



Strategic Communication for Artificial Intelligence Adoption in Islamic Finance: Governance, Ethics, and Public Trust

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Article History:	Abstract
Corresponding Author: Alan Munandar munandaralan01@gmail.com Submitted: March 4th, 2026 Revised: June 19th, 2026 Accepted: June 21st, 2026 Published: June 27th, 2026 Copyright: ©2026. Alan Munandar, Rino Febrianno Boer, Sarah Yunizka.  This article is licensed under the Creative Commons Attribution-Share Alike 4.0 International License. http://creativecommons.org/licenses/by-sa/4.0/	Objective: This study aims to examine how strategic communication can support the responsible adoption of Artificial Intelligence in Islamic financial institutions, ensuring that technological innovation remains ethically grounded, socially legitimate, and publicly trusted. Method: This study employs a structured qualitative literature review with thematic analysis by synthesizing scholarship on Artificial Intelligence in Islamic finance, Islamic banking transparency, shariah governance disclosure, explainable Artificial Intelligence, fintech trust, and Islamic ethical perspectives. Result: The findings show that Artificial Intelligence creates opportunities for compliance support, service modernization, institutional efficiency, and digital innovation, but also generates communication risks when institutions fail to explain how Artificial Intelligence systems operate, how decisions are reviewed, and how accountability is maintained. Implication: This study contributes to the literature by positioning strategic communication as a constitutive component of Artificial Intelligence governance across the planning, implementation, and evaluation stages of technological adoption in Islamic financial institutions. Originality or Novelty: This study provides a distinct theoretical contribution by shifting the focus of Artificial Intelligence adoption from purely technical capabilities to a communication-centered governance paradigm, conceptualizing strategic communication not as a post-hoc promotional activity but as an active structural mechanism that directly operationalizes <i>Maqasid alShariah</i> values throughout the technology deployment lifecycle. Keywords: Artificial intelligence; Islamic finance; Public trust; Shariah governance; Strategic communication.

Introduction

Islamic finance has long been understood as a value-based financial system grounded in justice, accountability, transparency, and social welfare. Yet, the rapid spread of digital technologies is reshaping how these principles are interpreted and practiced in contemporary financial institutions (Iqbal et al., 2025). In this changing environment, artificial intelligence has become especially important because it affects customer interaction, financing assessment, risk

analysis, compliance screening, internal monitoring, and service delivery across Islamic banking and financial services (Iqbal et al., 2025; Shalhoob, 2025). As a result, the central question is no longer whether AI should be adopted, but how it should be governed, explained, and evaluated so that technological modernization does not weaken Shariah legitimacy or public trust (Bin-Armia & Kambakov, 2026).

Current scholarship suggests that AI offers real strategic benefits for Islamic finance. Bibliometric and review-based studies show that AI-related research in Islamic finance has grown around compliance, service quality, inclusion, operational efficiency, and governance innovation (Iqbal et al., 2025; Sudirman et al., 2025). Research on shariah compliance indicates that AI can help institutions improve monitoring systems, automate parts of internal review, and support scalability without necessarily removing human oversight (Shalhoob, 2025). Studies on robo-advisory in Islamic finance further suggest that AI may increasingly shape product structuring, advisory functions, and customer-facing financial intermediation in shariah-compliant markets (Kharisma et al., 2025). These developments indicate that AI is beginning to influence not only back-office efficiency but also institutional authority, customer experience, disclosure practices, and the way financial decisions are justified to stakeholders (Bin-Armia & Kambakov, 2026).

However, AI adoption in finance is not ethically neutral. Research in financial AI highlights recurring concerns about opaque algorithmic processes, limited explainability, hidden bias, and accountability gaps that may erode user confidence and institutional legitimacy (Bussmann et al., 2020; Haque et al., 2023; Yeo et al., 2025). In high-stakes sectors such as banking, the absence of explainability can quickly transform technical complexity into reputational vulnerability because stakeholders may interpret opacity as unfairness or irresponsibility (Liu et al., 2026; Ni, 2024). In Islamic finance, these risks are especially serious because institutions are expected to meet both market expectations and religious and ethical standards (Ahmad & Zainan, 2025; Habib, 2025). An AI system that appears efficient yet morally unintelligible may therefore weaken the ethical credibility on which Islamic finance relies as part of its institutional identity (Asutay, 2025; Hidayah et al., 2021; Suhartanto et al., 2026).

This condition places communication at the center of AI governance. Once Islamic financial institutions adopt AI, they must explain why AI is used, how decisions are produced, what safeguards govern deployment, what role human oversight retains, and how users may question or challenge automated outcomes (Ni, 2024; Tanwar & Ramachandran, 2025). Without such communication, technological complexity may be perceived as distance, secrecy, or moral ambiguity rather than innovation (Bin-Armia & Kambakov, 2026; Habib, 2025). In other words, AI does not merely create a technical management problem for Islamic finance but also problems of communication, legitimacy, and trust.

The problem is that existing scholarship remains fragmented. Studies on AI in Islamic finance primarily focus on adoption trends, compliance enhancement, governance implications, and legal and ethical concerns (Bin-Armia & Kambakov, 2026; Iqbal et al., 2025; Sudirman et al., 2025). Research on Islamic banking transparency and governance disclosure shows that accountability and visible governance practices matter for trust and performance, but it does not directly address the communication demands created by AI-enabled decision systems (Abdul Rahim et al., 2024; Ben Abdallah & Bahloul, 2021; Srairi, 2019). Explainable-AI studies demonstrate the importance of interpretability in financial technology, yet they rarely examine

Islamic finance as a religiously and ethically framed system (Bussmann et al., 2020; Haque et al., 2023; Ni, 2024). As a consequence, there remains insufficient integration between the literatures on AI adoption, governance disclosure, transparency, customer trust, and Islamic ethical legitimacy.

This gap matters for both theory and practice. Practically, Islamic banks, Islamic fintech providers, regulators, and shariah supervisory bodies face increasing pressure to innovate while preserving public confidence (Iqbal et al., 2025). They need communication frameworks that clarify why AI is used, what data it relies on, what ethical safeguards govern its deployment, which decisions remain human-controlled, and how adverse outcomes can be reviewed or contested (Ni, 2024; Shalhoob, 2025). Theoretically, the topic contributes to communication studies, Islamic economics, governance scholarship, and digital ethics by showing that communication is not merely a support function but a constitutive mechanism through which AI becomes socially legitimate and ethically acceptable in Islamic finance (Ben Abdallah & Bahloul, 2021; Ni, 2024).

Based on this background, this study aims to examine the opportunities, ethical risks, and implications for public trust of AI in Islamic finance from a communication perspective. It addresses three questions: how AI reshapes communication in Islamic financial institutions, what ethical concerns most affect public trust, and what strategic communication model can support responsible AI adoption in shariah-compliant financial services. By doing so, the study positions communication not as a peripheral public-relations activity, but as a constitutive mechanism of AI governance in Islamic finance.

Literature Review

AI Expansion in Islamic Finance

The first major stream of literature concerns the expansion of AI in Islamic finance. (Iqbal et al., 2025) show that the scholarly field is growing rapidly around service quality, compliance, inclusion, and institutional modernization. Sudirman et al. (2025) similarly argue that contemporary debates about AI and Islamic law have moved beyond simple technological enthusiasm toward questions of governance, ethics, and normative compatibility. (Shalhoob, 2025) adds that AI can strengthen monitoring capacity and increase the efficiency and transparency of Shariah compliance processes. Together, these studies suggest that AI in Islamic finance is not merely about technological adoption, but about the restructuring of institutional processes, compliance work, and service relationships.

This stream of literature also implies that AI is becoming part of a broader transformation in Islamic financial intermediation. When used in screening, advisory, monitoring, or customer service functions, AI can alter how institutions handle complexity, respond to market demand, and balance automation and human control (Kharisma et al., 2025; Zhu et al., 2024). In this sense, AI is not simply an efficiency tool, but a technology that may redefine interaction between Islamic financial institutions and their stakeholders. The significance of AI, therefore, lies not only in operational enhancement but also in its capacity to reshape institutional communication, disclosure expectations, and perceptions of legitimacy.

Governance Disclosure and Institutional Legitimacy

The second stream concerns governance disclosure and institutional legitimacy. (Ben Abdallah & Bahloul, 2021) find that disclosure and Shariah governance are linked to financial

performance in Islamic banks, indicating that governance transparency has material institutional consequences. (Abdul Rahim et al., 2024) Likewise, reports that Shariah governance disclosure influences the financial performance of Islamic banks in Malaysia and GCC countries. Related work by Elgattani & Hussainey (2021) shows that AAOIFI governance disclosure also affects bank performance, reinforcing the idea that governance communication is not merely symbolic but operationally important.

These studies matter because AI introduces new forms of governance complexity. Once institutions use AI for financing, risk assessment, advisory services, fraud detection, or customer analytics, stakeholders need clearer information about decision rules, oversight structures, data use, and review procedures. If those matters are not communicated in visible and understandable ways, institutional complexity may begin to appear as institutional opacity. For Islamic finance, such opacity is especially problematic because governance is central to claims of shariah legitimacy, ethical integrity, and accountability. The literature on governance disclosure, therefore, provides an important foundation for understanding why communication should be treated as an internal part of AI governance rather than an external image-management activity.

Transparency and Customer Trust in Islamic Banking

The third stream focuses on transparency and customer trust in Islamic banking. (Srairi, 2019) shows that transparency matters in Islamic banking because it reduces uncertainty and shapes stakeholders' perceptions of institutions. (Sulistiyo et al., 2020) further argue that customer trust is influenced not only by internal governance structures, but also by how those structures are experienced and interpreted by customers. (El-Halaby et al., 2018) Add that disclosure in Islamic banks has non-economic consequences, including legitimacy-related effects that shape stakeholder evaluation beyond immediate financial outcomes.

Read together, these studies imply that trust in Islamic finance is not produced automatically by institutional claims of religiosity or compliance. Trust is formed through the interaction between governance practice and public visibility. Customers and other stakeholders evaluate not only what institutions do internally but also what they can understand, verify, and interpret from the information made available to them. This insight becomes even more important in AI-based finance, where technical systems may be unfamiliar, abstract, and difficult for ordinary users to comprehend. As AI expands, transparency in Islamic finance must evolve beyond conventional disclosure to clearer explanatory communication that addresses both technical and ethical concerns.

Explainability in Financial AI

The fourth stream addresses explainability in banking and financial AI. (Bussmann et al., 2020) argue that explainability is essential in fintech risk management because financial models require not only predictive validity but also interpretability and accountability. (Haque et al., 2023) show that users are more likely to trust AI systems when they understand how outputs are generated and how model decisions are interpreted. (Ni, 2024) finds that explainable AI can improve customer trust and satisfaction in banking when users perceive AI systems as understandable and reliable. (Yeo et al., 2025) show that explainability has become a central issue in financial AI because institutions face pressure to balance predictive power with transparency and regulatory acceptability.

This literature is highly relevant to Islamic finance because explainability is not simply a technical design feature. In finance, explainability affects whether institutions can justify decisions, address complaints, satisfy regulators, and preserve user confidence. In Islamic finance, it also affects whether institutions can show that automated outcomes remain consistent with fairness, accountability, and moral responsibility. Explainability, therefore, intersects directly with the ethical vocabulary of Islamic finance. An AI system that cannot be meaningfully explained may be efficient in statistical terms, yet still fail in communicative and ethical terms because it cannot demonstrate justice, answerability, or public intelligibility.

AI Ethics and Maqasid al-Shariah

The fifth stream concerns AI, ethics, and maqasid al-shariah. (Habib, 2025) argues that AI should be evaluated not only through efficiency but also through justice, welfare, trustworthiness, and the minimization of harm. (Ahmad & Zainan, 2025) Similarly, argue that the legitimacy of AI in Islamic finance depends on its alignment with maqasid al-shariah rather than on procedural compliance alone. (Bin-Armia & Kambakov, 2026) Add that AI requires lifecycle oversight and ethically grounded governance structures to maintain legitimacy in Islamic finance.

These arguments broaden the evaluative framework for AI in Islamic finance. The question is not only whether an AI system increases efficiency or predictive accuracy, but whether its use is consistent with justice, public benefit, trustworthiness, and the avoidance of harm. This means that institutions cannot defend AI solely through technical performance metrics. They must also explain how AI fits within broader ethical commitments and how governance structures ensure that technology remains subordinate to human moral responsibility. From this perspective, communication is necessary because maqasid-oriented legitimacy must be made publicly visible to support trust.

Communication Gap and Research Contribution

The sixth stream concerns AI-enabled future financial services and the communication gap surrounding them. (Zhu et al., 2024) show that AI-powered advisory services are reshaping customer engagement and financial service design across sectors. In the Islamic finance context, (Kharisma et al., 2025) argue that robo-advisors and AI-driven financial intermediation must be assessed through the lens of both compliance and trust. At the same time, AI-based systems are often perceived by users as complex, distant, and difficult to challenge, especially when institutions provide only limited explanations of how recommendations, scores, or classifications are produced (Hu & Wu, 2023; Wahab et al., 2025; Yeo et al., 2025).

Taken together, the literature reveals a clear research gap. There is already substantial scholarship on AI adoption in Islamic finance, governance disclosure, transparency, customer trust, and explainability in financial AI. Yet, these discussions remain fragmented and do not sufficiently explain how Islamic financial institutions should communicate AI to customers, regulators, shariah boards, investors, and the broader Muslim public (Iqbal et al., 2025; Ben Abdallah & Bahloul, 2021; Haque et al., 2023). This study addresses that gap by conceptualizing communication as part of governance itself and by developing a communication-centered interpretation of responsible AI adoption in Islamic finance.

Research Methodology

This study adopts a structured qualitative literature review with thematic analysis to examine how artificial intelligence reshapes communication, governance, ethics, and public trust in Islamic finance (Omar & Sa'ad, 2024). The review is conceptual-integrative in orientation because it brings together several interconnected yet fragmented strands of scholarship, including AI in Islamic finance, Islamic banking transparency, shariah governance disclosure, explainable AI, fintech trust, and Islamic ethical perspectives (Ahmad & Zainan, 2025). The purpose of the study is not statistical generalization but the analytical synthesis of recurring concepts, arguments, and governance implications to develop a communication-centered understanding of responsible AI adoption in Islamic finance.

The literature search was conducted through Scopus and Google Scholar and covered publications issued between 2018 and 2026. This timeframe was chosen to capture contemporary developments in AI governance, digital finance, and Islamic financial scholarship while retaining earlier studies that remain conceptually important to discussions of transparency, disclosure, and trust. Search strings combined the terms “artificial intelligence,” “Islamic finance,” “Islamic banking,” “shariah governance,” “governance disclosure,” “transparency,” “public trust,” “explainable AI,” “fintech trust,” and “*maqasid al-shariah*.” Additional sources were identified through manual screening of the reference lists of highly relevant publications.

Explicit inclusion and exclusion criteria guided source selection. Publications were included when they were directly relevant to the study's core themes, provided conceptual, analytical, empirical, or review-based insights, were available in full text, and were written in English. Priority was given to peer-reviewed journal articles to maintain academic rigor and traceability. However, a limited number of other scholarly works were retained when they made a direct contribution to the analytical framework. Publications were excluded if they were duplicates, only marginally relevant to the research focus, or lacked a meaningful connection to Islamic finance, governance, communication, or trust.

The screening process was undertaken in several stages. The initial search identified 412 records, of which 178 remained after duplicate removal. Title and abstract screening then reduced the pool to 83 publications for full-text assessment. Following the eligibility review, 35 publications were retained as the final analytical corpus. This staged screening process was intended to improve transparency and reduce the inclusion of studies that were only loosely related to the review's objectives.

To make the narrowing from 83 to 35 publications operationally transparent, the 48 articles excluded at the full-text stage were removed for one or more explicit reasons: (1) the article examined artificial intelligence or financial technology in a purely technical or engineering register, with no engagement with governance, ethics, or communication; (2) the article addressed Islamic finance, shariah governance, or customer trust without any substantive treatment of AI or algorithmic decision-making; (3) the argument and evidence overlapped substantially with another source already retained, making separate inclusion redundant rather than additive; (4) the source was a conference abstract, editorial, or non-peer-reviewed commentary that lacked sufficient analytical depth for thematic coding; or (5) although the abstract appeared relevant, the full text could not sustain a clear conceptual link to explainability, accountability, or public trust once read in full. Two of the authors independently applied these criteria to the 83 full texts,

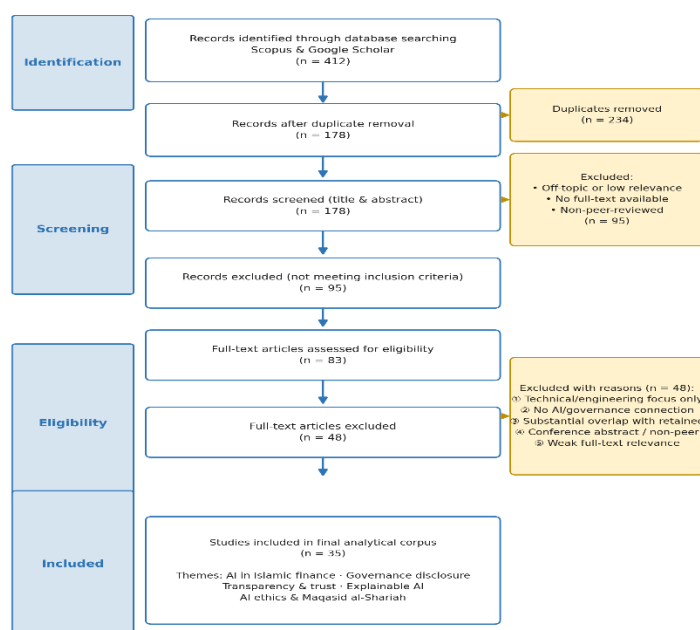
cross-checked their decisions, and resolved disagreements through discussion until consensus was reached, thereby strengthening the auditability of the final corpus.

Thematic analysis was conducted in three stages. First, the selected publications were read repeatedly to identify recurring concepts, findings, and normative concerns related to AI adoption in Islamic financial institutions. Second, these recurring elements were coded into preliminary categories, including transparency, explainability, accountability, shariah legitimacy, ethical alignment, human oversight, stakeholder responsiveness, governance disclosure, and public trust. Third, the coded categories were compared across studies and consolidated into broader interpretive themes explaining how communication functions as a governance mechanism in AI-based Islamic finance.

To enhance analytical rigor, the study employed constant comparison across sources throughout the coding process. Themes were retained only when similar patterns appeared across multiple publications rather than emerging from isolated claims. The unit of analysis was the conceptual content of the selected literature, including arguments, findings, governance recommendations, and ethical claims, rather than numerical data. This approach strengthened the coherence of the resulting framework and reduced overreliance on single-source assertions.

This study has several limitations. As a literature-based review, its findings depend on the scope and quality of the selected publications and do not provide direct empirical evidence from Islamic financial institutions, regulators, or customers. In addition, scholarship on AI in Islamic finance remains emergent, with some subthemes still less developed than in parallel discussions in conventional financial technology research. Nevertheless, the method is appropriate for the present study because it enables a structured synthesis of fragmented scholarship and supports the development of a communication-centered framework for understanding AI governance, legitimacy, and public trust in Islamic finance.

Figure 1.
Literature screening process



Source: Authors' analysis.

Results and Discussion

Results

The analysis identifies four major findings. First, AI creates significant opportunities for Islamic finance by improving compliance support, operational efficiency, customer engagement, and service modernization. Second, AI poses ethical and reputational risks related to opacity, algorithmic bias, limited explainability, and accountability gaps. Third, public trust in AI-based Islamic finance depends strongly on the quality of communication, especially transparency and clear explanations. Fourth, communication must be integrated into the full governance cycle of AI adoption rather than treated as a final promotional activity.

AI as Institutional Modernization

The first finding shows that AI has genuine strategic value for Islamic finance. Bibliometric and review-based research demonstrates that AI is increasingly associated with shariah compliance, efficiency, inclusion, customer service, and digital innovation in Islamic financial institutions (Iqbal et al., 2025; Shalhoob, 2025). Zhu et al. (2024) also show that AI-enabled advisory services are changing customer interaction and information support across financial sectors. In the Islamic finance context, this means AI can enhance institutional responsiveness and process capacity, especially where institutions face growing service complexity, compliance burdens, and customer expectations for digital access (Bin-Armia & Kambakov, 2026; Sain & Adinugraha, 2025).

Yet the significance of this opportunity is not purely operational. Islamic financial institutions do not compete only on speed and price; they also compete on moral credibility and perceived alignment of value (Abubakar Siddique et al., 2023). For that reason, the benefits of AI become meaningful only when the technology is positioned to serve justice, accountability, and responsible service rather than to replace ethical judgment with opaque automation (Ahmad & Zainan, 2025; Habib, 2025). This is where communication becomes decisive, as institutions must frame AI as a supervised tool embedded within Shariah governance and public responsibility.

In practical terms, this means communication should accompany modernization from the outset. When institutions introduce AI solely as a sign of technological sophistication, they risk allowing stakeholders to interpret the technology primarily in terms of cost reduction, automation, or market competition. By contrast, when institutions explain AI as a supervised instrument for improving fairness, consistency, access, and compliance, the same technology may be perceived as supporting rather than threatening Islamic ethical commitments. This distinction matters because legitimacy in Islamic finance depends not merely on innovation itself, but on how innovation is publicly justified and morally interpreted.

Ethical Risk as Communication Risk

The second finding is that ethical risk and communication risk are deeply intertwined. Research on financial AI warns that biased datasets, opaque models, and limited explainability may lead to unfair outcomes and erode user confidence (Bussmann et al., 2020; Ni, 2024; Yeo et al., 2025). In Islamic finance, this problem is especially serious because shariah legitimacy is

inseparable from perceptions of fairness, accountability, and human responsibility (Bin-Armia & Kambakov, 2026; Habib, 2025).

A key implication is that opacity cannot be treated as a purely technical limitation. Once customers cannot understand why an application is rejected, why a recommendation is produced, or how a risk score is assigned, the issue enters the domain of public interpretation. At that point, the question is no longer only whether the model is statistically valid, but whether the institution appears transparent and answerable (Haque et al., 2023; Zerilli et al., 2022). In Islamic finance, the stakes are even higher because opacity may be seen as contradicting the very ethical identity that distinguishes Islamic institutions from conventional ones.

This finding also reveals why disclosure matters. Governance-disclosure studies in Islamic banking show that visible information about institutional practices affects performance, trust, and legitimacy because stakeholders use disclosure as a signal of seriousness and accountability (Abdul Rahim et al., 2024; Ben Abdallah & Bahloul, 2021). If this is true for governance disclosure in general, it becomes even more important when institutions deploy AI systems that customers may view as powerful but inscrutable. Communication, therefore, becomes part of risk management because it helps reduce uncertainty and demonstrates that moral responsibility has not been outsourced to machines.

The term ethical risk should therefore be understood broadly. It includes not only the possibility that an AI system produces harmful or biased outcomes, but also the possibility that institutions fail to communicate the basis, limits, and reviewability of those outcomes. A technically defensible system can still become a reputational liability if users experience it as inaccessible, unexplained, or unchallengeable. This is particularly important in Islamic finance because reputational credibility is closely linked to moral claims that must be visible, coherent, and believable to the public.

Public Trust and Transparent Explanation

The third finding is that public trust in AI-based Islamic finance depends on a transparent explanation. Research on digital banking shows that trust is shaped by perceived reliability, information clarity, security, and institutional responsibility (Tanwar & Ramachandran, 2025; Yacoubian, 2025). Research in Islamic banking also shows that transparency and accountability strengthen customer trust by reducing asymmetry and reinforcing perceptions of institutional integrity (Srairi, 2019; Sulistiyo et al., 2020). Studies on explainable AI further show that users respond more positively to AI-enabled systems when decision processes appear understandable and when privacy and reliability are visibly protected (Liu et al., 2026; Maathuis et al., 2026; Ni, 2024).

These findings indicate that public trust is not a passive outcome of technical efficiency. Trust is actively produced through communication practices that explain why AI is used, what limits govern it, who remains accountable, and how mistakes can be reviewed or corrected (Khan, 2025; Zerilli et al., 2022). In Islamic finance, this communication burden is even greater because institutions must explain AI through both technical and ethical vocabularies. The technical vocabulary must clarify process, functionality, risk, and data use, while the ethical vocabulary must clarify fairness, justice, human oversight, shariah compliance, and public benefit (Bin-Armia & Kambakov, 2026; Habib, 2025).

This dual vocabulary is crucial. If institutions communicate only technical capability, they may appear efficient but morally thin. If they communicate only ethical intention, they may appear principled but technologically vague. Sustainable trust requires both forms of explanation to work together so that stakeholders understand not only what the system does, but also why its use remains consistent with Islamic ethical commitments. In this respect, communication serves as a bridge between institutional complexity and public understanding.

The importance of this point becomes clearer when viewed through the lens of disclosure studies. (El-Halaby et al., 2018) show that disclosure in Islamic banks has legitimacy effects beyond direct financial consequences. This means communication about AI should not be limited to technical documentation or compliance reporting. It should also function as a broader legitimacy practice through which Islamic financial institutions show that innovation remains subordinate to ethical responsibility. In this sense, strategic communication is not external to AI governance; it is one of the mechanisms through which governance becomes visible and credible.

Communication Across the AI Governance Cycle

The fourth finding is that communication must be integrated into the entire AI governance cycle. The literature supports a three-stage model comprising planning, implementation, and evaluation communication, as illustrated in Figure 2. This model helps clarify why communication should not be treated as a post-hoc publicity function. In AI-based Islamic finance, communication begins before deployment, accompanies deployment, and continues after deployment.

In the planning stage, institutions should explain why AI is being adopted, what institutional problems it is expected to solve, and what ethical principles guide its design (Habib, 2025; Shalhoob, 2025). This stage is crucial because it shapes the initial public narrative around AI. If institutions introduce AI mainly as a cost-saving device, stakeholders may interpret the move as prioritizing automation over justice or customer care. If, however, AI is presented as a supervised tool for improving compliance consistency, service quality, and responsible access, the framing is more likely to support trust and legitimacy.

In the implementation stage, institutions should provide understandable information on how AI is actually used. This includes what data are processed, what role human review plays, what decisions remain human-controlled, and how customers can obtain clarification or appeal adverse outcomes (Haque et al., 2023; Maathuis et al., 2026). For Islamic finance, implementation communication is also the stage at which institutions should demonstrate how AI tools remain aligned with Shariah standards and are reviewed within governance mechanisms that preserve human accountability. This is the stage at which abstract commitments must become operationally visible.

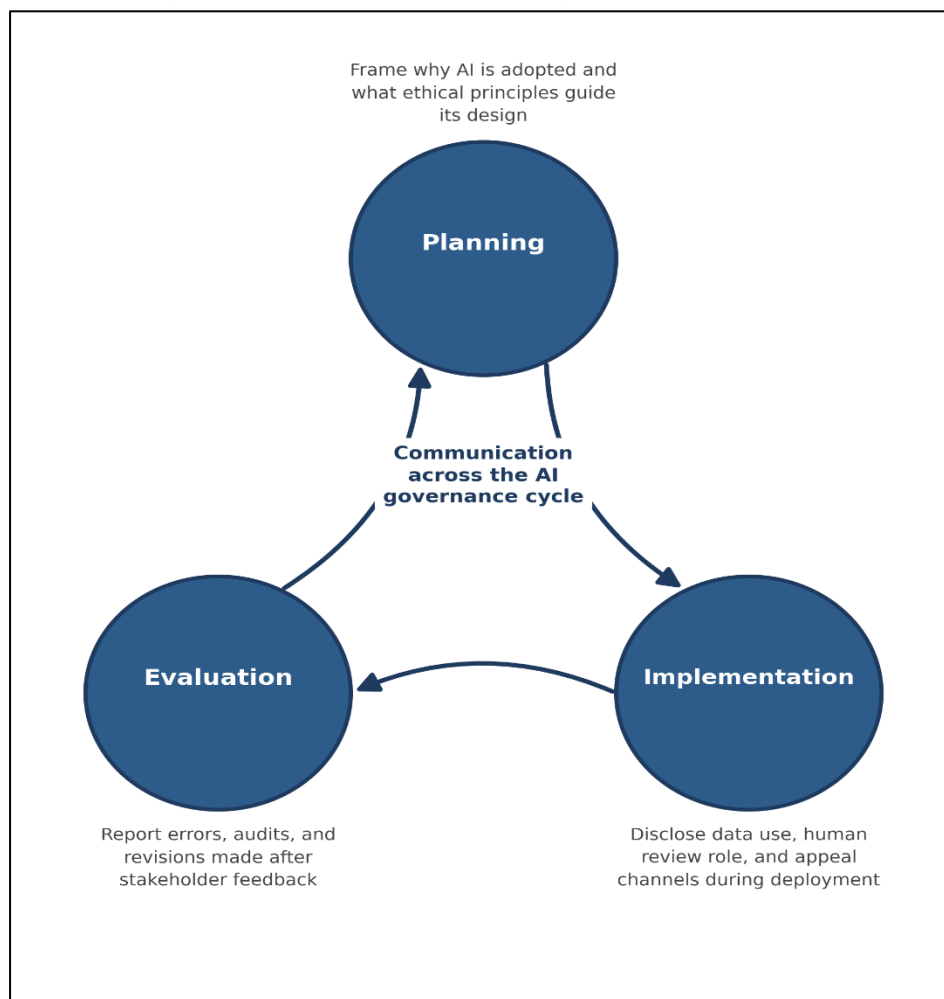
In the evaluation stage, institutions should report what has been learned from AI deployment, what errors or biases have been detected, what audits have been conducted, and what revisions have been made in response to stakeholder feedback (Lacmanovic & Skare, 2025; Papagiannidis et al., 2025). Governance-disclosure studies show that visible reporting matters for institutional legitimacy and perceived responsibility (Abdul Rahim et al., 2024; Ben Abdallah & Bahloul, 2021). Digital trust studies likewise suggest that trust grows when users perceive institutions as responsive and responsible over time rather than merely persuasive at the moment

of adoption (Yacoubian, 2025). Evaluation communication, therefore, closes the governance loop by showing that the institution is willing to learn, correct, and remain answerable after deployment.

This three-stage model has wider significance for Islamic finance. It indicates that technological legitimacy is not secured once at the point of adoption, but must be continuously maintained through explanation, review, and responsiveness. Users may never fully understand the technical structure of AI systems, but they can still judge whether institutions are transparent, serious, and morally accountable. Communication thus becomes the medium through which complex technological systems are translated into socially interpretable institutional practices.

Figure 2.

Three-stage communication model for AI governance in Islamic finance



Source: Authors' analysis

Table No. 1.

Core Themes in Islamic Financial Communication in the Era of AI

Theme	Key Focus	Main Insights	Communication Implication
AI as Institutional Modernization	AI adoption in Islamic finance	Enhances compliance, efficiency, inclusion, and innovation while requiring alignment with moral credibility and Shariah values	Frame AI as a supervised ethical tool, not just a technological advancement

Ethical Risk as Communication Risk	Opacity, bias, explainability	Ethical risks directly affect trust and public perception	Explain decisions, limits, and accountability clearly to reduce uncertainty
Public Trust and Transparent Explanation	Trust formation in AI systems	Trust depends on transparency, clarity, reliability, and ethical justification.	Combine technical explanation with ethical justification.
Communication Across the AI Governance Cycle	Planning, implementation, and evaluation stages	Communication must occur throughout the AI lifecycle	Ensure continuous communication: framing, clarifying, reporting

Source: Authors' analysis.

Discussion

Toward a Communication-Centered Framework for AI Legitimacy

When the four findings are read together, they point to a broader theoretical conclusion. AI in Islamic finance should be understood not only as a technological shift, but as a governance and communication shift (Bin-Armia & Kambakov, 2026). Institutional legitimacy in this context depends on the interaction between technical performance, ethical alignment, governance visibility, and public explanation (Margaryan, 2025). An institution that adopts AI without strengthening communication may improve operational capacity while simultaneously weakening public trust (Lahusen et al., 2024).

A communication-centered framework, therefore, treats explanation, disclosure, oversight, and stakeholder responsiveness as part of the infrastructure of responsible innovation (Tait et al., 2021). Within this framework, communication performs at least four functions. First, it frames the moral meaning of technological adoption. Second, it reduces uncertainty by clarifying how systems function and how decisions can be challenged. Third, it makes governance visible by showing who is accountable and what safeguards are in place. Fourth, it sustains legitimacy over time by allowing institutions to respond to error, criticism, and public concern.

This framework is especially appropriate for Islamic finance because the sector already operates through a strong normative vocabulary that includes justice, amanah, accountability, and public welfare (Barom, 2018). AI adoption does not replace this vocabulary; rather, it increases the need to communicate it more carefully. In the era of AI, ethical legitimacy cannot be assumed from institutional identity alone. It must be continually demonstrated through governance practice and communicative transparency.

Grounding the Framework: A Rejected-Financing Scenario

To make this communication-centered framework less abstract, consider a scenario that Islamic banks increasingly face: a customer's digital financing application is automatically rejected by an AI-based credit-scoring system. A purely technical response might state only that "the application does not meet the eligibility criteria," leaving the customer unable to understand, contest, or learn from the decision. A communication-centered, *maqasid*-oriented explainable-AI text would instead be built around four elements that follow directly from the findings above. First, it would name the specific factors the system weighed, such as income stability, financing-to-income ratio, or repayment history, rather than hiding behind the label "AI decision," which

satisfies the demand for explainability. Second, it would explicitly state that a human credit officer reviewed the automated output before the decision was finalized, thereby addressing accountability and confirming that moral responsibility has not been outsourced to a machine. Third, it would use vocabulary that signals fairness and welfare rather than mere risk avoidance, for instance, by clarifying that the decision is reviewable and that alternative shariah-compliant financing structures may be explored, which keeps the interaction aligned with maqasid al-shariah's emphasis on justice and the prevention of harm. Fourth, it would specify a concrete channel and timeframe through which the customer can request reconsideration or raise the matter with the shariah supervisory board, which operationalizes the evaluation-stage commitment to reviewability described earlier. This scenario illustrates that explainability and maqasid-oriented justice are not competing demands on communication design; they converge in the same sentence-level choices institutions make whenever an automated outcome affects a customer's access to finance.

Implications for Theory, Practice, and Future Research

The practical implication of this study is that Islamic financial institutions should develop explicit communication protocols before deploying AI at scale (Mohd Najib et al., 2025). Those protocols should include clear disclosures of data use, simplified customer explanations, statements on human oversight, appeal channels for contested outcomes, and periodic public reporting on governance, reviews, and corrective actions. Without these elements, institutions risk presenting AI as efficient while leaving stakeholders uncertain about fairness and accountability. With these elements, institutions can reduce uncertainty and translate abstract ethical commitments into visible practice.

These implications extend to several stakeholders. Islamic banks need communication strategies that integrate legal, technical, compliance, and customer-facing perspectives. Islamic fintech providers need governance communication models that can support trust in digitally mediated service environments. Regulators and shariah supervisory boards need clearer disclosure expectations regarding AI use, especially in areas involving automated scoring, advisory outputs, risk profiling, and compliance monitoring. Customers need understandable explanations that do not hide behind technical language or institutional abstraction.

The theoretical implication is that this study positions communication as a core governance variable in Islamic finance. Prior journal work has already shown the importance of disclosure, transparency, explainability, and Shariah governance for trust and performance. This study integrates those insights and argues that communication is the mechanism through which those dimensions become publicly meaningful. In other words, AI in Islamic finance does not become legitimate solely because it is compliant or effective; it becomes legitimate when institutions can communicate compliance, effectiveness, fairness, and responsibility in ways that stakeholders understand and regard as credible.

This also opens a future research agenda. Empirical studies may examine how customers interpret AI explanations in Islamic banking settings, how different forms of disclosure influence trust, and how shariah governance bodies communicate their oversight of AI systems. Comparative studies may also explore differences between Islamic and conventional financial institutions in the communicative legitimation of AI. Such work would deepen understanding of

how technology, ethics, governance, and public interpretation interact in financial systems shaped by strong normative commitments.

Conclusion

This study concludes that AI creates substantial opportunities for Islamic finance by supporting shariah compliance, operational efficiency, digital innovation, and new forms of customer engagement. At the same time, AI poses serious ethical and communicative risks related to opacity, explainability, bias, disclosure, and accountability. In Islamic finance, these risks are especially consequential because institutions are evaluated not only on technical performance but also on whether they reflect justice, transparency, *amanah*, and public welfare.

The central argument of this paper is that public trust in AI-based Islamic finance depends on strategic communication. Institutions must explain why AI is used, how it is governed, what ethical values guide it, what role human oversight retains, how disclosure is managed, and how stakeholders can challenge problematic outcomes. Communication should therefore be integrated into the full AI governance cycle through planning, implementation, and evaluation. When Islamic financial institutions communicate AI transparently and ethically, they are better positioned to align innovation with shariah legitimacy and public confidence. When they fail to do so, technological progress may weaken the very trust on which Islamic finance depends.

Ultimately, the future of AI in Islamic finance will be shaped not only by the sophistication of algorithms but also by the quality of institutional explanation, the visibility of human accountability, and the credibility of governance communication. For this reason, strategic communication should be treated as an essential component of responsible AI adoption and not merely as a supplementary institutional function.

This study has three principal limitations that should be acknowledged. First, as a structured qualitative literature review, its findings are conceptual rather than empirically grounded, and no direct data were collected from Islamic financial institutions, regulators, shariah supervisory bodies, or customers. The framework and scenario developed here, therefore, represent analytical propositions rather than tested conclusions. Second, the 35-publication corpus, while carefully selected, cannot be exhaustive; scholarship on AI in Islamic finance is expanding rapidly, and studies published after mid-2026 may refine or challenge some of the arguments made. Third, the communication framework developed here is deliberately general so that it applies across contexts, which means institutional differences between jurisdictions, school-of-law traditions, and regulatory environments are underexplored. These limitations generate a structured agenda for future research with three priorities. The priority is empirical validation: survey-based or interview-based studies should examine how customers in Muslim-majority markets actually interpret different forms of AI explanation, which lexical and structural choices best preserve perceptions of maqasid-oriented justice, and whether shariah governance boards communicate AI oversight differently from conventional governance bodies. The second priority is comparative institutional analysis: cross-country studies should document variation in AI disclosure norms across Gulf Cooperation Council, Southeast Asian, and South Asian Islamic banking markets, and assess how regulatory differences shape communication obligations. The third priority is experimental design: controlled experiments on the phrasing of automated rejection notices in Islamic digital banking should test whether explanations that explicitly invoke shariah

accountability produce higher trust scores than technically equivalent but ethically generic explanations. Collectively, this agenda would transform the conceptual model developed here into an empirically testable and institutionally differentiated theory of AI communication governance in Islamic finance.

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Author Contributions Statement

AM conceptualized the study, structured the literature search strategy, drafted the introduction, and formulated the baseline problem regarding AI opacity. RFB designed the qualitative methodology parameters, selected the thematic analysis framework, and structured the literature selection flowchart. SY performed the detailed screening of the final publication corpus, coded the primary thematic metrics, and drafted the results, discussion scenario, and references. All authors participated in reviewing, editing, and approving the final version of the manuscript.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the research, authorship, funding, or publication of this paper. No financial support or commercial benefits were received from any artificial intelligence provider or financial technology firm that could influence the objectivity of this study.

AI Usage Statement

The authors confirm that generative Artificial Intelligence (AI) tools were employed during the preparation of this manuscript solely to improve language flow, verify grammatical correctness, and optimize text readability and structural clarity. AI applications were not used to generate foundational conceptual frameworks, interpret academic literature, perform thematic analysis coding, or draw subsequent qualitative conclusions. The authors maintain absolute ownership and assume full responsibility for the academic integrity, originality, and intellectual data presented in this work.

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