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Sustainability Governance in Islamic Banking: A Bibliometric and Systematic Literature Review of ESG Research

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Abstract

Purpose – ESG (Environmental, Social, and Governance) integration in Islamic banking has attracted growing scholarly attention in recent years. Nevertheless, a comprehensive academic mapping of this rapidly expanding field remains limited. Therefore, the present investigation seeks to conduct a systematic literature review combined with a bibliometric analysis of ESG research in Islamic banking, anchored in currently available observational data. Methodology – This study employs a structured literature review as its primary investigative framework, using the keyword phrases "ESG" and "Islamic bank" across "Article Titles, Abstracts, and Keywords" in the Scopus database, yielding a collection of 73 documents published between 2020 and 2026. This data extraction took place on August 12, 2026. Subsequently, the gathered information was subjected to a bibliometric examination utilizing the VOSviewer application. Findings – ESG research in Islamic banking remains concentrated in Muslim-majority regions, with prior studies largely centered on Indonesia and Malaysia, alongside GCC countries. Future research should expand toward non-Muslim-majority regions and explore how Shariah-compliant ESG frameworks can inform sustainable finance globally. Beyond bibliometric findings that emphasize governance, sustainability reporting, and profitability themes, this study advances theoretical understanding by positioning ESG disclosure as a strategic instrument for risk mitigation and financial performance enhancement in Islamic banks. In practice, the proposed framework provides guidance for Islamic banking institutions to embed ESG principles consistently with Maqasid al-Shariah objectives. Originality – Research on ESG in Islamic banking is expanding rapidly. However, studies examining the conceptual alignment between ESG frameworks and Shariah principles, and their impact on bank performance dimensions, remain limited.*

Keyword: *ESG, Islamic Bank, Bibliometric, Systematic Literature Review*

1. Introduction

ESG (Environmental, Social, and Governance) has emerged as one of the most transformative frameworks in contemporary finance and banking, gaining increasing attention due to its potential to offer responsible and sustainable governance alternatives in various organizational contexts, specifically in addressing climate risk, social inequality, and governance failures. The convergence of ESG principles with Islamic banking — an industry grounded in Shariah law — represents a particularly compelling area of inquiry, as both frameworks share foundational values of ethical finance, social responsibility, and long-term welfare orientation (Paltrinieri et al., 2020). Islamic banks, operating under Shariah principles that prohibit interest (riba), excessive uncertainty (gharar), and investment in harmful activities, are inherently oriented toward socially responsible behavior, making ESG integration a natural extension of their governance philosophy (Hassan et al., 2025). ESG integration in Islamic banking offers a strong dual foundation rooted in Shariah principles and global sustainability standards, providing guidelines for ethical decision-making and responsible investment aligned with values of justice, transparency, and stewardship (Boudawara et al., 2023; Nik Abdullah & Haron, 2022). Models of ESG governance in Islamic banking, such as the integration of Maqasid al-Shariah with SDG frameworks, demonstrate the adaptability of Shariah-compliant principles in diverse and global sustainability contexts (Nimotallahi et al., 2026). The relevance of ESG in Islamic banking is increasingly apparent in the current global financial climate, as evidenced by various literatures spanning Southeast Asia (Tumewang et al., 2024; Fakhrunnas et al., 2025), South Asia (Kiran et al., 2024; Rabbani et al., 2025), the GCC region (Neifar Abdelkefi & Jarboui, 2026; Alghafes et al., 2024), North Africa (Srairi et al., 2025), and several other regions.

ESG in Islamic banking is grounded in principles that include environmental stewardship, social justice, and sound governance — values that are deeply embedded in Shariah teachings. Islamic banks are expected to uphold transparency in governance, engage in socially responsible lending, and maintain environmental conscientiousness in their investment decisions (Alam et al., 2022). Furthermore, the integration of ESG with Maqasid al-Shariah — the higher objectives of Islamic law encompassing the protection of life, lineage, intellect, wealth, and religion — provides a comprehensive framework that transcends conventional ESG boundaries (Mohd Zain et al., 2024). ESG research in Islamic banking fundamentally differs from conventional bank ESG research in several ways: (1) Islamic banks operate under Shariah supervisory boards that enforce ethical standards beyond what conventional ESG metrics typically capture, making governance evaluation more multi-layered (Mollah & Zaman, 2015); (2) ESG disclosure in Islamic banking is influenced both by regulatory expectations and religious obligations, making it more holistic compared to profit-driven ESG strategies in conventional banks (Boudawara et al., 2023); (3) ESG performance in Islamic banks is adaptive to regional Islamic finance regulations and cultural values, a contextual sensitivity that is often less emphasized in universal ESG frameworks applied to conventional banking (Mohammad et al., 2026).

Despite growing interest in ESG research within Islamic banking, there remains a scarcity of exhaustive academic works that methodically investigate the historical progression, the dispersion of academic literature, and the theoretical and practical implications for future research. Studies reviewing the alignment of ESG frameworks with Shariah principles and their impact on bank performance dimensions are also limited. While some studies have explored the theoretical foundations and empirical applications of ESG in Islamic banking — such as Neifar Abdelkefi & Jarboui (2026) on CEO power and ESG disclosure in GCC Islamic banks, Nimotallahi et al. (2026) on merger-driven ESG integration in Islamic megabanks, Sari et al. (2025) on trust and ESG governance dimensions in Sharia banking, and Mohammad et al. (2026) on ESG controversies in Islamic versus conventional banks — there remains a lack of studies that synthesize existing literature and provide structured analysis through SLR combined with bibliometrics. These analyses offer deeper insights into the structure and impact of ESG research in Islamic banking (Marzi et al., 2025; Nirwana et al., 2024).

While previous review studies have made valuable contributions, they often exhibit methodological limitations. For instance, recent bibliometric studies have mapped specific sub-areas of Islamic finance sustainability but restricted their scope to limited timeframes and narrow keyword strategies, lacking an in-depth qualitative synthesis of the underlying theoretical dimensions. Conversely, pure qualitative reviews often lack the macro-level quantitative mapping necessary to identify broader global trends and network collaborations. To address these gaps, this study employs a hybrid approach integrating a Systematic Literature Review (SLR) with a comprehensive bibliometric analysis without imposing a restrictive starting timeframe, capturing literature from 2020 to 2026. Therefore, this paper extends beyond a mere bibliometric mapping exercise. It critically synthesizes the conceptual evolution of ESG research in Islamic banking and proposes a more nuanced theoretical framework. Specifically, it seeks to explore how core ESG dimensions — Environmental, Social, and Governance — are positioned within contemporary Islamic banking literature, thereby providing new, evidence-based insights for future regulatory practices and sustainable finance theories. The research questions posed are:

RQ1: Does ESG research in Islamic banking remain a pertinent theme for upcoming scientific examinations?

RQ2: How are scholarly inquiries distributed concerning ESG in Islamic banking?

RQ3: How do these findings conceptually and functionally guide upcoming academic investigations?

The present research employs a Systematic Literature Review (SLR) coupled with Bibliometric Analysis to address the three formulated inquiries. This systematic literature review method is appropriate for consolidating prior scholarly work, pinpointing gaps, trends, and future research directions, and delivering empirically grounded observations capable of shaping regulatory frameworks and professional applications, and subsequent academic endeavors. Such an approach guarantees that deductions are formulated utilizing an extensive, well-represented collection of academic papers, simultaneously illuminating specific domains requiring subsequent exploration (Agazu & Debela, 2024; Snyder, 2019). The bibliometric analysis will complement the review by quantifying the distribution and impact of publications on ESG in Islamic banking. Using VOSviewer and the Scopus database, this study will analyze publications from various journals, focusing on articles published up to August 12, 2026. This methodology enables comprehensive mapping of this field's development and provides a deeper understanding of its growth and future research directions.

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2. Literature Review and Hypothesis Development

ESG as a formal framework in banking and finance traces its origins to the early 2000s, when the United Nations Global Compact and the Principles for Responsible Investment (PRI) began advocating for the integration of Environmental, Social, and Governance considerations into investment decision-making (Huang et al., 2024). Islamic banking, with its centuries-old tradition of ethical finance, presents a natural institutional environment for ESG integration, as Shariah principles explicitly prohibit harmful investments and mandate social welfare obligations (Paltrinieri et al., 2020). As it developed, ESG research in Islamic banking began to appear in the academic literature with foundational works addressing green finance and sustainable banking from an Islamic perspective — such as Bukhari et al. (2020) on "Green Banking and Islam: two sides of the same coin" — which has evolved into a rich and multidisciplinary scholarly field encompassing sustainability reporting, governance quality, risk management, and financial performance (Alam et al., 2022; Hassan et al., 2021). Recent research has highlighted the importance of ESG integration in Islamic banking across various dimensions, including governance transparency, environmental financing, social inclusion, and profitability outcomes (Alghafes et al., 2024; Boudawara et al., 2023; Smaoui et al., 2025). ESG integration in Islamic banking, by aligning Shariah-based ethical standards with global sustainability frameworks, creates an operating environment that not only enhances financial performance but also ensures long-term institutional resilience and stakeholder trust (Mohammad et al., 2026; Sari et al., 2025). The integration of Islamic values into ESG practices has increasingly been recognized as positively impacting economic development and social welfare (Nimotallahi et al., 2026).

ESG in Islamic banking is a framework that guides institutional behavior toward sustainable and ethical outcomes, grounded in the principles of Shariah law and aligned with global sustainability standards. ESG integration is characterized by environmental transparency, social commitment, and robust governance mechanisms, which strengthen stakeholder trust and support long-term financial sustainability (Di Tommaso & Thornton, 2020). Additionally, the alignment of ESG with Maqasid al-Shariah provides a holistic framework that encompasses individual dignity, community welfare, and environmental stewardship (Mohd Zain et al., 2024). This dual framework aligns with the UN Sustainable Development Goals (SDGs), aiming to achieve inclusive growth and responsible financial intermediation under ethical and Shariah-compliant governance structures (Nimotallahi et al., 2026). For example, ESG integration in Islamic banking prioritizes transparent disclosure of environmental and social practices, robust Shariah supervisory governance, and responsible financing that avoids harmful sectors — integrating ethical finance principles with a focus on collective welfare, justice, and institutional accountability while emphasizing long-term sustainability and stakeholder engagement to achieve common developmental goals.

The current literature shows that ESG in Islamic banking shares several similarities with stakeholder theory, agency theory, signaling theory, and the institutional legitimacy framework. ESG disclosure in Islamic banks aligns with stakeholder theory by enhancing transparency and accountability to multiple stakeholders, including Shariah supervisory boards, customers, investors, and regulators (Biswas et al., 2018). ESG in Islamic banking also accommodates agency theory frameworks, particularly in contexts where CEO power and governance structures mediate the relationship between ESG disclosure and operational risk (Neifar Abdelkefi & Jarboui, 2026). The signaling value of ESG disclosure connects Islamic banking with broader financial theory, as high-quality ESG disclosure signals institutional legitimacy and reduces information asymmetry in capital markets (Botosan, 1997). Social responsibility in Islamic banking shares similarities with CSR frameworks, especially in its focus on community welfare and value alignment, both of which are important for long-term institutional sustainability and social cohesion (Paltrinieri et al., 2020). In addition, ESG governance in Islamic banking strongly emphasizes Shariah compliance as a distinguishing layer of governance quality, including the role of the Shariah Supervisory Board, which elevates governance standards beyond conventional ESG frameworks (Mollah & Zaman, 2015). Overall, ESG in Islamic banking offers a unique blend of stakeholder orientation, agency governance, and Shariah-specific institutional accountability, enriched by its cultural and religious foundations.

ESG transparency in Islamic banking is vital for inspiring stakeholder confidence, encouraging responsible investment, and achieving desired sustainable outcomes (Galletta et al., 2023; Di Tommaso & Thornton, 2020). ESG integration also promotes a balance between financial performance and sustainability commitments, as exemplified by leading Islamic financial institutions like Kuwait Finance House (KFH), by considering community development, environmental stewardship, and human rights protection in banking strategy (Nimotallahi et al., 2026). Furthermore, ESG performance in Islamic banks integrates Shariah-based ethical principles, risk-mitigating governance practices, and social inclusion objectives, guiding institutional behavior toward achieving higher sustainability goals (Boudawara et al., 2023). By adhering to these principles, ESG integration in Islamic banking enhances financial performance, strengthens institutional resilience, and leads to more holistic sustainable

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development within the financial sector (Hassan et al., 2021; Smaoui et al., 2025). Several studies have widely documented ESG integration in Islamic banking across various contexts (see Table 1), suggesting that it is grounded in the shared values of Shariah and global sustainability standards, emphasizing governance quality, social responsibility, and environmental stewardship.

In the current global financial environment, aligning banking practices with ESG standards and Islamic ethics has become increasingly crucial, as it ensures long-term sustainability, fosters stakeholder trust, and advances inclusive financial development (Alam et al., 2022; Smaoui et al., 2025). This is evident in various global research contexts, including Southeast Asia (Tumewang et al., 2024; Fakhrunnas et al., 2025), South Asia (Kiran et al., 2024; Rabbani et al., 2025), the GCC region (Neifar Abdelkefi & Jarboui, 2026; Alghafes et al., 2024), North Africa (Srairi et al., 2025), the MENA region (Boudawara et al., 2023), and other regions. The recognition of ESG research in Islamic banking is increasingly gaining attention beyond Muslim-majority countries, as scholars from Tunisia, the Netherlands, and other non-Muslim-majority nations contribute to this expanding literature. The broader implications of ESG integration influence Islamic banking's financial performance and shape the dynamics of sustainable finance governance in diverse global settings. Therefore, ESG research in Islamic banking is expanding beyond core Islamic finance markets to reach global capital markets and mainstream sustainable finance discourse, where it continues to demonstrate the complementarity of ethical finance and sustainability objectives.

Table 1. Defining Elements of ESG Integration in Islamic Banking

No.	Defining Elements of ESG Integration in Islamic Banking	Reference
1	ESG integration in Islamic banking represents the alignment of Environmental, Social, and Governance principles with Shariah-compliant financial operations, promoting ethical governance, risk transparency, and sustainable development.	(Hassan et al., 2021)
2	ESG disclosure in Islamic banks functions as a strategic mechanism for mitigating operational risk, with higher ESG scores associated with reduced risk exposure, particularly in banks with strong CEO governance.	(Neifar Abdelkefi & Jarboui, 2026)
3	ESG integration in Islamic megabanks demonstrates that merger-driven consolidation can reinforce ESG commitments and advance SDG objectives including Decent Work and Climate Action.	(Nimotallahi et al., 2026)
4	Trust serves as a foundational ESG governance dimension in Islamic banking, with public perceptions of security, reliability, and Shariah conformity substantially bolstering institutional sustainability.	(Sari et al., 2025)
5	Islamic banks exhibit higher susceptibility to ESG controversies than conventional banks, reflecting the greater reputational expectations and ethical standards embedded in Shariah governance frameworks.	(Mohammad et al., 2026)
6	ESG performance in Islamic banks is positively associated with financial performance, with Islamic banks demonstrating greater marginal benefits from higher ESG scores than their conventional counterparts.	(Alam et al., 2022)
7	Shariah governance quality significantly influences ESG performance in Islamic banks across multiple countries, emphasizing the role of Shariah supervisory boards in ensuring sustainability compliance.	(Boudawara et al., 2023)
8	Green banking and Islamic finance share fundamental values of environmental stewardship and ethical investment, positioning Islamic banks as natural adopters of green finance frameworks.	(Bukhari et al., 2020)
9	The integration of ESG principles with Maqasid al-Shariah provides a comprehensive blueprint for sustainable Islamic financial institutions, bridging religious obligations with global sustainability standards.	(Mohd Zain et al., 2024)
10	ESG reporting practices among Islamic banks globally remain heterogeneous, with significant gaps in environmental and social disclosure relative to governance reporting, indicating opportunities for standardization.	(Nik Abdullah & Haron, 2022)
11	ESG activities enhance bank efficiency in Islamic banks more than in conventional banks, reflecting the alignment of ESG practices with the inherent efficiency principles of Islamic financial operations.	(Alam et al., 2022)

12	The development of Islamic finance across countries is positively associated with bank-level ESG scores, indicating that ESG commitment grows alongside the maturation of national Islamic finance sectors.	(Paltrinieri et al., 2020)
13	The interaction between ESG disclosure and CEO governance mechanisms negatively impacts operational risk, suggesting that the risk-mitigating effects of ESG disclosure are amplified in well-governed Islamic banks.	(Neifar Abdelkefi & Jarboui, 2026)
14	Islamic banks in the GCC region demonstrate that higher ESG integration advances community development goals while strengthening financial stability and capital adequacy post-merger.	(Nimotallahi et al., 2026)
15	Financial performance of Islamic banks is significantly influenced by both ESG scores and ESG controversy exposure, highlighting the importance of proactive ESG management rather than treating compliance as an implicit Shariah byproduct.	(Mohammad et al., 2026)

3. Method

An organized academic review using bibliometric techniques numerically evaluates publications to identify trends, structural models, and primary scholarly components within a specific academic domain. Applying protocols such as PRISMA ensures an exhaustive and reproducible manuscript review, yielding an explicit and unambiguous understanding of the subject under study (Chotisarn & Phuthong, 2025; Hadi et al., 2020). The choice to use this hybrid approach is based on its ability to provide both qualitative insights through SLR and empirical data through bibliometric analysis, making it a robust method for mapping research trends in a specific field. The parameters for inclusion that were formulated consisted of: (1) manuscripts released prior to August 12, 2026, (2) English-language texts, alongside (3) centering upon the subject of ESG in Islamic banking. A bibliometric assessment was conducted using VOSviewer to visualize publication records and evaluate reference linkages, joint authorship, and interconnected terminology, uncovering the academic framework and developmental shifts within this scholarly domain. This approach was chosen over alternatives as it provides a clear, data-driven map of how ESG in Islamic banking has been explored across multiple disciplines, identifying key authors and research themes over time. Merging bibliometric evaluation with an organized literature survey helps scholars integrate observational discoveries and outline the scope of scholarly endeavors, including pinpointing principal authors and identifying emerging patterns. Uniting these two methodologies yields an exhaustive grasp of the evolutionary, historical, and future directions of the research field, making it highly beneficial for cross-disciplinary research seeking a deeper understanding (Marzi et al., 2025; Wang & Yi, 2025). Bibliometrics is also applied to tactical objectives in academic publishing, initially established by Bertrand et al. (1970) to assess scholarly periodicals based on their commercial value.

The initial stage of the current academic inquiry entails selecting search terms, a process achievable via a broad-level strategy (top-down), advancing from broad investigative pathways toward highly narrowly defined studies and subjects. Therefore, given an assessment of constraints identified in prior literature and the emerging nature of scholarly works on ESG integration in Islamic banking, the present study adopts the terms “ESG” and “Islamic bank*” as central elements in the manuscript’s heading, summary, and indexing terms. This focused keyword strategy was selected to ensure precision and relevance in the included articles, as broader keywords might have yielded less relevant literature, thereby diluting the specificity of the review. Moreover, the Scopus index is used by academics for a multitude of research applications, including conducting academic surveys, identifying domain experts, and monitoring scholarly activity. Based upon the query results extracted on August 12, 2026, out of the Scopus index applying the manuscript heading, summary, and search terms: “ESG AND Islamic bank*” throughout varied scholarly fields, extending from the initial release during 2020 until the latest during 2026, the aggregate volume of publications concerning ESG in Islamic banking was retrieved. To ensure the relevance and quality of the selected literature, a systematic screening process was conducted in accordance with PRISMA guidelines (as illustrated in Figure 1). In the first stage, documents were excluded because they did not contain the specific keywords relevant to the study’s core focus. In the second stage, screening was conducted by document type, excluding non-journal articles (e.g., conference papers, book chapters, or reviews). Finally, a language filter was applied, leading to the exclusion of non-English articles. Through this rigorous, step-by-step selection process, a final dataset of 73 articles was established for inclusion in the bibliometric mapping and systematic literature review. This study aims to answer RQ1: Does ESG research in Islamic banking remain a pertinent theme for upcoming scientific examinations? RQ2: How are scholarly inquiries distributed concerning ESG in Islamic banking? RQ3: How do these findings conceptually and functionally guide upcoming academic investigations?

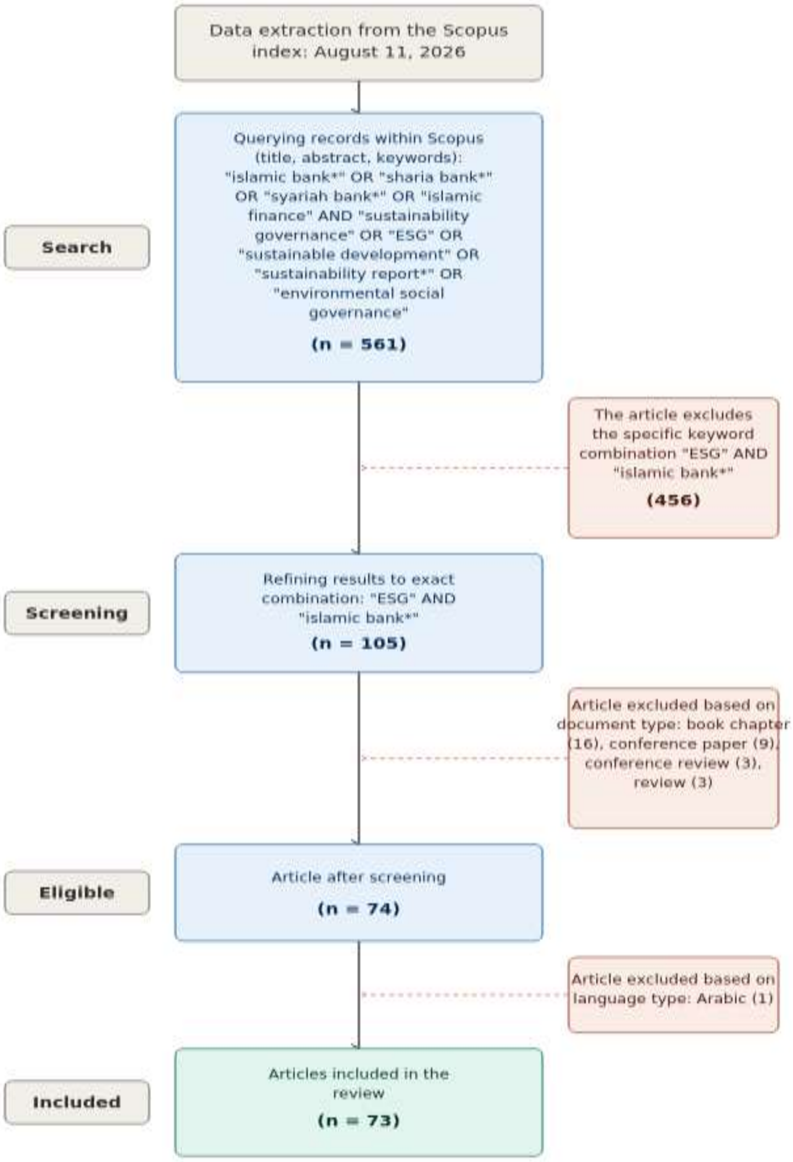

Figure 1. Systematic Literature Review information flow using PRISMA

4. Analysis and Discussion

The outcomes of this research focus on discoveries from 73 manuscripts in the Scopus repository on ESG in Islamic banking. Such information is acquired through tracking the volume of released papers, annual publication trends, alongside their respective periodical origins. The current assessment also underscores the dominant factors characterizing ESG research in Islamic banking, including the contributors, institutional ties, and participating nations.

RQ1: Does ESG research in Islamic banking remain a pertinent theme for upcoming scientific examinations?

Based on statistics extracted from the Scopus database, over the past six years, the academic literature on ESG in Islamic banking comprises 73 publications, suggesting that examinations of this topic are experiencing significant and accelerating growth, as shown in Figure 2. The exploration of ESG in Islamic banking began its progressive

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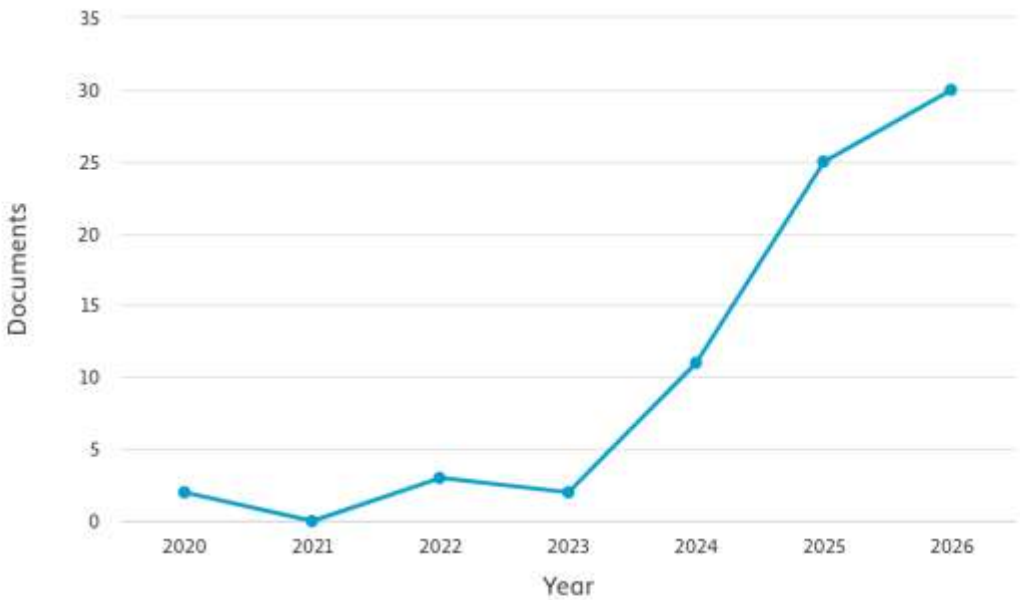
development in 2020, initiated by Bukhari et al. (2020) with the foundational work titled "Green Banking and Islam: two sides of the same coin," which marked the initial formal intersection of green finance principles with Islamic banking and set the stage for the rapid scholarly growth that followed. Nowadays, the developmental trajectory of studies concerning ESG in Islamic banking is captivating numerous academics, with a primary focus on ESG disclosure determinants, financial performance outcomes, governance quality, sustainability reporting standards, and the alignment of ESG with Shariah principles (Alam et al., 2022; Alghafes et al., 2024; Boudawara et al., 2023; Nimotallahi et al., 2026). Furthermore, ESG integration in Islamic banking contributes significantly to institutional resilience and long-term financial sustainability (Mohammad et al., 2026).



Source: Scopus

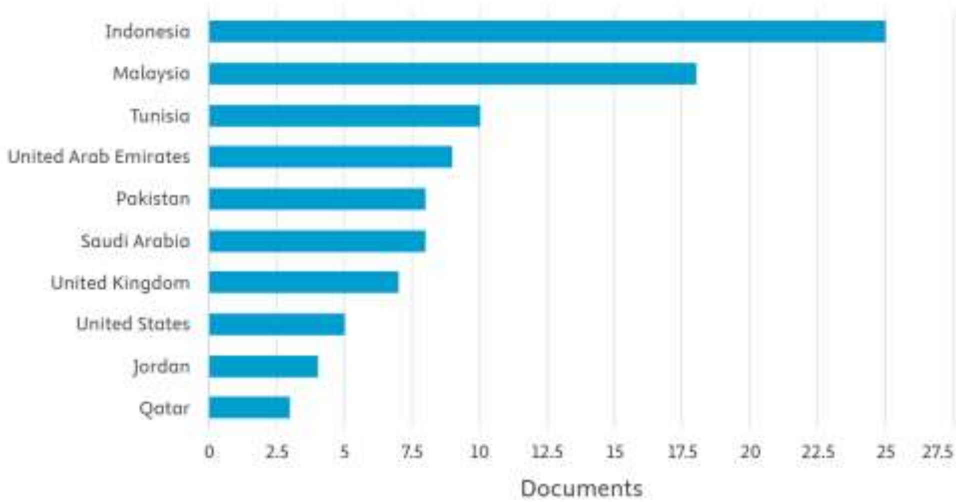
Figure 2. Number of ESG and Islamic Bank publications

Since 2020, academic publications on ESG in Islamic banking have grown rapidly, particularly accelerating in 2025 and 2026, reflecting the increasing integration of sustainability discourse within Islamic finance scholarship. Consequently, this represents both a timely and fertile area for prospective academics to expand and deepen the existing literature. The current investigation holds considerable value in advancing our understanding of ESG integration in Islamic banking, influencing institutional governance practices, and the progressive development of Shariah-compliant ESG frameworks. Such an approach could enable a deeper understanding of how to implement ESG principles effectively and sustainably across diverse Islamic banking markets globally.

RQ2: How are scholarly inquiries distributed concerning ESG in Islamic banking?

Evaluating how ESG in Islamic banking studies are distributed across the 73 articles was done by classifying these publications by nation, region, affiliation, source, and author, with only the top 10 per classification. Understanding the distribution of scholarship pertinent to ESG in Islamic banking proves highly beneficial for academics and professionals aiming to clarify future investigative priorities, notably to foster the enduring progression of this emerging ESG–Islamic banking research framework.

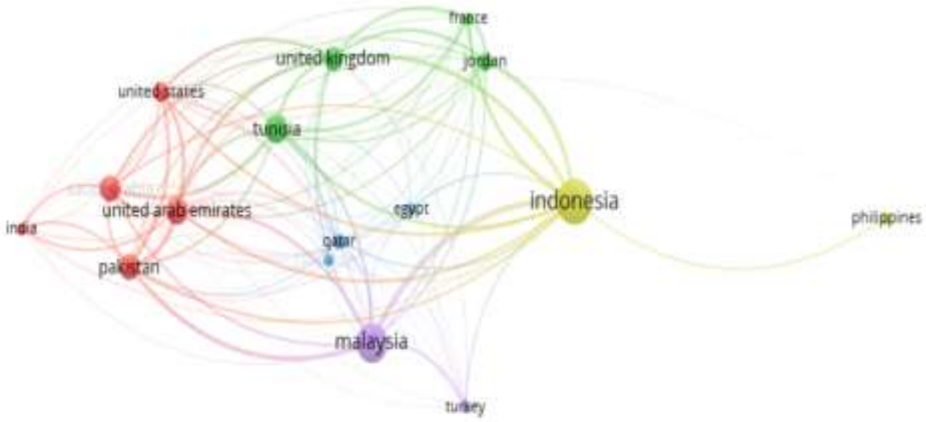
First, the distribution of academic investigations concerning ESG in Islamic banking, when sorted according to country and regional borders, is heavily led by Indonesia with 25 articles, Malaysia with 18 articles, Tunisia with 10 articles, the United Arab Emirates with 9 articles, Pakistan with 8 articles, Saudi Arabia with 8 articles, the United Kingdom with 7 articles, the United States with 5 articles, Iran with 4 articles, and Jordan with 4 articles (see Figure 3).



Source: Scopus

Figure 3. Number of publications sorted by state or region (top 10 countries)

The allocation of scholarly inquiries into ESG in Islamic banking, classified by geographic region, highlights Indonesia's preeminence, with 25 manuscripts, followed by Malaysia with 18 and Tunisia with 10. Additionally, numerous countries that have made significant contributions to this academic field include the United Arab Emirates (9 articles), Pakistan (8 articles), and Saudi Arabia (8 articles). Such results suggest that the subject of ESG integration in Islamic banking has garnered interest not only in traditional Southeast Asian Islamic banking hubs but also across the GCC region, North Africa, and increasingly in Western academic institutions. Scholars are also set to evaluate the collaborative linkages among nations engaged in ESG-Islamic banking studies using VOSviewer software. Such a step proves crucial for constructing an organized future academic framework. The examination's VOSviewer findings illustrate the collaborative networks linking countries across the exploration of ESG in Islamic banking (see Figure 4).



Source: Output VOSviewer software

Figure 4. Network country visualization

The present outcomes additionally consolidate the notion that the principle underpinning ESG governance in Islamic banking extends beyond mere academic focus in Muslim-dominant nations like Indonesia and Malaysia, as it simultaneously garners scrutiny across GCC states, North African nations, and Western research institutions. The concept of ESG integration in Islamic banking is highly applicable to diverse financial systems seeking to embed ethical governance and sustainability principles within both conventional and faith-based financial frameworks.

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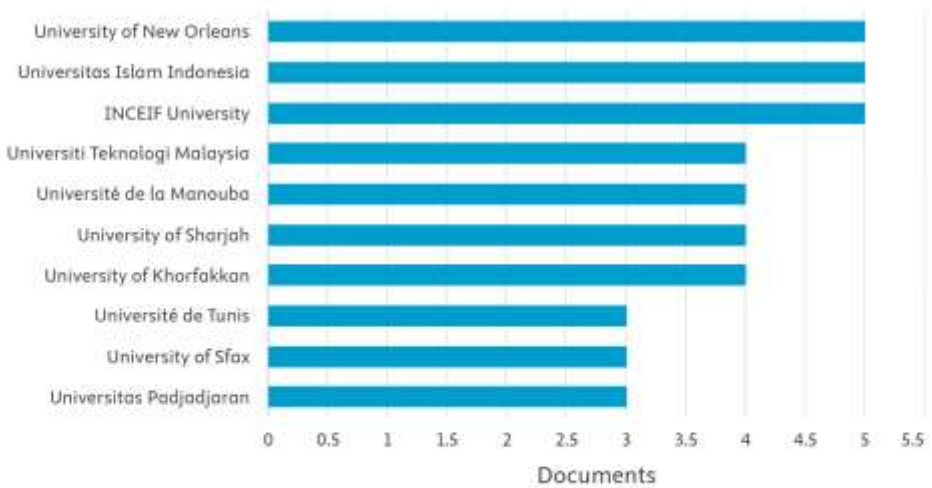
Second, the distribution of academic literature regarding ESG in Islamic banking based upon university associations is largely dominated by the University of Khorfakkan (UAE) with 3 articles, the University of Sfax (Tunisia) with 2 articles, INCEIF University (Malaysia) with 2 articles, Universitas Islam Indonesia with 2 articles, Universitas Airlangga (Indonesia) with 2 articles, and the University of New Orleans (United States) with 2 articles, alongside several other institutions contributing single articles each (see Figure 5).

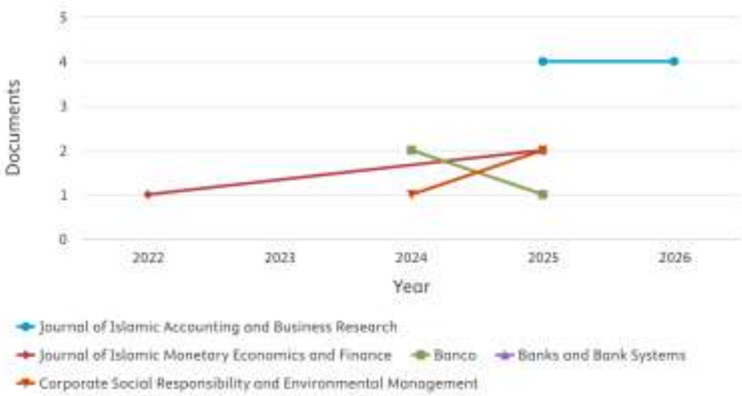


Source: Scopus

Figure 5. Number of publications sorted by affiliation

The distribution of ESG in Islamic banking academic literature across the top institutions, categorized by institutional ties, indicates that this subject extends beyond the research focus of universities in Muslim-majority nations such as Malaysia and Indonesia, also attracting scholarly attention from institutions in Tunisia, the UAE, and Western universities, reflecting the genuinely global scope of ESG-Islamic banking research.

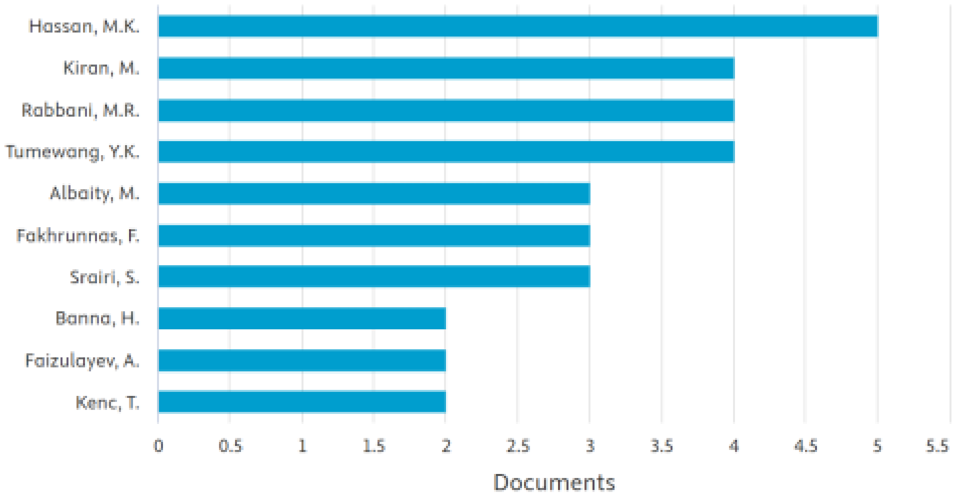
Furthermore, the distribution of studies focusing on ESG in Islamic banking when categorized by publication outlet is primarily led by the Journal of Islamic Accounting and Business Research with 8 articles, followed by Banco with 3 articles, the Journal of Islamic Monetary Economics and Finance with 3 articles, Corporate Social Responsibility and Environmental Management with 3 articles, Banks and Bank Systems with 2 articles, the International Journal of Financial Studies with 2 articles, Sustainability (Switzerland) with 2 articles, the International Journal of Islamic and Middle Eastern Finance and Management with 2 articles, Borsa Istanbul Review with 2 articles, and the Journal of Islamic Marketing with 2 articles (as illustrated in Figure 6).



Source: Scopus

Figure 6. Top 10 sources of articles

Fourth, the distribution of research on ESG in Islamic banking by authors reveals a pattern of emerging specialization. Among the top contributing authors, Hassan M.K. leads with 5 articles, followed by Kiran M., Rabbani M.R., and Tumewang Y.K. with 4 articles each, while Albaity M., Fakhrunnas F., and Srairi S. have each contributed 3 articles (see Figure 7).



Source: Scopus

Figure 7. Count of publications by author (top 10 authors)

RQ3: How do these findings conceptually and functionally guide upcoming academic investigations?

This assessment was conducted using 73 published articles retrieved via the Scopus database. The VOSviewer tool was used to demonstrate how the findings may yield conceptual and functional implications for future investigations of ESG in Islamic banking. The results of this metadata evaluation using VOSviewer will assist scholars and professionals in better understanding the core premises and empirical evidence associated with ESG governance models in Islamic banking. Applying bibliometric mapping with VOSviewer reveals the specific parameters that are heavily documented versus those that remain under-investigated, thereby establishing a solid base for upcoming academic work. Viewed through an operational lens, the results of the literature review derived from VOSviewer will enable Islamic banking institutions to implement ESG governance frameworks consistently over time, while simultaneously advancing the role of Islamic banking in global sustainable finance.

From Figure 8, the co-occurrence of key terms reveals the dominant thematic clusters in ESG-Islamic banking research. The most frequently co-occurring terms include “ESG” (total link strength: 76), “Islamic banks” (70), “banking” (47), “sustainability” (38), “governance approach” (29), “Islamic banking” (29), “governance” (27), “finance” (26), “corporate governance” (25), “corporate social responsibility” (25), “profitability” (24), “sustainability reporting” (24), “sustainability development” (24), “conventional banks” (22), and “financial performance” (22). These clusters reflect the central theoretical pillars of the field: governance quality, sustainability performance, and financial outcomes in Islamic versus conventional banking contexts. Finally, the 15 most frequent keywords by total link strength are shown in Table 2.

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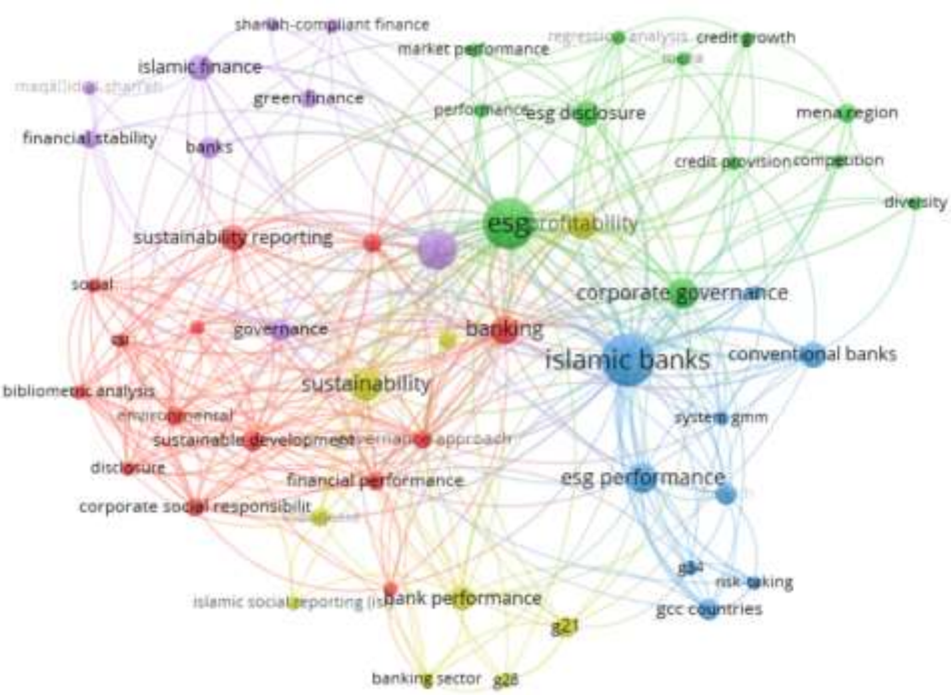

Source: Output VOSviewer software

Figure 8. Co-occurrence framework and representation of key terms

Table 2. Keywords by authors

Rank	Keyword	Total link strength
1	ESG	76
2	Islamic banks	70
3	Banking	47
4	Sustainability	38
5	Governance approach	29
6	Islamic banking	29
7	Governance	27
8	Finance	26
9	Corporate governance	25
10	Corporate social responsibility	25
11	Profitability	24
12	Sustainability reporting	24
13	Sustainability development	24
14	Conventional banks	22
15	Financial performance	22

Source: Output VOSviewer software

Based on these analytical findings, combined with an evaluation of prior studies, a notable limitation is identified in the prior literature: a preponderance of studies were conducted in nations or territories with Muslim-dominant populations or established Islamic finance sectors (as depicted in Figures 3 and 5). Consequently, subsequent investigations need to target areas characterized by non-Muslim majorities and emerging Islamic finance markets. This study serves to bridge the gaps found in prior research while delivering a more thorough understanding of ESG-oriented governance models in Islamic banking and their effectiveness in improving institutional performance, which merits investigation across a broader global framework and their applicability in diverse cultural settings throughout emerging economies, where ESG integration in Islamic banking fosters critical advancements in financial inclusion and community prosperity (Alam et al., 2022; Hassan et al., 2021). Thus, integrating ESG principles in Islamic banking practices can enhance institutional sustainability by aligning financial operations with ethical and environmental standards, which are increasingly important in the current global financial environment (Mohammad et al., 2026; Nimotallahi et al., 2026). Research conducted by Neifar Abdelkefi & Jarboui (2026) in GCC countries — which represent both major Islamic finance markets and signatories to global sustainability frameworks — has begun to recognize the multifaceted importance of ESG disclosure in Islamic banking governance. Another study by Sari et al. (2025) indicates that ESG governance

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dimensions are important in shaping public trust and reliability perceptions in Islamic banking, while in Indonesia and Malaysia, the intersection of ESG reporting and Shariah governance continues to evolve rapidly.

The findings from studies on ESG integration in Islamic banking show that attention should be paid to the fundamental dimensions that are key attributes to the success of ESG governance in Islamic banking, namely being grounded in Shariah principles and global sustainability standards, which emphasize environmental stewardship, social responsibility, and governance transparency, while maintaining a balance between Shariah compliance and international ESG frameworks in efforts to achieve sustainable financial development (see Figure 9).

Figure 9. ESG Dimensions in Islamic Banking

ESG in Islamic banking denotes an institutional framework that integrates Environmental, Social, and Governance principles with Shariah-compliant financial operations to achieve sustainable outcomes and ethical financial intermediation. It is distinguished by three principal dimensions: Environmental (green finance, climate risk, environmental disclosure), Social (financial inclusion, community welfare, social responsibility), and Governance (Shariah supervisory board effectiveness, transparency, CEO accountability), each enriched by Shariah-specific layers of compliance and ethical oversight. Such dimensions highlight the fundamental need for ethical transparency and sustainable conduct across all aspects of Islamic banking operations. ESG in Islamic banking is stakeholder-oriented, focusing on providing transparent and responsible financial services to customers, investors, and communities alike. Islamic banks are expected to adhere to Shariah teachings while simultaneously meeting international ESG standards, ensuring their actions align with the principles of both Islamic law and global sustainability frameworks (Alam et al., 2022). The conceptual model of ESG in Islamic banking is based on the principles of Shariah teachings and international sustainability standards, emphasizing a stakeholder-centered worldview in which ethical governance is seen as both a religious obligation and a strategic asset. The importance of social responsibility and community welfare is also highlighted (Sari et al., 2025).

4.1. Environmental Dimension

The Environmental dimension of ESG in Islamic banking is one of the key pillars underlying sustainable Islamic financial governance. This dimension refers to the extent to which Islamic banks adopt green finance practices, disclose environmental performance, and align investment portfolios with climate-conscious objectives. Environmental stewardship in Islamic banking aligns naturally with Shariah's prohibition of corruption (fasad) and harm, making environmental responsibility a theological as well as institutional imperative (Bukhari et al., 2020). Environmental transparency in Islamic banking also encompasses responsible investment screening, green sukuk issuance, and climate risk management in lending decisions. Hassan et al. (2021) argue that the crossroads of ESG and religious screening in Islamic banks collectively reduce firm-level environmental risks. A proactive environmental stance fosters positive institutional reputation and builds stakeholder trust, thereby improving the Islamic bank's long-term financial resilience.

Furthermore, Nimotallahi et al. (2026) emphasize that environmental ESG integration in Islamic megabanks — such as KFH's commitment to SDG 13 (Climate Action) — demonstrates that strategic environmental commitment should be translated into concrete sustainability activities, not just disclosure. An Islamic bank that proactively manages environmental risks in its lending and investment portfolio will set a strong precedent for the broader industry and foster long-term stakeholder respect. Environmental stewardship is about taking concrete actions to reduce carbon footprint and improve sustainability, not merely about reporting compliance in annual ESG documents (Di Tommaso & Thornton, 2020; Galletta et al., 2023).

Alam et al. (2022) explain that the ESG activities of Islamic banks contribute to bank efficiency gains that exceed those observed in conventional banks, suggesting that the alignment of environmental responsibility with Shariah principles creates synergistic efficiency benefits. According to Paltrinieri et al. (2020), development of Islamic finance across countries is positively associated with bank-level ESG scores, indicating that institutional environmental commitment grows alongside the maturation of national Islamic finance sectors.

4.2. Social Dimension

Social responsibility is one of the key principles of ESG integration in Islamic banking, requiring institutions to promote financial inclusion, community welfare, and equitable access to financial services. Social commitment in Islamic banking is rooted in Shariah's emphasis on zakat, waqf, and qard al-hasan, which represent institutionalized mechanisms for wealth redistribution and community support (Nimotallahi et al., 2026). Social ESG practices in Islamic banks extend to employee welfare, customer protection, human rights obligations, and community investment programs, all of which contribute to building the social license to operate in diverse communities (Sari et al., 2025).

According to Mohammad et al. (2026), the social dimension of ESG performance contributes significantly to bank profitability through enhanced customer loyalty and reputational capital. Social ESG also entails fulfilling obligations to underserved communities through microfinance, ethical lending, and inclusive product design. Strong social performance in Islamic banking signals institutional alignment with the welfare objectives of Maqasid al-Shariah, which prioritizes the protection of human life, dignity, and community wellbeing (Mohd Zain et al., 2024).

4.3. Governance Dimension

The Governance dimension of ESG is arguably the most distinctive in Islamic banking, encompassing Shariah supervisory board effectiveness, CEO accountability, board composition, disclosure quality, and internal control systems. Governance leadership in Islamic banking involves the capacity to navigate complex regulatory landscapes, balance Shariah compliance with global ESG standards, and effectively oversee institutional risk management (Boudawara et al., 2023). The Shariah Supervisory Board functions as a unique governance layer that elevates Islamic bank governance standards beyond what conventional corporate governance frameworks typically require (Mollah & Zaman, 2015; Neifar Abdelkefi & Jarboui, 2026).

Boudawara et al. (2023) add that Shariah governance quality positively mediates the relationship between ESG performance and institutional sustainability in Islamic banks across multiple countries. High-quality Shariah governance signals institutional credibility to international investors while simultaneously ensuring compliance with religious ethical standards. Robust governance — including transparency in ESG disclosure — enables Islamic banks to reduce operational risk and strengthen capital market confidence (Neifar Abdelkefi & Jarboui, 2026; Nik Abdullah & Haron, 2022).

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4.4. ESG Controversies and Reputational Risk

ESG controversies represent a critical dimension of ESG management in Islamic banking, as negative ESG-related news and reputational incidents can disproportionately affect Islamic banks relative to their conventional counterparts. ESG controversies encompass incidents of governance failures, environmental violations, social harm, or Shariah non-compliance that contradict an institution's stated ESG commitments. Managing ESG controversies effectively is essential for Islamic banks, given the heightened reputational expectations of their stakeholder base and the theological dimension of their institutional identity (Mohammad et al., 2026).

Mohammad et al. (2026) demonstrate that while Islamic banks benefit more from higher ESG scores than conventional banks, they are also more adversely impacted by ESG controversies, reflecting the heightened moral expectations embedded in Shariah governance frameworks. Proactive ESG controversy management in Islamic banking therefore requires robust internal compliance systems, transparent disclosure protocols, and a culture of ethical accountability that goes beyond treating ESG as an implicit byproduct of Shariah compliance.

4.5. ESG Performance and Financial Outcomes

The relationship between ESG performance and financial outcomes is a central analytical theme in the Islamic banking ESG literature. The bibliometric analysis in this study delineates a strong prevalence of empirical research examining the ESG-profitability nexus, indicating that ESG performance positively influences bank profitability, risk management, and long-term financial stability across diverse Islamic banking markets. The direction and magnitude of this relationship, however, varies across geographical contexts, bank sizes, and levels of Shariah governance quality (Alghafes et al., 2024; Hassan et al., 2021; Smaoui et al., 2025).

ESG performance in Islamic banking also creates conditions in which ethical governance and financial efficiency can be mutually reinforcing, as demonstrated by evidence that higher ESG scores are associated with reduced operational risk and enhanced capital market performance (Di Tommaso & Thornton, 2020; Neifar Abdelkefi & Jarboui, 2026). The positive ESG-performance relationship in Islamic banking underscores the strategic value of proactive ESG integration as both a risk management tool and a market differentiation instrument.

This article also presents a conceptual model of ESG integration in Islamic banking (see Figure 10). The conceptual model illustrates how the three core ESG dimensions — Environmental, Social, and Governance — interact with Shariah principles and institutional characteristics (bank size, governance quality, geographic context) to influence key financial and sustainability outcomes, including profitability, risk reduction, and long-term institutional resilience. The model positions ESG transparency as a mediating mechanism between institutional governance quality and sustainable financial performance.

As demonstrated by Alam et al. (2022), ESG activities in Islamic banks significantly enhance bank efficiency and financial performance, with effects that exceed those observed in conventional banking counterparts. The integration of ESG principles within Shariah governance frameworks creates a distinctive institutional advantage that combines ethical legitimacy with financial sustainability. These combined effects support a virtuous cycle in which strong ESG governance improves financial performance, which in turn enables greater ESG investment, ultimately advancing the Islamic bank's role as a sustainable financial institution serving both shareholders and broader societal objectives (Boudawara et al., 2023; Nimotallahi et al., 2026).

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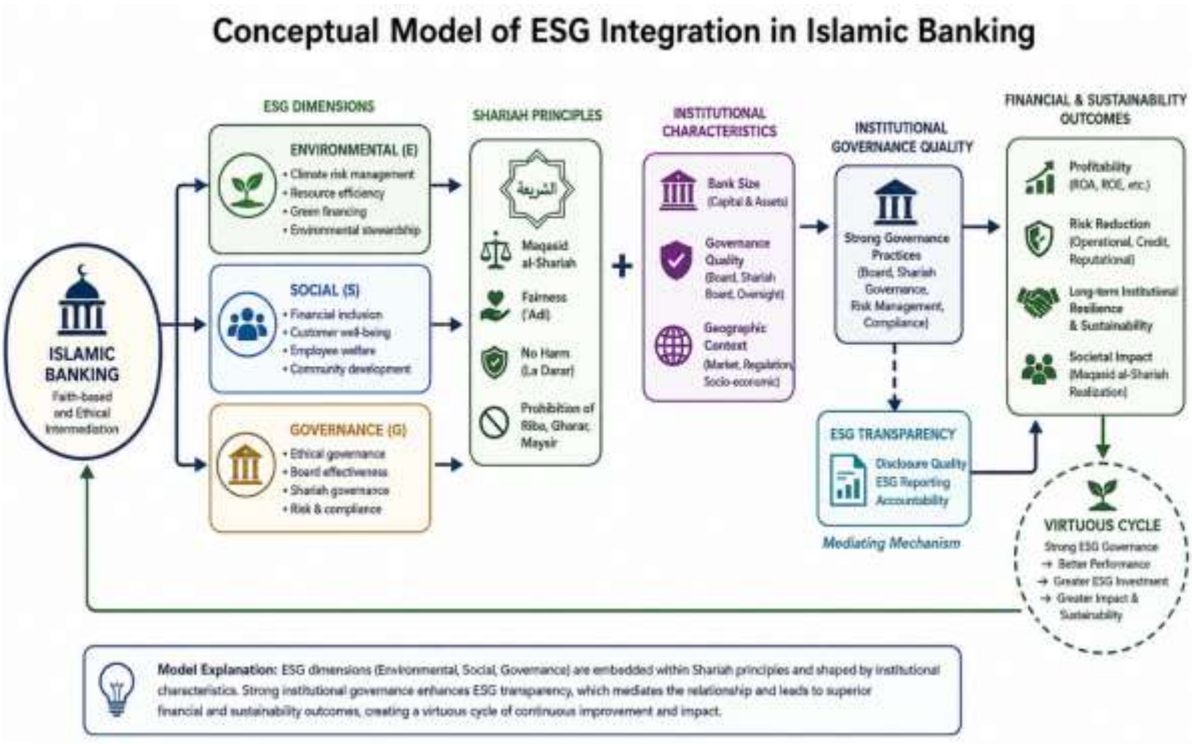

Source: The author's elaboration is based on previous research

Figure 10. Conceptual Model of ESG Integration in Islamic Banking

Moreover, the ESG model in Islamic banking also reflects that institutional governance is a form of Shariah-mandated stewardship (amanah) that must be executed with accountability to all stakeholders — customers, investors, communities, regulators, and future generations. This theocentric governance orientation distinguishes Islamic banking ESG from purely financial ESG frameworks and aligns institutional performance with higher ethical and social objectives. The growing body of literature confirms that ESG integration serves as both a strategic differentiator and a fulfillment of Maqasid al-Shariah in contemporary Islamic banking.

5. Conclusion

This investigation examines 73 scholarly articles from Scopus and outlines the core dimensions defining ESG integration in Islamic banking: Environmental stewardship, Social responsibility, Governance transparency, ESG controversy management, and ESG–financial performance linkages. Several core findings emerge. First, ESG research in Islamic banking is rapidly growing, particularly since 2024, reflecting the increasing convergence of Islamic finance and global sustainability discourse. Second, the literature is geographically concentrated in Indonesia, Malaysia, and GCC countries, with emerging contributions from North Africa, South Asia, and Western academic institutions. Third, the Journal of Islamic Accounting and Business Research is the dominant publication venue, followed by several specialized Islamic finance and sustainability journals. Fourth, co-occurrence analysis reveals that governance, sustainability reporting, and financial performance are the dominant analytical themes, with ESG disclosure quality and Shariah governance quality emerging as critical mediating factors in the ESG–performance relationship. In terms of practical application, these results provide functional guidance for Islamic bank executives and policymakers in implementing ESG frameworks that are genuinely aligned with Shariah principles rather than treated as mere compliance requirements. The findings emphasize the need to strengthen Shariah ESG reporting standards, promote transparency in governance disclosure, and develop Maqasid al-Shariah-aligned ESG metrics that capture the unique sustainability contributions of Islamic banking. For regulators, the results suggest that mandatory ESG disclosure frameworks for Islamic banks should incorporate Shariah-specific governance dimensions, including Shariah supervisory board effectiveness and Islamic finance development indicators. For scholars, the bibliometric findings identify significant research gaps in non-Muslim-majority contexts, mixed-methods approaches to ESG-performance dynamics, and the integration of digital innovation with ESG governance in Islamic banking. Finally, the authors acknowledge that the present study carries certain constraints. First, the analysis is limited to publications indexed in the Scopus database, which, while comprehensive, may exclude relevant studies published in non-indexed regional journals. Second, the keyword strategy — focusing on "ESG" and "Islamic bank*" — may have excluded adjacent research using alternative terminologies such as "CSR in Islamic banking," "sustainable finance in Islamic institutions," or "green sukuk" without explicitly using the ESG acronym. Third, the publication period analyzed (2020–2026) reflects the relatively nascent stage of formal ESG discourse in Islamic banking, and future bibliometric analyses conducted as the field matures will likely reveal richer collaborative networks and more diverse geographical contributions. Future research should address these limitations by adopting broader keyword strategies, incorporating multiple databases, and applying longitudinal bibliometric analysis to track the evolution of this rapidly growing field.

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