

The Impact of the Digital Economy on Economic Empowerment Models for Muslim Youth in Indonesia

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ABSTRACT

This study aims to challenge the dominant narrative, identify structural and cultural issues that are often hidden, and offer middle-ground solutions rooted in the values of social justice, collective empowerment, and innovation based on religion and technology in Indonesia. This study employs a library research approach, utilising academic literature, research reports, and policy documents to develop a comprehensive understanding of the impact of the digital economy on the economic empowerment of Muslim youth in Indonesia. The results show that the digital economy has brought about a quantum leap in the empowerment of Indonesian Muslim youth, accelerating their access to and participation in various business and innovation sectors, while encouraging the emergence of a new, more progressive and independent identity. However, behind these opportunities lie serious challenges in including a dilemma between digital business efficiency and consistency with Sharia principles, as well as the fragmentation of religious authority due to the dominance of influencer narratives in the digital space. Therefore, the economic empowerment of Muslim youth through digital technology will only be meaningful if it is accompanied by the strengthening of critical literacy, ethical integrity, and collaboration among stakeholders to ensure that every digital business innovation and practice not only pursues growth and virality, but truly supports justice, sustainability, and Sharia objectives as the primary foundation for the progress of the ummah in this era of transformation.

INTRODUCTION

The euphoria over the ease of access, freedom of choice, and unlimited opportunities offered by the digital economy does indeed promise economic democratisation, where everyone can seemingly become an economic actor, content creator, or innovator without being hindered by significant capital, elite connections, or rigid bureaucracy. However, this grand narrative often hides the complexity of power structures, relationship patterns, and new pitfalls that arise from the digital ecosystem itself. Not all Muslim youth have equal access to the digital infrastructure, technological literacy, or socio-economic capital necessary to take on strategic roles in the digital economy (M. M. Rahman & Hossain, 2025). Instead of being a space for empowerment, the digital economy often reinforces new inequalities, whether in terms of gender, region, or social class.

For Indonesian Muslim youth, the economy is not just a matter of profit and loss, but also an arena for the actualisation of religious values, ethics, and identity (Hamayotsu, 2011). The ideal model of economic empowerment for them must certainly consider Sharia aspects, both in transaction mechanisms, profit distribution, and social responsibility. However, in practice, the digital economy often presents complex ethical ambiguities and normative challenges. E-commerce and fintech platforms, for example, do not always provide schemes that are entirely in accordance with Sharia financial principles (Muryanto et al., 2022). Meanwhile, the demand to quickly adapt and compete in the digital ecosystem often traps Muslim youth in a dilemma between religious principles and economic pragmatism.

Amid this ambiguity, a critical question arises: does the digital economy truly provide an authentic space for empowerment for Indonesian Muslim youth, or does it merely give birth to a new generation of consumers trapped in the logic of global digital capitalism? Initial studies on the digital economy in Indonesia tend to highlight the optimistic side, emphasising the growth of the halal startup system, Islamic fintech, Islamic product markets, and active digital Muslim communities campaigning for Islamic entrepreneurship. However, this narrative is too simplistic if it ignores the fact that most Muslim youth still occupy marginal positions in the digital economy ecosystem. They tend to play the role of users or digital workers with low added value, rather than producers, innovators, or owners of large digital platforms.

This reality highlights two key challenges in the economic empowerment model for Indonesian Muslim youth in the digital economy era. First, there are structural challenges in including unequal access, literacy, and capital. Second, there are cultural and normative challenges in the form of clashes between Islamic values and global digital business practices, which tend to be secular, pragmatic, and competitive in nature. Third, there are political-economic challenges in the form of digital market domination by several global platforms (platformisation), which significantly limit opportunities for local actors, including Muslim youth, to become major players.

The emergence of the digital economy has also altered the orientation of Muslim youth towards economic empowerment, shifting from traditional patterns to more flexible, individualistic, and network-based models (Abid & Alsarhan, 2025). In the past, Muslim youth economic empowerment was closely tied to formal institutions, including Islamic boarding schools, mosques, Sharia cooperatives, and Islamic youth organisations. Now, the digital economy offers new spaces that are more informal, dynamic, and community-based.

Through platforms such as Instagram, TikTok, YouTube, and online marketplaces such as Tokopedia and Shopee, Muslim youth can build businesses, develop business networks, and popularise the Islamic lifestyle independently without being overly dependent on formal

institutions. However, this pattern also contains a paradox: individual- and algorithm-based economic empowerment often leads to uncertainty, fragmentation, and even social isolation, because the social interaction and support obtained are not always real or sustainable.

In terms of public policy, efforts to empower Muslim youth economically in the digital economy era also face various dilemmas. The Indonesian government and Islamic financial institutions have launched several Islamic financial digitisation programmes, such as the development of Islamic fintech platforms, the digitisation of halal MSMEs, and incentives for Islamic-based startups; however, these policies are often sectoral, partial, and do not fully address the complex and dynamic needs of Muslim youth. In fact, digitalisation policies that focus too much on economic aspects without considering social, cultural, and spiritual dimensions have the potential to create new forms of inequality that are more subtle and difficult to overcome (Imran, 2023).

A review of relevant literature on the economic impact of digitalisation on the economic empowerment of Muslim youth in Indonesia reveals various findings that reinforce and enrich critical perspectives on this phenomenon. A significant study conducted by Muneeza and Mustapha (2021) reveals that Shariah-compliant fintech has considerable potential in expanding access to funding for young Muslims, particularly those who are underserved by conventional banking services. However, inconsistent regulations and concerns about the halal aspects of digital products remain significant obstacles.

Several previous studies have focused on integrating sharia principles in digital businesses and found that Muslim youth are more motivated to become entrepreneurs in the digital sector when the business ecosystem clearly meets sharia standards, is transparent, and is socially oriented (Raimi et al., 2023; Syarif & Aysan, 2024; Yasmeen, 2024). Other studies on the digitalisation of zakat and waqf strategies show that digital platforms make it easier for Muslim youth to contribute to Islamic philanthropy in a more participatory and transparent manner (Izzati et al., 2024; Jafar et al., 2025; Widiastuti et al., 2025). The digitalisation of zakat and waqf also encourages the formation of new socio-economic communities oriented towards shared prosperity.

This study aims to provide a critical and comprehensive understanding of the digital economy's influence on the economic empowerment model of Muslim youth in Indonesia. This study will not only map opportunities and challenges, but also analyse in depth how Islamic values, norms, and identities are articulated, maintained, and recreated in the digital economy ecosystem. This study also seeks to identify key factors, whether structural, cultural, or individual, that encourage or hinder the economic empowerment of Muslim youth in the digital era. The primary objective of this study is to expose the power relations, structures, and social dynamics concealed within the grand narrative of economic digitalisation, as well as to propose a more inclusive, equitable, and contextual model of empowerment.

METHOD

This study employs a library research approach, utilising academic literature, research reports, and policy documents to develop a comprehensive understanding of the digital economy's impact on the economic empowerment of Muslim youth in Indonesia. Through a critical examination and analysis of various theories, including empowerment theory, digital economy, Islamic economy, and socio-cultural theory, this study identifies patterns, opportunities, and obstacles in the process of economic transformation involving values, identity, and power relations amid digitalisation (Ahmed et al., 2025; Qizam et al., 2025; M. R. Rahman, 2025). Each theory is systematically selected and integrated to produce an analysis

that is not only multidisciplinary but also takes into account local dynamics, religious practices, and the global challenges faced by Indonesian Muslim youth.

The analysis in this study is conducted through the synthesis and cross-reading of literature to find intersections, contradictions, and potential innovations in relevant economic empowerment models. By critiquing dominant narratives and highlighting hidden structural and cultural aspects, this research produces a solid and reflective theoretical foundation. The results are expected to provide recommendations and models of empowerment that are adaptive, fair, and rooted in Islamic values, in response to the ever-evolving complexity of the digital economy within the context of young Muslim society in Indonesia.

RESULTS AND DISCUSSION

The Transformation of Muslim Youth Economic Identity in the Digital Ecosystem

The phenomenon of halal fintech and innovation in sharia digital financial services reinforces the transformative dimension of Muslim youth economic identity. Sharia peer-to-peer lending applications, digital zakat and waqf crowdfunding, and digital wallets with halal transaction features have expanded the definition and practice of Islamic economics in the digital realm (Kasmon et al., 2025). This is where hybridisation occurs between technological innovation, market efficiency demands, and increasingly complex spiritual aspirations. Muslim youth are not only passive users of digital financial services, but also play a role in developing, promoting, and even criticising existing systems and features to bring them more in line with the values of justice, transparency, and inclusivity that are idealised in Islam (Harunoğullari, 2025). This process shapes the economic identity of Muslim youth, making them more reflective, adaptive, and critical of the weaknesses of digital capitalism, without losing their commitment to Islamic principles.

Amidst the rapid growth of the digital economy, the digital marketplace has also become a strategic space for the expression and affirmation of the economic identity of Muslim youth. The digital market, which offers halal products, sharia-compliant clothing, halal food and beverages, and Islamic creative services, presents vast opportunities for Muslim youth to become digital producers and entrepreneurs, rather than just consumers (Qadri & Malik, 2024). They utilise the power of social media, influencers, and digital communities to build personal and collective brands that affirm a progressive and modern Muslim identity, while remaining firmly rooted in religious values. The phenomenon of digital hijrah, which is common among urban Muslim youth, is not only a cultural and spiritual movement but also an expression of a new economy and lifestyle that prioritises Islamic products as symbols and tools for identity formation.

This transformation of economic identity does not occur in a vacuum. It takes place amid tensions between Islamic idealism and the harsh realities of the global digital market, which is rife with competition and commercialisation. On the one hand, the digital economy has become a new space for democratisation, opening up equal access and opportunities regardless of origin, social background, or gender (Rani et al., 2022). However, on the other hand, fierce competition in the digital market has also led to the commodification of religion, where Islamic symbols are often mass-marketed for purely economic gain, without critical reflection on their meaning and impact on the Muslim community. This is where the battle of narratives arises: is the digital economy truly an authentic space for the empowerment of Muslim youth, or does it actually plunge them into a vortex of capitalism wrapped in a sharia label?

The transformation of the economic identity of Muslim youth in the digital ecosystem also reflects changes in the power relations between the state, religious institutions, and new actors in the digital space. The state plays a role in regulating and promoting the digitalisation of the sharia economy through policies, regulations, tax incentives, and halal startup financing. Meanwhile, religious institutions such as the Indonesian Ulema Council, Islamic mass organisations, and Islamic boarding schools are also active in halal product certification, the issuance of digital fatwas, and the development of technology-based Islamic economic literacy programmes (Faizi et al., 2025). However, the role of non-formal actors such as young Muslim entrepreneur communities, hijrah influencers, and Islamic application developers is increasingly dominant in determining the direction and content of economic identity transformation in the digital realm.

The pattern shows a decentralisation of authority, in which Muslim youth act as creators and innovators who do not entirely depend on formal institutions in negotiating their identities and economic practices. A key dynamic in this transformation is the emergence of a digital creative economy ecosystem centred on Muslim youth communities. Through platforms such as Instagram, YouTube, TikTok, and online marketplaces that specifically sell halal products, they are building business networks, creative collaborations, and economic solidarity that are no longer bound by physical space or geographical boundaries. Muslim youth utilise digital media not only for promotion and sales, but also for education, advocacy, and even economic da'wah, which emphasises the importance of justice, transparency, and sustainability. This phenomenon is increasingly interesting because, on the one hand, it offers a new model of community-based economic empowerment. Still, on the other hand, it also presents challenges in the form of identity fragmentation, unhealthy competition, and the risk of digital exclusivity that can widen the gap between urban and rural Muslim youth groups.

The new identity formed among Muslim youth cannot be separated from the strong influence of digital technology in shaping mindsets, values, and lifestyles. The generation of Muslim youth born in the digital era is very familiar with visual language, algorithmic logic, and the collaborative culture and sharing economy that characterise the digital ecosystem. They view innovation and adaptation as part of economic jihad, a form of devotion and self-actualisation that is in line with religious guidance but relevant to the challenges of the times. Digital skills, branding abilities, and expertise in managing social networks have become essential assets in building a presence and competitiveness in the digital market. In fact, some Muslim youth view their presence in the digital world as part of contemporary da'wah, which is no longer limited to mosques but extends to e-commerce, fintech, and social media.

The digital economy also allows Muslim youth to reconstruct gender relations, social roles, and leadership patterns within the community. Many young Muslim women who were previously prevented from accessing the economy due to cultural constraints can now build businesses, become content creators, and leaders of Islamic-based digital communities (Insani et al., 2024; Karimullah, 2023). On the other hand, new challenges have emerged: fierce competition, high productivity demands, and the risk of digital exploitation require resilience, critical literacy, and strong community solidarity, so that economic identity transformation not only occurs on the surface but also builds a deeper foundation of empowerment. In the digital ecosystem, the identity of Muslim youth continues to be negotiated: are they merely adaptive to change, or are they capable of building original narratives and innovations that are liberating and beneficial to the broader community?

The transformation of the economic identity of Muslim youth in the digital ecosystem also raises critical questions about the authenticity and sustainability of Islamic values in digital

business practices. On the one hand, technology offers opportunities to reinterpret and implement Islamic teachings in a more inclusive, progressive, and contextual manner. Muslim youth can choose and create business models that are in line with maqashid sharia, ensuring benefits, justice, and sustainability for all stakeholders. On the other hand, market pressures and the logic of digital capitalism often encourage compromises in values, even deviations from the ethical principles that should be upheld (Nachtwey & Seidl, 2024). This phenomenon calls for digital business models that are not only formally labelled as sharia-compliant, but also truly base their governance, innovation, and equitable economic growth on Islamic values.

Education, digital literacy, and access to technology are key determinants of the economic transformation of Muslim youth's identity. Those who can access knowledge, develop digital skills, and connect with business networks and creative communities have a greater opportunity to become innovative and influential digital entrepreneurs. However, the digital divide remains a serious structural problem in Indonesia (Onitsuka et al., 2018). Muslim youth in remote, poor, or educationally disadvantaged areas are often marginalised from the highly competitive digital ecosystem dominated by educated urban groups. Therefore, equitable access, literacy programmes, and the involvement of educational and religious institutions are key to ensuring that the transformation of the economic identity of Muslim youth is inclusive, not just beneficial to the digital elite.

Amidst these dynamics, Indonesian Muslim youth have proven that the digital economy is not only a space for consumption but also a tool for creation, innovation, and cultural resistance against global market hegemony. They are present as digital entrepreneurs, content creators, and technological innovators who bring the spirit of Islam into their business activities. This phenomenon confirms that economic identity transformation is not a passive or reactive process, but an active process involving creativity, reflection, and commitment to creating a more ethical and fair economy.

In the digital space, the identity of Muslim youth is no longer determined solely by the state or formal religious authorities, but also by networks, collaborations, and collective initiatives that continue to evolve and change. However, this transformation also poses new challenges in the form of identity ambiguity and potential crises of meaning. As more and more halal and sharia labels become commodities in the digital marketplace, there is a danger that Islamic values will be reduced to branding strategies or differentiators in the midst of business competition. Muslim youth must be vigilant so that the identities they build do not lose their spiritual depth, social commitment, and orientation towards the welfare of the ummah.

The next challenge is to maintain the integrity and authenticity of values amid the pressure of commercialisation, algorithm standardisation, and increasingly intense digital community fragmentation. This is where critical awareness, digital ethics education, and the strengthening of religious-based leadership values are needed to ensure that the transformation of Muslim youth's economic identity is not merely a superficial adaptation, but is truly rooted and has a long-term impact.

The transformation of the economic identity of Muslim youth is also closely related to shifts in patterns of da'wah, philanthropy, and social advocacy in the digital age. Many Muslim startups and digital communities integrate business practices with social missions, such as online zakat, humanitarian fundraising, sharia financial literacy education, and campaigns for a healthy and sustainable halal lifestyle (Bashori et al., 2024; Karimullah, 2025). This phenomenon demonstrates that the digital economy can serve as a means of collective

empowerment and broader social solidarity, rather than being solely oriented towards individual or group profits. Successful digital economy models among Muslim youth are generally those that build strong, participatory, and open ecosystems rooted in the real needs of society and the transformative values of Islam.

The dynamics of globalisation of values and international Muslim diaspora networks also influence the process of economic identity transformation (Rahmani et al., 2023). Indonesian Muslim youth not only interact with local markets and communities, but are also part of a global digital ecosystem that connects them with ideas, innovations, and challenges from various parts of the world. Openness to these global experiences enriches their perspectives, but also requires greater critical thinking in terms of adaptation and value selection. Amidst the rapid flow of information and digital content, Muslim youth face the challenge of filtering, adopting, and developing economic models that remain rooted in their unique cultures and local contexts, while remaining open to global innovation and collaboration.

The Clash of Values between Digital Capitalism and Sharia Economic Principles

The viral phenomenon of young ustaz and ustazah, digital entrepreneurs, and Muslim influencers who popularise the halal lifestyle and Islamic business models on social media represents the new face of the Islamic economy in Indonesia. They have emerged as key actors who play a dual role as preachers, entrepreneurs, and symbols of the urban Muslim middle class's aspirations. Young ustadz and ustazahs who present themselves in a contemporary style, speaking in an easy-to-understand and motivational language, have become new role models who not only provide fatwas but also offer business inspiration, marketing strategies, and even tips on Sharia investment and financial management.

Young Muslim influencers utilise social media algorithms to disseminate religious content, promote halal products, support sharia brands, and build digital communities loyal to a progressive and modern narrative of Islam. On the one hand, their popularity brings new hope and opportunities. The halal lifestyle is no longer considered outdated, rigid, or limited to rituals and doctrines; instead, it is creatively articulated as a prestigious and relevant lifestyle that is in tune with the challenges of the digital age. Halal products, ranging from cosmetics and sharia fashion to food and beverages, travel, and investment instruments, have become part of a collective identity promoted through various digital platforms, expanding the market while building a more dynamic Islamic economic ecosystem.

Many young Muslims are inspired to become digital entrepreneurs, creating startups based on Islamic values and building business networks that prioritise halal principles, ethics, and social responsibility. However, on the other hand, the rapid commercialisation and capitalisation of Islamic narratives in the digital space also raise concerns and fundamental questions about the authenticity and consistency of applying Sharia economic principles.

Digital capitalism operates with a logic that is very different from Sharia values: it encourages unlimited growth, prioritises virality, and places capital accumulation and free competition above all else. In many cases, the Islamic business models popularised by young Muslim influencers resemble digital capitalism strategies wrapped in religious symbols. Sharia hijab brands, halal skincare products, Islamic markets, and even sharia fintech applications are promoted with spiritual narratives and calls for goodness. Still, their marketing and business management practices are often highly pragmatic, competitive, and even frequently disregard the principles of justice and balance that form the basis of Islamic economics.

This conflict of values becomes more complex when influencers, ustaz/ustazah, and young Muslim entrepreneurs collaborate to build a highly viral halal lifestyle ecosystem. These collaborations often give rise to business ecosystems that are highly adaptive to digital logic: content is made as viral and straightforward as possible, sales are driven by aggressive promotional techniques, and community loyalty is built through relatable Islamic narratives. However, viral success often does not go hand in hand with adequate Sharia financial literacy education, and sometimes even distorts meaning (Abdullah et al., 2022). Islamic values are reduced to marketing taglines such as 100% halal, Sharia-compliant, or financial hijrah, often without substantial oversight from religious authorities, creating the risk of misleading and potentially manipulating Muslim consumers.

This challenge becomes more apparent when digital capitalism introduces the logic of the attention economy, which demands exposure, engagement, and traffic. Young Muslim scholars and influencers are compelled to adapt to digital marketing strategies that require a high volume of content, consistent publication, and even cross-brand and cross-community endorsement collaborations. This situation ultimately encourages the instrumentalisation of religion, where Islamic messages are tailored to market needs, audience tastes, and social media algorithm preferences. In this context, Sharia economic principles such as fairness, openness, transparency, and the prohibition of exploitation often become mere slogans. At the same time, business and marketing practices continue to be carried out in a capitalist and competitive manner.

The phenomenon of "ustazpreneur" and "hijrah influencer", for example, shows how the line between preaching and business is becoming increasingly blurred. Young ustadz and ustazah appear in various live broadcasts, podcasts, and even TikTok videos, presenting religious themes in a format that caters to a millennial lifestyle. Often, da'wah no longer focuses on fundamental issues of Islamic economic justice or the protection of vulnerable groups but has shifted to promoting products, motivating businesses, and offering tips for financial success in accordance with Sharia. The spaces for da'wah and sales not only coexist but have even merged into the same digital ecosystem, with interactions occurring simultaneously and on a large scale.

A more acute conflict of values arises when the halal lifestyle is used as a new, exclusive, even elitist moral standard. Young, affluent urban Muslim communities often display a fashionable, successful, and modern Islamic lifestyle, from Sharia-compliant clothing and halal gadgets to Sharia-compliant investments (Qadri & Malik, 2024). Meanwhile, this narrative usually does not touch on the reality of Muslim youth who are on the digital periphery or lower-middle-class groups who have difficulty accessing premium halal products and comprehensive Islamic financial education. This phenomenon creates a new gap between Muslims who have been digitally verified as sharia-compliant and Muslim groups who continue to struggle with economic and literacy limitations. The principle of Islamic economic inclusivity, which should promote social justice and solidarity, is threatened by the halal lifestyle narrative that emphasises prestige, symbolic consumption, and social exclusivity.

Digital capitalism inherently encourages personal branding and content monetisation. Young religious leaders, entrepreneurs, and Muslim influencers compete to capture the large Muslim niche market by creating loyal digital community ecosystems, ranging from loyal followers on social media to participants in Islamic business classes and consumers of halal products. In this process, the success of da'wah and business is often measured by the number of followers, engagement rates, and sales growth.

The values of honesty, trust, and concern for people with low incomes, which are at the core of the Islamic economy, are sometimes displaced by a highly quantitative and instrumental capitalist logic. This dilemma is even more pronounced when social media and digital marketplaces provide features that encourage unlimited free competition. Flash sales of halal products, referral programmes, affiliate commissions, and point and reward systems encourage impulsive, speculative, and sometimes even exploitative consumption behaviour.

On the other hand, sharia principles demand a balance between rights and obligations, clarity of contracts, prohibition of usury and gharar, and social responsibility in every transaction. Not all Islamic business models that go viral in the digital space actually substantially meet sharia standards; many only perform formal verification, while ethical, social, and fairness aspects are often neglected in favour of business growth.

The situation becomes more complex when digital capitalism encourages data exploitation and algorithmic personalisation to increase business opportunities and virality. Every click, like, and even the consumption preferences of Muslim youth are processed into valuable data that can be marketed, monetised, or even used as a tool for social control. The commodification of religion in the digital space not only occurs at the level of products and services but also extends to the construction of identity and social relationships. The identities of young Muslims involved in the halal lifestyle ecosystem have become more fluid and mobile, but at the same time vulnerable to pressure to continue to display an Islamic appearance that is acceptable to the market and social media algorithms. However, it must also be acknowledged that not all viral Islamic business phenomena on social media are purely negative reproductions of digital capitalism.

Many young Muslim communities have successfully developed digital business and da'wah ecosystems based on social solidarity, financial literacy education, and grassroots economic empowerment. In the hands of visionary and ethical actors, digital platforms can serve as tools for socio-economic transformation, providing tangible benefits to Muslim communities, opening access to Sharia financing for MSMEs, facilitating the distribution of zakat and waqf, and inspiring a more realistic and solution-oriented Islamic lifestyle (Faizin et al., 2024; Nuriskandar et al., 2025).

However, the intersection between digital capitalism and Sharia economic principles remains an area fraught with value conflicts, negotiations, and even compromises. Many young Muslim entrepreneurs and influencers continue to face the dilemma of pursuing business growth and maintaining the integrity of Sharia values. Often, they must choose between following market trends or upholding Sharia boundaries that may not be popular among digital audiences.

The demand to always be relevant, competitive, and innovative in the digital ecosystem can obscure the spiritual and social orientation that is at the core of Islamic economic empowerment. This challenge is exacerbated by the weak regulation and oversight of digital Islamic business models by religious authorities and state institutions. Halal certification, Sharia auditing, and digital business fatwas often lag far behind market innovation and acceleration. Many Islamic startups, Shariah fintech platforms, and halal markets operate with their own interpretations of Shariah principles, without adequate guidance and oversight.

The clash of values between digital capitalism and Sharia economic principles has also sparked resistance and criticism among intellectuals, activists, and some young Muslim communities. Many question the authenticity of the digital hijrah movement, the virality of halal products, and the narratives of sharia-style financial success spread on social media. Sharp criticism has been directed at the tendency to commercialise da'wah, the exploitation of

Islamic symbols for commercial purposes, and the emergence of a consumptive and superficial Islamic lifestyle.

Some remind us that the Islamic economy is not only about halal and haram products and Islamic branding, but must also be oriented towards justice, empowerment, and support for vulnerable and poor groups. The transformation of young Muslim identity in the vortex of digital capitalism and the Islamic economy ultimately forms a multidimensional contestation (Salam-Salmaoui et al., 2025). On the one hand, young Muslims are trying to play an active role as creators, innovators, and digital business actors who bring Islamic values into modern economic practices. However, on the other hand, they are also vulnerable to being trapped in market logic that prioritises virality, monetisation, and self-branding without sufficient spiritual depth and social commitment. The line between innovation and commodification, between da'wah and sales, is increasingly thin and fraught with the risk of bias.

Amidst this clash of values, the future of the Islamic digital economy in Indonesia depends heavily on the ability of young Muslim actors to engage in critical reflection, ethical innovation, and integrity building. Islamic financial literacy education, more progressive regulations, and the strengthening of business communities based on solidarity and social responsibility are key priorities to ensure that Islamic economic principles are not marginalised in the face of aggressive digital capitalism. There needs to be close collaboration between the state, religious authorities, business actors, and the digital community to build an ecosystem that combines technological sophistication with social justice, so that the digital economy truly becomes a tool for empowerment, not just an arena for the reproduction of capitalism in Islamic guise.

The clash of values between digital capitalism and the principles of Islamic economics reflects the dynamics of the socio-economic transformation of Muslims in the digital age. This requires collective intelligence, moral leadership, and the courage to continue to question and improve the direction of the Islamic digital economy. Indonesian Muslim youth are at the forefront of this change, facing all the potential, opportunities, challenges, and risks together. The digital economy will only become a path to progress and justice for Muslims if the sustainability of value transformation is maintained with full responsibility and ethical vision. Therefore, the phenomenon of young Muslim clerics, entrepreneurs, and influencers on social media who are popularising the halal lifestyle and Islamic business models virally is not only a sign of progress, but also a critical reminder of the importance of reflection, education, and integrity so that the principles of sharia economics remain the soul, not just a label, of the digital economic transformation of Muslims.

The Role of Muslim Digital Influencers in the Shift of Religious Authority and Economic Practices

Behind the narrative of progress and empowerment often promoted by Muslim digital influencers, there are very complex ethical and practical dilemmas for young Muslims who are active in online business. Every day, they face difficult choices between efficiency and profit, with a commitment to Islamic values that often requires sacrifice, caution, and even short-term material losses in the short term. In the digital business world, speed and convenience are top priorities, from the use of online loans (pinjol) for business capital, dropship systems that accelerate business expansion without stock capital, affiliate marketing that promises instant passive income, to digital asset investments such as crypto that offer extraordinarily high returns. All of these innovations are driven by a highly competitive digital ecosystem, where those who act the quickest reap the benefits.

The reality of the digital market does not always align with Sharia principles. For example, many pinjols operate with high interest rates, late fees, and even usury practices that are prohibited in Islam. Dropshipping and affiliate marketing systems often involve unclear contracts, *gharar* (uncertainty) risks, and even fraud. Meanwhile, cryptocurrency investments and digital trading are frequently criticised for containing elements of speculation (*maysir*) and uncertainty (*gharar*), making their halal status a subject of debate among scholars. This dilemma is exacerbated when Muslim influencers with millions of followers and a religious reputation promote, provide tutorials, or even become brand ambassadors for products or platforms that are still ethically and legally ambiguous according to Sharia law.

Many followers end up making financial or business decisions simply because they are considered Islamic by their digital role models, without critical review or consultation with more competent religious authorities. At this level, Muslim digital influencers have become both trend setters and practical fatwa givers in the digital realm. Formal religious authorities appear to have been sidelined, left behind, and outmanoeuvred by social media algorithms that are more accessible, popular, and responsive to the needs of the digital generation. It is not impossible that what is considered halal by viral influencers is more trusted than the fatwa of the Indonesian Ulema Council or the decision of the National Sharia Council (Muttaqin et al., 2025; Nurizka et al., 2025).

This is where the symptoms of fragmentation of authority and inconsistency in religious and digital business practices emerge. Many Muslim youth experience moral confusion and anxiety when faced with choices that are not black and white. At the same time, they are surrounded by a flood of information, promotions, and endorsements that are often biased or even manipulative. Highly competitive and data-driven online business practices also force Muslim youth to take shortcuts to remain relevant and survive.

The use of online loans for business cash flow is sometimes chosen because access to sharia capital is still limited, and the process is slow. At the same time, digital market pressure is very high. Similarly, dropshipping and affiliate marketing systems are often utilised because they offer opportunities to build a business with minimal capital, albeit with high risks and typically not in compliance with Sharia ethics. Many entrepreneurs end up sacrificing their values: as long as the product is halal and the process is more or less Sharia-compliant, and consumers trust it, the business continues to thrive (Fitriyanti et al., 2025). This ethical dilemma is rarely critically examined in the narratives of digital influencers, who more often highlight success stories, business motivations, and viral strategies without discussing the complexities of fiqh muamalah or the broader socio-economic realities.

Digital investments such as crypto assets, NFTs, and blockchain-based peer-to-peer lending are the clearest examples of how Muslim youth are faced with the dilemma between innovation and Shariah values. Many Muslim influencers promote these investments with a halal label, even though religious authorities have yet to provide uniform legal certainty (Karimullah & Rozi, 2023). On the other hand, the logic of digital virality compels them to continuously produce new and relevant content, often at the expense of ethics, transparency, and risk. For Muslim youth with limited knowledge, narratives from digital influencers usually become the primary reference, even more reliable than lengthy discussions with traditional religious teachers or in-depth studies of Sharia literature.

This situation is exacerbated by social media algorithms that reinforce the polarisation of opinion and accelerate the spread of information that may not necessarily be true. Influencers with ambiguous religious and business positions can easily dominate the discussion space. At the same time, critical voices from Sharia authorities, academics, or ethical finance

practitioners are often drowned out in a viral stream that demands speed and simplicity of narrative. Therefore, religious authority in Muslim economic practice is no longer centralised and hierarchical, but increasingly fragmented and dispersed across digital networks, demanding a much higher level of critical literacy and ethical reflection from the Muslim community (Bukido et al., 2025).

Another practical dilemma often faced by young Muslims in the online business realm is balancing the principles of transparency, fairness, and sustainability with the demands of efficiency and profit. Many Muslim influencers have successfully built brands with narratives of honesty, openness, and social responsibility (Zaid et al., 2022). However, in daily practice, digital businesses still demand algorithm optimisation, aggressive marketing, and sometimes pricing strategies that are not entirely in line with the principles of justice in Islam.

Competitive pressures in the digital marketplace, affiliate programmes, and discount and cashback wars often push businesses to engage in practices that border on speculation, exaggerated claims, or even misleading consumers. In such situations, Sharia principles usually become mere ideal values that are sacrificed for the sake of business continuity. The transformation of religious authority by Muslim digital influencers also has broader social implications.

The success of influencers in changing conventional religious authority marks a new era in which Islam is no longer entirely controlled by religious elites or formal institutions. Still, it has become more populist, fragmented, and heavily influenced by digital trends. On the one hand, this phenomenon has led to the democratisation of religious knowledge, where access to Shariah financial education and Islamic business inspiration has become more inclusive and equitable. However, on the other hand, it also carries the risk of superficial religious understanding, the commercialisation of *da'wah*, and the adaptation of Sharia norms to market interests and virality.

In this context, many Muslim youth feel closer to and trust digital influencers who are relatable and inspiring, rather than clerics or religious authorities who are considered rigid, slow, or unfamiliar with the realities of digital business. This situation encourages Muslim digital influencers to continue expanding their influence, building loyal digital business ecosystems and communities, and sometimes even becoming "instant mufti" who can provide quick solutions to practical business and investment problems. However, this power also carries a significant moral burden, as every endorsement, promotion, or tutorial that goes viral can have a profound impact on hundreds of thousands or even millions of followers who place their hopes and trust in it.

The ethical and practical dilemmas faced by Muslim youth in the online business realm must be seen as part of a larger dynamic in the shift of religious and economic authority in the digital age. There are no simple solutions or black-and-white answers to every question about the halal status of online loans, the validity of dropshipping, or crypto investments. These choices require the integration of deep Shariah knowledge, critical digital literacy, and the courage to question and correct the dominant narratives that are often shaped by market interests and the logic of virality.

A significant challenge for Muslim youth and the digital influencer community is how to rebuild an online business ecosystem that is in line with the principles of Islamic economics: justice, transparency, sustainability, and prioritising the weak (Harunoğullari, 2025). This requires new collaboration between religious authorities, digital influencers, business actors, and Islamic financial institutions to strengthen education, supervision, and innovation of

Islamic business models that are not only adaptive to technology but also deeply rooted in Islamic values and traditions.

There needs to be a reflective movement and narrative transformation among Muslim influencers so that their power in the digital space is not only used to build personal brands and pursue profits, but also becomes a tool for preaching and fair economic empowerment. Comprehensive Islamic financial literacy education, educational content that critically examines contemporary muamalah issues, and openness to inclusive ethical discussions are key to ensuring that this shift in authority brings real benefits, rather than merely expanding the market and polarising opinion in the Muslim digital world.

This transformation also demands the emergence of new models of religious authority that are more responsive, adaptive, and participatory in addressing the needs and challenges of the times. Religious institutions must not only issue fatwas or sharia certification, but also dare to engage in the digital ecosystem, collaborate with influencers, and strengthen relevant digital business ethics education. On the other hand, Muslim youth as digital business actors must dare to take a critical stance, prioritise Sharia values as the main guideline in every business decision, and build a more inclusive community solidarity that focuses on the common good.

CONCLUSION

The digital economy has become a new field of empowerment and a test of values for Indonesian Muslim youth. Digitalisation has opened up access to business opportunities and creative spaces that were previously unimaginable, shaping a generation of Muslim youth who are not only consumers but also creative, innovative, and adaptive to global dynamics. However, this progress is marked by paradoxes and dilemmas, as the empowerment model brought about by the digital wave often triggers conflicts between efficiency and ethics, between profit and Sharia principles. The fragmentation of religious authority and the flood of narratives from digital influencers add to the complexity of this process, presenting Muslim youth with choices that are not always black and white and require critical literacy, reflective courage, and personal integrity in every economic decision.

In the future, digital transformation will only be a path to true empowerment if it is accompanied by collective efforts to strengthen literacy, expand equitable access, and reinforce the principles of justice and sustainability rooted in Islamic values. Cross-sector collaboration between the state, religious authorities, business actors, and the digital community must be prioritised to build an economic ecosystem that is not only responsive to technology but also consistently upholds maqashid sharia in practice. Indonesian Muslim youth must dare to be agents of change, not only through digital innovation, but also through ethical courage and social commitment, so that the digital economy truly becomes a means of liberation, justice, and shared progress, not merely an arena for commodification and the reproduction of new inequalities.

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