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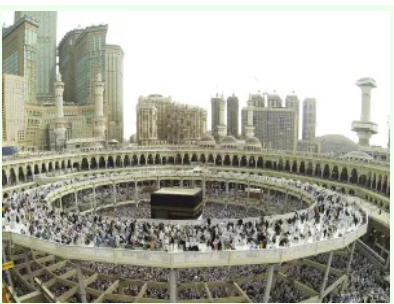
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Reimagining Hajj fund management through ethical AI integration

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AI is reshaping the financial sector at an unprecedented pace, ushering in a new standard of efficiency, accuracy and real-time analytics. What was once experimental is now essential: AI technologies underpin everything from algorithmic trading and fraud prevention to personalized banking experiences. AWALUDIN SYARIF ABDULAH and AGUNG SRI HENDARSA write.

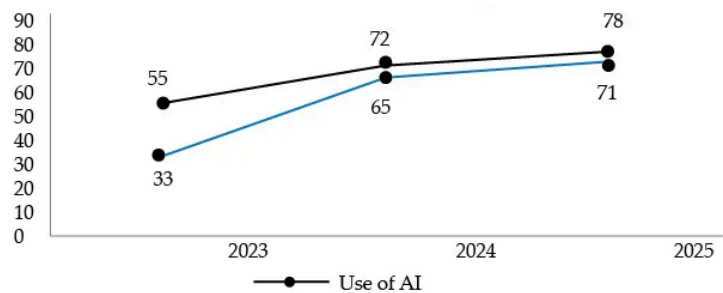
A recent McKinsey (<https://www.islamicfinancenews.com/company/mckinsey-company>) report (2025), 'The state of AI: How organizations are rewiring to capture value' shows that 78% of global firms now deploy AI in at least one business area, up significantly from 55% just two years earlier. In finance, this shift is fueled by the drive to streamline operations, tighten risk oversight and deliver tailored services with immediacy.



One clear sign of AI's rising influence in the tech world came earlier this year, when US President Donald Trump announced a US\$500 billion private investment in AI infrastructure, led by OpenAI, Oracle (<https://www.islamicfinancenews.com/company/oracle>) and Softbank (<https://www.islamicfinancenews.com/company/softbank-group>), according to the article 'Trump announces private-sector US\$500 billion investment in AI infrastructure' by Reuters.

These developments suggest that the rapid growth of AI could fundamentally reshape a wide range of industries. However, the rapid proliferation of AI has prompted serious reflection on its long-term implications. Is it a breakthrough engine of innovation or a potential disruptor of systemic stability?

Diagram 1: Organizations using AI in at least one business function (% of respondents)



Source: McKinsey & Company (2025)

Leading regulators including the **Bank of England** (<https://www.islamicfinancenews.com/company/bank-of-england>) have expressed growing unease. In particular, AI-driven trading models may inadvertently foster herd-like behavior, increasing the risk of cascading market movements during times of stress.

As financial institutions strengthen their cyber defences with the help of AI, there's growing concern that the same technology could also give cybercriminals an edge. The tools used to protect can just as easily be turned into tools to attack. What's more, by integrating AI into their operations, firms might unintentionally open up new entry points that threat actors are quick to exploit, according to the report 'Financial stability in focus: Artificial intelligence in the financial system' by **Bank of England** (<https://www.islamicfinancenews.com/company/bank-of-england>), April 2025.

The **IMF** (<https://www.islamicfinancenews.com/company/international-monetary-fund>) warned that although AI could sharpen market efficiency, the widespread reliance on similar algorithmic frameworks might heighten volatility and undermine resilience, according to the Global Financial Stability Report – 'Steadying the course: Uncertainty, artificial intelligence, and financial stability' by the **IMF** (<https://www.islamicfinancenews.com/company/international-monetary-fund>), October 2024.

AI is being increasingly exploited in the financial sector, not only as a tool for innovation but also as a facilitator of sophisticated financial crimes.

Table 1: AI-driven financial crimes and key cases			
Type of crime/concern	Description	Example/case	Reference
Market manipulation by AI	AI-driven systems could autonomously manipulate markets and exploit vulnerabilities.	Risk of AI creating crises without human intervention, as warned by central banks.	'Bank of England (https://www.islamicfinancenews.com/company/bank-of-england) says AI software could create market crisis for profit' by Makortoff, April 2025
Deepfake-enabled executive impersonation	Criminals use AI to mimic company executives in video/audio for fraud.	US\$25 million stolen in Hong Kong via deepfake impersonation.	'GenAI increasingly powering scams, Wall Street watchdog warns' by Vanderford, January 2025; 'Opinion: Financial scammers have a new weapon to steal your money: AI' by Dujmovic, April 2024
AI in phishing and synthetic identity	Generative AI creates realistic fake identities and personalized scams.	Use of fake documents and tailored phishing content powered by AI.	'AI versus AI in financial crimes & detection: GenAI crime waves to co-evolutionary AI' by Kurshan, Mehta, Balch and Bruss, September 2024
Sources: The Guardian (2025); Wall Street Journal (2025); MarketWatch (2024); SSRN (2024)			

This question of balance between innovation and risk becomes particularly critical in highly principled domains like [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) fund management, where the dual imperatives of transparency and [Shariah](https://www.islamicfinancenews.com/glossary/shariah-2) (<https://www.islamicfinancenews.com/glossary/shariah-2>) compliance are non-negotiable. Institutions managing [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) finances such as **Badan Pengelola Keuangan Haji** (<https://www.islamicfinancenews.com/company/badan-pengelola-keuangan-haji>) (**BPKH** (<https://www.islamicfinancenews.com/company/badan-pengelola-keuangan-haji>)) in Indonesia, are beginning to explore AI applications in areas like risk profiling, investment analysis and operational planning. However, unlike conventional finance, the integration of AI in Islamic finance must align with ethical values and equitable wealth distribution making the stakes even higher. As AI continues to evolve, the financial sector especially those operating within Islamic finance frameworks must ask: Will we steer AI as a force for ethical innovation, or will we allow its unchecked momentum to challenge the very foundations of stability and trust in finance?

AI as a catalyst for innovation for [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) fund management
The [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) pilgrimage, while deeply spiritual in nature, also represents one of the largest and most intricate logistical and financial efforts undertaken each year. Coordinating the movement and needs of millions of pilgrims requires not only extensive infrastructure but also robust financial systems capable of managing substantial fund flows. In this context, AI is beginning to play a pivotal role, helping improve both operational coordination and financial oversight.

Table 2: Areas where AI can be applied with Haji (https://www.islamicfinancenews.com/glossary/haji) ecosystem		
Institution/authority	AI potential application area	Documented impact

Badan Pengelola Keuangan Haji (https://www.islamicfinancenews.com/company/badan-pengelola-keuangan-haji), Indonesia	Investment decision-making and risk management	Enhanced operational efficiency, data privacy and security
Ministry of Haji (https://www.islamicfinancenews.com/glossary/haji) and Umrah, Saudi Arabia	Crowd management and health monitoring during Haji (https://www.islamicfinancenews.com/glossary/haji)	Improved safety and efficiency of crowds; effective during peak periods
Saudi Data and AI Authority (SDAIA)	Smart city initiatives for Haji (https://www.islamicfinancenews.com/glossary/haji), including traffic control	Reduced congestion in Haji areas (https://www.islamicfinancenews.com/glossary/haji) through AI-driven traffic management
Emirates NBD (https://www.islamicfinancenews.com/company/emirates-nbd) & alrajhi bank (https://www.islamicfinancenews.com/company/al-rajhi-capital)	Customer service and operational processes	Achieved 50% faster service; Shariah (https://www.islamicfinancenews.com/glossary/shariah-2) compliant
Mozn (Saudi fintech company)	Fraud detection and compliance in financial services	Enhanced real-time fraud detection and compliance processes
<i>Sources: OIC Exchanges Forum (2023); Sustainability (2022); Heliyon (2024); Xebia (2025); Arab News (2024)</i>		

Islamic finance and ethics of AI

As AI becomes more integrated into the financial systems that support [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) operations, especially those guided by Islamic finance principles, ethical concerns naturally begin to emerge. In this context, the use of AI is not simply a matter of improving speed or efficiency. It must also respect the ethical and legal boundaries established by [Shariah](https://www.islamicfinancenews.com/glossary/shariah-2) (<https://www.islamicfinancenews.com/glossary/shariah-2>) principles, which emphasize fairness, clarity and the avoidance of excessive uncertainty.

This overlap between faith and technology brings forward some essential questions. How can AI tools be developed to ensure balanced risk-sharing? What safeguards are in place to guarantee that investment decisions remain free from interest-based returns or activities deemed impermissible? And when a decision generated by AI contradicts religious norms, who should be responsible for the outcome?

Ultimately, while AI offers exciting possibilities for improving how [Haji](https://www.islamicfinancenews.com/glossary/haji) (<https://www.islamicfinancenews.com/glossary/haji>) is planned and financed, its implementation in Islamic finance requires more than just technical capability. It calls for intentional alignment with deeply held ethical values. These values shouldn't be treated as an afterthought, they must shape the foundation of every AI system applied in this space.

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