social inclusion and providing opportunities for disadvantaged individuals to improve their socio-economic conditions.



A key finding of the study is that zakat functions as an effective redistribution mechanism capable of narrowing income and wealth gaps within society. Through systematic collection and distribution processes, zakat institutions channel resources toward poor households, unemployed individuals, widows, orphans, and other vulnerable groups (Karim et al., 2024). This redistribution not only provides immediate financial relief but also facilitates long-term economic empowerment through productive assistance programs. Several studies indicate that productive zakat initiatives significantly improve beneficiaries' income levels, business performance, and overall quality of life. Similarly, waqf institutions contribute to reducing structural inequalities by financing public goods and social infrastructure that benefit communities regardless of income level. Waqf-funded schools, hospitals, housing projects, and community development programs enhance access to essential services, thereby reducing disparities in education, healthcare, and social welfare. These findings demonstrate that Islamic social finance addresses both economic and social dimensions of inequality simultaneously.

The study also finds that Islamic social finance contributes to sustainable development by fostering social resilience and strengthening community capacity. Sustainable development requires not only economic growth but also social inclusion, environmental responsibility, and institutional sustainability (UNDP, 2024). Islamic social finance supports these objectives by promoting community-based development models that prioritize collective welfare and long-term societal benefits. Through integrated programs combining financial assistance, education, healthcare, entrepreneurship support, and social protection, Islamic social finance institutions address multiple dimensions of human development simultaneously (Adebayo et al., 2024). Furthermore, partnerships among governments, Islamic financial institutions, philanthropic organizations, and civil society actors enhance the effectiveness of these initiatives and facilitate broader developmental impacts. Such collaborative approaches align closely with SDG 17 (Partnerships for the



Goals), which emphasizes the importance of multi-stakeholder cooperation in achieving sustainable development.

Finally, the findings highlight that the future effectiveness of Islamic social finance depends on strengthening governance quality, institutional transparency, technological innovation, and regulatory support. Digitalization has the potential to improve efficiency, accountability, and accessibility, enabling Islamic social finance institutions to reach larger beneficiary populations and maximize developmental outcomes (Rashid et al., 2024). Additionally, integrating Islamic social finance into national sustainable development strategies can create a more coordinated framework for addressing poverty, inequality, and social exclusion. Therefore, the study concludes that Islamic social finance represents a comprehensive development instrument capable of reducing inequality while simultaneously advancing multiple Sustainable Development Goals. Through its emphasis on social justice, equitable wealth distribution, and human empowerment, Islamic social finance offers a sustainable pathway toward inclusive development and long-term societal prosperity.

Discussion

The findings of this study demonstrate that Islamic Social Finance (ISF) serves as a comprehensive mechanism for achieving the Sustainable Development Goals (SDGs) through its multidimensional contributions to poverty alleviation, educational development, healthcare improvement, inclusive economic growth, and inequality reduction. The review of previous studies indicates that Islamic social finance instruments, including zakat, waqf, sadaqah, infaq, and Islamic microfinance, play a significant role in enhancing social welfare and promoting sustainable development outcomes. Productive zakat programs have been shown to improve household income and reduce poverty, while waqf institutions contribute to expanding access to education and healthcare services among disadvantaged communities (Abdullah et al., 2024; Hassan et al., 2022). Furthermore, Islamic microfinance facilitates financial inclusion by providing Sharia-compliant financing opportunities for underserved



populations, thereby supporting entrepreneurship development and employment creation (Rahim et al., 2023; Khan et al., 2024). The findings also reveal that Islamic social finance promotes social cohesion and equitable wealth distribution through mechanisms that strengthen community resilience and economic empowerment. Consequently, Islamic social finance contributes directly to the achievement of SDG 1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities), highlighting its strategic importance as a sustainable development instrument capable of addressing multiple socio-economic challenges simultaneously.

These findings are consistent with the theoretical foundations of Islamic economics, particularly the principles of social justice (*al-'adl*), wealth redistribution (*tawzi' al-tharwah*), mutual assistance (*ta'awun*), and public welfare (*maslahah*), which emphasize the equitable allocation of resources and the protection of vulnerable groups within society (Chapra, 2008; Obaidullah & Khan, 2021). From the perspective of Sustainable Development Theory, the results support the argument that sustainable development requires the integration of economic, social, and institutional dimensions to achieve long-term societal well-being (United Nations, 2024). The findings also corroborate previous studies conducted by Hassan et al. (2022), Muneeza et al. (2023), Ahmed and Mohieldin (2024), and Ainol-Basirah et al. (2024), which conclude that Islamic social finance possesses substantial potential to support SDG implementation through poverty reduction, human capital development, and social inclusion initiatives. However, this study extends the existing literature by providing a more integrated perspective that examines the collective contribution of multiple Islamic social finance instruments rather than focusing on a single mechanism such as zakat or waqf alone. The findings suggest that the effectiveness of Islamic social finance can be further enhanced through stronger governance frameworks, institutional collaboration, digital transformation, and policy integration with national



development agendas. Therefore, governments, Islamic financial institutions, zakat agencies, waqf boards, and development organizations should strengthen strategic partnerships to maximize the developmental impact of Islamic social finance. Future initiatives should prioritize digital innovation, transparent governance practices, impact measurement systems, and integrated program implementation to ensure that Islamic social finance can contribute more effectively to the achievement of Sustainable Development Goals and the creation of inclusive, equitable, and sustainable societies (Tlemsani et al., 2023; Mohieldin et al., 2024; UNDP, 2024).

CONCLUSION

Islamic Social Finance (ISF) plays a significant role in achieving the Sustainable Development Goals (SDGs) through its contributions to poverty alleviation, education enhancement, healthcare improvement, inclusive economic growth, and inequality reduction. Instruments such as zakat, waqf, sadaqah, infaq, and Islamic microfinance support sustainable development by promoting financial inclusion, human capital development, social welfare, and equitable wealth distribution. The findings indicate that ISF aligns closely with the objectives of SDGs 1, 3, 4, 8, and 10. Strengthening governance, institutional collaboration, digital innovation, and policy integration is essential to maximize the effectiveness and sustainability of Islamic social finance initiatives.

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