

# Identification of Research Trends in Islamic Financial Product Innovation

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## ABSTRACT

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Islamic finance has emerged as a significant component of the global financial landscape, offering an alternative model rooted in ethical principles and Sharia compliance. With its rapid expansion, the innovation of Islamic financial products has become pivotal in meeting the diverse needs of stakeholders within the Islamic finance ecosystem. Despite this growth, there remains a gap in the systematic understanding of research trends in Islamic financial product innovation. This study employs bibliometric analysis to identify emerging trends, key drivers, and future directions in Islamic financial product innovation. The analysis reveals the evolution of research themes over time, highlighting areas such as financial innovation, Islamic fintech, and the performance of Islamic finance products. Insights gained from this study can inform strategic decision-making and stimulate further research in the field, ultimately contributing to the advancement of Islamic finance in the global financial landscape.

*Keywords:* Islamic Financial, Product Innovation, Bibliometric Analysis

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## 1. INTRODUCTION

Islamic finance has emerged as a significant component of the global financial landscape, offering an alternative model rooted in ethical principles and Sharia compliance [1]–[3]. With its rapid expansion, the innovation of Islamic financial products has become pivotal in meeting the diverse needs of stakeholders within the Islamic finance ecosystem [4], [5]. In this context, understanding the evolving trends in Islamic financial product innovation is crucial for policymakers, practitioners, and researchers alike.

The Islamic finance industry has experienced remarkable growth over the past few decades, expanding beyond its traditional strongholds in the Middle East and Southeast Asia to become a global phenomenon [6]–[8]. This expansion has been driven by various factors, including increasing demand for ethical and socially responsible financial instruments, the growing affluence of Muslim populations worldwide, and a greater appreciation for the stability and resilience of Islamic finance models, particularly in the wake of global financial crises [9], [10].

Central to the dynamism of the Islamic finance industry is the continuous innovation of financial products and services that align with Sharia principles [11]. These innovations not only cater to the specific needs of Muslim investors but also appeal to a broader segment of ethical and socially conscious consumers [12], [13]. From Sukuk bonds and Islamic mutual funds to Sharia-compliant fintech solutions, the landscape of Islamic finance products is constantly evolving in response to changing market dynamics, regulatory environments, and socio-economic trends [14].

Despite the rapid growth and innovation in Islamic finance, there remains a gap in the systematic understanding of research trends in Islamic financial product innovation. While individual studies have explored various aspects of Islamic finance and product development, there

is a need for a comprehensive analysis that synthesizes existing research to identify emerging trends, key drivers, and future directions in Islamic financial product innovation. The primary objective of this research is to conduct a bibliometric analysis to identify research trends in Islamic financial product innovation. Specifically, the study aims to:

1. Map the intellectual structure of research on Islamic financial product innovation in term of themes.
2. Analyze the evolution of research trends over time to identify emerging topics and areas of interest within Islamic finance.
3. To uncover emerging trends, gaps, and opportunities for future research directions.

This research holds several implications for academia, industry practitioners, policymakers, and regulators involved in Islamic finance. By providing a comprehensive overview of research trends in Islamic financial product innovation, the findings of this study can inform strategic decision-making, facilitate knowledge exchange, and stimulate further research in the field. Additionally, insights gained from the analysis can guide the development of innovative financial products that are not only Sharia-compliant but also responsive to the evolving needs and preferences of stakeholders in the Islamic finance ecosystem. Ultimately, this research contributes to advancing the understanding and practice of Islamic finance in the global financial landscape.

## 2. LITERATURE REVIEW

### 2.1 *Islamic Financial Product Innovation*

Islamic financial product innovation refers to the creation and adaptation of financial instruments and services that adhere to Islamic principles, known as Shariah law. These principles prohibit usury, gambling, and speculation, emphasizing risk-sharing and fairness in economic activities [15]. Islamic financial product innovation seeks to address financial inclusion challenges faced by Muslim communities and expand the scope of Islamic finance beyond traditional models. Research indicates that Islamic financial institutions face some unique challenges when it comes to product innovation. For instance, they may struggle with a lower level of innovation compared to conventional financial institutions because Islamic finance is still relatively young and less established globally [16]. Barriers to innovation include high costs associated with innovation, lack of customer awareness, differences in interpretations of Shariah law, and insufficient resources dedicated to research and development [17].

Despite these obstacles, Islamic financial product innovation continues to evolve based on the interpretation of Islamic jurisprudence (*al-Ijtihad*), drawing upon the Quran, Sunna, and classical Islamic legal theory. Examples of innovative Islamic financial products include Sukuk, which are asset-backed securities that comply with Shariah law, and microfinance initiatives designed to serve underbanked populations [18], [19]. As Islamic finance expands into new territories like Turkey, studies examine the specific regulatory frameworks and tax policies that support the growth of Islamic financial products, highlighting potential areas for further innovation. Overall, Islamic

financial product innovation contributes to the broader goal of promoting inclusive and sustainable economic growth while remaining true to Islamic values.

### 3. METHODS

The methodology employed in this research, involves several key steps. Firstly, a comprehensive literature search is conducted across various academic databases and repositories, utilizing relevant keywords such as "Islamic finance," "financial product innovation," and related terms. This step ensures the inclusion of a wide range of scholarly articles, conference papers, and other relevant publications in the field. Following this, bibliometric analysis techniques are applied to the collected dataset, which involves quantitatively analyzing publication trends and citation patterns. Additionally, bibliometric mapping techniques such as co-citation analysis and keyword co-occurrence analysis are employed to identify prominent research themes, emerging trends, and the interconnectedness of various concepts within the domain of Islamic financial product innovation. By utilizing a bibliometric approach, this research aims to provide a comprehensive overview of the current state of research in this field, identify gaps and areas for future investigation, and contribute to the advancement of knowledge in Islamic finance and innovation.

### 4. RESULTS AND DISCUSSION

Table 1. Research Data Metrics

Publication years	: 1986-2024
Citation years	: 38 (1986-2023)
Paper	: 980
Citations	: 39656
Cites/year	: 1043.58
Cites/paper	: 40.47
Cites/author	: 26035.63
Papers/author	: 616.29
Author/paper	: 2.10
h-index	: 99
g-index	: 180
hI,norm	: 71
hI,annual	: 1.87
hA-index	: 29
Papers with ACC	: 1,2,5,10,20:581,418,227,127,55

Source: *Publish or Perish Output*, 2024

Table 1 presents key metrics derived from bibliometric analysis of research data spanning the years 1986 to 2024 in the field of Islamic financial product innovation. A total of 980 papers were analyzed, accumulating 39,656 citations over 38 citation years (1986-2023), resulting in an average of approximately 1,043.58 citations per year. On average, each paper received around 40.47 citations, with an exceptionally high average of 26,035.63 citations per author. The collaborative nature of research is evident, with an average of 616.29 papers per author and 2.10 authors per paper. The h-index, a measure of productivity and impact, is calculated at 99, indicating that 99 papers have each received at least 99 citations. The g-index, another measure of citation impact, is 180. The normalized h-index (hI,norm) stands at 71, while the annual h-index (hI,annual) is 1.87. The hA-index, reflecting the productivity and citation impact of individual authors, is 29. Additionally, the table highlights

the distribution of papers with accumulated citations (ACC), showing the number of papers with citation counts of 1, 2, 5, 10, and 20 or more.

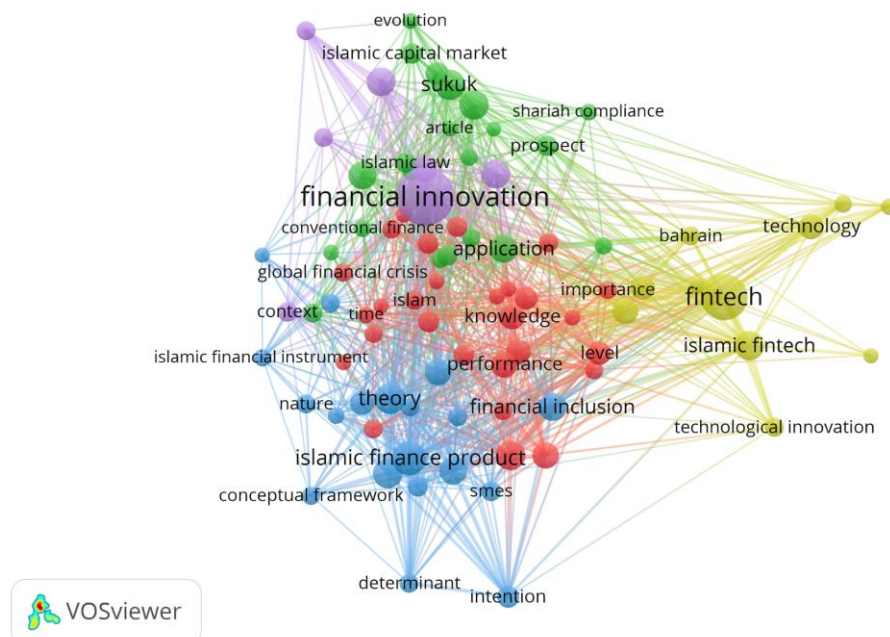


Figure 1. Network Visualization

Source: Data Analysis Result, 2024

In this network visualization, we can observe several clusters of terms which are usually distinguished by different colors. Each node (circle) represents a term or keyword, and the size of the node often indicates the frequency of the term's occurrence within the dataset (e.g., publications or articles). The lines between the nodes represent the strength of the relationship or co-occurrence between terms, with thicker lines suggesting stronger relationships.

1. **Red Cluster:** This seems to be the largest and most central cluster, with terms like "financial innovation," "Islamic financial instrument," "Islamic finance product," and "Islamic law." This cluster appears to focus on the innovation and development of financial instruments within the scope of Islamic finance.
2. **Green Cluster:** Close to the red cluster, it includes terms like "fintech," "Islamic fintech," and "technological innovation." This cluster likely represents the intersection of financial technology and Islamic finance.
3. **Yellow Cluster:** Located to the right, it has terms like "Bahrain," "performance," and "level." This could represent a geographical focus within Islamic finance research, possibly highlighting studies focused on Bahrain's Islamic finance sector and its performance.
4. **Blue Cluster:** This includes terms such as "global financial crisis," "context," "time," and "nature." This cluster might be discussing the impact and role of Islamic finance in the context of global financial issues or crises.

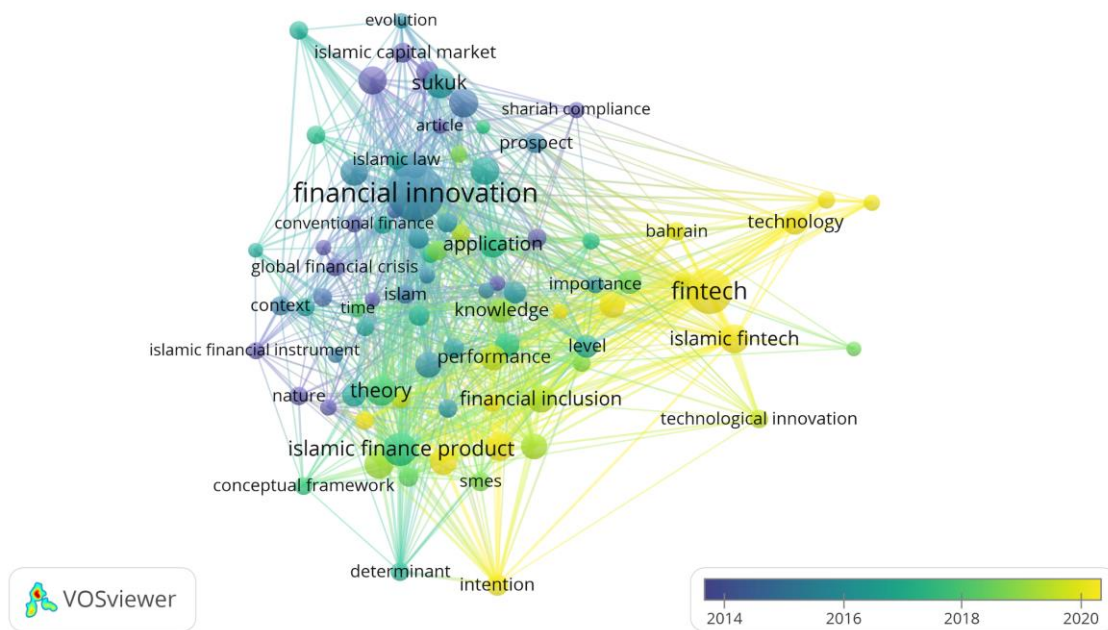


Figure 2. Overlay Visualization  
 Source: Data Analysis Result, 2024

The nodes (circles) represent various key terms, and the lines between them indicate the strength of the relationship (e.g., co-occurrence in the literature). Clusters of nodes in the same color are typically related thematically. The colors of the nodes likely correspond to the average publication year of the papers associated with each term, according to the color bar at the bottom. A gradient from blue to yellow represents the progression from earlier years to more recent years (2014 to 2020). In this specific visualization, we can make the following observations about research trends:

1. Terms like "fintech" and "Islamic fintech," which are closer to the yellow end of the spectrum, suggest that there has been a recent focus on these topics within the field of Islamic finance. This reflects the global trend of incorporating technology and digital innovation in financial services.
2. Traditional concepts like "Islamic finance product," "Islamic financial instrument," and "Islamic law" are in the green to blue range, indicating these were established topics that have been discussed over a longer period, but they remain relevant.
3. "Financial innovation" seems to be at the center of the network, with a color suggesting it has been consistently important over the years covered by the dataset.
4. The term "Bahrain" is also closer to yellow, which might indicate a growing interest in the role of Bahrain in Islamic finance in recent years.

Table 3. The Most Impactful Literatures

Citations	Authors and year	Title
1644	MA El-Gamal (2006)	Islamic finance: Law, economics and practice
1632	Z Iqbal, A Mirakhor (2011)	An introduction to Islamic finance: Theory and practice
1502	I Warde (2010)	Islamic finance in the global economy
840	P Tufano (2003)	Financial innovation
784	TS Zaher, M Kabir Hassan (2001)	A Comparative literature survey of Islamic finance and banking

Citations	Authors and year	Title
600	M Obaidullah (2005)	Islamic financial services
599	K Hassan, M Lewis (2009)	Handbook of Islamic banking
592	SA Rosly (2005)	Critical issues on Islamic banking and financial markets
592	H Visse (2019)	Islamic finance: Principles and practice
590	H Van Greuning, Z Iqbal (2008)	Risk analysis for Islamic banks

Source: Publish or Perish Output, 2024

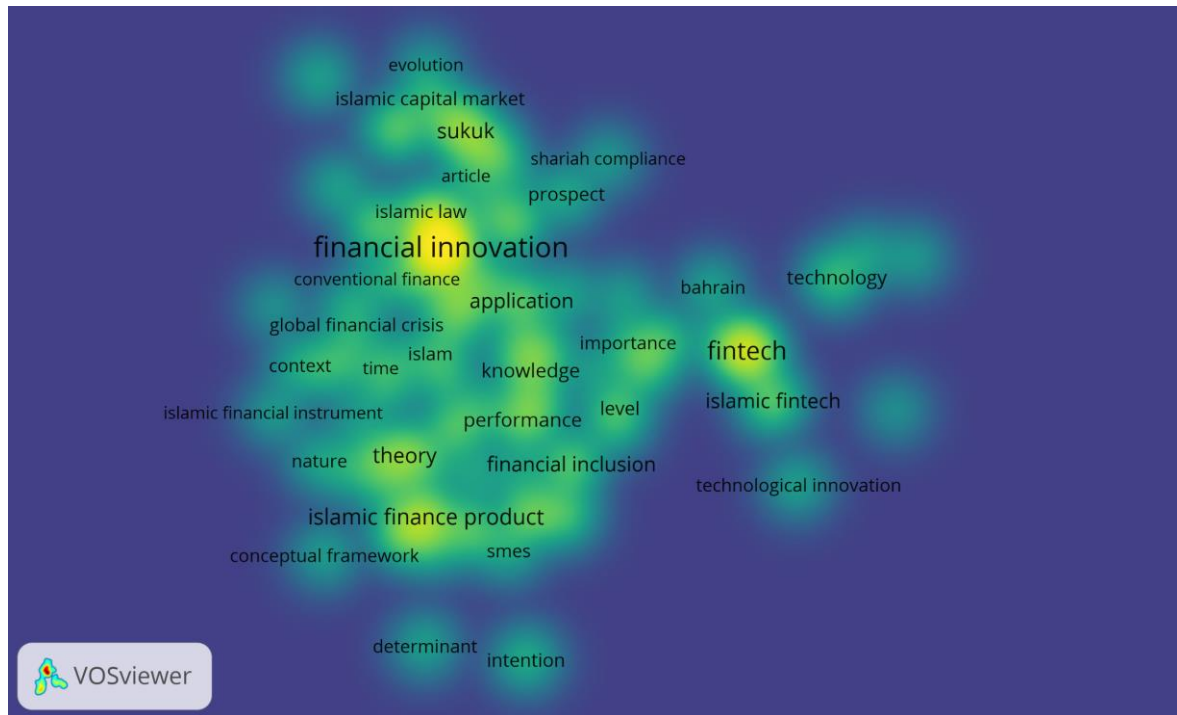


Figure 3. Density Visualization

Source: Data Analysis Result, 2024

Areas with a higher density (brighter colors) indicate a larger number of documents or a higher frequency of terms in the dataset. These are the hotspots of research where much attention has been focused. The terms displayed across the visualization are the topics extracted from the dataset. Their spatial proximity to one another indicates the strength of their relationship, with closely placed terms often being related or frequently discussed together in the literature. Potential research topics can often be found at the edges of these dense areas or in less dense areas that are adjacent to the hotspots, indicating emerging areas or gaps in the research. For example, if there is an area on the visualization that is less bright but close to a very dense area, it might represent an emerging field or a niche that is starting to gain attention.

In this visualization, we can see that "Islamic finance product" is a central and bright area, suggesting it is well-established in the field. Around it, we see topics like "sukuk," "Islamic capital market," and "shariah compliance," indicating that these are also well-researched areas. On the periphery, there might be terms that are less bright, which could represent potential research opportunities.

## CONCLUSION

In conclusion, the bibliometric analysis of research trends in Islamic financial product innovation reveals several key insights. Firstly, the field has witnessed significant

growth and attention over the years, with a substantial number of publications and citations indicating the increasing interest in this area. The analysis highlights the evolving nature of Islamic finance, with a particular emphasis on the innovation and development of Sharia-compliant financial instruments and services. Key themes identified include financial innovation, Islamic fintech, and the performance of Islamic finance products in various contexts. Additionally, the analysis underscores the collaborative nature of research in this field, with authors often working together on publications. Overall, the findings provide valuable insights for academia, industry practitioners, policymakers, and regulators, facilitating strategic decision-making and guiding future research directions to further advance the understanding and practice of Islamic finance in the global financial landscape.

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