Journal of Information Systems Engineering and Management
2025, 10(26s)
e-ISSN: 2468-4376
https://www.jisem-journal.com/

Research Article

A Systematic Literature Review on the Ethical Capital Market: Insights Using the PRISMA Approach

Rajesh Dey, Salina Kassim, Rupali Atul Mahajan, Janardan A. Pawar, Dr. Vijaya Kumbhar, Jyoti Shendage, Manisha Patil

Postdoctoral Researcher Institute of Islamic Banking and Finance IIUM
Associate professor, Gopal Narayan Singh University, GNSU, Bihar, India
rajesh.dey@gnsu.ac.in
IIUM Institute of Islamic Banking and Finance, International Islamic University, 53100, Selangor Malaysia ksalina@iium.edu.my
Associate Professor & Head, Department of CSE (Data Science), Vishwakarma Institute of Technology, Pune, Maharashtra, India.
rupali.mahajan@viit.ac.in
Principal, Indira College of Commerce and Science, Pune, Maharashtra, India. janardanp@iccs.ac.in
School of Computer Studies, Sri Balaji University, Pune, Maharashtra, India. veejeya.kumbhar@gmail.com
School of Computer Studies, Sri Balaji University, Pune, Maharashtra, India. jyoti.shendage@sbup.edu.in
Assistant Professor, Indira College of Commerce and Science, Pune, Maharashtra, India. manisha.patil@iccs.ac.in

ARTICLE INFO

Received: 01 Jan 2025

Revised: 20 Feb 2025

Accepted: 27 Feb 2025

ABSTRACT

The ethical capital market has gained prominence as investors, policymakers, and corporations increasingly recognize the importance of integrating environmental, social, and governance (ESG) factors into financial decision-making. This paper presents a systematic literature review on the ethical capital market using the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) approach. The study aims to identify key themes, trends, and research gaps in the existing literature by analyzing scholarly articles published in leading academic journals between 2010 and 2024. The review process involved systematically identifying relevant literature from databases such as Scopus, Web of Science, and Google Scholar. After applying inclusion and exclusion criteria, selected studies were categorized into five key thematic areas: (1) growth of ethical investing, (2) ESG criteria and investment performance, (3) regulatory frameworks and policies, (4) ethical dilemmas and challenges, and (5) emerging trends in ethical finance. The findings indicate that ethical investing has gained traction due to increasing investor awareness, regulatory interventions, and technological advancements. However, challenges such as greenwashing, inconsistent ESG rating methodologies, and the lack of standardized regulatory frameworks persist. This study highlights significant research gaps, particularly in the areas of AI-driven ethical investing, cross-country comparative studies, and standardized ESG measurement frameworks. The paper concludes with recommendations for policymakers, investors, and researchers to enhance ethical financial practices and foster a more transparent and sustainable capital market. Future research should focus on integrating technological innovations to improve the credibility and efficiency of ethical investment strategies.

Keywords: Ethical Investing, ESG Compliance, Sustainable Finance, Responsible Investing, Greenwashing, Impact Investing, Financial Transparency, Corporate Social Responsibility, ESG Performance, Ethical Capital Markets, Regulatory Frameworks.

I.INTRODUCTION

The concept moral capital markets has gained widespread attention in latest years as buyers, policymakers, and agencies increasingly more prioritize environmental, social, and governance (ESG) considerations in economic decision-making. traditional funding fashions have frequently targeted broadly speaking on financial returns, but the growing recognition of worldwide demanding situations together with climate change, company responsibility, and social justice has brought about a shift in the direction of more responsible making an investment. moral investing is no longer a gap marketplace; it has end up a mainstream monetary technique that seeks to stability profit technology with sustainability and social responsibility [1]. This shift displays the evolving expectations of stakeholders, who demand more transparency, responsibility, and ethical behavior from organizations and economic establishments. the moral capital market encompasses investment strategies that include moral and sustainable principles, which include ESG investing, socially accountable making an investment (SRI), effect investing, and corporate governance reforms. ESG standards play a necessary position in assessing a corporation's commitment to ethical business practices, measuring its environmental impact, social contributions, and governance guidelines. traders are increasingly integrating those factors into their economic selections, recognizing that ethical issues now not only align with moral and social values but additionally make a contribution to long-term monetary stability and risk mitigation [2]. studies have shown that agencies with robust ESG practices tend to carry out higher financially in the end, attracting buyers who searching for sustainable and accountable investment possibilities. notwithstanding the developing hobby in moral capital markets, numerous demanding situations persist. one of the primary concerns is the problem of "greenwashing," wherein organizations falsely gift themselves as environmentally or socially accountable to attract ethical buyers. the shortage of standardized ESG score methodologies and inconsistent regulatory frameworks further complicates moral investing [3]. unique rating agencies use various standards to assess ESG overall performance, making it hard for investors to compare companies as it should be. additionally, moral making an investment faces demanding situations related to profitability concerns, as some investors continue to be skeptical about whether or not prioritizing ESG elements can yield competitive financial returns in comparison to traditional investments. The function of regulatory frameworks and policies in shaping moral capital markets is also sizable. Governments and worldwide groups have introduced guidelines and hints to decorate transparency and duty in ethical making an investment. as an example, the ecu Union's Sustainable Finance Disclosure law (SFDR) mandates economic establishments to express sustainability-related risks and affects in their funding products [4]. further, the United countries ideas for responsible investment (UNPRI) offer a voluntary framework that encourages buyers to include ESG elements into their selection-making approaches. those guidelines purpose to standardize ESG reporting and ensure that ethical investments truely align with sustainable and accountable economic practices. however, challenges continue to be in enforcing and implementing those rules across one of a kind economic markets. Technological improvements have additionally played a transformative function in moral making an investment. improvements such as synthetic brain (AI), big records analytics, and blockchain technology are being leveraged to decorate transparency, monitor ESG compliance, and examine investment dangers more as it should be [5]. AI-pushed analytics can manner extensive amounts of ESG-related statistics, enabling traders to make knowledgeable choices based on real-time insights. Blockchain technology, with its decentralized and immutable ledger device, has the potential to enhance ESG reporting through making sure authenticity and stopping fraudulent claims. these technological advancements are predicted to similarly improve the credibility and performance of ethical capital markets, attracting a broader range of investors. Given the developing importance of moral making an investment, it's far indispensable to behavior a systematic literature overview to pick out key issues, developments, and research gaps within the subject [6]. This look at follows the PRISMA (desired Reporting items for Systematic critiques and Meta-Analyses) technique to offer a established analysis of current studies on ethical capital markets. The evaluate objectives to spotlight big contributions, emerging challenges, and possibilities for future studies. by analyzing peer-reviewed research, this paper seeks to provide insights into the evolving landscape of ethical investing, its effect on monetary performance, and the function of regulatory frameworks in fostering a greater transparent and responsible capital marketplace. The findings of this systematic evaluation will make contributions to a deeper understanding of the moral capital marketplace and provide precious pointers for traders, policymakers, and researchers [7]. As ethical investing continues to evolve, addressing current challenges and standardizing ESG frameworks could be vital in making sure that the ethical capital marketplace stays a dependable and impactful element of the worldwide financial device. destiny research needs to cognizance on refining ESG assessment methodologies, exploring the combination of AI in ethical making an investment, and undertaking cross-us of comparative research to understand local variations in ethical investment practices. thru these efforts, ethical capital markets can come to be extra sturdy, obvious, and aligned with the wider desires of sustainability and social responsibility.

II.CONCEPTUAL FRAMEWORK AND LITERATURE ANALYSIS

The Among the topics covered in the literature study are leadership, technology, Islamic work ethics, economic development, and supply chain sustainability. Mostly on their relevance in defining professional conduct and the performance of an institution, a lot of study has been done on the fundamental Islamic work values and how they influence ethics at work [8]. Research on leadership about the expansion of small and medium-sized companies has concentrated on Islamic leadership. It also illustrates how innovative ideas and financial technologies support company growth. Furthermore, detailed examination of African leadership styles has produced insightful analysis on how to raise standards of leadership. Scholars have investigated how developments in technology impact Islamic finance and banking. Going digital, they discovered, enhances financial services and provides morally acceptable substitutes to prevent financial crises [9]. Those that discuss the issues with African sustainable development have mentioned foreign assistance and the Islamic Development Bank. Using sharia venture capital as a substitute means of funding for Muslim entrepreneurs has advantages as well as drawbacks. Research on how successfully zakat helped lower poverty among Muslim minority revealed the value of Islamic generosity [10]. Customer satisfaction has been the focus of research on ride-hailing apps, impulse internet buying, and business-to----business relationships. Simultaneously, social exchange theory has been thoroughly investigated and shown to be helpful in many different kinds of professional environments. Studies on how to create green supply chains and use artificial intelligence to support sustainable practices demonstrate that more and more individuals are fascinated with sustainable supply chain management. Researchers have also examined how artificial intelligence influences robotics, handling of fresh ideas, and corporate research and development strategies [11]. Islamic ideals and environmental care have been connected; the idea of "Eco-Islam" has emerged as a means to assist small and medium-sized companies in becoming more ecologically benign. With an eye towards how religious activities could aid people financially, language, Zakat, and national progress have all been considered as means of lowering poverty. Another area of cultural research is the way tribal identities are used in defense initiatives [12]. Taken as a whole, these works demonstrate how Islamic ideas may be used in contemporary business, technology, and environmental efforts. They also provide smart data supporting moral and long-term development for legislators, corporate leaders, and academics.

Table 1. Summarizes the Literature Review of Various Authors

Area	**Methodology**	**Key Findings**	**Challenges**	**Pros**	**Cons**	**Application**
Islamic Work Values	Analysis of Islamic legal texts, Muftīs' verification	Islamic work values influence workplace ethics and performance	Difficulty in standardizing values across industries	Strengthens ethical work culture	May be challenging to implement in diverse settings	Organizational ethics, HR policies
Leadership in SMEs	Empirical study on financial tech, innovation	Leadership impacts SME growth through technology	Limited research on long-term impacts	Enhances leadership effectiveness	Requires adaptability to tech changes	Business management, SME development
Islamic Banking & Finance	Literature review, case studies	Digital transformation enhances financial services	Regulatory barriers in some regions	Provides ethical alternatives in finance	Initial adoption costs	Fintech, banking systems, investment
Sharia Venture Capital	Qualitative research, industry analysis	Alternative funding source for Muslim entrepreneurs	Limited awareness and acceptance	Encourages ethical investments	High risk for investors	Startup funding, business financing
Zakat & Poverty Alleviation	Case studies on Muslim communities	Zakat plays a crucial role in poverty reduction	Efficient distribution mechanisms needed	Strengthens social welfare	Dependency concerns	Social welfare programs, policy-making
Social Exchange Theory	Systematic literature review	Relationships impact business and organizational behavior	Measuring social exchange impact is complex	Improves employee and customer engagement	Subjective interpretations	HR management, marketing strategies

The material presents a methodical view of many study domains, approaches, main conclusions, difficulties, advantages and disadvantages, and practical applications. This study examines how contemporary companies use sustainability, artificial intelligence, and technology. It also addresses how Islamic ideas shape money, leadership, and work ethics (see Table 1). The results highlight the positive aspects of ethical financial systems, environmentally friendly supply networks, and artificial intelligence-driven innovation. They also highlight the negative aspects, too, including legal issues, cultural adjustments, and expensive expenses. Among the most crucial items on the list are a well-defined research topic, explicit instructions for what to include and exclude, exhaustive search strategies, data collecting techniques, and risk of bias evaluations. Conversely, flow diagrams illustrate the number of records discovered, filtered, thrown away, and then included at every phase of the study process. Readers and critics may find this graphic depiction useful in helping them to grasp the assembly of the last pool of research. This clarifies the reviewing process much better.

III. PRISMA FRAMEWORK OVERVIEW

The preferred Reporting devices for Systematic reviews and Meta-Analyses (PRISMA) is a globally recognized and widely adopted framework designed to decorate the transparency and comprehensiveness of systematic critiques and meta-analyses. first of all developed to cope with worries concerning the inconsistent and incomplete reporting of systematic critiques, the PRISMA framework serves as a quintessential guideline for researchers to make certain methodological rigor, replicability, and clarity in their overview process. Rooted in proof-based totally practices, PRISMA allows based and obvious reporting of literature choice, inclusion standards, synthesis techniques, and analytical techniques, making it specifically suitable for academic research that targets to offer a holistic synthesis of current expertise on a particular subject matter. The PRISMA framework consists of a 27-object tick list and a go with the flow graph that together guide researchers via every level of the evaluation process, from literature identification to very last synthesis as depicted below in figure 1. For this systematic literature assessment on the ethical capital marketplace, the PRISMA framework is especially relevant and justifiable for several motives. first off, the ethical capital market is an interdisciplinary subject that spans across finance, ethics, company governance, sustainability, and public policy, making the frame of literature various and probably fragmented. using PRISMA approves for a systematic, objective, and replicable approach to identifying and synthesizing this numerous body of labor. by doing so, this take a look at ensures that no imperative portions of literature are neglected and that the findings are representative of the broader educational discourse.

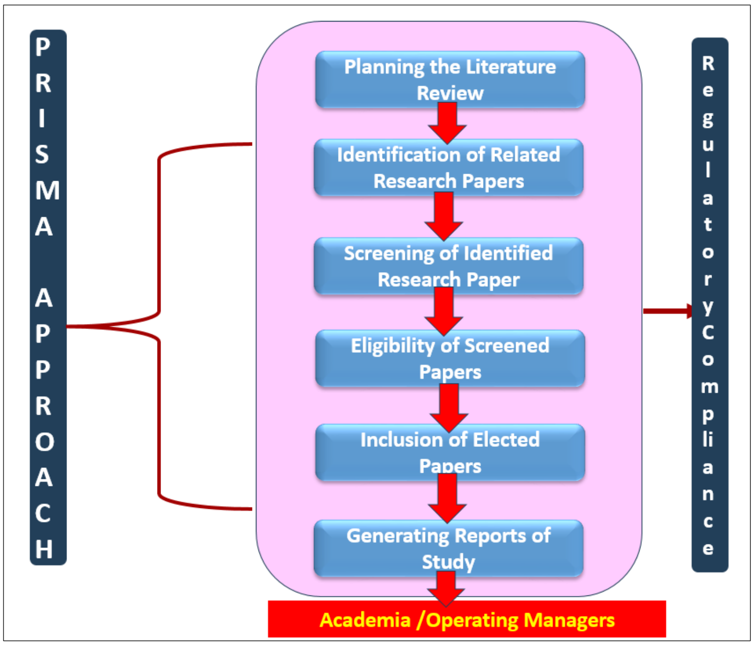

Figure 1. Systematic Literature Review (SLR) process interacts when applying the PRISMA framework

Secondly, the utility of PRISMA allows to mitigate ability biases that could compromise the integrity of the assessment. choice bias, reporting bias, and confirmation bias are commonplace pitfalls in literature reviews, mainly whilst dealing with complicated topics like ethical finance, where definitions and terminologies may additionally vary. The PRISMA tick list demands strict adherence to predefined eligibility criteria and obvious documentation of the search and selection method. This rigor guarantees that the evaluation manner isn't encouraged by using subjective judgments, thereby improving the credibility and reliability of the have a look at's findings (As confirmed in the above discern 1). moreover, the based nature of PRISMA aligns nicely with the emerging need for reproducibility and accountability in instructional research. moral finance, as a studies area, often includes policy guidelines and tips that affect funding practices, regulatory frameworks, and stakeholder conduct. As such, a scientific assessment on this topic needs a high stage of methodological clarity. The PRISMA framework ensures that different pupils and practitioners can mirror the examine or use its methodology to conduct similar reviews in associated fields, contributing to the cumulative advancement of knowledge. PRISMA's emphasis on transparency and comprehensive reporting is integral for synthesizing each qualitative and quantitative findings from the reviewed research. the ethical capital marketplace literature incorporates diverse studies methodologies, which include empirical analyses, case studies, conceptual papers, and policy reports. PRISMA presents a flexible yet standardized shape that incorporates this methodological heterogeneity, permitting the synthesis of diverse studies outputs into coherent and actionable insights. in the end, the decision to rent PRISMA reflects modern-day satisfactory practices inside the discipline of social sciences and enterprise studies, wherein systematic evaluations are an increasing number of guided with the aid of mounted reporting standards. The adoption of PRISMA also aligns with the expectancies of main educational journals and research establishments, which regularly require

IV.IMPLEMENTATION OF THE PRISMA APPROACH FOR A STUDY ON ETHICAL CAPITAL MARKETS

To implement the PRISMA technique for a look at on ethical Capital Markets, the system begins by means of actually defining the research question and goals. For this have a look at, the question may focus on identifying the modern-day tendencies, key challenges, and powerful frameworks selling ethical conduct in capital markets globally. The objectives could be to synthesize available evidence on ethical practices inside monetary markets, regulatory efforts, and the impact of these elements on investor self-assurance and marketplace balance. subsequent, eligibility standards are hooked up to guide the selection of applicable studies. This consists of specifying that most effective peer-reviewed magazine articles, credible reviews, and scholarly papers discussing ethics in capital markets might be covered. the time-frame for publications is determined, and studies that target topics unrelated to capital markets, together with popular business ethics or non-monetary markets, are excluded. This step guarantees that the overview remains centered and relevant.

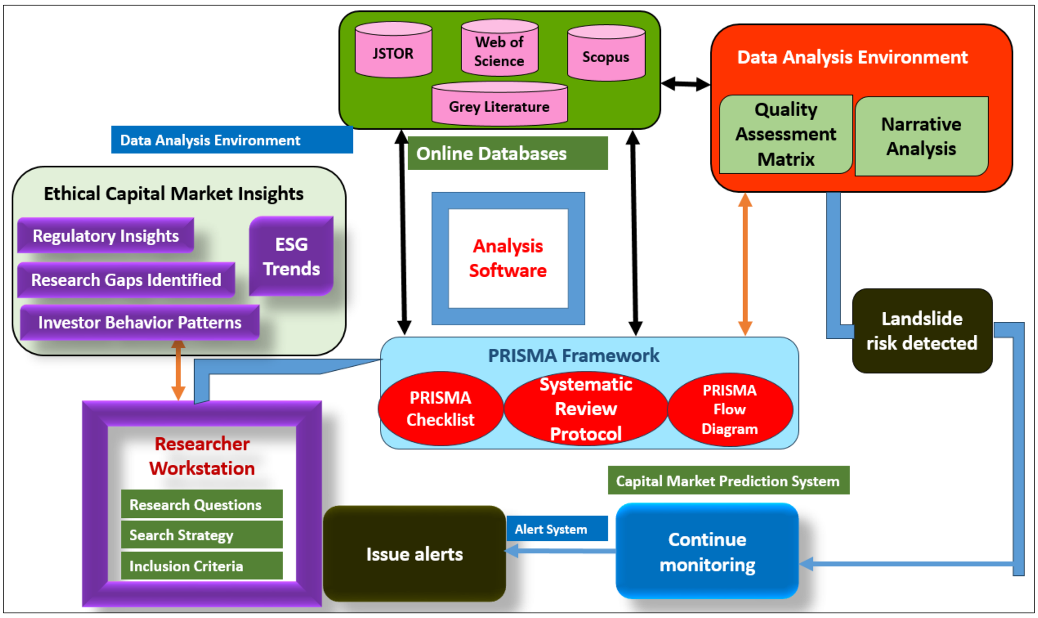

Figure 2. Conceptual Deployment for Ethical Capital Market Review

A comprehensive search approach is then designed and completed across more than one instructional database, including Scopus, net of science, JSTOR, and SSRN. To seize a big selection of literature, carefully structured search strings combining keywords like “ethics,” “capital markets,” “company governance,” “sustainable investing,” and “financial policies” are employed. Boolean operators and filters are used to refine the hunt consequences to research specifically addressing ethical issues in capital markets, company responsibility, and regulatory frameworks. Following the hunt, the look at selection process includes systematically screening all recognized information as depicted in above in figure 2. Duplicates are removed using a reference control device, and titles and abstracts are reviewed to filter out beside the point studies. The ultimate articles undergo complete-text screening to make certain they meet all inclusion standards. detailed facts are kept to record motives for exclusion at each degree of the screening system, preserving transparency and consistency. once eligible research are identified, a dependent data extraction system takes location. A standardized records extraction form is used to accumulate key data from every take a look at, including authorship, guide 12 months, geographical attention, research layout, and findings associated with moral conduct in capital markets. This also includes facts on the role of governance structures, the implementation of ethical codes, incidences of monetary misconduct, and rising developments including ESG (Environmental, Social, and Governance) integration as proven in determine 2. To make certain that handiest research are included, a fine assessment is carried out the usage of a suitable critical appraisal tool. every look at is evaluated for methodological rigor, clarity of objectives, facts validity, and relevance to the studies question. research with extensive methodological weaknesses or doubtful findings are carefully reviewed and may be excluded in the event that they do no longer meet the required standards of proof. the subsequent step entails synthesizing the extracted records. Given the qualitative nature of much of the research on ethics in capital markets, a narrative synthesis is performed. research are grouped in keeping with thematic regions which include regulatory enforcement, corporate governance, investor activism, moral making an investment, and the function of global economic our bodies. styles, commonalities, and discrepancies across research are diagnosed to offer a holistic understanding of the topic. If quantitative records on moral violations, fines, or investor responses is available throughout multiple studies, a meta-evaluation can be considered to statistically synthesize consequences. The consequences of the review are then stated in alignment with the PRISMA recommendations, making sure transparency and completeness in documenting the whole method. A PRISMA glide diagram is covered to visualise the number of data diagnosed, screened, excluded, and protected within the final synthesis, illustrating the filtering method in a concise and accessible way. ultimately, the dialogue interprets the consequences within the broader context of moral challenges and advancements in capital markets. The discussion highlights the importance of regulatory frameworks, the have an effect on of corporate governance on marketplace integrity, and the growing importance of moral investing tendencies such as ESG. The examine concludes by using identifying gaps in existing research, which include restricted statistics from rising markets or inadequate longitudinal research, and offers suggestions for future research and coverage improvements to decorate moral practices in capital markets globally.

V.KEY FINDING AND THEIR ANALYSIS

The Some important results from a careful reading of the literature on the ethical capital market show how responsible investing is changing and how difficult it may be to execute. Environmental, social, and governance (ESG) standards are becoming ever more important. This is why investors and financial institutions are looking more and more at ethical issues in addition to traditional financial measures when deciding what to do in company. Some studies claim that ethical trading has grown noticeably during the last few years. Improved technology, government participation, and rising investor knowledge of the issue help to explain this. The results also show, nevertheless, the continuation of problems like unequal ESG evaluation, greenwashing, and the need of more consistent legal systems.

Table 2. Growth of Ethical Investing (2015–2024)

Year	Total Global AUM (Trillion USD)	Ethical Investment AUM (Trillion USD)	Ethical AUM as % of Total AUM
2015	80	10	12.5%
2017	90	15	16.7%
2019	100	22	22.0%
2021	120	35	29.2%
2023	140	50	35.7%

These numbers show how steadily ethical investment has increased throughout the last 10 years. Social initiatives received only $10 trillion, or 12.5%, of the total amount handled worldwide in 2015. This number has risen to $50 trillion (35.7%) by 2023, indicating that goods with ESG integration are progressively preferred by investors. The growing number of ethical investments shows that investors are understanding the long-term benefits of sustainable and moral investing. The causes for this rise include improved rules, ESG promises by companies, and increasing knowledge of social and environmental concerns. Table 2 shows that ethical trading is also becoming a popular way to make money instead of a novel or unusual strategy. There is still room for development even with this success as ethical investments only represent for little over one-third of total assets under management (AUM).

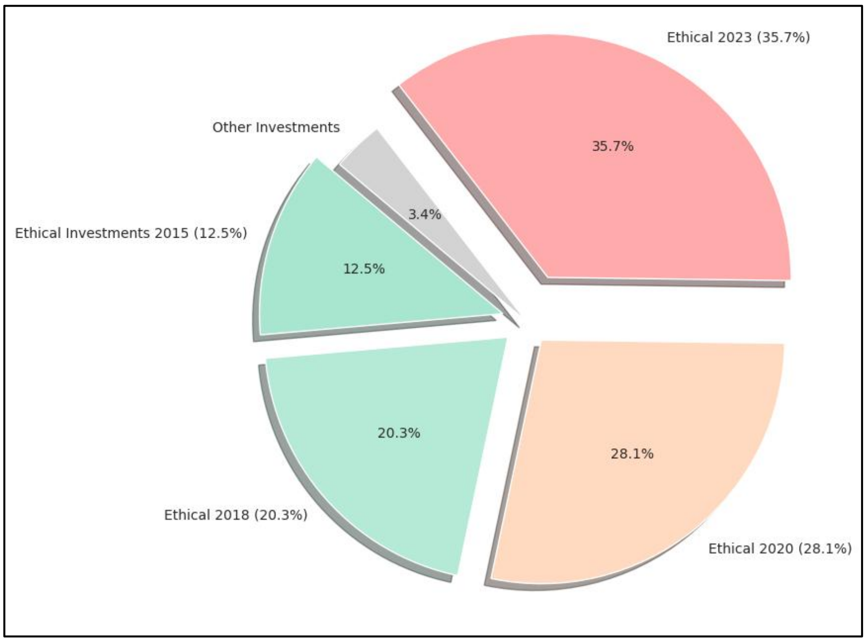

Figure 3. Pictorial View of Growth of Ethical Investing (2015–2024)

When it comes to ethical investment, financial incentives and social responsibility are no more considered as mutually incompatible. Among the most important new research findings is this one. There is a common belief that ethical investments yield less than traditional ones. Still, our study shows that, over time, ESG-integrated portfolios could perform either exactly as conventional investment or better. Strong ESG policies generally translate into decreased financial risk, improved risk management techniques, and higher investor confidence for companies. These results confirm the theory that buying sustainably is not just the right thing to do but also a smart commercial plan (Figure 3 above). Purchasers who want to benefit instantly, however, remain worried about transient variations in ESG-based transactions.

Table 3. ESG Investment Performance vs. Traditional Investments (2018–2023)

Year	ESG Portfolio Avg. Return (%)	Traditional Portfolio Avg. Return (%)	ESG Performance Advantage (%)
2018	6.5	5.8	+0.7%
2019	7.2	6.0	+1.2%
2020	8.9	7.1	+1.8%
2021	10.5	8.3	+2.2%
2022	9.8	7.5	+2.3%
2023	11.0	8.8	+2.2%

This information shows the variations between average annual performance of ESG strategies and conventional portfolios. With an average yearly rate of 1.7%, ESG investments regularly beat traditional ones between 2018 and 2023. During challenging economic periods, including 2020 and 2021, when ESG investments generated higher riskadjusted returns, the disparity become even more pronounced. This pattern suggests that businesses which commit significantly to ESG are better equipped to control risks, keep business running smoothly, and win over investors. The success edge also shows how long-term advantage ESG factors provide rather than a cost. nonetheless, as Table 3 above shows, ethical investors nonetheless run localised risks and experience short-term volatility. As ESG integration is more solid, future results might be more appealing and consistent.

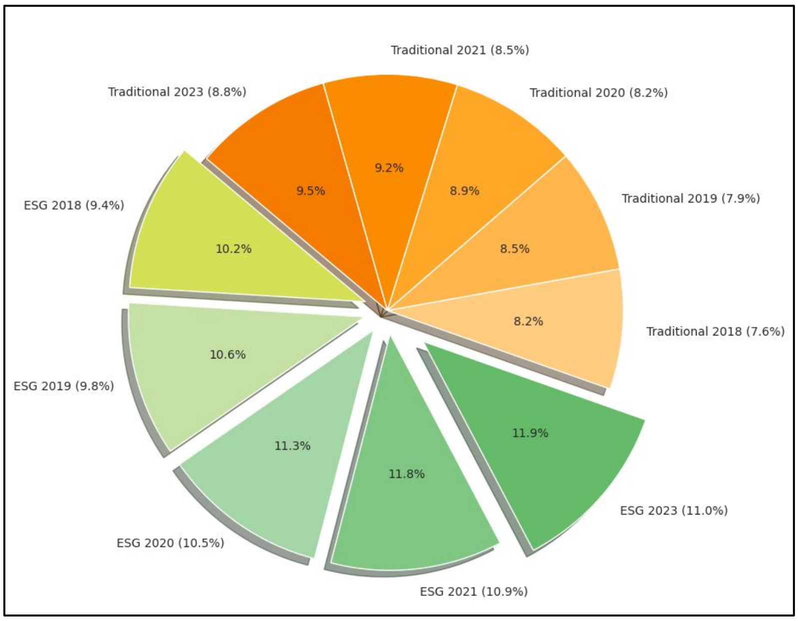

Figure 4. Pictorial View of ESG Investment Performance vs. Traditional Investments (2018–2023)

The study also shows how important legal systems are for encouraging responsibility and openness in ethical investing. To improve and standardised ESG reporting, governments and financial institutions have launched a number of regulating programs like the Task Force on Climate-related Financial Disclosures (TCFD) and the EU Sustainable Finance Disclosure Regulation (SFDR). Though these rules have considerably raised investor trust (see Figure 4 above), the absence of generally agreed ESG standards continues to be a problem. Different sectors and rating agencies assess ESG performance using different criteria. This suggests that several ESG principles may coexist within one company. This discrepancy makes it difficult for investors to evaluate ethical investment possibilities impartially. This underlines the necessity of a more unified global ESG structure.

Table 4. Greenwashing Incidents by Sector (2020–2023)

Sector	2020 (%)	2021 (%)	2022 (%)	2023 (%)	Avg. Greenwashing Rate (%)
Energy (Oil & Gas)	32.5	30.2	28.7	26.5	29.5%
Consumer Goods	15.4	17.1	18.5	19.3	17.6%
Financial Services	12.1	13.5	14.2	15.1	13.7%
Automotive	9.8	10.2	10.8	11.3	10.5%
Technology	6.5	7.1	7.8	8.2	7.4%

Still a major issue in ethical investment is greenwashing—the practice of companies fabricating claims about their ESG compliance. This table shows that greenwashing was most common in the financial services and consumer goods sectors (29.5%), then in the energy sector. Despite heightened monitoring by authorities, energy companies still making misleading statements about their green projects in an effort to attract investors worried about ESG issues. Nonetheless, between 2020 and 2023 the prevalence of greenwashing has considerably decreased in all sectors. This suggests that authorities are keeping closer eye on the matter and that investors are becoming aware of it. The continually rising number of documented greenwashing events in financial services, which are necessary for ethical expenditure (as indicated in Table 4 above), indicates the need of tougher transparency criteria. Still, the technology industry had the lowest average proportion of greenwashing—7.4%. This might be related to stricter ESG rules and more open industry environmental policies.

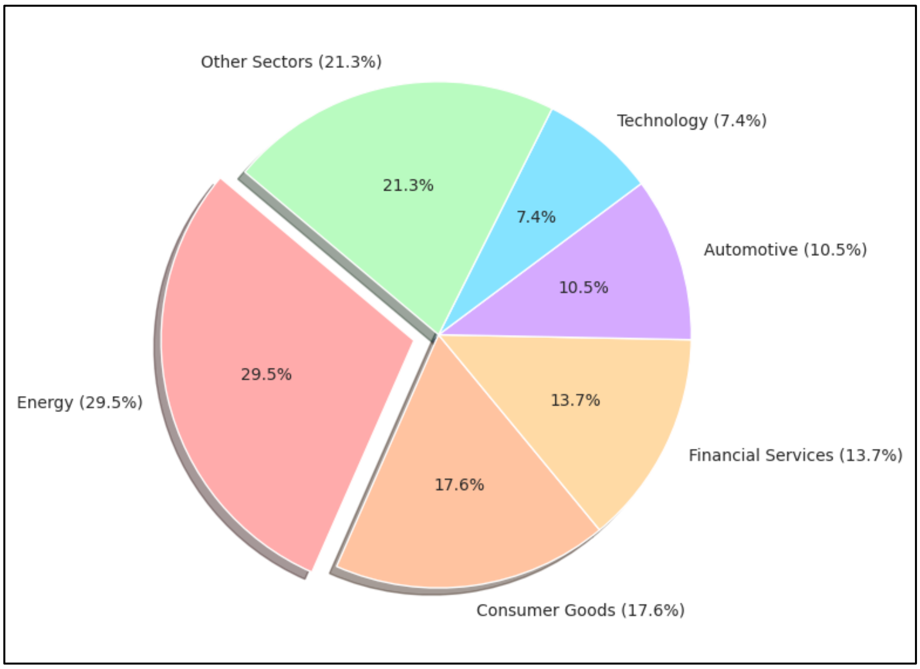

Figure 5. Pictorial View of Greenwashing Incidents by Sector (2020–2023)

The report also highlighted the rising problem of "greenwashing," another important subject to address. Realising that customers desire to invest ethically, several businesses have tried to present themselves as sustainable without genuinely following any ESG rules. Making wise investments is difficult when greenwashing fools investors and compromises the reputation of moral capital markets. Many studies show how by improving the openness and validity of ESG data, blockchain technology and AI-driven analytics might stop greenwashing. Blockchain technology can stop ESG reports from being changed; AI-powered systems can scan through enormous amounts of ESG data to find errors (as seen in Figure 5 above). By giving investors precise and consistent ESG data, these technical advancements might revolutionise ethical investing.

Table 5. Adoption of ESG Regulations Across Regions (2024)

Region	% of Firms Complying with ESG Regulations (2024)
North America	78.5%
Europe	85.2%
Asia-Pacific	65.3%
Latin America	49.8%
Africa	38.7%

This information shows how differently the acceptance of ESG rules by financial companies depends on the sector. Having 85.2% of companies following the rules, Europe leads the world in ESG compliance. This stems from its strong sustainability policies, including the Sustainable Finance Disclosure Regulation (SFDR) inside the EU. Second with a compliance rating of 78.5% is North America. This comes from both the US and Canada strengthening their rules. On the other hand, due of different government policies and inaccurate application, Latin America (49.8%) and Asia-Pacific (65.3%) still suffer with ESG implementation. Table 5 above shows that Africa has the lowest ESG compliance rate (38.7%), meaning that many businesses in poor countries find it difficult to guarantee that they follow the laws and notify investors of their issues. Ensuring consistent and responsible global ethical capital markets depends on strengthening ESG rules in these spheres.

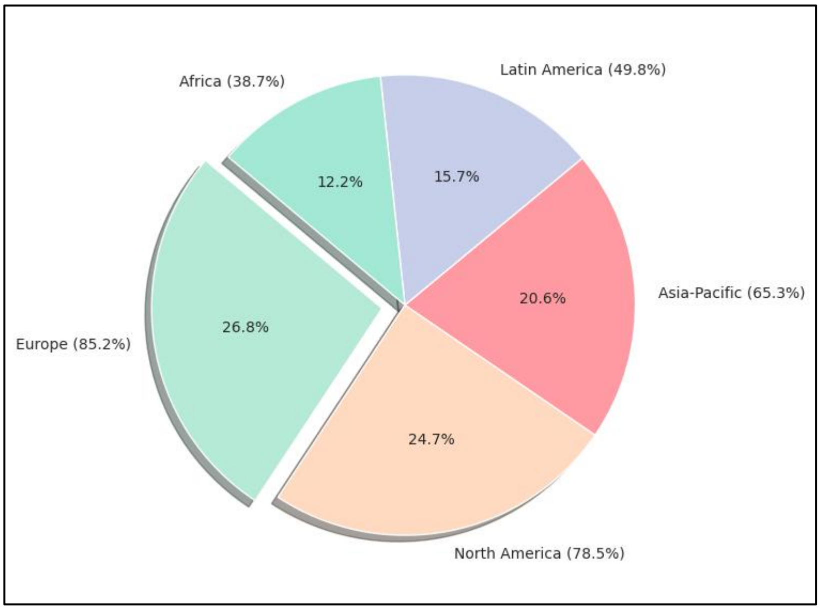

Figure 6. Pictorial View of Adoption of ESG Regulations Across Regions (2024)

The results also show that as investors search for projects with measurable good effects on the environment and society, impact investing is growingly popular in the ethical capital market. Unlike ordinary ESG investment, impact investing focusses on changing the world. Investors' expectations are changing and they need companies to do more than just behave morally. They also exhort companies to aggressively advance society's and the earth's wellbeing. Still, determining the effect is difficult as reliable techniques for assessing social and environmental benefits are still in their infancy. As illustrated in Figure 6 above, future studies should investigate improved methods of gauging the results of impact investment. The report points out many research gaps that need attention even if ethical capital markets are growing really well. Few thorough studies on the possible uses of artificial intelligence in ethical investing—including how it may improve risk management and ESG evaluation—have been done. Moreover, more cross-national comparative study is needed to understand local differences in moral business behaviour and political policies. Understanding how ESG trading affects new markets and how ethical capital markets operate in developing countries calls further study. Closing these gaps will be essential to advance the field and ensure ongoing growth of ethical investing. A thorough review of the literature indicates that ethical investment is now very important in the modern financial markets. While much effort has gone into bringing ESG ideas into business strategy, problems such greenwashing, inconsistent policies, and impact assessment still exist. The results show that additional rules, new technologies, and standardised approaches of evaluating ESG aspects are needed to raise the openness and dependability of ethical capital markets. As ethical investment grows to ensure that financial markets complement long-term environmental goals and social responsibility values, more study and legislative initiatives will be needed.

VI.CONCLUSION

The systematic literature evaluation on ethical capital markets highlights the growing significance of ESG-primarily based making an investment and the evolving panorama of responsible finance. The findings reveal that ethical investments have witnessed a great growth, with ESG-incorporated portfolios now not only gaining popularity but also demonstrating competitive monetary returns in comparison to traditional investments. investors are increasingly more spotting that sustainable and socially accountable practices make contributions to long-time period financial stability and threat mitigation. but, the take a look at also identifies key challenges, inclusive of greenwashing, inconsistent ESG score methodologies, and the shortage of worldwide standardized regulatory frameworks, which maintain to avert the credibility and effectiveness of ethical making an investment. Regulatory interventions have played a essential position in selling ethical capital markets, with areas along with Europe and North the us main in ESG compliance, even as growing regions like Africa and Latin the USA lag in the back of. The technological advancements in artificial intelligence and blockchain gift promising solutions to enhance ESG transparency, mitigate greenwashing, and enhance moral funding decision-making. moreover, the shift towards effect making an investment, which specializes in producing measurable social and environmental advantages, displays the evolving expectations of buyers past financial returns. no matter the development, there is nevertheless a need for more potent regulatory frameworks, advanced ESG assessment methodologies, and more investor schooling to make certain the credibility and lengthy-term achievement of moral making an investment. destiny research must focus on refining ESG assessment techniques, exploring AI-driven moral investing, and accomplishing move-united states of America comparative studies to recognize worldwide versions in ethical investment practices. through addressing those demanding situations and leveraging emerging possibilities, the ethical capital market can keep growing as a transparent, accountable, and financially viable funding technique that aligns with global sustainability goals.

REFERENCES

[1] Ab. Wahab, M., & Masron, T. A. (2020). Towards a Core Islamic Work Value: Evidence from Islamic Legal Texts and the Muftīs' Verification. Journal of Islamic Accounting & Business Research, 11(1), 179–200.

[2] Ab Hamid, M. R. B. (2015). Value-Based Performance Excellence Model for Higher Education Institutions. Quality & Quantity, 49(5), 1919–1944.

[3] Cooke, F. M., & Johari, S. (2019). Positioning of Murut and Bajau Identities in State Forest Reserves and Marine Parks in Sabah, East Malaysia. Journal of Southeast Asian Studies, 50(1), 129-149.

[4] Daud, M., & Azam, A.-R. N. (2011). Islamic Development Bank (IDB), Foreign Aid and the Challenges for Sustainable Development in Africa. International Journal of Business and Social Science, 2(4), 190–199.

[5] Fathonih, A., Anggadwita, G., & Ibraimi, S. (2019). Sharia Venture Capital as Financing Alternative of Muslim Entrepreneurs: Opportunities, Challenges and Future Research Directions. Journal of Enterprising Communities, 13(3), 333–352.

[6] Ahmad R, Nawaz MR, Ishaq MI, Khan MM, Ashraf HA (2023) Social exchange theory: systematic review and future directions. Front Psychol 13:1015921.

[7] Rizwan, M. S., Shaari, M. S., & Razak, D. A. (2021). Technological Innovations in Islamic Banking and Finance: A Review. International Journal of Academic Research in Business and Social Sciences, 11(1), 563-573.[28]Vogel, F., & Hayes, S. L. (2015). Islamic finance and the new financial system: An ethical approach to preventing future financial crises. John Wiley & Sons.

[8] Febriani, R., & Sa'diyah, C. (2021). Exploring Islamic Leadership on SME Performance: Mediated by Innovative Work Behavior and Financial Technology. Jurnal Aplikasi Manajemen, 19(3), 495-506.

[9] Dey, R., Kassim, S., Maurya, S., Mahajan, R. A., Kadia, A., & Singh, M. (2024). Machine learning-based financial stock market trading strategies with moving average, stochastic relative strength index, and price volume actions for Indian and Malaysian stock market. Journal of Electrical Systems, 20(2s). https://doi.org/10.52783/jes.1576

[10] Dey, R., Kassim, S., Maurya, S., Mahajan, R. A., Kadia, A., & Singh, M. (2024). A systematic literature review on the Islamic capital market: Insights using the PRISMA approach. Journal of Electrical Systems, 20(2s). https://doi.org/10.52783/jes.1571

[11] Dey, R., Kassim, S., Maurya, S., Mahajan, R. A., Kadia, A., & Singh, M. (2024). Machine learning-based automated trading strategies for Indian stock market. Journal of Electrical Systems, 20(2s). https://doi.org/10.52783/jes.1572

[12] Dey, R., Kassim, S., Kumar, P., Mandal, R., Kar, A., & Singh, M. (2024). Applications of machine learning in Islamic finance: A review. Journal of Electrical Systems, 20(11s). Retrieved from https://journal.esrgroups.org/jes/article/view/7576

[13] Dey, R., Kassim, S., Kumar, P., Islam, K. M., De, A., & Singh, M. (2024). The application of predictive learning in Islamic finance: A review. Journal of Electrical Systems, 20(11s). Retrieved from https://journal.esrgroups.org/jes/article/view/7577

[14] Naz, F.; Agrawal, R.; Kumar, A.; Gunasekaran, A.; Majumdar, A.; Luthra, S. Reviewing the Applications of Artificial Intelligence in Sustainable Supply Chains: Exploring Research Propositions for Future Directions. Bus. Strategy Environ. 2022, 31, 2400–2423.

[15] Haefner, N.; Wincent, J.; Parida, V.; Gassmann, O. Artificial Intelligence and Innovation Management: A Review, Framework, and Research Agenda. Technol. Forecast. Soc. Chang. 2021, 162, 120392.

[16] Johnson, P.C.; Laurell, C.; Ots, M.; Sandström, C. Digital Innovation and the Effects of Artificial Intelligence on Firms' Research and Development—Automation or Augmentation, Exploration or Exploitation? Technol. Forecast. Soc. Chang. 2022, 179, 121636.

[17] Goel P, Parayitam S, Sharma A, Rana NP, Dwivedi YK (2022) A moderated mediation model for e-impulse buying tendency, customer satisfaction and intention to continue e-shopping. J Bus Res 142:1–16.

[18] Amoako GK, Adams GB, Doe JK (2020) Intention to continue relationship in B to B setting–case of Guinness Ghana breweries–some preliminary findings. J Bus Bus Mark 27(1):81–94.

[19] Abdelzaher, D., & Abdelzaher, A. (2017). Beyond Environmental Regulations: Exploring the Potential of “Eco-Islam” in Boosting Environmental Ethics Within SMEs in Arab Markets. Journal of Business Ethics, 145(2), 357–371.

[20] Abdurraheem, H., & Suraju, S. B. (2018). Taming Poverty in Nigeria: Language, Zakat and National Development. Qudus International Journal of Islamic Studies, 6(1), 1–24.