



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



The Adoption of Sharia Fintech Among Millennial in Indonesia: Moderating Effect of Islamic Financial Literacy on UTAUT 2

Abdurrahman Mansyur, Engku Muhammad Tajuddin bin Engku Ali

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v12-i4/13035>

DOI:10.6007/IJARBSS/v12-i4/13035

Received: 19 February 2022, **Revised:** 23 March 2022, **Accepted:** 06 April 2022

Published Online: 26 April 2022

In-Text Citation: (Mansyur & Ali, 2022)

To Cite this Article: Mansyur, A., & Ali, E. M. T. bin E. (2022). The Adoption of Sharia Fintech Among Millennial in Indonesia: Moderating Effect of Islamic Financial Literacy on UTAUT 2. *International Journal of Academic Research in Business and Social Sciences*, 12(4), 1329–1343.

Copyright: © 2022 The Author(s)

Published by Human Resource Management Academic Research Society (www.hrmars.com)

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licenses/by/4.0/legalcode>

Vol. 12, No. 4, 2022, Pg. 1329 – 1343

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at
<http://hrmars.com/index.php/pages/detail/publication-ethics>



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



The Adoption of Sharia Fintech Among Millennial in Indonesia: Moderating Effect of Islamic Financial Literacy on UTAUT 2

Abdurrahman Mansyur, Engku Muhammad Tajuddin bin Engku Ali

Faculty of Islamic Contemporary Studies, University Sultan Zainal Abidin, Kuala Terengganu, Malaysia

Corresponding Author Email: a.rahmansyur@gmail.com

Abstract

The development of Islamic Fintech in Indonesia shows promising progress. As of April 2021, there are 146 fintech companies. However, this large number of companies is only able to reach 7% of the total population in Indonesia. This study aims to examine what factors that influence the intention to use Islamic fintech in Indonesia by testing the UTAUT 2 theory developed by Venkatesh with the addition of Islamic Financial Literacy as a moderating variable. Data was collected through an online questionnaire adapted from previous research. 30 data from respondents are collected then tested using the SEM-PLS analysis method with the WarpPLS 7.0 and SPSS 24. The test show that Performance Expectancy (PE), Effort Expectancy (EE), Facilitating Conditions (FC), and Price Value (PV) affect Behavioral Intention (BI) positively and significantly. Furthermore, Social Influence (SI) and Hedonic Motivation (HM) show a positive but not significant effect. Likewise, Islamic Financial Literacy as a moderating variable does not affect the relationship between SI and HM to BI

Keywords: Millennial, Financial Technology, UTAUT 2, Islamic Financial Literacy

Introduction

Financial technology or known as FinTech, is one of the technology innovations that has the potential to revolutionise the world. Fintech incorporates technology into the financial system to make financial services more accessible to customers even in rural area (Aseng, 2020). FinTech makes it easier for customers to make payments, increases access to savings or loans through a broader platform, and reduces the time it takes for businesses to complete transactions (Aseng, 2020).

Fintech's development in Indonesia is growing at a rapid pace. In 2006, there were just four fintech startups in Indonesia. Along with the development of people's behavior administering digitalization in their lives. A decade later, the number of fintech company increased significantly, reaching 165 companies registered in the Financial Service Authority (OJK), yet this number eventually reduced. As of April 2021, there were 146 fintech loan service providers, including 136 conventional and 10 sharia fintech institutions (Keuangan, 2021a). However, out of 146 fintech companies which provide lending services, only

18,526,444 users can be reached, or approximately 7% of the total population in Indonesia. The number of transactions performed by active borrowers on fintech lending is narrowly centered in Java as many as 16,180,694 users, while the number of active borrowers from outside Java is less than 1/5, or merely 2,343,750 (Keuangan, 2021b). It means that there is still a large gap both in terms of fintech's ability to acquire underserved customers and of public acceptance of digital-based funding.

Fintech has advantages over other traditional financial institutions which are ; (1) Utilizing digital footprint as a substitution for physical documents for verification and/or usage of third-party data (e.g., e-commerce) in order to define eligibility lowering operational cost compared to conventional lending; (2) Processing the underwriting assessment through digital processing platform with various data points, identifying typical attributes for interest rates charge without prior collateral; (3) Developing a simple and convenient platform for investment, as most of the process are performed through digital platform, which attracts large number of potential lenders. (4) Customizing credit assessment models, which utilizes behavioral data to identify typical attributes for interest rates charge, supported with large number of funding from retail and institutional lenders (PwC, 2019).

Although the concept of Fintech is relatively new, it has made its mark in the Islamic finance industry. The development of Sharia Fintech has paved the way for advancing sharia-based innovative products for consumers, especially in Muslim-majority countries that are experiencing a halal lifestyle trend (Muin, Mansyur, Awaluddin, & Rahman, 2020). It is crucial to highlight that Islamic Fintech is different from the conventional Fintech due to the requirements of sharia compliance (Hasan, Hassan, & Aliyu, 2020). Etymologically, Islamic fintech is the amalgamation of technology and Islamic finance, meaning that any product or service from fintech must obey the *fiqh al-muamalah* or Islamic commercial jurisprudence (Hui et al., 2019; Todorof, 2018)

Literature Review

Technology Acceptance Theory

Venkatesh et al (2003) established the Unified Theory of Acceptance and Use of Technology (UTAUT) to examine the acceptance and use of technology. This model has been employed as the basis of research on the adoption of several technologies such as on mobile banking services (Alalwan et al., 2017; Ammar & Ahmed, 2016), e-money (Manaf & Ariyanti, 2017; Oliveira, Thomas, Baptista, & Campos, 2016), e-commerce (Azis & Kamal, 2016; Chiemeké & Ewiewkpaefe, 2011), or e-wallet (Intarot, 2018; Megadewandanu et al., 2017; Singh et al., 2020), but it also focused on credit-based business models such as P2P lending and crowdfunding (Darmansyah et al., 2020; Soegesty et al., 2020).

The reason why UTAUT-2 is the theory to be tested is that this theory is considered capable of analyzing the factors that influence a person to act or behave, in this case, the relation to using new technology. This theory is considered more comprehensive than the last theory of UTAUT which was also developed by Venkatesh in 2003. UTAUT-2 is a theory that combines eight theories of technology acceptance models such as Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM), Motivational Model (MM), Theory of Planned Behavior (TPB), A Model Combining The Technology Acceptance Model and The Theory of Planned Behavior (C-TAM-TPB), The Model of PC Utilization (MPCU), The Innovation Diffusion Theory (IDT), and The Social Cognitive Theory (SCT) (Venkatesh et al., 2003a).

In the UTAUT-2 theory, there are at least seven factors that are considered to influence the behavioral intention of using technology by a person or group, namely Performance

expectancy (PE), Effort expectancy (EE), Social influence (SI), Facilitating Conditions (FC), Hedonic Motivation (HM), Price Value (PV), and Habit (HB). In this study, the variable Habit will not be tested due to the fact that to test the role of habits, users must have a lot of experience in using the technology, in this case, is Islamic Fintech (Alalwan et al., 2017).

According to Venkatesh, Performance expectancy is defined as the degree to which using technology will provide benefits to consumers in performing certain activities (Venkatesh et al., 2012). Performance expectancy in this study is defined as the level at which the Millennial believes that accessing financing through Islamic fintech will provide benefits to their business or activity they are engaged in. It means that consumers expect an increase in the performance of their activity by obtaining funding or loan through Islamic Fintech.

Previous research has been conducted that shows Performance Expectancy has a positive impact on behavioral intention to use technology. Research conducted by Mugni & Rikumahu (2019) shows that Performance Expectancy has a positive effect on behavioral intention to use E-Money in Bandung, Indonesia which is the main determinant factor of intention to use financial technology. The same result was also obtained in research conducted by Intarot (2018); Acharya et al (2019) which also stated that performance expectancy greatly influences behavioral intention to use financial technology in Thailand and India.

Based on the description, the following hypothesis proposed is

H1: Performance Expectancy have a positive and significant effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia.

Effort Expectancy is the degree of users' convenience in utilizing technology, which is determined by simplicity of use (Venkatesh et al., 2003a). Effort Expectancy stresses a system's simplicity of use to minimize both one's energy and time spent on a task (Venkatesh et al., 2012). Effort expectancy in this study is defined as the level of ease of use of application tools to access financing through Islamic Fintech.

Various research has been conducted that shows Effort Expectancy has a positive impact on behavioral intention to use technology. Research conducted by Alalwan et al (2017) has shown that there is a significant relationship between effort expectancy and behavioral intention to use technology among Bank users in Jordania. Jordanian customers seem to be concerned about the extent of simplicity or difficulty in using Mobile banking, which means that Jordanian customers seem to be quite considerate of the ease of operation of financial technology. Megadewardanu et al (2017) in his studies also showed the same result that effort expectancy has a positive impact on behavioral intention to use financial technology in a mobile wallet. The main point for the customers in Indonesia is in the aspect the ease to use by making the application as simple as possible.

Based on the description, the following hypothesis can be proposed:

H2: Effort Expectancy have a positive and significant effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia.

Social influence is defined as the extent to which consumers perceive important people such as family and friends that believe they should use a particular technology (Venkatesh et al., 2012). Social influence in this study is defined as the extent to which the Millennials receive advice from other people, whether family or friends or the result of reviews from Playstore Appstore or website on the use of Islamic Fintech. Research conducted by Indrawati & Putri, (2018) has found that Social Influence is the third factor that significantly influences the continuance intention to use Go-Pay. Other research that supports this opinion is research conducted by Nag & Gilitwala, (2019) that also found the impact of social influence on the intention to use financial technology applications.

Based on this description, the following hypotheses can be proposed:

H3 : Social Influence have a positive and significant effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia.

Facilitating conditions refer to consumers' perception of the resources and support available to perform a behavior (Venkatesh et al., 2012). Gupta, Dogra, & George, (2018) stated that facilitating conditions reflect the influence of the required resources such as the internet or memory for smartphones or hardware is also important in increasing the intention to use technology. The results of the research by Venkatesh et al., (2012) concluded that facilitating conditions influence the intention to use technology. If there is adequate infrastructure and supports the use of technology, interest in using technology will increase (Oliveira et al., 2016). This result supported by Khan, Hameed, & Khan, (2017) who explains that facilitating conditions have a positive influence on the intention to use online banking, same result also found by the research of which explains that facilitating conditions have a positive influence on the intention to use smartwatch technology.

Based on this description, the following hypotheses can be proposed:

H4 : Facilitating Conditions have a positive and significant effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia.

Hedonic motivation is defined as the pleasure derived from using technology and has been shown to play an important role in determining acceptance and use of technology (Brown & Venkatesh, 2005). Hedonic motivation in this study is defined as the pleasure that arises in individuals obtained from using sharia fintech services. Venkatesh et al (2012) stated that hedonic motivation has an important role in intention and usage behavior. The results of similar studies are also described in studies conducted by (Indrawati & Putri, 2018; Manaf & Ariyanti, 2017; Megadewandanu et al., 2017) that hedonic motivation has a positive effect on behavioral intention.

H5 : Hedonic motivation have a significant and direct effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia

The price value is derived from perceived value, which is often considered as a trade-off between benefits and sacrifices (Ramdhani, Rachmawati, Sidiq, & Prabowo, 2017). When the perceived benefits outweigh the costs, consumers show a willingness to adopt a particular technology (Venkatesh et al., 2012). This study defines price value as the number of costs that must be incurred to access the application of Islamic financial technology to obtain financing. Manaf & Ariyanti, (2017) in their research state that price value has a positive effect on behavioral intention to use mobile payment. Meanwhile, research conducted by (Ispriandina & Sutisna, 2019) and (Andrianto, 2020) in Bandung and Jakarta, stated that the consumers need to bear the costs of using technology, so the costs of using the instrument and the price have a significant impact on the use of the mobile wallet.

Based on this description, the following hypotheses can be proposed:

H6 : Price Value have a significant and direct effect on the behavioral intention of Millennial in adopting Sharia Fintech in Indonesia

Moderating Effect of Islamic Financial Literacy

Every Muslim is required to apprehend each aspect of his life, including in terms of finances. They are demanded to comprehend whether their financial instruments are following sharia principles and provisions or not. Therefore, financial literacy from an Islamic point of view is tremendously essential, hence, the life of a Muslim is based on conscious decisions, not unconscious decisions (Albaity & Rahman, 2019). Individual preferences

towards utilizing sharia financial services can be determined by the knowledge and understanding, ability, and individual confidence to fulfill their financial needs, which are otherwise understood as financial literacy (Mason & Wilson, 2000).

Islamic financial literacy is the ability of a person in terms of knowledge, attitudes, and behavior of Islamic finance to manage finances based on Islamic financial principles (Abdullah & Anderson, 2015). Research conducted by Batubara, Pulungan, & Yenti, (2020; Lajuni et al., (2020; Sardiana, (2016) about The Impact of Literacy on Sharia Financial Service Preferences. The result of this study indicates that Islamic financial literacy significantly influences the preference of the use of Islamic financial products or services. However, few studies have investigated whether Islamic financial literacy can be a moderating variable in the UTAUT2 model. Therefore, this study uses Islamic Financial Literacy as moderators of the relationship between Social Influence, and Hedonic Motivation to predict behavioral intention to use Sharia Fintech.

Based on this description, the following hypotheses can be proposed:

H7 : Islamic Financial Literacy moderates the relationship between Social Influence and behavioral intention of Millennial in adopting Sharia Fintech in Indonesia

H8 : Islamic Financial Literacy moderates the relationship between Hedonic Motivation and behavioral intention of Millennial in adopting Sharia Fintech in Indonesia

Methodology

This study is a quantitative study that uses primary data through an administered questionnaire to achieve the research objectives because of the large population. The population in this study were young adults from various regions in Indonesia. The sampling technique administered was purposive sampling, which is the technique of determining the sample accommodated to the needs of the study. To avoid biases responses from the respondents, the researchers required special criteria for the respondents, which are; First, an Indonesian citizen; second, aged more than 18 years (young-adults). For Structural Equation Modelling (SEM) analysis, on each 1 item, tested ten numbers of respondents were needed (Hair et al., 2013). Therefore, as the study instrument consists of 33 items, a total of 330 minimum respondents is required. The instruments were adopted and adapted from previous empirical studies related to UTAUT2 and Islamic Financial Literacy (Albaity & Rahman, 2019; Brown & Venkatesh, 2005; Hafizah, Rahim, Rashid, & Hamed, 2016; Venkatesh et al., 2012).

Five Likert scale measurement was used in the study because the respondents will be incapable of defining themselves on the scale, if the scale is divided into too many or too few points (Briggs, Coleman, & Morison, 2012). Finally, the research instrument was distributed in Bahasa Indonesia. The survey will be conducted via online, by E-Mail, Instagram Post, WhatsApp and Facebook to reach respondent as broad as possible.

Findings

The Socio Demographic of the Respondent

The Tabel 1 shows the demographic information of respondent. A total of 330 samples were collected consisting of 110 male (33.3%) and 220 are female (66.7%). Majority of the respondent are between 18-25 years old and have bachelor degree. Data from respondent are coming from 22 province in Indonesia.

Tabel 1. Respondent Information Demographic

Category	Frequency	Percentage (%)
Gender		
Male	110	33.3
Female	220	66.7
Age		
18-25	304	92.1
26-30	22	6.7
31-35	3	9
36-40	1	3
Education Qualification		
High School	16	4.8
Degree (S1)	306	89.7
Master (S2)	18	5.5
Doctor/PhD (S3)	0	0
Occupation		
Student	185	56.1
Entrepreneur	110	33.3
Freelancer	21	6.4
Civil Servant	14	4.2
Origin		
Aceh	17	5.2
Banten	14	4.2
Bengkulu	13	3.9
Jakarta	7	2.1
Jambi	7	2.1
West Java	21	6.4
Central Java	31	9.4
East Java	9	2.7
West Borneo	45	13.6
North Borneo	1	3
Maluku	11	3.3
West Nusa Tenggara	21	6.4
Papua	16	4.8
Riau	15	4.5
West Sulawesi	6	1.8
South Sulawesi	43	13.0
Central Sulawesi	21	6.4
North Sulawesi	2	6
West Sumatera	4	1.2
North Sumatera	6	1.8
South Sumatera	12	3.6
Yogyakarta	8	2.4
Purpose of Using Sharia Fintech		
Investment	63	19.1
Individual Needs	96	29.1
Business Needs	149	45.2
Emergency Fund	22	6.7
Total	330	100

Source : SPSS 24

Measurement Model

The validity and reliability tests are included in this test. Convergent and discriminant validity were used in the validity test. Convergent validity was assessed using factor loading (FL), average variance extracted (AVE), while Cronbach's alpha values, and Composite Reliability (CR) were used to see if the structural model were reliable. The recommended CR and Cronbach's Alpha values are greater than or equal to 0.7, while the FLs and AVE values are greater than or equal to 0.5.

Tabel 2. Factor Analysis of All Measurement

Constructs	Items	FL	AVE	Cronbach α	CR
Performance Expectancy	PE1	0.858	0.769	0.900	0.930
	PE2	0.894			
Effort Expectancy	PE3	0.876	0.771	0.925	0.944
	PE4	0.879			
	EE1	0.889			
	EE2	0.908			
	EE3	0.865			
Social Influence	EE4	0.913	0.846	0.906	0.942
	EE5	0.813			
	SI1	0.970			
Facilitating Conditions	SI2	0.970	0.656	0.824	0.884
	SI3	0.811			
	FC1	0.767			
	FC2	0.849			
Hedonic Motivation	FC3	0.837	0.724	0.807	0.887
	FC4	0.784			
	HM1	0.872			
Price Value	HM2	0.891	0.831	0.899	0.937
	HM3	0.785			
	PV1	0.918			
Islamic Financial Literacy	PV2	0.896	0.624	0.698	0.832
	PV3	0.921			
	IFL1	0.807			
Behavioral Intention	IFL2	0.806	0.633	0.916	0.932
	IFL3	0.755			
	BI1	0.805			
	BI2	0.852			
	BI3	0.828			
	BI4	0.847			
	BI5	0.833			
	BI6	0.742			
BI7	0.715				
	BI8	0.730			

Source : WarpPLS 7.0

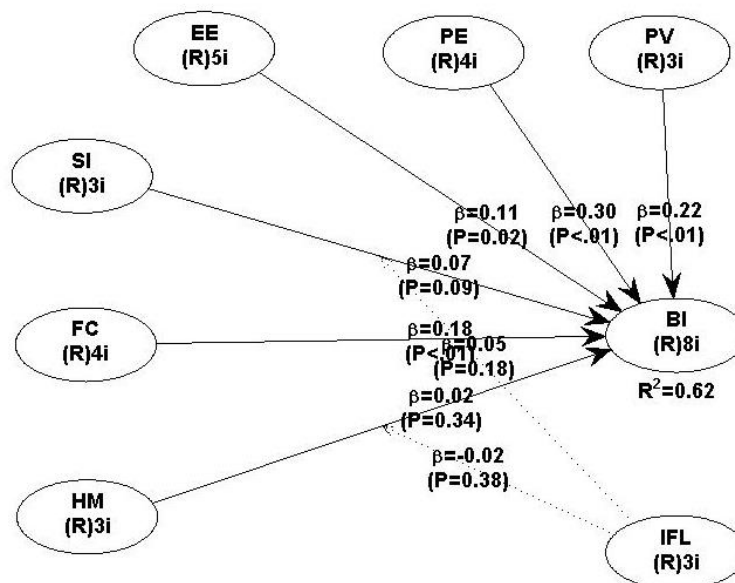
Tests on the measurement model are carried out to ensure that the measuring instruments used are suitable for use as measurements that show valid and reliable results

(Wilman & Sardjono, 2022). The test results of the outer model using the WarpPLS 7.0 application show that the factor loading value is in the range of 0.715 to 0.970 and AVE in the range 0.624 to 0.846 is better than the recommended value (loading > 0.7 and AVE > 0.5). This means that all indicators have met the validity test criteria. Furthermore, the same table also presents Composite Reliability (CR) values with a range of values from 0.832 to 0.944 which exceeds the recommended level of 0.7 or more. Meanwhile, the calculated Cronbach's alpha (α) is in the range of 0.698 to 0.921, which supports strong and consistent internal reliability. Based on this, the validity and reliability requirements have been met and can be continued at the SEM-PLS analysis stage.

Structural Model

The value of R² is the determinant coefficient in the construct of the endogenous variable, namely Behavioral Intention (BI) in this study. The R-Square (R²) score, which indicates a goodness-fit test model, is used to evaluate structural model testing. The R-squared number shows the amount of variation in endogenous latent variables that may be explained by the action of one or more exogenous latent variables in terms of the coefficient of determination (R²). The better the model in the research, the higher the R² score. According to certain studies, such as (Hair et al., 2013) R² levels over 0.67 are deemed strong, while values between 0.67 and 0.33 are moderate, values between 0.33 and 0.19 are weak, and R² values less than 0.19 are unacceptable.

Fig 1 R-Square and p value Result



Source : WarpPLS 7.0

In Fig. 1 above, it can be seen that BI has an R² value of 0.621, which means that BI can be explained by exogenous variables, namely PE, EE, SI, FC, HM, and PV by 62%, and the remaining 38% is explained by other variables in outside the model. This shows that the research model is considered good

Hypothesis Testing

Tabel 3 Hypothesis Test Result

Hypothesis	Path	Coefficient	t-value	p-value	Decision
H1	PE → BI	0.303	6.753	<0.001	Supported
H2	EE → BI	0.115	2.124	0.017	Supported
H3	SI → BI	0.073	1.339	0.091	Not Supported
H4	FC → BI	0.177	3.298	<0.001	Supported
H5	HM → BI	0.022	0.408	0.342	Not Supported
H6	PV → BI	0.219	4.109	<0.001	Supported
MODERATING					
H7	IFL → SI	0.050	0.915	0.181	Not Supported
H8	IFL → HM	-0.017	0.306	0.380	Not Supported

Source : WarpPLS 7.0

Table 3 presents a summary of the results of testing the research hypothesis. The test results show that Behavioral Intention is positively and significantly influenced by Performance Expectancy, Effort Expectancy, Facilitating Conditions and Price Value so that H1, H2, H4, and H6 are accepted. Furthermore, the Social Influence and Hedonic Motivation variables show an insignificant effect on Behavioral Intention for the use of Sharia Fintech. Finally, regarding the moderating effect of Islamic Financial Literacy on the relationship between Social Influence and Hedonic Motivation on Behavioral Intention, the test results show a negative moderating relationship so that H7 and H8 are rejected.

Analysis

Based on the findings, Performance Expectancy (PE) has a positive influence on behavioral intention (BI) to use sharia fintech by millennials in Indonesia. This shows that Generation Z and Millennials tend to have high adoption intentions to use Sharia Fintech if they understand that the system is user-friendly and easy to use. The presence of Sharia Fintech categorized as digital financial innovation that can be an effective solution for the millennial generation who wants easy and simple services, whether used for transaction purposes such as Link Aja Syariah, or PayTren, online buying and selling needs or getting loans for business actors, such as on the platform peer-to-peer lending or crowdfunding, namely Ammana, Alami, Dana Syariah, and Qazwa. The results of this study are in line with previous research conducted by (Acharya et al., 2019; Intarot, 2018; Mugni & Rikumahu, 2019)

Effort Expectancy was also found to have a positive influence on the intention to use sharia fintech. This means that the ease of using the features in Islamic fintech affects the intention to use, such as in conducting financial transactions, paying zakat or alms infaq, buying or online selling, and accessing capital. Therefore, the easier the apps to be used, the higher Millennials acceptance of using Sharia Fintech services. The results of this study are in line with previous research conducted by (Alalwan et al., 2017; Megadewandanu et al., 2017).

Path analysis between Social Influence and Behavioral Intention in using sharia fintech shows a negative relationship, so H3 is rejected. The results of this test conclude that the individual's decision to use a sharia fintech service does not come from the surrounding environment such as family, friends, or certain figures but comes from their own beliefs which are influenced by certain factors that arise from internal to use. The results of this study are different from several previous studies (Indrawati & Putri, 2018; Intarot, 2018; Nag &

Gilitwala, 2019) which show that Social Influence significantly influences the behavioral intention to use FinTech. Although social influence is considered important in several previous studies, there are also studies that support the results of this study, namely (Andrianto, 2020; Diniyah, 2021).

Further findings show that Facilitating Conditions (FC) have a positive influence on behavioral intention (BI) to use sharia fintech. This shows that Millennials who are close to technology can easily use the facilities of Sharia Fintech. The availability of Smartphones, computers or laptops and internet connections play an important role in using the features provided by Sharia Fintech. The results of the research by (Venkatesh et al., 2012) concluded that the facilitating conditions have an influence on the intention to use technology. If there is adequate infrastructure and supports the use of technology, interest in using technology will increase (Oliveira et al., 2016). This result supported by (Khan et al., 2017) which explains that facilitating conditions have a positive influence on the intention to use online banking, same result also found by the research of (Kranthi & Ahmed, 2018) which explains that facilitating conditions have a positive influence on the intention to use smart watch technology.

Hedonic Motivation has a negative effect on behavioral intention to use sharia fintech. It can be understood that the millennial generation mostly use sharia fintech as a source for funding business needs as well as for investment as shown in the table. 1 Respondent Information Demographic. The results of this study are supported by research from Thaker et al (2021) which states that SI and HM do not have a significant positive effect on BI for using mobile banking in Malaysia.

Furthermore, the Price value variable shows a positive relationship to behavioral intention to use Sharia Fintech. The cost factor is quite important for consumers. The lower the costs incurred will make people more interested in using a service. Manaf & Ariyanti (2017) in their research state that price value has a positive effect on behavioral intention to use mobile payment. Meanwhile in research conducted by Ispriandina & Sutisna (2019) and Andrianto (2020) in Bandung and Jakarta, stated that technology users need to bear the costs of using a technology, so the costs of using the instrument and the price have a significant impact on the use of consumer technology in mobile wallet.

Islamic Financial Literacy as a moderating variable shows a positive but not significant effect in moderating the relationship between Social Influence and Hedonic Motivation on Behavioral Intention to use Sharia Fintech. Knowledge of finance is a fairly important aspect in increasing preferences in choosing financial services as found by Batubara et al (2020); Lajuni et al (2020); Sardiana (2016) about The Impact of Literacy on Sharia Financial Service Preferences. The result of this study indicates that Islamic financial literacy significantly influences the preference of the use of Islamic financial products or services. However, as a moderator IFL failed to affect the SI and HM to the BI of the Millennial in using sharia fintech.

Conclusion

This study analyze the factors that influence the intention of millennials and generation Z in using Sharia FinTech by testing the UTAUT 2 theory and Islamic Financial Literacy as moderating variables. Of the six proposed variables, only four variables have positive and significant determinants of intention to use. The strongest predictor of behavioral intention is influenced by the variables of Performance Expectancy, Price Value, Facilitating Condition, and Effort Expectancy. Thus, this means that the millennial generation tends to see how the performance improvement is felt after using fintech services, the facilities they have such as

mobile phones and an internet connection, the low costs, and the ease of use of these services so that they are easy to operate. On the other hand, Social Influence and Hedonic Motivation have a positive but not significant effect. The moderating effect of Islamic financial literacy on social influence and hedonic motivation also does not show sufficient significance.

Recommendation

Based on the results and analysis, it is recommended that the Indonesian Sharia FinTech Association (AFSI) as an institution that accommodates all FinTech institutions in Indonesia needs to build cooperation with stakeholders to increase inclusion and literacy related to services, product types, features, and security as well as other matters that can increase consumer adoption to fintech. In particular, Islamic fintech institutions need to collaborate with scholars to socialize to the public that transacting with Islamic financial institution platforms is important, to avoid *gharar*, *maysir*, and usury due to majority of the population in Indonesia are Moslem. On the other hand, the government needs to support technological advances in the field of finance to help people access financial services easily. The government also needs to ensure the safety of financial service products before they are used by the public through financial service authority institutions to avoid illegal fintech that will harm the community. In addition to the progress of knowledge development in the field of financial behavior, it is hoped that further research can develop the UTAUT 2 model by adding several other variables that are considered suitable to find out what factors influence a person's interest in using sharia fintech.

References

- Abdullah, M. A., & Anderson, A. (2015). Islamic Financial Literacy among Bankers in Kuala Lumpur. *Journal of Emerging Economies and Islamic Research*, 3(2), 79. <https://doi.org/10.24191/jeeir.v3i2.9061>
- Acharya, V., Junare, S. O., & Gadhavi, D. D. (2019). E-Payment: Buzz Word or Reality. *International Journal of Recent Technology and Engineering*, 8(3S2), 397–404. <https://doi.org/10.35940/ijrte.c1076.1083s219>
- Alalwan, A. A., Dwivedi, Y. K., & Rana, N. P. (2017). Factors influencing adoption of mobile banking by Jordanian bank customers: Extending UTAUT2 with trust. *International Journal of Information Management*, 37(3), 99–110. <https://doi.org/10.1016/j.ijinfomgt.2017.01.002>
- Albaity, M., & Rahman, M. (2019). The intention to use Islamic banking: an exploratory study to measure Islamic financial literacy. *International Journal of Emerging Markets*, 14(5), 988–1012. <https://doi.org/10.1108/IJOEM-05-2018-0218>
- Ammar, A., & Ahmed, E. M. (2016). Factors influencing Sudanese microfinance intention to adopt mobile banking. *Cogent Business and Management*, 3(1). <https://doi.org/10.1080/23311975.2016.1154257>
- Andrianto, A. (2020). Faktor Yang Mempengaruhi Behavior Intention Untuk Penggunaan Aplikasi Dompot Digital Menggunakan Model Utaut2. *Jurnal Ilmiah Ekonomi Bisnis*, 25(2), 111–122. <https://doi.org/10.35760/eb.2020.v25i2.2412>
- Aseng, A. C. (2020). Factors Influencing Generation Z Intention in Using FinTech Payment Services. *Cogito Smart Journal*, 6(2), 155. <https://doi.org/10.31154/cogito.v6i2.260.155-166>

- Azis, E., & Kamal, R. M. (2016). ADOPTION OF A CONSUMER TECHNOLOGY ONLINE SHOPPING WITH MODEL MSMEs UNIFIED THEORY OF ACCEPTANCE AND USE OF TECHNOLOGY 2. *CR Journal*, Vol. 02 No, 19–38.
- Batubara, S. S., Pulungan, D. R., & Yenti, M. (2020). Analisis Determinan Minat Mahasiswa Dalam Menggunakan Lembaga Keuangan Syariah. *Jurnal Riset Akuntansi Dan Bisnis*, 20(1), 23–37.
- Briggs, A. R. J., Coleman, M., & Morison, M. (2012). *Research methods in educational leadership and management* (3rd ed.). SAGE Publications Ltd.
<https://doi.org/https://dx.doi.org/10.4135/9781473957695>
- Brown, S. A., & Venkatesh, V. (2005). Model of adoption of technology in households: A baseline model test and extension incorporating household life cycle. *MIS Quarterly: Management Information Systems*, 29(3), 399–426. <https://doi.org/10.2307/25148690>
- Chiemeke, S. C., & Ewwiekpaefe, A. E. (2011). A conceptual framework of a modified unified theory of acceptance and use of technology (UTAUT) Model with Nigerian factors in E-commerce adoption. *A Conceptual Framework of a Modified Unified Theory of Acceptance and Use of Technology (UTAUT) Model with Nigerian Factors in E-Commerce Adoption*, 2(12), 1719–1726.
- Darmansyah, Fianto, B. A., Hendratmi, A., & Aziz, P. F. (2020). Factors determining behavioral intentions to use Islamic financial technology: Three competing models. *Journal of Islamic Marketing*, (August 2019). <https://doi.org/10.1108/JIMA-12-2019-0252>
- Diniyah, F. (2021). Faktor yang Mempengaruhi Niat Perilaku Muslim Menggunakan Platform Crowdfunding Waqf: Teori UTAUT Model. *Jurnal Ilmiah Ekonomi Islam*, 7(2), 544–552. <https://doi.org/10.29040/jiei.v7i2.1841>
- Gupta, A., Dogra, N., & George, B. (2018). What determines tourist adoption of smartphone apps? *Journal of Hospitality and Tourism Technology*, 9(1), 50–64.
<https://doi.org/10.1108/jhtt-02-2017-0013>
- Hafizah, S., Rahim, A., Rashid, R. A., & Hamed, A. B. (2016). Islamic Financial Literacy and its Determinants among University Students: An Exploratory Factor Analysis. *International Journal of Economics and Financial Issues* |, 6(S7), 32–35. Retrieved from <http://www.econjournals.com>
- Hair, J. F., Black, B., Black, W. C., Babin, B. J., & Anderson, R. E. (2013). *Multivariate Data Analysis: Global Edition, 7th Edition* (7th ed.). Pearson Education.
- Hasan, R., Hassan, M. K., & Aliyu, S. (2020). Fintech and Islamic Finance: Literature Review and Research Agenda. *International Journal of Islamic Economics and Finance (IJIEF)*, 3(1), 75–94. <https://doi.org/10.18196/ijief.2122>
- Hui, H. W., Manaf, A. W. A., & Shakri, A. K. (2019). Fintech and the Transformation of the Islamic Finance Regulatory Framework in Malaysia. *Emerging Issues in Islamic Finance Law and Practice in Malaysia*, 211–222. <https://doi.org/10.1108/978-1-78973-545-120191018>
- Indrawati, & Putri, D. A. (2018). Analyzing factors influencing continuance intention of E-payment adoption using modified UTAUT 2 Model: (A case study of Go-Pay from Indonesia). *2018 6th International Conference on Information and Communication Technology, ICoICT 2018, 0(c)*, 167–173. <https://doi.org/10.1109/ICoICT.2018.8528748>
- Intarot, P. (2018). Influencing Factor in E-Wallet Acceptant and Use. *International Journal of Business and Administrative Studies*, 4(4), 167–175.
<https://doi.org/10.20469/ijbas.4.10004-4>

- Ispriandina, A., & Sutisna, M. (2019). Faktor-Faktor Penerimaan Teknologi Yang Memengaruhi Intensi Kontinuitas Penggunaan Mobile Wallet Di Kota Bandung. *Prosiding Industrial Research Workshop and National Seminar*, 10(1), 1046–1055. Retrieved from <https://jurnal.polban.ac.id/ojs-3.1.2/proceeding/article/view/1462>
- Khan, I. U., Hameed, Z., & Khan, S. U. (2017). Understanding online banking adoption in a developing country: UTAUT2 with cultural moderators. *Journal of Global Information Management*, 25(1), 43–65. <https://doi.org/10.4018/JGIM.2017010103>
- Kranthi, A. K., & Asraar Ahmed, K. A. (2018). Determinants of smartwatch adoption among IT professionals - an extended UTAUT2 model for smartwatch enterprise. *International Journal of Enterprise Network Management*, 9(3/4), 294. <https://doi.org/10.1504/ijenm.2018.10015843>
- Lajuni, N., Kasuma, J., Yacob, Y., Azali, N. H., Emang, W., & Ismail, M. Bin. (2020). Islamic financial products/services and the intention to use. *Malaysian Journal of Consumer and Family Economics*, 24, 153–172.
- Manaf, N. R., & Ariyanti, M. (2017). Exploring Key Factors on Technology Acceptance of Mobile Payment Users in Indonesia Using Modified Unified Theory of Acceptance and Use of Technology (UTAUT) Model Use Case: ABC Easy Tap. *International Journal of Management and Applied Science*, 3(1), 2394–7926. Retrieved from <http://iraj.in>
- Mason, C. L. J., & Wilson, R. M. S. (2000). Conceptualising Financial Literacy. In *Loughborough University* (No. ISBN 1 85901 168 3). <https://doi.org/10.4159/harvard.9780674184206.c17>
- Megadewandanu, S., Suyoto, & Pranowo. (2017). Exploring mobile wallet adoption in Indonesia using UTAUT2: An approach from consumer perspective. *Proceedings - 2016 2nd International Conference on Science and Technology-Computer, ICST 2016*, 11–16. <https://doi.org/10.1109/ICSTC.2016.7877340>
- Mohd Thas Thaker, H., Mohd Thas Thaker, M. A., Khaliq, A., Allah Pitchay, A., & Iqbal Hussain, H. (2021). Behavioural intention and adoption of internet banking among clients' of Islamic banks in Malaysia: an analysis using UTAUT2. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-11-2019-0228>
- Mugni, N. N., & Rikumahu, B. (2019). Analisis Niat Perilaku Pengguna E-Money Berbasis Chip Menggunakan Model Modifikasi UTAUT. *Jurnal Mitra Manajemen*, 3(5), 614–627. Retrieved from <http://e-jurnalmitramanajemen.com/index.php/jmm/article/view/125/69>
- Muin, R., Mansyur, A., Awaluddin, M., & Rahman, M. A. (2020). PERBANDINGAN FAKTOR YANG MEMENGARUHI KEPUTUSAN INVESTOR MUDA DALAM BERINVESTASI KONVENSIONAL ATAU SYARIAH DI KOTA MAKASSAR. *Media Riset Bisnis & Manajemen*, 20(1), 51–62. <https://doi.org/http://dx.doi.org/10.25105/mrbm.v20i1.6215> ISSN:
- Nag, A. K., & Gilitwala, B. (2019). E-Wallet- Factors Affecting Its Intention to Use. *International Journal of Recent Technology and Engineering*, 8(4), 3411–3415. <https://doi.org/10.35940/ijrte.d6756.118419>
- Oliveira, T., Thomas, M., Baptista, G., & Campos, F. (2016). Mobile payment: Understanding the determinants of customer adoption and intention to recommend the technology. *Computers in Human Behavior*, 61(2016), 404–414. <https://doi.org/10.1016/j.chb.2016.03.030>
- Otoritas Jasa Keuangan. (2021a). *Ikhtisar Penyelenggaraan Fintech Lending - Maret 2021*. Jakarta. Retrieved from [https://www.ojk.go.id/id/kanal/iknb/data-dan-statistik/fintech/Documents/Ikhtisar Penyelenggaraan Fintech Lending - Mar 2021.xlsx](https://www.ojk.go.id/id/kanal/iknb/data-dan-statistik/fintech/Documents/Ikhtisar%20Penyelenggaraan%20Fintech%20Lending%20-%20Mar%202021.xlsx)

- Otoritas Jasa Keuangan. (2021b). *Perusahaan Fintech Lending Berizin dan Terdaftar di OJK Per 6 April 2021*. Jakarta. Retrieved from <https://www.ojk.go.id/id/kanal/iknb/financial-technology/Pages/-Penyelenggara-Fintech-Lending-Terdaftar-dan-Berizin-di-OJK-per-6-April-2021.aspx>
- PwC. (2019). Indonesia's Fintech Lending: Driving Economic Growth Through Financial Inclusion. *PwC Indonesia - Fintech Series*, (June), 24. Retrieved from https://www.pwc.com/id/en/fintech/PwC_FintechLendingThoughtLeadership_ExecutiveSummary.pdf
- Ramdhani, A. B., Rachmawati, I., Sidiq, F., & Prabowo, A. (2017). Pengaruh Adopsi Teknologi Layanan Uang Elektronik Telkomsel Cash Menggunakan Pendekatan Utaut2 the Effect of Technology Adoption Electronic Money Services Telkomsel Cash Using Utaut2. *E-Proceeding of Management*, 4(1), 53–60. Retrieved from <https://libraryeproceeding.telkomuniversity.ac.id/index.php/management/article/view/4364>
- Sardiana, A. (2016). The Impact of Literacy to Shariah Financial Service Preferences. *Etikonomi*, 15(1), 43–62. <https://doi.org/10.15408/etk.v15i1.3115>
- Singh, N., Sinha, N., & Liébana-Cabanillas, F. J. (2020). Determining factors in the adoption and recommendation of mobile wallet services in India: Analysis of the effect of innovativeness, stress to use and social influence. *International Journal of Information Management*, 50(October 2018), 191–205. <https://doi.org/10.1016/j.ijinfomgt.2019.05.022>
- Soegesty, N. B., Fahmi, I., & Novianti, T. (2020). Kajian Faktor Yang Memengaruhi Adopsi Sistem Pijaman Peer To Peer Lending. *Jurnal Manajemen Teknologi*, 19(1), 59–79. <https://doi.org/10.12695/jmt.2020.19.1.4>
- Todorof, M. (2018). Shariah-compliant FinTech in the banking industry. *ERA Forum*, 19(1), 1–17. <https://doi.org/10.1007/s12027-018-0505-8>
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003a). User acceptance of information technology: Toward a unified view. *MIS Quarterly: Management Information Systems*, 27(3), 425–478. <https://doi.org/10.2307/30036540>
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003b). User Acceptance of Information Technology: Toward a Unified View. *Management Information Systems Research Center*, 27(3), 425–478.
- Venkatesh, V., Thong, J. Y. L., & Xu, X. (2012). Consumer Acceptance and Use of Information Technology: Extending the Unified Theory of Acceptance and Use of Technology. *MIS Quarterly: Management Information Systems*, 36(1), 157–178. <https://doi.org/https://doi.org/10.2307/41410412>
- Wilman, A., & Sardjono, W. (2022). UNDERSTANDING FACTORS DETERMINING THE USE OF MOBILE APPS BY CUSTOMER : CUSTOMER MOBILITY AS AN EXTENSION CONSTRUCT OF UTAUT2. *Journal of Theoretical and Applied Information Technology*, 100(4), 958–970. Retrieved from <http://www.jatit.org/volumes/Vol100No4/6Vol100No4.pdf>