

DEVELOPMENTS IN ISLAMIC INVESTMENT MANAGEMENT: A REVIEW OF CURRENT SYSTEMATIC LITERATURE

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Abstract: *The development of Sharia investment management has shown considerable progress along with the increasing public awareness of the application of Islamic economic principles and the need for a financial system that upholds ethical values and sustainability. This study aims to systematically examine the development of concepts, practices, and trends in Sharia investment management by referring to recent scholarly literature. The method used is a Systematic Literature Review (SLR) through a search of reputable national and international journal articles relevant to the topic of Sharia investment and published within a specified time frame. The stages of literature selection include identification, screening, eligibility assessment, and the determination of articles suitable for analysis based on established criteria. The study results indicate that Islamic investment management continues to develop, particularly in terms of innovation in investment instruments, the implementation of good governance, risk management, and the utilization of Sharia-based financial technology. Additionally, there is a shift in orientation from merely fulfilling Sharia compliance to strengthening sustainability values and value-based investment approaches. This research is expected to provide academic contributions to the development of Islamic economic and financial studies, as well as serve as a reference for practitioners and policymakers in formulating strategies for the future development of Islamic investment management.*

Keywords: *Sharia Investment Management, Systematic Literature Review, Islamic Finance, Sustainable Investment, Current Developments.*

Introduction

The development of the Islamic financial industry in Indonesia has experienced significant growth in the past few decades, along with increasing public awareness of the importance of a financial system based on ethical values and compliance with Sharia principles. This transformation is marked by the expansion of various Islamic investment instruments, not only in conventional sectors such as sukuk and Islamic mutual funds, but also in social and

digital innovations, for example productive cash waqf and sustainability-based investments (ESG). (Qotrunada et al., 2024) This shows that Islamic investment is not only oriented towards achieving economic profit, but also emphasizes moral values and social sustainability. Recent literature shows that the dynamics of growth in Islamic investment are influenced by advancements in financial technology and innovations in Sharia capital market products.

Innovations such as digital mutual funds and the enhanced performance of Danareksa Syariah also contribute to expanding Sharia financial inclusion among the Muslim community (P & Huda, 2025). At the same time, the behavior of Muslim investors is shifting toward decision-making patterns that are more value-based and ethically rational, where compliance with Sharia principles becomes a primary consideration in investment decisions (Taufik & Rusmana, 2023).

Nevertheless, academic studies on Sharia investment management still show imbalances in topics and methodological approaches. Most previous research has focused on performance comparisons between Islamic and conventional financial institutions, while exploration of a theoretical framework for investment management based on *maqāṣid al-sharī'ah* remains relatively limited. (Budianto & Dewi, 2023); (Susanto et al., 2022). In this context, the use of a Systematic Literature Review (SLR) approach and bibliometric analysis becomes important to identify the direction of research development, evaluate the methodologies used, and uncover research gaps that have not been extensively studied (Sugiarto et al., 2025). Moreover, the integration of Sharia investment principles with the objectives of sustainable development goals (SDGs) represents a new potential research focus. This integration is believed to strengthen the contribution of Sharia investment to inclusive, equitable, and sustainable economic development (Qotrunada et al., 2024).

Thus, Sharia investment management plays a strategic role not only as a means of developing the community's economy but also as an instrument in achieving a balance between material and spiritual aspects within the Islamic economic system. Based on this background, this study is aimed at identifying, classifying, and synthesizing recent literature findings on the development of Islamic investment management using a Systematic Literature Review (SLR) approach. Through this systematic review, it is expected to gain a comprehensive understanding of research trends, theoretical frameworks, and policy development directions that support the advancement of Islamic investment management practices in Indonesia and worldwide.

Literature Review

The development of Sharia investment management has shown significant growth in the last decade. As part of the Islamic financial system, Sharia investments are based on the principles of justice, sustainability, and the avoidance of elements of *riba*, *gharar*, and *maysir* (Cahyani & Mu'arrifin, 2024). Sharia investment management not only emphasizes achieving financial profit, but also fulfilling the values of *maqāṣid al-sharī'ah*, which include the protection of wealth (*ḥifz al-māl*), social welfare, and fair economic distribution (Permono et al., 2025).

1. Concept and Principles of Sharia Investment Management

Sharia investment is a form of fund management conducted in accordance with Islamic Sharia principles. The main principles of sharia investment emphasize the permissibility of business activities, fairness in risk-sharing, and the prohibition of speculative activities (Rohmah, 2025). Several previous studies, such as (Arrazaq, 2020), confirm that these principles are the fundamental distinguishing factors between sharia and conventional investments. In addition, sharia investment management also prioritizes ethical dimensions reflected in the governance and transparency of investment management institutions. This ethical approach makes sharia investment not only an economic tool but also a moral instrument in supporting the welfare of society.

2. Development of Sharia Investment Instruments and Practices

In the past two decades, innovations in sharia investment products and instruments have become increasingly diverse. Some of the main instruments. The sectors dominating the Islamic capital market include sukuk, sharia mutual funds, productive waqf, and Islamic equity funds (P & Huda, 2025). The development of these products is not only occurring in Indonesia but also globally, especially in the Middle East and Southeast Asia. Literature shows that sharia mutual funds and green sukuk have become leading products representing the synergy between sharia principles and environmental sustainability (Novrizal et al., 2024). Through product innovation and market expansion, Islamic investments have become a competitive alternative to conventional investments, particularly among investors who prioritize halal principles and financial ethics.

3. Sharia Investment and Sustainability Orientation

Digitalization has become a key factor in expanding the reach of sharia-compliant investments. The integration of sharia-based financial technology (fintech) enables broader financial inclusion, speeds up transaction processes, and enhances transparency (Novrizal et al., 2024). Several studies, such as Oktaviani et al. (2025), have found that digital sharia investment platforms encourage the participation of young Muslim generations in the capital market. Furthermore, blockchain technology and artificial intelligence (AI) are beginning to be applied in the sharia compliance screening process and investment portfolio analysis (Hanafi & Firdaus, 2023). This indicates a shift from traditional practices to a more modern and efficient sharia investment management system.

4. Sharia Investment and Sustainability Orientation

Current trends indicate that Sharia investment aligns in values with Environmental, Social, and Governance (ESG), which is a global focus in sustainable finance (Azizah, 2024). This concept is in line with *maqāṣid al-sharī'ah*, which promotes a balance between economic profit, social responsibility, and environmental preservation. Therefore, several studies propose integrating ESG indicators with Sharia principles to create a more ethical and sustainable investment model (Suparman et al., 2025).

5. Research Gaps and the Relevance of Systematic Literature Review

From various literatures that have been reviewed, there are still several gaps that need attention: a. There is not much research that empirically measures the social impact of Shariah investments on community welfare. b. Studies on governance and accountability of Shariah investment institutions are still limited. c. The lack of integration of *maqāṣid al-sharī'ah* theory in investment performance evaluation models. d. Limited cross-country research assessing Shariah investment performance across different Islamic economic systems. Therefore, this literature review aims to provide a synthesis and new research directions to strengthen the conceptual and practical foundations of Shariah investment management.

Method

1. Research Design

This study uses a literature review approach to analyze the development of concepts, theories, and practices in Sharia investment management. This approach serves to critically and systematically review previous research findings in order to gain a comprehensive understanding of the direction of scientific development in this field (Khaddafi et al., 2025). As a conceptual study, this literature review does not focus on collecting primary data but emphasizes the process of identifying, analyzing, and synthesizing various relevant academic sources, including scientific journals, books, and legally published research reports (Genc-Nayebi & Abran, 2017).

2. Sources and Literature Criteria

The literature used for analysis was obtained from Indonesian and English scientific journals relevant to the topic of the development of Sharia investment management, sourced from databases International and national academic sources such as Scopus, ScienceDirect, Emerald Insight, Google Scholar, and Garuda (Garba Rujukan Digital). The criteria for the literature used are defined as follows: a. Inclusion Criteria: 1) Scientific articles published in the period 2015–2025. 2) Studies focusing on the topic of Sharia-compliant investment management, Islamic investment management, or Shariah-compliant portfolio management. 3) Research using a literature review or systematic literature review approach. b. Kriteria Eksklusi: 1) Opinion articles, proceedings, or reports without an explicit methodology; 2) Studies focusing on conventional finance with no Sharia relevance; 3) Non-academic publications (blogs, organizational reports, and the like).

3. Data Collection and Data Analysis Techniques

The selection process was conducted following the PRISMA guidelines (Preferred Reporting Items for Systematic Reviews and Meta-Analyses). PRISMA is an international guideline aimed at enhancing transparency, clarity, and reproducibility in systematic review-based research (Bancong, 2025). The steps undertaken include: a. Identification: searching literature in academic databases using specified keywords; b. Screening: removing duplicates and irrelevant literature; c. Eligibility: assessing the suitability of content and methodology; d. Inclusion: final selection of articles that align with the research objectives. The analysis was conducted using a thematic content analysis approach, which aims to categorize the literature into relevant main themes (Najmah et al., 2023). The final results consisted of 25 scientific articles that met all the criteria and were analyzed in depth. These articles were then grouped into the main themes: (1) basic concepts and Sharia principles, (2) product innovation and capital markets, (3) the influence of fintech, and (4) ESG integration. This classification aims to facilitate the synthesis process and to identify pattern similarities as well as conceptual differences among studies (Firmansyah & Dede, 2022).

4. Validity and Reliability

To ensure the accuracy and objectivity of the analysis, each stage of the process is conducted through literature triangulation, where sources from various databases are compared and verified (Rofiah & Bungin, 2020). Content validity is maintained by limiting the review to academic articles that have undergone the peer review process. In addition, the selection and analysis procedures are carried out transparently with systematic documentation so that the review process can be replicated by other researchers.

Result and Discussion

The literature review shows that the development of Islamic investment management has made significant progress over the past two decades, particularly through the integration of Sharia values with technological innovation and sustainability principles. Based on the analysis of 20 relevant scientific articles (2015–2025), the main findings can be grouped into four major themes:

1. **Strengthening the Concept and Principles of Sharia Investment** Most studies assert that the main principles in Sharia investment management remain based on the prohibition of *riba*, *gharar*, and *maysir*, as well as the obligation to invest in halal sectors (Cahyani & Mu'arrifin, 2024). However, the conceptual orientation has now shifted from compliance-based to value-based investment, which places ethics and sustainability as main components in investment decision-making. This shift indicates that Sharia investment not only functions as a means of capital accumulation but also as an instrument for achieving *maqāsid al-sharī'ah* (Budianto & Dewi, 2023)

2. Instrument Innovation and Strengthening of the Sharia Capital Market Research by (P & Huda, 2025) shows that the development of products such as green sukuk, digital sharia mutual funds, and productive waqf has become an important indicator of the evolution of the sharia capital market. These investment product innovations not only enhance the competitiveness of the sharia financial sector but also expand individual investor participation through digital channels.
3. The Impact of Financial Technology (Fintech) on Efficiency and Inclusion The development of Sharia-based fintech has had a positive impact on the efficiency and accessibility of investment services. Sharia-based fintech expands access to halal investment products and enhances transparency through digital systems that comply with Sharia principles (Taufik & Rusmana, 2023). Other findings indicate that technologies such as AI analytics and blockchain are beginning to be used to ensure Sharia compliance and improve portfolio management accuracy.
4. Integration of Sustainability (ESG) and Development Goals (SDGs) Recent research highlights the importance of integrating Islamic investment with sustainability values. A study by (Qotrunada et al., 2024) emphasizes that Sharia principles align with the Sustainable Development Goals (SDGs), particularly in the aspects of economic equity, social justice, and environmental protection. This approach strengthens the position of Sharia investment management as part of an ethical and inclusive financial system.
5. Research Gaps and Future Direction Some studies indicate limitations in the following areas: Lack of empirical studies assessing the impact of financial and social performance of Sharia investments. Limited integration of quantitative methods and systematic literature across countries. Underdeveloped studies on governance in Sharia investment management institutions. Therefore, future research is recommended to use mixed-methods approaches and longitudinal analysis to measure the longterm impact of Sharia investment management on economic stability and social development

Conclusion

Based on the results of a systematic literature review, it can be concluded that Islamic investment management has evolved into an increasingly complex and adaptive discipline in response to global changes. These developments include: 1. Paradigm shift from formal Sharia compliance to value-based investment. 2. Diversification of instruments through product innovation such as green sukuk and digital Sharia mutual funds. 3. Utilization of financial technology to support efficiency, transparency, and Sharia financial inclusion. 4. Integration of sustainability and ESG, which strengthens the ethical and social dimensions of Islamic investment.

Academically, this research enriches the conceptual understanding of the evolution of Sharia investment management and opens new avenues for exploring the integration of maqāsid al-sharī'ah values in the context of sustainable development. Meanwhile, practically, the findings of this study can serve as a reference for regulators, financial institutions, and investors in designing investment strategies that align profitability, ethics, and sustainability.

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