

# **Advancing the Understanding of Behavioral Intentions towards I-fintech: A Study on Indonesian Millennials and Gen Z**

**A Thesis**

**Submitted to Master's Study Program of Economic at the Faculty of Economic and Business in partial fulfillment of the requirements for the degree of**

**Master of Arts (M.A.)**



by:

**Siti Nur Aisyah**

**03232110012**

**UNIVERSITAS ISLAM INTERNASIONAL INDONESIA**

**DEPOK**

**2023**

# **Advancing the Understanding of Behavioral Intentions towards I-fintech: A Study on Indonesian Millennials and Gen Z**

**A Thesis**

**Submitted to Master's Study Program of Economic at the Faculty of Economic and Business in partial fulfillment of the requirements for the degree of**

**Master of Arts (M.A.)**



by:

**Siti Nur Aisyah  
03232110012**

**UNIVERSITAS ISLAM INTERNASIONAL INDONESIA  
DEPOK  
2023**

## ABSTRACT

Name : Siti Nur Aisyah  
Programme : Economics  
Title : Advancing the Understanding of Behavioral Intentions towards I-fintech:  
A Study on Indonesian Millennials and Gen Z

Islamic fintech is likewise a part of the digital development and Islamic teaching is concerning the historical development. It is such a completely new for Islamic economic world to implement the technology in a daily life. Such an aftershock of Islamic finance which has not been accepted well by society, Islamic fintech is approaching the Islamic lifestyle. Conventional fintech has been well-approved by the society since Indonesian has not been concerning the Islamic value instead of the religion they believe. This leads to the lack of intention of using I-fintech services. The intention of using a product is sometimes affected by the lack of product awareness and literacy instead. This project of the study is ensured to explore whether the society has an intention to adopt Islamic fintech services. The focus of this study is taking place on millennials and Gen Z's group as this circle of society is currently the higher adoption of technology and financially active. The questionnaire was placed on the surveymonkey.com website and shared through random sampling method. Before disseminating the questionnaire publicly, the questionnaire was tested by the piloting project to examine whether the questionnaire was valid and reliable. There are 333 respondents besides those who had been involved in the piloting project. The study was tested by SEM-PLS. The results describe that the variables, digital financial literacy, planned behavior, acceptance model and use of technology, while the three variables significantly affect the intention to adopt except digital financial literacy. Planned behavior is the most powerful factor among others. The score of digital financial literacy is considerably high where the intention to adopt is lower than the I fintech adoption rate. Moreover, DFL score is depicted to explain the current literacy on the millennials and gen z. This study was overseen only in Indonesia, aiming on millennials and gen z. Therefore, the results cannot be globalized to other countries and generations. However, this study presents the critical information regarding the digital financial literacy in Indonesia to achieve the fintech industry development. On this case, where the digital financial literacy does not significantly affect the adoption of I-fintech, it could be explained that I-fintech is supposed to be explored by the Islamic Digital Financial Literacy. To the best of the author knowledge, there has been no theory representing the Digital Islamic Financial Literacy. It is suggested that the next studies could increase the number of respondents. By this study, it is aimed to obtain the best representing results for the future research about digital financial literacy and expected to be one of the concerns of the practitioner/developer of I-fintech and policy maker to improve the related regulation of I-fintech.

**Keywords:** *I-fintech, Digital Financial Literacy, Behavioral Intention*

## **ACKNOWLEDGEMENTS**

I am deeply grateful to my advisor, Bu Aimatul Yumna, Ph.D who has been my best supervisor just like a mom and Pak M. Luthfi Hamidi, Ph.D as my second supervisor and the best advisor on many parts of life. Their unwavering support and guidance throughout my master's thesis program led me to have this beautiful journey. Their expertise and patience have been invaluable to me and have played a crucial role in the success of this thesis.

I am grateful to all participants involved in collecting my data for providing me with the opportunity to conduct my research and for all of the resources and support they provided. I would also like to thank Prof. Dian Masyita, Ugi Suharto Ph.D., and other lecturers of Economics and Business Faculty. Their insights and guidance were instrumental in helping me to shape my research and write this thesis. I am deeply thankful to my friends and family, especially my mom and my dad, for their love and support during this process. Without their encouragement and motivation, I would not have been able to complete this journey. I would also like to thank my colleagues at Economics and Business Faculty for their support and collaboration during my research. In particular, I would like to thank Abdul Muiz for his help with sharing ideas and solutions, Andiyani Kurnia and Ananda Olga Ulima for their assistances with support and accommodation. Finally, I would like to extend my sincere gratitude to all of the participants in my study. Their willingness to share their experiences and insights has been invaluable to my research and has helped to make this thesis a success. Thank you for your time and contribution. I am grateful to everyone who has supported me throughout this process. Without your help and guidance, this thesis would not have been possible.

## TABLE OF CONTENT

<b>TITLE PAGE</b> .....	i
<b>STATEMENT OF AUTHENTICITY</b> .....	ii
<b>ANTI-PLAGIARISM STATEMENT</b> .....	iii
<b>THESIS ATTESTATION</b> .....	iv
<b>THESIS DEFENSE APPROVAL</b> .....	v
<b>ABSTRACT</b> .....	vi
<b>ACKNOWLEDGEMENTS</b> .....	vii
<b>TABLE OF CONTENT</b> .....	viii
<b>LIST OF TABLES</b> .....	xi
<b>LIST OF FIGURES</b> .....	xii
<b>LIST OF ABBREVIATIONS</b> .....	xiii
<b>CHAPTER I</b> .....	1
<b>1.1 Research Background</b> .....	1
<b>1.2 Research Question</b> .....	10
<b>1.3 Research Objective</b> .....	10
<b>1.4 Research Limitation</b> .....	10
<b>1.5 Significance of The Study</b> .....	10
<b>CHAPTER II</b> .....	12
<b>2.1 Theoretical Review</b> .....	12
<b>2.1.1 The Development of Fintech in Indonesia</b> .....	12
<b>2.1.2 Islamic FinTech</b> .....	14
<b>2.2 Respondent Criteria and Variables</b> .....	26
<b>2.2.1 Millennials and Gen Z</b> .....	26
<b>2.2.2 Digital Financial Literacy</b> .....	28
<b>2.2.3 Planned Behaviour</b> .....	32
<b>2.2.4 Technology Acceptance Model</b> .....	34
<b>2.2.5 Use of Technology</b> .....	35
<b>2.2.6 Behavioural Intentions</b> .....	38
<b>2.3 Conceptual Framework and Hypothesis Development</b> .....	40
<b>CHAPTER III</b> .....	43

3.1 Data and Sampling .....	43
3.2 Data Collection Process.....	44
3.2.1 Variable Measurement .....	45
3.3 Validity and Reliability Test.....	47
3.3.1 Methods for Measuring Validity and Reliability .....	48
3.4 Pilot Project.....	49
3.4.1 Validity and Reliability Test .....	53
3.4.2 R Square and Adjusted R Square .....	56
CHAPTER IV .....	58
4.1 Results.....	58
4.1.1 Demographic Respondent .....	58
4.1.2 Descriptive Analysis.....	62
4.1.3 Model FIT .....	65
4.1.4 Multicollinearity Test .....	66
4.1.5 Discriminant Validity .....	68
4.1.6 HTMT Testing.....	69
4.1.7 Validity and Reliability Test .....	69
4.1.8 Outer Weight.....	72
4.1.9 R Square and Adjusted R Square .....	73
4.1.10 Blindfolding Test.....	73
4.1.11 Bootstrapping Results .....	74
4.1.12 Model.....	76
4.2 Analysis.....	77
4.2.1 The Intention of Millennial and Gen Z in adopting I-fintech.....	77
4.2.2 The Influence of Planned Behaviour, Use of Technology, Technological Acceptance Model and digital financial literacy in I-fintech adoption .....	81
CHAPTER V .....	91
5.1 Conclusion.....	91
5.1.1 Use of Technology .....	91
5.1.2 Planed Behaviour .....	92
5.1.3 Technology Acceptance Model .....	92
5.2 Recommendation .....	93

<b>5.2.1 For Society</b> .....	93
<b>5.2.2 For I-fintech Industry</b> .....	93
<b>5.2.3 For Policymakers</b> .....	93
<b>5.2.4 For Academicians</b> .....	94
<b>5.3 Limitation of The Study</b> .....	94
<b>5.4 Future Research</b> .....	94
<b>REFERENCES</b> .....	95

## **LIST OF TABLES**

Table 2.1 Dimensions, Subdimensions, And Indicators For DFL .....	31
Table 3.1 Variable Measurement Used .....	46
Table 3.2 Measurement Items Of Pilot Project .....	50
Table 3.3 Demographic Characteristics .....	52
Table 3.4 Validity And Reliability Test .....	53
Table 3.5 Outer Loadings Construct Item .....	54
Table 3.6 R Squared .....	56
Table 4.1 The Data Collected .....	59
Table 4.2 The Data Run .....	61
Table 4.3 Descriptive Analysis .....	64
Table 4.4 Model Fit Testing .....	65
Table 4.5 VIF .....	67
Table 4.6 Latent Variable Correlations .....	68
Table 4.7 Fornell-Larcker Criterion .....	68
Table 4.8 Htmt Testing .....	69
Table 4.9 Validity And Reliability Test .....	70
Table 4.10 Outer Loadings Construct Item .....	70
Table 4.11 Outer Weight .....	72
Table 4.12 R Squared .....	73
Table 4.13 Blindfolding Test Result .....	74
Table 4.14 Structural Model Testing Results-Path Coefficient .....	74
Table 4.15 The Intention Of Millennials And Gen Z In I-Fintech .....	79
Table 4.16 Mann Whitney Test .....	81
Table 4.17 Behavioral Intentions Measurement .....	81
Table 4.18 Planned Behavior Measurement .....	82
Table 4.19 Use Of Technology Measurement .....	84
Table 4.20 Technological Acceptance Model Measurement .....	86
Table 4.21 Digital Financial Literacy Measurement .....	87

## LIST OF FIGURES

Figure 1.0.1 Fintech Funding Breakdown .....	2
Figure 1.0.2 Number Of Users Of Digital Payments .....	3
Figure 1.0.3 Internet Penetration In Indonesia.....	6
Figure 1.0.4 Penetration Rate Of Digital Payment .....	7
Figure 2.0.1 Conceptual Framework.....	40
Figure 4.0.1 Proposed Model .....	76
Figure 4.2 Digital Financial Literacy Scores .....	86

## LIST OF ABBREVIATIONS

MUI	: Indonesia Ulema Council
DSN-MUI	: Information Technology-Based Sharia Financing Services
POJK	: Financial Services Authority Regulation
OJK	: Financial Services Authority
I-fintech	: Islamic Financial Technology
DFL	: Digital Financial Literacy
APJII	: Indonesian Internet Provider Association
ASFI	: Indonesian Sharia Fintech Association
TAM	: Technological Advanced Model
TRA	: Theory of Reason Action
UTAUT	: Unified Theory of Acceptance and Use of Technology
TPB	: Theory of Planned Behaviour
IT	: Information Technology
PLN	: State Electricity Company
BI	: Behavioural Intention
FL	: Financial Literacy
DL	: Digital Literacy
YOY	: Year of Year
DFS	: Digital Financial Services
M-banking	: Mobile Banking
E-wallet	: Electronic Wallet
E-commerce	: Electronic Commerce
AVE	: Average Variance Extracted
DF	: Degree of Freedom
ZISWAF	: Zakat, Infaq, Shadaqah and Waqf

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

The Industrial Revolution 4.0 requires all lines of life to operate digital. Innovations that are regularly developed today, such as the practise of Artificial Intelligence, Internet of Think, Big Data, and others are forms of automation applied for convenience, accuracy, and widespread economic progress. Alam (2019) in their book mentioned that the dramatically changing experience of the global business environment and financial services is currently led by the digital revolution. The most growing number of digital providers which are extensively operated in many countries around the world is fintech (Ahmad & Mamun, 2020).

Advances in digital technology are one of the drivers for the creation of a digital Islamic economic ecosystem and the Islamic fintech industry. The opportunities for digitizing the Islamic economy are wide open the number of research discussing about Islamic fintech is slightly infrequent. Islamic fintech is dedicated to companies, entrepreneurs or SMEs combining the recent financial services with the advanced technology that is in line with the shariah compliance (Basar et al., 2022).

One of the new progresses in Islamic financial technology is fintech where it has been converting a new movement in Islamic financial engineering (Muryanto, 2022). The growing of Islamic Fintech in Indonesia has enormous potential and opportunities, considering that this country has the biggest Muslim inhabitants in the world. The Islamic fintech development in Indonesia reveals promising progress (Mansyur & Ali, 2022). Tan et al. (2019) found that an intensively growing number of fintech in Indonesia emerge markets and the frontier economies however the player is quietly small.

Currently, there are several fintech products served in Indonesia namely, Crowdfunding, Micro Financing, P2P Lending Service, Market Comparison and Digital Payment System (Putri et al., 2022). The growing number of Islamic fintech services is a part of the Islamic financial industry development needed a particular

plan to boost the presence. Islamic fintech services in Indonesia is about security crowdfunding, peer-to-peer lending and digital payment. Thus, there is an extremely need to activate a new generation of Islamic financial products positively focusing on achieving the goals of maqashid al sharia (Abbas, 2015). Hati et al. (2022) in their study added an opinion that companies which apply sharia-compliant have much higher brand equity. Islamic finance comes from the roots of Islamic economics, which is different from other economic systems. Risk sharing is carried out fairly between lenders and borrowers (Hirawati & Harsono, 2023). Likewise with regard to sharia compliance or compliance with sharia principles, it must be closely adhered to in the implementation of Islamic fintech.

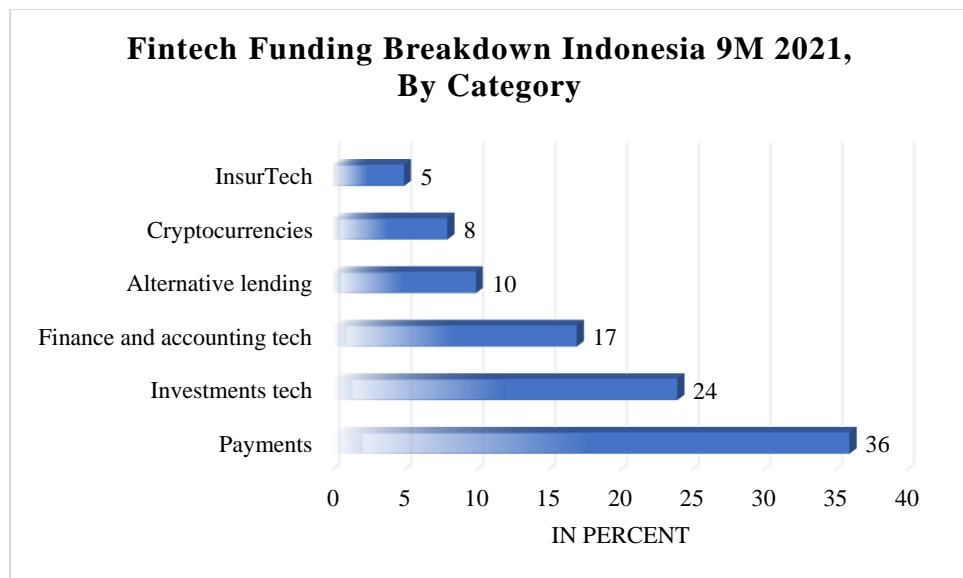


Figure 1.1 Fintech Funding Breakdown  
Source: Statista, 2023

Concerning on the fintech funding breakdown in Indonesia found by category shown on the figure 1.1 as of September 2021, digital payments reported for 36 percent of funding in Indonesia's fintech sector by 2021. In comparison, eight percent of fintech funding in the country comes from cryptocurrencies. This will be supported by data in figure 1.2 which explains that the number of fintech users who focus on digital payments is predicted to continue to increase until 2027. In 2022, the total number of digital payment users is 178.9 million users and will continue to increase until in 2027 which is predicted to be 247.2 million users.

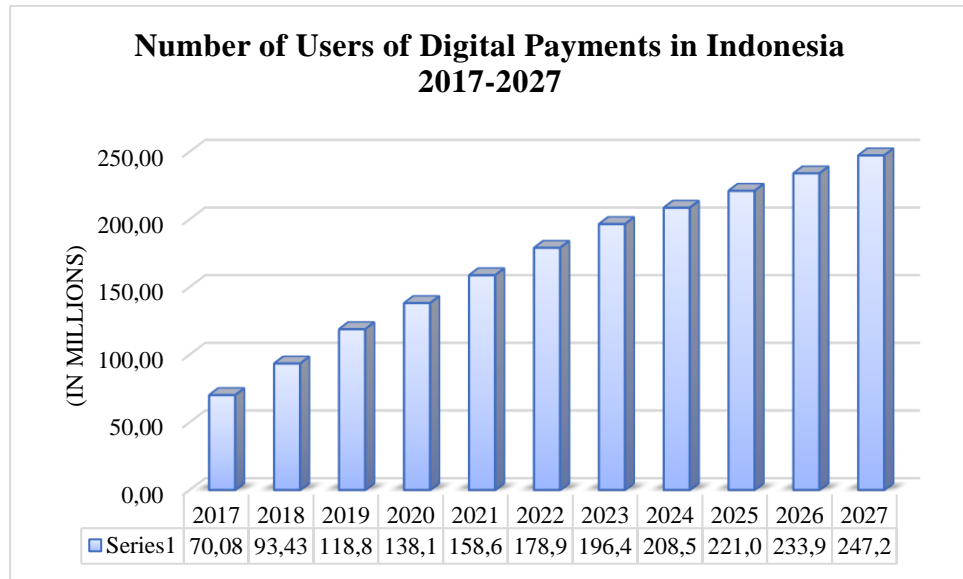


Figure 1.2 Number of Users of Digital Payments

Source: Statista, 2023

These results lead the urgency of government to interestingly focus on the development of digital industries. The case turns the same with the advancement of Islamic Fintech in Indonesia where it was responded quickly by the Indonesian Ulema Council (MUI) by issuing a fatwa on Information Technology-Based Sharia Financing Services (DSN-MUI). Grounded on the fatwa, the implementation of Islamic fintech must apply sharia principles, which must not contain elements of usury, fraud, gambling, misleading information, causing harm, and prohibiting committing wrongdoing (Sabani, 2022). However, the problem is that the DSN-MUI fatwa has not been accommodated by the OJK to become a regulation.

OJK Regulation Number 77/POJK.01/2016 is only intended for conventional fintech so there are no special arrangements for Islamic fintech from OJK. Islamic fintech operates conventional fintech regulations, meaning that Islamic fintech in Indonesia is however minimally regulated with the aim of the state has not provided legal protection for consumers. Current state institutions overseeing the existence of financial services entities have not been able to fully overcome the existence of illegal fintech which is difficult to eradicate, this will result in ineffective supervision by other institutions including supervision in the aspect of sharia compliance.

Financial institutions are the backbone of a country's economy where it functions to maintain economic stability and ensure the level of liquidity of the

economy (Rabbani et al., 2021). In general, in making decisions and in choosing a product, customers have their own qualifications. This is inseparable from digital developments that are increasingly sophisticated which expect each customer to be able to keep abreast of developments. Now, the digital era of sharia products is approaching, so innovation is desirable both in terms of products and services. Unavoidable technological developments require us to be able to make peace with everything that is in sight. This development brings changes both in terms of transactions that will directly affect the contracts that are selected and suitable for function. Yumna (2019) mentioned that to choose a financial product is highly determined by demographic profiles of the customers, namely, age, the level of income and education and the number of kids.

The increase of financial technology (fintech) nowadays is indeed commencing to spike all lines of people's lives. All types of transactions through social media, from transportation, buying food, traveling, to shopping for daily necessities, have come to be easier, especially because they are supported by fintech. Society is becoming familiar with the advantages served using fintech where it is assumed as more efficient and effective compared to other financial services that lead people to be motivated to take advantage of fintech (Safitri, 2020). On the other hand, fintech has its own challenges, there are many Indonesians who are foreign and do not realize how to utilize it properly.

The gap between the growing number of financial services digitally and the lack of digital financial literacy in society is potentially triggering negative effect. Basar et al. (2022) stated in their study done in Malaysia that unfortunately, the speedy development of I-fintech services has not been complemented by an increasing number of digital financial literacy. Financial literacy, which is well-defined as the skill of people to decide, understand, analyse, and manage their personal finance has recently changed to be digital financial literacy which has been leading people to engage perfectly with the digital point of view (Prasad et al., 2018). Additionally, the financial services sphere must be able to respond to this transformation through the need of labour talent linking the strong financial and digital competence (Jamil & Seman, 2019).

Currently, digital financial literacy capabilities are not just a necessity, but have developed a lifestyle in the Industrial Revolution 4.0 era. Digital financial literacy (DFL) is expected to become a progressively crucial aspect in education (Morgan et al., 2019). Since the Covid-19 pandemic beaten the world, the digital economy in Indonesia in 2020 has grown 11% contrasted to the aforementioned year. This is the topmost contrasted to Malaysia, the Philippines, Singapore, Thailand, and Vietnam. This was pushed by adjustments in people's behaviour during the deadly disease. People who do more activities at home would rather do a less interaction economy such as shopping online and carrying out work activities through virtual meetings. Fintech is an obvious innovation and rapidly develops as a part of human need dealing with financial transaction in their daily life (Jamaruddin & Markom, 2020).

Covid-19 has additionally increased the consumption of health and immune products. Restrictions on human movement during the Covid-19 pandemic caused digital transactions to be increasingly in demand and needed. The presence of digital financial services gives people many options to entrance financial services without the need to physically come to the office of a financial service institution. Financial literacy has been noticed as a fundamental means to improve financial inclusion and long-run financial security of individuals, researchers, and practitioners (Lyons & Kass-Hanna, 2021). Reviewed from a point of view of Islam, Muslim are necessary to know and understand more than just financial information (Albaity & Rahman, 2019).

In addition, in the long term, it is estimated that all financial transactions will switch to digital technology and towards cashless transactions. Therefore, society needs to prepare themselves with qualified digital literacy skills. This digital literacy capability is not only for the benefit of financial transactions, but to meet the needs and other digital-based life activities. Moreover, it will relate with the way society meets the needs of I-fintech in their daily lives since the growing number of fintech is farther than I-fintech. Fintech has led the way of digital financial transactions and I-fintech seems left behind.

The targeted respondents of this study will be millennials and Gen Z as it is reported that the number of Muslims in Indonesia is about 86% in total of population

in Indonesia and Millennials and Gen Z accounting take for 27.94% and 25.87% of the total inhabitants, correspondingly. To some points, this data corresponds to the big chance of I-fintech to grow in Indonesia along with the well literate society. Factors that can influence Islamic fintech are resources, risk, benefits and competition, customer attitude, literacy, and acceptance, as well as regulations (Hirawati & Harsono, 2023). Additionally, Prakash & Tiwari (2021) mentioned that millennial and Gen z are currently being the most identified group of study concerning on business since they are the most major market of all.

In the Islamic economy, social inclusion is a prerequisite before implementing financial inclusion. Society needs to have the power to contribute to the landscape of public literacy as a social element, to provide value to the wheels of the economy and persuade income that can be benefited to join the financial sector. Therefore, the integration of commercial funds and social capital funds or social funds, is important to be pursued together to strengthen and develop a more optimal Islamic ecosystem. The existence of fintech in the point of view of the Islamic economy is a driving force for the progress of the times which is a form of muamalah in Islam (Hirawati & Harsono, 2023).

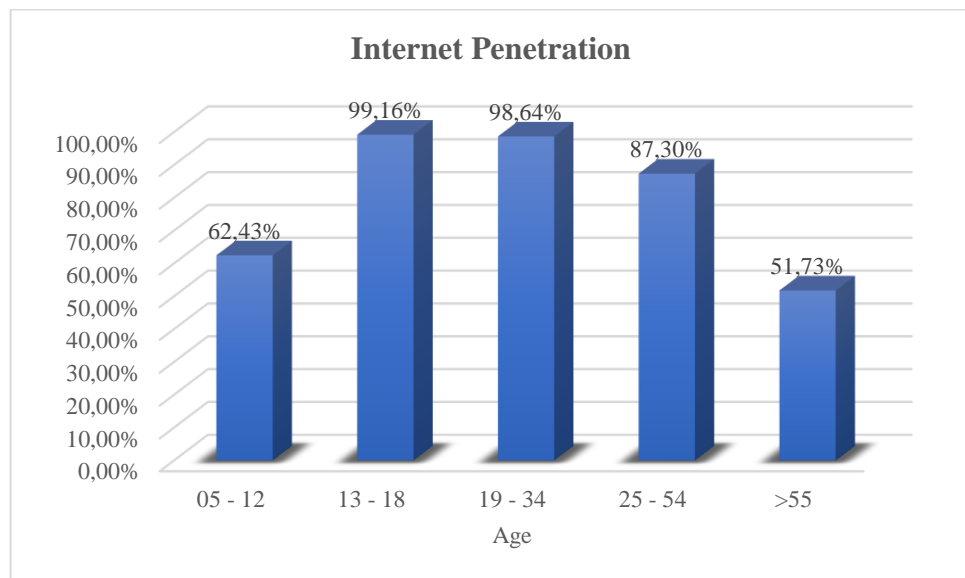


Figure 1.3 Internet Penetration in Indonesia  
Source APJII, 2023

In comparison to other age groups, Indonesian teenagers utilise the internet the most. This is evident from the fact that in the 13–18 age range, the internet penetration rate reached 99.16% in 2021–2022. Research titled "Internet User Profile

2022" was recently made public by the Association of Indonesian Internet Service Providers (APJII). According to the report from APJII, Indonesia's internet penetration rate was 77.02% in 2021–2022. The age range of 13 to 18 has the highest internet penetration. The majority (99.16%) of people in this age bracket use the internet. Additionally, 98.64% of people in the 19- to 34-year-old age bracket use the internet. In the 35-54 age range, internet usage was 87.3% of the time last year. Internet usage among kids aged 5 to 12 is 62.43%. The lowest penetration is found in the 55 and older age group, with 51.73%. Internet usage among 13 to 18-year-olds grew as a result of the Covid-19 pandemic's need for distant learning. In this age group, 76.63% of respondents admitted that their use of the internet has increased in frequency.



Figure 1.4 Penetration Rate of Digital Payment  
Source: Statista, 2023

Data depicted on the figure 1.4 explain that the predicted growing number of penetration rate of digital payments will reach 84,65 percent in 2027. In the 2022, the penetration rate was about 64,11 percent where it grows rapidly in 5 years. According to the data demonstrated above, the challenges are approaching in Digital Financial Literacy where DFL is knowledge about financial service activities or payment methods using digital technology. The technology employed is either mobile-based or web-based, targeting the unbanked and underbanked communities. However, because technology is growing, in addition to the convenience it offers,

digital finance is like a daily necessity for the community. Currently there are many payment methods that no longer provide cash but have to apply non-cash (cashless). This makes changes to habits in society and has a positive impact in the form of fulfilling all needs online. People can shop for basic needs, clothes, and even long-distance transactions, merely from their mobile phone anytime and anywhere.

Registered conventional fintech is easier and more varied. Islamic fintech is constrained by capital, resulting in a lack of resources, product innovation and marketing. A number of strategies and solutions should be tried to be implemented. In addition, regulations on Islamic fintech and the lack of public understanding of Islamic fintech have made the enthusiasts not as numerous as conventional fintech. I-fintech considers foreign to society. This can be attributed to the arrival of the Islamic economy as a whole in Indonesia, which has not yet been fully accepted, making public acceptance of I-fintech even more doubtful. In this case, it can be said that the Islamic economy, which has not been well received by society, directly influences people's behaviour in using I-fintech.

Simply put, people who are less literate towards I-fintech require full attention. Coupled with the fast digital developments that seem to push back people who are unable to adapt to it to immediately make a significant movement. In general, the use of technology is influenced by behaviour and the environment directly. In the case of I-fintech, the ecosystem of the Islamic economy or Islamic finance has not yet been established, so that it has an impact on people's intention to use I-fintech. Observing factors related to the intention to use of I-fintech could be one of the decision-making of I-fintech developers and governance to increase the users. As the highest population Muslim countries, Indonesia easily control the market share of I-fintech.

There are several theories used in Islamic fintech research, some of which are well-known include the Technology Acceptance Model (TAM), the Unified Theory of Acceptance and Use of Technology (UTAUT), and Theory of Reasoned Actions (TRA) (Hirawati & Harsono, 2023). While there have been many involving studies about fintech discussing how fintech can boost financial inclusion and economic empowerment in many countries, this study will focus on the digital financial

literacy and the intention to adopt Islamic fintech in Indonesia where the number of Muslim is in the majority.

Therefore, this paper attempts to fill the gap by determining the specific digital financial literacy in Indonesia focusing on millennials and Gen Z. The analysis done by Mansyur & Ali (2022) mentioned that Gen Z and Millennials tend to grasp extreme adoption objectives to habit Islamic fintech when they recognize that the system is comprehensible. The based theory applied in this study is behavioural intentions theory which will be measured by four variables namely, planned behaviour, technology acceptance model (TAM), use of technology (UTAUT) and digital financial literacy. Khan et al. (2022) stated that the field of Islamic finance is increasing and attracting attention globally, even being appreciated by non-Muslims.

Research done by Rahim et al. (2023), discussing the i-fintech adoption in Malaysia using structural modelling combining the two variables only which are UTAUT and TAM. Shaikh et al. (2020a) conducted a study in acceptance of i-fintech banking services by Malaysian users using an extension of TAM revealed the results that i-fintech services are determined by perceived ease of use, perceived usefulness, and consumer innovativeness. Lastly, the concept of the framework testing planned behaviour, technology's use and Acceptance model connecting to behavioural intentions as the endogen variable is employed by (Alsmadi et al., 2023).

The role of I-fintech along with the benefits that can be provided can continue to be expanded. Hence, education and literacy about sharia fintech need to be continuously improved together. This has been realized in the last few years. Thus, it is hoped that business actors in the sharia financial sector can continue to strive to improve themselves so that public interest will increase in utilizing sharia products/services. As the best of my knowledge, there has been no research that has tried to combine the variables that determine behavioural intention as a whole theory with digital financial literacy. Digital financial literacy has converted a necessity that can no longer be stretched out for decision making as well as real action.

This study will be arranged separately as chapter 1 is discussing the brief introduction of this study, followed by the second chapter focusing on the theory implementation of the study, the third chapter deliberating the methodology

employed in this study, the forthcoming chapter 4 discoursing the results and the analysis, and lastly the fifth chapter concluding the whole study.

## **1.2 Research Question**

- What is the intention of Gen Z and Millennial in adopting I-fintech?
- What is the influence of Digital Financial Literacy, Use of Technology, Acceptance Model, and Planned Behaviour to the Gen Z and Millennial intention to adopt I-fintech?

## **1.3 Research Objective**

- To explore the intention to adopt i-fintech in millennials and Gen Z in Indonesia.
- To examine the influence of Digital Financial Literacy, Use of Technology, Acceptance Model and Planned Behaviour to the Gen Z and Millennial's intention to adopt I-fintech.

## **1.4 Research Limitation**

To limit the area of discussion in this study, the authors compose the limitations of the respondents of this research in Islamic Fintech among millennials and Gen Z as the most users of internet products. As it is supported by the statement of (Hudaefi et al., 2023) that in fintech markets, millennials and Gen Z are the one called as digital natives where they are driving the primary market of fintech. The demographic respondents of this study will take place in Indonesia. The I-fintech services employed in this study is concerning on the peer-to-peer lending and digital payments.

## **1.5 Significance of The Study**

The implications of this study propose DFL which is currently crucial for the digital era of I-fintech for obtaining the most potential products for Muslim society. I-fintech regulators and players should particularly focus on designing the model for promoting digital financial literacy in I-fintech. This research is expected to add insight and knowledge and provide information to researchers and academics regarding the importance of digital financial literacy and the influence of UTAUT, planned behavior, acceptance models and use of technology on people's intentions to adopt technology, especially Islamic fintech.

In addition, this research is expected to be a source of information and input which will later be depleted as material for consideration in making policies for the government or I-fintech developers to pay attention to community literacy readiness. In other words, the community is expected to be able to understand how far their skills in using technology will be good reciprocity for the government and business developers.

## **CHAPTER II LITERATURE REVIEW**

### **2.1 Theoretical Review**

#### **2.1.1 The Development of Fintech in Indonesia**

Technology is a change that cannot be avoided along with the times, one of these technologies is information technology. Information Technology (IT) is expected to bring innovative changes, both in daily life and in business, which are oriented towards ease of access, practicality, convenience, and more economical costs (Gai et al., 2018). IT has provided unique support for businesses from infrastructure to financial solutions, commonly known as Financial Technology (Fintech) (Schueffel, 2016). The primary objective of fintech is to obtain technology-grounded solutions to construct financial service distribution accessible, cheaper, faster, and more efficient compared to conservative service delivery models. This is causing disruption by reshaping the financial services business and operational model with a better customer experience. The reach of movement in FinTech ranges from mobile payments, money transfers, peer-to-peer lending and crowdfunding, spreading to the new world of blockchain, cryptocurrency and robot investing (Goldstein et al., 2019).

The digital modernisation is spectacularly transforming the macro-business circumstances and financial services is no exclusion to it (Alam et al., 2019). The current digital era is characterized by the emergence of new companies that take advantage of technological developments. These new companies are called startup companies or start-ups. Referring to the definition of start-up, it is explained in more detail that a start-up is a company that has just been established or is in the pioneering stage, which is generally engaged in technology and information in cyberspace or the internet. Thus, the term start up does not apply to all business fields.

It can be answered that the start-up movement in Indonesia continues to experience rapid development. There are two types of start-ups, namely e-commerce and Financial Technology (FinTech). E-commerce is a company that specifies an online buying and selling platform, while the term FinTech is more centred on companies that transform in the discipline of financial services with a touch of

modern technology. E-commerce and FinTech synergize with each other, where e-commerce are the platform for buying and selling, while the presence of FinTech is to facilitate the procedure of buying and selling so that it can be undertaken by the wider community. With the existence of FinTech, for example, payment methods can become easier because FinTech continues to make new breakthroughs to serve companies in general, and individuals in particular. Fintech services are the forthcoming of financial connections wide-reaching, somewhere financial operations can be conveyed out without the necessity for basic money by employing the internet of things application (Saad & Fisol, 2019).

FinTech is an investment alternative that presents options for Attitude friends who have the desire to access financial services in a practical, efficient, convenient, and economical way. The presence of FinTech intensely affects the daily life of the economic community. The mixture of efficiency and technology has positively impacted on society in general. In Indonesia, the occurrence of FinTech has facilitated people solve various problems.

There are numerous advantages of having FinTech in the community, the first advantage is that FinTech can assist new improvements in the discipline of technology start-ups that are flourishing. The growth of inventive products is extremely vital for the company in this viable development (Chaudhry et al., 2020). This can improve enlarge employment and increase economic growth. This economic growth brings a second benefit, namely an increase in the standard of living of the people. FinTech can grasp people who cannot be communicated by conventional banking.

In addition, FinTech can furthermore increase the macro economy. The expediency proposed by FinTech can enhance e-commerce transactions. The final benefit that the public can enjoy the most is reduced interest on loans. Not apart from the large number of Muslim communities in Indonesia and the Islamic financial ecosystem which is starting to grow rapidly, Indonesia has Islamic fintech which is based on Islamic religious values in the transaction process so as to give birth to blessings in it.

Islamic fintech catches a variety of investors. Not only from Muslim countries but also non-Muslims. The Indonesian Sharia Fintech Association (AFSI) noted that

there were several distributions made from non-Muslim countries. The Financial Services Authority (OJK) stated that Islamic financial technology (fintech) services have a great opportunity to grow in Indonesia. This opportunity is given that the majority of the population in Indonesia are Muslims.

The corona virus pandemic has forced activities in various sectors and lines to transform. Not only disrupting the health system but also the economy. This is because, in order to slow down the rate of spread of the COVID-19 virus, everyone is asked to limit movement and practice physical distancing. With minimal interaction, inevitably the need for electronic money services is becoming more evident. As the first and only sharia-based electronic money service provider in Indonesia, LinkAja's complete range of Sharia Services can be a choice of financial system solutions in the midst of a pandemic.

Apart from prioritizing customer satisfaction and convenience, electronic money services have implemented transaction procedures according to sharia rules. LinkAja's Sharia services provide a variety of products that are in accordance with Islamic contracts where there are no elements of *maisyir* (gambling), *ghahar* (uncertainty), usury (additional), unjust and non-*halal* goods. This Islamic digital payment system was initiated to support the government's efforts to implement financial inclusion and economic equity throughout society. This first sharia e-money is the only one that has an DSN-MUI certificate following the issuance of the DSN-MUI Fatwa on sharia e-money as well as a license to create server-based electronic money goods from Bank Indonesia.

### **2.1.2 Islamic FinTech**

Financial technology called fintech is redefining financial services and improving access to many financial products and markets (Senyo et al., 2023). According to Ahmad & Mamun (2020) the application of technology in financial transactions has continued to increase recently and technology has become an important factor for the growth of the financial industry in the future. Technological developments are in line with the development of the products offered by Islamic finance where there is a necessity to create a new generation of Islamic financial products which are expected to contribute positively to achieving the objective of sharia (Abbas, 2015). I-fintech is defined to companies or entrepreneurs which merge financial services

with recent and advanced technology which conforms with sharia (Basar et al., 2022). The fintech industry emerged due to various constraints of traditional banking and financial institutions, namely being tied by very strict regulations and restrictions in performing the society in specified areas.

In 2020, fintech developers are developing a new initiation of first digital banks that are agile, low-cost, and stable. The enlargement of fintech in the financial industry has illustrated a novel landscape embracing technology and business shape (Rani et al., 2021). This can be explained by the fact that banks and other traditional financial institutions will see a considerable decline in profits if they fail to adapt to the fintech manufacturing. Financial firms that use new technologies to their advantage will also seize expansion chances. Particularly in the Organisation of Islamic Cooperation (OOIC), islamic fintech is rapidly expanding (Glavina et al., 2021).

Furthermore, the technology-driven era has triggered online platforms to be intensely preferred due to accessibility and ease-of-use (Hui et al., 2019). Any innovation in technology is allowed in Islam since it conforms with the sharia set of laws (Firmansyah & Anwar, 2019). The loss of interest from the practice of Islamic finance raises many questions from various parties in which they view that interest is the main support for the passage of a financial transaction in conventional banks (Abdulsalam, 2021). Although in some ways the fintech industry contains high investment costs, the emergence of innovative business models with advanced technologies such as Blockchain, internet of things, artificial intelligence and robotics will at least affect the future of the banking and financial industry.

According to Khan et al., (2022), Islamic fintech is classified similarly to conventional fintech, but with a change to ensure sharia compliance. It consists of the words Islamic and fintech combined. The latter discusses the use of technology in the delivery of financial services, whilst the former refers to the sharia compliance of financial transactions. Any Islamic financial transaction that uses technology yet does not adhere to sharia standards is seen as haram, or illegitimate.

Nevertheless, for the Muslims, farther agreeing the advancement to be utilized, fintech is likewise counted on the legitimate (*halal*) or excluded (*haram*) for granting the bearing on the public interest (*maslahah*) (Saad & Fisol, 2019). Ideally, the

application of fintech in the Islamic banking industry should be welcomed by complying with Islamic principles and rules such as the prohibition of interest (*riba*), gambling (*maysir*), uncertainty (*gharar*), danger (*darar*), cheating (*tadlis*). This underlies that every product or service that emerges from fintech must comply with rules taken from the Qur'an and Sunnah which are collectively known as sharia (Hirawati & Harsono, 2023).

Likewise, the introduction of fintech in Islamic banking should increase competitiveness and general inclusiveness by incorporating more products and services with the purpose that the government can identify the future direction of the Islamic banking industry. However, this ideal condition is yet far from expectations in the Islamic banking industry in response to the very fast growth of the Fintech industry. The power of technology applicable fast in Islamic financial technology as it expands the access to mobile financial services (Azman et al., 2020).

As part of the financial insurgency, the Islamic finance part should embrace fintech to differentiate the assistance presented as the making digital process is seizing place in industry 4.0 (Razak et al., 2020). The presence of fintech in Indonesia is not even a decade old. In Indonesia, the development of fintech only started to appear around 2015. However, in a short time, fintech has become a favourite of the Indonesian people because of its many advantages. For service users, fintech provides convenience and speed, offers efficiency and economy. For service providers, fintech is able to reduce costs and simplify transactions. It is estimated that the Indonesian fintech market in the future will increase along with the use of information technology which is increasingly massive and evenly distributed throughout the country. In cooperation fintech and Islamic fintech have fundamentally equivalent implication, but the contrast rests in the sharia compliance (Rabbani et al., 2021).

Islamic fintech is defined as the use of technology in conjunction with sharia principles to make the financial system more functional (Muryanto et al., 2021). Islamic fintech, on the other hand, is defined as the provision of financial services based on sharia principles in the Fatwa of the Indonesian Ulema Council No. 117/DSN MUI/II/2018. For Indonesia as a country, fintech has increased the velocity of money circulation in society. In other words, fintech performs a function in

improving the community's economy. One of the zones of the financial engineering that occurs to be the least injured by the existing market instability is the Islamic finance business (Schoon, 2008).

The Financial Services Authority (OJK) has acknowledged fintech's existence by issuing OJK Regulation Number 77/POJK.01/2016. In order to control and monitor changes in the types of financial services enterprises that use these technical improvements, notably those connected to information technology-based money lending services, OJK has prepared a number of laws. With the presence of Islamic fintech, which offers financial services and products using technology based on sharia systems, the world of Indonesian fintech is becoming more and more active. Jakarta saw the formation of the Indonesian Sharia Fintech Association (AFSI) in 2017. This organisation was established to combine the strength of Indonesia's Islamic fintech industry and offer the local population usury-free alternative financial services.

In history, the financial industry has permanently performed an foremost responsibility in the economy of every single component of civilization (Schoon, 2008). Conventional fintech is interest based, while Islamic fintech is profit sharing based. However, it is actually not that simple because this Islamic fintech platform uses sharia contracts and compliance. Islamic fintech cannot finance the illegitimate sector. In addition, Islamic fintech not only share potential profits, but also potential losses, as long as is truly accountable. Both Islamic fintech and conventional fintech both provide financial services, but Islamic fintech financing contracts must follow Islamic sharia principles. There are three Sharia principles that must be obeyed, namely not being allowed to *maisir* (betting), *garar* (uncertainty), and usury (the amount of interest exceeds the stipulation) (Hirawati & Harsono, 2023). Contracts in sharia financing must be consumed for certain purposes, whereas this is not required to be stated in conventional financing transactions. Islamic finance is a form of finance that utilizes the principles of sharia ethics and morality as the core of its financial transactions (Rabbani et al., 2021).

Islamic finance is considered to be the result of social innovation, which together with ethical and sustainable financial services is meant to offer positive changes to society. The sharia fintech platform is not only aimed at the Muslim

community. Service users can come from various groups, both Muslims and non-Muslims, as well as lenders participating in the platform can come from all walks of life. Islamic fintech, which is anticipated as a sustainable financial system, must always be monitored, and cared for, especially during financial crises. Given the dynamic conditions and the lagging behind conventional fintech, there is a lot of effort that needs to be made and support from all parties. Islamic fintech is expected to be able to grow rapidly beyond conventional fintech, and become the main choice, especially for the Muslim community (Hirawati & Harsono, 2023).

In 2022, Indonesia entered the category of leaders of the global sharia fintech ecosystem. Based on the 2022 Global Islamic Fintech Report, Indonesia is in third place with an index score of 65. Saudi Arabia is in second place with a score of 80 and Malaysia is in first place with a score of 81. The increase in Indonesia's ranking is supported by developments in infrastructure and the sharia digital economy and financial ecosystem. Various institutions have shown a strong commitment to sharia economic growth, which can be seen from the policies and programs they carry out.

The main issue that has become an obstacle in the development of Islamic fintech in Indonesia is the low level of public literacy. People do not yet know what the difference between Islamic fintech is and conventional fintech. The low level of public literacy regarding Islamic economics and finance is a phenomenon that needs to be resolved through the hard work of various parties, whether through education, outreach, or collaboration of many parties. The Bank Indonesia survey in 2022 states that the national Islamic economic and financial literacy index has only reached 23.3 percent.

### **2.1.2.1 Islamic Fintech and Its Perception**

Sharia fintech is the provision of financial services whose system must be carried out based on sharia principles. Sharia fintech is a combination of innovation in the financial sector (financial) and technology aimed at facilitating transaction and investment processes based on Islamic law (sharia law). The beginning of the formation of sharia fintech was the technology industry (fintech) which had a great desire to balance banking financial services in Indonesia, where the majority of the population is Muslim. Every sharia fintech transaction cannot be separated from sharia business principles which are based on sharia economics including: God

(*Ilahiah*), Justice (*Al-Adl*), Prophethood (*An-Nubuwah*), Government (*Al-Khalifah*), and Results (*Al-Maad*) (Alwi, 2018)<sup>14</sup>. According to the Indonesian MUI, there are 4 (four) stages of a fintech company turning into a sharia fintech, namely:

- a) The company is registered with OJK or Bank Indonesia
- b) Complete Desk Review at DSN MUI
- c) The company makes a presentation before the Visitation Team from DSN MUI
- d) Receiving the recommendation of the Sharia Supervisory Board (MUI) there are 4 supervisors in the MUI DPS namely Internal Auditors, External Auditors, OJK/BI and the Sharia Supervisory Board (MUI).

In terms of the Legal Basis of Sharia Fintech, sharia-specific legislation have not yet been put into effect, however OJK and BI have been given the power to oversee and control financial services, particularly fintech, including the following:

- a) Financial Services Authority Regulation Number: 77/POJK.01/2016 Regulates information technology-based lending and borrowing services. This regulation explains in general the procedures for conducting peer to peer fintech and the division of the implementation of individual rights and responsibilities.
- b) Law No. 11 of 2008, which governs information and electronic transactions, classifies computer network activities as another type of electronic media (electronic transactions).
- d) Financial Services Authority Regulation Number 1/PJOK.07/2013 Concerning Financial Services Sector Consumer Protection.
- d) Law No. 8 of 1999 contains guidelines for protecting consumers.
- e) The Government Regulation No. 82 of 2012, which was released to facilitate the implementation of Law No. 11 of 2008's electronic transaction operations.
- f) Bank Indonesia Regulation No. 19/12/2017 Loading on the Use of Financial Technology.

Benefits and Risks of Sharia Fintech The benefits of Islamic fintech are:

- a) Helping SMEs
- b) Avoiding Riba
- c) Providing benefits to many parties
- d) The process is easy
- e) Sharia fintech is safer

While the risks of Fintech are:

a) Financial Risk

The risks arising from the use of financial leverage by the company.

b) Legal Risk refers to the absence of global fintech legal and operational regulations and the industry's ambiguous legal position.

c) Security Risk The possibility of financial losses as a result of fraud or hacking that compromise the safety of fintech financial transactions.

(d) Operations Risk

In fintech organisations, operational risk is the umbrella term for all possible losses resulting from subpar internal systems, personnel, or procedures.

Continuously, sharia Fintech contract system in the definition of contract in a special sense is the bond between *Ijab* and *Qabul* based on *syara'* provisions which have implications for the object. Even though it is a new phenomenon in online contract law, the principles of sharia contract law apply. According to (Ani, 2019) 15 contracts through information technology media must fulfill the pillars and conditions of the contract. According to (Septiana, 2022) 16 The sharia fintech contract system when applying for a loan between the lender and the recipient of the funds as a process of agreeing to cooperation through the contract is as follows:

a. The *Al Ba'i* contract is a sale and purchase agreement between the seller and the buyer which results in the transfer of ownership of the object being exchanged (goods and services).

b. An *Ijarah* contract is a contract for the transfer of usufructuary rights (benefits) for goods or services for a certain period in exchange for rent or wages.

c. *Musyarakah* contract is a cooperation contract between two or more parties in conducting a business, through an agreement that if the profits are obtained it will be shared according to an agreed ratio and if losses are borne proportionately.

d. *Mudharabah* contract is a cooperation contract between the capital owner and the business manager, with profit sharing according to the agreed ratio at the beginning of the contract, whereas if there is a loss it will be borne by the capital owner.

e. The *Wakalah bi Al Ujrah* contract is a card for the delegation of powers in the treatment of legal actions and is accompanied by a wage reward.

f. A *Qardh* contract is a loan contract with the rules that the borrower is required to repay the money he receives according to the time and method according to the agreement.

Based on Article 21 of the Supreme Court Regulation Number: 2 of 2008 regarding the compilation of Sharia Economic Law, it is stated that the contract is carried out based on the following principles:

a) *Iktiyari*/Voluntary Each contract is of personal will without coercion or pressure from other parties.

b) Trust/Keep Promises Every contract that becomes an agreement must be implemented and avoid default.

c) *Iktiyati*/Prudence Each contract is carefully considered and implemented quickly and precisely.

d) *Luzum*/Unchanged Each contract has clear aims, careful calculations, and avoids speculation.

e) Mutually Beneficial Each contract aims to fulfill the interests of the parties not to harm and away from manipulation practices.

f) *Tsawiyah* / Equality Each contract has an equal position and has the same rights and obligations.

g) Transparency Each contract can be accounted for by the parties.

h) Ability Each contract is carried out according to the ability of the party so that it is not burdened.

i) *Taisir*/ Convenience Each contract is carried out by providing convenience to each other and according to the capabilities of each party.

j) Good Faith The contract is carried out to uphold the benefit, does not trap and does not contain bad deeds.

k) Because it is Halal, the contract is not against the law, does not violate the law, and is not illegal.

Based on research related to interpreting the development of sharia fintech through the sharia contract system, it can be concluded that all sharia fintech transactions use a technology system and funding transactions adhere to sharia principles, in this case a contract as an affinity agreement is considered valid if it is in line with sharia carried out by the parties. when there is a transfer of ownership.

The development of sharia fintech which is new in Indonesia in the future is a great opportunity to be developed in Indonesian society, which is mostly Muslim.

The need to establish protection policy instruments both as sharia fintech operators and secure the use of information technology that is accountable for online-based loans as well as consumer protection as financial service actors must continue to be updated along with technological developments, there is socialization of digital literacy related to the existence of safer sharia-based financial technology services without usury. It is hoped that in subsequent research, it will be more in-depth to analyze the performance of sharia fintech which actually runs the sharia financial business according to the guidance of the Qur'an and Hadith.

### **2.1.2.2 The Illustration of I-fintech**

Financial planning (personal finance), retail investing, payments (crowdfunding), financial product comparison sites (compare sites or financial aggregators), financial research, and other activities are included in the fintech industry's scope. As a legal framework for fintech advances, OJK has already released OJK Regulation (POJK) Number 77/POJK.01/2016 concerning Information Technology-Based Money Lending Services (Peer-to-Peer Lending/P2P Lending). As a follow-up to the government creating a legislative framework for the growth of sharia fintech in Indonesia, the Financial Services Authority (OJK) and the National Sharia Council-Indonesian Ulema Council (DSN-MUI) are starting to formulate a fatwa.

In its development, because specific overarching regulations have not been formed, sharia fintech also faces operational risks in addition to legal risks. That risk overshadows Islamic fintech investors or lenders, such as fraud or bad credit or non-returning loans. This risk is very likely to occur because the contract process is only carried out online and there is no face-to-face meeting. Even though the contract has been agreed upon, there is no guarantee that the borrower will be honest in submitting the financial statements of his business even after the contract has been concluded. high risk can be minimized by applying the underlying transaction. The guarantee can later be confiscated if the borrower is proven to have intentionally committed fraud regarding the financial statements or loan funds.

A competent supervisory body from an Islamic microfinance institution is required to monitor business partners in the amount of loan eligibility and the use of

funds in the field as a form of caution. Inseparably from the development of conventional fintech, Islamic fintech is a bright solution and hope for Micro, Small and Medium Enterprises (MSMEs) or mustad'afiin families, namely parties who lack efforts in terms of finances, timeframe and location for capital. Especially MSMEs who want to obtain non-usury capital.

To obtain Islamic financing, Islamic fintech companies are intermediaries between borrowers or business actors and investors or Islamic financial institutions such as Islamic banking. Not as a provider of capital as in conventional fintech. The platform provided is low-cost financing for MSMEs that uses a "peer-to-peer lending marketplace" approach. The concept of financing through an Islamic fintech company is a solution and answer for MSMEs regarding the complexity of capital and without determining interest from the lender. Because everything will be determined through a contract that has been agreed between the lender and the lender.

The contracts that have been agreed upon are also not the same as one another, namely based on the allotment of funds from the lender. The difference between Islamic and conventional fintech in reducing risk can be clearly seen. That is, conventional fintech is fattening interest as a form of caution. So that the absence of interest will be the main attraction for Islamic fintech. Of course, with the hope that the Indonesian people will be open to reading Islamic Finance opportunities and literacy.

Based on data from the Financial Services Authority (OJK) that in 2016, the Islamic Financial literacy index was only 8.11%. Which means that only about 8 out of 100 people understand Islamic Finance. Where this figure is far from the percentage of National Financial literacy in that year, which is 29.66%. Meanwhile, the goal of the Government's National Strategy for Financial Inclusion (SNKI) is that 75% of Indonesia's population will have access to Islamic financial products in 2019. Based on the prospects and enthusiasts of Islamic fintech, it has been shown that Islamic fintech has a bright future. This is based on the population of Indonesia which is the largest Muslim majority.

Apart from being technologically literate, it is hoped that the Indonesian population as well as MSME actors must be literate about sharia signs related to the

pillars and conditions for the validity of a contract. Then they will be able to take full advantage of opportunities for the development of Islamic fintech. In addition, actions as a form of policy from supervisors in the field are also needed to minimize the risks that will be faced by investors. So that when aspects of MSME actors are smart, wise investors, and contracts that comply with the provisions of sharia economic principles have synergized, and are strengthened by sharia fintech umbrella regulations, then God willing, superior MSMEs will be created.

### **2.1.2.3 Peer-to-peer Lending Services**

Sharia P2P Lending is a financial concept that combines Islamic principles with the P2P Lending (peer-to-peer lending) model. P2P Lending in general is a platform that links lenders with borrowers online without absorbing traditional financial institutions. In Sharia P2P Lending, in addition to following the basic principles of P2P Lending, it is also carried out in compliance with sharia rules and principles. In Islamic law, the practice of lending and giving unfair interest is prohibited. Therefore, Islamic P2P Lending ensures that transactions are carried out in accordance with sharia principles. In Islamic P2P Lending, borrowers and lenders agree to use a profit-sharing mechanism rather than interest. In addition, it is also noted that the managed funds are not used for activities that are contrary to sharia principles, such as gambling or alcohol.

Compared to conventional P2P Lending, there are some quite basic differences, in terms of principles, product structure, and investment supervision. The main difference between Islamic P2P Lending and conventional P2P Lending lies in the principles followed. Islamic P2P Lending follows sharia principles in terms of profit determination, use of funds, and activities to avoid. Meanwhile, conventional P2P Lending is not bound by sharia principles and applies interest as a source of profit. In Islamic P2P Lending, the products offered are based on Islamic finance principles, such as *mudharabah* (profit-sharing cooperation) or *musyarakah* (business cooperation). On the other hand, conventional P2P lending usually offers loan-based products with fixed interest. Islamic P2P Lending is subject to the supervision of a sharia authority.

#### **2.1.2.4 Securities Crowdfunding**

Securities crowdfunding is a funding scheme with a system of raising funds or frequently know as joint ventures, through the capital market. This system gathers investors who need to invest together. With this system, MSMEs that previously experienced funding difficulties are facilitated and can participate the capital market. Securities crowdfunding itself is an extension of equity crowdfunding. However, the difference is that there are three types of funding schemes in the security crowdfunding system.

The first type of crowdfunding securities funding scheme is equity, namely funding cooperation with a business share ownership scheme in the form of incorporated company (PT). This investment joint venture results will be obtained from the distribution of dividends according to the percentage of share ownership. The type of business and the contract can be either conventional or sharia business. All these activities are regulated in the crowdfunding securities platform. The second type is bonds, which is a new scheme in expanding equity crowdfunding permits to become securities crowdfunding. The funding scheme is in the form of bonds (debt securities) that can be issued by the government, ministries, banks, or private corporations, in which there is an invoice guarantee or asset fiduciary. Meanwhile, the third type is sukuk, a funding scheme through Islamic bonds with contracts according to Islamic law.

#### **2.1.2.5 Digital Payment**

Digital payment is a payment transaction method through digital media. Users can transact without the need to proceed to a bank teller carrying cash. With only gadgets and the internet, users can pay off bills quickly, easily, and safely. The first Islamic digital financial service in Indonesia is LinKAja Syariah. Electronic money service applications are the foundation of digital financial services intended to speed up customer transactions. *Zakat, Infaq, Shodaqah* dan *Wakaf* (ZISWAF), mosque-based economies that are empowering and digitising Islamic boarding schools, and micro, small, and medium-sized businesses are the three primary categories of Islamic service items given priority by this service. *Qard* contracts and multi contracts are the contracts used in transactions conducted through LinkAja Syariah. A *qard* contract is a loan agreement in which the clients trust the business with their funds

in the form of loans. Multi contracts are contracts that are utilised in user-to-LinkAja Syariah transactions.

## **2.2 Respondent Criteria and Variables**

### **2.2.1 Millennials and Gen Z**

A dynamic lifestyle combined with a lack of knowledge of financial management will make it challenging for millennials (gen Y) and Gen Z to accomplish their finances and determine the best priority scale. Literally, there is no detailed demographic in determining this generation group (Rue, 2018). However, authorities categorize them based on early and late years. Generation Y classification is formed for those born in 1980 - 1990, or in early 2000, and others. The birth of this term is closely related to their behaviour. Technology products will follow the lifestyle of the millennial community (Dimock, 2019).

This is because the shift in behaviour additionally changes hand in hand with technology. New technology inventions will arise as accommodation for technological change. The internet generation now relies heavily on social media as a source of knowledge due to technology. Social media has evolved into the public's primary news source and reporting platform nowadays. The inception and rapid development of social media and reality television, as well as the disappearance of modernist effects inspired by pop culture, all indicate that millennials are populations born throughout economic cycles (Parment, 2011).

Millennials have breathed a contented life and are identical techno savvy cohort (Prakash & Tiwari, 2021). The millennial generation is synonymous with technological advances and all the conveniences available. Millennials were born in an era with simple approach to financial institutions. Millennials are the former generation to raise up with computers and the internet, it will be simpler for millennials to immediately acquire the financial sector and employ it to life (Rue, 2018). To invest, millennials only need to access everything they need via the internet on their gadgets. The Millennial Generation, which is predicted to be the motor of today's social movement, is slightly below Gen Z, which is 25.87% of the total inhabitants of Indonesia. This implies that the presence of Gen Z portrays an influential part and affects Indonesia's current and future developments while Shatto

& Erwin (2017) stated that millennials and Gen Z has no big issues with internet capabilities and they can share those part of unique characteristics.

According to Merriman in Lestari (2019) Gen Z individuals claim distinctive personalities comparable to those of other generations, including self-awareness, persistence, realism, inventiveness, and self-reliance. This cohort has already been predicted to be the main consumers in 2020. Gen Z individuals were born in the 1990s and raised in the 2000s. Research outcomes imply that millennials mostly enjoy and gain engagement with technologies for amusement and hedonic ideas (Calvo-Porrall & Pesqueira-Sanchez, 2019). Contrasting from their forerunners, Generation Z may be figured as the devoted cohort of digital natives (Dabija & Lung, 2019).

In numerous studies, experts claim that Gen Z differs significantly from other generations in terms of traits and features. This generation is referred to as a generation with few limits (a generation without borders). More diversified and international in nature, Gen Z personalities have an impact on most peoples' cultures and attitudes. Gen Z is very adept at utilising technological advancements in a variety of spheres of their existence, which is something that stands out. The Gen Z generation has never experienced the world and is utterly uncomfortable in social situations. Social media disproves the idea that one cannot communicate with anyone, anytime, everywhere.

Members of Generation Z have access to information from around the world and may communicate instantly and continuously with their friends, favoured brands, and celebrities (Dabija & Lung, 2019). Generation Z has received extensive training in utilising technology and is showing creativity and innovation. Since they want to develop their own goods and services, they are each continually searching for answers. Due to the accessibility of social media, everyone may interact, connect, and communicate. This is why it is important to make rigors efforts to convey talents from earlier generations such as interpersonal communication, work culture, technical skills, and critical thinking (Baum, 2020). Gen Z's experience travelling geographically is constrained by how easily they can virtually connect with many individuals in different locations through an internet connection. Even Nevertheless, Gen Z has a global worldview because of how easily they can communicate with

many people from many cultures. Finally, because this generation is so accommodating of other viewpoints and mindsets, they are tolerant of variety and different points of view.

When it comes to the fintech, Millennials and Z Generations are close to the fintech industry. However, Dospinescu et al. (2021) in their study stated that they both have distinctive characteristics to utilize information technology of fintech. In addition, the results of study done by Daqar et al. (2021) that the preference of fintech is caused by the ease of use and the cheaper price than banking. Moreover, the digital live of millennials and gen z are changing not only caused by Covid-19, but also the rapid changing technology and higher acceptance of technology from them makes the digital shifting growing rapidly including the use of I-fintech.

### **2.2.2 Digital Financial Literacy**

A well-functioning financial system provides vital purposes of services, namely, savings, credit, payment, and risk management products to society with a broad range of demands (Shen et al., 2018). The growing number of digital financial services (DFS) which promote financial inclusion and improve personal financial management, has brought a new challenge where it is connecting financial literacy (FL) to digital literacy (DL) and considering their dual effect in financial results (Lyons & Kass-Hanna, 2021). The relationship between FL and DL assesses current saving, spending and foresight of future spending behaviours and it is influenced positively by social-economic standing (Setiawan et al., 2022).

The effectiveness of financial transactions is possibly made through the skills, awareness, and attitudes of the use of digital tools and digital transaction tools (Azeez & Akhtar, 2021). Therefore, DFL is transforming to be more vital presently and it is believed as a prerequisite to the next steps for society in the current financial system. An expanding body of evidence indicates that financial literacy has a crucial role in financial well-being and the differences in financial knowledge gained early in life can justify a significant part of the financial and more general well-being of adult life (Panos & Wilson, 2020).

According to the Financial Services Authority (OJK), there will be 113 million professional workers in Indonesia by 2030, up from the current 55 million skilled workers. According to this pattern, there were 202 million internet users in Indonesia

as of January 2021, up 52.68% year over year (yoy). According to OJK data, Indonesia's financial inclusion rate only rose to 76.9% in 2019. The degree of financial literacy is at 38.03%, which is not very high. In actuality, the index of digital literacy is 3.49%. Financial literacy is suitable to enhance the competence to supervise public finance and essential in order to increase financial access for Indonesians in order to comprehend well-being (Fauzia, 2020).

DFL is the knowledge, skills, confidence, and competence to securely handle digital financial products and services to appoint good financial decisions. Through the use of these financial service organisations' applications as well as those used by financial technology (fintech) and e-commerce companies that also provide financial services, someone with digital financial literacy will make it easier for them to access financial products and services. Therefore, digital financial literacy will support increased public financial inclusion to enable rapid and simple access to goods and services in the financial services industry.

Currently, digital financial literacy is a necessity and no longer just a lifestyle. One of the backgrounds is the COVID-19 pandemic which has limited people's movements to conduct financial transactions. This is why, now financial services are mushrooming because they are considered to offer various conveniences and flexibility for their users. Even so, this development must be followed by an understanding or literacy of digital finance in order to apply it wisely.

Digital Financial Literacy (DFL) is knowledge regarding financial service activities or payment methods using digital technology. The technology used is either mobile-based or web-based, targeting the unbanked and underbanked communities. However, because technology is growing, in addition to the convenience it offers, digital finance is like a daily necessity for the community. Currently there are many payment methods that no longer provide cash but have to function non-cash (cashless). This makes changes to habits in society and has a positive impact in the form of fulfilling all needs online. People can shop for basic needs, clothes, and even long-distance transactions, just from their mobile phone anytime and anywhere.

Digital finance has made it easier for people to access financial services without the need to come physically. In the long term, judging from all transactions

that have started using cashless, there is a possibility that digital payment methods will continue. Therefore, society needs to prepare themselves by mastering digital financial literacy. Benefit:

- DFL Assists the Development of Services and Products, Digital Financial Literacy really supports financial companies in developing the services and products they issue. One by one, financial service institutions are starting to create payment methods to digital services. Indirectly, this can save operational costs.
- Change in the Long Term, Changes in payment methods provided by many financial services prove that digital financial activities can last in the long term. Apart from preparing community with digital literacy financial skills, pay attention to the selection of digital services to be benefited.
- DFL Promotes Financial Inclusion, Digital financial literacy is a service that can provide benefits in encouraging people's financial inclusion quickly and easily. In accessing digital financial services or products, whether through applications such as m-banking, e-wallet or e-commerce, all activities will be completed more quickly without wasting a lot of time.
- Facilitate Financial Transactions, Through the digital world that is currently developing, all activities, businesses, and work become easier with the help of technology. In this regard, digital financial literacy is a form of development in the digital world that makes it easy for anyone to conduct financial transactions only through mobile-based and web-based.

Here are some examples of the purpose of DFL that can be found in everyday life:

- Be more careful when using digital financial services, by understanding digital financial literacy, a person will be more careful in choosing the right and safe financial intermediary. Especially considering the many cases of fraudulent digital transactions, such as through e-commerce, cheating with alleged wrong transfers, or hacking a user's bank account, make sure to be careful in choosing the digital transaction.

- Have Awareness of Saving and Investment, Furthermore, an example of digital financial literacy is that more and more people have the awareness to save and invest from an early age.
- People are increasingly aware of the importance of participating in the financial sector, next, one example of digital financial literacy can be seen from the many changes that have had a positive impact on society. It can be exclaimed; digital financial literacy raises public awareness of the importance of getting involved through the financial sector that can benefit them.
- Start Switching to Digital Financial Technology, Finally, an example of digital financial literacy can be seen from the many people who are starting to switch to digital financial technology.

Table 2.1 Dimensions, subdimensions, and indicators for DFL

<b>Dimensions</b>	<b>Subdimensions</b>	<b>Indicators</b>
Basic Knowledge and Skills	Basic Financial Knowledge	<ul style="list-style-type: none"> <li>• Numeracy</li> <li>• Inflation</li> <li>• Risk Diversification</li> </ul>
	Basic Digital Knowledge	<ul style="list-style-type: none"> <li>• Basic knowledge of software (e.g., creating user account, managing passwords, logging into account, using privacy settings)</li> </ul>
Awareness (the knowing about)	Awareness of Available DFS	<ul style="list-style-type: none"> <li>• Identifying about current providers of DFS</li> <li>• Recognizing about the detailed target and employing of existing DFS (e.g., digital payments, savings, lending, and remittances)</li> </ul>
	Awareness of positive financial attitudes and behaviour	<ul style="list-style-type: none"> <li>• Experiencing about the threats of having a loan (e.g., over indebtedness, abusive, and predatory lending practices)</li> <li>• Realizing about helpful financial manners (e.g., budgeting, saving, preparing for emergencies and retirement, responsible borrowing)</li> </ul>
Practical Know-how (the knowing how)	Practical know-how of operating DFS applications	<ul style="list-style-type: none"> <li>• Grasping how to begin and fulfilled a transaction</li> <li>• Understanding how to fix errors and withdraw a transaction</li> </ul>

Decision-making (attitudes and behaviours)	Positive financial attitudes	<ul style="list-style-type: none"> <li>• Formulating for urgent situation and retirement</li> <li>• Competence to choose trustworthy DFS providers</li> <li>• Capability to figure out the terms and conditions associated to DFS and prevent fraudulent attempts (e.g., unclear, or unfair disclosure of fees, overcharging, subscription traps)</li> </ul>
	Positive financial behaviours through DFS	
Self-Protection	Self-protection from online scams and frauds	<ul style="list-style-type: none"> <li>• Skill to discover cheats and deceptions correlated with DFS (e.g., identity &amp; credential theft, malware, phishing attacks) and avoid their trap to protect data and financial resources</li> </ul>

*Source: Lyons and Kass-Hanna (2021)*

### 2.2.3 Planned Behaviour

The Theory of Planned Behaviour (TPB) is frequently used in numerous behavioural studies and research. To explain a person's intention, which in turn explains the person's behaviour, TPB is typically utilised as an intervening variable. In this research, TPB will be applied to determine people's behavior regarding the presence of Islamic fintech in Indonesia. With this theory, it is hoped that researchers can find out how far the attitude is owned by the community towards the presence of Islamic fintech, subjective norms that play a role in seeing a person's perception of the thoughts of other people who can support or influence him in accessing Islamic fintech and how the community has control over their behavior in using it. Islamic fintech in the future.

The aim to utilize any technology was investigated in light of the theory of planned behaviour (Khan et al., 2022). There are 3 factors contained in the theory of planned behaviour, the first is attitude towards behaviour where the individual will do something according to the attitude they have towards a behaviour. The second is the perception of behavioural control in which an individual cannot fully control his behaviour under the control of that individual or in a condition that can be the other way around where an individual can control his behaviour under the control of that individual. Finally, the subjective norm is that an individual will perform a certain behaviour when the behaviour is acceptable to people, society considers

important in life to accept what society will do. It is supported by a study done by Darmansyah et al. (2021) discussing the three competing models which are the theory of planned behaviour, technology acceptance model and use of technology.

Ajzen created the Theory of Planned Behaviour (TPB), which is also known as the Theory of Reasoned Action (TRA) (Lee & Kotler, 2008). It is made clear that the Theory of Planned Behaviour is a construct that enhances TRA. Individual targets have a high likelihood of adopting a behaviour when they have a favourable attitude towards the behaviour, receive approval from others who are close to and related to the behaviour, and believe that the behaviour can be performed successfully, according to Lee & Kotler (2008).

The idea of planned behaviour might have two characteristics. First, it assumes that perceived behavioural control affects interest in a positive way. Even though they have a positive attitude towards their behaviour and believe others will approve when they perform the behaviour, people who believe they lack the resources or the opportunity to perform certain behaviours may not form a strong behavioural intention to do so. So, it is intended that a relationship between perceived behavioural control and interest will exist that is not influenced by views or arbitrary standards. In this model, interest and perceived behavioural control are connected by arrows.

The second characteristic is the potential for a causal link between behaviour and perceived behavioural control. The ability to manage one's behaviour well enough to carry out an action depends on several occasions in addition to the urge to do so. Therefore, Behaviour can be predicted directly by perceived behavioural control as well as indirectly by interest. This is shown by arrows linking perceived behavioural control and behaviour directly in the direct relationship model.

The theory of planned behaviour makes the assumption that individuals cannot regulate conduct in advance and that instead, non-motivational factors—which are viewed as opportunities or resources needed to carry out behavior—have an influence. As a result, according to TPB, three factors—attitudes, subjective standards, and behavioural control—have an impact on intention (Asadifard et al., 2015).

#### **2.2.4 Technology Acceptance Model**

Technology acceptance model (TAM) is a theory that is commonly applied to investigate the customer intention (Khan et al., 2022). There are 3 factors that influence the use of a system according to that proposed by Fred Davis. The first is Perceived Usefulness, which is a level where a person believes that using the system can improve his performance at work. The second is Perceived Ease of Use which is a level where a person believes that using the system does not need to put more effort. Finally, Intention to Use is a behavioural tendency to use a technology. These 3 factors can be applied as variables in research to determine how the user accepts a system / information system that they intend to build or is already running. However, in this study, researchers implemented two factor analyses, namely perceived usefulness and perceived ease of use as is done by (Majid & Nugraha, 2022 and Nugroho & Apriliana, 2022).

Davis (1986) first proposed the Technology adoption Model (TAM), a modification of TRA created primarily to simulate user adoption of information technologies. In order to explain user behaviour across a wide range of end-user computing systems and user groups, while also being both cost-effective and theoretically defensible, TAM aims to provide an explanation of the general determinants of computer acceptance. The Theory of Reasoned Action (TRA), created by Martin Fishbein and Icek Ajzen (1975, 1980), existed before the TAM paradigm.

The theory of attitudes and behaviour served as the foundation for earlier research that led to the development of TRA, which at the time placed a strong emphasis on attitudes from a psychological standpoint. By figuring out how to measure the pertinent behavioural attitude components, differentiating between beliefs or attitudes, and identifying external stimuli, the TRA model causes the user's reaction and perception of the information system to decide the attitude and conduct of the user.

The model was built to analyse and understand the factors that influence the acceptance of technology use. TAM is used to evaluate user behaviour against system or behavioural objectives (Hirawati & Harsono, 2023). TAM is a particular kind of theory that uses a behavioural theory method, which is frequently used to

analyse how people accept new technologies. It appears that the TAM model and associated indicators can accurately gauge how well technologies are received. Thus, by employing TAM, it will be possible to clarify whether or not people accept the information system in use. TAM offers a basis for understanding how external circumstances affect its users' ideas, attitudes, and ambitions.

Perceived usefulness is defined as capable of being used advantageously or can be used for beneficial purposes. The principle of usefulness is the benefits that individuals believe can be obtained when using IT. In addition, the principle of usefulness can be interpreted as a level where a person believes that when they practise a particular system, the system will improve his performance. A number of studies show that perceived usefulness is a strong factor of user acceptance behaviour (Koh et al., 2010). In TAM, perceived usefulness is the main factor influencing users. When a user believes that a technology is useful for work and can improve performance, then the user will accept the technology. Perceived usefulness is a key determinant that positively impacts user trust and intention toward technology.

Perceived Ease of Use, in Davis (1989) The extent to which a person thinks implementing a specific system would improve their ability to accomplish their job is expressed. This indicates that consumers think their performance will increase as a result of using the communication information system. This demonstrates how the system's users gain advantages in relation to many areas. Therefore, a decision on whether to develop a habit of the system or not is based on the belief that it is useful. The underlying premise is that users will adopt a system if they consider it to be useful; conversely, if they do not perceive it to be useful, they will unquestionably reject it. Perceived ease of use is the level at which a person believes that when they habit a particular system, the user will be free from exhausting effort or effort. According to Davis (1989), ease means being without difficulty or being freed from difficulties or not having to try hard.

### **2.2.5 Use of Technology**

Use of technology or UTAUT model created critical aspects that emphasize the significance of employing technology principally in an organization context (Khan et al., 2022). The UTAUT model explains how users behave when using technology.

Performance expectancy, effort expectancy, social influence, and facilitating factors make up the four main intention and usage determinants in UTAUT. Each factor then affects the behaviour intention and usage behaviour. The study about performance expectancy is done in Indonesia with the other related variables by Kurniawan & Putra (2023).

Many organisations and businesses have started to recognise the value of adopting information technology, particularly in the current period of globalisation when businesses must be able to compete and be more competitive than ever before (Williams et al., 2015). It should be understood, nevertheless, that creating an information system takes a lot of time and money. Despite the fact that information systems utilisation offers numerous advantages, some organisations choose not to use them. There are a number of internal and external obstacles that can prevent organisations from using information technology solutions.

The manager determines whether to put an information technology system into place, but the effectiveness of the technology depends on how well each user accepts and uses it. How much system utilisation affects consumers can be calculated using technology acceptance. Technology acceptance is the level of user adoption of a technology. There are many different types of technology acceptance models. The technology acceptance paradigm that will be addressed is called UTAUT2, or the Unified Theory of Acceptance and Use of Technology.

UTAUT is a model used to analyse how users behave when using technology (Venkatesh et al., 2012). The UTAUT is expected to be a useful tool for managers who need to assess the likelihood of success for the introduction of new technologies and help them understand the drivers of acceptance to proactively formulate interventions (including training, marketing, etc.) targeted at user populations who may be less likely to adopt and habit the new system. Meanwhile, UTAUT2 is an expansion of UTAUT that includes three constructs—hedonistic motivation, price value, and habit—to investigate the uptake and utilisation of technology in the consumer market.

According to Venkatesh et al. (2012), performance expectation refers to the degree of advantage or benefit consumers receive from using technology in their daily lives. There are 3 sub-variables in the performance expectation variable. The

first is utility, which refers to the value derived by utilising technology in daily life. The second factor is speed, which refers to how much a technology can accelerate the task being done. The last factor is productivity, which is described as an increase in user work-related productivity when employing a technology. The degree to which customers benefit or get an advantage from using technology to carry out their regular tasks is known as performance expectation.

According to Rahim et al. (2023), The level of work a user is anticipated to put forth when utilising a system or piece of technology is known as the effort expectancy. The two elements that make up effort expectation are complexity and usability. The intricacy of a technology determines how difficult it is to learn. Simplicity of use, on the other hand, relates to how easy it is to use a piece of technology. The user's expected level of effort is the amount of effort needed to use a system or piece of technology.

According to Bozan et al. (2016), social influence is the extent to which a person thinks it is crucial for others (such as family and friends) to value a specific system or technology. Social influences can be broken down into two categories: objective norms and subjective considerations. The extent to which users' immediate surroundings influence their usage of technology is influenced by social variables. Subjective norms, on the other hand, are the effect of significant individuals who are connected to users on technology use. The degree to which a person believes it is crucial for others (such as family and friends) to believe they should use a specific system or technology is known as social influence.

The degree to which a person thinks that there are resources, organisational support, and technical infrastructure available to facilitate the usage of the system is known as the "facilitating conditions" (Purwanto & Loisa, 2020). The three facilitating conditions dimensions are knowledge, resources, and compatibility. Resources are the availability of outside sources that have an impact on how technology is used. The third is compatibility, which is the degree of the system's compatibility with the technology now in use, and knowledge is the existence of outside sources of information on how to use technology. The degree to which a person thinks that resources, organisational support, and technical infrastructure are

available to facilitate the usage of the system is known as the "facilitating conditions."

### **2.2.6 Behavioural Intentions**

In this study, behavioural intention is a condition in which people who are positioned as consumers of Islamic fintech have an intention or loyal attitude towards Islamic fintech products and are sustainable by voluntarily sharing or telling the advantages of these Islamic fintech products to other parties. Community behavioral intentions towards Islamic fintech will be reviewed from the perspective of the theory of planned behavior, technology acceptance model, use of technology and digital financial literacy. In this focus of the study, the behavioural intention variable is implemented to observe whether the intention to adopt.

Behavioural intention is a measure of the possibility that someone will interest on something about buying, adopting, or using a precise product/service/technology (Davis, 1989). The subjective likelihood that someone would engage in a particular conduct is referred to as behavioural intention. Behavioural Intention has two dimensions. The first factor is intention, which measures how much a user intends to keep using the system. The second factor is continuance, which is defined as how long a user intends to keep using the system. Use Consumer technology use is varied and frequent depending on their behaviour. Use Behaviour can be divided into two dimensions. The first factor, referred to as depth of use, deals with how frequently people utilise technology. The second consideration is breadth of application, or how much technology can aid users in learning new skills and knowledge.

Behavioural intention, according to Namkung & Jang (2007), is the behaviour of customers who are devoted to a business and are eager to recommend it to others since they have received good service from the business. In the meantime, it was explained by Schiffman et al. (2012) that a consumer's behaviour intention determines the likelihood that they will take a particular action in the future. According to Saha & Theingi (2009), A customer's propensity to engage in a specific conduct, such as recommending a service provider to others, planning to make further purchases from them, or remaining devoted to them, is referred to as their "behavioural intention".

It is clear from a variety of perspectives on behavioural intention that varied behavioural intentions are the ultimate objective. The corporation will be able to endure and prevail over the competition when a product has a good behavioural intention. Positivity towards a product or service provider is one of the constructive behavioural intents. Positive word of mouth may represent this optimistic outlook. This low-cost promotion through word-of-mouth has a significant impact on the company's ability to survive. Purchases will increase as a result of our customers telling their friends and family about the good news. For many businesses, having a positive behavioural goal is advantageous. One of them is the development of customer loyalty to the used good or service. The corporation wants customers to be loyal to its goods and services. Many businesses employ aggressive strategies to win customers on to their brand or product.

In measuring the factors that influence behavioural intention and behaviour in using a technology system, many forms of methods and models are handled. The Unified Theory of Acceptance and Use of Technology (UTAUT) is one approach. The UTAUT model of technology acceptance and use combines the most advantageous aspects of the previous eight technology acceptance theories. Intention, one of the primary factors in the Technology Acceptance Model (TAM), is affected by perceived utility and perceived ease of use. The TAM model helps describe how a user's attitude towards embracing the usage of information technology will depend on how they perceive it. TAM does not, however, take into account how social and control variables may affect behaviour when it has been demonstrated that these two aspects have a considerable impact on how people use information technology. These factors are determinants of behaviour in the Theory of Planned Behaviour (TPB).

In TPB, social factors or social influences are called subjective norms which have been shown to affect intentions. The control factor in TPB is perceived behaviour control which is modelled to influence either intention or directly behaviour. The combination of TAM and TPB is a theory that incorporates both TPB factors into the TAM model so that the weaknesses in the TAM model that cannot control the behaviour of information system users can be overcome. The TAM and TPB models can be operated to analyse the factors that influence attitudes and

behaviour in accepting the use of the system by using the variables mentioned. Lastly, digital financial literacy where it is such a based approach of gathering the other knowledge of behaviour. Digital financial literacy is the one which can save the good behaviour of using the I-fintech. digital financial literacy is particularly explaining the behaviour intention.

### 2.3 Conceptual Framework and Hypothesis Development

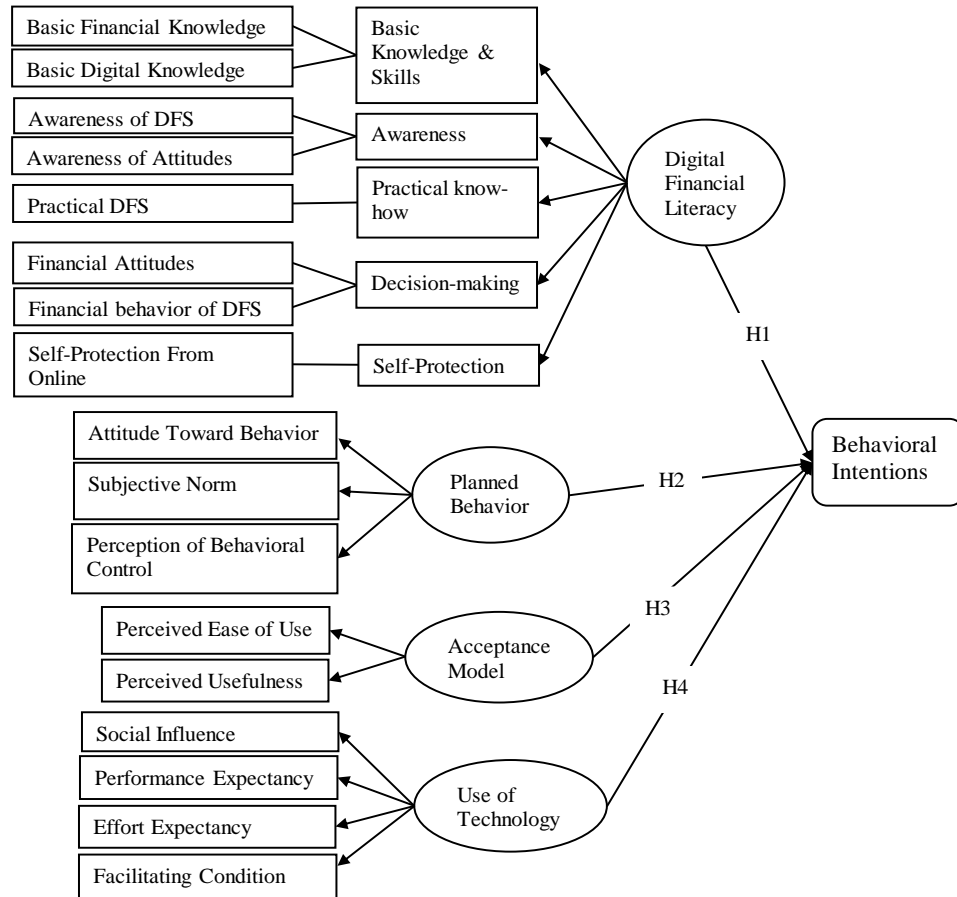


Figure 2.0.1 Conceptual Framework

Digital financial literacy is knowledge directly related to purchases online, online payments through various means, and online banking systems (Prasad et al., 2018). The growing number of fintech where it demonstrates the ease of use and likewise convinces the transaction could be one of the reasons why society needs to improve the financial digital literacy. Digital literacy could help society to understand whether the adoption of digital technology could give negative effect. It is likewise represented where the higher the financial literacy skill is shown on the individual, the higher the intention to adopt the fintech, here is Islamic fintech.

*H1.* The digital financial literacy has a positive impact on behavioural Intentions to adopt i-fintech services.

The use of digital technology in everyday life, which previously focused more on economic aspects, has now shifted to a socio-psychological approach with a non-economic approach. One theory that explains psychological aspects and one's behaviour is Theory of Planned Behaviour (TPB). TPB states that attitudes will affect behaviour through a decision-making process and are planned, so that individuals will take certain actions when it is viewed positively, believe other individuals choose them to do it and believe they can do it, as it is supported by the research done by (Majid & Nugraha, 2022).

*H2.* The planned behaviour has a positive impact on behavioural intentions to adopt i-fintech services.

Simplicity and the ability to explain causal relationships are the main reasons for using the TAM model. The purpose of TAM is to provide a basis for knowing the influence of external factors on attitudes, beliefs, and intentions by identifying and analysing several key variables from previous research on the determinants of technology acceptance. In this case, TAM is considered capable of influencing the conditions of technology users to habit Islamic fintech. A research done by Darmansyah et al. (2021) found that TAM has significantly affected the behavioural intention of Islamic fintech using three competing models.

*H3.* The acceptance model has a positive impact on behavioural intentions to adopt i-fintech services.

The quality of user acceptance of digital service information systems can be assessed by one of the theoretical approaches that explains the acceptance and use of technology. UTAUT explains that behavioural intention and use behaviour are influenced by performance expectancy, effort expectancy, social influence, and facilitating conditions. Behavioural intention is defined as a measure of a person's desire to perform a behaviour. Use behaviour is the intensity or frequency of users in using information technology. So, it can be assumed that this will have a significant effect on people's interest in using Islamic fintech (Venkatesh et al., 2012).

*H4.* The use of technology has a positive impact on behavioural intentions to adopt i-fintech services.

## **CHAPTER III**

### **METHODOLOGY**

#### **3.1 Data and Sampling**

In a study, the researcher sometimes examines all planned data sources, with the purpose of the data and information obtained are many and varied, with the intention of the results are expected to be not much different from reality. Scientific research can be stated to be almost always only carried out on a portion of the things that are actually to be studied. The population is a broad category made up of things or subjects that the researcher has chosen to study and draw conclusions from because they meet particular criteria for size and composition. The population of the thing or subject under study encompasses all of its attributes and characteristics, not just the quantity that exists in it.

The sample is part of the population and part of the number and characteristics possessed by the population and can explain the state of a population in certain population units only. Following the previous research, a quantitative approach will be applied in the study discussing financial literacy by using a questionnaire. In this research, the variables are consisting of the intention to adopt (Behavioural Intentions) and as the dependent variable, namely, planned behaviour (Attitude Toward Behaviour (ATB), Perception of Behavioural Control (PBC) and Subjective Norm (SN)), Technology Acceptance Model (Perceived Usefulness (PU), Perceived Ease of Use (PEU)), Use of Technology (social influence (SI), Effort Expectancy (EE), Facilitating Condition (FC) and personal expectancy (PE)) and Digital Financial Literacy (basic knowledge and skills (BKS), Awareness (AW), Practical know-how (PKH), Decision Making (DM), Self-Protection (SP)). SEM, also known as structural equation modelling, will be used to assess the data. SEM is a combination of factor analysis and regression analysis based on the setup and operation. SEM is used to determine and clarify the relationship between the variables. Combining factor analysis and path analysis, the structural equation model develops into a thorough statistical approach. This model can be used to calculate the direct, indirect, and overall effects in this situation.

The sampling technique is a way to decide how many samples to take in relation to the sample size that will be used as the actual source of the data, taking into account the traits and distribution of the population in order to obtain a representative sample. Simple random sampling is the process of selecting at random a small group of people or all of the population. Each person or population member has a fair and equal chance of being chosen as a result. One of the simplest and most straightforward methods for selecting samples is the simple random sampling method. Simple random sampling has excellent external validity when the sample size is large enough since it accurately captures the traits of the larger population. This sampling provides a better parameter estimate in studies compared with purposive sampling (Singh & Masuku, 2014).

In this study, SEM is applied to measure the correlation between the variables as it is done by (Mansyur & Ali, 2022 and Setiawan et al. 2022). Albaity & Rahman (2019) in their study about measuring the intention to adopt Islamic banking employed SEM-PLS to measure the Islamic financial literacy. The data are collected using simple random sampling. Additionally, this research employs the deductive approach. The questionnaire is created based on the previous studies to collect the respondents' observations. Since the data are gathered via a survey from the questionnaire. The survey is administered using *surveymonkey.com* website. This research will uncover new information about the intention to adopt and the digital financial literacy in i-fintech services that the millennials and gen Z generations will be the respondent. The questionnaire will be spread as many as possible then it will be screened as the eligible.

### **3.2 Data Collection Process**

The data collection will follow the process with a self-administered questionnaire, and it will be distributed online by *surveymonkey.com*. The minimum sample employed in this study as the following number of observations suggested by (Hair, 2019) in their book under the title 'Multivariate Data Analysis' is that the minimum absolute sample size should be 50 observations, with 100 observations the preferred minimum and it is suggested that it could apply the ratio 10:1 for each variable. There are 11 indicators included which are times 10 equal to 110 observations

needed for this study. Considering the number of errors in terms of the questionnaire, it will be added about 20% of the observations needed which are 22 observations.

In total, the number of observations needed in this study is about 132 observations to be collected. Respondent Qualifications will be applied some requirement questions such as age which is viewed from millennial and Gen Z, religion investigated Muslim and non-Muslim, gender grabbed from male and female, the marital status viewed from married, single, and separated, the occupation that is student, employed and unemployed, the range of the income and the last degree hold.

The estimation process doing the data collection is firstly by piloting a project in which the author will disseminate the questionnaires to the 30 participants to identify whether the results of the questions fit with the one needed. Once the questionnaire is not matched then it will be restructured, and it will be continued to distribute the questionnaires when the results are as expected. For the next steps, the validity and reliability test will be run to ensure the data collected for the next distributions when the test is showing valid, the real survey will be conducted. The questionnaire will implement the 7 scale of degree as suggested by (Hair, 2019). The aim of using 7 scale points in this study is due to the convenience of the respondents to scale or to manage the information received.

### **3.2.1 Variable Measurement**

A "contract" (Construct Development) and a measuring scale are formed as part of the measurement procedure. A definition that precisely and concisely explains how a concept or contract is measured is what is meant by the definition of a concept or contract. measurement done by examining the dimensions of the behaviour, features, or traits that a notion exhibits. Two calculating scales will be used in this study; the first is a nominal scale that enables researchers to categorise people into groups or categories. When using a nominal scale, all members of the set are mutually exclusive and have the same value. This nominal scale will be applied to the variables DL\_DM, DL\_SP1 and FL\_DM. The second is the ordinal scale where the ordinal scale not only states the categories but states the ranking of the categories. The ordinal scale answers a question, respondents are asked to provide the most appropriate alternative order of answers. The ordinal scale employed in this study is

a scale of 7. In this study, all variables will use an ordinal scale other than those mentioned on the nominal scale.

Table 3.1 Variable Measurement Used

<b>Construct</b>	<b>Code</b>	<b>Items</b>
<b>Behavioral Intentions</b>	BI1	I intend to use Islamic Fintech in the future
	BI2	If I had access to Islamic Fintech services, I would have the intention to use them
<b>Perceived Usefulness</b>	PU1	Transactions using I-fintech services can save time efficiently
	PU2	Islamic Fintech makes my financial transaction easier
<b>Perceived Ease of Use</b>	PEU1	I find Islamic fintech advertisement and the features are easy to understand
	PEU2	I find Islamic fintech advertisement which is user-friendly
<b>Attitude Toward Behavior</b>	ATB1	Using sharia fintech makes me get a halal profit
	ATB2	Using sharia fintech is more promising and convincing because it is in accordance with the agreement (contract) in Islamic teachings, and reduces the risk of fraud in transactions
<b>Subjective Norm</b>	SN1	I can find out the advantages of sharia fintech from influencers/public figures
	SN2	I have a family member, friends or co-workers who use I-fintech
<b>Perception of Behavioral Control</b>	PBC1	I use sharia fintech when I know the advantages
	PBC2	I have full awareness and control to use Islamic Fintech
<b>Social Influence</b>	SI1	I am interested in using sharia fintech applications because influencers/public figures use them
	SI2	The people around me can help me in using Islamic fintech
<b>Performance Expectancy</b>	PE1	Using I-fintech improves my productivity in managing my finance
	PE2	Sharia fintech will be very useful for my life
<b>Effort Expectancy</b>	EE1	It would be easy for me to develop the skills to use Islamic Fintech application
	EE2	It is easy for me to learn how to do transaction with Islamic fintech
<b>Facilitating Condition</b>	FC1	I have the knowledge and capability to use Islamic fintech
	FC2	I have sufficient facilities/devices (computer, handphone, gadgets) to comfortable use Islamic Fintech
<b>Digital Financial Literacy</b>	FL_BFK1	Suppose I have to borrow money for my business, I would borrow money at a lower interest rate
	FL_BFK2	I feel more satisfied spending money than saving it for the long term

FL_BFK3	Suppose I have money that I could invest, then I would invest that money in multiple businesses because it is safer.
	Do you know how to operate the following basic knowledge on digital?
DL_BDK	<ul style="list-style-type: none"> <li>a. Creating user account</li> <li>b. Managing password</li> <li>c. Logging into account</li> <li>d. Using privacy setting</li> </ul>
FL_DM	Are you preparing your pension fund/retirement?
DL_DM	I know how to find the best digital financial provider that I need, digital payment and financing
DL_SP1	Can you find out if fraud occurs when you make online transactions?

Table 3.1 elaborates the following questions of this study. These questions have been become revised as the suggested by the result of validity and reliability test. The most different questions are shown on the variable BI3 where this variable is dropped due to the multicollinearity problems. The other variables revised are BFK1, BFK2, and BFK3 where the results of the validity test are not reliable and valid. The specific difference between them can be seen on the table 3.2 below. In addition, dropping some variables are done due to unacceptable validity and reliability test. The variables are AAD1, APF1, APF2, PK1, PK2 and SP1.

### 3.3 Validity and Reliability Test

In quantitative research, validity and reliability are crucial ideas to understand. The degree to which a study truly measures what it claims to measure is known as validity, whereas the consistency of a study's results when repeated in the same way is known as reliability. The degree to which the research instrument truly measures what it is designed to assess is known as research validity. There are various categories of validity procedures, including content validity, construct validity, criteria validity, and external validity.

To ensure the validity of the research, there are several steps that must be taken, including: conducting a literature review, running the instrument pretest, and conducting a consistency analysis between questions or items in the instrument. Research reliability is how consistent the research results are when repeated in the same way. Types of reliability can be divided into internal reliability and external reliability. To ensure the reliability of the research, there are several steps that must

be taken, including: calculating the reliability coefficient, conducting a retest, and carrying out factor analysis to test the consistency between questions or items in the instrument.

### **3.3.1 Methods for Measuring Validity and Reliability**

There are several methods commonly explored to measure the validity and reliability of quantitative research, such as validity and reliability tests according to experts, inter-rater tests, internal tests, and retest tests. Each method has advantages and disadvantages of each. Therefore, researchers must choose the most suitable method for their research. Validity and reliability are important concepts in quantitative research. Validity refers to the extent to which a research instrument actually measures what it is supposed to measure, while reliability refers to how consistent the research results are when repeated in the same way. There are several methods commonly explored to measure validity and reliability in quantitative research. Researchers must ensure that the research instrument has validity and reliability.

Quantitative Research Validity and Reliability has several methods commonly applied to measure validity and reliability in quantitative research include:

- Content validity: done by examining the correlation between the questions in the research instrument and the construct being measured, and checking whether all the desired aspects of the construct are included in the instrument.
- Construct validity: done by measuring the extent to which the instrument can measure the desired construct, using factor analysis or discriminant analysis.
- Criteria validity: done by comparing the results of research instruments with a criterion that is considered valid, for example comparing test results with students' academic scores.
- External validity: done by comparing the results of the research instrument with the results of other similar studies, to ensure the generalizability of the research results.

Meanwhile, to measure the reliability of research instruments, several methods commonly applied include:

- Re-test (test-retest): carried out by repeating measurements using the same instrument on the same respondent, in a different time period.

- Internal reliability (internal consistency): done by measuring the consistency between items or questions in the research instrument, using a correlation coefficient such as Cronbach's alpha.
- Inter-rater reliability: done by measuring the consistency between assessments made by two or more different ratters.

In quantitative research, the researcher must ensure that the research instrument has good validity and reliability to ensure the validity and reliability of the research results.

### **3.4 Pilot Project**

A Pilot Project is a method implemented to test the effectiveness, impact, and economics of a program. This is the best way to evaluate a program before running it commercially. Pilot projects can generate useful data and information to improve the performance and efficiency of a program. Pilot projects usually involve a smaller scale in their implementation. This allows those executing the project to identify and troubleshoot any problems that may arise before the project goes commercial. Pilot projects can be explored to evaluate the implementation of a program before it is widely adopted as it is done by (Hassan et al., 2022).

In addition, Pilot Projects can be applied to test the effectiveness of a new service, such as health care services, education services, and other public services. This pilot project can be implemented to find out the performance of new services, the impact they have, and the costs required to run these services. Pilot projects are an effective way to evaluate a new program or service. By using a Pilot Project, the party running the project can find out the effectiveness, impact and economics of a program or service. Pilot projects can be worked to ensure that the launch of new programs or services will run smoothly and effectively.

Table 3.2 depicts the measurement items of variables that would be employed in this study. Due to the validity and reliability test, some variables were supposed to be revised. The practise of surveymonkey.com website is obviously useful where the writer can have another point of view. The results of the surveymonkey.com results elaborate that BKS1, BKS2, and BKS3 are the hardest questions to be answered. This affects the validity testing result. Additionally, piloting project was done by scattering the questionnaire to more than 50 people and there are 32

questionnaire was fulfilled. By these respondents, the validity and reliability test were done.

Table 3.2 Measurement Items of Pilot Project

<b>Construct</b>	<b>Code</b>	<b>Items</b>
Behavioral Intentions	BI1	I intend to use Islamic Fintech in the future
	BI2	If I had access to Islamic Fintech services, I would have the intention to use them
	BI3	I prefer to choose Islamic fintech
Perceived Usefulness	PU1	Transactions using i-fintech services can save time efficiently
	PU2	Islamic Fintech makes my financial transaction easier
Perceived Ease of Use	PEU1	I find Islamic fintech advertisement and the features are easy to understand
	PEU2	I find Islamic fintech advertisement which is user-friendly
Attitude Toward Behavior	ATB1	Using i-fintech will provide benefit in my life
	ATB2	Using sharia fintech provides benefits in my life such as getting a halal profit
Subjective Norm	SN1	I find the advantage of Islamic fintech coming from influencer and/or religious figures whom I know
	SN2	Family, friends, or co-workers is a user of Islamic fintech
Perception of Behavioral Control	PBC1	The decision to use Islamic fintech is entirely up to me
	PBC2	I have full awareness and control to use Islamic Fintech
Social Influence	SI1	Influencer whom I know recommend me to use Islamic fintech
	SI2	People who are important to me could assist me in the use of Islamic Fintech
Performance Expectancy	PE1	Using i-fintech improves my productivity
	PE2	Using Islamic Fintech enables me to perform my financial transaction quicker
Effort Expectancy	EE1	It would be easy for me to develop the skills to use Islamic Fintech application
	EE2	It is easy for me to learn how to use Islamic fintech
Facilitating Condition	FC1	I have the knowledge and capability to use Islamic fintech

	FC2	I have sufficient facilities/devices (computer, handphone, gadgets) to comfortable use Islamic Fintech
Digital Financial Literacy	BKS1	Suppose you need to borrow Rp. 1,000,000 which is the lower amount to pay back: Rp. 1,050,000 or Rp. 1,000,000 plus 3%
	BKS2	Let us assume that you have Rp. 10,000,000 in your bank account. This saving will bear about 2.5% of interest rate per year and you leave it in your account for about 5 years (without administration fee). How do you think your account will be in 5 years?
	BKS3	Suppose you have some money. Is it safer to put your money into one business or investment, or to put your money into multiple business or investment?
	BDK1	Do you know how to operate the following basic knowledge on digital? a. Creating user account b. Managing password c. Logging into account d. Using privacy setting
	AAD1	Do you know some of the following i-fintech products?
	APF1	Do you know the risk of borrowing money such as, over in debtedness, abusive and predatory lending practices?
	APF2	Do you know how to make your budgeting, saving, and preparing your worst in case of emergency and retirement?
	PK1	Do you know how to fix a problem caused on your financial digital application?
	PK2	Do you know how to start and complete the transaction on your financial digital application?
	DM1	Are you preparing your pension fund/ retirement?
	DM2	I know how to find the best digital financial provider that I need, digital payment and financing
	SP1	Is i-fintech apps in your mobile phone securing you from buying something unnecessary?
	SP2	Do you know how to recognize the following accidents in your account?

Table 3.3 presents respondents' profiles. The respondents are divided into 3 categories which are millennials (1981-1996), Gen Z (1997-2001) and others which are categorized as the one who is not referred to both mentioned. Millennials dominate around 17 people; Gen Z follows with 12 people and others are 3 people. Males filling this questionnaire are 9 persons, and it is dominated by female about 23 people. There are 24 people who have not been married contributing to this study and the rest are 8 people who have married.

	Number of percentages	Number of samples
<b>Age</b>		
Millennials (1981-1996)	53.13%	17
Gen Z (1997-2001)	37.50%	12
Others	9.38%	3
<b>Religion</b>		
Islam	100.00%	32
Others	0.00%	0
<b>Gender</b>		
Male	28.13%	9
Female	71.88%	23
<b>Marital Status</b>		
Marriage	25.00%	8
Single	75.00%	24
Divorced	0.00%	0
<b>Occupation</b>		
Students	46.88%	15
Employee/professional	37.50%	12
Entrepreneur	0.00%	0
Housewife	9.38%	3
Pension	0.00%	0
Others	6.25%	2
<b>Income</b>		
<Rp. 3.000.000	50.00%	16
Rp. 3.000.000-5.000.000	37.50%	12
Rp. 6.000.000-10.000.000	6.25%	2
Rp. 11.000.000-15.000.000	3.13%	1
Rp. 16.000.000-20.000.000	0.00%	0
>Rp. 20.000.000	3.13%	1
<b>Last Degree</b>		
Elementary School	0.00%	0

Junior High School	0.00%	0
Senior High School	31.25%	10
Diploma	0.00%	0
Bachelor	50.00%	16
Master	15.63%	5
Doctoral	3.13%	1
<b>Fintech User</b>		
Yes	84.38%	27
No	15.63%	5

The various occupations that divide the demographic of respondents as students are about 15 people, 12 professionals, 3 housewives and the two last people are categorized themselves as others. Regarding the income of the respondent, it is parted into 6 sets where it is as the previous research working. There are 16 people who have income less than Rp. 3,000,000 and it is followed by the range of Rp. 3,000,000-5,000,000, about 12 people. These two groups dominate the number of respondents' income. The people who have income range around Rp. 6,000,000-10,000,000, Rp. 11,000,000-15,000,000 and >Rp. 20,000,000 are 2, 1, and 1 respectively. The range of the income employed in this study comes from previous research. There are no respondents who have Elementary and Junior high school degrees, 10 people graduated from senior high school and 16 people graduated from bachelor's degree. These two degrees overlook the study, and for master has 5 people and one doctoral degree. Lastly, there are 27 people who declare themselves using fintech and the 5 other people are not.

### 3.4.1 Validity and Reliability Test

An examination of construct reliability is the next stage. Latent variable construct reliability is measured using construct reliability. The value must be more than 0.70 to be regarded as dependable. As seen in table 3.4 below, construct reliability is the same as Cronbach alpha:

Table 3.4 Validity and Reliability Test

<b>Construct</b>	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>Behavioral Intentions</b>	0.786	0.807	0.875	0.702
<b>DFL</b>	0.817	0.851	0.836	0.302
<b>PB</b>	0.87	0.911	0.91	0.643

<b>TAM</b>	0.828	0.846	0.887	0.664
<b>UTAUT</b>	0.86	0.875	0.891	0.512

NB: Cronbach Alpha >0.7

Composite Reliability >0.7

Average Variance Extracted (AVE) >0.5

On the table 3.4 above, the results indicate that all variables were passed the Cronbach alpha minimum value which is supposed to be greater than 0.7. In terms of the composite reliability, all variables were likewise passed the minimum value which is 0.7. However, the AVE of the DFL was not fit the test. The minimum value of the AVE is supposed to be greater than 0.5 while the DFL has approximately 0.302. In conclusion, DFL had to be revised.

The results produced from outer loadings construct item need to be considered in table 3.5 displays the value of the loading factor for each variable. The value of the loading factors is supposed to be more than 0.7, all the variables employed have good validity.

Table 3.5 Outer Loadings Construct Item

	<b>Behavioral Intentions</b>	<b>DFL</b>	<b>PB</b>	<b>TAM</b>	<b>UTAUT</b>
<b>Behavioral Intentions</b>					
<b>BI1</b>	0.845				
<b>BI2</b>	0.903				
<b>BI3</b>	0.758				
<b>Digital Financial Literacy</b>					
<b>AAD1</b>		0.593			
<b>APF1</b>		0.436			
<b>APF2</b>		0.414			
<b>BDK1</b>		0.725			
<b>BFK1</b>		0.189			
<b>BFK2</b>		0.531			
<b>BFK3</b>		0.310			
<b>DM1</b>		0.399			
<b>DM2</b>		0.724			
<b>PK1</b>		0.820			
<b>PK2</b>		0.609			
<b>SP1</b>		0.458			
<b>SP2</b>		0.584			
<b>Planned Behavior</b>					

<b>ATB1</b>	0.874
<b>ATB2</b>	0.907
<b>PBC1</b>	0.922
<b>PBC2</b>	0.929
<b>SN1</b>	0.349
<b>SN2</b>	0.661
<b>Technological Acceptance Model</b>	
<b>PEU1</b>	0.678
<b>PEU2</b>	0.822
<b>PU1</b>	0.843
<b>PU2</b>	0.899
<b>Use of Technology</b>	
<b>SI1</b>	0.455
<b>SI2</b>	0.703
<b>EF1</b>	0.831
<b>EF2</b>	0.824
<b>FC1</b>	0.704
<b>FC2</b>	0.675
<b>PE1</b>	0.729
<b>PE2</b>	0.735

It is clear from the table of outer loading values above that not every item or indication has an outer loading value greater than 0.5. As long as the construct's validity and reliability match the criteria and the model is in development, the Outer Loading value limit of  $> 0.5$  is acceptable. Therefore, it is claimed that not all items or indicators are valid in terms of item validity based on outer loading validity.

Table 3.5 elaborates that all variables of Behavioural Intentions are valid in terms of the construct loading items. Focusing on Digital financial literacy, which is divided into two subdimensions, digital literacy and financial literacy. Digital literacy, which is represented by AAD1, BDK1, DM2, SP1, SP2 and PK1 where the results indicated AAD1 and SP1 had the value less than 0.5 and it is supposed to be dropped. The value of SP2 and PK2 is greater than 0.5 and it could be retained. BDK1 and DM are the variables which have passed the minimum value of 0.7. Financial literacy which is represented by BFK1, BFK2, BFK3, APF1, APF2, FL\_DM1 and PK2 has 5 variables which are not fit the validity and reliability test, APF1, APF2, BFK1, BFK3, and DM1. there are 2 variables only which passed the construct item which are PK1 which is greater than 0.7 and BFK2 which is greater than 0.5.

On Planned Behaviour, SN1 has value about 0.349 which is not passed the validity minimum value and SN2 has value greater than 0.5 which could be retained. The rest of the variables of PB, ATB1, ATB2, PBC1, and PBC2, has passed the test. Regarding the Technological Acceptance Model or TAM which has 4 variables, PEU1, PEU2, PU1, and PU2 has fit the criteria. Lastly, use of technology or UTAUT, SI1, SI2, EF1, EF2, FC1, FC2, PE1 and PE2, has only one variable which has value under 0.5, SI1. In conclusion, variables which are not fit the minimum value has to be revised or dropped.

### 3.4.2 R Square and Adjusted R Square

In the PLS SEM inner model, the R Square value, a goodness-of-fit model test, is used to conduct further output tests of the model. How much an exogenous construct can explain an endogenous construct is measured by its coefficient of determination (R Square). R Square is predicted to be in the range of 0 and 1. While Adjusted R Square is the R Square value that has been adjusted depending on the standard error value. When determining whether an exogenous construct can adequately explain endogenous constructions, adjusted R Square value offers a clearer picture than R Square.

Table 3.6 R Squared

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>Behavioral Intentions</b>	0.807	0.776
<b>DFL</b>	0.442	0.377

Based on the results of the analysis of the coefficient of determination above, it can be concluded that the R Square value of the simultaneous influence is 0.807 with an adjusted r square value of 0.776. Thus, it can be explained that all exogenous constructs (UTAUT, TAM, PB, and DFL) simultaneously affect Behavioural Intentions by 0.807 or 80.7%. Adjusted R Square is 77%, the effect of all exogenous constructs UTAUT, TAM, PB, and DFL is strong enough. The R Square value of the simultaneous influence of UTAUT, TAM, PB, and DFL on Behavioural Intentions is 0.776.

In conclusion, there are several questions edited to match the validity and reliability test. Those which have value on the outer loading under 0.5 is revised. As

the questionnaire of this study is collected using surveymonkey.com website, there has additional information about the hardest part of questions. On these parts of hardest questions, writer tries to revise it so it can be easily answer by the respondents. The questions that have not been revised are shown on the table 3.2 while the questions used to be employed in this model is elaborated on the table 3.1.

## **CHAPTER IV**

### **RESULTS AND ANALYSIS**

#### **4.1 Results**

##### **4.1.1 Demographic Respondent**

Table 4.1 presents respondents' profiles collected in this study about 333 respondents. The respondents are divided into 3 categories which are millennials (1981-1996), Gen Z (1997-2001) and others which are categorized as the one who is not referred to both mentioned. Millennials dominate around 175 people; Gen Z follows with 143 people and others are 15 people. Millennials are the society that experienced a changing era from the conventional to the technological era. Gen Z, who are the one, called as the digital native invited in this study to recognize their behaviour toward the use of Islamic fintech.

The religion employed in this study is focusing on Islam where Islamic fintech is well known for Muslim. Additionally, other believes are included in this study to spot the interest of them on the use of Islamic fintech. In this current result, the people being the respondent are 319 Muslim and the the rest 14 people are having another religion. Males filling this questionnaire are 115 persons, and it is dominated by female about 218 people. Marital status is likewise considered in this study to identify the number of people on their behaviour based on the marital status they have as it is mentioned by Yumna (2019) that marital status is one of the crucial aspect to be considered when it studies the financial behaviour. There are 221 people who have not been married contributing to this study, 107 people who have married and the rest of 5 people are divorced.

The various occupations that divide the demographic of respondents as students are about 116 people, 152 professionals, 21 people as entrepreneur, 25 housewives and the 19 last people are categorized themselves as others. Regarding the income of the respondent, it is parted into 6 sets where it is as the previous research working done by Darmansyah et al. (2021). There are 133 people who have income less than Rp. 3,000,000 and it is followed by the range of Rp. 3,000,000-5,000,000, about 121 people. These two groups dominate the number of respondents' income. The people who have income range around Rp. 6,000,000-

10,000,000 about 49 people, Rp. 11,000,000-15,000,000 about 20 people, Rp. 16,000,000-20,000,000 about 7 people, and >Rp. 20,000,000 are 3 persons.

The education of the respondents is to be part of consideration for this study where the higher the people on their study the bigger difference of behaviour they make. There are no respondents who have Elementary and Junior high school degree is only 1 person, 44 people graduated from senior high school, 13 persons graduated from Diploma, 241 people, which this degree overlooks the study, graduated from bachelor's degree, 33 people graduated from master's degree and 1 person graduated from doctoral degree. There are 304 people who declare themselves using fintech and the 29 other people are not. Finally, about 77.96% are aware of I-fintech products in Indonesia.

Table 4.1 The Data Collected

	Number of percentages	Number of samples
<b>Age</b>		
Millennials (1981-1996)	52.55%	175
Gen Z (1997-2001)	42.94%	143
Others	4.50%	15
<b>Religion</b>		
Islam	95.80%	319
Others	4.20%	14
<b>Gender</b>		
Male	34.53%	115
Female	65.47%	218
<b>Marital Status</b>		
Marriage	32.13%	107
Single	66.37%	221
Divorced	1.50%	5
<b>Occupation</b>		
Students	34.83%	116
Employee/professional	45.65%	152
Entrepreneur	6.31%	21
Housewife	7.51%	25
Pension	0.00%	0
Others	5.71%	19
<b>Income</b>		
<Rp. 3,000,000	39.94%	133
Rp. 3,000,000-5,000,000	36.34%	121
Rp. 6,000,000-10,000,000	14.71%	49
Rp. 11,000,000-15,000,000	6.01%	20

Rp. 16,000,000-20,000,000	2.10%	7
>Rp. 20,000,000	0.90%	3
<b>Last Degree</b>		
Elementary School	0.00%	0
Junior High School	0.30%	1
Senior High School	13.21%	44
Diploma	3.90%	13
Bachelor	72.37%	241
Master	9.91%	33
Doctoral	0.30%	1
<b>Fintech User</b>		
Yes	91.29%	304
No	8.71%	29
<b>I-Fintech Awareness</b>		
Yes	77.96%	237
No	22.04%	67

Table 4.2 is presented the number of respondents which is encountered to be prepared for this study. In total, 282 respondents are employed in this study considering the missing data values of the study, decreasing the outlier to obtain the best results, and excluding the respondents who are not included in the millennials and Gen Z group. The table below displays the 159 Millennials and 123 Gen Z people. 270 persons are Islam and 12 people are not. 102 persons are males and 180 females. In terms of the marital status, there are 91 persons married, 186 single persons and 5 divorced people.

Focusing on occupation, employee or professionals dominated the number of respondents in this study around 136 persons. It is followed by students around 91 persons. The next group of occupation is entrepreneur, housewife and pension approximately 19, 22, and 16 people individually. Regarding the Income, the group of people who have income around < RP. 3,000,000 and Rp. 3,000,000-5,000,000 has dominated the respondent by 106 and 108 respectively, followed by Rp. 6,000,000-10,000,000, Rp. 11,000,000-15,000,000, Rp. 16,000,000-20,000,000 and >Rp. 20,000,000 about 46, 14, 5 and 3 correspondingly.

According to the degree of the respondents, bachelor's degree is holding the big number of respondents approximately 214 people. There is no person coming from elementary school and only 1 person coming from junior high

school and Doctoral degree. Senior high school, master's degree and diploma have depicted the following number 28, 26 and 12 in that order. Employing the fintech users, there are 261 persons who has been involved themselves in fintech and 21 other people are in the conventional transactions. Lastly, people who aware of the I-fintech product are about 78.72% and the rest is not.

Table 4.2 The Data Run

	Number of percentages	Number of samples
<b>Age</b>		
Millennials (1981-1996)	58.15%	164
Gen Z (1997-2001)	41.84%	118
Others	0.00%	0
<b>Religion</b>		
Islam	95.74%	270
Others	4.26%	12
<b>Gender</b>		
Male	36.17%	102
Female	63.83%	180
<b>Marital Status</b>		
Marriage	32.27%	91
Single	65.96%	186
Divorced	1.77%	5
<b>Occupation</b>		
Students	31.56%	89
Employee/professional	48.23%	136
Entrepreneur	6.74%	19
Housewife	7.80%	22
Pension	0.00%	0
Others	5.67%	16
<b>Income</b>		
<Rp. 3,000,000	37.59%	106
Rp. 3,000,000-5,000,000	38.30%	108
Rp. 6,000,000-10,000,000	16.31%	46
Rp. 11,000,000-15,000,000	4.96%	14
Rp. 16,000,000-20,000,000	1.77%	5
>Rp. 20,000,000	1.06%	3
<b>Last Degree</b>		
Elementary School	0.00%	0
Junior High School	0.35%	1
Senior High School	9.93%	28
Diploma	4.26%	12
Bachelor	75.89%	214

Master	9.22%	26
Doctoral	0.35%	1
<b>Fintech User</b>		
Yes	92.55%	261
No	7.45%	21
<b>I-fintech Awareness</b>		
Yes	78.72%	222
No	21.28%	60

#### 4.1.2 Descriptive Analysis

Descriptive analysis is the earliest data analysis stage, which is suitable for presenting a description or illustrating the data as an entire and without intending to make general conclusions or generalizations. This analysis will provide a complete picture of the data based on the variables that previously collected. Descriptive statistical analysis is useful for viewing characteristics (general data description) as seen from the average, highest (max), lowest (min), standard deviation, variance, and other values of the data to be processed.

Table 4.3 below demonstrates the descriptive analysis of this study. On this table it can be explained that the table combining the information among mean, which discussing the average value of the data employed, median, which is the value in the middle of the value series arranged by data in order from small to large, minimum, where this data will illustrate the minimum value of each data of the latent variables. Maximum is the highest number in the data, Standard deviation explains the view of the level of variation in data, kurtosis and skewness are the value which shows the data which normally distribute. BI1 or Behavioural Intention 1 has the mean value about 5.553, median value about 6, the minimum value about 2 and the maximum value about 7. The minimum and maximum number in this study shows the level of the scale used. As this study operated the 7 scale of the questionnaire the minimum number must be 1 and the highest number must be 7. In terms of some variables which has no 1 as the minimum number, it could be caused by the decreasing data as it causes the abnormally distributed data.

The standard deviation is a formula that is often employed in the field of statistics. This formula, which was introduced by Karl Pearson in 1894, is commonly explored to view statistical distributions in general. With this formula, it can be

found the average deviation distance in the data that has been obtained. In simple terms, this formula, which is commonly referred to as the standard deviation, functions to determine how heterogeneous the data elements are in a data. The standard deviation is to find out whether the sample data can represent the entire population, is applied to give an idea of the distribution of the data to the average data and to give an idea of the quality of the sample data in this study.

Focusing on the standard deviation, it is a value that indicates the level of spread of the data to the average value of the data. The function of the standard deviation in research is to ensure that the sample applied is representative of the research population, making it easier for researchers to analyse the size of the spread of the data obtained, indicating the level of diversity of research data, as a measure of the accuracy of data in research. On the table 4.3, the standard deviation depicted that all number shown is under the mean where it means that the data is less varied. As an example, the value of the standard deviation of DL\_DM is approximately 1.176 and the mean is 5.638. It is intended that the data is abnormally distributed.

Skewness is defined as the slope of the data distribution. Likewise, when applying it to Skewness and the skewness shows symmetry, the data is said to form a normal distribution, when the slope of the data distribution is slightly skewed to the right it is indicated by a negative skewness value, then when the slope of the data distribution is skewed to the left it is indicated that the skewness value is positive. When the value of  $sk = 0$ , then it shows that the data is normally distributed,  $sk < 0$  the slope is to the right, and  $sk > 0$  is the slope to the left.

Kurtosis is a measure of how spiky a normal distribution is, whereas skewness is used to gauge how symmetrical a data set is. By examining the amount of the slope and measuring the sharpness of the distribution, it is feasible to establish if a data distribution has a normal distribution or not. According to Pearson, based on the outcomes of the slope coefficient obtained, there are three criteria for determining the distribution model of a collection of data (both ungrouped and grouped data). When the slope coefficient is less than zero ( $< 0$ ), when it is equal to zero ( $= 0$ ), when it is symmetrical, and when it is greater than ( $> 0$ ), the distribution model is negative, symmetrical, and positive, respectively. As it is clearly seen that the value on the

table 4.3, all values are negatively distributed since the value shows the negative side on all results.

Table 4.3 Descriptive Analysis

	Mean	Median	Min	Max	StDev	Excess Kurtosis	Skewness
<b>Behavioral Intention</b>							
<b>BI1</b>	5.553	6	2	7	1.104	-0.494	-0.445
<b>BI2</b>	5.727	6	2	7	0.685	0.53	-0.770
<b>Technological Acceptance Model</b>							
<b>PU1</b>	5.507	6	2	7	1.112	-0.888	-0.244
<b>PU2</b>	5.652	6	2	7	1.055	-0.412	-0.543
<b>PEU1</b>	4.904	5	1	7	1.351	-0.205	-0.433
<b>PEU2</b>	5.035	5	1	7	1.334	-0.165	-0.498
<b>Planned Behavior</b>							
<b>ATB1</b>	5.670	6	2	7	1.155	-0.545	-0.524
<b>ATB2</b>	5.840	6	2	7	1.111	0.163	-0.852
<b>SN1</b>	5.365	6	1	7	1.077	0.214	-0.580
<b>SN2</b>	5.493	6	1	7	1.105	0.391	-0.782
<b>PBC1</b>	5.688	6	1	7	1.066	0.486	-0.816
<b>PBC2</b>	6.025	6	1	7	0.688	2.036	-1.216
<b>Use of Technology</b>							
<b>SI1</b>	5.099	5	1	7	1.106	0.146	-0.387
<b>SI2</b>	5.241	5	1	7	1.088	0.281	-0.574
<b>PE1</b>	5.309	5	1	7	1.149	-0.229	-0.329
<b>PE2</b>	5.482	6	1	7	1.152	-0.241	-0.460
<b>EF1</b>	5.429	6	1	7	1.135	-0.306	-0.358
<b>EF2</b>	5.613	6	1	7	1.073	0.244	-0.652
<b>FC1</b>	5.507	6	1	7	1.022	0.449	-0.661
<b>FC2</b>	5.922	6	1	7	0.677	1.784	-1.041
<b>Digital Financial Literacy</b>							
<b>FL_BFK1</b>	5.605	6	1	7	1.712	1.008	-1.401
<b>FL_BFK2</b>	3.125	3	1	7	1.763	-0.432	0.540
<b>FL_BFK3</b>	5.188	6	1	7	1.438	-0.129	-0.759
<b>DL_BDK</b>	0.589	1	0	1	0.249	1.791	-1.944
<b>FL_DM</b>	5.891	6	2	7	1.149	1.039	-1.120
<b>DL_DM</b>	5.638	6	1	7	1.176	0.218	-0.829
<b>DL_SP1</b>	0.531	1	0	1	0.293	-0.400	-1.266

Lastly, kurtosis is defined as the sharpness of the data distribution. However, when the kurtosis value is 0, it indicates normal data, and when the kurtosis value is smaller, then the data is duller (the more spread out, the data is declared to be inhomogeneous). A distribution's kurtosis can be defined as the degree to which it deviates from the normal distribution (normal curve). When a distribution (curve) is

sloping or blunter than the usual curve, the distribution is referred to as platykurtic. There are three different sorts of slopes for data distributions. Mesokurtic refers to a distribution (or curve) that is normal, while leptokurtic refers to a distribution (or curve) that is tapered or narrower than the usual curve.

There are three criteria for determining the distribution model of a set of data based on the value of the kurtosis coefficient: when the kurtosis coefficient is less than 0.263, the distribution is platykurtic; when it is equal to 0.263 (=0.263); when it is greater than 0.263 (> 0.263); and when it is greater than 0.263 (> 0.263). Table 4.3 exhibits that the data distributed in this study is divided into two categories which are platykurtic and leptokurtic. As an example, the value of FC1 is above 0.263 which is leptokurtic and FL\_BFK3 is under 0.263 which is platykurtic.

#### 4.1.3 Model FIT

Table 4.4 Model Fit Testing

	<b>Saturated Model</b>	<b>Estimated Model</b>
<b>SRMR</b>	0.054	0.054
<b>Chi-Square</b>	836.783	836.783
<b>NFI</b>	0.832	0.832
<b>rms Theta</b>	0.134	

For estimated fit indices for instance the SRMR and NFI, these results can completely refer to the results from the estimation of the PLS or PLSc models (ie, reports of results) and the values of these criteria with a certain threshold (eg, SRMR 0.90). The standardised residual squared standardised residual (SRMR) is based on the transformation of both the sample covariance matrix and the predicted covariance matrix into a correlation matrix, as opposed to the mean squared residual root (RMSR), which is a measure of the absolute value of the average residual covariance. Values less than 0.10 or 0.08 (Hu & Bentler, 1999) are considered suitable.

Henseler et al. (2015), for PLS-SEM, presented SRMR as a goodness of fit metric that could be used to prevent model misspecification. The fit model looks at the statistical difference (bootstrap-based) between the covariance matrix represented by the composite factor model and the empirical covariance matrix. However, the model is fit based on the SRMR value, or Standardised Root Mean

Square, which is 0.054 0.10. Therefore, it can be said that the model matches the data.

One of the first fit instruments offered in the SEM literature was the normed fit index by (Bentler & Bonett, 1980). It determines the intended model's Chi2 value and compares it to an important standard. The NFI therefore yields a score between 0 and 1. The NFI's proximity to 1 indicates how well the fit fits. An acceptable match is often indicated by an NFI value greater than 0.9. The NFI PLS route model's calculation is thoroughly described in Lohmöller (1989). A stepwise conformance measure is represented by NFI.

RMS\_theta is the matrix of residual covariance residuals squared from the residuals of the outer model (Lohmöller, 1989). Due to the non-significance of the residuals of the outer model for the formative measurement model, this fit measure is only helpful for evaluating purely reflecting models. To demonstrate a good model fit, the size must be nearly zero because this would mean that the correlation between the outer model residuals is negligibly minor. The RMS\_theta computation is only available for PLS-computed composite models, despite the fact that it should be investigated to evaluate PLSc-computed common factor models. RMS\_theta values below 0.12 suggest a good model, whereas higher values suggest an unsuitable model (Henseler et al., 2015).

RMS Theta value or Root Mean Square Theta 0.102 is one of the limitations or criterion for model fit, according to a description taken from the SMARTPLS website. However, the fit model image above shows that the RMS Theta or Root Mean Square Theta value is  $0.134 > 0.102$  and the NFI value is  $0.832 < 0.9$ . Accordingly, based on the two evaluations of the model, it does not satisfy the criteria for a fit model, even though the value is close to the required values. Additionally, the model is permitted for exploration because the SRMR meets the criteria for model fit.

#### **4.1.4 Multicollinearity Test**

In a multivariate regression model, multicollinearity is the presence of a significant correlation or link between two or more exogenous variables. The value of the beta coefficient of an exogen variable or predictor variable in a multiple regression model when multicollinearity is present might change significantly as the exogen variables

in the model are increased or decreased. Strong correlation or relationships between two or more exogenous variables, as previously mentioned, are the root cause of multicollinearity.

By examining the Tolerance and Variance Inflating Factor (VIF) values, multicollinearity can be inferred. When the VIF is greater than 10 and the Tolerance value is 0.1, multicollinearity can be detected. In order to identify the presence of multicollinearity, some experts look at the tolerance limits 0.2 and  $VIF > 5$ . Experts prefer utilising tolerance and VIF values over other factors when establishing whether multicollinearity exists in a multiple linear regression model.

The handicap value for small deviation from large is generally taken as 10 (Alin, 2010). The VIF value must be less than 5, when it is more than 5 it indicates collinearity between constructs. Another resource stated that VIF value is no more than 10. Multicollinearity or the presence of strong intercorrelation between exogen variables in this PLS SEM on the table 4.5 is proven in the VIF Inner Model values below:

Table 4.5 VIF	
	<b>VIF</b>
<b>ATB1</b>	2.037
<b>ATB2</b>	2.115
<b>BI1</b>	1.661
<b>BI2</b>	1.661
<b>DL_BDK</b>	1.297
<b>DL_DM</b>	2.055
<b>DL_SP1</b>	1.671
<b>EF1</b>	2.407
<b>EF2</b>	2.515
<b>FC1</b>	2.650
<b>FC2</b>	2.450
<b>FL_BFK1</b>	2.307
<b>FL_BFK2</b>	2.029
<b>FL_BFK3</b>	2.319
<b>FL_DM</b>	2.133
<b>PBC1</b>	2.302
<b>PBC2</b>	1.953
<b>PE1</b>	2.508
<b>PE2</b>	2.282
<b>PEU1</b>	2.083
<b>PEU2</b>	1.854
<b>PU1</b>	2.594

<b>PU2</b>	2.679
<b>SI1</b>	2.194
<b>SI2</b>	2.459
<b>SN1</b>	1.978
<b>SN2</b>	2.098

Given that there is no value above 3 in the VIF values listed in Table 4.5 above, it is determined that there is no multicollinearity issue. This assertion is backed by the fact that there is no significant association between exogenous factors, as shown in table 4.6 below:

Table 4.6 Latent Variable Correlations

	<b>BI</b>	<b>DFL</b>	<b>PB</b>	<b>TAM</b>	<b>UTAUT</b>
<b>BI</b>	1.000	0.131	0.642	0.561	0.619
<b>DFL</b>	0.131	1.000	0.078	0.051	0.090
<b>PB</b>	0.642	0.078	1.000	0.700	0.796
<b>TAM</b>	0.561	0.051	0.700	1.000	0.735
<b>UTAUT</b>	0.619	0.090	0.796	0.735	1.000

There is no issue with multicollinearity because table 4.6 above demonstrates that there is no significant correlation ( $> 0.9$  or  $-0.9$ ) between the latent variables. As an illustration, the correlation between DFL and behavioural intentions, which is 0.131, is not very strong. It is less than 0.9. Conclusion: There is no issue with breaking the multicollinearity assumption in the inner model. The results, however, indicate that the frequency of the numbers in table 4.6 is far greater than it should be and almost probably includes the upper limit number.

#### 4.1.5 Discriminant Validity

When measuring discriminant validity, "cross loadings" and the Fornell-Larcker criteria are taken into account. A latent variable shares more variation with the underlying indicator than with other latent variables, according to the Fornell-Larcker postulate. It is anticipated that the 'loading' for each indicator will be greater than the 'cross-loading' in each case.

Table 4.7 Fornell-Larcker Criterion

	<b>BI</b>	<b>FL</b>	<b>PB</b>	<b>TAM</b>	<b>UTAUT</b>
<b>BI</b>	0.903				
<b>DFL</b>	0.131	0.758			
<b>PB</b>	0.642	0.078	0.800		
<b>TAM</b>	0.561	0.051	0.700	0.828	
<b>UTAUT</b>	0.619	0.090	0.796	0.735	0.808

The value shown on the results of the Fornell-larcker Criterion is not supposed to be higher than the main value of each variable. On these results, there is no value above the main value of each variable which means the Fornell-Larcker criterion on employed in this study is passed and the data can be explored to represent the results of the study. For example, the value of DFL is about 0.131 which is less than 0.903.

#### 4.1.6 HTMT Testing

The recommended method for determining discriminant validity is HTMT. The measuring framework for this method is a multitrait-multimethod matrix. For the two reflective constructions to be discriminantly valid, the HTMT value must be smaller than 0.9 (Henseler et al., 2015). Following are the results of the HTMT analysis in this PLS SEM on the table 4.8:

Table 4.8 HTMT Testing

	<b>BI</b>	<b>FL</b>	<b>PB</b>	<b>TAM</b>	<b>UTAUT</b>
<b>BI</b>					
<b>DFL</b>	0.139				
<b>PB</b>	0.768	0.086			
<b>TAM</b>	0.692	0.071	0.807		
<b>UTAUT</b>	0.730	0.102	0.877	0.830	

According to the HTMT table above, which shows that all HTMT values are less than 0.9, all constructs have discriminant validity. The model is suitable for analysis when there is no value greater than 0.9, as shown in Table 4.8.

#### 4.1.7 Validity and Reliability Test

The validity test was appointed to test the validity of the questionnaire in order to ensure that the statement items in this research questionnaire could be understood by the respondents. In this validity test, the researcher used a loading factor value  $> 0.50$ . Questionnaires were distributed to 333 respondents, focusing on millennials and Gen Z. Outer model analysis for reflective indicators can be tested through several indicators (Hair, 2019). Apart from looking at the outer loading, the convergent validity test can be done by looking at this AVE. When the AVE value is above 0.5 then an indicator has met good convergent validity.

**Cronbach Alpha and Composite Reliability** The value of the reliability of indicators on a variable is tested using a component called composite reliability. The Cronbach alpha value can be used to augment the reliability test with the composite reliability mentioned above. When a variable's value is greater than 0.6, it is deemed

dependable and meets Cronbach's alpha standards. An examination of construct reliability is the next stage. Latent variable construct reliability is measured using construct reliability. The value must be more than 0.70 to be regarded as dependable. As seen in table 4.9 below, construct reliability is the same as Cronbach alpha:

Table 4.9 Validity and Reliability Test

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>BI</b>	0.774	0.775	0.898	0.815
<b>DFL</b>	0.881	0.893	0.904	0.575
<b>PB</b>	0.888	0.892	0.914	0.640
<b>TAM</b>	0.847	0.848	0.897	0.686
<b>UTAUT</b>	0.924	0.925	0.938	0.653

The Cronbach's alpha for each variable is more than 0.7 where the higher value is exposed to UTAUT variable about 0.924. UTAUT appears to be the best construct of all. In terms of the composite reliability which the number is supposed to be greater than 0.7. On the table 4.9, it has been accompanied that the value is above the minimum value just like PB which has 0.914 and it is greater than 0.7. DFL value on the average variance extracted (AVE) is the one which depicts the lower value of all unless it has to be taken down. Fortunately, the AVE of DFL is 0.575 where it is passed the minimum value required. The AVE is supposed to be greater than 0.5 and all variables are passing the 0.5.

The results produced from outer loadings construct item need to be considered in table 4.10 bares the value of the loading factor for each variable. When the value indicates a loading factor value of less than 0.7 which means the variable is invalid, while a loading factor value exceeding 0.7 meaning that the variable is valid. All loading factors are more than 0.7, all the variables employed have good validity.

Table 4.10 Outer Loadings Construct Item

	<b>BI</b>	<b>DFL</b>	<b>PB</b>	<b>TAM</b>	<b>UTAUT</b>
<b>Behavioral Intentions</b>					
<b>BI1</b>	0.897				
<b>BI2</b>	0.909				
<b>Digital Financial Literacy</b>					
<b>DL_BDK</b>		0.670			
<b>DL_DM</b>		0.801			
<b>DL_SP1</b>		0.635			
<b>FL_BFK1</b>		0.788			
<b>FL_BFK2</b>		0.810			

<b>FL_BFK3</b>	0.780	
<b>FL_DM</b>	0.802	
<b>Planned Behavior</b>		
<b>ATB1</b>	0.804	
<b>ATB2</b>	0.815	
<b>PBC1</b>	0.828	
<b>PBC2</b>	0.786	
<b>SN1</b>	0.777	
<b>SN2</b>	0.789	
<b>Technological Acceptance Model</b>		
<b>PEU1</b>		0.824
<b>PEU2</b>		0.787
<b>PU1</b>		0.846
<b>PU2</b>		0.853
<b>Use of Technology</b>		
<b>EF1</b>		0.812
<b>EF2</b>		0.822
<b>FC1</b>		0.834
<b>FC2</b>		0.818
<b>PE1</b>		0.828
<b>PE2</b>		0.788
<b>SI1</b>		0.756
<b>SI2</b>		0.805

From the table of outer loading values above, it can be observed that all items or indicators have an outer loading value of  $> 0.5$ . According to Nunnally 1967 in Peterson (1994) stated that for the preliminary research the value of 0.5-0.6 is accepted. The Outer Loading value limit  $> 0.5$  is acceptable as long as the validity and reliability of the construct meet the requirements and the model is newly developed. So based on outer loading validity it is stated that not all items or indicators are valid in terms of item validity. However, the value will be perfectly accepted when the value is greater than 7. The value depicted on the table 4.10 will be observed by one by one as the variable into each latent variable.

Starting from the Behavioural Intentions where it has 2 latent variables and behavioural intention 2 shows the best value which it shows the greater latent variable that represents the best contribution on the study of behavioural intention. On the digital literacy, the latent variables are divided into three which are DL\_BDK, DL\_DM, and DL\_SP1. On this construct, DL\_DM indicates the best contribution of all. On the financial literacy, where it has 4 latent variables which are

FL\_BFK1, FL\_BFK2, FL\_BFK3, and FL\_DM and the best contribution on this variable is referred to FL\_BFK2. Additionally, looking at the digital financial literacy, the best contributor of this construct is FL\_BFK2.

Focusing on Planned Behaviour, where it has 6 latent variables which are ATB1, ATB2, PBC1, PBC2, SN1, and SN2, the best contributor on this construct is PBC1. Technological acceptance model where it has 4 latent variables which are PEU1, PEU2, PU1, and PU2, elaborated the best contribution on the PU2. Lastly, UTAUT which has 8 latent variables which are EF1, EF2, FC1, FC2, SI1, and SI2 depicts FC1 as the best contributor on this construct.

#### 4.1.8 Outer Weight

Table 4.11 Outer Weight

	(O)	(M)	(STDEV)	(O/STDEV)	P Val
<b>ATB1 &lt;- PB</b>	0.226	0.227	0.015	15.501	0.000
<b>ATB2 &lt;- PB</b>	0.229	0.231	0.017	13.541	0.000
<b>BI1 &lt;- BI</b>	0.538	0.540	0.021	25.592	0.000
<b>BI2 &lt;- BI</b>	0.570	0.569	0.021	27.552	0.000
<b>DL_BDK &lt;- DFL</b>	0.272	0.282	0.214	1.273	0.204
<b>DL_DM &lt;-DFL</b>	0.245	0.219	0.122	2.013	0.045**
<b>DL_SP1 &lt;- DFL</b>	0.046	0.024	0.186	0.249	0.804
<b>EF1 &lt;- UTAUT</b>	0.152	0.152	0.010	15.301	0.000
<b>EF2 &lt;- UTAUT</b>	0.158	0.159	0.011	14.707	0.000
<b>FC1 &lt;- UTAUT</b>	0.165	0.166	0.010	16.535	0.000
<b>FC2 &lt;- UTAUT</b>	0.162	0.162	0.011	15.271	0.000
<b>FL_BFK1 &lt;- DFL</b>	0.165	0.147	0.131	1.266	0.206
<b>FL_BFK2 &lt;- DFL</b>	0.248	0.245	0.132	1.876	0.061*
<b>FL_BFK3 &lt;- DFL</b>	0.130	0.111	0.149	0.868	0.386
<b>FL_DM &lt;- DFL</b>	0.199	0.197	0.143	1.391	0.165
<b>PBC1 &lt;- PB</b>	0.220	0.220	0.013	16.985	0.000
<b>PBC2 &lt;- PB</b>	0.212	0.212	0.015	13.703	0.000
<b>PE1 &lt;- UTAUT</b>	0.152	0.152	0.012	12.514	0.000
<b>PE2 &lt;- UTAUT</b>	0.153	0.155	0.012	12.995	0.000
<b>PEU1 &lt;- TAM</b>	0.286	0.287	0.021	13.364	0.000
<b>PEU2 &lt;- TAM</b>	0.302	0.302	0.024	12.689	0.000
<b>PU1 &lt;- TAM</b>	0.307	0.307	0.020	15.396	0.000
<b>PU2 &lt;- TAM</b>	0.312	0.313	0.019	16.784	0.000
<b>SI1 &lt;- UTAUT</b>	0.137	0.137	0.011	12.146	0.000
<b>SI2 &lt;- UTAUT</b>	0.157	0.158	0.011	13.763	0.000
<b>SN1 &lt;- PB</b>	0.185	0.184	0.015	12.025	0.000
<b>SN2 &lt;- PB</b>	0.177	0.177	0.015	11.841	0.000

On the table 4.11 explained the outer weight results of the study, the value of t-statistics of each latent variable is supposed to be higher than 1.96. It shows that those indicators significantly contribute to measure of each latent variable. In this study there are 5 variables which is not significant, FL\_DM, FL\_BFK3, FL\_BFK1, DL\_SP1 and DL\_BDK based on the P-value. Additionally, concerning on the t-statistic beside the 5 variables mentioned above, DL\_DM, and FL\_BFK2. It can be concluded that there are 7 variables that is not significant on this result.

#### 4.1.9 R Square and Adjusted R Square

The R Square value, a goodness-of-fit model test in the PLS SEM inner model, is used to conduct further output tests of the model. An indicator of how much an exogenous construct can explain an endogenous construct is the coefficient of determination (R Square). R Square is anticipated to range from 0 to 1. The model is strong, moderate, and weak, as indicated by R Square values of 0.75, 0.50, and 0.25 (Sarstedt et al., 2021). Meanwhile, Adjusted R Square is the corrected R Square value based on the standard error value.

Table 4.12 R Squared

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>Behavioral Intention</b>	0.458	0.450

According to the findings of the analysis of the coefficient of determination discussed above, the simultaneous influence's R Square value is 0.458, with an adjusted r square value of 0.450. The simultaneous effect of all exogenous constructs (UTAUT, TAM, PB, and DFL) on behavioural intentions of 0.458 or 45.8% can be explained in this way. With an adjusted R Square of 45%, all exogenous constructs—UTAUT, TAM, PB, and DFL—have a sufficiently high impact. The combined effect of UTAUT, TAM, PB, and DFL on behavioural intentions has a R Square value of 0.458.

#### 4.1.10 Blindfolding Test

Analysis known as "blindfolding" is used to determine how relevant predictions made by a construct model are. The Q Square value is used in the analytical process. It is assumed that a construct model is relevant when Q Square > 0.05. In other

words, the endogenous variables were correctly predicted by the exogenous factors that were used.

Table 4.13 Blindfolding Test Result

	<b>SSO</b>	<b>SSE</b>	<b>Q<sup>2</sup> (=1-SSE/SSO)</b>
<b>BI</b>	564.000	363.162	0.356
<b>DFL</b>	1974.000	1974.000	
<b>PB</b>	1692.000	1692.000	
<b>TAM</b>	1128.000	1128.000	
<b>UTAUT</b>	2256.000	2256.000	

Based on the display of the table 4.14 above, Q Square values on Behavioural Intentions constructs are more than 0.05. It can be interpreted that the predictions of the UTAUT, TAM, PB, and DFL on Behavioural Intentions constructs are appropriate or relevant. In detail it can be concluded that the relevance of the predictions of the UTAUT, TAM, PB, and DFL on Behavioural Intentions based on the Q Square value is  $0.507 > 0.05$ , so accept H0. This means that it can be concluded that the exogenous variables the UTAUT, TAM, PB, and DFL are appropriate or relevant when they are retained as predictors of the construct Behavioral Intentions as an endogenous variable. The relevance of predictions UTAUT, TAM, PB, on DFL based on the Q Square value is  $0.029 < 0.05$ , so reject H0. This means that it can be concluded that the exogenous variables UTAUT, TAM, PB, on DFL are not appropriate or relevant when treated as predictors of the endogenous variable DFL construct.

#### 4.1.11 Bootstrapping Results

Bootstrapping is a method for determining the degree of likelihood or significance of direct, indirect, and combined effects. The significance level entry is typically set at 0.05. The values of the route coefficients between the constructs are those that can be used to determine the importance and strength of the relationship between the constructs. The hypothesis is tested using this value. The values of the path coefficients range from -1 to +1. The link between the two constructs is greater the closer they are near the +1 value. A connection that is edging towards -1 denotes a bad relationship.

Table 4.14 Structural Model Testing Results-Path Coefficient

<b>Relationship</b>	<b>β</b>	<b>Mean</b>	<b>STD</b>	<b>T Val</b>	<b>P Val</b>	<b>Decision</b>
<b>(H1) DFL -&gt; BI</b>	0.076	0.090	0.049	1.569	<b>0.117</b>	<i>Not Supported</i>

<b>(H2) PB -&gt; BI</b>	0.364	0.367	0.086	4.206	<b>0.000***</b>	<i>Supported</i>
<b>(H3) TAM -&gt; BI</b>	0.142	0.141	0.072	1.979	<b>0.048**</b>	<i>Supported</i>
<b>(H4) UTAUT -&gt; BI</b>	0.218	0.212	0.100	2.168	<b>0.031**</b>	<i>Supported</i>

Results significantly different at the \*\*\* 1 percent level and \*\* 5 percent level, respectively.

According to table 4.15's findings, three of the four variables show a significant result, and this result has a favourable influence. The parameter coefficient for the variable DFL on BI is 0.076, which indicates that DFL has no beneficial effect on BI. Accepting H1 suggests that the direct effect of DFL on BI is not statistically significant because the p-value is 0.117 > 0.05. The notion of digital financial literacy is disproved by the results shown above. Digital financial literacy does not significantly change behavioural intentions, leading to the conclusion that adoption of I-fintech services is unaffected by DFL.

The parameter coefficient for the planned behaviour on behavioural intention variable is 0.364, which indicates that PB has a positive impact on BI. It may be inferred that the BI will rise in proportion to the value of PB. Increasing PB by one unit will raise BI by 36.4%. According to calculations utilising the bootstrap method or resampling, the estimated coefficient test PB on BI results in a bootstrap result of 0.367, a calculated t-value of 4.206, and a standard deviation of 0.086. If H2 is accepted, the p-value of 0.000 < 0.05 indicates that the direct impact of PB on BI is statistically significant.

The parameter coefficient for the Acceptance Model on Behavioural Intention variable is 0.142, which indicates that TAM has a positive impact on BI. It can be inferred that the BI will rise in proportion to the value of TAM. Increasing TAM by one unit will result in a 14.2% rise in BI. Based on calculations utilising bootstrap or resampling, the bootstrap result is 0.141 with a calculated t-value of 1.979 and a standard deviation of 0.048 for the estimated coefficient test TAM on BI. Accepting H3 indicates that the direct effect of TAM on BI is statistically significant because the p-value is 0.048 < 0.05. The hypothesis testing shown on the table above, TAM is accepted by the model. TAM uncovers significant result on the behavioural intention where it could be stated that the result could be the representation of I-fintech adoption.

The magnitude of the parameter coefficient for the variable Use of Technology on Behavioural Intention is 0.218, which means that there is a positive influence of

UTAUT on BI. It can be interpreted that the higher the value of UTAUT, the BI will increase as well. An increase of one unit of UTAUT will increase BI by 21.8%. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test UTAUT on BI the bootstrap result is 0.212 with a calculated t-value of 2.168 and a standard deviation of 0.100. Then the p-value is  $0.031 < 0.05$  so accept H4 or which means that the direct effect of UTAUT on BI is statistically significant. The hypothesis testing shown on the table above, UTAUT is accepted by the model. UTAUT uncovers significant result on the behavioural intention where it could be stated that the result could be the representation of I-fintech adoption.

#### 4.1.12 Model

In the reflective indicator paradigm, indicators are able to reflect latent variables, or to put it another way, the indicators are a mirror of the latent variables. In the reflective indicator model, even though the latent variable's validity is unaffected by the removal of one indicator, its reliability will be poor when there are few indicators. As it has been shown obviously on the figure 4.1 that this study is employing the reflective model to explain the variables.

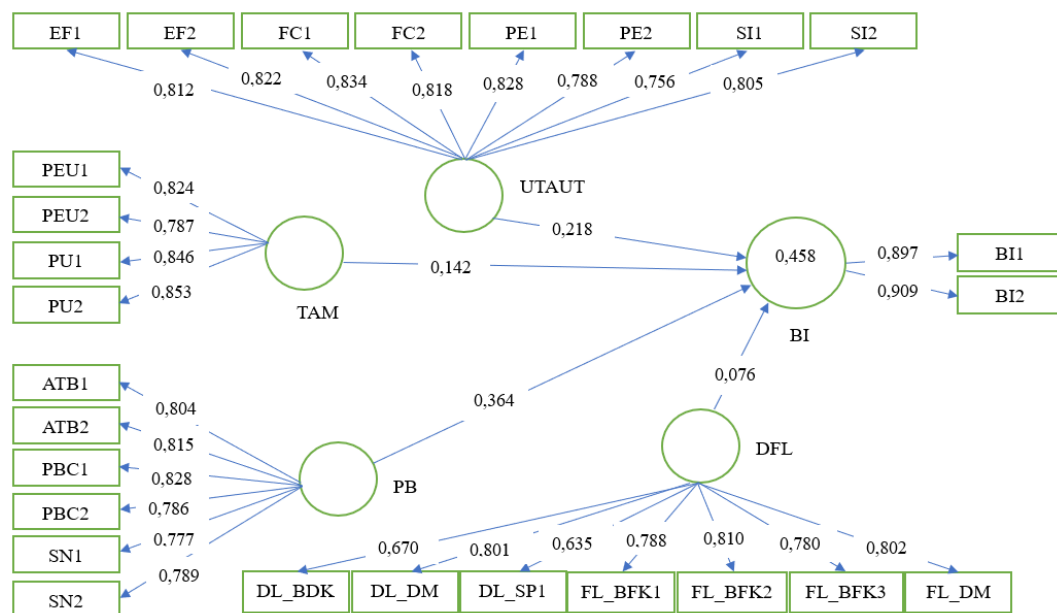


Figure 4.1 Proposed Model

The proposed model in this study is shown in the figure 4.1. It is depicted that there are 8 latent variables representing the Use of Technology (UTAUT) variable,

4 variables representing Technological Acceptance Model (TAM), 6 latent variables representing Planned behaviour (PB), 3 latent variables representing Digital literacy that combines with 4 latent variables representing financial literacy and it becomes Digital Financial Literacy (DFL) and 2 latent variables representing Behavioural Intentions (BI). The UTAUT, TAM, PB and DFL stand for exogen variables and BI stands for endogen variables. By the model depicted above, it can be observed clearly that the model has runed perfectly and passed all the suggested criteria of the standard testing for SEM-PLS. The next section will elaborate the related testing for this study.

## **4.2 Analysis**

### **4.2.1 The Intention of Millennial and Gen Z in adopting I-fintech**

Driven by technological advances, currently there are many digital applications that make it easy to apply for loans such as fintech co-funding and paylater. Previously applying for a loan needed to be done face-to-face, instantly loans can be completed digitally, the requirements are even easier and more practical. Apart from loan applications, there are correspondingly applications for online shopping in the form of e-commerce, ticket ordering applications, and food ordering applications. Shopping and traveling simply moved easier. Dabija & Lung (2019) discovered on their result of research that Millennials are the one who is interested in the business service driven by technological advanced like travel booking, product comparison, etc. For this reason, it is very important to respond wisely to technological advances and the convenience of various digital applications. The findings completed by Majid & Nugraha (2022) discovered that the reason why Muslim tend to adopt I-fintech is caused by the effectiveness and the efficiency.

Hammered by the profile of Millennial and Gen Z as a productive age group who work and have income, this suggests that Millennials and Gen Z have money to pay for shopping and daily needs. Prakash & Tiwari (2021) discovered that the newest and the youthful at the workstation and market is the generation-Z and immediately it is their pace to present their being. It is just that when they are not competent at managing Gen Z finances and Millennials will tend to be consumptive. Furthermore, when the income they have is not adequate to finance debt expenses, then debt will be a temporary solution, even though this is a source of problems.

On the table 4.15 reveals that 39.63% millennials seemingly agree that they are intentionally adopting I-fintech in the future. In terms of Gen Z, there are 32.20% that they agree and strongly agree to adopt I-fintech. Additionally, millennials agree they will adopt I-fintech when they have access to it, about 51.22% people agree, and it is more than a half of millennials. It seems to Gen Z where the 40.68% of them agree to accept I-fintech when they have access to it. Compared to the number of fintech users in both millennials and gen z where the number shown on the table 4.1 that the number of fintech users are 91.29%, where it is compared to the number of millennials and gen z who intend to adopt I-fintech is relatively small. As it could be clearly seen on the table 4.2 about the demographic data where it has been turning to 78.72% people realize the presence of I-fintech product. This data cannot be generated as they have adopted I-fintech. it can be concluded that the awareness of I-fintech product among millennials and gen z has been strengthening widely.

The total number of conventional fintech is about 95 where the number of I-fintech is only 7 companies. Moreover, the number of digital payments in Indonesia in only 1 which is LinkAja syariah and the one Paytren. It could affect the awareness of millennials and gen z from realizing the I-fintech. With the high number of conventional fintech and the ease of use among the conventional fintech with other industries like, e-commerce and others it could affect the intention to use of I-fintech where the scope of I-fintech is quietly small rather than conventional fintech itself.

The literacy is urgently needed since it is the one causing the improvement of I-fintech adoption. The ease of use of I-fintech has been recognized by millennials and gen z however the intention to adopt is low. To obtain more users, it is crucial to improve the digital infrastructure of I-fintech so it can build the competitive advantages of I-fintech towards conventional fintech. Additionally, I-fintech has to actively promote the I-fintech products and compacting the products to be the interesting product. By improving the literacy relatively, it is expected to grab more attention of the users.

Table 4.15 The Intention of Millennials and Gen Z in I-fintech

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree	Mean (over 7 points)
<b>I intend to use Islamic Fintech in the future</b>								
Millennials	0.00%	1.22%	0.61%	21.34%	14.02%	39.63%	23.17%	5.60
Gen Z	0.00%	0.85%	2.54%	20.34%	11.86%	32.20%	32.20%	5.69
<b>If I had access to Islamic Fintech services, I would have the intention to use them</b>								
Millennials	0.00%	1.22%	0.61%	9.76%	15.24%	51.22%	21.95%	5.80
Gen Z	0.00%	0.85%	2.54%	14.41%	14.41%	40.68%	27.12%	5.73

A non-parametric test called the Mann Whitney U Test is used to compare the medians of two exogenous groups. Even if the medians of the two groups may be identical, the P value—0.05—is modest, indicating that there is a difference. The two groups' Means are dramatically different from one another, which is the cause. There are no changes in perception between millennials and gen z, according to a further description of the Mann Whitney U test in table 4.17, which claims that the two questions are statistically insignificant (Asymp. Sig. > 0.05). In other words, the majority of respondents shared a similar viewpoint on the significance of communicating an intention to adopt I-fintech.

Table 4.16 Mann Whitney Test

Questions	Age	N	Mean	Asymp. Sig (p)
I intend to use Islamic Fintech in the future	Millennial	164	137.96	0.370
	Gen Z	118	146.42	
	Total	282		
If I had access to Islamic Fintech services, I would have the intention to use them	Millennial	164	142.38	0.819
	Gen Z	118	140.27	
	Total	282		

Lack of financial literacy makes it difficult to save or invest and tends to use loan products unwisely. For that, the community needs to equip themselves with good financial literacy. By having an understanding of financial products and financial planning, they will be more selective in managing expenses, prioritizing

needs rather than wants so they do not be surrounded into debt habits. Since fintech is currently converting the promising tools in the digital business era, the most challenging part of being well-digitized is improving the recognition of digital financial literacy (Morgan et al., 2019). Digital financial literacy increasingly moves as the most fundamental aspect of economic education, avoiding miss-selling, frauds such hacking attacks, unauthorized use of data, behavioural issues (excessive borrowing), and biased treatment.

The community in fact chooses Sharia Fintech over Conventional because there is no element of usury, and it is clear where the money is given for financing. Considerable developments in the Islamic economic sector will advance I-fintech as a financial service by offering online financing without having to come to a location and simply with a cell phone in hand. It is stated in the previous study that the intention of people to adopt fintech services is when they have a chance and access to involve (Rahim et al., 2023). In this study, where the question of behavioural intention is that millennial and Gen Z will practice I-fintech when they have an access, it is reflective the common behaviour of ease. The common question of the intention of using I-fintech in the future seems to be the answer of the prospect of the growing number of I-fintech in the future.

This convenience is what makes Fintech increasingly popular and growing in society, especially for young people who do not prefer complicated things and prefer instant, fast, and easy things. I-fintech transactions may not conflict with Islamic law and do not contain *Gharar*, *Dharar*, *Maysir* and *Tadlis*. However, fintech has drawbacks that make users have to be more careful in using it because it is not as big as a bank and the funds the community has are definitely limited, it is possible that the loans given are limited. It is supported by the study done by Majid & Nugraha (2022) where the question of the BI is that the intention is influenced by the sharia principles of fintech.

I-fintech can be interpreted as a system of financial solution services provided by technology companies based on sharia principles. Therefore, it must utilize the principles of Islamic law in practice. According to Ronald there are six types of contracts that are allowed in I-fintech, namely, *Al-Bai'* (selling and buying), *Ijarah*, *Mudharabah*, *Musyarakah*, *Wakalah*, and *Qardh* (Yudhira, 2021). The presence of

Sharia Fintech in Indonesia is a new hope for the majority of Muslims in Indonesia who not only provide services using sharia principles, but also provide services that are fast, simple, effective and efficient and make it easier for the community (Cahyadi, 2020).

Table 4.17 Behavioral Intentions Measurement

<b>Behavioral Intentions</b>	BI1	I intend to use Islamic Fintech in the future
	BI2	If I had access to Islamic Fintech services, I would have the intention to use them

Aiming on Millennial and Gen Z on this study, this study is intended to observe where the current situation of technological advanced on business is targeting this group. Since the conclusion of the study observed by Dabija & Lung (2019) stated that the massive buying power of these groups are the most targeted consumers among the producers. Along with the results shown on the table 4.10, the highest results of the construct item where it reflects the most represented variable on this study is the BI2 where the question is “If I had access to Islamic Fintech services, I would have the intention to use them”. It presents that the access of I-fintech is supposed to be effectively driven by the policy makers.

It could be concluded that the intention of the millennial and Gen Z in adopting I-fintech is driven by the coming of technological advance. The ease of access for I-fintech is likewise being the most crucial things on the decision-making process. Another reason of this adoption is similarly to the following sharia principles on the based transactions, like digital payment system, loans, etc. Lastly, the improved literacy skill on the digital finance is seemingly being one of the considerations of accessing I-fintech where this intends to find the effectiveness of using I-fintech to avoid the neglected things such as miss-selling, frauds, etc.

#### **4.2.2 The Influence of Planned Behaviour, Use of Technology, Technological Acceptance Model and digital financial literacy in I-fintech adoption**

Since there are many studies discussing the use of variables, TAM, PB, UTAUT and DFL to be tested of each component, in this project of study, all components included in each theory will be tested as a group as it has been done by (Darmansyah et al., 2021). The other studies about TAM, PB and UTAUT as those have been explained by (Hassan et al., 2022; Majid & Nugraha, 2022; Rahim et al., 2023 and Shaikh et al., 2020b).

#### 4.2.2.1 Planned Behaviour

Based on the results of hypothesis testing that has been observed, the Planned Behaviour variable has a significant effect on behavioural intention, with the intention of the Planned Behaviour variable has a significant effect on forming behavioural intention. There are 6 latent variables that represent PB variables where the variables are divided into three, namely Attitude Toward Behaviour, Subjective Norm, and Perception of Behavioural control. This variable is tested as one variable of a theory. This theory is employed to explain how the implications of individuals in carrying out a behaviour are based on their thoughts before they decide to do or not to do certain behaviours. The questions that represent this variable are on the table 4.15. The result is currently supported by the previous study completed by Darmansyah et al. (2021).

Table 4.18 Planned Behavior Measurement

<b>Attitude Toward Behavior</b>	ATB1	Using Islamic fintech makes me get a halal profit
	ATB2	Using Islamic fintech is more promising and convincing because it is in accordance with the agreement (contract) in Islamic teachings, and reduces the risk of fraud in transactions
<b>Subjective Norm</b>	SN1	I can find out the advantages of sharia fintech from influencers/public figures
	SN2	I have a family member, friends or co-workers who use sharia fintech
<b>Perception of Behavioral Control</b>	PBC1	I use I-fintech when I know the advantages
	PBC2	I have full awareness and control to use Islamic Fintech

A study researched by Albaity & Rahman (2019) has significant result on attitude toward behaviour in behavioural intentions. Humans are social creatures. This shows that every human being who lives in this world cannot be separated from the help of other people or always lives side by side with other humans. On the attitude toward behaviour, the questions are ‘using sharia fintech makes me get a halal profit and using Islamic fintech is more promising and convincing because it is accordance with the agreement (contract) in Islamic teaching and reduces the risk of fraud in transaction’ where those questions are intended to see whether the respondents are aware of the rampant acts of fraud that have been uncovered in

recent years both in the private sector and in the government sector have received very special attention from the public.

Subjective norm on the results of the study done by Majid & Nugraha (2022) describes the significant influence towards the behavioral intention. Subjective norm where it has two variables represented 'I can find out the advantages of sharia fintech from influencers/public figures and I have a family member, friends or co-workers who use sharia fintech' is considered to be appropriate for this study because one's perception or view of other people's beliefs that influence to do or not to do the behaviour being considered. Subjective norm commonly stated as one's perception or view of other people's beliefs that influence to do or not to do the behavior being considered.

Perceived behavioural control is an individual's perception of the control that the individual has with respect to certain behaviours. Perceived Behaviour Control is a belief about whether or not there are factors that facilitate and hinder individuals from carrying out a behaviour. In this case perceived behavioural control can explain the extent to which each millennial and gen z perceives in adopting I-fintech. These three factors need to be tested and re-developed in different environments, especially in the country of Indonesia which has a society with a collective culture, namely a society that prioritizes or is more dominant with social life in everyday life compared to private or individual life. The questions are 'I use I-fintech when I know the advantages and I have full awareness and control to use Islamic fintech'. It is as same focused by Majid & Nugraha (2022) where PBC has significant results on Behavioural Intention in Islamic crowdfunding.

#### **4.2.2.2 Use of Technology**

UTAUT towards the behavioural intentions has significant relationship where UTAUT is a model of technology acceptance and use that combines the best features of the other eight theories of technology acceptance. It is supported by the study done by Khan et al. (2022) they mentioned that Performance expectancy, Social Influence and Effort Expectancy have significant impact on the use of Islamic fintech. Performance expectancy is implemented in this study to analyse as the extent to which an individual believes that using the system will help individual to achieve gains in improving performance. The represented questions of this are 'Using i-

fintech improves my productivity in managing my finance and Islamic fintech will be very useful for my life'. Effort expectancy is likewise mentioned in this project as the level of ease associated with using the system.

Social influence is defined as the extent to which an individual feels it is important that other people believe they should use the new system. The represented questions are 'It would be easy for me to develop the skills to adopt Islamic Fintech application and It is easy for me to learn how to do transaction with Islamic fintech'. These questions reflect the ease of I-fintech where millennials and gen z will adopt it. Social influence where it is part of UTAUT explored to explain the Islamic fintech in many research like a project done by Rahim et al. (2023) among millennials in Malaysia.

Facilitating conditions are employed as the extent to which an individual believes that the organizational and technical infrastructure exists to support the use of the system it is represented by 'I have the knowledge and capability to use Islamic fintech and I have sufficient facilities/devices (computer, handphone, gadgets) to comfortable use Islamic Fintech'. In terms of the overall tested theory, the result is matched with the project of study done by (Darmansyah et al., 2021).

Effort expectations are the level of comfort expected when individuals use the system. Each individual expects that the existing new technology requires a smaller effort. With a small effort, individuals will easily switch to this new technology. As the questions are 'It would be easy for me to develop the skills to use Islamic Fintech application and It is easy for me to learn how to do transaction with Islamic fintech'. it is hoped that the questions represent the millennial and gen z to look ahead of Islamic fintech services. Hassan et al. (2022) finished their study on mobile fintech services and employed effort expectancy as the variable explaining the behavioural intention.

Table 4.19 Use of Technology Measurement

<b>Social Influence</b>	SI1	I am interested in using sharia fintech applications because influencers/public figures use them
	SI2	The people around me can help me in using Islamic fintech
<b>Performance Expectancy</b>	PE1	Using i-fintech improves my productivity in managing my finance
	PE2	Islamic fintech will be very useful for my life

<b>Effort Expectancy</b>	EE1	It would be easy for me to develop the skills to use Islamic Fintech application
	EE2	It is easy for me to learn how to do transaction with Islamic fintech
<b>Facilitating Condition</b>	FC1	I have the knowledge and capability to use Islamic fintech
	FC2	I have sufficient facilities/devices (computer, handphone, gadgets) to comfortable use Islamic Fintech

#### 4.2.2.3 Technological Acceptance Model

Technological Acceptance Model is significantly affecting the behavioural intentions. In general, technology users will have a positive perception of the technology provided, negative perceptions arise generally because after the user has tried the technology or the user has had a bad experience with using the technology. Convincing users that it is not difficult to use the system. Convince users that with the system, the work done will be easier. Convincing users that the system learning process does not require a long time and hard work.

Perceived Ease of Use, Convincing that information technology will be easy to use. Perceived ease of use is defined as the extent to which a person believes that using a technology will be free of effort. Perceived ease of use is based on the extent to which potential users expect the new system to be used free of difficulties. In these two questions of PEU, the highest supported construct on this model is PEU1 where the question is ‘I find Islamic fintech advertisement and the features are easy to understand’.

Perceived Usefulness, Convincing that the information technology used will provide benefits. Perceived usefulness is the level of one's belief that the use of a particular system will enhance performance. Perceived usefulness is defined as the extent to which a person believes that using a technology will improve his job performance. The questions are ‘I find Islamic fintech advertisement and the features are easy to understand, and I find Islamic fintech advertisement which is user-friendly’. This is supported by Hasyim et al. (2022) focusing on Islamic fintech for SMEs.

Table 4.20 Technological Acceptance Model Measurement

<b>Perceived Usefulness</b>	PU1	Transactions using i-fintech services can save time efficiently
	PU2	Islamic Fintech makes my financial transaction easier
<b>Perceived Ease of Use</b>	PEU1	I find Islamic fintech advertisement and the features are easy to understand
	PEU2	I find Islamic fintech advertisement which is user-friendly

#### 4.2.2.4 Digital Financial Literacy

A significant aspect related to digital financial literacy is the identification of its relationship with the socio-economic and demographic factors (Azeez & Akhtar, 2021). In this study, the demographic respondents are divided into age (millennial and gen z), marital status, occupation, income, and the education. The questions are classified into digital literacy and financial literacy as it is suggested by Lyons & Kass-Hanna (2021).

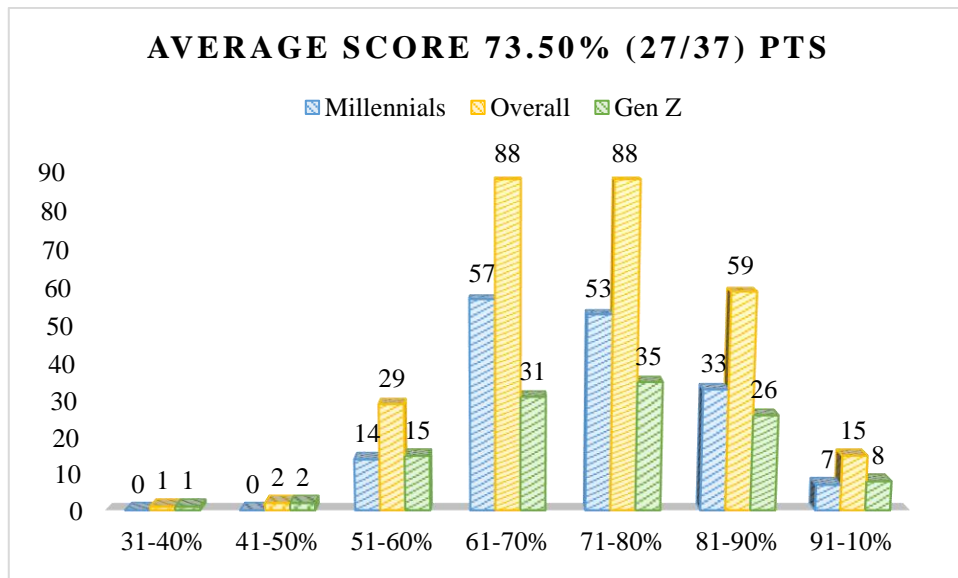


Figure 4.2 Digital Financial Literacy Scores

Concerning on the digital financial literacy scores, the average score among millennial and gen z has a quiet similar score about 73% with the point of 27 over 37. In terms of the overall score both millennial and gen z, the total number of respondents coming from millennials are higher than gen z, where the number of millennials is 164 people and gen z is 118. The DFL score of them is mostly ranging from 61-70% until 71-80%, it reveals that more than a half of millennials is centred

around those scores. Moreover, about 120 people or 42.55% has score under 70. It could be concluded that more than a half of total respondents have well-literate.

Table 4.21 Digital Financial Literacy Measurement

Measurement	Score	
	Millennials	Gen Z
Suppose I have to borrow money for my business, I would borrow money at a lower interest rate	5.768	5.398
I feel more satisfied spending money than saving it for the long term	3.067	3.220
Suppose I have money that I could invest, then I would invest that money in multiple businesses because it is safer.	5.067	5.347
Do you know how to operate the following basic knowledge on digital?	0.976	0.958
a. Creating user account		
b. Managing password		
c. Logging into account		
d. Using privacy setting		
Are you preparing your pension fund/retirement?	5.927	5.763
I know how to find the best digital financial provider that I need, like digital payment and financing platform.	5.677	5.610
Can you find out if fraud occurs when you make online transactions?	0.793	0.788
Average of All	27.274	27.085

Due to the results of this study, the relationship between digital financial literacy and the behavioural intentions of adopting I-fintech does not show the significant results where this means that the hypothesis is rejected. More specifically, it refers to the set of skills and knowledge that enables a person to make informed and effective decisions through their understanding of finance (Fauzia, 2020). Digital financial literacy will make it easier for someone to access financial products and services, both through the application of these financial service institutions and applications owned by financial technology (fintech) and e-commerce businesses that provide financial services. Here is the use of digital financial literacy where the user will be more careful when using digital financial services, by understanding digital financial literacy, a person will be more careful in choosing the right and safe financial intermediary.

Especially considering the many cases of fraudulent digital transactions, such as through e-commerce, cheating with alleged wrong transfers, or hacking a user's bank account, make sure to be careful in choosing the digital transaction. The users likewise prospect to have Awareness of Saving and Investment. Furthermore, an example of digital financial literacy is that more and more people have the awareness to save and invest from an early age. People are increasingly aware of the importance of participating in the financial sector. Next, one example of digital financial literacy can be noticed from the many changes that have had a positive impact on society. It can be answered, digital financial literacy raises public awareness of the importance of gaining involved through the financial sector that can benefit them.

The digital literacy questions are 'do you know how to operate the following basic knowledge on digital?' this refers to the basic digital knowledge which must be discovered by society when they need to practice the fintech. The score depicted between millennials and Gen z who have been well-practiced the basic digital knowledge is relatively high, or it could be discovered that this is almost perfect, where it is 0.98 and 0.96 over 1 respectively. These results represent the well-literate among them, moreover, millennials have higher score than gen z.

The decision-making question of digital literacy is 'I know how to find the best digital financial provider that I need, like digital payment and financing platform'. The important part of using economic digital platform is how to decide which platform is best for the necessities of users. The score among the millennials and gen z has the same, about 5.6 over 7. The point is how to build the good behaviour of decision-making for the next step of safety transactions.

The last question employed in the digital literacy is self-protection of digital platform which is 'can you find out if fraud occurs when you make online transactions?'. Self-protection is obviously needed as stated by Morgan et al. (2019) that there are many evidences of deceitfulness on the digital platform. About 0.78 over 1 for the score of millennials and gen z, this represents how they can be aware of the fraud occurring during online transactions. This point could be observed as the relative high score where it could be improved.

Questions related to financial literacy is allocated into four parts. The first question is focusing on loans. Loan is one of the most crucial parts of fintech.

Borrowing a number of funds from financial institutions or so-called loans, which are sometimes classified as peer-to-peer lending (P2P) lending activities, is known to be easy. The difference between loans and P2P loans is that loans are one-way, that is, they only provide loans without informing the source of the loan capital. The question representing this part is 'suppose I have to borrow money for my business, I would borrow money at a lower interest rate'. The low financial literacy has been significantly leading the higher loans (Mitchell & Lusardi, 2011). Then the results expose that millennials have the higher number than gen z about 5.8 and 5.4 over 7 continuously.

The second classification of financial literacy is directing on saving where the question is 'I feel more satisfied spending money than saving it for the long term'. This question raised due to the growing number of economic digital platforms and the ease of transaction can lead society into trap of undesirable consumption. Saving can be a challenge and opportunity since the ease of digital platform has been respectively increasing, digital savings (digital wallets can be used for savings). Setiawan et al. (2022) found in their research that saving behaviour is influenced by digital financial literacy. The score is low for both of them about 3.1 and 3.2 over 7 constantly. This refers to the data published by OJK that these generations are the debt generation among others.

It turns out that Millennial and Gen Z have more debt than other generations. It can be observed from the account ownership data and the number of outstanding loans at fintech P2P lending. OJK Fintech P2P Lending (fintech joint funding) statistics for December 2022 show that 62% of joint funding fintech accounts are owned by customers aged 19-34 years. The 60% of loans from joint funding fintech are likewise distributed to customers aged 19-34 years. This implies that fintech users of shared funding are dominated by Millennial and Gen Z.

There are many digital platforms standing for investment where it leads society to easily invest. The third question is related to the importance of investment. Interested in making profits with digital investment, there are many types of digital investment that people can choose from, such as gold investment, mutual funds, P2P lending, stock investment, and retail bonds. The question is 'suppose I have money that I could invest, then I would invest that money in multiple business where it is

saver'. This question leads the society to recognize the valuable part of financial literacy. Investment is part of the most crucial thing when financial literacy is studied (Rieger, 2020). The score is 5.1 and 5.3 over 7 for the millennials and gen z. The investment awareness could be classified as soundlessly high. It needs more attention to it.

The decision-making part of financial literacy is about 'are you preparing your pension fund/retirement?'. A prosperous retirement period free from financial burdens is everyone's dream. By determining retirement goals early and knowing the forms of investment on digital platforms, pension fund participants can have a wider choice to diversify their investment assets and choose instruments that suit their respective risk profiles. In the digital era, pension fund will be undoubtedly managed. A study done by Wahyudi et al. (2020) mentioned that the asset allocation strategy has significantly affected the investment portfolio of the pension fund. The results describe a relatively high awareness of pension fund where it has about 5.9 and 5.8 for both millennials and gen z.

## **CHAPTER V**

### **CONCLUSION**

#### **5.1 Conclusion**

Industry dynamics will continue to emerge so it is important to study because Islamic fintech's goal in financial transactions must be in accordance with sharia principles. Islamic finance has emerged in recent decades as one of the most important forms of alternative funding in the world of finance. The demand from Muslims for sharia-compliant financial products and services is always there. With the development of viable Islamic alternatives, Muslims and even non-Muslims are starting to use sharia-compliant solutions to meet their financial needs.

The results of this study indicate that three hypotheses are accepted, and one hypothesis is rejected. The implementation of UTAUT, PB and TAM is significantly affecting the intention to adopt Islamic fintech in millennials and gen z. This could correspond to the conclusion that to increase the user of Islamic fintech since currently the users of Islamic fintech is far behind the conventional fintech, it could be one of the based acted for the next. Subsequently, the DFL score of millennials and gen z is relatively considerable as a high score, then the awareness of I-fintech product is needed to be mingled. Concerning the digital financial literacy where it does not have significant relationship toward the use of Islamic fintech, it could be caused by the theory is not enough to support the Islamic fintech.

The I-fintech awareness among millennials and gen z is about 78% while the users of fintech is about 91%. It is such not an equivalent where the intention of I-fintech is lower than the adoption of fintech. It is urgent to take an action. The intention of millennials and gen z is lower than the I-fintech awareness where it has 62.8% for the millennials and 64.4% for gen z. The literacy among millennials and gen z is urgently needed since the intention of I-fintech adoption is not comparable to users of Fintech.

##### **5.1.1 Use of Technology**

The hypothesis is accepted where UTAUT has significant role on the adoption of I-fintech. Since this study employing all variables of UTAUT, there are 4 latent variables included on this variable. The first is social influence where the results

elaborate that millennials and gen z have the intention to adopt I-fintech caused by the well-known people around them and it is supported by the generosity of their surroundings to help them on managing their challenges. Secondly, performance expectancy has been one of the crucial things on the use of I-fintech where it is triggered by the productivity, they generate on managing their finance. Thirdly, effort expectancy is demonstrating the I-fintech adoption by the skill development of using it and the ease of learn on the transaction process. Lastly, facilitating condition is a condition where millennials and gen z will tend to adopt I-fintech due to their knowledge and capability they have and the sufficient facilities of their devices.

### **5.1.2 Planned Behaviour**

The planned behaviour variable has depicted the significant results on the I-fintech adoption where the results could be concluded as the first is that attitude toward behaviour of society on interesting I-fintech is due to the halal profit and the promising developers on establishing the services due to the contract of Islamic teaching. The second is subjective norm where these results describe that millennials and gen z interest in adopting I-fintech due to the have been realizing the advantages coming from the well-known people and likewise supported by a prove of their colleagues who has adopted the I-fintech. The last is perception of behavioural control where this variable elaborates the results of the study that the adoption of I-fintech is influenced by the advantages offered by providers and the full awareness of using it.

### **5.1.3 Technology Acceptance Model**

The significance result of TAM will currently affect the way of adopting the I-fintech services. The first is perceived usefulness where the I-fintech adoption is shaped by reducing the transaction time and the ease of completing the financial transactions. The last is perceived ease of use where millennials and gen z tend to adopt I-fintech is caused by the advertisement they find which provide user-friendly platforms.

Islamic fintech services have paved the way for Islamic financial institutions to provide a sustainable financial system capable of surviving financial crises. Islamic fintech has experienced rapid development, but it is not comparable to conventional fintech developments. It needs support from related parties, such as

regulators, supervisory agencies, providers, and users to catch up with Islamic fintech compared to conventional fintech. Regulators are expected to be able to support the development of Islamic fintech, supervisory agencies to continue to monitor conformity between sharia provisions and implementation, providers can continue to develop better products accompanied by attractive promotions, and users, especially Muslim consumers, can be more inclined to choose fintech services that are in accordance with Islamic principles.

## **5.2 Recommendation**

### **5.2.1 For Society**

In addition, in the long term it is estimated that all financial transactions will switch to digital technology and towards cashless transactions. Therefore, the community needs to prepare themselves with qualified digital literacy skills. This digital literacy capability is not only for the benefit of financial transactions, but also to meet the needs and other digital-based life activities. So, the level of digital financial literacy is very important for every individual, because when an individual has a good level of digital financial literacy (well-literate), the individual will be able to manage his finances well. Correct knowledge and understanding can avoid negative cash flow problems, so financial literacy education is very important for educating the public, so they are able to make good decisions in meeting their needs.

### **5.2.2 For I-fintech Industry**

Focusing on the high intention for adopting I-fintech among millennials and Gen Z, it is being a big chance for I-fintech industry to share more access and increase their digital literacy to grab more attention. Therefore, it is obviously required to increase cooperation from various parties to support I-fintech education and outreach in Indonesia. That is what then causes the penetration of Sharia Fintech to be very slow.

### **5.2.3 For Policymakers**

Policymakers need to focus on the improvement of digital financial literacy since the necessity of this is approaching. Since the Islamic digital financial literacy has not been initiated yet, it could be the best next project taken by governance to initiate the digital Islamic financial literacy index. Additionally, the cooperation between

policymakers and I-fintech developers is needed to build stronger results on socialised the I-fintech products and the literacy.

#### **5.2.4 For Academicians**

Along with the work of the study, I found that the study among the papers I examine explicitly related to the I-fintech focusing on the literatures. Since the results reveal the high intention of adopting I-fintech in millennials and gen z, academicians could explore more on the way of millennials and gen z's behaviour in using I-fintech so this could give more relevant recommendations.

#### **5.3 Limitation of The Study**

There are many limitations on this study since the limited time to obtain the respondent. It could affect the significancy of the represent results. Since this study is covering the whole millennials and gen z in Indonesia, the total respondent gathered could be stated as lack of representations. Moreover, the DFL is not representing enough for I-fintech services even though it could characterize the digital literacy but not for financial literacy.

#### **5.4 Future Research**

Since this study is concerning the intention to adopt Islamic fintech, the digital financial literacy variable seems not enough to represent the result of the study. However, nevertheless, there is no digital Islamic financial literacy theory which cannot be employed currently. It is expected that the future research could do the research on the point of view of digital Islamic financial literacy. Furthermore, the number of respondents for the future research could be added more where it aims to obtain more signified results and analysis.

## REFERENCES

- Abbas, S. (2015). *A Critical Investigation into Product Development Process in the Islamic Financial Industry*.
- Abdulsalam, A. A. A. (2021). *Investment and Financial Product Development in Islamic Banking.pdf*.  
<https://doi.org/doi:https://doi.org/10.14741/ijmcr/v.9.2.8>
- Abu Daqar, M. A. M., Arqawi, S., & Abu Karsh, S. (2021). *Fintech in the eyes of Millennials and Generation Z (the financial behavior and Fintech perception)*. <http://dspace.alazhar.edu.ps/xmlui/handle/123456789/2737>
- Ahmad, S. M., & Mamun, A. A. (2020). Opportunities of Islamic FinTech: The Case of Bangladesh and Turkey. *CenRaPS Journal of Social Sciences*, 2(3), 412–426. <https://doi.org/10.46291/cenraps.v2i3.39>
- Alam, N., Gupta, L., & Zameni, A. (2019). *Fintech and Islamic Finance: Digitalization, Development and Disruption*. Springer International Publishing. <https://doi.org/10.1007/978-3-030-24666-2>
- 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>
- Alin, A. (2010). Multicollinearity: Multicollinearity. *Wiley Interdisciplinary Reviews: Computational Statistics*, 2(3), 370–374. <https://doi.org/10.1002/wics.84>
- Alsmadi, A. A., Aalrawashdeh, N., Al-Gasaymeh, A., Al\_hazimeh, A. M., & Alhawamdeh, L. (2023). Adoption of Islamic Fintech in lending services

through prediction of behavioural intention. *Kybernetes*.  
<https://doi.org/10.1108/K-10-2022-1362>

Asadifard, M., Rahman, A. A., Aziz, Y. A., & Hashim, H. (2015). A Review on Tourist Mall Patronage Determinant in Malaysia. *International Journal of Innovation, Management and Technology*, 6(3), 229–233.  
<https://doi.org/10.7763/IJIMT.2015.V6.607>

Azeez, N. P. A., & Akhtar, S. M. J. (2021). Digital Financial Literacy and Its Determinants: An Empirical Evidences from Rural India. *South Asian Journal of Social Studies and Economics*, 8–22.  
<https://doi.org/10.9734/sajsse/2021/v11i230279>

Azman, N. H., Zabri, M. Z. M., Masron, T. A., & Malim, N. A. K. (2020). THE UTILISATION OF ISLAMIC FINTECH (I-FINTECH) IN PROMOTING SUSTAINABLE INCLUSIVE GROWTH: EVIDENCE FROM MICRO-ENTREPRENEURS IN MALAYSIA. *Journal of Islamic Monetary Economics and Finance*, 6(3). <https://doi.org/10.21098/jimf.v6i3.1180>

Basar, S. A., Zain, N. N. M., Tamsir, F., Rahman, A. R. A., Ibrahim, N. A., & Poniran, H. (2022). *HOW DIGITAL FINANCIAL LITERACY AFFECTS i-FINTECH ADOPTION AMONG BUMIPUTERA SMEs IN SELANGOR, MALAYSIA*. 7. <https://doi.org/10.55573/IJAFB.074343>

Baum, T. (2020). A changing world of work. What can we learn from the service sector about employing Millennials (and Gen Z)? *Organizational Dynamics*, 49(3), 100715. <https://doi.org/10.1016/j.orgdyn.2019.04.001>

- Bentler, P. M., & Bonett, D. G. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin*, 88(3), 588–606. <https://doi.org/10.1037/0033-2909.88.3.588>
- Bozan, K., Parker, K., & Davey, B. (2016). A Closer Look at the Social Influence Construct in the UTAUT Model: An Institutional Theory Based Approach to Investigate Health IT Adoption Patterns of the Elderly. *2016 49th Hawaii International Conference on System Sciences (HICSS)*, 3105–3114. <https://doi.org/10.1109/HICSS.2016.391>
- Cahyadi, T. N. (2020). ASPEK HUKUM PEMANFAATAN DIGITAL SIGNATURE DALAM MENINGKATKAN EFISIENSI, AKSES DAN KUALITAS FINTECH SYARIAH. *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional*, 9(2), Article 2. <https://doi.org/10.33331/rechtsvinding.v9i2.424>
- Calvo-Porrá, C., & Pesqueira-Sánchez, R. (2019). Generational differences in technology behaviour: Comparing millennials and Generation X. *Kybernetes*, 49(11), 2755–2772. <https://doi.org/10.1108/K-09-2019-0598>
- Chaudhry, N. I., Roomi, M. A., & Dar, S. (2020). Barriers to financial product innovation in Islamic banks in Pakistan: An interpretive structural modeling approach. *Journal of Islamic Accounting and Business Research*, 11(2), 346–360. <https://doi.org/10.1108/JIABR-05-2017-0063>
- Dabija, D.-C., & Lung, L. (2019). Millennials Versus Gen Z: Online Shopping Behaviour in an Emerging Market. In S. Văduva, I. Fotea, L. P. Văduva, & R. Wilt (Eds.), *Applied Ethics for Entrepreneurial Success:*

- Recommendations for the Developing World* (pp. 1–18). Springer International Publishing. [https://doi.org/10.1007/978-3-030-17215-2\\_1](https://doi.org/10.1007/978-3-030-17215-2_1)
- Darmansyah, D., Fianto, B. A., Hendratmi, A., & Aziz, P. F. (2021). Factors determining behavioral intentions to use Islamic financial technology: Three competing models. *Journal of Islamic Marketing*, 12(4), 794–812. <https://doi.org/10.1108/JIMA-12-2019-0252>
- Davis, F. D. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*, 13(3), 319–340. <https://doi.org/10.2307/249008>
- Dimock, M. (2019). Where Millennials end and Generation Z begins | Pew Research Center. *Pew Research Center*. <http://www.pewresearch.org/fact-tank/2019/01/17/where-millennials-end-and-generation-z-begins/>
- Dospinescu, O., Dospinescu, N., & Agheorghiesei, D.-T. (2021). *Fintech services and factors determining the expected benefits of users: Evidence in Romania for millennials and generation Z*. Technická univerzita v Liberci. <https://doi.org/10.15240/tul/001/2021-2-007>
- Fauzia, I. Y. (2020). Enhancing the Literacy of Shariah Financial Technology for Generation X, Y and Z in Indonesia. *Jurnal Minds: Manajemen Ide Dan Inspirasi*, 7(2), 65. <https://doi.org/10.24252/minds.v7i2.15871>
- Firmansyah, E. A., & Anwar, M. (2019). ISLAMIC FINANCIAL TECHNOLOGY (FINTECH): ITS CHALLENGES AND PROSPECT. *Proceedings of the Achieving and Sustaining SDGs 2018 Conference: Harnessing the Power of Frontier Technology to Achieve the Sustainable Development Goals (ASSDG 2018)*. Proceedings of the Achieving and Sustaining SDGs 2018 Conference:

- Harnessing the Power of Frontier Technology to Achieve the Sustainable Development Goals (ASSDG 2018), Bandung, Indonesia.  
<https://doi.org/10.2991/assdg-18.2019.5>
- Gai, K., Qiu, M., & Sun, X. (2018). A survey on FinTech. *Journal of Network and Computer Applications*, *103*, 262–273.  
<https://doi.org/10.1016/j.jnca.2017.10.011>
- Glavina, S., Aidrus, I., & Trusova, A. (2021). Assessment of the Competitiveness of Islamic Fintech Implementation: A Composite Indicator for Cross-Country Analysis. *Journal of Risk and Financial Management*, *14*(12), 602.  
<https://doi.org/10.3390/jrfm14120602>
- Goldstein, I., Jiang, W., & Karolyi, G. A. (2019). To FinTech and Beyond. *The Review of Financial Studies*, *32*(5), 1647–1661.  
<https://doi.org/10.1093/rfs/hhz025>
- Hair, J. F. (2019). *Multivariate data analysis* (Eighth edition). Cengage.
- Hassan, Md. S., Islam, Md. A., Sobhani, F. A., Nasir, H., Mahmud, I., & Zahra, F. T. (2022). Drivers Influencing the Adoption Intention towards Mobile Fintech Services: A Study on the Emerging Bangladesh Market. *Information*, *13*(7), 349. <https://doi.org/10.3390/info13070349>
- Hasyim, I. S., Hanif, H., & Anggraeni, E. (2022). Analysis of Perceived Usefulness, Perceived Ease of Use, Trust, And Sharia Financial Literature on The Adoption of Sharia Fintech By MSMEs. *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah*, *5*(3), 1218–1234.  
<https://doi.org/10.47467/alkharaj.v5i3.1572>

- Hati, S. R. H., Prasetyo, M. B., & Hendranastiti, N. D. (2022). Sharia vs non-sharia compliant: Which gives much higher financial-based brand equity to the companies listed in the Indonesian stock market? *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-08-2021-0251>
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135. <https://doi.org/10.1007/s11747-014-0403-8>
- Hirawati, H., & Harsono, M. (2023). Islamic Financial Technology dalam Kajian Filsafat Ilmu. *Ekonomi, Keuangan, Investasi dan Syariah (EKUITAS)*, 4(3), 850–860. <https://doi.org/10.47065/ekuitas.v4i3.2711>
- Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1–55. <https://doi.org/10.1080/10705519909540118>
- Hudaefi, F. A., Hassan, M. K., & Abduh, M. (2023). Exploring the development of Islamic fintech ecosystem in Indonesia: A text analytics. *Qualitative Research in Financial Markets*. <https://doi.org/10.1108/QRFM-04-2022-0058>
- Hui, H. W., Manaf, A. W. A., & Shakri, A. K. (2019). Fintech and the Transformation of the Islamic Finance Regulatory Framework in Malaysia. In U. A. Oseni, M. K. Hassan, & R. Hassan (Eds.), *Emerging Issues in Islamic Finance Law and Practice in Malaysia* (pp. 211–222). Emerald Publishing Limited. <https://doi.org/10.1108/978-1-78973-545-120191018>

- Jamaruddin, W. N., & Markom, R. (2020). *THE APPLICATION OF FINTECH IN THE OPERATION OF ISLAMIC BANKING FOCUSING ON ISLAMIC DOCUMENTATION: POST-COVID-19*. 3.
- Jamil, N. N., & Seman, J. A. (2019). *THE IMPACT OF FINTECH ON THE SUSTAINABILITY OF ISLAMIC ACCOUNTING AND FINANCE EDUCATION IN MALAYSIA*. 04(17).
- Khan, M. S., Rabbani, M. R., Hawaldar, I. T., & Bashar, A. (2022). Determinants of Behavioral Intentions to Use Islamic Financial Technology: An Empirical Assessment. *Risks*, 10(6), 114. <https://doi.org/10.3390/risks10060114>
- Koh, C. E., R. Prybutok, V., D. Ryan, S., & “Andy” Wu, Y. (2010). A Model for Mandatory Use of Software Technologies: An Integrative Approach by Applying Multiple Levels of Abstraction of Informing Science. *Informing Science: The International Journal of an Emerging Transdiscipline*, 13, 177–203. <https://doi.org/10.28945/1326>
- Kurniawan, D., & Putra, C. I. W. (2023). The Effect of Financial Literacy, Performance Expectancy, Effort Expectancy, and Money Saving to Use Decision Financial Technology in the Millennial Generation in North Bekasi. *East Asian Journal of Multidisciplinary Research*, 2(1), 63–72. <https://doi.org/10.55927/eajmr.v2i1.2170>
- Lee, N. R., & Kotler, P. (2008). *Social Marketing: Influencing Behaviors for Good*.
- Lestari, D. (2019). Measuring e-commerce adoption behaviour among gen-Z in Jakarta, Indonesia. *Economic Analysis and Policy*, 64, 103–115. <https://doi.org/10.1016/j.eap.2019.08.004>

- Lohmöller, J.-B. (1989). Foundations of Partial Least Squares. In J.-B. Lohmöller (Ed.), *Latent Variable Path Modeling with Partial Least Squares* (pp. 63–154). Physica-Verlag HD. [https://doi.org/10.1007/978-3-642-52512-4\\_3](https://doi.org/10.1007/978-3-642-52512-4_3)
- Lyons, A. C., & Kass-Hanna, J. (2021). A methodological overview to defining and measuring “digital” financial literacy. *FINANCIAL PLANNING REVIEW*, 4(2). <https://doi.org/10.1002/cfp2.1113>
- Majid, R., & Nugraha, R. A. (2022). MSMEs and Islamic Securities Crowdfunding: The Importance of Financial Literacy. *Muslim Business and Economic Review*, 1(2), 281–304. <https://doi.org/10.56529/mber.v1i2.71>
- Mansyur, A., & Ali, E. M. T. B. 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), Pages 1329-1343. <https://doi.org/10.6007/IJARBS/v12-i4/13035>
- Mitchell, O. S., & Lusardi, A. (2011). *Financial Literacy: Implications for Retirement Security and the Financial Marketplace*. OUP Oxford.
- Morgan, P. J., Huang, B., & Trinh, L. Q. (2019). *The Need to Promote Digital Financial Literacy for the Digital Age*.
- Muryanto, Y. T. (2022). The urgency of sharia compliance regulations for Islamic Fintechs: A comparative study of Indonesia, Malaysia and the United Kingdom. *Journal of Financial Crime*. <https://doi.org/10.1108/JFC-05-2022-0099>
- Muryanto, Y. T., Kharisma, D. B., & Ciptorukmi Nugraheni, A. S. (2021). Prospects and challenges of Islamic fintech in Indonesia: A legal viewpoint.

*International Journal of Law and Management*, 64(2), 239–252.  
<https://doi.org/10.1108/IJLMA-07-2021-0162>

Namkung, Y., & Jang, S. (2007). Does Food Quality Really Matter in Restaurants? Its Impact On Customer Satisfaction and Behavioral Intentions. *Journal of Hospitality & Tourism Research*, 31(3), 387–409.  
<https://doi.org/10.1177/1096348007299924>

Nugroho, A. P., & Apriliana, R. M. (2022). Islamic Financial Literacy and Intention to Use Gopay in Yogyakarta: Extended Theory of Acceptance Models. *KnE Social Sciences*, 329–338. <https://doi.org/10.18502/kss.v7i10.11370>

Panos, G. A., & Wilson, J. O. S. (2020). Financial literacy and responsible finance in the FinTech era: Capabilities and challenges. *The European Journal of Finance*, 26(4–5), 297–301.  
<https://doi.org/10.1080/1351847X.2020.1717569>

Parment, A. (2011). *Generation Y in Consumer and Labour Markets*.  
<https://doi.org/10.4324/9780203803073>

Peterson, R. A. (1994). A Meta-Analysis of Cronbach's Coefficient Alpha. *Journal of Consumer Research*, 21(2), 381. <https://doi.org/10.1086/209405>

Prakash, K., & Tiwari, P. (2021). Millennials and Post Millennials: A Systematic Literature Review. *Publishing Research Quarterly*, 37(1), 99–116.  
<https://doi.org/10.1007/s12109-021-09794-w>

Prasad, H., Meghwal, D., & Dayama, V. (2018). Digital Financial Literacy: A Study of Households of Udaipur. *Journal of Business and Management*, 5, 23–32.  
<https://doi.org/10.3126/jbm.v5i0.27385>

- Purwanto, E., & Loisa, J. (2020). *The Intention and Use Behaviour of the Mobile Banking System in indonesia: UTAUT Model*. 62(06).
- Putri, L. M. K., Ilham, M. N. M., & Hana, K. F. (2022). Analisis Minat Masyarakat Terhadap Fintech Syariah Ditinjau dari Perspektif Hukum Ekonomi Syariah. *Al-'Aqdu: Journal of Islamic Economics Law*, 2(2), 106. <https://doi.org/10.30984/ajiel.v2i2.2160>
- Rabbani, M. R., Bashar, A., Nawaz, N., Karim, S., Ali, M. A. Mohd., Rahiman, H. U., & Alam, Md. S. (2021). Exploring the Role of Islamic Fintech in Combating the Aftershocks of COVID-19: The Open Social Innovation of the Islamic Financial System. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2), 136. <https://doi.org/10.3390/joitmc7020136>
- Rahim, N. @ F., Bakri, M. H., Fianto, B. A., Zainal, N., & Hussein Al Shami, S. A. (2023). Measurement and structural modelling on factors of Islamic Fintech adoption among millennials in Malaysia. *Journal of Islamic Marketing*, 14(6), 1463–1487. <https://doi.org/10.1108/JIMA-09-2020-0279>
- Rani, N. F. A., Seman, A. C., Rahman, A. A., & Z'aba, M. R. (2021). *A VIEW POINT OF ISLAMIC FINANCIAL TECHNOLOGY (I-FINTECH) IN MALAYSIA*. 15.
- Razak, M. I. A., Dali, N. A. M., Dhillon, G., & Manaf, A. W. A. (2020). Fintech In Malaysia: An Appraisal to the Need of Shariah-Compliant Regulation. *Pertanika Journal of Social Sciences and Humanities*, 28(4). <https://doi.org/10.47836/pjssh.28.4.40>
- Rieger, M. O. (2020). How to Measure Financial Literacy? *Journal of Risk and Financial Management*, 13(12), 324. <https://doi.org/10.3390/jrfm13120324>

- Rue, P. (2018). Make Way, Millennials, Here Comes Gen Z. *About Campus*, 23(3), 5–12. <https://doi.org/10.1177/1086482218804251>
- Saad, M. A., & Fisol, W. N. M. (2019). Financial Technology (FinTech) Services: Analysis from The Perspective of Maqasid Al-Shariah. *Journal of Social Science and Humanities*, 2(6).
- Sabani, A. (2022). *SHARI'A COMPLIANCE PRINCIPLES IN FINANCIAL TECHNOLOGY ASAS KEPATUHAN SYARIAH DALAM FINANSIAL TEKNOLOGI*. 8(1).
- Safitri, T. A. (2020). The Development of Fintech in Indonesia. *Proceedings of the 1st Borobudur International Symposium on Humanities, Economics and Social Sciences (BIS-HESS 2019)*. 1st Borobudur International Symposium on Humanities, Economics and Social Sciences (BIS-HESS 2019), Magelang, Indonesia. <https://doi.org/10.2991/assehr.k.200529.139>
- Saha, G. C. & Theingi. (2009). Service quality, satisfaction, and behavioural intentions: A study of low-cost airline carriers in Thailand. *Managing Service Quality: An International Journal*, 19(3), 350–372. <https://doi.org/10.1108/09604520910955348>
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2021). Partial Least Squares Structural Equation Modeling. In C. Homburg, M. Klarmann, & A. E. Vomberg (Eds.), *Handbook of Market Research* (pp. 1–47). Springer International Publishing. [https://doi.org/10.1007/978-3-319-05542-8\\_15-2](https://doi.org/10.1007/978-3-319-05542-8_15-2)
- Schiffman, L. G., Kanuk, L. L., & Hansen, H. (2012). *Consumer Behaviour: A European Outlook*. Pearson Financial Times/Prentice Hall.

- Schoon, N. (2008). Islamic Finance—An Overview. *European Business Organization Law Review*, 9(4), 621–635. <https://doi.org/10.1017/S1566752908006216>
- Schueffel, P. (2016). Taming the Beast: A Scientific Definition of Fintech. *Journal of Innovation Management*, 4(4), Article 4. [https://doi.org/10.24840/2183-0606\\_004.004\\_0004](https://doi.org/10.24840/2183-0606_004.004_0004)
- Senyo, P. K., Gozman, D., Karanasios, S., Dacre, N., & Baba, M. (2023). Moving away from trading on the margins: Economic empowerment of informal businesses through FINTECH. *Information Systems Journal*, 33(1), 154–184. <https://doi.org/10.1111/isj.12403>
- Setiawan, M., Effendi, N., Santoso, T., Dewi, V. I., & Sapulette, M. S. (2022). Digital financial literacy, current behavior of saving and spending and its future foresight. *Economics of Innovation and New Technology*, 31(4), 320–338. <https://doi.org/10.1080/10438599.2020.1799142>
- Shaikh, I. M., Qureshi, M. A., Noordin, K., Shaikh, J. M., Khan, A., & Shahbaz, M. S. (2020a). Acceptance of Islamic financial technology (FinTech) banking services by Malaysian users: An extension of technology acceptance model. *Foresight*, 22(3), 367–383. <https://doi.org/10.1108/FS-12-2019-0105>
- Shaikh, I. M., Qureshi, M. A., Noordin, K., Shaikh, J. M., Khan, A., & Shahbaz, M. S. (2020b). Acceptance of Islamic financial technology (FinTech) banking services by Malaysian users: An extension of technology acceptance model. *Foresight*, 22(3), 367–383. <https://doi.org/10.1108/FS-12-2019-0105>

- Shatto, B., & Erwin, K. (2017). Teaching Millennials and Generation Z: Bridging the Generational Divide. *Creative Nursing*, 23(1), 24–28. <https://doi.org/10.1891/1078-4535.23.1.24>
- Shen, Y., Hu, W., & Hueng, C. J. (2018). The Effects of Financial Literacy, Digital Financial Product Usage and Internet Usage on Financial Inclusion in China. *MATEC Web of Conferences*, 228, 05012. <https://doi.org/10.1051/mateconf/201822805012>
- Singh, A. S., & Masuku, M. B. (2014). *SAMPLING TECHNIQUES & DETERMINATION OF SAMPLE SIZE IN APPLIED STATISTICS RESEARCH: AN OVERVIEW*. <http://ijecm.co.uk/>
- Tan, J. D., Purba, J. T., & Widjaya, A. E. (2019). Financial Technology as an Innovation Strategy for Digital Payment Services in the Millennial Generation. *Proceedings of the 1st Aceh Global Conference (AGC 2018)*. Proceedings of the 1st Aceh Global Conference (AGC 2018), Banda Aceh, Indonesia. <https://doi.org/10.2991/agc-18.2019.58>
- 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*, 36(1), 157–178. <https://doi.org/10.2307/41410412>
- Wahyudi, S., Hasanudin, H., & Pangestutia, I. (2020). Asset allocation and strategies on investment portfolio performance: A study on the implementation of employee pension fund in Indonesia. *Accounting*, 6(5), 839–850.
- Williams, M. D., Rana, N. P., & Dwivedi, Y. K. (2015). The unified theory of acceptance and use of technology (UTAUT): A literature review. *Journal of*

*Enterprise Information Management*, 28(3), 443–488.  
<https://doi.org/10.1108/JEIM-09-2014-0088>

Yudhira, A. (2021). ANALISIS PERKEMBANGAN FINANCIAL TECHNOLOGY (FINTECH) SYARIAH PADA MASA PANDEMI COVID-19 DI INDONESIA. *VALUE*, 1(2), Article 2.  
<https://doi.org/10.36490/value.v2i1.118>

Yumna, A. (2019). Examining financial needs of banking customers for product development in Islamic banking in Indonesia: A Maslahah pyramid approach. *International Journal of Islamic and Middle Eastern Finance and Management*, 12(5), 712–726. <https://doi.org/10.1108/IMEFM-11-2018-0378>