

# Unified Theory of Acceptance and Use of Technology (UTAUT) Implementation of Islamic Financing with Maqasid Values Theories

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## Abstract

Islamic financing has been an important instrument for the social and economic developments for societies in response to the protection of five fundamental elements of necessities known as the Maqasid concept which provides a conceptual paradigm in this study for UTAUT implementation of Islamic financing in light of the extension of Maqasid values. The study establishes a connection between the valuable Islamic features of the Maqasid values (MV) construct and the UTAUT model, which develops from the literature review, that is extensively employed in IT adoption to determine the intention of use. While USE, EXP, and VOL variables were omitted, the model maintains moderating factors GEN and AGE and suggests a direct relationship between MV and Behavioural Intention (BI) variables. The paper look forward to contribute to the expansion of UTAUT theoretical knowledge that extend the current limited studies of Islamic financing adoption. The study also contributes on future work extension in applications of the Islamic instruments model adoption to academicians, financial technology firms and regulators. In keeping with the technological momentum, the suggested conceptual model is presented as the underlying approach for future empirical study validation.

**Keywords:** Maqasid Values, Maqasid Shariah, Islamic Financing, Fintech, UTAUT

## Introduction

The theoretical model used in the study is based on a modified UTAUT model, in which the Maqasid values (MV) were included as an independent variable. This modification is expected to increase the relationship between the intention and adoption of Islamic financing. In this study, the values of the five primary objectives emphasised by Maqasid Shariah namely the protection of religion (*al-Din*), protection of life (*al-Nafs*), protection of the mind (*al-Aql*), protection of progeny (*al-Nasl*), and protection of wealth (*al-Mal*) were defined as the construct of Maqasid Values (MV) towards the intention to use Islamic financing. It examined the user's perception based on changes in religious practices, religious knowledge, personality, health status, living standards, relationships with family and neighbours, business knowledge, as well as income and asset ownership via Islamic financing.

To the best of the researcher's knowledge, the comparison work for the Maqasid Values (MV) construct has been the subject of relatively few studies. The Maqasid index, Maqasid Shariah, and Maqasid compliance were the subjects of the closest research. Amin and Hamid (2018) employed the Maqasid compliance approach to investigate the role of Maqasid Shariah in Islamic home finance products. Although the study's findings are noteworthy, the phrase "Maqasid compliance" is contradictory because Maqasid is a principle-based system rather than a set of rules (Bakar, 2016). Bakar (2016), then elaborated on the need to adopt a Maqasid-based or value-oriented approach to Islamic jurisprudence.

Hudaefi and Noordin (2019) created an integrated Maqasid al-Shariah based performance measure (IMSPM) in relation to the Maqasid index approach. Although these results had implications for both financial and religious metrics, the study's context was limited to the performance of Islamic financial institutions employing IMSPM. On the other hand, Auda (2011) presented the Maqasidi approach in relation to Maqasid Shariah studies, including many aspects of Maqasidi's theories. Therefore, the study models of the Maqasid values (MV) construct has gained from the development owing to all of the citations above. For these reasons, the development of the measurement item for the adoption of Islamic financing services from the Maqasid Shariah perspective is based on the Maqasid Values (MV) perspective.

## **Literature Review**

### *Maqasid Shariah*

Maqasid Shariah is a term used to describe the objectives of Islamic law, which guide people to live in this world and the preparation for the hereafter by fostering the development of spiritual and socioeconomic well-being. According to the Quran,

Allah has not sent Prophet to this world except to be a mercy to all (*al-Anbiyaa* 21:107).

Maqasid Shariah, in particular, is the foundation of the welfare structure, ensuring human well-being in this life and the hereafter. Therefore, the study derived that Maqasid Shariah and Islamic financing are strongly associated, which is discussed below.

### **History and Development of Maqasid Shariah**

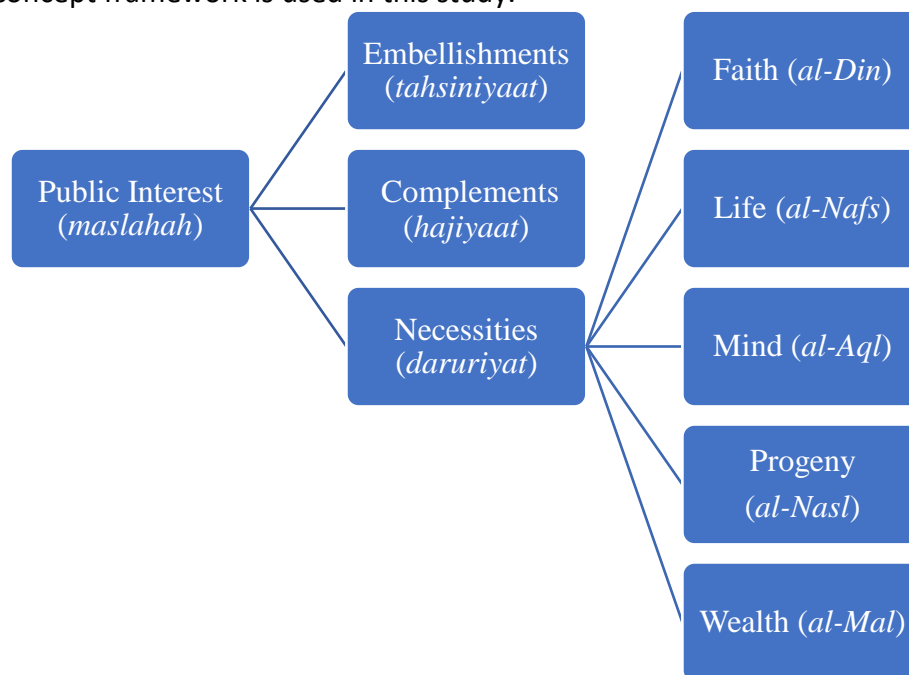
Al-Juwayni (d. 1078 A.D.) developed al-Maqasid theorization, which was subsequently improved upon by al-Ghazali (d. 1105). The leading academics of al-Izz (d. 1260 A. D.), al-Qarafi (d. 1284 A. D.), Ibn Taymiyyah (d. 1328 A. D.), Ibn Qayyim (d. 1351 A. D.), al-Tufi (d. 1316 A. D.), al-Shatibi (d. 1390 A. D.), Ibn Ashur (d. 1973), al-Raysuni, and Abu Zaharah successively grew Maqasid sequentially to other categories of discipline (Amri & Mohammed, 2019). According to Abubakar (2016), the goals of the Maqasid Shariah are to uphold the public interest (*maslahah*) and to prevent harm (*mafsada*). Having said so, Al-Ghazali divided *maslahah* into three groups: the essential (*daruriyat*), the complementary (*hajiyaat*), and the embellishments (*tahsiniyaat*). The term "*daruriyat*" refers to elements that are absolutely necessary and without it, a country's system will collapse. As compared to *hajiyaat*, which are the elements that facilitate people for the betterment of society, their absence could lead to difficulties in their lives rather than disorder. Conversely, the elements of *tahsiniyaat* aim to

improve and seeking the perfection of individuals (Abubakar, 2016; Bello, Haque, Adeyemi, & Hasan, 2017).

### Classification of *Maqasid al-Shariah*

Al-Ghazali expanded on *daruriyat* in the Maqasid concept, making it into the protection of five fundamental elements of necessities: religion (*al-Din*), life (*al-Nafs*), mind (*al-Aql*), progeny (*al-Nasl*), and wealth (*al-Mal*). This is the order in which these five fundamental elements are prioritised. Shatibi upheld the idea of al-Ghazali's five fundamental elements, although Qarafi and other scholars have added dignity (*ird*) as a sixth element. Nonetheless, this element might be regarded as falling into the scope of life (*al-Nafs*) (Al-mubarak & Osmani, 2010).

Similarly, notable scholars such as Abu Zaharah expanded upon al-Ghazali's conceptual framework by incorporating education and justice (Amri & Mohammed, 2019). In addition, contemporary scholars have expanded their research by utilising al-Ghazali's framework. For instance, Chapra (2007) created a model about human development and well-being, Dusuki & Mokhtar (2010) created an appraisal model for Sukuk issuance in the Islamic debt market, and Larbani & Mohammed (2011) created instruments for making decisions regarding the allocation of investible resources. Thus, as shown in Figure 1, the al-Ghazali concept framework is used in this study.



**Figure 1. Al-Ghazali Five Fundamental Elements Concept of *Daruriyat*** (Al-mubarak & Osmani, 2010).

### UTAUT Theory

Venkatesh, Morris, Davis, & Davis (2003) conducted a review and identified eight models of IT adoption: Theory of Reasoned Action (TRA), Technology Acceptance Model (TAM), Theory of Planned Behaviour (TPB), Combined TAM and TPB (C-TAMTPB), Model of PC Utilisation (MPCU), Innovation Diffusion Theory (IDT), Motivational Model (MM), and Social Cognitive

Theory (SCT). As a result, Venkatesh et al (2003), merged all eight theories into a new framework known as the UTAUT model. As a result of integrating these eight theories, user intentions to use varied by 17% to 53%. Interestingly, UTAUT was empirically tested using original data from four organisations and found to outperform the eight models with a variance adjusted R2 of 69%.

UTAUT was subsequently cross-validated with new data from two more organisations, yielding comparable results with a variance adjusted R2 of 70%. Venkatesh et al. (2003) continued to state that these tests provide strong empirical evidence for UTAUT, which proposes three direct determinants to behavioural intention to use namely the performance expectancy (PE), effort expectancy (EE), and social influence (SI). In a similar vein, there are two direct determinants to usage behaviour (USE) namely the behavioural intention (BI) and facilitating conditions (FC). Figure 2 depicts the significant moderating influences of Gender (GEN), Age (AGE), Experience (EXP), and Voluntariness of Use (VOL) on UTAUT. Thus, the UTAUT model is chosen owing to its high variance value of usage intention, which is an improvement compared to other models.

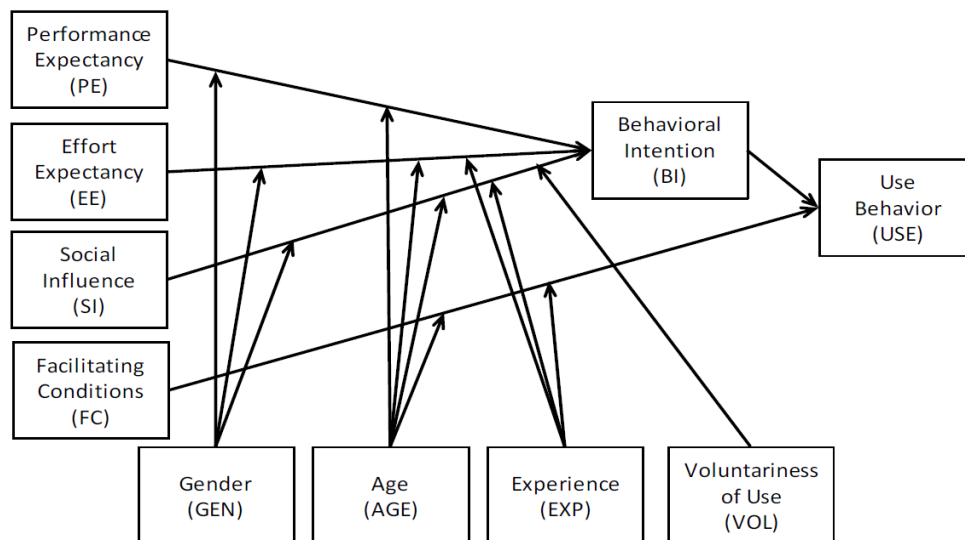


Figure 2. UTAUT Model (Venkatesh et al., 2003)

### The Extension of Conceptual Model

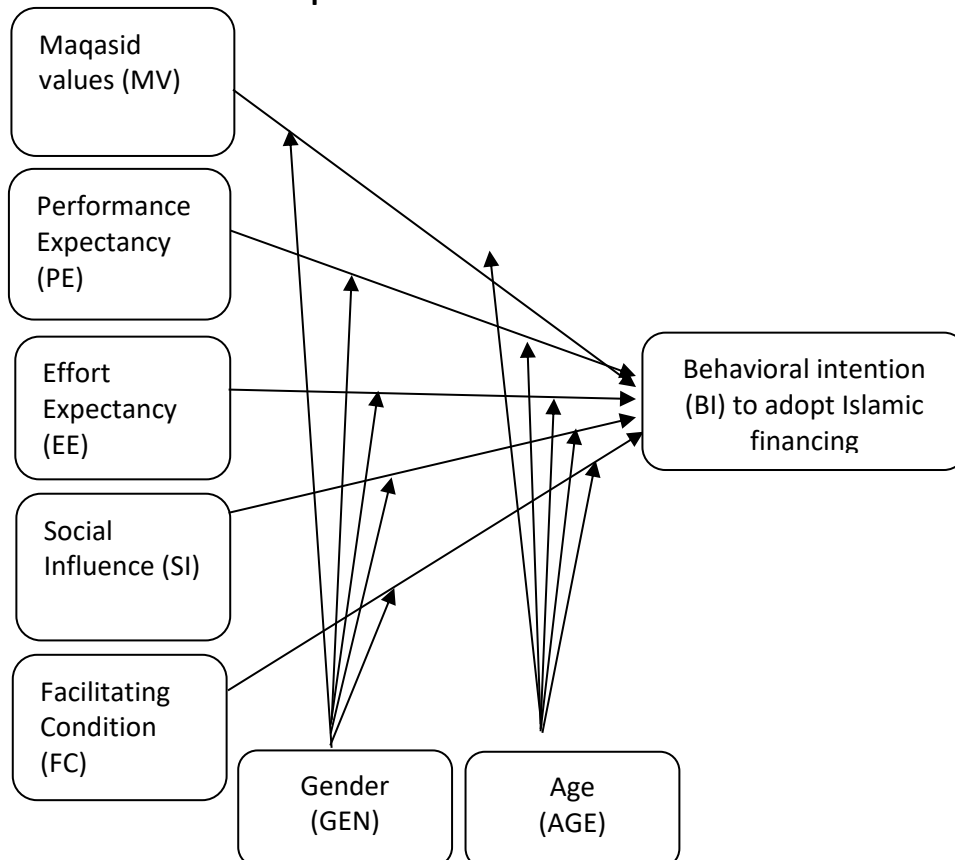


Figure 3. The Extension of the Conceptual Model

Figure 3 depicts the theoretical guidelines for developing research hypotheses for the implementation of Islamic financing based on Cheng's (2020) original conceptual model. The UTAUT conceptual model in this study exhibits four main effects on end adoption that have been maintained and demonstrated to be reliable constructs in previous research namely the performance expectancy (PE), effort expectancy (EE), social influence (SI), and facilitating conditions (FC). Furthermore, this study presents a new construct of Maqasid values (MV) that could potentially use to investigate the effects of five elements of Maqasid Shariah on Islamic financing.

### Maqasid Values (MV) Construct

Individuals are guided by values, which shape how they behave in various situations. Values strongly influence how an individual thinks and behaves by their decision. As Maqasid Shariah has an important role in human behaviour, the values and priorities act to serve as a guide for goodness as well as the best actions and activities. Hence, Schwartz (1996) described values as desirable qualities as well as aspirations, goals, and preferences that govern a person's behaviour. According to al-Ghazali, the basic purpose and principle of Maqasid Shariah is for the protection of religion (*al-Din*), life (*al-Nafs*), mind (*al-Aql*), progeny (*al-Nasl*), and wealth (*al-Mal*). These are the five primary goals emphasised in the Maqasid Shariah implementation procedure. On the other hand, numerous researchers have emphasised the relevance of values, which may be used to predict behavioural attitudes and decisions that

guide individuals across a variety of circumstances (Myry, 2008; Schwartz, 1996). Similarly, values are viewed as permanent ideas that determine whether an individual's actions are acceptable, good, desirable and righteous (Rokeach, 1973). In this respect, al-Shatibi asserted that Allah (SWT) revealed the Islamic Shariah to benefit the human race and prevent evil in both this world and the next (Al-Raysuni, 2013).

In the present study, the values construct derived from Maqasid Shariah was used to guide behaviour for implementing Islamic financing. Furthermore, scholars are becoming more interested in exploring Maqasid Shariah in the context of Islamic bank products and services. For example, Amin and Hamid (2018) investigated the implications of Maqasid Shariah when researching Islamic home financing products. Although the study is relevant and fascinating, the authors proposed a contradicting term for Maqasid, which is referred to as Maqasid compliance, since Maqasid is based on principles rather than rules. In this matter, the current research study prioritises values in transactions, thus Maqasid values are appropriate. Theorists and practices that lead to values are chosen since theorists align with practice. As a result, the Maqasid Shariah approach has been useful as a guideline for developing measuring construct of Maqasid values in the behaviour of implementing Islamic financing, and it is an important factor influencing individual thought, action, and decisions.

Islamic financing, in particular, is classified as *daruriyat* given that the preservation of five elements is the fundamental priority of Maqasid Shariah values, which serve as the foundation for welfare establishment both in this world and the next. Therefore, the studies derived that Maqasid values are related to Islamic financing, which falls under the category of wealth protection (*al-Mal*). As a result, a new construct of Maqasid values has been constructed in the UTAUT model, which can be used to investigate the changes in the five elements as well as the significant influence on behavioural intention and technology usage when providing Islamic financing. In this regard, empirical support from a case study of a local financial institution named Amanah Ikhtiar Malaysia (AIM) discovered religion (*ad-Din*), life (*al-Nafs*), intellect (*al-Aql*), lineage (*al-Nasb*) and wealth (*al-Mal*) significantly influenced borrowers (Alam, Said, & Hassan, 2015). In Table 1, the descriptions are presented below.

Table 1

*Impact on the five elements of Maqasid Shariah*

Religion ( <i>ad-Din</i> )	Would have impact on their religious practices, in their faith and in their Islamic character.
Life ( <i>al-Nafs</i> )	Would have impact on the living standards of their family, health status and their social participation/contribution.
Intellect ( <i>al-Aql</i> )	Would have impact on their level of knowledge, business skills/experience and the level of knowledge of the family.
Lineage ( <i>al-Nasb</i> )	Would have impact on their relationship with family and society perceptions.
Wealth ( <i>al-Mal</i> )	Would have impact on their income and ownership of assets.

Source: Alam, Said & Hassan (2015)

The study above investigates Islamic microcredit from a Maqasid Shariah perspective. Nevertheless, the study focuses on AIM performance rather than Islamic financing behavioural intention preferences. Thus, the effect of the Maqasid Values construct on the said preferences for Islamic financing has not been investigated. This indicates a research gap. Hence, the current study suggests that the Maqasid Values construct plays an important role in determining Islamic financing preferences.

### Hypothesis Development

The proposed hypotheses were developed and derived from the literature that links the UTAUT conceptual model constructs based on the original UTAUT model review, as shown in Table 2.

Table 2

#### *Original UTAUT Model Hypothesis*

<b>Construct</b>	<b>Hypothesis (H)</b>
Performance Expectancy (PE)	H1: The influence of performance expectancy on behavioural intention will be moderated by gender and age, such that the effect will be stronger for men and particularly for younger men.
Effort Expectancy (EE)	H2: The influence of effort expectancy on behavioural intention will be moderated by gender, age, and experience, such that the effect will be stronger for women, particularly younger women, and particularly at early stages of experience.
Social Influence (SI)	H3: The influence of social influence on behavioural intention will be moderated by gender, age, voluntariness, and experience, such that the effect will be stronger for women, particularly older women, particularly in mandatory settings in the early stages of experience.
Facilitating Conditions (FC)	H4a: Facilitating conditions will not have a significant influence on behavioural intention. H4b: The influence of facilitating conditions on usage will be moderated by age and experience, such that the effect will be stronger for older workers, particularly with increasing experience.
Behavioural Intention (BI)	H5: Behavioural intention will have a significant positive influence on usage.

Source: Venkatesh et al. (2003)



Table 3

*Proposed Hypotheses (H)*

Construct	Hypothesis (H)
Performance Expectancy (PE)	H1: PE influences behavioural intention to adopt Islamic financing. H1a: AGE will positively moderate the influence of PE on behavioural intention to adopt Islamic financing. H1b: GEN will positively moderate the influence of PE on behavioural intention to adopt Islamic financing.
Effort Expectancy (EE)	H2: EE influences behavioural intention to adopt Islamic financing. H2a: AGE will positively moderate the influence of EE on behavioural intention to adopt Islamic financing. H2b: GEN will positively moderate the influence of EE on behavioural intention to adopt Islamic financing.
Social Influence (SI)	H3: SI influences behavioural intention to adopt Islamic financing. H3a: AGE will positively moderate the influence of SI on behavioural intention to adopt Islamic financing. H3b: GEN will positively moderate the influence of SI on behavioural intention to adopt Islamic financing.
Facilitating Conditions (FC)	H4: FC influences behavioural intention to adopt Islamic financing. H4a: AGE will moderate the influence of FC on behavioural intention to adopt Islamic financing. H4b: GEN will moderate the influence of FC on behavioural intention to adopt Islamic financing.
Maqasid values (MV)	H5: MV influences behavioural intention to adopt Islamic financing. H5a: AGE will moderate the influence of MV on behavioural intention to adopt Islamic financing. H5b: GEN will moderate the influence of MV on behavioural intention to adopt Islamic financing.

As a result, the proposed hypothesis (H) is comprised of six constructs that connect five fundamental hypothesised links and ten moderating hypotheses of gender and age on behavioural intention (BI) to adopt Islamic financing. Table 3 depicts the hypotheses for this study's relationships between constructs and moderating effects.

### Conclusion

The conceptual model of UTAUT with an extension of Maqasid Values (MV) construct in this work attempts to extant theoretical knowledge by maintaining moderating factors of GEN-AGE in the Islamic financing setting. This research contributes to the conceptual model by suggesting several undiscovered connections in the Islamic financing context. As a result, the suggested conceptual UTAUT model may allow researchers to examine and focus on various Islamic instrument model adoptions using end clients as variables. As financial technology advances, Islamic financing emerges as one of the fastest expanding markets globally, implying the need for early research for Islamic finance to maintain momentum in terms of technology adoption compared with conventional banking. The study's limitations include the



fact that the conceptual model is based only on a literature review. Following the limitation, researchers may consider empirical validation of the suggested conceptual model in the future. Even though it is still in the preparatory stage of market entry, the current rate of technological advancement compels scientific researchers to explore future user attitudes in advance (Arifovic, Duffy, & Jiang, 2017).

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