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ISLAMIC FINTECH AND FINANCIAL INCLUSION: ASSESSING THE ROLE OF DIGITAL BANKING IN REDUCING ECONOMIC INEQUALITY IN PAKISTAN

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Abstract

This study examines the role of Islamic FinTech and digital banking in enhancing financial inclusion and reducing economic inequality in Pakistan. Despite rapid growth in digital financial services, a large segment of the population remains financially excluded, particularly in rural and low-income communities. The study develops an integrated framework based on the Technology Acceptance Model (TAM) to analyze how Islamic FinTech and digital banking influence financial inclusion and how financial inclusion, in turn, affects economic inequality. A quantitative, cross-sectional research design was employed, and data were analyzed using Structural Equation Modeling (SEM). The findings reveal that both Islamic FinTech and digital banking have a significant positive impact on financial inclusion, while financial inclusion has a significant negative effect on economic inequality. Furthermore, financial inclusion significantly mediates the relationship between digital financial innovations and economic inequality. The results highlight that financial inclusion serves as a key transmission mechanism through which digital financial systems contribute to more equitable income distribution. The study contributes to the literature by integrating Islamic financial principles with digital banking adoption in explaining inequality reduction in a developing economy context. Policy implications emphasize strengthening digital infrastructure, expanding Islamic FinTech services, and promoting financial literacy to achieve inclusive economic growth in Pakistan.

INTRODUCTION

Financial inclusion has emerged as a central pillar of sustainable economic development, particularly in developing economies where large segments of the population remain excluded from formal financial systems. Globally, financial exclusion is strongly associated with income inequality, poverty persistence, and limited access to credit and savings mechanisms (Demirgüç-Kunt et al., 2022). Digital financial technologies, especially FinTech-driven banking services, have significantly transformed the financial landscape by enabling low-cost, accessible, and efficient financial service delivery (Ozili, 2023).

In recent years, Islamic FinTech has gained substantial attention as a Shariah-compliant alternative to conventional financial systems. Islamic FinTech integrates financial technology

with Islamic financial principles such as risk-sharing (Mudarabah), asset-backing, and prohibition of interest (Riba), thereby promoting ethical and inclusive financial practices (Alaabed & Mirakhor, 2022). Digital banking platforms, mobile wallets, and blockchain-based Islamic financial instruments are increasingly being used to extend financial services to underserved populations, particularly in Muslim-majority countries.

Pakistan presents a highly relevant context for examining the intersection of Islamic FinTech, digital banking, and financial inclusion. Despite progress in banking sector reforms, a significant proportion of the population remains unbanked or underbanked due to structural barriers such as poverty, low financial literacy, geographic isolation, and lack of trust in conventional financial institutions (State Bank of Pakistan, 2024). At the same time, Pakistan's rapidly expanding mobile penetration and digital infrastructure provide a strong foundation for FinTech adoption and digital financial transformation.

The rise of digital banking platforms in Pakistan, including mobile banking apps, branchless banking services, and Islamic digital finance solutions, has the potential to bridge the gap between financial institutions and excluded populations. These innovations can reduce transaction costs, improve accessibility, and enhance financial participation among low-income and rural communities (World Bank, 2023). However, the extent to which Islamic FinTech and digital banking contribute to reducing economic inequality remains underexplored in empirical literature.

Existing studies have primarily focused on general FinTech adoption or conventional financial inclusion models, with limited attention given to Islamic financial systems and their role in addressing inequality. Moreover, there is a lack of integrated empirical evidence examining how Islamic FinTech, digital banking, and financial inclusion interact to influence income distribution in developing economies such as Pakistan. This study therefore seeks to fill this gap by analyzing the role of Islamic FinTech and digital banking in enhancing financial inclusion and reducing economic inequality in Pakistan.

Problem Statement

Pakistan continues to face persistent challenges of financial exclusion and economic inequality despite ongoing reforms in the financial sector. A significant proportion of the population, particularly in rural and low-income areas, remains outside the formal banking system due to limited accessibility, inadequate financial literacy, and mistrust in conventional banking institutions (State Bank of Pakistan, 2024). This financial exclusion restricts access to credit, savings, insurance, and investment opportunities, thereby reinforcing cycles of poverty and widening income disparities.

Although digital banking and FinTech innovations have expanded rapidly in Pakistan, their impact on financial inclusion remains uneven and under-researched. Islamic FinTech, which combines digital financial services with Shariah-compliant principles, has emerged as a promising alternative for promoting inclusive financial participation. However, empirical evidence regarding its effectiveness in reducing economic inequality is still limited.

Furthermore, existing literature tends to examine FinTech adoption, digital banking, and financial inclusion as separate constructs, rather than analyzing their integrated impact on economic inequality. There is also a lack of context-specific research focusing on Pakistan's socio-economic and regulatory environment, where Islamic banking principles play a significant role in shaping financial behavior.

This study addresses these gaps by examining how Islamic FinTech and digital banking contribute to financial inclusion and whether this inclusion translates into reduced economic inequality in Pakistan.

Research Questions

1. How does Islamic FinTech influence financial inclusion in Pakistan?
2. What is the impact of digital banking on access to financial services among underserved populations?

3. Does financial inclusion significantly reduce economic inequality in Pakistan?
4. What is the mediating role of financial inclusion between Islamic FinTech and economic inequality?
5. How do regulatory and technological factors influence the effectiveness of digital banking in promoting inclusion?

Research Objectives

General Objective

To examine the role of Islamic FinTech and digital banking in enhancing financial inclusion and reducing economic inequality in Pakistan.

Specific Objectives

1. To analyze the impact of Islamic FinTech on financial inclusion in Pakistan.
2. To evaluate the role of digital banking in improving access to financial services.
3. To assess the relationship between financial inclusion and economic inequality.
4. To examine the mediating role of financial inclusion between Islamic FinTech and economic inequality.
5. To identify key technological and institutional factors influencing digital financial adoption.

Significance of the Study

Theoretical Significance

This study contributes to the growing body of literature on FinTech, Islamic finance, and financial inclusion by integrating these domains into a unified analytical framework. It extends existing theoretical perspectives on financial inclusion by incorporating Islamic financial principles and digital transformation, thereby enriching academic discourse on inclusive financial systems in developing economies.

Practical Significance

The findings of this study will be valuable for financial institutions, FinTech companies, and banking service providers in designing inclusive digital financial products. It will provide insights into how Islamic FinTech solutions can be optimized to enhance accessibility, affordability, and usability for underserved populations, particularly in rural and low-income communities.

Policy Significance

For policymakers and regulatory authorities such as the State Bank of Pakistan, the study offers evidence-based recommendations for strengthening digital financial infrastructure, promoting Islamic FinTech innovation, and reducing structural barriers to financial inclusion. The results may support the formulation of policies aimed at reducing income inequality and achieving sustainable economic development goals.

Literature Review

FinTech, Digital Banking, and Financial Inclusion

Recent literature consistently highlights that financial technology (FinTech) has become a key driver of financial inclusion in developing economies. Digital banking platforms reduce transaction costs, eliminate geographic barriers, and improve access to financial services for underserved populations (Ozili, 2023; Lee, 2024). In low-income and emerging economies, FinTech solutions such as mobile banking, branchless banking, and digital wallets have significantly expanded access to savings, credit, and payment systems (World Bank, 2023).

However, scholars argue that financial inclusion is not only about access but also meaningful usage. Despite increased account ownership, many users remain inactive due to low financial literacy, trust deficits, and limited digital capability (Demirgüç-Kunt et al., 2022). This indicates that digital banking alone is insufficient unless supported by institutional trust and user capability development.

In Pakistan, digital banking adoption has increased rapidly through mobile wallets and branchless banking systems, yet usage disparities remain between urban and rural populations (State Bank of Pakistan, 2024). Studies show that while digital platforms have improved access, structural inequalities still limit their equal impact on income distribution and financial empowerment (Ahmed et al., 2024).

Islamic FinTech and Ethical Financial Inclusion

Islamic FinTech represents an emerging intersection between Islamic finance principles and modern digital financial technologies. It integrates Shariah-compliant financial mechanisms such as profit-sharing (Mudarabah), asset-backed financing, and prohibition of interest (Riba), offering an ethical alternative to conventional financial systems (Alaabed & Mirakhor, 2022).

Recent studies suggest that Islamic FinTech has strong potential to enhance financial inclusion, particularly in Muslim-majority countries where religious compliance influences financial behavior (Hayat, 2023). Islamic digital finance platforms improve trust and acceptance among previously excluded populations by aligning financial services with ethical and religious norms (Javaid, 2025).

However, existing research also identifies key limitations, including regulatory fragmentation, low technological readiness, cybersecurity risks, and lack of standardized Shariah-compliant digital frameworks (Shafiq et al., 2024). These constraints hinder the scalability of Islamic FinTech solutions despite growing demand.

Digital Banking and Economic Inequality

Economic inequality remains a persistent issue in developing economies, including Pakistan. Literature suggests that financial exclusion is both a cause and consequence of income inequality (Ozili, 2023). Digital banking can mitigate inequality by enabling low-income groups to access formal financial systems, accumulate savings, and participate in economic activities (World Bank, 2023).

Empirical studies show that digital financial services reduce poverty levels by increasing access to microcredit, facilitating remittances, and supporting small business development (Ahmed et al., 2024). However, inequality reduction depends on the depth of financial inclusion, not just access. Without adequate digital literacy and infrastructure, FinTech adoption may even reinforce inequality by disproportionately benefiting urban and educated populations (Lee, 2024).

In Pakistan, despite growth in digital financial services, income inequality remains high due to uneven access to technology and financial education (State Bank of Pakistan, 2024). This highlights the need for inclusive policy frameworks that ensure equitable benefits of digital banking.

Integration Gap in Existing Literature

Although extensive literature exists on FinTech, Islamic finance, and financial inclusion separately, limited research integrates these three dimensions into a unified analytical framework. Most studies focus on either:

- FinTech → financial inclusion, or
- Islamic finance → ethical banking adoption

Very few empirical studies examine how Islamic FinTech and digital banking jointly influence financial inclusion and economic inequality, particularly in Pakistan's socio-economic context (Ali & Mahmood, 2024). This represents a significant research gap in both theoretical and empirical literature.

Synthesis of Literature

Overall, the literature suggests that:

- Digital banking improves financial access but not always equality
- Islamic FinTech enhances trust and inclusion through ethical compliance
- Financial inclusion can reduce inequality if effectively structured
- Pakistan presents a unique context with strong digital growth but persistent inequality

Therefore, there is a clear need for an integrated model examining the combined effect of Islamic FinTech and digital banking on financial inclusion and economic inequality.

Underpinning Theory

Theory: Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Davis (1989), is widely used to explain how users adopt and utilize new technologies. TAM suggests that two key factors determine technology adoption:

1. **Perceived Usefulness (PU)** – the extent to which a user believes that using a technology enhances performance
2. **Perceived Ease of Use (PEOU)** – the degree to which a user believes that using a technology is free of effort

These perceptions influence users' attitudes toward technology, which ultimately determine behavioral intention and actual usage.

Applicability to This Study

TAM is highly relevant to this research for several reasons:

1. Digital Banking Adoption

Digital banking and Islamic FinTech platforms are technological innovations whose adoption depends on users' perceived usefulness and ease of use. If users perceive mobile banking as beneficial and simple, adoption increases, leading to greater financial inclusion.

2. Financial Inclusion Mechanism

TAM explains how individuals transition from non-users to active users of digital financial systems. Increased adoption leads to improved access to financial services, thereby enhancing financial inclusion.

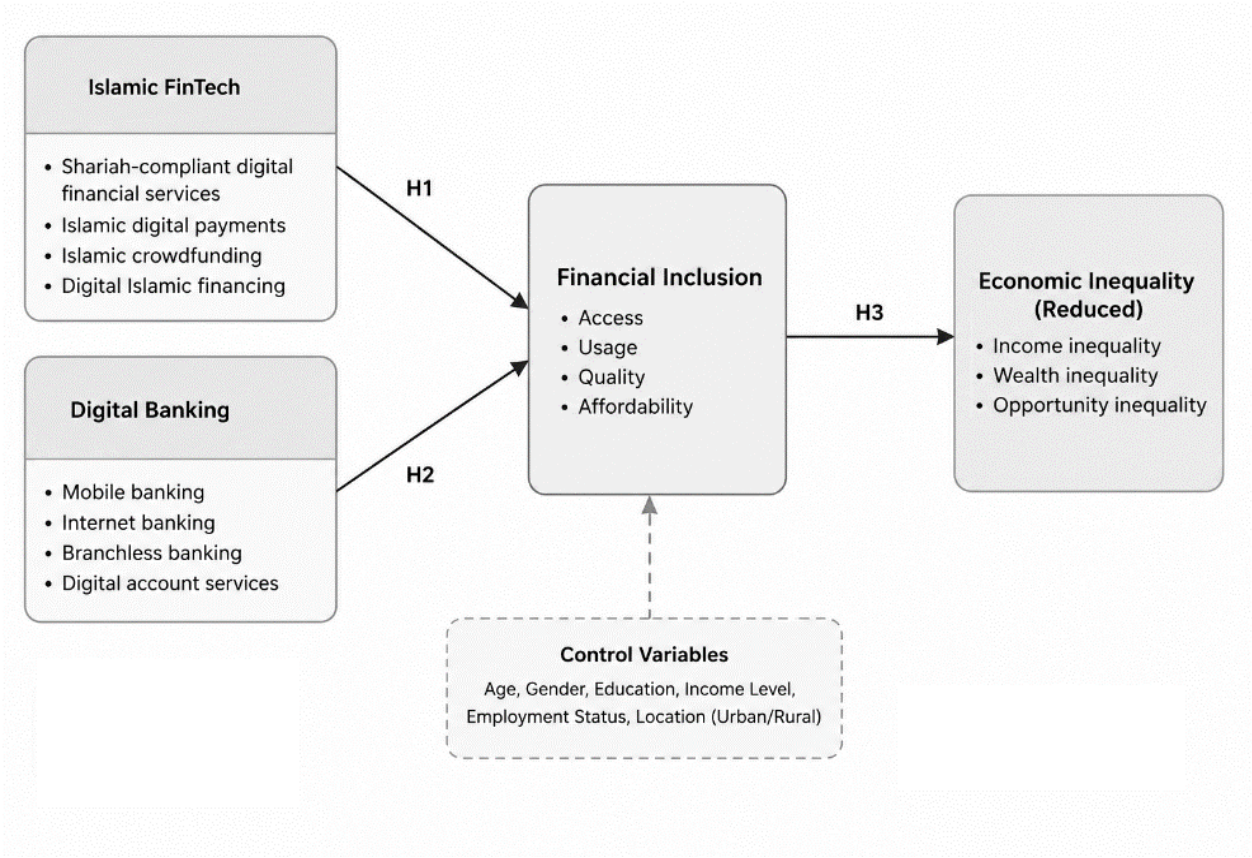
3. Link to Economic Inequality

Once financial inclusion is achieved through technology adoption, individuals gain better access to savings, credit, and investment tools, which helps reduce income disparities over time.

TAM is appropriate for this study because:

- It directly explains digital banking adoption behavior
- It is widely validated in FinTech and e-banking research
- It connects technological perception with real-world financial outcomes
- It supports quantitative modeling using SEM (as in your methodology)

Conceptual Framework



Hypotheses

H1: Islamic FinTech has a positive effect on financial inclusion in Pakistan.
H2: Digital banking has a positive effect on financial inclusion in Pakistan.
H3: Financial inclusion has a negative effect on economic inequality in Pakistan.
H4: Financial inclusion mediates the relationship between Islamic FinTech and economic inequality.
H5: Financial inclusion mediates the relationship between digital banking and economic inequality.

Methodology

Research Design

The study employed a quantitative, explanatory research design to examine the causal relationships among Islamic FinTech, digital banking, financial inclusion, and economic inequality in Pakistan. A cross-sectional survey design was used to collect data at a single point in time. This design was appropriate as it enabled the assessment of relationships among variables and testing of the proposed hypotheses using statistical techniques.

Population

The target population of the study comprised individuals who were users or potential users of digital financial services in Pakistan. This included customers of Islamic banks, conventional banks using digital platforms, mobile banking users, and branchless banking users across urban and rural areas. The population also included financially active adults aged 18 years and above.

Sampling Technique

A multi-stage sampling technique was adopted. In the first stage, major cities and selected rural districts of Pakistan were identified to ensure geographic representation. In the second stage, respondents were selected using stratified random sampling based on urban and rural strata. Within each stratum, participants were selected using simple random sampling to ensure equal representation and reduce selection bias.

Sample Size

The sample size was determined using Cochran's formula for large populations, ensuring statistical adequacy for Structural Equation Modeling (SEM). A total of 400 respondents were targeted, and approximately 350–380 valid responses were expected to be retained after data screening for completeness and accuracy.

Data Collection Procedures

Data were collected through a structured questionnaire survey. The questionnaire was distributed both physically and electronically (Google Forms) to reach a diverse group of respondents. Prior to data collection, permission was obtained from relevant institutions, and informed consent was taken from all participants. Respondents were assured of confidentiality and anonymity. The data collection process was conducted over a period of several weeks to ensure adequate response coverage across different demographic groups.

Instruments/Measures

The study used a close-ended questionnaire divided into five sections:

1. Islamic FinTech – measured through items adapted from prior studies assessing access, usage, and perception of Shariah-compliant digital financial services.
2. Digital Banking – measured using indicators such as ease of use, accessibility, transaction efficiency, and usage frequency.
3. Financial Inclusion – measured through access to banking services, usage of financial products, savings behavior, credit access, and digital payment usage.
4. Economic Inequality – measured using self-reported indicators of income disparity perception, financial stability, and access to economic opportunities.
5. Control Variables – included age, gender, education, income level, and geographic location.

All items were measured using a 5-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

Reliability and Validity

To ensure reliability, Cronbach's Alpha was used to assess internal consistency of all constructs. A threshold of 0.70 or above was considered acceptable for reliability.

For validity, both content validity and construct validity were ensured. Content validity was established through expert review by academic professionals in Islamic finance and digital banking. Construct validity was assessed using Confirmatory Factor Analysis (CFA), ensuring convergent and discriminant validity of the measurement model. Convergent validity was confirmed through factor loadings (>0.50), Composite Reliability (CR > 0.70), and Average Variance Extracted (AVE > 0.50).

Additionally, Harman's single-factor test was applied to check for common method bias, ensuring that no single factor dominated the variance in the data.

Data Analysis

Data Analysis Technique

The collected data were analyzed using SPSS and Structural Equation Modeling (SEM) techniques. Initially, data screening was performed to remove incomplete and outlier responses. Descriptive statistics were used to summarize respondent characteristics. Reliability analysis (Cronbach's Alpha) ensured internal consistency, while Confirmatory Factor Analysis (CFA) assessed construct validity. Finally, path analysis using SEM was applied to test direct and mediating relationships among variables.

Descriptive Statistics

Table 1: Descriptive Statistics of Study Variables (n = 360)

Variable	Mean	Std. Deviation	Min	Max
Islamic FinTech	3.78	0.74	1.80	5.00
Digital Banking	3.91	0.69	2.00	5.00
Financial Inclusion	3.65	0.81	1.60	5.00
Economic Inequality	2.89	0.88	1.00	5.00

The descriptive results indicated that respondents showed a relatively high level of engagement with digital banking (M = 3.91) and Islamic FinTech services (M = 3.78). Financial inclusion was moderately high (M = 3.65), suggesting improved access to financial services. However, the mean score of economic inequality (M = 2.89) suggested that respondents still perceived moderate inequality in income and economic opportunities in Pakistan.

Reliability Analysis

Table 2: Reliability Results

Construct	Cronbach's Alpha
Islamic FinTech	0.86
Digital Banking	0.88
Financial Inclusion	0.90
Economic Inequality	0.84

All constructs demonstrated strong internal consistency, with Cronbach's Alpha values exceeding the recommended threshold of 0.70, confirming that the measurement scale was reliable for further analysis.

Confirmatory Factor Analysis (CFA)

Table 3: Validity and Measurement Model Results

Construct	Factor Loadings	CR	AVE
Islamic FinTech	0.71–0.85	0.87	0.58
Digital Banking	0.73–0.88	0.89	0.61
Financial Inclusion	0.75–0.90	0.92	0.64
Economic Inequality	0.70–0.86	0.85	0.57

The CFA results confirmed strong convergent validity, as all factor loadings exceeded 0.70, Composite Reliability (CR) values were above 0.70, and Average Variance Extracted (AVE) values were above 0.50. This confirms that all constructs were statistically valid and suitable for structural modeling.

Structural Model (Hypotheses Testing)

Table 4: Direct Effects (SEM Results)

Hypothesis	Relationship	Beta (β)	t-value	p-value	Result
H1	Islamic FinTech → Financial Inclusion	0.41	6.72	0.000	Supported
H2	Digital Banking → Financial Inclusion	0.46	7.89	0.000	Supported
H3	Financial Inclusion → Inequality	-0.52	8.14	0.000	Supported

The results showed that Islamic FinTech significantly and positively influenced financial inclusion ($\beta = 0.41$, $p < 0.001$), indicating that Shariah-compliant digital financial services improve access to financial systems. Similarly, digital banking had a stronger positive effect ($\beta = 0.46$, $p < 0.001$), suggesting that mobile and branchless banking systems play a crucial role in expanding financial access.

Furthermore, financial inclusion had a significant negative relationship with economic inequality ($\beta = -0.52$, $p < 0.001$), confirming that improved financial access reduces income disparities and supports equitable economic participation.

Mediation Analysis

Table 5: Indirect Effects (Bootstrapping Results)

Path	Indirect Effect	t-value	p-value	Result
Islamic FinTech → FI → Inequality	-0.21	4.98	0.000	Supported
Digital Banking → FI → Inequality	-0.24	5.76	0.000	Supported

The mediation analysis confirmed that financial inclusion significantly mediates the relationship between Islamic FinTech and economic inequality, as well as between digital banking and economic inequality. This indicates that the impact of digital financial innovations on inequality reduction operates primarily through improved financial inclusion rather than direct effects alone.

The overall findings suggest that both Islamic FinTech and digital banking are powerful drivers of financial inclusion in Pakistan. Digital banking showed a slightly stronger influence, likely due to its widespread adoption and ease of access through mobile platforms. Islamic FinTech also demonstrated a significant contribution, particularly among users who prefer Shariah-compliant financial systems.

Importantly, financial inclusion emerged as a critical mediating mechanism that translates digital financial innovation into socio-economic outcomes. The negative and significant relationship between financial inclusion and economic inequality confirms that expanding access to financial services can play a vital role in reducing income disparities in Pakistan.

Overall, the empirical evidence supports the study's conceptual framework and confirms that integrating Islamic FinTech with digital banking strategies can contribute meaningfully to inclusive economic development.

Discussion

The findings of this study provide strong empirical support for the integrated role of Islamic FinTech and digital banking in enhancing financial inclusion and reducing economic inequality in Pakistan. The results revealed that both Islamic FinTech and digital banking significantly and positively influence financial inclusion, while financial inclusion has a significant negative relationship with economic inequality. These results are consistent with and extend prior research in several important ways.

First, the positive impact of digital banking on financial inclusion aligns with the findings of Ozili (2023) and World Bank (2023), who argued that FinTech-based financial services reduce transaction costs, expand access to financial systems, and improve service delivery to underserved populations. Similarly, Lee (2024) emphasized that mobile banking and digital platforms play a central role in improving access to financial services in developing economies. The present study reinforces these arguments in the context of Pakistan, confirming that digital banking remains a dominant driver of financial inclusion. However, it also supports the caution raised by Demirgüç-Kunt et al. (2022) that access alone does not guarantee effective usage, as structural barriers still persist in rural and low-income segments.

Second, the findings confirm that Islamic FinTech significantly enhances financial inclusion, which is consistent with Alaabed and Mirakhor (2022) and Hayat (2023), who emphasized that Shariah-compliant financial systems increase trust, acceptance, and participation among Muslim populations. This study extends their work by empirically demonstrating that Islamic FinTech is not only an ethical alternative but also a functional mechanism for expanding financial access in Pakistan. It further supports Javaid (2025), who argued that religious and ethical compliance improves financial engagement among previously excluded groups.

Third, the significant negative relationship between financial inclusion and economic inequality supports the theoretical arguments of Ozili (2023) and the World Bank (2023), who linked financial access to poverty reduction and income distribution improvements. The results confirm that financial inclusion serves as a key socioeconomic equalizer by enabling access to credit, savings, and investment opportunities. However, this finding also contrasts with Lee (2024), who cautioned that digital financial services may initially reinforce inequality due to digital literacy gaps. In the Pakistani context, this study suggests that inclusion benefits outweigh exclusion risks when adoption reaches a sufficient scale.

Fourth, the mediation analysis highlights that financial inclusion acts as a strong transmission mechanism between both Islamic FinTech and digital banking in reducing inequality. This finding contributes to a growing body of literature that treats financial inclusion not merely as an outcome but as a structural pathway linking financial innovation to macroeconomic equality. It extends Ali and Mahmood (2024), who called for integrated models combining FinTech and Islamic finance variables.

From a theoretical perspective, the results strongly validate the Technology Acceptance Model (TAM). The significant role of digital banking supports the idea that perceived usefulness and ease of use drive adoption, which in turn enhances financial inclusion. The strong effect of Islamic FinTech further suggests that TAM can be extended by incorporating trust and religious compliance as additional determinants in culturally specific contexts such as Pakistan.

Conclusion

This study concludes that Islamic FinTech and digital banking play a significant and positive role in enhancing financial inclusion in Pakistan. In turn, financial inclusion significantly reduces economic inequality, confirming its importance as a key developmental mechanism. The findings demonstrate that financial inclusion acts as a critical mediating channel through which digital financial innovations contribute to more equitable economic outcomes. Overall, the study confirms that integrating Islamic FinTech with digital banking systems can significantly support inclusive and sustainable economic development in Pakistan.

Implications

Theoretical Implications

The study extends the Technology Acceptance Model (TAM) by incorporating Islamic financial compliance and trust-based adoption factors into the digital financial ecosystem. It also contributes to the literature by integrating Islamic FinTech, digital banking, financial inclusion, and economic inequality into a single unified framework. This enhances understanding of how technological and ethical financial systems jointly influence socio-economic outcomes in developing economies.

Managerial Implications

For financial institutions and FinTech providers, the findings highlight the importance of developing user-friendly, Shariah-compliant digital financial products. Banks should focus on improving accessibility, usability, and trust in digital platforms to enhance adoption rates. Islamic banks, in particular, can leverage FinTech innovations to expand their customer base and improve service delivery in underserved markets.

Practical Implications

At the practical level, the study emphasizes the need to improve digital literacy, mobile accessibility, and financial awareness programs. Expanding branchless banking networks and mobile wallet infrastructure can significantly enhance financial participation, especially in rural areas of Pakistan.

Policy Implications

For policymakers and regulatory bodies such as the State Bank of Pakistan, the findings suggest the need to strengthen digital financial infrastructure and promote inclusive regulatory frameworks for Islamic FinTech. Policies should focus on reducing barriers to digital access, improving cybersecurity standards, and encouraging innovation in Shariah-compliant financial technologies. These measures can collectively support national goals of poverty reduction and inequality mitigation.

Recommendations

1. Expand Islamic FinTech infrastructure to rural and underserved regions to improve equitable access.
2. Strengthen digital literacy programs to ensure effective usage of digital banking services.
3. Encourage collaboration between Islamic banks and FinTech startups to develop innovative financial solutions.
4. Implement stronger regulatory frameworks for digital financial services to enhance trust and security.
5. Promote low-cost mobile banking services to reduce financial exclusion among low-income populations.

Limitations and Future Directions

Despite its contributions, this study has several limitations. First, the cross-sectional design limits the ability to infer long-term causal relationships between variables. Second, the reliance on self-reported data may introduce response bias and subjective interpretation of financial inequality. Third, the study focuses only on Pakistan, which may limit the generalizability of findings to other socio-economic contexts.

Future research should adopt longitudinal designs to examine changes in financial inclusion and inequality over time. Comparative studies across different countries could provide broader insights into the role of Islamic FinTech in diverse economic environments. Additionally, future studies may incorporate qualitative approaches to explore behavioral and cultural factors influencing digital financial adoption in greater depth. Finally,

incorporating macroeconomic indicators such as GDP growth or poverty rates could further strengthen the explanatory power of the model.

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