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Title of research article

The Strategic Role of Digital Transformation in Strengthening Sharia Compliance, Enhancing Banking Performance, and Supporting the Socio-Economic Efficiency of Qatar Islamic Bank

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Abstract

This study investigates the strategic impact of digital transformation on multiple dimensions of performance at Qatar Islamic Bank (QIB), focusing on Sharia compliance performance, banking performance, social performance, and economic performance. Islamic banks today operate in a rapidly evolving digital environment, requiring them to adopt advanced technological tools while maintaining strict adherence to Sharia principles. Using a conceptual and analytical approach, the study shows that digital transformation significantly enhances operational efficiency, strengthens Sharia governance, and supports the development of innovative financial products aligned with Islamic jurisprudence. Technologies such as big data, blockchain, artificial intelligence, and cloud computing help accelerate service delivery, improve customer experience, reduce operational risks, and expand financial inclusion. The findings emphasize that digital transformation serves as a fundamental pillar for the sustainable growth, competitiveness, and socio-economic contribution of Qatar Islamic Bank.

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Introduction:

The digital revolution has brought about a profound transformation in the foundations of the traditional economy, making technology a central pillar in the development of various sectors, including the financial and banking industry. Digital transformation encompasses a set of advanced tools and technologies such as big data, cloud computing, blockchain, and artificial intelligence, all of which aim to enhance the customer experience and improve operational efficiency.

With the widespread use of the internet and the declining cost of smart devices, digital transformation has become an urgent necessity for achieving sustainable growth and development. As customers become increasingly aware of the benefits of technology and digitization, Islamic banks — including Qatar Islamic Bank — have recognized the strategic importance of digital transformation as a key driver to enhance their performance, keep pace with global developments, and strengthen their competitiveness against traditional banks and major financial technology companies (Big Tech) such as GAFA.

In line with the principles of Islamic Sharia, which encourage innovation that serves the public interest, Qatar Islamic Bank has actively adopted digital tools and technologies to improve its performance and expand its customer base, particularly by reaching underserved segments excluded from financial services.

In light of the above, a central question arises: How has digital transformation contributed to strengthening the Sharia compliance performance and banking performance of Qatar Islamic Bank?

Section one :The Theoretical Framework of the Study

The first section of this study presents the theoretical framework related to the performance of Islamic banks, digital transformation, and the most important modern financial technologies that enable the digital transformation process within Islamic banking institutions. It also examines the impact of these technologies on the overall performance of Islamic banks, highlighting how innovation contributes to enhancing efficiency, competitiveness, and financial inclusion.

Firstly: The Concept and Performance of Islamic Banks

In this section, we will introduce a set of conceptual definitions related to Islamic banks and their performance, in order to provide a clear theoretical framework for the subsequent analysis.

919.**The Concept of Islamic Banks :** Although Islamic banks are often defined as "financial institutions that do not deal with interest," this definition is incomplete because their role extends beyond avoiding interest to include broader objectives and activities, It is also not exclusive, since some non-Islamic banks also operate without interest, Based on the reviewed literature, the researcher proposes a concise definition that reflects the comprehensive nature of Islamic banking (Karim, S., & Rahman, U. 2018).

-First Definition : "An Islamic bank is a financial institution that does not deal with interest, whether in taking or giving. It receives funds from individuals without any commitment or obligation of any kind to pay interest. These funds are then invested in commercial or investment activities based on profit and loss sharing."

-Second Definition : "An Islamic bank is an entity that combines sound economic and investment thinking with capital seeking lawful (halal) profit. It channels these funds through mechanisms that embody the core principles of the Islamic economic system, transforming its concepts from theory into practical and tangible reality."

-Third Definition : "An Islamic bank is a financial institution that mobilizes monetary resources from individuals and invests them effectively to maximize and grow these funds within the framework of the well-established principles of Islamic Sharia, serving the interests of the Muslim community and contributing to its development. (Udaybat, L. A. 2023)"

II.Performance of Islamic Banks

The performance of Islamic banks refers to the efficiency and effectiveness of the bank in achieving its objectives in accordance with Islamic Sharia principles, while taking into account financial, economic, and social dimensions, The aim is to balance profitability and sustainability while adhering to ethical and Sharia values — a key element that distinguishes Islamic banks from conventional ones. The performance of Islamic banks can be divided into the following dimensions:

1. Sharia Performance: This measures the extent to which the Islamic bank complies with Sharia principles and rulings in all its transactions and financial products. It includes adherence to fatwas issued by Sharia boards, avoiding interest-based transactions, and ensuring that financial contracts comply with Islamic law, such as Murabaha, Mudaraba, and Musharaka.

2. Banking Performance: This reflects the bank's efficiency in providing banking services and achieving its operational and financial goals. It involves indicators such as profitability ratios, liquidity, asset utilization efficiency, quality of financing, and risk management. The objective is to assess the bank's ability to achieve financial sustainability while delivering Sharia-compliant services.

3. Social Performance: This focuses on the bank's role in promoting social justice and social responsibility by offering financial products that enhance community welfare, such as microfinance, Qard Hasan (benevolent loans), support for charitable organizations, and contributions to projects that foster social and economic development — in line with the principles of Islamic solidarity (Takaful).

4. Economic Performance: This concerns the impact of the Islamic bank on both the macro and micro economy, including supporting economic growth, stimulating investment, and financing productive projects. It involves providing funding for small and medium-sized enterprises (SMEs), encouraging entrepreneurship, and contributing to sustainable development within society.

Secondly : Definition of digital transformation and digital transformation technologies

Digital transformation is a key driver of innovation and growth. This section defines digital transformation and its enabling technologies to provide a clear conceptual basis.

I. .Definition of digital transformation: The researcher has selected three definitions of digital transformation.

-First Definition: "The process of transforming organizations into business models based on digital technologies aims to support the development and innovation of their products and services. It also seeks to create new marketing channels and generate job opportunities, thereby increasing the value of their products, whether goods or services (Al-Khudari, M. A. (1999).

- Second Definition: "Digital transformation is the gradual shift of an organization from focusing solely on material aspects to giving greater importance to information and knowledge, and investing in the opportunities and capabilities they reveal, in order to achieve the highest levels of performance and efficiency."

- Third Definition: "Digital transformation is a radical change in the way services are delivered — not a gradual or incremental one — enabling organizations to achieve sustainability and competitiveness, while building more dynamic and active communities. It allows services to be provided more effectively and efficiently, representing a transition to a digital and innovation-driven model**."**

II. digital transformation technologies: Digital transformation has become a cornerstone of modern organizational development, driven by advanced technologies such as blockchain, artificial intelligence, big data, and cloud computing. These technologies play a vital role in enhancing operational efficiency, improving decision-making, and creating innovative services. Their integration enables institutions to remain competitive, agile, and customer-focused in a rapidly evolving digital landscape.

1.Blockchain Technology: is a digital database that stores financial transaction information and allows it to be accessed and shared through a decentralized network. It can be described as a chain of fragmented timestamps, where each timestamp contains a reference to the one before it, forming a linked and secure chain. It may also be considered a distributed ledger that enables the recording of transactions between two parties efficiently, reliably, and permanently (Bourekia, R. 2012).

2.Artificial Intelligence (AI): is a scientific and technological field that encompasses methods and theories aimed at creating machines capable of interpreting data, learning from it, and using that knowledge to achieve specific goals with flexibility. It is a branch of computer science concerned with designing computational systems that exhibit intelligent behavior, such as language understanding and problem perception, with the ultimate goal of developing computer functions that mimic human intelligence

3.Cloud Computing: is a model that provides rapid and continuous on-demand access to a network for sharing a wide range of computing resources, which can be accessed and utilized with minimal effort and high flexibility.

4.Big Data: Big data refers to large, diverse, and complex datasets generated from tools, sensors, online transactions, and other digital sources. These datasets are characterized by unique features such as volume, velocity, variety, and variability, which distinguish them from traditional data sets. (RISQ, 2022)

Thirdly: The Impact of Digital Transformation on the Performance of Islamic Banks

Digital transformation is reshaping the banking sector by enhancing efficiency and customer experience. This section explores its impact on the performance of Islamic banks.

I.The Impact of Digital Transformation on the Sharia Performance of Islamic Banks

Digital transformation plays a crucial role in enhancing the Sharia performance of Islamic banks and strengthening their compliance and operational efficiency through several key dimensions.

1. Ensuring Sharia Compliance :

1.1 **Artificial Intelligence (AI):** AI can monitor and verify the compliance of Islamic banking products and services with Sharia principles more accurately and efficiently than traditional methods. It analyzes contracts and ensures that transactions are free from interest (riba) or other prohibited elements.

1.2 Machine Learning: Machine learning enhances Sharia oversight by analyzing customer data and transactions against Sharia standards, preventing violations. It can verify that funds are used exclusively in permissible channels, avoiding prohibited investments.

2. Enhancing Transparency and Reducing Risks

2.1 **Blockchain Technology:**Blockchain enables Islamic banks to record and document all financial transactions transparently and securely, making it impossible to manipulate data. This ensures that contracts comply with Sharia rules and allows precise auditing of financing operations. It is especially valuable for Islamic financing products, where each stage of the transaction is documented according to agreed terms, improving Sharia and financial auditing.

2.2 Smart Contracts: Smart contracts are self-executing programs that automatically enforce contract terms without human intervention. They include all necessary information regarding obligations, rights, and fees, and automatically execute procedures without intermediaries. They can be programmed to comply with Islamic contracts (e.g., Mudaraba, Murabaha), ensuring accurate and automatic implementation of Sharia provisions, improving compliance and operational precision.

3. **Improving Operational Efficiency and Reducing Costs**

3.1 **Automation:** Simplifies Sharia reviews and contract validation, cutting manual work, costs, and errors through instant automated checks..

3.2 Big Data-Based Monitoring: Using big data for analysis and evaluation enables Islamic banks to monitor and track operations more comprehensively, improving Sharia performance across branches and products while reducing costs

4. Enhancing the Sharia-Compliant Customer Experience

4.1 Digital Sharia-Compliant Banking Services: Digital transformation allows the provision of Sharia-compliant banking services through mobile apps and online platforms, giving customers easy access to Islamic products while ensuring compliance with Sharia standards.

4.2 Digital Interaction: AI-powered chatbots provide Sharia-compliant financial advice, guiding customers to solutions aligned with their values. Predictive analytics can also help anticipate customer needs and offer tailored services.

4.3 Strengthening Customer Trust and Competitive Advantage: Continuous Sharia supervision using AI and data analytics increases customer trust and enhances the bank's ability to ensure compliance, giving Islamic banks a competitive edge in the financial market.

In summary, digital transformation enhances the Sharia performance of Islamic banks through advanced technologies such as AI, block chain, smart contracts, automation, and big data analytics. These tools support Sharia compliance, boost operational efficiency, improve transparency, and strengthen customer trust.

II .The Impact of Digital Transformation on the Banking Performance of Islamic Banks

Digital transformation has a significant impact on the banking performance of Islamic banks, contributing to enhanced operational efficiency, risk reduction, and greater financial stability. The key effects can be summarized as follows:

1. **Reducing Operational Costs:** Digital transformation helps lower costs associated with traditional operations such as intensive staffing and paperwork, leading to increased profit margins.

2. **Enhancing Efficiency:** By automating processes, Islamic banks can improve the speed and efficiency of service delivery, boosting revenues through an improved customer experience and a higher number of transactions.

3. **Asset Growth**: Digital transformation enables Islamic banks to use advanced technologies to analyze asset data more effectively, make better investment decisions, and expand their asset base through a wider customer reach.

4. **Increasing Revenue**: It supports the creation of new digital products and services, which increases fee-based income and commissions.

5. **Equity Growth:** With improved profitability and higher revenues, digital transformation contributes to an increase in shareholders' equity.

6. Electronic Trading and Easier Access to Funds: Digital technologies allow Islamic banks to provide online platforms for trading Sukuk and other Islamic liquidity instruments, increasing market accessibility.

7. Liquidity Management: Modern technologies such as Big Data and Artificial Intelligence (AI) enhance daily cash flow forecasting, enabling Islamic banks to manage liquidity more efficiently and flexibly, reducing the need for excessive reserves and improving decision-making.

8. Risk Management: Through advanced analytics, including Big Data and AI, Islamic banks can better analyze financial data and predict risks with greater accuracy. This improves client assessment and allows the development of proactive risk mitigation strategies.

9. Fraud Detection : AI-based technologies can be applied to detect fraud, for example, using machine learning to automatically identify credit card fraud in Islamic banking operations.

In conclusion, digital transformation has a positive and far-reaching impact on the banking performance of Islamic banks. It enhances operational efficiency, reduces costs, supports revenue and asset growth, and strengthens shareholders' equity. It also improves liquidity management and risk control, contributing to greater financial stability and competitiveness in the banking sector.

III.Digital transformation strengthens the social performance of Islamic banks:

The impact of digital transformation on the social performance of Islamic banks is manifested in several aspects:

1. Financial inclusion: Expands access to Islamic banking, especially for underserved groups. (The Arab Financial Inclusion Day, 2121)

2. **Sharia-compliant products**: Support innovative Islamic financing to reduce poverty,

CSR initiatives: Platforms like Maybank Heart enhance managing social projects efficiently (The Arab Financial Inclusion Day, 2121)

3. **Financial education:** Digital platforms increase public awareness of Islamic finance, empowering individuals to make better financial decisions.

4. **Crisis response:** Banks can respond quickly to community needs during crises by offering tailored, Sharia-compliant support.

5. Affordable services: Lower operational costs enable banks to offer competitive fees to low-income groups.

6.**Poverty reduction & sustainability:** Supporting microfinance and sustainable projects fosters economic development.

Overall, digital transformation enhances the social mission of Islamic banks by expanding access, supporting community initiatives, empowering individuals, and promoting sustainable development.

IV.The Impact of Digital Transformation on Economic Performance

Digital transformation strengthens the economic performance of Islamic banks by:

- Improving investment efficiency through big data analytics.

- Enhancing financial sustainability by reducing costs and supporting green initiatives.

-Facilitating trade finance with Blockchain to increase transparency and reduce costs.

- Boosting GDP by expanding access to financial services and strengthening economic stability.

Section Two: The Impact of Digital Transformation on the sharia and banking Performance of Qatar Islamic Bank

This section highlights Qatar Islamic Bank's digital transformation experience and its impact on Sharia performance and banking performance, based on annual reports from 2018 to 2024.

Fistly . An overview of Qatar Islamic Bank and its services :

Through this section, we will provide an overview of Qatar Islamic Bank and its services.

I.Qatar Islamic Bank (QIB) :was founded in 1982 as Qatar's first Islamic bank and is the largest private-sector bank in the country. It holds around 36% of the Islamic banking market and a 10% market share in total assets, financing, and deposits.

The bank operates according to Sharia-compliant principles, offering innovative products such as Murabaha, Istisna'a, Mudaraba, Musharaka, and Ijara, all supervised by a Sharia board. QIB serves customers through 23 modern branches and over 170 ATMs across Qatar, including specialized centers for premium clients and women (bank QIB).

QIB also holds stakes in several Sharia-compliant financial institutions, including "QInvest," its investment banking arm, "Damaan Islamic Insurance Company (Beema)," specializing in Takaful, and "Al Jazeera Finance Company," focused on consumer finance (bank QIB).

II.Banking Services of Qatar Islamic Bank (QIB) :Qatar Islamic Bank offers a wide range of Sharia-compliant banking services for both individuals and businesses (bank QIB):

1. Retail Banking Services:

- Bank Accounts: Current, savings, and investment accounts.

- Personal Financing: Murabaha financing, real estate financing, and education or marriage financing.

- Bank Cards: Debit cards for cash withdrawals and instant payments, as well as Islamic credit cards.

- Digital Banking: Online banking services (account management, transfers, and bill payments) and a mobile banking app.

2. **Corporate and Institutional Banking Services:**

Corporate Accounts: Current accounts for managing funds and business transactions.

- Trade Finance: Supporting commercial and investment activities.

- Cash and Liquidity Management: Including investment deposits and Islamic financing solutions.

- Premium Banking Services: Platinum and Gold services.

- Takaful (Islamic Insurance) and Wealth Management: Investment funds and advisory services.

- Money Transfers: For both domestic and international transactions.

All these services are designed to facilitate financial operations while adhering to Islamic values and principles.

Secondley . Digital transformation at Qatar Islamic Bank

Between 2018 and 2024, Qatar Islamic Bank (QIB) underwent a comprehensive digital transformation that positioned it as one of the leading institutions in Islamic digital banking. The bank focused on modernizing its core systems and upgrading its infrastructure to provide innovative, secure, and customer-centered digital banking services, reducing reliance on traditional branches.

- In 2018, QIB launched a major system modernization project, upgrading its core banking system and mobile application. New services were introduced such as cardless cash withdrawal, biometric login, and instant personal financing through the app. The bank also launched digital loyalty programs such as Absher and introduced prepaid cards.
- In 2019, the bank expanded its digital offerings with the introduction of digital accounts and products such as Instant Finance and Digital Account Opening. A partnership with Western Union enabled real-time international money transfers, while a new online platform was developed for corporate clients.

- In 2020, during the COVID-19 pandemic, QIB demonstrated strong digital readiness by launching the "Do Your Banking from Home" campaign, five-minute personal financing, and remote cheque deposit services. As a result, mobile app users increased by 50%, and digital transfers rose by 93%.

- In 2021, QIB enhanced its mobile banking application with additional features such as Apple Pay, video banking services, and the virtual assistant "Zaki." The bank also expanded its award-winning Misk Account program, reinforcing customer engagement through innovative digital experiences.
- In 2022, the bank continued its innovation by introducing new savings products such as the Growing Deposit and Flexible Deposit Certificates, as well as Qatar's first digital credit card. It also launched instant payment services for school tuition and enhanced its loyalty program with new partners.
- In 2023, QIB focused on sustainability and smart financial management by integrating carbon emission tracking in partnership with Visa. The mobile app was redesigned to include new features such as subscription management, minor account opening, and the launch of QIB Marketplace, an e-commerce platform offering a range of products and services.
- In 2024, Qatar Islamic Bank (QIB) further advanced its digital transformation. It launched the "Himyan" national debit card, a Qatar Central Bank initiative promoting a cashless society and secure local transactions. The digitalization of debit, credit, and prepaid cards enhanced online payment security, while the AutoPay feature simplified recurring bill payments for major services like Vodafone, Ooredoo, and Kahramaa.

The QIB Marketplace expanded to over 10,000 products, supporting local brands and customer convenience, and the bank introduced Qatar's first digital car marketplace, allowing users to browse and finance cars directly via the mobile app.

QIB also integrated AI-driven tools to personalize product recommendations and improve engagement. Digitally certified account statements became available through the app, resulting in a 26% rise in logins and a 37% increase in transactions, highlighting the bank's strong digital growth.

Overall, the bank's digital transformation strategy reflects three main pillars:

- Advanced Infrastructure – Modernizing systems and digital platforms to deliver a fully integrated banking experience.

- Cybersecurity – Enhancing digital safety through innovations like biometric authentication and security keys.

- Digital Competence Development – Empowering customers and employees to adapt to digital tools, while improving customer experience through loyalty and innovation programs.

Thirdly : The impact of digital transformation on Sharia compliance of Qatar Islamic Bank

Table 1: Sharia performance indicators of Qatar Islamic Bank

Sharia performance indicators	2018-2024
The presence of a Sharia Supervisory Board	Present
The number of a Sharia Supervisory Board	03
The independence of the Sharia Supervisory Board	An independent Sharia body, separate from the General Assembly, responsible for conducting Sharia audits in accordance with the organizational structure of Qatar Islamic Bank.
Remuneration or compensation	To maintain the independence and impartiality of the board, it is funded directly from the bank's budget without any direct involvement from shareholders or clients. This ensures that the board's decisions remain objective and fully compliant with Islamic principles, free from any external influence.
Credibility and reputation	The public accepts the board's fatwa.

.**Source**: Prepared by the researcher based on the annual reports for the period between

(2018: pp.7, 43, 49, 87, 140), (2019: pp.6, 39, 50, 81, 129), (2020: pp.6, 36, 51, 85, 135),

(2021: pp.6, 36, 52, 83, 132), (2022: pp.6, 31, 52, 80, 130), (2023: pp.6, 32, 54, 82, 131).

The table presents the Sharia performance indicators of Qatar Islamic Bank from 2018 to 2024:

-**Sharia Supervisory Board**: Confirmed to exist throughout the period.

-**Board Members**: Three members consistently (2018–2024). Too many members may cause divergence in opinions, while fewer than three may affect neutrality.

-**Independence**: The Board is independent from the General Assembly and conducts Sharia audits per the bank's structure, reflecting commitment to Islamic standards.

-Compensation: Funded directly from the bank's budget, ensuring independence and transparency.

-Credibility: Members enjoy strong reputations and public trust, including Sheikh Walid bin Hadi, Sheikh Abdulsattar Abu Raghda, and Sheikh Mohamed Ahmine.

Overall, Qatar Islamic Bank strives to achieve full compliance with Islamic Sharia in all its banking services and products by adhering to Sharia principles, ensuring continuous Sharia supervision, and maintaining transparency in all transactions. The bank's digital transformation has further strengthened its Sharia performance, positioning it as a leader in digital Islamic banking in Qatar:

- Sharia Compliance: All digital products, such as personal financing and payment solutions, adhere to Islamic values and avoid interest-based transactions.

- Sharia Supervision: The bank's Sharia Supervisory Board monitors all digital systems to ensure full compliance with Sharia principles.

- Customer Experience Enhancement: The bank provides flexible and secure digital services—such as e-payment applications and new Sharia-compliant digital accounts—to improve customer convenience.

- Expansion of Digital Solutions: The bank continues to develop electronic platforms for companies and offers innovative, Sharia-compliant payment solutions through partnerships with firms like Visa.

Fourthly: The impact of digital transformation on banking performance of Qatar Islamic Bank

Regarding banking performance, we selected several indicators from marketing performance indicators, financial engineering indicators, and profitability and liquidity indicators.

1.Marketing Indicators: These are related to deposits, current deposits, and assets. The following table shows the development of these elements over the past six years (2018–2024).

Marketing Performance Indicators at Qatar Islamic Bank **Unit: Billion** Qatari Riyals

Year	2018	2019	2020	2021	2022	2023	2024
Assets	153.23	163.51	174.35	193.91	184.00	189.15	200.77
CurrentDeposits (A)	15.42	14.97	17.41	16.90	19.02	14.64	16.42
Total Deposits (B)	100.59	111.62	118.11	131.09	122.40	120.80	124.90
A/B (%)	15.32%	13.41%	14.74%	12.89%	11.45%	12.11%	13.14%

Source: Prepared by the researcher based on the annual reports of Qatar Islamic Bank

(2018: p.51), (2019: p.59), (2020: p.53), (2021: p.61), (2022: p.58), (2023: p.60), (2024: p.58)

Analysis of Marketing Performance Indicators at Qatar Islamic Bank (2018–2024)

The data show steady growth in Qatar Islamic Bank's key marketing indicators—assets, deposits, and current deposit ratios—driven by digital transformation initiatives.

Assets rose from QAR 153.23 billion in 2018 to QAR 200.77 billion in 2024, reflecting the bank's expansion through digital platforms that improved efficiency and customer access.

Current Deposits (A) fluctuated between QAR 14.64 and 19.02 billion, reaching QAR 16.42 billion in 2024. Despite minor variations, digital channels such as mobile and online banking helped attract and retain customers.

Total Deposits (B) grew steadily from QAR 100.59 to 124.90 billion, supported by increased customer trust in the banks Sharia-compliant and technology-driven services.

The A/B ratio remained stable (11–15%), showing balanced deposit growth and effective liquidity management enhanced by digital solutions.

Overall, QIB's marketing performance reflects successful integration of digital transformation, strengthening its customer base, deposit structure, and overall financial position.

II. Financial Engineering Performance Indicator: We selected the study of the financing instruments used by Qatar Islamic Bank to measure the bank's financial engineering performance indicator, based on the annual reports for the period 2018–2024.

Volume of Financing Instruments at Qatar Islamic Bank Unit: Billion Qatari Riyals

Year	2018	2019	2020	2021	2022	2023	2024
Murabaha	7.23	82.66	86.71	94.42	82.49	85.40	86.92
Musawama (Bargaining Sale)	16.86	18.67	21.80	25.39	25.43	27.05	28.85
Ijarah M.T (Leasing & Investment)	21.21	20.07	20.09	20.70	34.12	37.33	41.74
Istisna'a (ManufacturingContract)	0.74	0.84	0.18	0.008	0.005	-	-
Mudaraba (Profit-Sharing)	0.071	0.018	0.014	-	-	-	-
Others	3.26	2.09	1.99	0.37	0.50	0.40	0.45

Source: Prepared by the researcher based on the annual reports of Qatar Islamic Bank (2018: p.120), (2019: p.112), (2020: p.120), (2021: p.115), (2022: p.113), (2023: p.114)), (2024: p.115)

It is evident from the above that Qatar Islamic Bank (QIB): Focuses mainly on Murabaha, Ijarah (leasing with ownership transfer), and Musawama (bargaining sale) financing, given their lower risk levels. In contrast, QIB shows a cautious approach toward Istisna'a (manufacturing financing) due to its higher risk. In practice, the bank's "instant personal financing in five minutes" service is primarily based on Murabaha, Ijarah, and Musawama contracts.

Offers a diverse range of Islamic financing products tailored to meet various customer needs.

The increased reliance on digital channels has encouraged customers to explore more suitable financing options, which explains the temporary decline in Murabaha demand in 2022. Ijarah, being fully compliant with Islamic principles and free from interest-based elements, has become a preferred option for customers seeking Sharia adherence.

In conclusion, QIB's financial engineering capabilities have enabled the creation of a wide array of innovative Sharia-compliant financing instruments. Through digital platforms, customers can now easily compare and select among these financing options, enhancing accessibility, transparency, and customer empowerment.

3. Profitability Indicators: To analyze this indicator, we included related elements in a table: total expenses, total revenues, net profit, and total shareholders' equity. Table below presents the elements related to profitability:

Profitability and Financial Performance Indicators of Qatar Islamic Bank **Unit:** Billion Qatari Riyals

Year	2018	2019	2020	2021	2022	2023	2024
Total Expenses	1.41	1.47	1.56	1.53	1.52	1.49	1.14
Total Revenues	6.88	7.73	7.95	8.13	8.96	11.11	11.74
Net Profit	2.75	3.05	3.06	3.55	4.02	4.28	4.62
Total Shareholders' Equity	15.42	17.13	18.30	20.73	23.25	25.39	27.15

Source: Prepared by the researcher based on the annual reports of Qatar Islamic Bank:

(2018: pp.61, 51), (2019: pp.52, 60), (2020: pp.62, 54), (2021: pp.62, 54), (2022: p.59), (2023: p.61),(2024:p60)

The data indicate the financial performance of Qatar Islamic Bank over the period from 2018 to 2024. Analyzing the data reveals the following:

- **Expenses**: There was a slight increase from QAR 1.41 billion in 2018 to QAR 1.56 billion in 2020, followed by a decline to QAR 1.14 billion in 2024. This trend reflects improved cost management and expense reduction over time, particularly after the automation of routine procedures and operations.
- **Revenues**: Revenues showed steady growth, rising from QAR 6.88 billion in 2018 to QAR 11.74 billion in 2024. This increase was driven by strong growth in banking activities, including higher account service fees, sales commissions, and feasibility study fees. The expansion of the customer base through digital channels enabled the bank to reach new clients and markets. In addition, digital platforms supported the delivery of innovative products and services, such as mobile banking applications and personalized financial services, further boosting revenues. In 2024, digital sales of key products — such as personal financing and credit cards — accounted for more than 50% of total sales.
- **Net Profit**: Net profit rose steadily from QAR 2.75 billion in 2018 to QAR 4.62 billion in 2024, reflecting enhanced operational efficiency and profitability. The bank's digital transformation contributed significantly to this result by improving operational efficiency (lowering funding costs), expanding its customer base, and introducing innovative digital products (such as loyalty rewards programs), ensuring continued profitability.
- **Shareholders' Equity**: Shareholders' equity increased from QAR 15.42 billion in 2018 to QAR 27.15 billion in 2024, reflecting sustainable growth in the bank's value and its ability to deliver strong returns to shareholders, especially after digitizing customer experiences and operational processes.

Overall, the figures demonstrate positive profitability indicators for Qatar Islamic Bank in terms of revenue and net profit, despite some challenges in expense management. The increase in shareholders' equity underscores the success of the bank's growth strategies. The use of digital channels, particularly its mobile banking application, has enhanced efficiency, reduced costs, and increased revenues — ultimately improving both net profit and shareholders' equity.

4.Capital Adequacy Ratio – Qatar Islamic Bank :The capital adequacy ratio reflects Qatar Islamic Bank's strong commitment to Basel III requirements.

Capital Adequacy Ratio

Year	2018	2019	2020	2021	2022	2023	2024
Capital Adequacy Ratio	18.8%	19.5%	19.4%	18.9%	19.9%	20.4%	20 .9%

Source: Prepared by the researcher based on annual reports (2018: p.110), (2019: p.104), (2020: p.108), (2021: p.110), (2022: p.105), (2023: p.106)), (2024: p.107).

The data show that Qatar Islamic Bank's capital adequacy ratio remained stable over the six-year period. Despite slight fluctuations between 2018 and 2021, the ratio increased gradually from 18.8% in 2018 to 20.9% in 2024. This is a strong performance compared to international standards, as Basel III requires a minimum of 8% for major banks.
QIB's performance significantly exceeds this threshold, reflecting its solid financial position and resilience to crises. By adopting digital technologies such as automation, the bank has reduced operational costs, while data analytics powered by artificial intelligence has helped minimize financial risk exposure, enhance transparency, and ensure compliance with regulatory standards. Furthermore, the increase in revenues has strengthened liquidity, enabling QIB to maintain and gradually improve its capital adequacy ratio.

Conclusion:

The study led to the following results:

- Islamic banks are evaluated based on four main types of performance: Sharia compliance performance, banking performance, social performance, and economic performance.
- Digital transformation helps Islamic banks ensure compliance with Sharia principles through Sharia audit systems that monitor contracts and transactions to guarantee their adherence to Islamic law. It also leverages artificial intelligence and big data to provide instant Sharia advisory services aligned with Islamic standards. Moreover, blockchain technology enables the recording of financial transactions in a tamper-proof manner, ensuring transparency and Sharia compliance.
- Digital transformation also enhances banking efficiency and profitability by improving the customer experience through user-friendly digital platforms that provide access to services anytime and anywhere, reducing operational costs. It enables process automation, which minimizes errors and accelerates transaction processing. In addition, it allows the delivery of advanced digital services such as instant financing, digital wallets, and mobile banking, while adopting advanced cybersecurity technologies to protect customer data.
- Sharia Compliance Performance: digital products offered by QIB — such as personal financing and digital payment solutions — fully comply with Islamic values and avoid interest-based transactions. The bank's Sharia Supervisory Board continuously monitors all digital systems to ensure strict adherence to Sharia principles. In addition, the bank's electronic payment applications are designed in line with Sharia guidelines, reinforcing the bank's commitment to ethical and compliant financial services.
- Banking Performance: QIB has recorded overall growth in both marketing and profitability indicators, driven by increased reliance on digital channels — particularly the mobile banking application and the QIB platform. These digital tools enable instant financing, offer more tailored financing options, and support the development of innovative digital products (such as "Abyan" loyalty rewards), which have contributed to expanding the bank's customer base and improving operational performance.

Methodology

This study employs a descriptive–analytical methodology to examine the role of digital transformation in strengthening Sharia compliance and banking performance at Qatar Islamic Bank.

1. Research Design:

A qualitative–conceptual approach supported by analytical review of digital transformation initiatives and Islamic banking literature.

2. Data Sources:

Secondary data including academic articles, bank reports, fintech publications, and Islamic finance standards (AAOIFI, IFSB).

3. Analytical Framework:

The study analyzes four dimensions of performance:

- Sharia Compliance Performance

- Banking Performance

- Social Performance

- Economic Performance

4. Limitations:

The study relies on secondary data and does not include empirical statistical testing.

Nonetheless, it provides a comprehensive conceptual understanding of digital transformation in Islamic banking.

Ethical Considerations

This research relies exclusively on publicly available secondary data. No human participants were involved. All data sources were properly referenced. The study complies with academic integrity and avoids any use of confidential bank information.

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Author Contributions

Dr. Abbaci Assia: Conceptualization, development of the theoretical framework, digital transformation analysis, drafting of Sharia compliance sections.

Dr. Bouzid Nesrine: Data collection, analysis of banking, social, and economic performance, and final manuscript editing.

Both authors reviewed and approved the final manuscript.

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Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this study.

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