



ARTIFICIAL INTELLIGENCE AS A DIGITAL WAKIL: A SHARIAH EVALUATION OF WAKALAH IN ISLAMIC FINTECH AND E-WALLET SERVICES

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Abstract

The introduction of artificial intelligence (AI) into Islamic financial services raises a pressing question: can AI qualify as a legitimate wakil (agent) under the Shariah contract of wakalah? Traditionally, wakalah is grounded on trust, accountability and ethical representation qualities that may seem incompatible with autonomous, non-human systems. As AI is increasingly applied in robo-advisory platforms, e-wallets and automated Shariah screening, it becomes essential to evaluate whether these technologies comply with Islamic legal and ethical requirements. This study employs a qualitative, library-based method to examine the viability of AI acting as a wakil within the framework of Shariah. Drawing on recent scholarly works, fatawa and institutional reports (2021–2025), the paper analyses how AI's agency functions align with classical and contemporary understandings of wakalah. Findings indicate that AI may assume an agency like role under strict Shariah parameters specifically where human supervision, algorithmic transparency and accountability mechanisms are ensured. Nevertheless, the risks of diminished responsibility and interpretative ambiguity remain. The paper concludes that while AI enhances efficiency and accessibility in Islamic finance, its adoption as a wakil requires continuous human oversight to safeguard Shariah integrity and client confidence.

Keywords: Wakalah, Artificial Intelligence (AI), Shariah Compliance, Islamic Fintech, Robo-Advisory

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INTRODUCTION

Business revolution in the provision of financial services has been emerged through the artificial intelligence (AI) venture. In Islamic finance, this innovation is not only a possibility, but also a threat: how do we consider AI, which is non-human and autonomous, as an agent (*wakil*) within the framework

of *wakalah*, which is a critical Shariah contract founded on the agency, confidence, and moral obligation? Traditionally *wakalah* means the performance of an agent on behalf of sample a principal to make allowable transactions. The extension of AI, particularly in robo-advisory, e-wallet services and automated Shariah screening, posits the responsibility to question whether it is within the conditions, legal and ethical, of making a valid *wakalah* contract.

This issue has spurred an increasing amount of scholarly and regulatory interest, particularly as AI becomes further implanted in halal investment platforms, compliance monitoring tools and digital wealth management. The importance of this issue is that these AI-powered services must not violate Shariah principles such as avoidance of *riba*, *gharar* and unethical dealings. Further, with no obvious governance under the Shariah, there is a risk of users of financial activities engaging in 'non-compliant' financial activities without any knowledge from their end. As AI continues to influence the future of Islamic finance, it is important to critically assess the role of AI as a legitimate wakil, it is important to maintain ethical and legal integrity.

LITERATURE REVIEW

The concept of artificial intelligence (AI) in the capacity of what is described as a form of *wakalah*, that is, a person who acts on behalf of the principal, has attracted much scholarly attention in recent years, especially in the context of Islamic finance. Emerging studies bring the opportunities and ethics involved that arise from AI's deployment as a proxy, or virtual wakil, responsible for reconciling technological change and principles of Shariah.

Nabila Wafa' et al. (2025) define a conceptual model, in their "Artificial Intelligence in Islamic Finance: A Maqasid-al-Shariah Perspective". They say that AI if guided by Maqasid-al-Shar'iah for example higher ends of Shariah, can play a positive role in preserving faith, intellect, wealth and social well-being and important issues of algorithmic transparency and the danger of *gharar* or *riba* if not prevented (Mas'ar, 2024; Mustapha & Malkan, 2025; Mohadi & Tarshany, 2023). Such a view gives rise to a premise for AI to be a responsible agent under the Islamic ethical imperatives.

Empirical developments in robo-advisory platforms strengthens this conceptual position. For instance, Syed Musa et al. (2025) discusses the application of machine learning algorithms in driving platforms such as Wahed Invest, wherein screening of investment options is done, filtering out enterprises engaging in forbidden activities and offer Shariah compliant portfolios. This feature operates correctly and places AI in the role of a wakil in the modern day as it is appointed to operate within the prescribed limitations according to the precepts of Islam (Wahid Invest, 2023; Pathan, Khoso, & Ahmed, 2022).

Internally validating these ideas, Syed Musa et al. (2025) and other researchers describe the methodology of fintech's established in the Indonesian and Malaysian financial markets where it employs AI to manage digital wealth creation (applying the Shariah ethics when establishing experimental predictive analytical tools and sentiment-related models and acting independently on behalf of the clients). Such implementations bear witness to the increasing viability of AI taking on agency-like roles in digital finance (Asyari, Hassan, Susanto, Jannat, & Mamun, 2022).

At the same time, scholarly discourse perceptively addresses the risks intrinsic to delegating

agency to AI. The Edge Malaysia (2023) gives warning that even though AI's operational efficiency (in the form of chatbots or robo-advisors), decision-making processes opacity, algorithmic biases and accountability lapses, these issues raise serious questions of Shariah compliance. Business Today (2025) similarly cautions about AI's potential to create wrong or fictional theological content, emphasizing the fact that AI cannot be substituted with qualified scholars in matters of jurisprudence. These critiques point out that true Shariah-compliant agency needs human oversight, clarity and verifiable authority (Usmonov, 2025; Ali, Bouzoubaa, Gelli, Hamzi, & Khan, 2025; Abdelnour, 2025). Lastly, industry-oriented reviews confirm that AI can be integrated into Islamic finance ethically if it is anchored by principled design. Islamic Finance Review (2025) lists existing AI-capable tools, ranging from halal stock screeners to automated zakat calculators, operating under transparent values-driven protocols, thereby highlighting that AI can play the role of trusted advisory agents, provided they are under the rule of Shariah (Mas'ar, 2024; Jokhio & Jaffer, 2024).

Collectively, the literature communicates a balanced picture: AI can indeed personify a type of *wakalah* by acting on behalf of users in a Shariah compliant manner, so long as robust ethical frameworks, human supervision, and transparency are in place.

METHODOLOGY

This study adopts a qualitative doctrinal approach focusing on the application of *wakalah* in AI-based Islamic financial services. Data were collected from academic databases, regulatory reports, and reputable online publications such as *ResearchGate*, *Business Today Malaysia* and *Islamic Finance Review*. The analysis employs a Shariah-centric framework grounded in classical jurisprudence and *Maqasid al-Shariah* principles to evaluate AI's legitimacy as a digital agent. Instead of relying on empirical testing, the study emphasizes interpretive analysis to examine ethical, legal, and operational implications. This approach ensures a balanced evaluation of both technological potential and Shariah compliance.

FINDINGS

The changing landscape of Islamic finance has demonstrated that artificial intelligence (AI) can be effectively a manifestation of *wakalah* and can be an acceptable agent working for and on behalf of a Shariah to conduct transactions, filter investments and advisory services. Research by Nabilah Wafa' Mohd Najib and colleagues (2025) postulate that the deployment of AI in Islamic finance must comply with the goals of the Shariah namely preserving faith, intellect, wealth, social welfare (which implies that AI can be a legitimate and morally acceptable agent if its governance is couched in terms of *Maqasid* principles).

From empirical research, we have real life examples of AI as *wakil*. For example, Syed Musa et al. (2025) describes the patent use of robo-advisory platforms like Wahed Invest to employ AI algorithms to independently filter and choose Shariah compliant investment portfolios, placing AI in a role of being an entrusted agent to make decisions within the guidelines of a given religion. This

algorithmic decision-making correlates with the *wakalah* principle if there are transparency and compliance mechanisms in place.

Subsequent questioning into the place of AI is introduced by legal and regulatory evaluations. Arsyad, Kharisma and Wiwoho (2025) look at AI in the context of Islamic financial operations as applicable in the front, middle and back offices, notably in RegTech and SupTech, while noting the important need for Shariah-informed supervisory frameworks to manage AI as agents.

However, a clear distinction discovered in recent theological analysis is necessary for the jurisprudential validity of this agency. Scholars generally accept that AI can perform the functions of a wakil how ever it is lacks the *Ahliyyah* (legal capacity) required to achieve the autonomous agency. Sitiris and Busari (2024) say that AI is unable to independently engage into a wakalah contract because to its lack of cognition ('Aql) and moral accountability (Dhimmah).

Hance, AI is seen primarily not as a subject, but as a smart tool (*Alah*) or "Digital Wakil" working on behalf of a legal body rather than as subject (Rahman, 2024). According to Hamzi et al. (2025), AI agency is only legitimate when the deploying institution takes complete culpability, meeting the Shariah need for accountability, even if some academics investigate the idea of "electronic personality" (*Shakhsiyyah Iktibariyyah*) comparable to corporations.

Technological innovations are aligned with agent model in preventive compliance and automated Shariah screening (Patel, 2024; Bourian, Hassine, & Chougali, 2025; Shah, Karabulut, Kamruzzaman, Alharthi, & Bradford, 2025). Research by Kismawadi (2024) investigates the use of techniques such as AI based clustering and Smart Contracts that encode the rules of Shariah directly into practicable logic that allows for real time monitoring of financial compliance and solidifies AI's legitimacy as an agent under the control of Shariah (Setyowati & Rahayu, 2023).

At the same time, scholarship is right to highlight the shortcomings and dangers of delegating agency to AI. Sakinah Abdul Samad (2025) points out that the general-purpose AI systems may generate incomplete or fabricated jurisprudential guidance which illustrates that although AI may serve as a *wakil*, such automatism must be bound by the human supervisory authority and check sources (Business Today, 2025). Similarly, to Jokhio and Jaffer (2024), they portray that despite the ability of LLMs to detect compliance-related problems, and to be able to quote their sources, the lack of consistency in providing relevant advice in challenging Shariah cases is a factor to demonstrate that AI will not replace the role of a serious Shariah adjudicator.

The concluding findings hint at a delicate yet convincing finding: AI can in fact properly play the *wakalah* like role that is used in digital finance when it functions on behalf of the final users, in the presence of open Shariah models, good supervision and humanitarian policymaking. This new paradigm constructs ambitious untimely possibilities of digital permeation, efficacy, and consensus in Islamic fintech and extends cautions that one must not be excessively trusting of the automated processes that have not been validated through research.

CONCLUSION AND RECOMMENDATIONS

The integration of AI as one of the *wakalah* in the Islamic financial services is revolutionary change of how the services are delivered to people especially regarding the use of e-wallets, robot-advisor, and

automated compliance tools. When limited to a right set of Shariah parameters, AI is permitted to act as an agent (*wakil*) on behalf of the users in managing funds, making investments and advice. With the capacity to support existing volumes of data, real-time Shariah screening and optimizing operations, AI is just as functional to the requirements of modern fintech, thereby complementing this role.

The advantages of AI use as *wakil* are unbelievable. It leads to a rise in financial inclusion since the delivery of scalable and affordable services to underserved populations increase real-time audit of compliance with Shariah and enhances transparency due to the codification of logic and audit trails. Applications such as Wahed Invest, and halal screening development are some examples of how: AI can aid in getting ethical investing options that do not violate Islamic regulations. Nevertheless, there are still severe weaknesses and issues. There is a huge danger of the businesses with the use of AI algorithms (black-box systems) that have potential biases and the lack of ability to comprehend the complexities of jurisprudential nuances. Since it is similarly expressed by such scholars like Sakinah Abdul Samad that as such, the process of leaving the AI to generate or derive Islamic rulings could be mistaken as such that is left without supervision that makes its Islamic authenticity as an agency.

To attend to such matters there is a need to come up with AI systems that treat themselves as *wakil* with inherent structures of Shariah and are periodically audited by certified scholars and that are housed within the spheres in which least interpretation is required. Regulators and the developers must hence jointly create governance norms to play the scope of AI against an agency though facilitating transparency, ethical design, and user consciousness within the framework of Islamic digital finance.

CONFLICT OF INTEREST

The authors declare no conflicts of interest.

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AUTHOR CONTRIBUTIONS STATEMENT

Nur Azrin Afiqah Harman and Zarifah Nur Athirah Zainal (Methodology; Data curation; Formal analysis; Writing-original draft.) Nurul Athirah Mohd Azmi (Conceptualisation, Validation; Formal analysis; Writing-review & editing; Supervision).

AVAILABILITY OF DATA AND MATERIALS

The data supporting this study's findings are available on request from the corresponding author.

ETHICS STATEMENT

Not applicable.

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