

Islamic Fintech Digital Transformation: Organizational Readiness and Data Protection Compliance in Indonesia's 2025 Regulatory Framework

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ABSTRACT

The rapid growth of Islamic fintech in Indonesia coincides with the transformation; organizational enactment of Law No. 27/2022 on Personal Data Protection (UU PDP), readiness; Sharia compliance; creating challenges for organizations to comply with both. This study reviews how organizations prepare for Sharia-compliant digital transformation under these laws. A systematic review of 73 studies from 2020-2025, following PRISMA, identified relevant peer-reviewed articles, conference papers, and regulations on readiness and Islamic fintech. Thematic analysis revealed seven key readiness dimensions: technological infrastructure (91.8%), Sharia compliance (87.7%), regulatory adaptation (80.8%), human capital (76.7%), financial resources (69.9%), organizational culture (64.4%), and stakeholder engagement (58.9%). UU PDP compliance issues, especially data protection officers (80.9%), significantly affect organizations. Success factors include leadership and Sharia board integration, though assessment frameworks lack empirical validation. Islamic fintech needs unique readiness considerations beyond traditional models, with religious governance as a new key dimension. However, reactive compliance and validation gaps highlight opportunities for improvement in organizational strategies.

INTRODUCTION

The rapid digital shift in financial services has significantly reshaped the global economy, with Islamic fintech emerging as a vital part of today's financial system. This sector combines cutting-edge technology with Sharia-compliant principles, delivering digital financial solutions that follow Islamic law. In Indonesia, the largest Muslim-majority country, Islamic fintech has grown remarkably, fueled by greater consumer awareness of halal financial products and government policies that promote financial inclusion.

Indonesia's Personal Data Protection Law No. 27/2022, effective October 17, 2024, introduces new regulatory complexities for financial institutions, especially Islamic fintech companies (Indonesia.go.id, 2024). It mandates strict data protection, requires appointing data protection officers, and imposes penalties like fines up to 2% of annual revenue. For Sharia-compliant fintech, these rules intersect with Islamic financial compliance, creating a dual challenge requiring advanced readiness strategies.

Recent empirical studies have underscored the crucial role of organizational readiness in achieving successful digital transformation initiatives. A comprehensive literature review by Santos et al. (2024) examining organizational digital transformation readiness identified five key dimensions: technological resources, business processes, management capability, human capability, and corporate culture, emphasizing the multidisciplinary nature of transformation readiness. Furthermore, a 2024 study by Martín-Rojas et al., focusing on small and medium-sized enterprises, demonstrated that organizations with higher digital transformation readiness scores achieved significantly better transformation outcomes, with success rates varying dramatically based on their preparedness levels. Additionally, recent research by Cyfert et al. (2025) revealed that organizational culture, leadership capabilities, and digital competence serve as fundamental determinants of digital transformation success, with soft organizational components often proving more critical than technological factors.

However, significant research gaps persist in understanding how Islamic fintech organizations navigate the complex intersection of Sharia compliance, digital transformation, and data protection regulatory requirements. While existing studies have identified general challenges in fintech development, including regulatory harmonization and digital literacy issues (Fauzan & Irawan, 2020; Pratama & Wijaya, 2021), limited empirical research has specifically examined how Islamic financial institutions adapt their organizational structures and processes to comply with Islamic principles and modern data protection regulations simultaneously. Moreover, the unique operational characteristics of Sharia-compliant financial institutions—including profit-and-loss sharing mechanisms, prohibition of interest-based transactions, and ethical investment requirements—create distinct organizational readiness challenges that remain underexplored in the digital transformation literature.

The absence of comprehensive frameworks for assessing organizational readiness, specifically within the context of Islamic fintech institutions, represents a critical knowledge gap. Existing digital readiness assessment models primarily focus on conventional financial institutions and lack a nuanced understanding of Sharia compliance requirements, which fundamentally influence organizational structure, decision-making processes, and stakeholder relationships in Islamic finance. Furthermore, the recent implementation of Indonesia's Personal Data Protection Law has created an urgent need for research that examines how Islamic fintech organizations can effectively balance religious compliance, technological innovation, and regulatory adherence within their transformation strategies.

Therefore, this research aims to analyze the organizational readiness of Sharia-compliant fintech institutions for digital transformation in the context of Indonesia's implementation of the Personal Data Protection Law. Specifically, this study seeks to: (1) identify the key dimensions of organizational readiness that are unique to Islamic fintech institutions; (2) examine how the UU PDP 2025 influences organizational adaptation strategies within Sharia-compliant financial technology companies; (3) develop a comprehensive framework for assessing digital transformation readiness in Islamic fintech organizations; and (4) propose strategic recommendations for enhancing organizational preparedness in this dual-compliance environment.

The significance of this research extends beyond academic contribution to practical implications for the rapidly growing Islamic fintech sector in Indonesia and globally. With Indonesia's substantial Muslim population and government support for Islamic financial inclusion initiatives, findings from this study will provide crucial insights for policymakers, fintech executives, and regulatory bodies. The research will contribute to the development of more effective organizational transformation strategies that honor Islamic principles while meeting contemporary digital security and privacy standards. Furthermore, the proposed readiness assessment framework will serve as a valuable tool for Islamic fintech institutions seeking to optimize their transformation initiatives while maintaining compliance with both religious and regulatory requirements. As the global Islamic finance industry continues its digital evolution, this research will provide essential guidance for organizations navigating the complex intersection of tradition, technology, and regulation in the modern financial landscape.

RESEARCH METHOD

This study employed a systematic literature review to analyze organizational readiness for Sharia-compliant digital transformation within the context of Indonesia's Personal Data Protection Law. Following PRISMA guidelines, the review ensured rigor and transparency. A comprehensive search across databases such as Scopus, Web of Science, IEEE Xplore, ScienceDirect, and Google Scholar encompassed 2020-2025 publications on Islamic fintech, digital readiness, and data protection. Keywords included "Islamic fintech," "Sharia-compliant digital transformation," "organizational readiness," "fintech syariah," "digital transformation," "data protection," and "Indonesia," with Boolean operators for coverage. Sources also included references, citations, and expert consultations. Inclusion criteria: peer-reviewed articles, conference proceedings, industry reports, and regulatory documents in English or Indonesian, focusing on organizational readiness, digital transformation in Islamic finance, or regulatory compliance. Exclusion criteria: studies on conventional fintech without an Islamic focus, technical papers without organizational analysis, or lacking empirical evidence or frameworks.

The framework used thematic analysis to systematically review literature, following established protocols. Two researchers initially screened titles and abstracts, then assessed full texts based on set criteria. Data was extracted via a standard form covering objectives, methods, readiness, compliance, and findings related to Islamic fintech. Content analysis identified themes around organizational readiness, regulatory strategies, and Sharia compliance. Study quality was assessed with CASP and JBI tools to ensure reliability. A conceptual framework was developed from diverse sources, highlighting knowledge gaps and offering recommendations for improving organizational readiness in Sharia-compliant digital transformation. All steps were documented for transparency, with inter-rater reliability measures used to enhance rigor.

RESULTS AND DISCUSSION

Literature Search and Selection Process

The systematic literature search yielded a total of 1,247 potentially relevant publications across all databases. After removing duplicates (n=298), 949 articles underwent title and abstract screening. Following initial screening, 156 publications were selected for full-text review. Of these, 73 studies

met the inclusion criteria and were included in the final analysis. The selection process resulted in 41 peer-reviewed journal articles, 18 conference proceedings, 9 industry reports, and 5 regulatory documents that specifically addressed organizational readiness, Islamic fintech development, or regulatory compliance frameworks relevant to the research objectives.

Characteristics of Included Studies

Table 1. Distribution of Studies by Publication Year and Type

Publication Year	Journal Articles	Conference Papers	Industry Reports	Regulatory Documents	Total
2020	8	4	2	1	15
2021	11	5	2	1	19
2022	9	3	2	2	16
2023	7	4	2	1	14
2024	5	2	1	0	8
2025	1	0	0	0	1
Total	41	18	9	5	73

Table 1 presents the temporal distribution and publication types of the 73 studies included in the systematic review. This table is provided to demonstrate the comprehensive coverage of recent literature and the variety of source types analyzed, ensuring both academic rigor and practical relevance in the review findings.

Table 2. Geographic Distribution and Research Focus of Included Studies

Geographic Focus	Organizational Readiness	Islamic Fintech	Digital Transformation	Regulatory Compliance	Total Studies
Indonesia	12	18	8	9	47
Malaysia	3	6	2	2	13
Global/Multi-country	4	2	5	1	12
Middle East	1	0	0	0	1
Total	20	26	15	12	73

Table 2 illustrates the geographic distribution and primary research focus areas of the included studies. This table is provided to show the concentration of research on Indonesian contexts and Islamic fintech topics, validating the relevance of the literature base for addressing the specific research objectives of this study.

Organizational Readiness Dimensions Identified

The analysis revealed seven primary dimensions of organizational readiness consistently referenced across the literature for Islamic fintech institutions undergoing digital transformation.

Table 3. Organizational Readiness Dimensions for Islamic Fintech Digital Transformation

Readiness Dimension	Definition	Key Components	Frequency of Mention (n=73)	Percentage
Technological Infrastructure	Capacity for digital technology adoption and integration	Cloud computing, cybersecurity, API integration, mobile platforms	67	91.8%
Sharia Compliance Framework	Integration of Islamic principles in digital operations	Sharia board oversight, halal certification, ethical algorithms	64	87.7%
Regulatory Adaptation	Ability to comply with evolving regulatory requirements	Data protection compliance, KYC/AML systems, reporting mechanisms	59	80.8%
Human Capital Development	Staff competencies for digital transformation	Digital literacy, Islamic finance expertise, change management skills	56	76.7%
Financial Resource Allocation	Investment capacity for transformation initiatives	Technology budget, training investment, compliance costs	51	69.9%
Organizational Culture	Cultural readiness for innovation and change	Risk tolerance, collaboration, continuous learning	47	64.4%
Stakeholder Engagement	Alignment with external stakeholders	Customer communication, regulatory dialogue, partnership development	43	58.9%

Table 3 presents the seven key organizational readiness dimensions identified through thematic analysis of the literature. This table is provided to systematically categorize the components of organizational readiness specific to Islamic fintech institutions, showing both the theoretical foundations and practical elements that organizations must address in their digital transformation initiatives.

Regulatory Compliance Challenges and Adaptation Strategies

The literature revealed significant challenges related to Indonesia's Personal Data Protection Law implementation and corresponding organizational adaptation strategies.

Table 4: UU PDP Compliance Challenges and Organizational Responses in Islamic Fintech

Compliance Challenge	Description	Organizational Response Strategies	Studies Reporting (n=47)	Percentage
Data Protection Officer	Requirement for dedicated DPO roles	Internal training programs, external recruitment,	38	80.9%

Appointment	consultant engagement			
Consent Management	Customer consent collection and documentation	Digital consent platforms, multilingual interfaces, audit trails	35	74.5%
Data Breach Notification	72-hour reporting requirements	Automated monitoring systems, incident response protocols, legal partnerships	33	70.2%
Cross-border Data Transfer	Restrictions on international data flows	Local data storage, regional partnerships, compliance assessments	31	66.0%
Privacy Impact Assessments	Mandatory PIAs for high-risk processing	Internal assessment frameworks, third-party audits, documentation systems	29	61.7%
Data Subject Rights	Individual rights to access, rectify, delete data	Customer portals, automated response systems, staff training	27	57.4%
Penalty Risk Management	Potential fines up to 2% of annual revenue	Legal insurance, compliance monitoring, risk assessment frameworks	24	51.1%

Table 4 outlines the specific compliance challenges associated with Indonesia's Personal Data Protection Law and the corresponding organizational response strategies identified in the literature. This table aims to illustrate the practical implications of regulatory requirements on Islamic fintech operations and the adaptive measures organizations are adopting to ensure compliance while maintaining Sharia-compliant practices.

Digital Transformation Success Factors

Analysis of the literature identified critical success factors for digital transformation in Islamic fintech organizations.

Table 5. Critical Success Factors for Sharia-Compliant Digital Transformation

Success Factor Category	Specific Factors	Impact Level	Supporting Studies (n=73)	Evidence Strength
Leadership Commitment	Executive sponsorship, strategic vision, resource allocation	High	58	Strong
Sharia Board Integration	Digital fatwa development, technology approval processes	High	52	Strong
Technology Architecture	Scalable infrastructure, security frameworks, integration capabilities	High	49	Strong
Regulatory Alignment	Proactive compliance, regulatory engagement, policy adaptation	High	47	Strong

Customer-Centric Design	User experience optimization, accessibility, cultural sensitivity	Medium	44	Moderate
Employee Development	Digital skills training, Islamic finance education, change management	Medium	41	Moderate
Partnership Ecosystem	Technology vendors, regulatory bodies, Islamic institutions	Medium	38	Moderate
Risk Management	Cybersecurity measures, operational resilience, compliance monitoring	High	36	Moderate
Innovation Culture	Experimentation encouragement, failure tolerance, continuous improvement	Low	32	Limited
Performance Measurement	KPI development, transformation tracking, outcome assessment	Low	28	Limited

Table 5 presents the critical success factors for digital transformation in Islamic fintech organizations, categorized by impact level and evidence strength from the literature. This table is provided to highlight the most important elements that organizations should prioritize in their transformation initiatives, with particular emphasis on factors unique to Sharia-compliant operations.

Organizational Readiness Assessment Frameworks

The literature review identified existing frameworks for assessing organizational readiness in Islamic fintech contexts.

Table 6. Organizational Readiness Assessment Frameworks in Islamic Fintech Literature

Framework Name	Author(s)	Year	Assessment Dimensions	Validation Status	Industry Application
Islamic Digital Readiness Model	Ahmad & Rahman	2023	Technology, Sharia, Culture, Leadership	Conceptual	Limited
Fintech Transformation Framework	Sari et al.	2022	Infrastructure, Regulation, Human Capital	Empirically Tested	Moderate
Sharia-Compliant Digital Maturity	Pratama & Wijaya	2021	Compliance, Innovation, Stakeholder	Conceptual	Limited
Islamic Finance Digital Readiness	Hidayat & Nurhasanah	2021	Technology, Governance, Performance	Pilot Testing	Emerging
Halal Fintech Assessment Tool	Murniati & Firmansyah	2020	Ethical, Technical, Operational	Conceptual	Limited
Digital Islamic Banking Model	Rahmawati et al.	2023	Customer, Process, Technology, Culture	Under Development	Emerging

Table 6 summarizes the existing organizational readiness assessment frameworks specifically developed for Islamic fintech institutions found in the literature. This table is provided to demonstrate the current state of theoretical and practical tools available for assessing transformation readiness, highlighting the need for more comprehensive and validated assessment instruments in this specialized domain.

Research Gaps and Future Research Directions

The systematic review identified several significant gaps in the current literature regarding organizational readiness for Sharia-compliant digital transformation.

Table 7. Identified Research Gaps and Recommended Future Research Directions

Research Gap Category	Specific Gaps Identified	Frequency of Gap Mention	Recommended Research Directions
Empirical Validation	Lack of validated readiness assessment tools	34	Development and validation of comprehensive assessment instruments
Longitudinal Studies	Limited long-term transformation outcome research	31	Multi-year studies tracking transformation success and organizational changes
Comparative Analysis	Insufficient comparison between Islamic and conventional fintech	28	Comparative studies examining readiness differences and success factors
Cultural Integration	Limited research on Islamic culture-technology integration	26	In-depth studies on cultural adaptation mechanisms and strategies
Regulatory Impact	Inadequate analysis of UU PDP specific impacts	24	Focused research on data protection law implementation effects
SME-Specific Research	Underrepresentation of small-medium Islamic fintech companies	22	Dedicated studies on SME transformation challenges and solutions
Technology-Specific Analysis	Limited focus on emerging technologies (AI, blockchain)	19	Research on specific technology adoption in Islamic fintech contexts
Stakeholder Perspectives	Insufficient multi-stakeholder viewpoint analysis	17	Comprehensive studies including customers, regulators, and religious authorities

Table 7 presents the research gaps identified through the systematic literature review and corresponding recommendations for future research directions. This table is provided to guide future scholarly efforts and highlight areas where additional research is most critically needed to advance

understanding of organizational readiness in Sharia-compliant digital transformation contexts.

Discussion

Multidimensional Nature of Organizational Readiness in Islamic Fintech

This review identifies seven distinct dimensions of organizational readiness, supporting and expanding previous theoretical models while highlighting characteristics unique to Islamic financial institutions. Technological infrastructure readiness (91.8% of studies) aligns with established digital transformation research (Santos et al., 2024; Martín-Rojas et al., 2024), emphasizing that technological capacity is crucial for successful change efforts. Meanwhile, the high focus on Sharia compliance framework readiness (87.7%) is a distinctive finding that sets Islamic fintech apart from conventional financial institutions. This dual focus underscores Norrahman's (2023) claim that Islamic fintech functions within a unique paradigm where religious compliance and technological progress must be developed concurrently, not sequentially.

Integrating Sharia compliance as a key aspect of readiness challenges traditional digital transformation frameworks, which usually focus on technological, cultural, and strategic factors without accounting for religious governance structures. This extends Cyfert et al.'s (2025) work, highlighting organizational culture as an important soft component of readiness, by showing that in Islamic contexts, religious governance adds an extra layer of cultural complexity that needs explicit consideration. The lower focus on organizational culture readiness (64.4%) compared to Sharia compliance indicates that in Islamic institutions, cultural factors are often gathered under religious framework considerations. However, this view is limited by the possible blending of religious and organizational culture in existing literature, emphasizing the need for future research to differentiate these constructs for more precise readiness assessment models.

Regulatory Compliance Challenges and Organizational Adaptation Mechanisms

The findings show that Indonesia's Personal Data Protection Law implementation has posed significant compliance challenges for Islamic fintech organizations, with data protection officer appointment requirements affecting 80.9% of the studied organizations. This widespread impact surpasses the typical organizational disruption linked to new regulatory frameworks, indicating that the intersection of data protection needs with existing Sharia compliance structures heightens adaptation pressures. The high prevalence of consent management challenges (74.5%) especially aligns with Li et al. (2022), highlighting the complexity of managing multiple stakeholder relationships during digital transformation, as Islamic fintech institutions must navigate customer expectations, regulatory requirements, and religious authority guidance simultaneously.

The organizational response strategies outlined in the literature show a mostly reactive rather than proactive approach to regulatory changes. The focus on technical solutions, like automated monitoring systems and digital consent platforms, reflects what Hanelt et al. (2020) described as technology-first responses to transformation challenges. However, the limited evidence of integrated strategies that address both data protection and Sharia compliance suggests that organizations often handle these obligations separately instead of developing comprehensive compliance frameworks. This has important implications for organizational effectiveness, as maintaining separate compliance systems can lead to inefficiencies and potential conflicts between regulatory and religious

requirements.

The frequent cross-border data transfer challenges (66.0%) especially affect Islamic fintech institutions aiming to serve global Muslim communities. This creates a conflict between fulfilling religious community needs and adhering to regulations, necessitating innovative legal and technological solutions. However, existing research offers limited insights into how organizations manage these conflicting demands, which constrains our understanding of their adaptation strategies. Future studies should assess the long-term success of these response methods and work towards creating integrated compliance frameworks that align data protection with Sharia principles.

Critical Success Factors and Their Hierarchical Importance

Identifying leadership commitment and Sharia board integration as key success factors offers empirical backing for the idea that Islamic fintech transformation depends on dual governance structures. This expands on Kane et al. (2019)'s work on digital leadership by showing that, in religious settings, traditional executive roles must be supported by religious authority involvement to ensure successful transformation. The importance of Sharia board integration, cited in 52 studies, stands out as a notable contribution to digital transformation research, as standard frameworks usually overlook external religious governance bodies during such processes.

The classification of customer-centric design and employee development as medium-impact factors differs from mainstream digital transformation literature, which usually considers these elements as high-priority (Attaran, 2020; Brock & Von Wangenheim, 2019). This difference might be due to unique stakeholder dynamics in Islamic fintech, where religious compliance and regulatory alignment may take precedence over customer preferences during conflicts. Alternatively, it could suggest that Islamic fintech organizations have yet to fully adopt human-centered design principles, highlighting an opportunity for enhancing performance.

The relatively low focus on innovation culture and performance measurement suggests that Islamic fintech firms have notable potential to improve their transformation abilities. The weak evidence supporting these factors might be due to cultural tendencies toward risk avoidance in religious settings or simply because these areas haven't been studied enough. This underscores the need for more thorough research into how Islamic principles relate to innovation practices, as current literature lacks a solid theoretical basis for understanding how religious values influence organizational innovation. Future studies should explore whether Islamic principles naturally limit or promote innovation and identify ways to foster an innovation culture within religiously compliant frameworks.

Assessment Framework Development and Validation Gaps

The review highlights a notable lack of empirically validated organizational readiness assessment frameworks tailored for Islamic fintech contexts. Although six frameworks were found, only two had advanced beyond mere concepts, exposing a substantial gap between theoretical ideas and practical tools. This issue echoes broader critiques of digital transformation research, as Vial (2019) pointed out, emphasizing that the field often focuses on developing concepts without enough

empirical validation.

The dominance of conceptual frameworks over validated tools has significant effects on both research and practice in Islamic fintech. For research, the absence of standardized assessment instruments hampers comparative studies and the accumulation of knowledge regarding transformation readiness factors. For practitioners, this lack means organizations do not have dependable tools to evaluate their readiness or pinpoint areas for improvement. Although models like the Islamic Digital Readiness Model (Ahmad & Rahman, 2023) and the Fintech Transformation Framework (Sari et al., 2022) are early efforts to fill this gap, their limited validation curtails their usefulness for broader organizational deployment.

The lack of widespread industry adoption of current frameworks indicates either that the frameworks are not of high enough quality or that dissemination efforts are inadequate. This issue may also stem from the wide variety of Islamic fintech business models, which range from payment systems to investment platforms, each with different readiness needs. However, the existing literature offers limited details about how applicable these frameworks are to different types of organizations, which restricts our understanding of when and how to use them effectively. Future research should focus on developing and empirically testing comprehensive assessment tools that can address the diversity of Islamic fintech organizations while ensuring strong psychometric properties and practical usefulness.

Research Gap Analysis and Future Research Imperatives

A systematic review of research gaps reveals that empirical validation remains the most significant weakness in current Islamic fintech transformation studies, cited as a major limitation in 34 papers. This suggests that despite significant progress in developing theoretical frameworks, the field still lacks sufficient empirical evidence to support practical, evidence-based recommendations. The emphasis on gaps in empirical validation reflects broader concerns in digital transformation research, where conceptual work often outweighs empirical studies (Paul et al., 2024).

The significant gap in longitudinal research, noted in 31 studies, presents a major obstacle to grasping the main elements of successful transformations, since readiness assessments and outcomes often only emerge over extended periods. The prevalence of cross-sectional studies restricts researchers' capacity to observe how readiness factors evolve during transformation or how initial levels affect long-term results. This challenge is especially pertinent in Islamic settings, where cultural and religious adjustments usually progress gradually over time.

The current research, cited in 22 studies, mainly concentrates on small and medium-sized Islamic fintech firms, limiting the applicability of its findings. Because SMEs constitute a significant portion of the Islamic fintech industry, particularly in emerging markets, existing literature might not fully account for the distinct challenges and success factors these smaller entities experience. This gap is amplified by the fact that SMEs often face different resource constraints and regulatory hurdles than larger companies, requiring customized strategies for improving their readiness.

The identified gap in analyzing emerging technologies such as artificial intelligence and blockchain within Islamic contexts reveals both a limitation and an opportunity for future research. As these technologies become more central to financial innovation, it is important to examine how they align with Islamic principles and what organizational preparedness is required. Future studies

should evaluate the technical feasibility and religious acceptability of these innovations in Islamic fintech, developing frameworks to guide organizations in adoption while maintaining Sharia compliance.

Practical Implications for Islamic Fintech Organizations

This review offers several practical insights for Islamic fintech firms aiming to improve their digital transformation preparedness. Identifying seven key readiness dimensions indicates that organizations should perform thorough diagnostic assessments instead of concentrating only on technological aspects. The emphasis on Sharia compliance highlights the need for substantial investment in religious governance systems, such as engaging Sharia boards and integrating Islamic principles, which should be regarded as essential foundational elements for successful transformation rather than optional extras.

The regulatory compliance challenges highlighted in this review suggest that Islamic fintech organizations should develop integrated compliance strategies that address data protection and religious requirements simultaneously, rather than handling these obligations separately. The frequent difficulties in appointing data protection officers indicate that organizations should focus on developing human capital in both technical and religious areas, potentially creating hybrid roles that combine regulatory and Sharia compliance expertise. However, current literature offers limited guidance on the best organizational structures for managing dual compliance requirements, implying that organizations may need to experiment with innovative governance models while seeking approval from both regulatory and religious authorities.

This review highlights critical success factors that serve as a guide for setting transformation priorities. It recommends that organizations initially concentrate on securing leadership commitment and integrating the Sharia board, before moving on to technical deployment. This order differs from common digital transformation strategies, which usually emphasize building technological infrastructure first. Islamic fintech firms might need to modify standard transformation approaches to meet religious governance standards. However, since empirical evidence supporting these success factor hierarchies is limited, organizations should vigilantly monitor their progress and adjust their strategies based on new insights rather than solely relying on existing theoretical models.

CONCLUSION

This systematic literature review explores the organizational readiness for Sharia-compliant digital transformation in Indonesia's Islamic fintech sector, particularly in the context of the Personal Data Protection Law (UU PDP) implementation. The study identifies seven organizational readiness dimensions, with technological infrastructure and Sharia compliance as dual pillars of transformation preparedness. Islamic fintech organizations face distinct challenges due to the simultaneous need to comply with both technological and religious governance, requiring integrated compliance strategies. Leadership commitment and Sharia board engagement are identified as critical success factors, emphasizing the unique transformation dynamics in religious financial contexts.

The study extends digital transformation readiness theory by incorporating religious governance considerations, providing new insights into the specific needs of Islamic fintech organizations. It highlights the importance of developing harmonized regulatory guidelines that address both data protection and Sharia compliance. Practical recommendations include the necessity of integrated compliance strategies and engaging Sharia authorities in digital transformation efforts. However, this study is limited by its reliance on existing literature without primary field research or case studies, which restricts the empirical validation of findings and may not fully capture the practical implementation challenges faced by organizations. Future research should focus on empirically validating the identified readiness dimensions through organizational surveys and case studies, as well as exploring comparative readiness between Islamic and conventional fintech organizations. The integration of emerging technologies such as AI and blockchain in Sharia-compliant frameworks also represents a key area for further investigation.

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