

Digital Islamic Banking: Can Tunisia Lead in Africa?

Exploring mobile-first Shariabanks, fintech innovation, and the future of blockchain sukuk

Dr. Mohamed Ben Youssef

CIBAFI Former Secretary General – Lecturer at AP Business School

Member of the Editorial Board of the Global Islamic Economics Magazine

Across Africa, digital banking is no longer an experiment, it is the future. Mobile-first solutions have revolutionized financial inclusion in Sub-Saharan Africa, with platforms like M-Pesa in Kenya setting global benchmarks. However, a new question is emerging: can Islamic digital banking do the same, while offering Sharia-compliant alternatives that blend technology with ethical finance?

Tunisia, with its growing fintech ecosystem and established Islamic finance institutions, is uniquely positioned to become a continental hub for digital Islamic banking. By combining mobile-first platforms, blockchain innovation, and Sharia-compliant products, Tunisia could chart a path for Africa's next financial frontier.

The Rise of Digital Islamic Banking

Islamic banking has traditionally been rooted in physical branches, paper-heavy processes, and manual Sharia compliance checks. But new technology is transforming this landscape:

- **Mobile-first Islamic banks** are emerging in markets such as the Gulf and Southeast Asia, offering fully digital onboarding, Sharia-compliant current accounts, and seamless Murabaha or Ijara financing through apps.

- **Fintech startups** are reimagining the delivery of takaful, zakat, and micro-investment products through user-friendly digital channels.
- **Blockchain technology** is being tested for sukuk issuance, ensuring transparency, traceability, and faster settlement of Islamic capital market instruments.

These developments show that Islamic finance is no longer confined to traditional banking models. Instead, it is becoming more agile, accessible, and tech-driven.

Tunisia's Opportunity

Tunisia combines several advantages that could allow it to lead in Africa's digital Islamic banking revolution:

1. **Established Islamic Banks:** Tunisia already hosts three fully Islamic banks (Banque Zitouna, Al Baraka Bank Tunisia, and El Wifak Bank) and multiple takaful operators. These institutions could accelerate digital transformation by leveraging fintech partnerships.
2. **Young, Tech-Savvy Population:** Over 60% of Tunisians are under 35, with high rates of smartphone penetration and growing comfort with mobile financial services. This demographic is key for adoption.
3. **Fintech Ecosystem:** Tunisia has seen a rise in fintech startups in payments, microfinance, and blockchain solutions. Coupled with recent government support for innovation and digital entrepreneurship, this creates fertile ground for Sharia-compliant fintech.
4. **Gateway to Africa:** With strong historical, cultural, and financial ties to both Sub-Saharan Africa and Europe, Tunisia could serve as a hub for exporting digital Islamic banking models across the continent.

Blockchain Sukuk and Digital Takaful

Two areas stand out for Tunisia to pioneer:

- **Blockchain-based Sukuk:** By issuing sukuk on blockchain platforms, Tunisia could guarantee transparency in asset-backing,

simplify issuance costs, and attract global investors. Indonesia and Bahrain have already piloted blockchain sukuk; Tunisia could follow suit, especially for renewable energy or infrastructure financing.

- **Digital Takaful Platforms:** Mobile-first takaful can extend coverage to rural and underserved populations. Simple, affordable products — bundled with microfinance or digital payment services — would align with Tunisia’s social inclusion goals and the *maqasid al-sharia* (justice, welfare, and equity).

Challenges Ahead

Despite its promise, Tunisia must overcome several hurdles to lead in Africa’s digital Islamic banking sector:

- **Regulatory Framework:** Current laws are not fully adapted for Islamic fintech, blockchain, or cross-border Islamic capital flows. Clear, enabling regulations are critical.
- **Sharia Governance:** Digital innovation must be matched with strong Sharia oversight, ensuring that blockchain contracts, smart contracts, and mobile-based products remain compliant.
- **Talent and Infrastructure:** Tunisia needs more professionals trained at the intersection of Sharia, finance, and digital technology, as well as stronger digital payment infrastructure.

Conclusion

Digital Islamic banking is no longer a futuristic concept — it is becoming a necessity. For Tunisia, this is both a challenge and an opportunity. By embracing mobile-first platforms, piloting blockchain sukuk, and scaling digital takaful, Tunisia could position itself as Africa’s **leading hub for Islamic digital finance**.

Such a transformation would not only strengthen financial inclusion but also place Tunisia at the center of an ethical, tech-driven financial revolution. If executed well, Tunisia’s digital Islamic banking journey could serve as a blueprint for other African nations — bridging faith, technology, and finance in one of the continent’s most dynamic experiments.

References

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