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THE ROLE OF ARTIFICIAL INTELLIGENCE IN THE DEVELOPMENT OF CONTEMPORARY ISLAMIC PRODUCTS: AN ANALYSIS OF INNOVATION CHALLENGES AND SHARIA COMPLIANCE

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ABSTRACT

This study aims to analyze the role of Artificial Intelligence (AI) in the development of contemporary Islamic products, with a particular focus on the challenges associated with innovation and Sharia compliance requirements. The study adopts a descriptive-analytical approach and is based on data collected through a questionnaire distributed to a sample of specialists in Islamic finance and modern technologies. The findings indicate that the application of AI contributes positively to enhancing the quality of Islamic products and fostering innovation by improving operational efficiency and supporting decision-making processes. The study also reveals the presence of both technical and Sharia-related challenges that affect the effectiveness of AI applications, including the lack of structured Sharia-compliant data, the difficulty of translating jurisprudential rulings into digital models, and algorithmic bias. Furthermore, the results emphasize that achieving a balance between technological innovation and Sharia compliance requires clear governance frameworks that integrate technical expertise with jurisprudential authority. The study concludes by highlighting the importance of adopting integrative models that ensure the responsible use of AI in a manner that fulfills the objectives of Sharia (Maqasid al-Sharia) and supports the sustainability of Islamic products within the digital environment.

KEYWORDS: Artificial Intelligence, Islamic Products, Sharia Compliance.

1. INTRODUCTION

Over the past decade, the world has witnessed an unprecedented acceleration in the development of Artificial Intelligence (AI) technologies, which have become a central force in reshaping industries and services, including financial, commercial, cultural, and religious sectors. AI is no longer merely a technical tool; rather, it has evolved into a productive and cognitive force that contributes to the development of new business models based on data, algorithms, and machine learning (Iskandar et al., 2025).

In the Islamic context, recent years have seen a growing trend toward employing AI in the development of Sharia-compliant products and services, particularly in the fields of Islamic finance, Sharia auditing, and digital religious services. Contemporary literature indicates that integrating AI into these sectors enhances operational efficiency, improves transparency, and supports decision-making; however, it also raises fundamental challenges related to compliance with the objectives of Sharia (Sain & Adinugraha, 2025).

Moreover, studies emphasize that AI applications in Islamic finance and Sharia-based services cannot be considered in isolation from the Islamic ethical framework, as Sharia compliance represents a core requirement for the acceptance of any technological innovation. Research has shown that the success of AI in this domain depends on its alignment with values such as justice, wealth protection, transparency, and public interest (Najib et al., 2025).

Nevertheless, the use of AI in developing contemporary Islamic products faces a set of complex challenges, most notably the difficulty of constructing accurate Sharia-compliant databases, the potential for algorithmic bias, and the limited capacity of intelligent systems to accommodate evolving jurisprudential contexts. Recent studies suggest that these challenges necessitate the development of digital Sharia governance models that combine technical expertise with jurisprudential authority (Shalhoob, 2025).

On the other hand, AI opens broad horizons for innovation in the development of contemporary Islamic products, such as intelligent fatwa systems, Sharia-based educational applications, and digital halal financing platforms. However, this expansion raises profound questions regarding the ability of these technologies to balance technological innovation with adherence to Islamic values. Contemporary literature on AI ethics stresses that any technological system operating within sensitive religious and cultural environments must be grounded in a comprehensive ethical framework that ensures transparency, accountability, fairness, and privacy protection (Radanliev, 2025).

Accordingly, this study seeks to analyze the role of AI in the development of contemporary Islamic products, focusing on the challenges associated with innovation on the one hand and Sharia compliance requirements on the other, with the aim of providing a scientific framework that balances technological advancement with Islamic legal principles in the context of ongoing digital transformations.

1.1. Research Problem

The field of contemporary Islamic products is experiencing rapid development driven by advances in AI technologies, creating significant opportunities for innovation in areas such as Islamic financial services, Sharia-based applications, and digital fatwa platforms. However, this development raises fundamental challenges concerning the ability of these technologies to adhere to Islamic Sharia principles, particularly given the complexity of jurisprudential rulings, the diversity of scholarly interpretations, and the difficulty of translating these into precise digital models.

Additionally, technical and ethical challenges—such as algorithmic bias and the limited understanding of Sharia contexts—further complicate the issue, raising concerns about achieving a balance between technological innovation and Sharia compliance.

Accordingly, the central research problem can be formulated as follows:

What is the role of Artificial Intelligence in developing contemporary Islamic products, and what are the challenges associated with innovation and Sharia compliance in this field?

Research Questions

1. What is the current state of AI utilization in the development of contemporary Islamic products?
2. What are the main areas of AI application in this field?
3. What are the key technical and Sharia-related challenges facing the use of AI in Islamic products?
4. How can a balance be achieved between technological innovation and Sharia compliance requirements?

1.2. Research Hypotheses

Based on the research problem and questions, the following hypotheses are proposed:

1. There is a statistically significant relationship

between the use of AI and the improvement of the quality of contemporary Islamic products.
2. AI contributes positively to expanding innovation in Islamic products and services.
3. There are technical and Sharia-related challenges that negatively affect the effectiveness of AI in contemporary Islamic products.
4. A balance between technological innovation and Sharia compliance can be achieved through the establishment of clear Sharia and technical governance frameworks.

1.3. Research Objectives

This study seeks to achieve the following objectives:

1. To examine the current state of Artificial Intelligence (AI) utilization in the development of contemporary Islamic products.
2. To identify the main areas in which AI is applied within Islamic products and services.
3. To analyze the technical and Sharia-related challenges associated with implementing AI in this field.
4. To explore mechanisms for achieving a balance between technological innovation and Sharia compliance requirements in the development of contemporary Islamic products.

1.4. Significance Of the Study

The significance of this study stems from its integration of two key dimensions. The first is a scientific dimension, reflected in its contribution to enriching the theoretical literature on Artificial Intelligence and its applications in the Islamic domain. It offers an academic analysis that clarifies the relationship between technological advancement and Sharia compliance requirements, along with the associated challenges and opportunities. Additionally, the study helps bridge a research gap concerning the integration of modern technologies into the development of Islamic products, particularly given the limited number of in-depth studies addressing this intersection.

From a practical perspective, the study provides valuable insights for stakeholders involved in the development of Islamic products and services, such as Islamic financial institutions and developers of Sharia-compliant applications. The findings can assist in improving the design and development mechanisms of digital products that adhere to Islamic principles, while enhancing the efficiency of AI utilization in a way that promotes innovation without compromising Sharia regulations. This, in turn, supports the development of more reliable and sustainable applied models in this field.

1.5. Contribution Of the Study

The main contribution of this study to the current research in the area is in providing an answer to the question regarding the impact of Artificial Intelligence on the development of contemporary Islamic products through an integrated perspective that considers the aspects related to technological innovations and Sharia compliance. While the number of studies focusing on the topic under consideration is relatively high, there is still a lack of those examining the interrelation between AI usage, innovation, Sharia compliance, problems, and quality of products from one hand within one conceptualization. Besides, unlike other works dedicated to the same subject, this paper takes an empirical approach and bases its results on the information collected from questionnaires.

Scope Of the Study

- **Thematic Scope:** The study is limited to examining the role of Artificial Intelligence in the development of contemporary Islamic products, along with the associated challenges of innovation and Sharia compliance.
- **Spatial Scope:** The study is based on the analysis of relevant literature within the broader Islamic context, without focusing on a specific country.
- **Temporal Scope:** The study focuses on recent literature published خلال the period (2020–2026), considering the rapid evolution of AI technologies.

Artificial Intelligence

- **Conceptual Definition:** Artificial Intelligence is defined as a branch of computer science that aims to design and develop systems capable of simulating human cognitive abilities such as learning, analysis, decision-making, and the processing of complex data (Liu et al., 2025).
- **Operational Definition:** In this study, AI refers to a set of intelligent technologies and algorithms—such as machine learning and natural language processing—used in the development and enhancement of contemporary Islamic products.

Contemporary Islamic Products

- **Conceptual Definition:** These are digital, financial, and technological products and services designed in accordance with the

principles and rulings of Islamic Sharia, while considering its objectives in promoting justice, wealth preservation, and transparency in transactions (Najib et al., 2025).

- **Operational Definition:** In this study, the term refers to applications, platforms, and digital services developed using AI technologies, including Islamic financial services, Sharia-based applications, and digital fatwa platforms.

Sharia Compliance

- **Conceptual Definition:** Sharia compliance refers to full adherence to Islamic legal rulings and principles derived from the Qur'an and the Sunnah, in addition to the objectives of Sharia, across all activities and transactions (Kismawadi, 2025).
- **Operational Definition:** In this study, it refers to the extent to which Islamic products developed using AI technologies conform to Sharia principles, including the avoidance of prohibited elements such as riba (interest) and gharar (uncertainty), while ensuring transparency and fairness.

2. THEORETICAL FRAMEWORK AND PREVIOUS STUDIES

First: Artificial Intelligence

Artificial Intelligence (AI) is considered one of the most prominent technological advancements in the era of digital transformation. It aims to develop computer systems capable of simulating human cognitive functions such as learning, reasoning, problem-solving, and decision-making. This field relies on a range of advanced technologies, most notably machine learning, natural language processing, and big data analytics, enabling it to process large and complex datasets with increasing efficiency and accuracy (Liu et al., 2025).

In practical applications, AI has become a fundamental component in supporting digital transformation across various sectors, particularly in finance, business, and smart services. It enhances operational efficiency, improves service quality, and supports data-driven decision-making. Contemporary literature indicates that AI is no longer merely a supportive tool but has evolved into a strategic component in building and developing modern digital systems (Springer, 2023).

Second: Contemporary Islamic Products

Contemporary Islamic products refer to a range of digital, financial, and technological services designed and developed in compliance with Islamic Sharia principles and objectives. These include areas such as Islamic finance, Sharia-based applications, halal digital platforms, and technology-driven services that support Islamic transactions. Such products have become an integral part of the Islamic digital economy, driven by the growing demand for solutions that combine Sharia compliance with operational efficiency.

With the acceleration of digital transformation, these products have undergone significant development through the integration of AI technologies in both design and operational processes. This integration has contributed to improving service quality, enhancing transparency, and strengthening adherence to Sharia regulations. Recent studies indicate that this synergy between technology and Sharia creates significant opportunities to expand access to Islamic services globally, while preserving Islamic identity and values in a rapidly evolving digital environment (Najib et al., 2025).

Third: Sharia Compliance

Sharia compliance represents a fundamental pillar of contemporary Islamic products, referring to full adherence to Islamic legal principles in all transactions and services. This includes the avoidance of prohibited elements such as riba and gharar, as well as the promotion of justice, transparency, and the protection of rights. It serves as the governing framework that ensures the alignment of financial and technological products with Islamic values, thereby enhancing their credibility and user acceptance.

In the context of rapid digital transformation, achieving Sharia compliance has become increasingly complex, particularly with the integration of intelligent technologies such as AI into the design and operation of financial and service systems. This requires translating jurisprudential rulings into digital models and executable algorithms within intelligent systems. Contemporary literature suggests that this challenge necessitates the development of precise digital Sharia governance frameworks to ensure proper implementation and alignment with Sharia objectives (Kismawadi, 2025). Furthermore, some studies indicate that AI can enhance Sharia supervision by enabling automated analysis of contracts and transactions, thereby improving the accuracy of compliance with established Sharia standards (Saadallah & Al-Mashhadani, 2025).

2.1. Previous Studies

The study by (Iqbal et al., 2025) aimed to analyze the integration of AI in Islamic finance and explore global trends, as well as its ethical and research implications, with a focus on its role in enhancing Sharia compliance and operational efficiency. The study adopted a bibliometric approach, analyzing literature published between 2010 and 2023 in Scopus and Web of Science databases using tools such as VOSviewer and CiteSpace, without relying on a human sample. The findings revealed that AI contributes to enhancing financial inclusion, improving risk management, and automating Sharia compliance in Islamic financial institutions. However, challenges related to ethics, governance, and regulation remain. The study recommended the development of specialized regulatory and ethical frameworks to ensure the responsible use of AI in Islamic finance, along with strengthening the integration between technological innovation and Sharia principles.

The study by (Iskandar et al., 2025) aimed to analyze literature on AI applications in Islamic finance within the framework of Sharia and governance. It adopted a descriptive-analytical approach using a systematic review (PRISMA) of data from Scopus, without a human sample. The findings indicated significant growth in research since 2020, alongside the expansion of AI applications such as blockchain and natural language processing, with a strong focus on Sharia compliance and governance. The study recommended strengthening regulatory and Sharia frameworks to ensure responsible AI use in Islamic finance.

The study by Bryantina et al. (2025) examined the role of AI in fatwa formulation within Islamic financial institutions, aiming to explore its potential in improving efficiency while ensuring Sharia compliance. The study employed the Analytic Network Process (ANP) to evaluate benefits, costs, opportunities, and risks from the perspectives of Sharia and governance experts. The results showed that the primary benefit of AI lies in enhancing data analysis and decision support, while key challenges include high verification costs and the risk of over-reliance on automation in issuing fatwas. The study recommended establishing clear Sharia governance frameworks and providing specialized training to ensure responsible AI use while preserving the role of scholars.

The study by Saadallah and Al-Mashhadani (2025) explored the role of AI in enhancing transparency in Sharia compliance within Islamic finance by developing intelligent algorithms to monitor contracts and financial transactions. The study used a comparative and inductive analytical approach to assess the potential of these technologies compared to traditional tools.

The findings indicated that AI improves Sharia supervision, increases transparency, and enhances trust in Islamic financial institutions, emphasizing the need for its implementation within a legal framework that ensures privacy protection and aligns with Sharia objectives.

Manneh et al. (2025) argue that AI represents a promising tool in the development of Islamic finance, contributing to efficiency, transparency, and financial inclusion, as well as supporting compliance auditing in line with Sharia objectives. The study employed a systematic review guided by the PRISMA protocol, analyzing studies published between 2020 and 2025. The findings highlighted significant opportunities for AI application in this field; while also identifying challenges such as high implementation costs, lack of specialized expertise, cybersecurity risks, algorithmic bias, and regulatory gaps related to Sharia compliance. Accordingly, the study emphasizes the need for applied research and interdisciplinary collaboration to ensure a balance between technological innovation and adherence to Islamic principles.

2.2. Research Methodology

This study adopts a descriptive-analytical approach, given its suitability for the nature of the research, which aims to analyze the role of Artificial Intelligence (AI) in the development of contemporary Islamic products, with a focus on challenges related to innovation and Sharia compliance. This approach is widely used in studies that seek to describe phenomena and analyze relationships among variables by collecting data from respondents and processing it statistically to reach accurate scientific conclusions (Creswell, 2014).

2.3. Study Population

The study population consists of individuals working in or interested in fields related to the development of contemporary Islamic products. This includes professionals in Islamic finance, financial technology (FinTech), developers of digital applications and services, as well as academics specializing in Islamic Sharia and modern technologies.

Given the diversity of these groups and the difficulty of accurately delimiting them, the study population is considered infinite, which aligns with the nature of research addressing modern and

interdisciplinary topics such as Artificial Intelligence (Sekaran & Bougie, 2016).

2.4. Study Sample

The study sample was selected using a simple random sampling technique to ensure equal opportunity for all members of the population to participate. A total of 400 electronic questionnaires were distributed, of which 320 were returned. After screening and excluding incomplete or invalid responses, 300 questionnaires were deemed suitable for analysis.

This sample size is considered appropriate for conducting various statistical analyses, as the literature suggests that samples exceeding 200 observations are sufficient for applying advanced analytical methods such as regression analysis (Hair et al., 2019).

Regarding the demographic distribution of the sample, the results indicated that males constituted 60% and females 40%. In terms of age groups, the majority of respondents fell within the 25–35 age category (40%), followed by 36–45 (30%), those above 45 (16.7%), and those under 25 (13.3%). With respect to educational qualifications, bachelor's degree holders represented the largest proportion (50%), followed by master's degree holders (36.7%) and doctoral degree holders (13.3%). In terms of years of experience, 33.3% had less than 5 years of experience, 36.7% had between 5 and 10 years, and 30% had more than 10 years, reflecting a well-balanced diversity in respondents' experience levels.

2.5. Research Instrument

The present study relied on a questionnaire as the primary data collection instrument, due to its suitability for measuring respondents' perceptions and attitudes toward the role of AI in developing contemporary Islamic products and analyzing its dimensions related to innovation and Sharia compliance. The questionnaire is considered an effective tool in descriptive-analytical studies, as it enables the collection of precise quantitative data from many participants in a structured and statistically analyzable manner.

The questionnaire items were developed based on a systematic review of relevant theoretical literature and previous studies, particularly those addressing AI applications in the Islamic domain, such as (Shalhoob, 2025) and (Najib et al., 2025). This ensured the comprehensiveness and alignment of the instrument with the study variables and objectives. Care was also taken to ensure clarity, precision, and the avoidance of ambiguity in item formulation, thereby enhancing data quality.

In its final form, the questionnaire consisted of two main sections. The first section included demographic information about respondents, aimed at identifying sample characteristics and analyzing differences in responses accordingly. The second section was designed to measure the study variables and comprised five main dimensions: AI utilization, innovation, Sharia compliance, challenges, and the quality of Islamic products. This section included a total of 26 items, distributed in a balanced manner to ensure accurate representation of the study dimensions.

A five-point Likert scale was used to measure respondents' answers, where participants were asked to indicate their level of agreement with each statement, ranging from (1) strongly disagree to (5) strongly agree. This scale is widely used in administrative and behavioral research due to its effectiveness in converting attitudes and opinions into quantifiable data suitable for statistical analysis.

The validity of the research instrument was assessed through face validity by presenting the questionnaire to a panel of experts in management, Islamic Sharia, and information technology. The purpose was to evaluate the clarity, accuracy, and relevance of the items to the study objectives and dimensions. Based on their feedback, several modifications were made, including rewording certain items and adding or removing others to improve coherence and clarity. These revisions enhanced the instrument's ability to accurately and objectively measure the study variables (Saunders et al., 2019).

Reliability was then assessed using Cronbach's Alpha coefficient to measure internal consistency. The results indicated high reliability across all dimensions, with values ranging between 0.80 and 0.88, while the overall reliability coefficient reached 0.87. These values indicate a high level of internal consistency among the items, reflecting strong reliability. Methodological literature suggests that values above 0.70 are acceptable in social and behavioral research, thereby supporting the instrument's suitability for statistical analysis and hypothesis testing (Nunnally, 1978).

2.6. Data Analysis and Study Results

This section aims to analyze the data collected through the questionnaire to answer the research questions and test its hypotheses. The Statistical Package for the Social Sciences (SPSS) was used to perform the appropriate statistical analyses.

The results are presented in a clear and simplified

manner, including a description of the sample characteristics and the measurement of respondents' average responses regarding AI, innovation, Sharia compliance, challenges, and the quality of Islamic products.

The analysis also examines the relationships among these variables and assesses the impact of AI on the development of Islamic products using appropriate statistical techniques.

First: Descriptive Analysis of Study Variables

The descriptive analysis aims to determine the level of respondents' perceptions regarding the study variables by calculating the means and standard deviations for each dimension. This provides a general overview of respondents' attitudes toward the role of AI in developing contemporary Islamic products.

Table (1): Means and Standard Deviations of Study Variables.

Variable	Mean	Standard Deviation	Level
AI Utilization	3.54	0.74	High
Innovation	3.62	0.72	Moderate
Sharia Compliance	3.59	0.78	Moderate
Challenges	3.57	0.90	Moderate
Quality of Islamic Products	3.83	0.75	High

Second: Hypothesis Testing

The first hypothesis stated: *There is a statistically significant relationship between the use of Artificial Intelligence (AI) and the improvement of the quality of contemporary Islamic products.*

To test this hypothesis, simple linear regression analysis was employed, where AI utilization was treated as the independent variable and the quality of Islamic products as the dependent variable.

Table (2): Simple Linear Regression Results for the Relationship Between AI Utilization and the Quality of Islamic Products.

Variable	B	Std. Error	Beta	t	Sig.
Constant	1.641	0.168	–	9.765	0.000
AI Utilization	0.618	0.047	0.610	13.289	0.000

$R^2 = 0.372$, $F = 176.598$

The results in Table (2) indicate a positive and statistically significant effect of AI utilization on the quality of contemporary Islamic products. The unstandardized coefficient (B = 0.618) is positive, suggesting that higher levels of AI utilization led to improved product quality. The standardized coefficient (Beta = 0.610) reflects a moderate to strong relationship between the two variables. The t-value (13.289) at a significance level of (Sig. = 0.000) confirms that this effect is statistically significant at $\alpha \leq 0.05$.

The coefficient of determination ($R^2 = 0.372$) indicates that AI utilization explains 37.2% of the variance in product quality, which is acceptable in social sciences research. Accordingly, the first hypothesis is accepted.

This finding aligns with the results of Iqbal et al. (2025) and Manneh et al. (2025), which highlight the role of AI in enhancing operational efficiency, improving service quality, and supporting Sharia compliance. It is also consistent with Saadallah and Al-Mashhadani (2025), who emphasized AI's role in promoting transparency and trust in Islamic financial institutions.

The second hypothesis stated: *Artificial Intelligence contributes positively to expanding innovation in Islamic products.*

Simple linear regression analysis was used to examine the effect of AI utilization on innovation.

Table (3): Simple Linear Regression Results for the Effect of AI Utilization on Innovation.

Variable	B	Std. Error	Beta	t	Sig.
Constant	1.622	0.166	–	9.771	0.000
AI Utilization	0.564	0.046	0.580	12.291	0.000

$R^2 = 0.336$, $F = 151.066$

The results in Table (3) show that AI utilization has a positive and statistically significant impact on expanding innovation in Islamic products. The unstandardized coefficient (B = 0.564) indicates that increased AI utilization is associated with higher levels of innovation. The standardized coefficient (Beta = 0.580) reflects a clear positive effect. The t-value (12.291) and significance level (Sig. = 0.000) confirm statistical significance.

The coefficient of determination ($R^2 = 0.336$)

indicates that AI explains 33.6% of the variance in innovation. This result demonstrates that AI not only enhances existing processes but also contributes to the development of new products and diversified Sharia-compliant digital solutions. Accordingly, the second hypothesis is accepted.

However, the moderate explanatory power of the model indicates that AI alone may not be sufficient to enhance innovation unless it is supported by institutional readiness, specialized expertise, and effective Sharia governance frameworks.

This finding is consistent with Iskandar et al. (2025), which reported a notable expansion in AI applications in Islamic finance, particularly in natural language processing and blockchain technologies. It also aligns with Iqbal et al. (2025), which highlighted AI's role in fostering innovation and enhancing financial inclusion.

The third hypothesis stated: *There are technical and Sharia-related challenges that negatively affect the effectiveness of AI utilization in contemporary Islamic products.*

Simple linear regression analysis was conducted, where technical and Sharia challenges were treated as the independent variable and the effectiveness of AI utilization as the dependent variable.

Table (4): Simple Linear Regression Results for the Effect of Technical and Sharia Challenges on AI Effectiveness.

Variable	B	Std. Error	Beta	t	Sig.
Constant	4.773	0.159	–	29.994	0.000
Challenges	-0.345	0.043	-0.420	-7.989	0.000

R^2 = 0.176, F = 63.826

The results in Table (4) reveal a negative and statistically significant effect of technical and Sharia challenges on the effectiveness of AI utilization. The unstandardized coefficient (B = -0.345) indicates that as challenges increase, the effectiveness of AI decreases. The standardized coefficient (Beta = -0.420) reflects a moderate inverse relationship. The t-value (-7.989) at (Sig. = 0.000) confirms statistical significance.

The coefficient of determination (R^2 = 0.176) indicates that challenges explain 17.6% of the variance in AI effectiveness. Although this percentage is lower than in previous hypotheses, it remains significant, highlighting that factors such as lack of structured Sharia data, difficulty in translating jurisprudential rulings into digital models, algorithmic bias, and high implementation costs can limit the effective use of AI technologies.

This finding is consistent with Bryantina et al. (2025), which identified high verification costs and over-reliance on automation as key challenges. It also aligns with Manneh et al. (2025), which highlighted issues such as high costs, lack of expertise, cybersecurity risks, algorithmic bias, and regulatory gaps. Additionally, it supports Iqbal et al. (2025), which emphasized ethical and regulatory challenges.

The fourth hypothesis stated: *A balance between technological innovation and Sharia compliance can be achieved through clear governance frameworks.*

Multiple linear regression analysis was used to test the combined effect of innovation and Sharia compliance on the quality of Islamic products, considering quality as an indicator of balance.

Table (5): Multiple Linear Regression Results for the Effect of Innovation and Sharia Compliance on Product Quality.

Variable	B	Std. Error	Beta	t	Sig.
Constant	1.190	0.178	–	6.685	0.000
Innovation	0.406	0.052	0.390	7.808	0.000
Sharia Compliance	0.327	0.047	0.340	6.957	0.000

R^2 = 0.460, F = 126.500

The results indicate that both innovation and Sharia compliance have positive and statistically significant effects on the quality of Islamic products. Innovation (B = 0.406, Beta = 0.390) shows a strong contribution to improving product quality, while Sharia compliance (B = 0.327, Beta = 0.340) enhances reliability and user acceptance.

The t-values (7.808 and 6.957) at (Sig. = 0.000) confirm statistical significance. The coefficient of determination (R^2 = 0.460) indicates that both variables jointly explain 46% of the variance in product quality, highlighting the importance of integrating technological development with Sharia compliance. Accordingly, the fourth hypothesis is accepted.

This finding aligns with Iqbal et al. (2025) and Iskandar et al. (2025), which emphasized the need for clear regulatory and Sharia frameworks. It is also consistent with Bryantina et al. (2025) and Manneh et al. (2025), which highlighted the importance of governance frameworks and interdisciplinary collaboration.

3. CONCLUSION

Overall, the hypothesis testing results demonstrate that Artificial Intelligence plays a significant positive role in the development of contemporary Islamic products, both in improving quality and fostering innovation. However, this role cannot be fully realized without addressing the technical and Sharia-related challenges that may hinder effective implementation.

The findings further emphasize that achieving a balance between technological innovation and Sharia compliance is a critical requirement for the success of Islamic products. Technological advancement alone is insufficient unless it is aligned with Islamic legal principles and ethical standards.

Accordingly, the adoption of clear Sharia and technological governance frameworks is essential to enhancing product quality, building user trust, and ensuring the sustainability of Islamic products in the modern digital environment.

Key Findings

- A statistically significant positive impact of AI on improving the quality of Islamic products.
- AI contributes to enhancing innovation and expanding the scope of digital Islamic services.
- Technical and Sharia challenges have a negative impact on the effectiveness of AI utilization.
- Achieving a balance between innovation and Sharia compliance improves product quality and reliability.

Recommendations

- Develop clear digital Sharia governance frameworks to ensure AI applications comply with Islamic principles.
- Strengthen collaboration between technology experts and Sharia scholars in the design of Islamic products.
- Invest in building structured and accurate Sharia-compliant databases to support AI systems.
- Implement specialized training programs to enhance the competencies of professionals in AI and Islamic finance.

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