

Intention to Use Islamic Fintech among MSMEs: Knowledge of Sharia Prohibition Approach

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Abstract

The purpose of this study is to investigate the influential factors on behavioral intentions toward Islamic fintech use among Micro, Small and Medium Enterprises in Indonesia. The author adds a new research model about intention to use in the form of Technology Acceptance Model, Knowledge of Sharia Prohibition, Word of Mouth and Trust which has not been used in other studies. This research utilized a quantitative approach, an online survey was distributed to 350 MSMEs owners. The data collected from the participants were subjected to Structural Equations Modeling-Partial Least Squares (SEM-PLS) analysis, enabling a thorough examination of the variables under investigation. The results show that the variable of word of mouth and perceived ease of use have positive and significant impact on perceived usefulness. In addition, the variable of trust and perceived usefulness influence attitude significantly. This study also indicates that attitude affects intention to use Islamic fintech significantly. Then, the Attitude mediates the relationship between perceived usefulness and trust and Intention to use Islamic fintech. The findings of this study will be useful for policy makers and managers of Islamic fintech companies because it can help them find out the factors that drive intention to use Islamic fintech services.

Keywords: Intention; Islamic Fintech; MSMEs; Sharia Prohibition; TAM

Received: December 30th, 2023

Revised: February 20th, 2024

Accepted: February 21th, 2024

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Introduction

In recent times, there has been notable progress in the Islamic finance industry on both local and global scales, rebounding from the impact of the COVID-19 pandemic. The State of the Global Islamic Economy Report 2022 highlights one of these advancements, which is fueled by the advancements in Islamic Fintech (DinarStandar, 2020). Since its emergence, this fintech can make a significant contribution to the development of global financial markets (Vaicondam et al., 2021). Fintech is specifically characterized as the use of digital technology to address challenges related to financial intermediation (Aaron et al., 2017). The escalating adoption of technology in financial services can be attributed to various factors, notably the drive to

enhance bank efficiency by mitigating opportunity costs, as well as the impetus to elevate customer satisfaction through the seamless accessibility of financial services anytime and anywhere, contingent upon internet connectivity (Mohd Thas Thaker et al., 2019).

Similar to conventional fintech, Islamic fintech shares the objective of delivering convenience, efficiency, and user comfort in rendering financial services. Islamic Fintech integrates innovative information technology with pre-existing financial and technological products and services. It speeds up and simplifies the business processes of transactions, investments, and fund distribution while adhering to Islamic values. (Yarli, 2018).

Being the nation with the most extensive Muslim population globally, Indonesia has the potential to emerge as the global hub for Islamic finance. One of the growing Islamic finance sectors in Indonesia today is fintech based on Islamic principles. The development of fintech in Indonesia gives foreign investors the impression that Indonesia has the potential to implement a digital-based economy (Hendratmi et al., 2020). It is recorded that Indonesia is home to 31 Islamic fintech companies out of a total of 93 operating fintech companies (Dubai Islamic Economy Development Centre, 2018). In terms of the amount of financing distribution, Islamic banking is far above fintech, but the growth of Islamic banking financing is actually lower than fintech (Desy Setyowati, 2018). So, the study about Islamic fintech becomes crucial and timely as a means to support Indonesia to be Islamic finance hub in the world for creating socio-economic impact at large.

The Indonesian Islamic Economic Masterplan 2019-2024 outlines various key strategies intended for implementation over the next five years to promote the growth of the Islamic economy in Indonesia. These include enhancing the Islamic financial sector, fortifying Micro, Small, and Medium Enterprises (MSMEs), and reinforcing the digital economy. (Suci Marlina & Fatwa, 2021). The three strategies can actually be carried out together through optimizing digital Islamic finance financing for MSMEs. This does not only answer the strengthening of Islamic finance, but also strengthening MSMEs and the digital economy. Moreover, one of the main obstacles for MSMEs is access to financing. It is difficult to access financing from banks because the requirements that must be met by MSMEs are too many (Wang, 2016). So that the reluctance or inability of banks to channel financing to MSMEs is an opportunity to develop innovations in the form of alternative technology-based financing sources (Temelkov, 2018). As a results, MSMEs could performance

optimally to build socio-economic development (Adha et al., 2023).

Based on the explanation above, it shows that one of the financing problems faced by MSMEs can be resolved through the optimization of Islamic fintech. Several past research explore the intention to use Islamic fintech as a means of financing and capital solution.. The results of the study (Darmansyah et al., 2020) shows that the latent variables planned behavior, acceptance model, and use of technology have a significant influence on intention to use Islamic fintech. Then research (Shaikh et al., 2020) revealed that the use of Islamic fintech is determined by several factors including perceived ease of use, perceived usefulness. Furthermore, intention to use Islamic fintech is also influenced by individual attitude factors towards the presence of Islamic fintech (Misissaifi & Sriyana, 2021).

While prior research has addressed the intention to use Islamic fintech, our study seeks to enhance understanding by incorporating additional variables such as word of mouth, knowledge of sharia prohibition, and trust. The combination of these variables has not been employed yet previously. So, this study could contribute to the existing body of knowledge. Specifically, this research aims to identify the factors influencing the intention to use Islamic fintech in Micro, Small, and Medium Enterprises (MSMEs). The anticipated outcome is the generation of fresh insights and knowledge in financial sector theories. Furthermore, this study aspires to offer valuable information and references for MSME stakeholders, the general public, and government entities regarding the inclination to adopt Islamic fintech.

Literature Review

Technology Acceptance Model (TAM)

The Technology Acceptance Model or commonly called TAM is a model for predicting user acceptance of a new technology. This model was first introduced by Fred Davis in 1986 which

is now widely used in technology and information systems research. The purpose of TAM is to explain what factors can influence individual behavior in accepting a technology product. Individuals can accept and be interested in using technology products due to two main factors, namely perceived ease of use (PEOU) and perceived usefulness (PU) (Venkatesh & Davis, 2000). Perceived ease of use is defined as an individual condition that believes that the use of a system or technology does not need to get help from others and does not need to spend a lot of effort to use it (Davis, 1989). Perceived usefulness is the assumption of consumers when using certain technologies can increase work efficiency (Grover et al., 2019).

Along with technological developments and user behavior, research on TAM has been expanded using external factors, one of which is perceived risk (PR) (Pavlou, 2003). Perceived risk is the evaluation and opinion of consumers about potential losses (Featherman et al., 2010). Risk is highly avoided by service providers because it can have a distrustful effect on users. The more users feel that there is a risk in a system or technology, the more reluctant users will be to use the system or technology. So the risk perception factor is also an important factor in the Technology Acceptance Model (TAM). By analyzing the TAM model of ease of use (PEOU), perceived usefulness (PU) and perceived risk (PR), this study aims to determine the factors that influence the intention of Islamic Fintech by MSMEs and how they perceive technology as a solution to the financial needs of MSMEs.

Word of Mouth (WoM)

Word of mouth is a communication mechanism involving the provision of individual or group (Kotler & Keller, 2016). If consumers assess that a product has met their expectations, consumers will make repeat purchases. Conversely, if a product does not meet consumer expectations, consumers will not make repeat purchases. Thus, there is a positive-negative relationship between the assessment of a product and repurchase. (Yi & La, 2004) state that if

consumers are satisfied with a product, consumers will not only repurchase the product, but will also give positive feedback on the product. The process of giving responses from consumers can influence people around them so that it can become one of the marketing strategies or can be called word of mouth. Word of Mouth or word of mouth communication is an effort to provide information from one party to another (Sumardi & Merlina, 2011). Word of Mouth is one of the strategies to increase public awareness of a product so that it can increase product sales.

Several previous studies have shown that fintech and WOM have a relationship (Li, Y., Ma, X., Li, Y., Li, R., & Liu, H. (2023). Tian et al (2019) found that there is a link between innovation and fintech. This innovation in fintech has reduced the security risk of the fintech platform so that WOM has facilitated fintech to be used by users. In addition, (Liu et al., 2020) have also found that ease of use in fintech services has increased WOM on fintech platforms. The existence of the relationship between the two is one of the authors' concerns to include in this research variable. Furthermore, this WOM variable will be one of the factors that will determine whether it affects the use of Sharia fintech in MSME players.

Knowledge of Sharia Prohibition

Categorizations of knowledge include subjective, objective, and usage knowledge. Subjective knowledge is derived from individual perceptions, objective knowledge is based on facts, and usage knowledge is acquired through prior experiences (Aji, 2017; Oh & Abraham, 2016). As for sharia prohibition, it can be interpreted as an addition to an exchange between two similar goods without any reward for the addition (Al-Jaziri, 2003). If all Muslims already have a good understanding of sharia prohibition, they will have prudence in choosing contracts in business. Knowledge of sharia prohibition in this case means that individuals can understand what economic transactions contain sharia prohibition in accordance with sharia rules. In a conceptual framework, knowledge can be classified into three

categories: subjective, objective, and usage knowledge. Subjective knowledge is founded on individuals' perceptions, objective knowledge is rooted in factual information, and usage knowledge is acquired through past experiences (Aji, 2017; Oh & Abraham, 2016).

Knowledge of sharia prohibition (KOSP) in the use of a product has been used by several researchers in analyzing user acceptance of a product (Aji et al., 2020; Utdkhiati, 2022). The results of these studies have shown that there is inconsistency in sharia prohibition knowledge with several fintech products. Therefore, knowledge of sharia prohibition is one of the important variables to determine the special considerations of MSME players in choosing Islamic fintech.

Trust

Trust (TR) is the willingness or willingness of one party to accept treatment from another party in the hope that the other party can provide a benefit to a party (Mayer et al., 1995). In marketing studies, trust refers to an individual's belief in a service provider institution. Trust has three main elements that are seen from the characteristics of service providers including ability, integrity, and motivation (Sheth, J. N., & Mittal, 2004). Consumers will assess the ability of service provider institutions to serve consumer needs, then consumers assess the integrity side of what service provider institutions do, then consumers believe that service provider institutions have the motivation not to take actions that are not in accordance with consumer expectations. (Nawangasari & N. D Putri., 2020) proves that trust can have a positive impact on intention in using a product. Therefore, trust is an indicator of the success of a product among consumers.

Hypothesis Development and Research Model

Research with the Technology Acceptance Model (TAM) approach has been widely used in various countries, one of which is in Indonesia (Aji, 2017; Darmansyah et al., 2020; Usman, 2017) to predict system usage behavior or

information technology. In this study, the Technology Acceptance Model (TAM) approach is integrated with other approaches that can influence the intention to use information systems or technology, namely Word of Mouth (WOM), Knowledge of Sharia prohibition (KOSP), and Trust (TR).

Word of Mouth, Perceived Usefulness and Perceived Risk

WOM can provide flexibility to the informer in conveying information to the recipient of the information in a relevant manner (Herr et al., 1991). If service quality delivered is perceived to be good by customers then many people find it useful and recommend it to others. The more people recommend the service, the better the perception will be formed among the public (Giantari, I. et al., 2021; Mukerjee, 2020). Positive comment from customers can increase understanding of the advantages and disadvantages of a service, including its benefits (Shankar, A., Jebarajakirthy, C., Ashaduzzaman, 2020). Furthermore, WOM can have a great opportunity to create positive information so that WOM has a positive effect on perceived usefulness (PU). So, the proposed hypothesis is as follows:

H1: WOM has a positive and significant effect on PU.

Perceived risk is typically high for adopting the financial services. WOM plays important role to enhance trust and to form risk-free perception (Shankar, A., Jebarajakirthy, C., Ashaduzzaman, 2020). If the information from WOM is negative, it will increase risk perception (PR) (Triwidyastika, 2012). But if people always tell about positive things to others and use certain products, it will decrease risk perception and increase trust (Eneizan, , Alsaad, et al., 2020; Giantari, I. et al., 2021). As a result, the second hypothesis of this study is as follows:

H2: WOM has a negative and significant effect on PR

Perceived Ease of Use, Perceived Usefulness, and Perceived Risk

PEOU is related to the effectiveness of using information systems and technology. PEOU can provide more benefits such as saving time and money (Itishom et al., 2020). Services that are easy to use will certainly have various benefits, for example increasing the effectiveness of work performance (Kusuma & Syahputra, 2020). Customer assessment of usefulness can be assessed from the ease of using a service (Aji et al., 2020). Therefore, the relationship between perceived ease of use (PEOU) and perceived usefulness (PU) is as follows:

H3: PEOU has a positive and significant effect on PU

FinTech promotes openness, accessibility, flexibility and risk reduction. Perception of risk can be an obstacle for customers in feeling ease about something because of the uncertainty of the individual's subjective feelings regarding the consequences of loss (Basalamah, R. et al., 2022). If customers feel that they find it easy to use a service, then the customer thinks that there is nothing to worry about. In other words, if it is perceived as difficult, it will hinder and increase the risk of a service (Basalamah, R. et al., 2022; Darmansyah et al., 2020; Eneizan, Alsaad, et al., 2020) (Darmansyah et al., 2020; Nurdin, 2022; Eneizan, 2020). Meanwhile, there is negative relationship between perceived ease of use (PEOU) and perceived risk (PR). So, the hypothesis is as follows:

H4: PEOU has a negative and significant effect on PR

Perceived Usefulness and Attitude

PU according to (Davis, 1989) is related to individual confidence in using the system to support their performance. The more individuals feel comfort, flexibility, and convenience in using the system, it will lead to a positive attitude toward the system. Therefore, PU can have a positive effect on attitudes (ATT) toward using Islamic fintech (Al-Debei, M. M., Akroush, M. N., & Ashouri, 2015; Triwidyastika, 2012)

Positive perceived benefits towards Islamic fintech may increase positive attitudes towards its use. For example, someone who believes that Islamic fintech can provide financial solutions that are fairer and in line with their religious principles, may be more inclined to use such services (Itishom et al., 2020; Kusuma & Syahputra, 2020; Pratama, 2020).

H5: PU has a positive and significant effect on ATT.

Perceived of Risk and Attitude

PR can negatively affect ATT toward using Islamic fintech (Huei et al., 2018; Triwidyastika, 2012) If a person has a perception that the risk in using Islamic fintech is low, then it is likely that they will have a positive attitude towards its use. Low risk perception may arise due to the belief that Islamic fintech products and services have higher security and sharia compliance (Itishom et al., 2020; Pratama, 2020). Risks can include product risk, security, privacy, and so on. These risks can provide reluctance for a party in using Islamic fintech.

H6: PR has a negative and significant effect on ATT.

Knowledge of Sharia Prohibition and Attitude

Knowledge can refer to understanding an object. KOSP is that individuals have an understanding of sharia prohibition and affects attitudes and behavior. Mokthar (2016) and Aji et al. (2020) prove that knowledge is positively related to individual behavior in using Islamic fintech. While financial attitudes and financial knowledge have a significant effect on financial behavior (Firlianti et al., 2023). In other words, the better understanding of individual towards sharia prohibition, the better attitude of individual to use Islamic fintech as individual will avoid haram-based transaction such as interest (riba). So, the following is proposed hypothesis:

H7: KOSP has a positive and significant effect on ATT.

Trust and Attitude

TR is a belief in the integrity, virtue, competence, and ability that a person has towards others (Zhang et al., 2018). TR has a positive effect on ATT (Al-Debei, M. M., Akroush, M. N., & Ashouri, 2015; Cheung, M. F. Y., & To, 2017). This means that when a person's trust increases in Islamic fintech, the higher the level of acceptance of Islamic fintech (Rahman et al., 2022).

H8: TR has a positive and significant effect on ATT.

Attitude and Intention

Attitude toward behavior refers to an individual's evaluation of performance. An individual's attitude toward a behavior can be favorable or unfavorable. ATT has a positive relationship with a person's intention (INT) to use Islamic fintech (Darmansyah, 2020). (Cheung, M. F. Y., & To, 2017; Darmansyah et al., 2020; Triwidayastika, 2012) found that this relationship is not only in the scope of Islamic fintech payments but also in Islamic peer-to-peer lending and Islamic crowdfunding platforms. In addition to that, Mawardi et al., (2022) revealed that customer attitude has positive impact on behavioral intention to use digital payment. If a person's attitude is positive towards a behavior, it will influence his own behavior, including using fintech (Usman, 2017). So, in this study the hypothesis between ATT and INT is as follows:

H9: ATT has a positive and significant effect on INT.

Mediation of Attitudes in Using Islamic Fintech

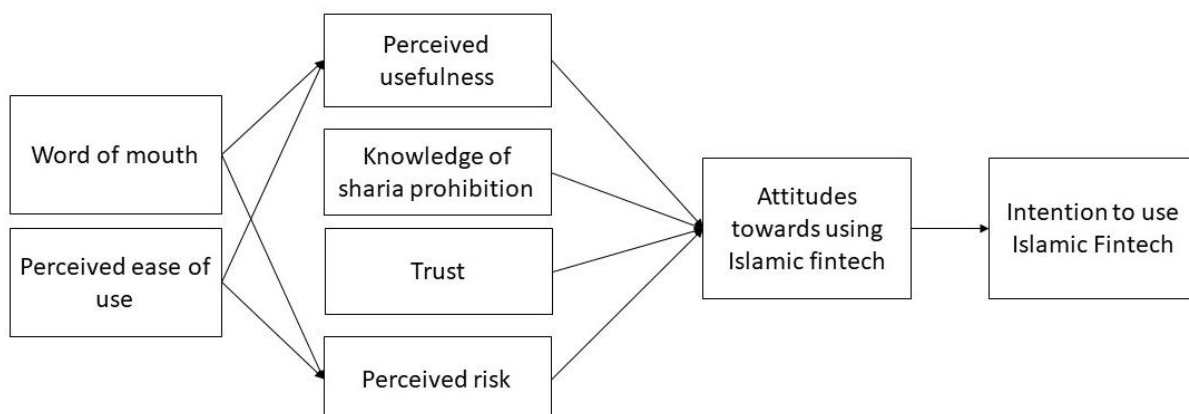


Figure 1. Research Model

(Source: Authors, Processed)

ATT can be a mediator to generate a person's intention in using Islamic fintech. Before someone decides to be interested, a positive attitude must first be formed to mediate other influences on INT. Some studies can prove the mediation of this ATT (Fahmi, 2018) which prove that ATT can mediate the relationship between PR and TR with intention to use e-commerce in Malang city. (Usman, 2017; William & Tjokrosaputro, 2021) also added that other variables such as PU can relate to intention to use e-wallets with attitude as a mediator variable. This was found by viewing PU as evaluations and attitudes as outcomes. Besides that (Prashilia & Priantinah, 2020) added that ATT can also mediate the relationship between knowledge (KOSP) and intention (INT) to use e-money in Yogyakarta.

H10a: ATT mediates the relationship between PU and INT.

H10b: ATT mediates the relationship between KOSP and INT.

H10c: ATT mediates the relationship between TR and INT

H10d: ATT mediate the relationship between PR and INT.

Methods

This study employed a quantitative approach, utilizing an online survey to explore the factors influencing the intention of Micro, Small, and Medium Enterprises (MSME) owners to adopt Islamic fintech in Indonesia. The questionnaire employed a five-point Likert scale ranging from strongly disagree to strongly agree. A total of eight variables were considered to investigate the determinants of MSME owners' inclination towards using Islamic fintech in Indonesia. The research employed a purposive sampling technique, selecting respondents who are MSME practitioners located in Indonesia, adherents of Islam, and possess knowledge of

sharia prohibition. The purposive sampling criteria were established to ensure the sample accurately represents the targeted population, minimizing bias and ensuring a truly representative sample.

The methodology employed for analyzing the research data involved Structural Equations Modeling-Partial Least Squares (SEM-PLS). PLS-SEM is considered a robust approach particularly well-suited for addressing social science issues, accommodating both large and small sample sizes, and performing effectively with normal data distributions (Ravand & Baghaei, 2016) to get the results of the analysis, the SEM-PLS method uses two stages, namely outer model and inner model.

Table 1 Operational Definition and Variable Indicators

No	Variable	Indicator
1	Words Of Mouth (WOM)	<ol style="list-style-type: none"> 1. Talkers 2. Topics 3. Tools 4. Talking Part 5. Tracking (Sernovitz, 2009)
2	Perceived ease of use (PEOU)	<ol style="list-style-type: none"> 1. Easy to use feeling 2. Feeling easy to learn 3. The feeling of not needing more effort when using a certain brand (Leon, 2018)
3	Perceived usefulness (PU)	<ol style="list-style-type: none"> 1. Useful in daily life 2. Increase productivity 3. Save time 4. Makes lifestyle easier (Leon, 2018)
4	Perceived Risk (PR)	<ol style="list-style-type: none"> 1. Financial 2. Performance 3. Privacy 4. Time 5. Social 6. Phsycology (Featherman & Pavlou, 2003)
5	Knowledge of Sharia Prohibition (KOSP)	<ol style="list-style-type: none"> 1. Extra money in debt is sharia prohibition 2. Profit in debt transactions is sharia prohibition 3. Surcharges when the payment deadline is due are sharia prohibition 4. Fines or penalties in installment transactions are sharia prohibition (Aji et al., 2020)

No	Variable	Indicator
6	Trust (TR)	<ol style="list-style-type: none"> 1. Trustworthy 2. Keeps its promise as a service 3. Pay attention to the interests of customers (Kumar et al., 2018)
7	Attitude toward using Islamic fintech (ATT)	<ol style="list-style-type: none"> 1. Feeling wise when using the product 2. Feel comfortable when using the product 3. Feel the benefits when using the product 4. Feeling right when using the product 5. Like the product (Ajzen, 2005; Usman, 2017)
8	Intention to Use Islamic Fintech (INT)	<ol style="list-style-type: none"> 1. Interest in using in the future 2. Interest in frequent use 3. Interest in using in daily life 4. Interest in using regularly (Leon, 2018)

Table 2. Demographics of Respondents

	Category	Frequency (350)	Percentage (%)
Gender	Male	142	40,6
	Female	208	59,4
Ages	16 - 20 years old	90	25,7
	21 - 30 years old	101	28,9
	31 - 40 years old	142	40,6
	41 - 50 years old	12	3,4
	51 years old and above	5	1,4
Domicile	Sumatera	24	6,9
	Kalimantan	18	5,2
	Maluku and Papua	19	5,5
	Bali and Nusa Tenggara	8	2,2
	Sulawesi	28	8
Education	Java	253	72,2
	Senior High School	159	45,4
	Diplome	19	5,4
	Bachelor	125	35,7
Duration of Business	Master	47	13,5
	Less than 1 year	202	57,7
	1 - 2 years	66	18,9
	3 - 4 years	46	13,1
Income	5 years and above	36	10,3
	<IDR 3.000.000	97	27,7
	IDR 3.000.000– IDR 5.000.000	93	26,6
	IDR 5.000.000– IDR 8.000.000	112	32
	IDR 8.000.000– DR10.000.000	36	10,3
>IDR 10.000.000	12	3,4	

Results and Discussion

Based on the survey results, the sample used in this study totaled 350 MSMEs Owners. The profile of MSMEs is divided into several parts, including gender, age, domicile, latest education, length of business, and income (see Table 2). Overall, the respondents were dominated by female gender (59.4%), 31-40 years old (40.6%), Javanese domicile (72.2%), high school education (45.4%), business duration <1 year (57.7%), and revenue of 5,000,000 - 8,000,000 (32%).

Measurement Models

The first test carried out is the outer model. Outer model testing is divided again into several stages. Multicollinearity test is the first stage in the outer model, looking at the recommendations of (Hair Jr et al., 2014) the variance inflation factor (VIF) value must be below 5. The test results show that the VIF value range is in the range of 1.550 - 3.933, so it can be concluded that there is no multicollinearity problem. Next, is to identify the relationship between indicators and constructs, looking at the recommendations of (Hair Jr et al., 2014) the value of a good loading factor must be above 0.70. Based on the analysis results, almost all indicators have a good loading factor value, there is only one indicator that has a value of less than 0.70, namely KOSP2.

The study's findings shed light on the intricate web of factors influencing consumer trust within the domain of Sharia-compliant financial services. Notably, Word of Mouth (WOM) emerges as a potent driver of trust, with a moderately positive relationship identified across a range of manifest variables. This result underscores the influential role of positive WOM in building trust among consumers in this niche financial sector. As consumers engage in conversations and share their experiences with Sharia-compliant financial services, it becomes evident that the power of peer endorsement plays a significant role in cultivating trust. In addition to WOM, two other key determinants of trust within this context are Perceived Ease of Use (PEOU) and Perceived Usefulness (PU). The study

uncovers that higher perceived ease of use and usefulness of Sharia-compliant financial services contribute positively to trust levels among consumers. These findings imply that efforts aimed at simplifying the user experience and highlighting the practical benefits of these services can foster greater trust among potential customers. Conversely, the study highlights the detrimental impact of perceived risk on trust, emphasizing the urgency for risk mitigation strategies in service design and marketing. Furthermore, consumers with a deeper understanding of Sharia principles, as indicated by their Knowledge of Sharia Prohibition (KOSP), tend to trust these services more. This insight underscores the value of education and awareness initiatives to enhance consumer trust within this specialized sector. Lastly, a favorable Attitude (ATT) and strong Intention to Use (INT) also positively influence trust, suggesting that cultivating a positive disposition towards Sharia-compliant financial services and bolstering consumer commitment to their use can significantly contribute to building trust. These findings collectively underscore the multifaceted nature of trust formation within this unique financial context and provide valuable guidance for stakeholders seeking to establish and strengthen trust among consumers in Sharia-compliant financial services.

In this section, we present the results of the measurement model assessment, focusing on the reliability and validity of the constructs used in the study. To evaluate the reliability of the constructs, both Cronbach's Alpha (α) and Composite Reliability (CR) methods were employed, following the recommendations outlined by (Hair Jr et al., 2014) indicating that values above 0.70 demonstrate good reliability. The obtained values of Cronbach's Alpha (α) and Composite Reliability (CR) for all constructs consistently exceeded the threshold of 0.70, affirming the constructs' reliability. Specifically, for constructs such as WOM, PEOU, PU, PR, KOSP, TR, ATT, and INT, the calculated values of α and CR surpassed 0.70, with values ranging

from 0.700 to 0.806, providing strong evidence for the reliability of all latent variables.

Table 3. Measurement Model Results

Latent Variable	Manifest Variable	VIF	Loadings	α	rho_A	CR	$\sqrt{\lambda}$
Word of Mouth	WOM1	2.413	0.846	0.918	0.919	0.939	0.753
	WOM2	3.497	0.902				
	WOM3	2.715	0.867				
	WOM4	2.577	0.857				
	WOM5	2.568	0.868				
Perceived Ease of Use	PEOU1	2.484	0.904	0.856	0.860	0.912	0.777
	PEOU2	2.483	0.899				
	PEOU3	1.803	0.840				
Perceived Usefulness	PU1	2.348	0.857	0.904	0.905	0.933	0.776
	PU2	3.352	0.911				
	PU3	3.135	0.899				
	PU4	2.389	0.855				
Perceived Risk	PR1	3.047	0.833	0.917	0.961	0.933	0.700
	PR2	3.933	0.857				
	PR3	3.149	0.823				
	PR4	2.535	0.830				
	PR5	2.607	0.851				
	PR6	1.948	0.827				
Knowledge of Sharia Prohibition	KOSP1	1.687	0.807	0.791	0.804	0.877	0.705
	KOSP3	1.940	0.885				
	KOSP4	1.550	0.825				
Trust	TR1	2.551	0.903	0.879	0.880	0.926	0.806
	TR2	2.636	0.903				
	TR3	2.206	0.886				
Attitude	ATT1	2.625	0.865	0.926	0.926	0.944	0.773
	ATT2	3.507	0.896				
	ATT3	3.682	0.903				
	ATT4	2.796	0.873				
	ATT5	2.541	0.859				
Intention to Use	INT1	2.549	0.870	0.909	0.910	0.936	0.786
	INT2	2.850	0.889				
	INT3	3.003	0.893				
	INT4	2.972	0.895				

(Source: Authors, Processed)

Turning our attention to construct validity, the study employed the Average Variance Extracted (AVE) as an indicator, with an AVE value above 0.50 considered acceptable according to the guidelines provided by (Hair Jr et al., 2014). The results of the AVE assessment revealed that all constructs consistently achieved values between 0.700 and 0.806, exceeding the recommended threshold of 0.50. This finding underscores the constructs' validity, indicating that

they effectively measure the intended constructs within the context of the study. Therefore, based on the comprehensive assessment of reliability and validity, we conclude that all latent variables in this study exhibit good reliability and validity, instilling confidence in the robustness and accuracy of the measurement model used to investigate the relationships among these constructs in the subsequent analysis.

Structural Models

After the assumptions have been met, the next step is to test the structural model using the t and p values. According to the recommendations of (Hair Jr et al., 2014) the t and p values indicate a significant influence between a construct when the t value > 1.96 and the p value < 0.05. Based on the results of the analysis of variables that have a direct effect, it shows that ATT has a significant effect on INT (t = 29.226 and p = 0.000), KOSP has no significant effect on ATT (t = 0.476 and p = 0.635), PEOU has no significant effect on PR (t = 0.283 and p = 0.777), PEOU has a significant effect on PU (t = 8, 526 and p = 0.000), PR has no significant effect on ATT (t = 0.986 and p = 0.325), PU have a significant effect on ATT (t =

7.509 and p = 0.000), TR has a significant effect on ATT (t = 9.637 and p = 0.000), WOM have no significant effect on PR (t = 0.795 and p = 0.427), and WOM have a significant effect on PU (t = 2.723 and p = 0.007). Furthermore, the results of the analysis on indirect effects show that attitudes partially mediate the relationship between PU and INT (t = 7.093 and p = 0.000), ATT do not mediate the relationship between KOSP and INT (t = 0.474 and p = 0.635), ATT mediate the relationship between KOSP and INT (t = 8.709 and p = 0.000), and ATT do not mediate the relationship between PR and INT (t = 0.991 and p = 0.322).

Table 4 Results of Structural Models

Hypothesis	B	t-value	p-value	Results
ATT → INT	0.799	29.226	0.000	Supported
KOSP → ATT	0.017	0.476	0.635	Not Supported
PEOU → PR	0.035	0.283	0.777	Not Supported
PEOU → PU	0.610	8.526	0.000	Supported
PR → ATT	0.031	0.986	0.325	Not Supported
PU → ATT	0.408	7.509	0.000	Supported
TR → ATT	0.474	9.637	0.000	Supported
WOM → PR	0.084	0.795	0.427	Not Supported
WOM → PU	0.195	2.723	0.007	Supported
PU → ATT → INT	0.326	7.093	0.000	Supported
KOSP → ATT → INT	0.013	0.474	0.635	Not Supported
TR → ATT → INT	0.378	8.709	0.000	Supported
PR → ATT → INT	0.024	0.991	0.322	Not Supported

Based on the results of hypothesis testing, there are several studies that support the hypothesis and not. The results of testing the relationship directly show that hypotheses 1, 3, 5, 8, and 9 are accepted and support previous findings which state that PEOU and WOM have a significant positive effect on PU, then PU and TR have a significant positive effect on ATT, and ATT have a significant positive effect on INT (Cheung, M. F. Y., & To, 2017; Triwidyastika, 2012).

The first hypothesis states that WOM has a positive and significant effect on PU, meaning that the better WOM in using Islamic fintech, the better people understanding of perceived usefulness in using Islamic fintech. Recently,

WOM is one of the more powerful tools in marketing strategies to influence and recommend people for using product or service. If the majority people spread the news that Islamic fintech is useful for developing business, then people perceived that Islamic fintech has usefulness in supporting business development. So, the development of Islamic fintech for supporting MSMEs is determined by the word of mouth and perceived usefulness in using Islamic fintech.

The third hypothesis in this study is also accepted stating that PEOU has a positive and significant effect on PU, meaning that someone who perceives ease of use in Islamic fintech will perceive the usefulness of Islamic fintech. As

known, business sector has been adopting digitalization to boost its performance and make business more efficient and grow faster. MSMEs have been transforming their business to adapt and gain more benefits.

This study also supports the fifth hypothesis stating that PU has a positive and significant effect on ATT towards using Islamic fintech. If people believes that Islamic fintech has usefulness, then they will have positive attitude towards Islamic fintech. In addition to that, this study also confirms that trust has a positive and significant effect on attitudes toward using Islamic fintech. Attitude towards Islamic fintech among MSMEs plays important role. The attitude towards Islamic fintech determines someone intention to use or reject the application of Islamic fintech.

The ninth hypothesis in this study is accepted stating that ATT has a positive and significant effect on intention to use Islamic fintech. This is in line with the theory developed by (Ajzen, 1991) called the Theory of Planned Behavior who reveals that attitude is the main factor that drives intention to do something. This result indicates that the better attitude towards Islamic fintech the bigger intention to use Islamic fintech. So, in order to increase the intention of MSMEs owners to use Islamic fintech, MSMEs owners should have positive attitude towards Islamic fintech. Policy makers and stakeholders may introduce Islamic fintech to MSMEs such as providing training program in adoption of Islamic fintech for MSMEs.

Furthermore, testing hypothesis 4, which shows that PEOU has no effect on PR supports the findings of (Triwidyastika, 2012). Tests on hypotheses 2 and 6 are not significant, it is possible because the opinions received by respondents are obtained from less credible sources. Meanwhile, the results of testing hypothesis 7 which shows KOSP has no significant effect on ATT support the findings of (Aji, 2017). Furthermore, testing the ATT mediation variable shows that ATT does not mediate the relationship between PR and KOSP

but mediates the relationship between TR and PU with intention to use Islamic fintech. This finding supports previous findings that attitude can mediate the relationship between perceived usefulness and trust with intention to use Islamic fintech (Fahmi, 2018; William & Tjokrosaputro, 2021).

Conclusions

The results of empirical research show that a person's attitude towards Islamic fintech can encourage that person to use Islamic fintech. The attitude towards fintech itself is influenced by how much benefit will be received and the trust of potential consumers. Meanwhile, the benefits to be received will depend on the recommendations of people who have used Islamic fintech. Based on this explanation, Islamic fintech needs to maintain good relations with consumers and the quality of its products so that consumers always provide good recommendations for the community. In addition, Islamic fintech also needs to explain more comprehensively about the benefits of using Islamic fintech. The greater the recommendations given and the benefits received, the greater the trust, attitude, and intention to use Islamic fintech. Teoritically, this study is hoped to enrich the literature regarding the Islamic fintech intention. Practically, this study could be foundation for related parties to make some policies regarding Islamic fintech to promote the better performance of MESMEs in Indonesia.

Acknowledgements

This research was funded by Indonesian Sharia Fintech Association (AFSI), under AFSI Academic Research Grants Programme 2022.

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