

# A Critical Review of Financial Sustainability and Modern Technologies in Islamic Charitable Organizations in the United Arab Emirates

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## Abstract

This review article critically examines the literature on financial sustainability and the adoption of modern technologies in Islamic charitable organizations, with particular attention to the context of the United Arab Emirates. The analysis reveals that existing studies provide a broad yet fragmented understanding of financial sustainability, often addressing financial, technological, governance, and Islamic jurisprudential dimensions in isolation rather than within integrated analytical frameworks. Much of the literature remains descriptive and prescriptive, relying on generalized assumptions about institutional capacity and governance maturity, with limited empirical validation. Although income diversification, transparency, and governance are widely recognized as key determinants of sustainability, the mechanisms through which digital and financial technologies can operationalize these factors remain insufficiently explored. Moreover, technology-related studies tend to emphasize risks such as cybersecurity and fraud, frequently overlooking the strategic potential of fintech, digital platforms, and data-driven engagement. The review also identifies a significant contextual gap, as organization-level empirical research on Islamic charities in the UAE is scarce despite the country's advanced digital infrastructure and regulatory support. Overall, the article highlights the need for integrated, empirically grounded, and Sharia-compliant sustainability models that link financial structures, technological innovation, and governance practices in Islamic charitable organizations in UAE.

**Keywords:** Financial Sustainability, Islamic Charitable Organizations, Modern Technology, United Arab Emirates

## Introduction

Islamic non-profit charitable is a cornerstone of the social and institutional fabric of the United Arab Emirates. It has long played a pivotal role in fostering social solidarity and supporting sustainable development, in accordance with Islamic values and within the legal and regulatory framework of the UAE. Over time, Islamic charitable organizations in the UAE have

witnessed remarkable evolution in their institutional structures, administrative practices, and the scope of their activities, reflecting a shift from traditional individual initiatives to more organized and institutionalized forms of charitable. (Aldhabouni and Sulaiman, 2024)

In light of ongoing social, economic, and legislative transformations, there is a pressing need to examine the roles of these organizations, their performance efficiency, and their capacity to achieve charitable and developmental objectives within the UAE context. This study is essential for understanding how Islamic charitable organizations respond to contemporary challenges related to governance, accountability, transparency, and sustainability.

Accordingly, this research aims to provide a critical review of the literature on Islamic non-profit philanthropic organizations in the UAE. This research focuses on identifying key strengths and weaknesses within existing theoretical and applied perspectives, placing these discussions within the context of the local institutional and regulatory environment. Through this approach, the research aims to contribute to a deeper academic understanding of the sector and support future research efforts to enhance the effectiveness and social impact of Islamic charities.

It is noteworthy that financial sustainability has become a major challenge for charitable organizations, particularly Islamic charities operating under ethical, social, and religious constraints. The continued impact of charities increasingly depends on their ability to secure diverse funding sources, manage resources efficiently, and adapt to rapid technological advancements.

This paper attempts to provide a critical review of previous studies on financial sustainability of Islamic charitable organizations from financial, managerial, technological and Islamic jurisprudential perspectives. While these studies provide a rich conceptual foundation, they remain largely fragmented and descriptive, with limited empirical integration, especially in the context of Islamic charities operating in technologically advanced environments such as the United Arab Emirates.

#### Objectives of the Article

- To critically review the existing literature on Islamic non-profit charitable organizations in the United Arab Emirates, with particular attention to financial sustainability, governance, and institutional performance.
- To analyze the key challenges facing Islamic charitable organizations in achieving financial sustainability, including income diversification, resource management, and adaptation to technological advancements.
- To identify strengths and limitations in the theoretical, managerial, technological, and Islamic jurisprudential perspectives addressed in prior studies, especially within the UAE's regulatory and institutional context.
- To highlight research gaps and propose directions for future studies aimed at enhancing the effectiveness, sustainability, and social impact of Islamic charitable organizations in technologically advanced environments.

### **Conceptual Foundations of Financial Sustainability**

The literature conceptualizes financial sustainability as a dynamic and multidimensional process encompassing strategic planning, financial planning, income diversification, effective financial management, and self-generated income (Al-Anzi, 2020; Bokridd, 2018; Kandouz, 2020). A key strength of this stream lies in its recognition that sustainability extends beyond short-term solvency to include long-term institutional resilience. Strategic and financial planning are portrayed as mutually reinforcing processes, where expenditures must be aligned with realistic revenue-generation capacities and periodically adjusted to environmental changes.

However, despite this conceptual clarity, much of the literature remains prescriptive in nature. Financial sustainability frameworks are often presented as universally applicable without sufficient attention to organizational heterogeneity, capacity constraints, or contextual differences (Borabia, 2022; Al-Zubaidi and Naeem, 2022). In particular, the assumption that charitable organizations possess adequate financial expertise and governance mechanisms weakens the explanatory power of these models. Furthermore, sustainability pillars are frequently discussed in isolation, overlooking the systemic interdependencies between planning, governance, income structure, and technological capabilities.

This limitation points to a critical gap: the absence of integrative and empirically validated sustainability models specifically designed for Islamic charitable organizations.

### **Diversifying Income Sources and Financial Independence**

Diversifying income sources is a cornerstone of financial sustainability. Bokridd (2018) confirms that over-reliance on a limited number of donors exposes charities to financial crises, while Kandouz (2020) highlights the importance of unrestricted income in fostering managerial independence and operational resilience. These studies offer valuable insights into the structural weaknesses of donation-based organizations and underscore the importance of diversification as an indicator of financial soundness.

However, diversification is often viewed as an outcome rather than a process. Studies rarely address how charities can systematically transition from donation-centric models to mixed revenue structures that include endowments, service-based income, partnerships, and investments. Furthermore, diversification strategies are often discussed without considering the potential role of modern financial technologies in facilitating access to new donor segments or alternative funding mechanisms.

As a result, the literature lacks empirical evidence on how income diversification strategies interact with organizational governance and technology adoption, particularly in Islamic philanthropic contexts.

### **Financial and Structural Challenges**

A significant number of studies focus on the challenges that undermine financial sustainability, including limited financial resources, over-reliance on donations, a lack of endowment mechanisms, and insufficient financial expertise (Na'ma and Al-Obaidi, 2020; Al-Anzi, 2020; Bonizzi et al., 2023; Aldhabouni and Sulaiman, 2024). These studies offer a realistic

diagnosis of internal weaknesses and highlight the direct relationship between financial instability and reduced program effectiveness.

While this diagnostic focus is a strength, it is also a weakness. Many studies describe financial constraints as fixed conditions rather than the product of deeper institutional, governance, or strategic deficiencies. Methodologically, the propagation of descriptive and sectoral approaches limits the ability to observe adaptive behavior and long-term financial trajectories.

Despite acknowledging the existence of ongoing funding challenges, studies offer only limited exploration of how digital tools and financial technologies can structurally mitigate these constraints. This gap underscores the need for research that goes beyond identifying the problem towards solution-oriented and technology-enabled sustainability frameworks.

### Marketing, Social Engagement, and Trust

Review studies extend beyond financial aspects to encompass the challenges of marketing, communication, and social engagement. Weak communication strategies, limited transparency, declining volunteerism, and low public trust have been identified as key obstacles to sustainability (Al-Anzi, 2020; Chekireb, 2019; Lwin, 2025). These studies reinforce the understanding that financial sustainability is rooted in social capital and community relationships.

However, marketing and communication are often viewed as auxiliary activities rather than strategic organizational capabilities. Studies offer limited analysis of how digital engagement platforms, social media, and data-driven donor communication can contribute to building trust, retaining donors, and achieving long-term financial stability. Furthermore, social challenges, such as declining volunteerism, are frequently attributed to macroeconomic changes, without examining how organizational innovation can address these trends.

This reveals a gap in understanding how to systematically integrate digital engagement strategies into financial sustainability models for Islamic charities.

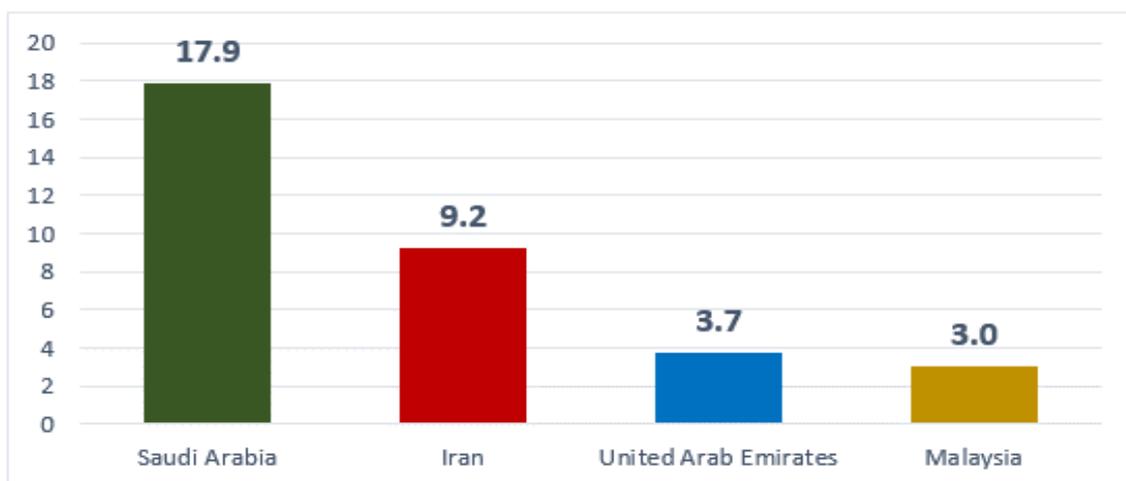


Figure 1. Top 5 Islamic Fintech Markets in 2020 (in billions of dollars) Source: Global Islamic Fintech Report 2021.

### **Technological Risks and Cybersecurity**

Technology adoption is often discussed from a risk perspective, focusing on cybercrime, online fraud, hacking, and unauthorized access (Balta and Brigitte, 2022; Dahou and Awlad Ali, 2022; Al-Mulla & Al-Zaitawi, 2023; Burkan, 2023). These studies provide comprehensive conceptual definitions of digital threats and highlight their legal and ethical implications, which are crucial for protecting donor trust.

However, the dominant risk focus often generates an anti-technology discourse. Empirical evidence regarding the prevalence and actual impact of cybercrime on charities remains limited, and studies proposing governance frameworks that balance risk mitigation with innovation are scarce. Consequently, technology is often portrayed as a burden rather than a strategic asset.

The lack of balanced cybersecurity governance models specifically tailored for charities represents a critical gap, particularly in environments that encourage digital transformation.

### **Modern Technologies and Financial Sustainability**

Recent studies increasingly recognize the transformative potential of financial technologies, artificial intelligence, blockchain technology, and digital donation platforms in enhancing transparency, efficiency, and accountability (Al-Mulla & Al-Zaitawi, 2023; Burkan, 2023; Hafiz and Abdulrahman, 2021). These studies are particularly strong in aligning technological innovation with Islamic ethical principles, demonstrating its compatibility with the objectives of Islamic law (Maqasid al-Shari'ah) and fostering donor confidence.

While these studies are conceptually rich, they remain largely ambitious. Empirical research linking technology adoption to measurable sustainability outcomes—such as revenue stability, donor retention, and cost efficiency—is scarce. Furthermore, issues related to institutional readiness, staffing efficiency, and resistance to change have not been adequately explored, even though all these factors play a significant role in developing financial sustainability in charitable and voluntary organizations.

This gap highlights the need for empirical research investigating the causal mechanisms by which the adoption of modern financial technologies impacts financial sustainability in Islamic charitable organizations.

### **The Islamic Jurisprudential Perspective**

Islamic jurisprudence provides a robust normative foundation for charitable and volunteer work, emphasizing intention, transparency, accountability, and social justice (Al-Mulla & Al-Zaitawi, 2023; Shahid, 2019; Hussein, 2020). This perspective legitimizes the adoption of modern technologies insofar as they promote justice and efficiency in the distribution of resources among members of society.

However, Islamic principles are rarely applied in concrete governance structures, performance indicators, or technological standards. Consequently, a significant gap remains between ethical support and practical application.

**Contextual Gap: The Uae**

The UAE context is characterized by digital government and advanced digital infrastructure, strong regulatory support, and national strategies promoting digital transformation (Ministry of Finance, 2023). While policy-oriented literature highlights these enablers, organization-level empirical studies remain scarce.

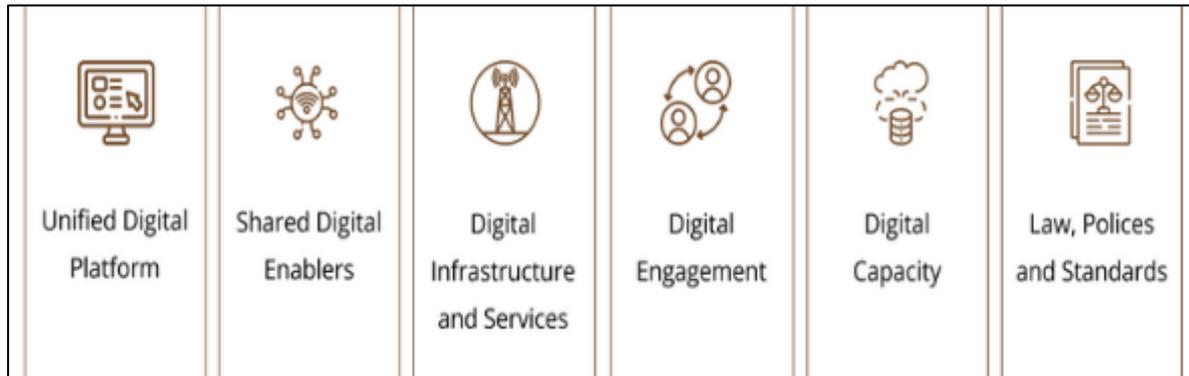


Figure 2. UAE digital government main pillars (UAE Government Portal, 2024)

The absence of context-specific models analyzing how digital readiness translates into financial sustainability within Islamic charitable organizations in the UAE constitutes a major research gap.

**Analyzing Research Gaps**

In general, published studies offer a comprehensive, albeit fragmented, understanding of financial sustainability in charitable organizations. Financial, technological, and Islamic aspects are addressed separately, rather than integrated within comprehensive frameworks. The prevalence and widespread use of descriptive approaches, the limited empirical verification, and the inadequacy of context particularly in the UAE highlight the need for a comprehensive, technology-enabled, and Sharia-compliant model of financial sustainability in charitable and voluntary work.

Table 1

*Thematic Critical Synthesis of Reviewed Studies*

Theme	Authors	Main Strengths	Key Limitations	Research Gap
Financial Sustainability & Income Structure	Al-Anzi (2020) Bokrdid (2018) Kandouz (2020) Borabia (2022) Al-Zubaidi and Naeem (2022)	Establish financial sustainability as a multidimensional, long-term process and emphasize income diversification as a key resilience factor.	Largely prescriptive; limited empirical validation; diversification discussed without clear operational mechanisms.	Lack of empirically tested, integrated sustainability models for Islamic charitable organizations.
Financial & Organizational Challenges	Na'ma and Al-Obaidi (2020) Al-Anzi (2020) Bonizzi et al.(2023) Aldhabouni and Sulaiman (2024)	Provide realistic diagnosis of financial constraints and internal structural weaknesses.	Predominantly descriptive and problem-oriented; limited solution-focused analysis.	Need for governance- and technology-enabled frameworks addressing financial instability.
Marketing, Transparency & Trust	Chekireb (2019) Al-Anzi (2020) Lwin (2025)	Highlight transparency, communication, and social trust as foundations of sustainability.	Digital engagement and data-driven communication remain underexplored.	Insufficient integration of digital engagement strategies into sustainability models.
Technology Risks & Innovation	Balta and Brigitte (2022) Dahou and Awlad Ali (2022) Al-Mulla and Al-Zaitawi (2023) Burkan (2023) Hafiz and Abdulrahman (2021)	Address cybersecurity risks and conceptually align fintech with Islamic ethical principles.	Overemphasis on risk; limited empirical evidence on sustainability outcomes of technology adoption.	Need for empirical research linking fintech adoption to measurable financial sustainability outcomes.
Islamic Jurisprudence & UAE Context	Shahid (2019) Hussein (2020) UAE Government Portal (2024) Ministry of Finance (2023)	Provide strong ethical legitimacy and highlight a digitally advanced regulatory environment.	Weak operationalization of Islamic principles and scarcity of organization-level UAE studies.	Absence of UAE-specific, Sharia-compliant, technology-enabled sustainability models

**Conclusion**

This study provides a critical synthesis of the existing literature and identifies several important gaps that warrant further scholarly attention. The review demonstrates that, despite the growing body of research addressing sustainability, income diversification, governance, and digital transformation, the literature remains largely fragmented,

descriptive, and conceptually unintegrated. Financial sustainability is frequently examined in isolation from technological capabilities, while technology adoption is often approached from either a normative or risk-centered perspective, without being adequately embedded within comprehensive institutional sustainability frameworks.

Moreover, the review indicates that a significant portion of the literature relies on prescriptive models and generalized assumptions regarding institutional capacity, governance maturity, and financial expertise. Although income diversification is widely promoted as a cornerstone of financial sustainability, the specific mechanisms through which charitable organizations—particularly Islamic charities—can operationalize diversification via digital and financial technologies remain insufficiently explored. Similarly, while marketing, transparency, and social trust are acknowledged as critical enablers of sustainability, they are seldom analyzed as technology-enabled strategic capabilities capable of fostering long-term financial resilience.

From a technological standpoint, the predominance of discussions focused on cybersecurity risks and fraud has contributed to a largely technology-averse discourse, thereby downplaying the strategic potential of fintech, blockchain, and digital platforms to enhance transparency, operational efficiency, and donor engagement. Although recent studies recognize the compatibility of modern technologies with Islamic ethical principles, this alignment remains largely theoretical, with limited translation into operational governance frameworks or empirically measurable sustainability outcomes.

Importantly, this review highlights a clear contextual gap. Despite the UAE's advanced digital infrastructure and its supportive regulatory and policy environment, empirical organizational-level studies examining how Islamic charitable institutions can strategically leverage technology to achieve financial sustainability remain scarce. As a result, the existing literature does not fully capitalize on the UAE's potential as a leading context for digitally enabled Islamic charitable and voluntary work.

In summary, the central gap identified by this review lies in the absence of integrated, empirically grounded, and Sharia-compliant models that systematically link financial sustainability, technological innovation, and corporate governance within Islamic charitable organizations. Addressing this gap requires future research to move beyond descriptive assessments toward the development and empirical testing of holistic frameworks that capture the dynamic interactions between financial structures, digital capabilities, governance practices, and Islamic ethical principles. Such an approach is essential for advancing both theoretical understanding and practical application in the field of Islamic charitable sustainability.

To conclude, this study identifies five key factors that may influence the financial sustainability of Islamic charitable organizations, namely: income structure, governance and financial organization, marketing and transparency, risk management and innovation, and Islamic jurisprudence.

*Theoretical and Contextual Contribution*

Beyond identifying these factors, this research makes a distinct theoretical and contextual contribution to the existing body of knowledge. Theoretically, it advances the literature by proposing an integrative perspective that bridges previously siloed domains—financial sustainability, digital transformation, governance, and Islamic jurisprudence—within a unified analytical framework. By positioning technology not merely as a risk factor or operational tool, but as a strategic and Sharia-compliant enabler of sustainability, the study extends sustainability and nonprofit management theories into an Islamic institutional context. Contextually, the research contributes by situating this analysis within the UAE, a digitally advanced and policy-supportive environment that has received limited empirical attention in prior studies. In doing so, the study highlights how contextual factors such as regulatory maturity, digital infrastructure, and Islamic governance norms interact to shape sustainability outcomes. This dual contribution enhances the relevance of the study for both scholars and practitioners, offering a context-sensitive foundation for future empirical research and evidence-based policy and governance reforms in Islamic charitable organizations.

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