

**THE EFFECT OF CONSUMER BEHAVIOR ON
MILLENNIAL MUSLIMS DECISION IN USING
PAYLATER: IN THE CASE OF SHOPEE PLATFORM**

Thesis

**Submitted to meet the Graduation Requirements of
Master's Degree (M.A. In Economics)**



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ABSTRACT

Consumer behavior in the marketing concept only focuses on four main factors: economic, socio-cultural, personal, and psychological. Although consumer behavior has received extensive attention, religiosity, and innovation factors need to be explored more deeply as essential roles in determining fintech products, especially Pay Later in Muslim-majority countries. This study aims to analyze and evaluate the effect of consumer behavior on millennial Muslim decisions in selecting the PayLater feature. Data sources come from primary and secondary data. This research uses quantitative methods with Structural Equation Modeling (SEM) techniques with Smart-PLS. The questionnaire method involved 250 millennial Muslims in Jakarta who used Shopee PayLater. The findings show that economic, socio-cultural, personal, psychological, and innovation factors significantly affect millennial Muslim's behavior and the decision to use Shopee PayLater. Then, religiosity has an insignificant effect on millennial Muslim's behavior and their decision to use Shopee PayLater. This research has the potential to provide theoretical and scientific knowledge. Academically, to serve as a resource and reference; practically, to give an overview of the impact of consumer behavior on consumer decisions to use Shopee PayLater.

Keywords: *Religiosity, Consumer Behavior, Innovation, Consumer Decision, PayLater, Millenial Muslims.*

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CHAPTER I INTRODUCTION

A. Research Background

Smartphone user has increased dramatically in Indonesia during the Covid-19 pandemic in 2020. According to the Ministry of Communication and Informatics, 167 million Indonesians, or 89% of the population, used smartphones in 2021. Based on data from the Research and Development Centre for Aptika IKP Kominfo, regionally, Java Island has the highest proportion of smartphone ownership, with 86.60%, followed by Sumatra Island at 84.14%. Then, Kalimantan Island by 52.12% (Figure 1.1). Java Island holds the highest share due to its good quality in telecommunication access, sufficient Internet network infrastructure, and affordable smartphone prices.

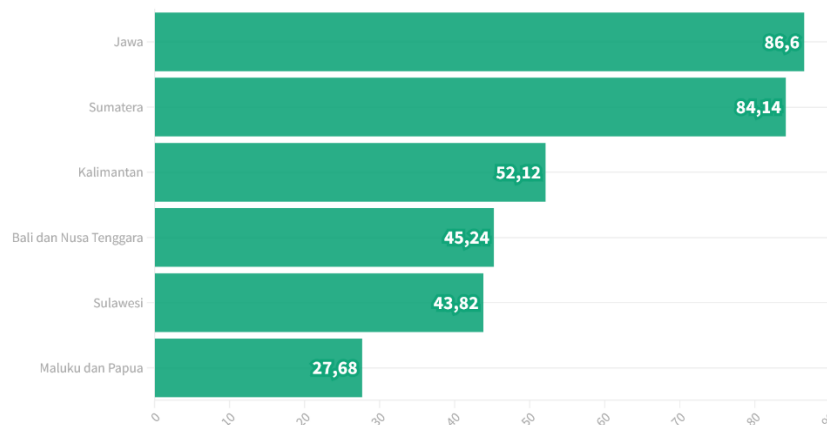


Figure 1. 1 Percentage of smartphone users in Indonesia based on Island

Source: Aptika IKP Kominfo (2021)

The Covid-19 pandemic has stimulated the development of the digital economy in Indonesia, as it has elsewhere in Southeast Asia. The digital economy of Southeast Asia increased by 67% between 2020 and 2022, according to research by Google, Temasek, and Bain & Company (2022). Gross merchandise value (GMV) grew from US\$116 billion in 2020 to US\$194 billion in 2022. The analysis estimates that by 2025, the digital economy of Southeast Asia to surpass US\$330 billion. The value of Indonesia's digital industry has expanded dramatically from US\$41 billion in 2019 to US\$77 billion in 2022, making it the largest economy in Southeast Asia. It is estimated to increase by US\$ 130 billion in 2025, owing primarily to e-commerce (Google, Temasek, & Company, 2022).

Indonesia has the highest digital customer base at 168 million people, compared to other Southeast Asian countries (Google, Temasek, & Company, 2022). The government of Indonesia has introduced supportive policies to boost the digital economy, along with improvements in the digital infrastructure, as well as a sizeable young population that is digitally savvy (Negara and Meilasari, 2022). Additionally, the relatively high smartphone and Internet penetration facilitate the frequent use of e-commerce. The number of Internet users in Indonesia has also significantly expanded throughout the pandemic, rising from 175 million users in 2020 to 210 million users in 2022 (Figure 1.2) (BPS, 2022).

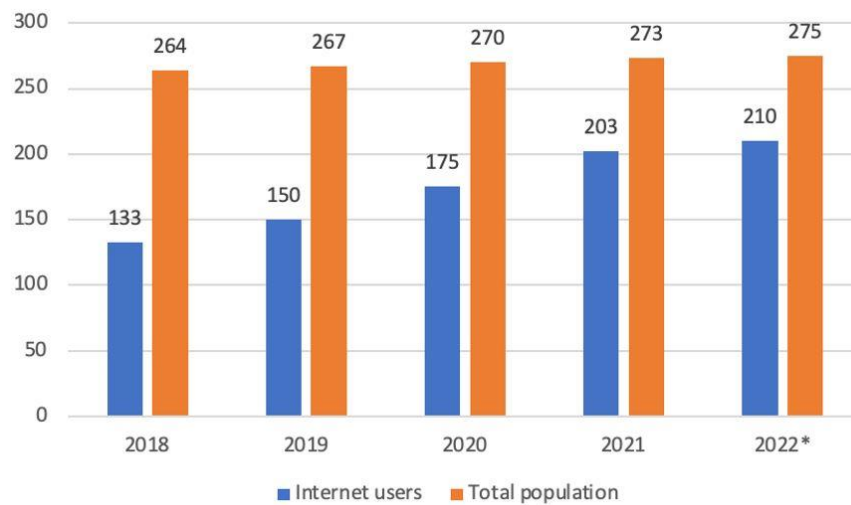


Figure 1.2 Internet users (million) in Indonesia

Note: (*) as of April 2022. Source: Katadata and BPS (2022)

E-commerce is typically the most significant aspect of a digital economy. This industry has benefited from the pandemic, which has compelled businesses of all sizes and sorts to rely on Internet sales platforms to survive (Negara and Meilasari, 2022). E-commerce, as defined by Suyanto (2003), is the practice of buying and selling items over the Internet or exchanging commodities, services, and information across information networks, such as the Internet. The growth of e-commerce is driven by several variables, including human resources, as measured by the human development index (HDI), Internet network infrastructure, and electrical infrastructure (Widagdo and Prasetyo, 2016). The Innovations in financial technology are also influencing the rapid growth of e-commerce in Indonesia.

E-commerce transactions can occur between enterprises, individuals, organizations, governments, and other private or public entities (BPS, 2021). Data from Bank Indonesia, the total value of e-commerce transactions as of 2022 reached Rp 476,3 trillion with a

volume of 3,48 million transactions. Furthermore, the SNYC Southeast Asia Outlook from Meta and Bain & Company (2022), Indonesia has 168 million digital consumers, an increase of 14 million from 154 million a year earlier. Digital consumers are also predicted to reach 402 million people in 2027. It indicates that there will be more changes in consumer behavior, with more people choosing to buy online.

According to BPS (2021) marketplace is a location for buying and selling products where sellers and consumers meet on a platform. The merchant will offer his products in the marketplace provided by E-Commerce. There are several marketplaces in Indonesia, including Shopee, Tokopedia, Lazada, Bukalapak, Blibli, and Orami. Based on a report from SimilarWeb, Shopee is the most visited marketplace in Indonesia as of the fourth quarter of 2022 (Ahdiat, 2023). At the end of December 2022, Shopee had 191,6 million visitors, followed by Tokopedia with 136,7 million visitors, and Lazada with 83,2 million visitors (Ahdiat, 2023). Additionally, Shopee is the most popular marketplace among young Indonesians, according to a poll by the Alvara Research Center 64.2% of Millennial respondents said that Shopee is their preferred platform (Annur, 2022).

The generation born between 1980 and 2000 is known as Generation Y or the Millennials (Weingarten, 2009). Millennials have a high degree of adaptability. They can stay up with the most cutting-edge technical breakthroughs that appear because they were born while technology was emerging. Young people's use of smartphones is becoming a crucial prerequisite to support numerous everyday activities. According to the findings of the Kredivo and Katadata Insight Center investigations, the generation with the most e-commerce expenditure in 2021 was the millennials which 48% of all online purchasing transactions (Bayu, 2022). The millennial generation purchases products through e-commerce for some reasons, including ease of use, ease of contact, appeal, and simplicity of the marketing mix (Petra, 2016). The millennial generation's position in online purchasing is inextricably linked to its intimate association with the rapidly advancing developments in digital technology.

People's behavior has changed; previously, they only purchased directly from shops or markets; nowadays, it is effortless to do so online at any time and from any location. Consumers' perceptions of the distance, price, offer, or location can impact these behavioral changes (Kotler and Keller, 2016). The standard for budget availability has changed with the evolution of the payment system. It is not only determined by the availability of cash but also by the availability of service facilities such as credit cards or other digital payments

(Widawati, 2011). Cashless transactions and the use of bank accounts have grown significantly since the emergence of e-commerce.

The innovation in financial service products now supports the consumer for easy shopping in the marketplace. Financial innovation aims to enable organizations to maintain market leadership through continuous innovation (Poon et al., 2020). This invention is a part of the company's strategy to improve purchase decisions. Innovativeness is the willingness of individuals or organizations to adopt new ideas before others in the community (Rogers, 2003). Customers can use a variety of payment systems in e-commerce, including virtual accounts, bank or ATM transfers, digital wallets, cash on delivery (COD), and PayLater.

According to a report from Yuli (2022), the millennial generation uses practically all digital financial products, including e-money, digital wallets, digital banks, and PayLater. The millennial generation prefers to choose the PayLater feature over credit cards, especially when making installments. There are several reasons for this, including the ease of access to the PayLater feature on a platform, the fast registration, and easy submission procedures. PayLater enables consumers to conduct purchases now and make payments later.

Shopee, the most popular marketplace, also offers a variety of payment options. One of them is the Shopee PayLater feature, a peer-to-peer fintech company creation that has been authorized by the Financial Services Authority (OJK). Shopee PayLater is a payment method offered by the Shopee platform that allows consumers to purchase first and pay later the following month (Shopee, 2022). People are interested in utilizing the Shopee PayLater payment method because of its simplicity and plenty of alluring promotions (Fadhila et al., 2020). According to a Dailysocial study on the Fintech Report (2021), Shopee PayLater has the most users out of all the PayLater platforms in Indonesia, with 78.4% of the 509 respondents surveyed. This study indicates that up to 49% of the millennial population purchases smartphones using Shopee PayLater payment methods, then electronics by 44%, and fashion by 46.4% (Sulistyowati, 2022). Shopee PayLater is in great demand because of aggressive merchant promos throughout 2021.

Shopee PayLater transactions are subject to an installment charge (interest rate and service fee), for a minimum interest rate of 2.95% for the Buy Now Pay Later (BNPL) program that is finished within 1 month and installments that are completed within 3, 6, 12, 18, and 24 months (Shopee,2022). The option of an installment period is available to every user. In addition to the Shopee PayLater interest, each purchase transaction with

Shopee PayLater will be charged a 1% handling fee and a 5% fee will be assessed against the user for any payment delays. The due date for each Shopee PayLater customer varies based on when the purchase was made. If a Shopee PayLater user fails to pay his installments within a particular time frame, he will receive direct invoicing from debt collectors.

Based on the system implemented by Shopee, it earns income from late payment fees and interest as additional funds for long-term installment plans. Shopee PayLater users and the platform as a third party are utilized to establish a reciprocal connection via the usage of this interest. Furthermore, as stated by DSN-MUI Fatwa No. 116/DSN-MUI/IX/2017, loans obtained through Shopee PayLater are prohibited by Islamic law since they contain aspects which damaging to the user (Adika and Rizqi, 2021). In Islamic finance, the provision of loans at Shopee PayLater is the implementation of a Qard contract where the borrower returning the loan is required to add to the principal loan, which can be categorized as usury (Adika and Rizqi, 2021). The prohibition of usury is directly derived from the Quran and Sunnah. "Those who devour usury will not stand except as stands one whom the evil one by his touch has driven to madness. That is because they say: 'Trade is like usury', but Allah has permitted trade and forbidden usury"(Quran 2:275). Unfortunately, many Muslims do not know and ignore Islamic law in making decisions.

Sharia considerations for using PayLater are critical to prevent usury. Muslims can use Sharia factors to determine whether the Shopee PayLater law is against Islamic Sharia or not. Religiosity is one factor that may influence individuals to stay away from usury (Dewi and Tarigan, 2022). Religiosity is defined as a person's strong adherence to religious principles and behavior (Usman et al., 2017). Studying religion is crucial because it offers a conceptual framework or worldview that influences consumers' values and beliefs, which in turn influences their tastes and preferences (Engelland b., 2014). Moreover, The world's largest Muslim population resides in Indonesia. There are approximately 231.06 million Muslims in Indonesia, according to a study from The Royal Islamic Strategic Studies Center (2022). This figure refers to 86.7% of Indonesia's whole population. In addition, 11.92% of all people worldwide identify as Muslims, which includes Indonesia. As a largely Muslim country, religious beliefs and teachings are important factors in consumers' decision-making process when purchasing products or services.

Behavior may be affected by internal elements like motivation, personality, perceptions, beliefs, and external influences like culture, immediate surroundings, socioeconomic class, public opinion, and even the impact of online social media (Kotler

and Amstrong, 2008). Kotler and Keller (2016) assert that sociocultural, economic, personal, and psychological variables are the key determinants of consumer behavior. However, the appearance of business innovations resulting from ICT (Information and Communication Technology) also affects decision-making when using products or services (Rogers, 2003). In addition, Religion also influences directly by laying down rules of behavior and indirectly by contributing to the formation of values and attitudes of its followers (Bailey and Sood,1993). Based on the explanations above, the author inspires to examine the factors of religiosity, innovation, sociocultural, economic, personal, and psychological in using Shopee PayLater in Muslim-majority countries.

B. Previous Studies

Research on Shopee PayLater has been studied by Fadhila, et al (2020) with the variables research are religiosity, product knowledge, and social factors. Meanwhile, Damayanti and Canggih (2021) examined how the use of Shopee PayLater affects the Islamic consumption behavior of the millennial generation in Surabaya. Another research from Dewi and Tarigan (2022) investigated about how the influence of religiosity, risk, and handling consumer complaints on decisions to use Shopee PayLater with interest as an intervening variable. Asja et al (2021) also examined how perceived usefulness, ease of use and income on interest in using PayLater. Both of the four previous studies used multiple linear regression methods. In addition, Utami (2022) examines the effect of student religiosity in Yogyakarta on the use of Kredivo PayLater with debt, usury and sharia considerations as moderating variables. Utami's 2022 research uses multiple linear regression with moderated regression analysis (MRA) test. Table 1.1 below can be seen for further explanation.

Table 1. 1 Previous Studies

No.	Authors	Research	Result
1	Fadhila, F., Azhar, and Marpaung, M. (2020).	The Influence of Religiosity, Product Knowledge, and Social Factors on the Use of ShopeePayLater.	Product knowledge and social factors partially have a positive and strong relationship and significantly influenced the decisions of Shopee PayLater users while religiosity has a strong, positive relationship and did not significantly influence the decisions of Shopee

			PayLater users. The three variables simultaneously have a positive and significant effect on the decision of Shopee PayLater.
2.	Damayanti and Canggih. (2021)	The Effect of Using Shopee PayLater Payments on Islamic Consumption Behavior of Millennial Muslims in Surabaya.	The convenience and trust have a positive impact on Islamic consumption behavior, in contrast lifestyle has a negative impact on Islamic consumption behavior.
3.	Asja, H. J., Susanti, S., and Fauzi, A. (2021)	The Influence of Perceived Usefulness, Ease of Use and Income on Interest in Using PayLater.	Perceived usefulness has a positive and significant influence on the interest in using PayLater services; perceived ease of use has a negative and significant influence on interest in using PayLater services; and income has a positive and significant influence on interest in using PayLater services.
	Utami (2022)	The Effect of Student Religiosity in Yogyakarta on the Use of Kredivo PayLater with Debt, Usury, and Sharia Consideration as Moderating Variables	The level of religiosity of students in Yogyakarta has a significant negative effect on the use of Kredivo PayLater, Debt has a positive and significant effect in strengthening the relationship between the religiosity of students in Yogyakarta and the use of Kredivo PayLater, Usury and Sharia Considerations have no effect in strengthening the relationship between the religiosity of students in

			Yogyakarta and the use of Kredivo PayLater.
5.	Dewi and Tarigan. (2022)	The Influence of Religiosity, Risk, and Handling of Consumer Complains on The Decision to Use Shopee PayLater with An Interest as An Intervening Variable.	Religiosity has no significant effect on the decision to use Shopee PayLater. Risk has no significant effect on the decision to use Shopee PayLater. Meanwhile, the handling of consumer complaints has a positive and significant effect on the use of Shopee PayLater. Religiosity has no significant effect on interest. Risk has no significant effect on interest. Handling of consumer complaints has a positive and significant effect on interest. Meanwhile, the decision to use the Shopee PayLater affects interest.

Source: Processed by Researcher (2023)

This research complements several previous studies regarding individual behavior toward the PayLater feature. The variables in this study focus on consumer behavior which is modified based on the theory of Kotler and Keller (2016) consisting of internal factors such as personal, psychology, and religiosity, as with external factors such as sociocultural, economic, and innovation towards consumer decisions in using the Shopee PayLater feature. To learn more about the relation indicators of each variable, the author applied structural equation modeling (SEM) and explanatory factor analysis methodologies. Additionally, this study focuses primarily on analyzing the millennial Muslim generation in Jakarta.

Religious beliefs, consumer behavior, innovation, and digital payments with PayLater features for the Muslim millennial generation in the capital city are fascinating things to study. So based on these considerations, this research was conducted to empirically examine

the relationship and analysis of consumer behavior factors that influence consumer decision-making in selecting PayLater payments on the Shopee platform.

C. Research Question

Based on the research background, the authors aim to understand the role of behavior, religiosity, innovation, and their impact on consumer decisions in using the Shopee PayLater feature. The research inquiries are as follows:

1. Does religiosity influence consumer behavior in using Shopee PayLater?
2. Does innovation influence consumer behavior in using Shopee PayLater?
3. Does consumer behavior influence consumer decisions in using Shopee PayLater?
4. Does religiosity influence consumer decision in using Shopee PayLater?
5. Does innovation influence consumer behavior in using Shopee PayLater?
6. Does religiosity influence consumer decisions through consumer behavior as an intervening variable?
7. Does innovation influence consumer decisions through consumer behavior as an intervening variable?

D. Research Goals

The goal of this study is to develop a model and further investigate the relationship between religiosity, consumer behavior, and innovation that influence consumer decisions in using Shopee PayLater. The following are the specific objectives of this study:

1. Knowing and analyzing the influence of religiosity on consumer behavior in using Shopee PayLater.
2. Knowing and analyzing the influence of innovation on consumer behavior in using Shopee PayLater.
3. Knowing and analyzing the influence of consumer behavior on consumer decisions in using Shopee PayLater.
4. Knowing and analyzing the influence of religiosity on consumer decisions in using Shopee PayLater.
5. Knowing and analyzing the influence of innovation on consumer decisions in using Shopee PayLater.
6. Knowing and analyzing the influence of religiosity on consumer decisions through consumer behavior as an intervening variable.

7. Knowing and analyzing the influence of innovation on consumer decisions through consumer behavior as an intervening variable.

E. Research Contributions

This research contributes as follows:

1. Theoretically, this research will contribute to adding scientific insight regarding the influence of religiosity, consumer behavior, and innovation on consumer decisions in using Shopee PayLater.
2. Academically, the results of this study are intended to be a source of information and reference. It can develop further research on the influence of religiosity, consumer behavior, and innovation on consumer decisions in using Shopee PayLater.
3. Practically, this research provides information on the influence of religiosity, consumer behavior, and innovation on consumer decisions in using Shopee PayLater for practitioners, users, and the government. So that practitioners can implement it in their companies and the government can make policies related to fintech, especially in the BNPL system.

F. Systematics of Writing

This thesis consists of 5 chapters with the following descriptions:

Chapter 1 Introduction

This chapter contains the research background, previous study, research questions, research objectives, and research contributions.

Chapter 2 Literature Review

This chapter will discuss the theories used and research constructs based on previous and relevant studies, the models built based on the theoretical foundations used, and the hypotheses developed.

Chapter 3 Research Methodology

This section will explain the research design and procedures, population and sample, data collection, development of operational variables, methods, and analytical tools.

Chapter 4 Results and Discussion

This chapter discusses the results of hypothesis testing and discussion of research results.

Chapter 5 Conclusions and Implications

This chapter covers the study findings' conclusions and theoretical and managerial implications.

CHAPTER II LITERATURE REVIEW

A. Theoretical Framework

The following is the theoretical framework of this study:

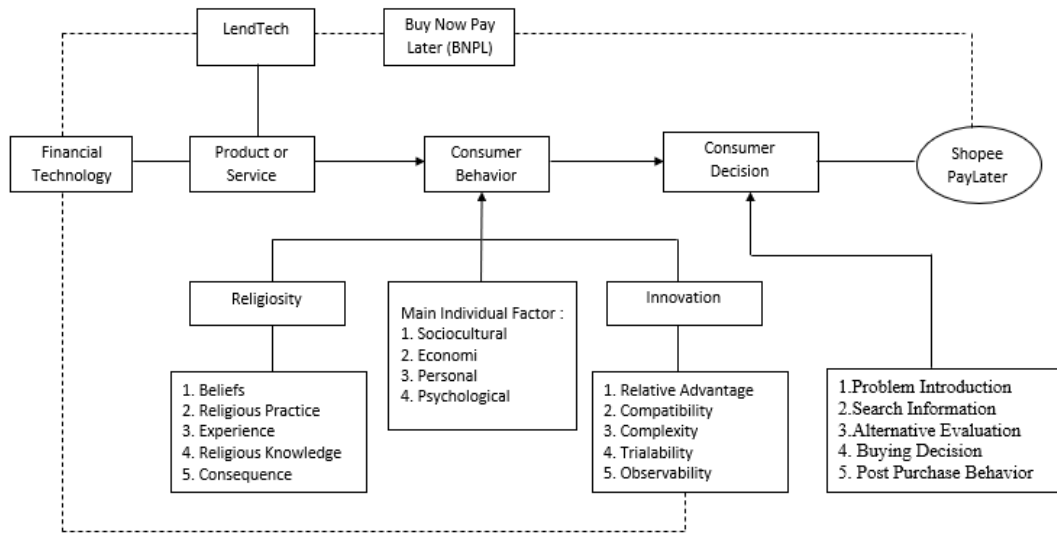


Figure 2. 1 Theoretical Framework
Source: Processed by Researcher (2023)

The study's variables, which are on the theory of consumer behavior, are enhanced by elements related to innovation and religiosity. The main factors that affect consumer behavior include sociocultural, economic, personal, and psychological factors (Kotler and Keller, 2016). The elements of belief, religious practice, experience, religious knowledge, and consequences all play a role in determining religiosity (Ancok and Surorsa, 2011). To evaluate innovation, the relative advantages, compatibility, complexity, trialability, and observability criteria are applied (Rogers, 2003).

The buy now, pay later (BNPL) payment method on the Shopee platform allows users to make purchases without paying the whole amount up front (Leitner et al., 2021). BNPL is a component of LendTech, a financial technology derivative that connects lenders and borrowers online to deliver loans (Kshetri and Voas, 2021). Fintech, as technological advancement in this area, can boost productivity, reduce costs, and improve client accessibility (Deleersnyder et al., 2021). Fintech, an established innovation, is transforming the financial sector. Digital wallets, peer-to-peer lending platforms, mobile banking, and

other financial technology tools are available to reduce the financial inclusion gap (Chen and Lin, 2021).

The decision-making process for consumers is dynamic and complicated. It is impacted by a variety of internal and external variables. The primary determinant of a consumer's choice to use pay later may change based on that individual's specific needs and circumstances. Consumer decisions in this study are generated from a decision-making process that is basic psychological process and comprises five steps, including the introduction of the problem, information search, alternative evaluation, purchasing decision, and post-purchase behavior (Kotler and Armstrong, 2016).

B. Consumer

According to Solomon et al. (2019), a consumer is a person who buys and utilizes products and services to meet personal needs and wants. This concept emphasizes the individual side of consumption on how people use products and services to satisfy their own needs and desires. An individual who purchases, utilizes, or discards goods and services is referred to consumer (Kanuk and Schiffman, 2008). So, consumption encompasses not only buy of things or services but also their use and disposal. An individual or group who purchases or utilizes products and services to satiate needs and desires is referred to consumer (Pride et al., 2020). This definition recognizes that consuming may also occur in a group, with many people utilizing or purchasing products and services. Some definitions of consumer emphasize various features of consumption, such as its individualistic and personal nature, the significance of acquisition, use, and disposal, and the contrast between consuming for personal and business purposes.

Kotler and Keller (2016) classify consumers into four groups based on their purchasing habits and characteristics:

1. Habitual Consumers

Habitual Consumers are people who buy goods and services without giving them any thought. People often purchase the same item because they are devoted to a brand. They don't want to experiment or take chances. They are not persuaded by sales incentives or discounts, and they have no interest in experimenting with new things. This sort of customer is typically observed in products such as cigarettes, soft drinks, and some food items.

2. Variety-Seeking Consumers

These consumers are open to diverse possibilities and appreciate trying new things. They like experimenting with various goods and services and are not brand loyal. Discounts and sales promotions may have an impact on them. This consumer type is frequently observed while purchasing goods like apparel, technology, and entertainment.

3. Impulsive Consumers

They are the consumers who buy things on the spur of the moment without any deliberation or forethought. People frequently act out of passion and need for instant fulfillment. Advertising, positioning, and product packaging all have the potential to affect them. Snacks, cosmetics, and impulse purchases made at the checkout stand are typical examples of this sort of shopper.

4. Need-Based Consumers

They are customers who buy products in response to a particular need or issue. They know what they want to achieve and base their choices on logic. Before making a purchase, they might do research and weigh their alternatives. Consumers that fit this description frequently purchase items like vehicles, household appliances, and medical equipment.

A payment option known as "Buy Now Pay Later" (BNPL) allows consumers to break up the cost into several smaller payments over time, usually at a low or no interest rate. Although many different types of consumers use BNPL, variety-seeking and impulsive consumers are the ones who use it the most. Variety-seeking consumers may use BNPL to try new products without committing to the cost upfront. They could also utilize BNPL to pay for pricey items gradually. Impulsive consumers could utilize BNPL to make an impulse buy they otherwise wouldn't if they had to pay the full price upfront. People could also use BNPL to make a purchase they don't now have the funds for but want to pay back later. BNPL and hedonic motivation influence impulsive buying (Hilmi and Pratika, 2021). It's crucial that any consumer can utilize BNPL and that the decision ultimately comes down to that person's interests and financial condition.

a. The Millennial Consumer

The characteristics of the millennial generation can be analyzed from several aspects that distinguish it from other generations, especially in terms of behavior and the influence of information and communication technology (ICT) in their life (Moreno et al., 2017). The millennial generation has been regarded as trustworthy, tolerant, individualistic, academically educated, and technologically savvy, which sets them apart from previous

generations (Furlow, 2012). Meanwhile, Ordun (2015) states that Millennials have been optimistically described as sociable, inventive, energetic, ambitious, trustworthy, driven, and educated young people.

The advancement of technology encourages millennials to move away from conventional media and are more interested in using new and more interactive media because they feel functional and enjoyable values (Rahman, 2015) and get engaged with brands through social media (Junker et al., 2016). They grew raised with technology and are at ease with digital gadgets and online platforms. As a result of their proficiency with technology, they were early users of e-commerce platforms, fueling the expansion of online shopping. Millennials have become a crucial aspect of the growth of e-commerce. The usage of e-commerce will continue to expand along with their discretionary funds (Moreno et al., 2017).

Millennials typically choose products and brands that reflect their personality, lifestyle, social, and community values which reflect their identities and beliefs (Ayaydin and Baltacı, 2013). Millennials are more conscious of their purchasing power and spend their money as soon as they earn it. They choose and consume items that help them establish their identity. They use their awareness of the most recent fashions, brand names, and retailer reputations to establish themselves as authorities or peer leaders (Ordun, 2015).

Millennial consumer behavior is more oriented towards using consumption in the quest for status to show wealth and purchasing power. Their loyalties change quickly due to fashion, trends, and brand popularity, and more on style and quality than price. Some studies show that the "cool consumption" theory helps explain the behavior of millennials who want the image and status of luxury brands without the price tag (Lissitsa and Kol, 2016). They consume to gain status, personality, and a sense of being cool. This theory aligned with the concept of FOMO (Fear of missing out) in millennials, which is often a lifestyle, symbol, and self-expression to keep up with trends (Argan and Tokay-Argan, 2018). The FOMO idea is prominent among Millennials because they exchange more social information through social media services than previous generations (Przybylski et al., 2013). These customers make selections based on the views of their peers, such as seeming "cool" (Barker, 2012). As a result, the younger generation is more open to conspicuous items or services (Kim and Jang, 2014), such as luxury restaurants, fancy smartphones, fancy parties, and social gatherings.

Many studies have examined to understand millennial behavior and consumption (Moreno et al., 2017; Dharmesti et al., 2019). The results reveal that the innovations brought about by digitization and the use of mobile phones have drawn more millennials into consumption, with social media serving as a driving factor (Bucuta, 2015). In addition, millennials are more likely to spend their money quickly through online purchasing websites and apps (Jain and Mishra, 2020). Shopping via the web or apps is an alternative for millennials who have hectic schedules and limited free time.

C. Consumer Behavior

The foundation of consumer behavior is a microeconomic theory, which explains how changes in production inputs result in outputs. According to Kotler and Keller (2016), consumer behavior is a dynamic interaction between attachment and thought, behavior and environment that exchange activities in their lives. In the basic concept of marketing, consumer behavior is a pattern of behavior carried out by individuals, groups, or organizations related to decision-making processes, such as finding, buying, using, evaluating, and determining the products and services they provide that are expected to satisfy their needs (Schiffman et al., 2010). Similarly, Valaskova et al. (2015) state that consumer behavior is a crucial and continuing decision-making process for finding, buying, using, and evaluating products and services. Consumption behavior also refers to how people spend their time, money, and effort in consuming things (Kanuk and Schiffman, 2008). Several internal and external variables impact consumer behavior (Metha et al., 2020).

Consumer behavior according to Kotler and Keller (2016) is classified into four factors or dimensions, such as :

1. Cultural and social factors

This aspect relates to how social class, culture, and peer group influence individual behavior. Culture emerges from the existence of values, beliefs, conventions, and behaviors among members of society. Meanwhile, social class is the classification of people based on wealth, occupation, education, and other criteria. Social factors and reference groups provide advice on what to do, consider, and purchase. Therefore, cultural and social factors influence people's core values of what they learn from their families and other environments.

2. Economic factors

In this dimension, individual economic conditions can influence consumer behavior. The economic factors include personal or family income, savings, income expectations, and other economic factors. This factor affects a person's purchasing power, willingness to spend money, and sense of value.

3. Personal factors

This aspect of consumer behavior relates to the impact of a person's personal qualities on their behavior. This qualities aspect comprises personality, lifestyle, age, and life cycle stage. The personality component refers to an individual's characteristics, attributes, and actions. Nevertheless, lifestyle refers to an individual's behavioral patterns, including hobbies, interests, and views.

4. Psychological factors

The influence of individual motives, beliefs, attitudes, and perceptions on their behavior becomes a component of the psychological dimension. Motivation refers to internal forces that influence a person's behavior, such as the desire to achieve, affiliation, or self-expression. Beliefs and attitudes are ideas and sentiments towards a product, service, or brand. Perception is how people view and understand the data they get from their environment, such as advertising messages and product features.

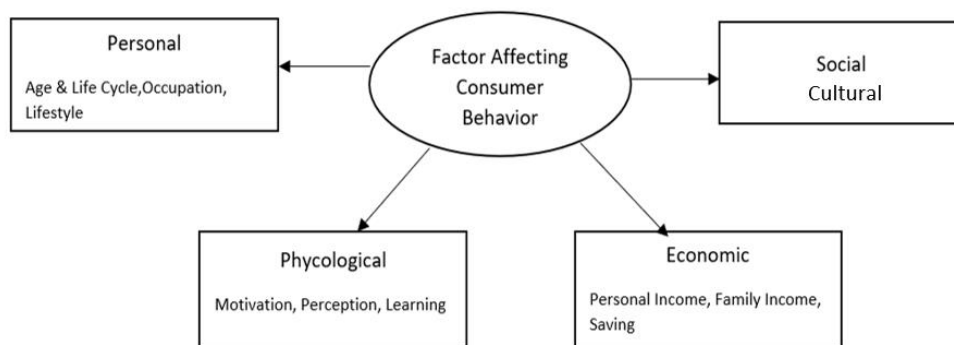


Figure 2. 2 The Factor Affecting Consumer Behavior

Source: Kotler and Keller (2016)

Consumer behavior patterns in decision-making, product selection, and processes may change in response to current developments, such as technological sophistication and the emergence of various innovations. Kotler and Keller's (2016) theory of consumer behavior, which emphasizes sociocultural, economic, personal, and psychological aspects, has offered a well-established idea for describing how it affects decision-making.

Researchers have regularly utilized these elements to predict consumer purchase decisions in different study domains, including the Islamic field, but they are rarely employed concurrently in predicting consumer behavior while using PayLater services in Fintech.

In addition, the consumer behavior theory has flexible dimensions to describe consumer behavior from an Islamic perspective utilizing a wide variety of measuring indicators. This extension is based on various Islamic ideas in the field of Islamic consumer behavior that there is no distinction between religion and Muamalah in Islam (Puteri et al., 2022). Islam is a part of both personal and communal life, and it is present in some contexts, including politics, the economy, culture, and society (Karoui and Khemakhem, 2019).

a. Religion

Religion is a structured belief system and behavior related to the spiritual domain (Behboodi et al., 2018). Religion shows a structured belief, symbol, and ritual that shows the individual's closeness to his God and as a guide to life and relationships with others (Islam and Chandrasekaran, 2020). Religious people adopt the teachings of their religion into their value system and practice it as a form of commitment to their religion (Salman and Siddiqui, 2011). At the individual or group level, religion plays a role as an institution that significantly shapes the way of thinking, behaving, and living as human beings (Briliana and Mursito, 2017). One of the most important social factors that influence the lives of adherents is religion (Mukhtar and Butt, 2012).

Religion becomes a unified system of beliefs and practices (Muhamad and Mizerski, 2010) and also has a role in shaping one's views (Engelland, 2014) regarding social values, beliefs, knowledge, and attitudes (Swimberghe et al., 2011; Al-Hyari et al., 2012). Reality shows among individuals within the same religion, there is heterogeneity in belief and commitment to practicing religious teachings (Usman et al., 2017), so the understanding of religion and its influence cannot be considered the same on individual behavior (Al Abdulrazak and Gbadamosi, 2017). Religion may significantly affect a person's life, influencing their worldview, values, and behavior.

Earlier studies used Christians and Jews as subjects to evaluate the impact of religion on consumer behavior (Mansori et al., 2015; Mokhlis, 2009). The result of the studies cannot be applied to those who practice different religions, including Buddhists, Hindus, and Muslims (Mansori et al., 2015). Few studies have examined how religion affects consumer behavior in the context of Arab Islam, but many studies from an Islamic context,

such as in Pakistan, Malaysia, and Iran, have done so (Abu-Alhaija et al., 2018). It turns out that the Islamic and Arab contexts have some similarities and differences that determine the extent to which religion affects attitudes and behavior (Reisinger and Moufakkir, 2015). So, people's attitudes and behaviors regarding values will vary depending on their geography, religion, and culture.

According to Muhamad and Mizerski (2010), religion is composed of various components that may be used to determine the effect of religion on human behavior, including religious affiliation, religious commitment, religious orientation, religious knowledge, and social consequences.

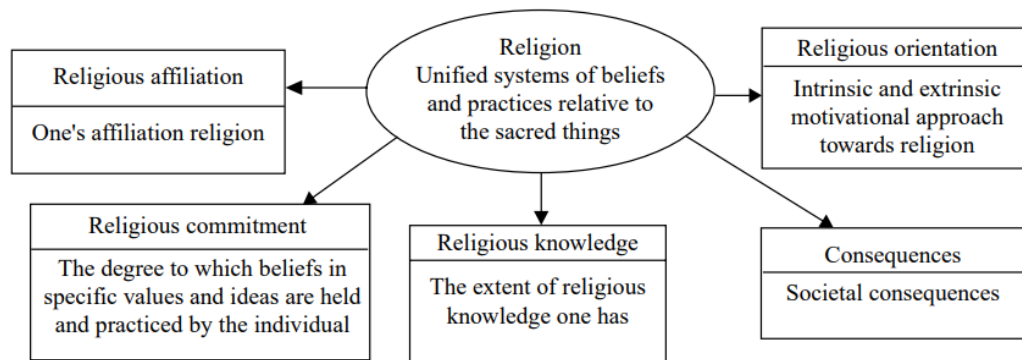


Figure 2. 3 The Components of Religion

Source: Muhamad and Mizerski (2010)

Islam is a religion based on one God (Allah) and the teachings of the Prophet Muhammad SAW, which is crucial in the life of Muslims. Religion profoundly influences everything from daily activities to important life decisions. Islam instructs Muslims to lead a life according to the guidelines in the Qur'an and Hadith. The Al-Quran clearly and in detail has provided instructions on everything from worship, ethics, doing business, and transactions to relations with society. Religious beliefs can shape an individual's values and attitudes toward consumption. Islam provides a moral framework that guides Muslims in their behavior and decision-making, such as choosing halal products, avoiding usury, and following Islamic law. Lastly, religion is an important part of Muslim life, offering direction, spiritual growth, community, identity, and a moral foundation. For Muslims, religion is a way of life that influences their ideas, acts, and interpersonal interactions rather than merely a set of principles and practices.

i. Religiosity

Religious commitment, often known as religiosity, can refer to how closely a person follows their religious rituals and beliefs (Delener, 1990). One of the factors studied to see if practicing religion can influence consumer reactions is religious commitment (Muhamad and Mizerski, 2010). Religiosity is a crucial factor that can influence individual behavior because it refers to a person's level of dedication to a particular religion (Usman et al., 2017). Religiosity is defined by Musgrave and McFarlane (2004) as the way individuals express their religious beliefs and engage in religious activities. Discussing religion is important because it contributes to the spread of religious ideals and shapes one's identity (Maclean et al., 2014). Evidence shows that when people adopt religion as their identity, it has a significant impact on their actions. One of the highlighted characteristics is consumer behavior.

The level to which a person feels dedicated to his religion and its teachings, as well as the attitudes and actions that reflect, is defined as religiosity (Johnson et al., 2001). According to the presumption, if a person is devoted to the teachings of his religion, then his attitude and behavior will conform to the commands of that religion and refrain from engaging in its prohibitions. Religion may provide simple thinking, but it also tends to create complexity since the nature of religious systems (the issues they address) are frequently complicated (Houk et al., 2018). Religion develops within a person as a guide to conduct, behave, and act by religious teaching (Fadhila et al., 2020).

One of the key categories used by academics to gauge religion is someone's religiosity (Abou-Youssef et al., 2015). Internal and external relationships are two components of religion (Mokhlis and Sparks, 2007). Religiosity among Muslims is a multidimensional term that plays a crucial role in many facets of Muslim life. There are five aspects of religiosity, as described by Glock and Stark (Ancok and Surorsa, 2011), and they are as follows:

1. The dimension of belief reveals a Muslim's level of faith in the veracity of Islamic doctrine, which is fundamental and dogmatic, such as believing in Allah, angels, paradise, and hell.
2. The dimension of religious practice reveals a person's standard for fulfilling his religious ritual responsibilities. For instance, in the Islamic faith, the practice dimension might take the shape of reciting the creed, praying, fasting, giving alms, going on pilgrimage, or engaging in other Muamalah acts.

3. The dimension of experience refers to a feeling or experiences that a person has had and felt, such as dread and worry while committing sins, a constant sense of being near God, or delight when doing good.
4. The religious knowledge dimension analyzes someone understanding and consciousness of their religion, particularly the concepts in the Qur'an and Hadith.
5. The consequence dimension describes how a person accepts the results of religious convictions, actions, and experiences, such as following Islamic law, making a contribution to those in need, etc.

Religiosity is a person's belief to follow the teachings of their religion in various ways, including through worship rituals, Muamalah, and how these teachings affect their daily lives. The five daily prayers, the Ramadan fast, zakat, and pilgrimages to Mecca are only a few of the many actions, attitudes, and convictions that constitute the basis of the Islamic religion. Moreover, it can affect how different social groups interact with one another and how individuals make purchases of products or services. It can also have an impact on political and social systems. In Islam, religiosity is highly regarded and necessary for practicing the faith. Muslims who practice intense religiosity could put their religious commitments ahead of other parts of their lives and always follow Islamic teachings.

Religiosity in Islam entails not only engaging in personal spiritual practices but also acting morally and ethically in all spheres of life, including financial transactions. In Islam, muamalah refers to the rules and norms that regulate economic, financial, and legal activities in conformity with Islamic teachings (Az-Zuhaili, 2010). Islamic economics and finance are a set of moral and ethical precepts taken directly from the Quran and the teachings of the Prophet Muhammad. For Muslims, muamalah is an expression of religiosity since it reflects their adherence to religious beliefs and to live a life by Islamic principles and values.

b. Innovation

Innovation is an idea, practice, or object considered new by an individual or unit of adoption (Rogers, 2003). Rogers also emphasizes that ideas of innovation are relative and can change based on the situation and the individual or group assessing it. According to Kotler and Keller (2016), innovation is a good, service, or concept that, regardless of how long it has been, is still seen as a novel by people. From the perspective of Lumpkin and Dess (2001), innovation encompasses a wide range of elements, including ideas, creativity, research and development (RandD), new practices, new products or services, and technical

improvements. Moreover, innovation is the modification and development of pre-existing resources to generate new wealth (Kuratko and Hodgetts, 2004). Innovation is also the process of generating ideas, developing inventions, and introducing new products, processes, or services to the market (Thornhill, 2006). Innovation can occur in some fields, including technology, business, social systems, and public policy.

The idea of innovation is used in every element of life and social interaction today, making it more complex and diverse (Rosli and Sidek, 2013). Roger (2003) explains the most common diffusion of innovation adoption. The definition of Adoption itself is the choice to implement a new idea as the best available strategy, while diffusion is the process by which innovations are communicated through specific channels among members of a social system. Innovation diffusion can be understood as a process of providing subjective information about a new idea to people or groups developed through a social construction objectively (Rogers, 2003).

According to Rogers (2003), the diffusion-innovation process helps to reduce uncertainty in inventions. Meanwhile, the adoption rate assesses how quickly members of a society accept a new idea. Rogers (2003) identifies the following five criteria that may be used as indicators to gauge innovation acceptance:

1. Relative advantage

This dimension measures how much innovation can be superior to current solutions or alternatives. It considers the advantages of the invention, such as higher efficiency, cheaper costs, or better performance. The greater the benefits, the faster this innovation is adopted.

2. Compatibility

This factor assesses how effectively an invention fits into society, culture, values, and needs. If innovation is compatible with societal norms and values, it is more likely to be accepted. For instance, a new technology that supports pre-existing cultural norms or beliefs is more likely to be embraced than one that does not.

3. Complexity

This factor indicates the level of complexity involved in comprehending and implementing an idea for individuals or groups. Complex or difficult-to-use innovations are less likely to be adopted, especially if simpler alternatives are available. It is crucial to emphasize that complexity is a relative concept, and what is complicated for one group of users may not be for another.

4. Trialability

This dimension indicates whether or not individuals or organizations may test their inventions. Individuals are more inclined to accept innovation if it can be tried in a straightforward method so that they may experience the benefits for themselves. This aspect is especially relevant for expensive, high-risk innovations.

5. Observability

This aspect refers to how easily potential users perceive and notice an invention. Innovations that are visible and simple to notice are more likely to be accepted because they provide social proof and convey their advantages to others. A new product, for example, is more likely to be accepted if it is widely exhibited in stores and publicized in popular media than if it is only available through specialist channels or has little marketing exposure.

Innovation is essential for businesses to gain and maintain a competitive edge in a rapidly changing market (Mavondo and Rodrigo, 2019). These five dimensions give a valuable foundation for understanding why innovations are adopted more quickly than others. Understanding these characteristics can help innovators and marketers boost their chances of success when introducing new inventions to the market.

D. Consumer Decision

Decisions are ways to choose between two or more choices (Kanuk and Schiffman, 2008). According to Peter and Olson (2000), consumer decision-making is an integrated process that combines knowledge to evaluate two or more alternative actions and choose one of them. Cognitive and emotional processes are also engaged to comprehend how consumers make decisions (Chae and Lee, 2013). Consumers' cognitive states include all of their thoughts as they gather, analyze, hold onto, and act on information (Eroglu et al., 2001). Meanwhile, affective reactions are subjective feelings experienced by consumers in response to stimuli (Oh, 2005). From the psychological perspective, the consumer's decision-making is a comparatively long-lasting personality of the consumer, which is limited by personal orientation and social culture to a large extent (Baoku et al., 2010).

The consumer decision-making process involves several steps; problem identification, information search, alternative development, purchasing, and evaluation of overall results (Chae and Lee, 2013). According to (Kotler and Armstrong, 2016), the aspects of decision-making are as follows:

1. Problem Introduction

The decision-making process begins with the identification of a problem to fulfill a need within the individual. Various factors can influence this initial process, such as changing circumstances, a desire for new experiences, or dissatisfaction with the current situation.

2. Search Information

After recognizing the problem and need, the individual will search for potential solutions. Gathering information through personal experience, suggestions from friends or family, exploring Internet media, or consulting expert sources may all be part of this process.

3. Alternative Evaluation

Individuals will assess the numerous possibilities accessible to them after acquiring information. This process might include evaluating the features and benefits of various products or services, comparing the costs and benefits of some solutions, or considering personal preferences and values.

4. Buying decisions

Individuals make a selection regarding which alternative to select at this stage. Price, convenience, quality, and brand reputation are all considerations that may affect the decision. People may also be involved with risk in their decision-making, depending on the complexity and importance of the decision.

5. Post Purchase Behavior

Individuals reflect on their decisions and experiences with the chosen option at the end of this stage. Consumers will assess their satisfaction with the product or service, share their experience with others, and engage in behaviors such as repeat purchases or recommending it to others. Consumers' post-purchase behavior can impact future purchasing decisions and brand loyalty.

Purchasing decisions are individual thoughts to evaluate various options and choose a product from the many choices. Purchasing decisions are stages that occur in consumers before buying a particular product. Purchasing decisions can be determined from the variables of feature knowledge, customer satisfaction, and risk of use (Lestari et al., 2021).

E. Financial Technology

Financial technology is a new industry that uses technology to improve financial activities or operations (Schueffel, 2017). FinTech refers to the application of technology to the provision of financial system solutions (Arner et al., 2015). According to Aaron et

al. (2017), the definition of fintech is the use of digital technology to problems involving financial intermediation. A technology known as "fintech" uses cutting-edge technology to supply financial products or services to financial markets (Knewston and Rosenbaum, 2020). FinTech, on the other hand, is an industry made up of businesses that utilize technology to improve the financial system's efficiency, where the technology may lead to changes in service delivery, new business models, apps, procedures, and financial products, according to the World Bank (2018). The growth of financial services is a new age of technological advancement because fintech plays a significant role as a financial intermediary and activity in communities throughout the world (Milian et al., 2019).

Fintech transactions are simple, quicker, and need fewer middlemen, which lowers transaction costs (Knewston and Rosenbaum, 2020). So, it is possible to claim that FinTech has a more effective payment mechanism than current financial organizations. Payment processing, transfers, clearing, settlements, and deposits are five financial service operations that fall under the category of FinTech (FSB, 2017). Digital currencies, electronic wallets, distributed ledger technology (DLT), and mobile payments made through banks or non-bank financial organizations are all strongly tied to fintech operations (Grifofoli, 2017).

LendTechs is one of the financial lending services, which is an alternative to applying for loans online with ease and a quicker processing time (Knewston and Rosenbaum, 2020). Individuals can borrow and lend money through peer-to-peer lending, a type of debt financing, without a formal financial institution as an intermediary (Sarjito, 2018). The peer to peer lending is similar to the concept of personal loans, fintech company doesn't function like a bank (Yuniarti and Rasyid, 2020). They will serve as a platform or marketplace to connect lenders and borrower (Anugerah and Indriani, 2018).

a. Buy Now PayLater (BNPL)

Transactions for purchasing and selling are more effective, efficient, and cost-effective because of Financial Technology (fintech) payment system. The buy now, pay later idea, often known as PayLater, is one of the intriguing advances brought by fintech (Asja et al., 2021). Magio et al. (2022) define "Buy Now, Pay Later" as credit being given at the moment of purchase and returned over a short time through installments. There are three distinctions between the Buy Now Pay Later (BNPL) concept and a typical credit card. First, BNPL products do not offer a standing line of credit but are installment loans with a deposit paid at the time of sale and a fixed payment schedule. Second, BNPL loans are offered through retailers and are associated with the purchase of certain products. Third,

BNPL companies often offer simpler credit terms with no credit checks, no interest, minimal fees, and limited reporting to credit agencies (Magio et al., 2022).

The existence of BNPL means people don't have to worry when they don't have enough money but can still meet their needs (Wijayanti et al., 2022). Meanwhile, BNPL is a financial facility in an e-commerce application that allows consumers to use the payment method in installments without a credit card (Prastiwi and Fitria, 2021). In Indonesia, the public's enthusiasm for BNPL technology is shown by the increasing number of pay-later users over time (Natswa, 2021). The Financial Services Authority (OJK) said Generation Z and millennials aged 19-34 years were dominating online lending in 2020. The buy-now-pay-later payment system has developed into an art as a lifestyle to fulfill unlimited consumer desires with limited resources (Khan and Haque, 2021).

According to a journal article by Chen et al. (2021), BNPL services are highly prevalent among millennials. The results of their research show that the use of BNPL is due to several factors, such as the desire for flexibility and convenience, preference for digital and mobile experiences, and reluctance to take on long-term debt. In addition, BNPL can make purchases more affordable and accessible for millennials, especially those who do not have access to traditional credit. BNPL can also help increase purchasing power and encourage consumption (Chen et al., 2021).

b. Shopee PayLater

Several e-commerce platforms in Indonesia that provide pay-later services are Go-PayLater, Shopee PayLater, OVO PayLater, Traveloka PayLater, JD PayLater, etc. Shopee PayLater is the name of the Buy Now, PayLater payment method provided by PT Commerce Finance in the Shopee application. The PayLater system aims to make it easier for consumers to meet their needs by making purchases first, then consumers can pay in the next month or in installments over several months. Shopee company introduced the Shopee PayLater feature on March 6, 2019. This Shopee PayLater feature can only be used within the Shopee application (Shopee, 2022). The innovation in Shopee PayLater as part of the Financial technology product is that it can become an alternative payment directly integrated into the Shopee marketplace. Shopee PayLater users do not need to make payments through other applications besides Shopee. This convenience is an innovation from other pay-later platforms that do not have a marketplace.

Based on information from the Shopee application, there are several advantages that Shopee PayLater offers to its users, including a fast and safe verification process, a choice

of payment tenors within 3, 6, 12, 18, and 24 months as well as installment fees with interest rates and other fees low. Details of interest rates and additional fees based on the type of Shopee PayLater payment can be seen in the table below:

Table 2. 1 Shopee PayLater Features

Installment period	Handling fee	Interest rate	Late charge
1x installment	1% per transaction	Minimum 2.95% of the total payment	5% per month of the total bills that are past due (including previous bills)
3x installment			
6x installment			
12x installment			
18x installment *for special users			
24x installment *for special users			

Source: Shopee.co.id

A customer's history of on-time bill payments also influences how many loan limits from Shopee PayLater are accessible to them. To prevent customer payment delays, Shopee PayLater users will receive a billing warning ten days before the due date. The transaction date has an impact on the maturity date as well. For user protection, the OJK (Financial Services Authority) has directly overseen the Shopee PayLater system in partnership with PT Commerce Finance (Shopee, 2022).

According to information from the application (Shopee, 2022), there are several consequences for Shopee PayLater users who are late in paying, including being charged a late fee of 5% per month of the total bill, not having access to some of the Shopee application features, getting a low credit score by the Service System Financial Information so that the Financial Services Authority can restrict them from accessing financing, and are prohibited from using Shopee vouchers.

i. Shopee PayLater in Islamic law

Shopee companies profit from the PayLater feature through a transaction fee of 1%, then a margin from interest rates and late fees for Shopee PayLater users (Fadhila et al., 2020). When someone uses PayLater to buy their needs, the Shopee PayLater platform has a role as a third party that provides PayLater services or debts to consumers. The existence

of additional conditions that take place at the beginning of the contract makes the contract fall into the "qardlu jara naf'an" category, namely debt by taking advantage. Debt by taking additional benefits from the principal of the debt is a characteristic of usury (Khasanah and Ridwan, 2022).

Based on research by Kultsum (2022), Shopee PayLater contains handling fees, interest, and late fees that are not following the problems contained in the pillars and conditions of wakālah (appointment of agents to carry out investment activities) in the DSN-MUI Fatwa No. 10/DSN-MUI/IV/2000 concerning wakālah contracts. Thus Kultsum (2022) states that the practice of Shopee PayLater is considered usury which is categorized as usury nasi'ah. Meanwhile, research from Aritonang (2022) shows that the use of the Shopee PayLater credit system is permissible (mubah) this is because the contract is implemented clearly, namely through a contractual agreement between the seller and the buyer when carrying out the Ijab and Kabul and an additional price on the agreed Shopee PayLater credit system.

The mechanism for utilizing Shopee PayLater in the Shopee application is forbidden when there are additional fees in the form of interest and late penalties. As for Riba in Islam, the law is unlawful and prohibited, as explained in the surah (Ar-Rum verse 39), that Riba with additions, both in buying and selling and lending transactions, is vanity or contrary to the principles of Muamalah in Islam. In Sharia, riba technically refers to the "premium" that the borrower must pay to the lender along with the principal as a condition of the loan or to extend the term of the loan (Ibn Manzur, 1968). In this sense, according to the agreement of all the fuqaha without exception, usury has the same meaning as interest (Chapra, 2008). The main reason why Al-Qurans is so strict about usury is that Islam seeks to build an economic system in which all forms of exploitation will be eliminated, especially injustice which continues in the form of investors who are guaranteed positive returns without doing any work or sharing the risk (Chapra, 2008).

F. Research Framework

Religion, as a life guide, is essential for controlling all behaviors. According to Alam et al. (2011), religious Muslims in the Shah Alam and Bangi region consider Islam of authority and practice restrained spending, as Allah commands in the Quran. This study indicates that Muslim consumers who hold religious beliefs use Islamic precepts as guidance (Shah Alam et al., 2011). The degree to which decisions are made in conformity with religious laws depends on the amount of individual obedience, belief, and knowledge.

Several factors influence a person's decision-making process, such as social and cultural challenges, psychological, personal, and economic considerations (Kotler and Keller, 2016). Rapid technological progress contributes to changing consumer behavior. The existence of technology is in line with the expansion of innovation. Customers' decisions will be influenced by how innovations are deployed in various situations and channels (Arts et al., 2011).

This research framework focuses on developing a model to measure the relationship between religion, sociocultural, economic, personal, psychological, and innovative technology, which are factors in consumer behavior on consumer decisions. In this framework, religiosity and innovation are components of consumer behavior as independent variables and consumer decisions as dependent variables. The following is an image of the framework:

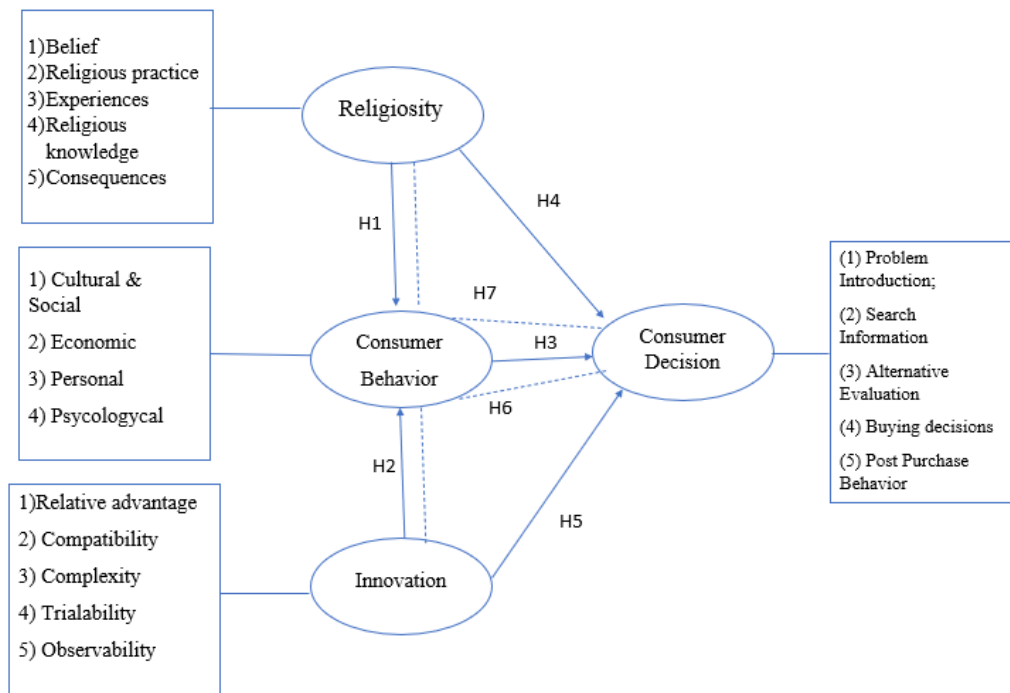


Figure 2. 4 Research Framework

Source: Processed by Researcher (2023)

G. The Effect of Religiosity on Consumer Behavior and Consumer Decision

Religiosity can affect customer behavior (Rindfleisch and Burroughs, 2004). As religion is fundamentally highly personal, Mokhlis (2009) asserts that the degree of a person's religious devotion determines the effect of religion on consumer behavior. Religiosity becomes a value system for followers, guiding their actions and attitudes

(Souiden and Rani, 2015). According to the consumer behavior concept, marketers must meet customer demand and should consider the prevailing Islamic values (Kusumawati et al., 2020). Since it can affect how consumers behave while making decisions (Rindfleisch and Burroughs, 2004), where cognitive aspects are involved, religiosity becomes crucial (Mokhlis and Sparks, 2007). Religion extends to have a significant influence on shaping social and consumer behavior (Khraim, 2010).

Religious customers will think about their purchase selections since they will behave according to their religion (Kusumawati et al., 2020). Religiosity is crucial because, as stated by Delener N (1994), it occasionally affects individual behavior and the decision-making of consumers. The religious-behavior model shows that individual behavior is most likely influenced by their religion, either from religious teachings or as a set of ideals that exist and are embedded in culture from generation to generation (Suhartanto et al., 2019). In other words, religiosity indicates the degree to which a person is dedicated to their religion, to the point that adherence to religious tenets may affect a person's decision-making while selecting, utilizing, or eating a good or service (Agarwala et al., 2019). For companies and marketers to build goods and services that appeal to religious customers and are consistent with their values and beliefs, it might be helpful to understand the role of religion in consumer behavior.

H1: Religiosity has an effect on consumer behavior in using Shopee PayLater.

Wilson and Liu (2011) state that Muslim consumers categorize products with high involvement because they are tied to their religion, so they must be careful in buying products. According to research by Shah Alam et al. (2011), religiosity drives Muslim consumers to purchase, whereas religious Muslim consumers utilize their religious orders as a source of reference in making shopping decisions. Thus, religion can directly or indirectly influence attitudes and behavior to assist consumers in making decisions (Agarwala et al., 2019; Islam and Chandrasekaran, 2020). Based on some previous researchers, it can be assumed that a person's level of religiosity can influence consumer tendencies in choosing or making certain decisions. Thus, there is an influence of religiosity on consumer decisions in using PayLater method.

As the Qur'an says, Islam governs all aspects of human life. Islam also contains financial regulations, known as Muamalah, and one of the commandments that a Muslim must follow is to prevent usury. Individuals are encouraged to avoid usury and other acts that are regarded to be against Islamic teachings based purely on their level of religiosity. According to this study, Shopee PayLater is considered forbidden or haram since it has

elements of usury. Therefore, this study assumes that the higher the degree of religiosity of a Muslim, the more he will stay away from purchasing goods with the Shopee PayLater feature.

H4 : Religiosity has an effect on consumer decision in using Shopee PayLater.

H. The Effect of Innovation on Consumer Behavior and Consumer Decision

The design, model, or operating system of a product or service are a few examples of how businesses often innovate to add value. Innovation is essential for businesses to sustain success and continuity in the fast-paced current business climate (Hwang and Jung, 2018). Product innovation is one factor that may affect consumer's behavior to use or buy a product (Rayi and Aras, 2021). Meanwhile, Innovation in the form of improving the quality of products or services, product modification (Pride and Ferrell, 2016), and fulfillment of market needs significantly influence consumer behavior to buy or use it (Rayi and Aras, 2021). Innovation which consists of relative advantage, compatibility, and trialability directly has an influence on consumer attitudes (Yunus, 2014).

H2: Innovation has an effect on consumer behavior in using Shopee PayLater.

According to Naveed et al. (2012), innovation is the process of generating new ideas or changing current goods or services so that consumers can utilize or buy them. The emergence of innovation may benefit both individuals and groups. Consumers often embrace innovations during the learning phase, try them out, then use them as decision-making instruments (Rogers, 2003). People have different aims and circumstances, so the first stage of implementing innovation impacts the consumer behavior process and ends in the purchasing process (Arts et al., 2011). Previous studies have shown that innovation influences consumer behavior. As a result, there is an impact of innovation on consumer decision to use the Shopee PayLater feature.

H5: Innovation has an effect on consumer decision in using Shopee PayLater.

I. The Effect of Consumer Behavior on Consumer Decisions

Aspects of consumer behavior that have been found to influence consumer decision-making style include such things as cultural orientation (Leo et al., 2005), socialization, and social structure background (Shim and Koh, 1997). In the study of marketing, consumer behavior, and consumer decisions are closely related topics. Consumer behavior refers to buying, using, and disposing of goods and services in individuals or groups. Consumer decision-making also includes selecting between different product or

service possibilities. The Consumer Style Inventory (CSI), developed by Sproles and Kendall (1986), measures a consumer's decision-making process through one of their behaviors. It is a cognitive and emotional orientation approach. Similar to Sumi and Ahmed (2022), which discovered that motivation and perception had an impact on consumer attitudes and decisions. Moreover, Prelec and Loewenstein (1998) state that consumer opinions regarding the quality of a good or service, as well as the presence of payment obstacles, might affect consumers' rational purchase decisions.

Many researchers have examined the relationship between consumer behavior and decision-making, and the findings indicate that these two phenomena are connected and are influenced by a variety of elements, including personal, social, and psychological aspects (Engel et al., 1995). The outcomes of this mapping of consumer behavior then influence the decisions consumers make. Therefore, consumer behavior has an impact on consumer decisions when it comes to using the digital payment PayLater feature.

H3: Consumer behavior has an effect on consumer decisions in using Shopee PayLater.

H6: Religiosity has an effect on consumer decisions through consumer behavior as an intervening variable.

H7: Innovation has an effect on consumer decisions through consumer behavior as an intervening variable.

CHAPTER III RESEARCH METHODOLOGY

A. Research Design

The research design includes a data collecting plan, measurement methodologies, and data analysis methods to evaluate the research hypothesis (Sekaran and Bougie, 2016). This descriptive research aims to describe a model or character (Malhotra N., 2012). This study uses a quantitative method based on tangible facts in the form of numbers that are tested using statistics as a test tool and connected to the problems addressed to conclude (Sugiyono, 2017). The data collection method uses a survey with a questionnaire. This study used a cross-sectional design, which collects data from a single sample (Malhotra, 2012). Researchers will only gather data from one responder once each period.

B. Research Procedure

The following is the procedure of this research:

1. Researchers collect various literature that supports this research and create models, research frameworks, and hypotheses.
2. Researchers conducted a pre-test with 30 responders before distributing a large number of the questionnaires. This purpose is to examine the validity of the questionnaire's indicators. The pre-test link survey is <https://bit.ly/KuesionerShopee PayLater>.
3. The outcomes of the pre-test data are examined using SPSS software version 25. The Validity test indicates that each item has a significant *P*-Value < 0,05, so the questionnaire is valid.

The Cronbach's Alpha Reliability result is $0.945 > 0.70$, indicating that the items in the study's questionnaire are credible (Figure 3.1). After fulfilling the requirement, the researcher can distribute questionnaires in large numbers.

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Cronbach's Alpha	N of Items
.945	38

Figure 3. 1 Reliability Test
Source: Processed by Researcher (2023)

4. The survey was given out to respondents following the planned sample size of 250 respondents.
5. The obtained data is then analyzed using Smart-PLS software.

C. Population and Sample

This subchapter discusses the research population and sample. It is critical to appropriately choose the target group so that the study process and outcomes are successful and not misleading (Maholtra et al., 2017). Similarly, choosing the study sample is crucial since it will eventually be utilized as the foundation for distributing questionnaires and collecting research data.

a. Population

The population is a generalization area consisting of objects or subjects that are characteristics to be studied and then drawn conclusions by researchers (Sugiyono, 2017). The population is also described as a group as a whole that will be examined (Burns and Veeck, 2020), specifically a group consisting of individuals, events, or items of interest to the researcher to be concluded (Sekaran and Bougie, 2016). Following the research problem, which focuses on behavior, this has implications for the population selection of individuals who have used and often use PayLater on the Shopee platform. Hence, in this study, the population is Shopee PayLater users who live in Jakarta. This research location is in Jakarta, which has the highest minimum wage province (UMP) and is the capital city of Indonesia.

b. Sample Unit

A sample is a small number of a population's characteristics of an object or subject (Sugiyono, 2017). Moreover, a sample unit is a statistic that contains data from a population that will be used to create a sample (Malhotra, 2012). The sample unit for this study is Y Generation, or millennials, who were born between 1980 and 2000 (Weingarten, 2009), are Muslim, use Shopee PayLater, and live in Jakarta.

c. Sample Size

This research uses structural equation modeling (SEM), and Hoelter (1983) argues that the minimum sample size of SEM is 200 observations. According to Bentler and Chou (1987), the lowest sample size required for SEM estimation is 100, while Byrne (2001) states maximum sample size required for SEM estimation is five times the parameters to be evaluated. A minimum sample size of 100 to 150 is advised by (Hair et al., 1998).

Furthermore, Kline (2016) states that there are two factors to consider when deciding on the sample size for an SEM analysis: the minimal number of samples required to ensure that the significance test has adequate statistical power, or the number of samples required to attain appropriate statistical accuracy.

Several criteria, including the research questions, its degree of confidence, the population's variability, the researcher's time and energy constraints, and the size of the population itself, are taken into account when calculating the number of samples in this study (Sekaran and Bougie, 2016). So, researchers decided to collect a minimum sample of 250 responders using the preceding theory.

d. Sampling Technique

This study used a nonprobability sampling approach, meaning that respondents are chosen based on the researcher's judgment rather than a random system that would give everyone the same chance to be sampled in the study (Malhotra, 2012). Furthermore, the researcher uses purposive sampling, which allows to directly obtain or focus on groups of interest in the study (Malhotra et al., 2017). Considering the large research population and uncertain sampling frame, this technique gives the best potential for researchers to get the appropriate sample. Purposive sampling offers the advantage of having a higher probability of acquiring a sample that fulfills the criteria of the researcher's interest, so that only appropriate people may be included in the sample, as opposed to other non-probability procedures like convenient sampling or snowball sampling (Malhotra et al., 2017). The researcher uses her network to collect samples.

E. Data Collection Techniques

This study uses primary data and secondary data. Primary data is data obtained through informants or respondents who are the object of research (Sarwono, 2006). The primary data will be obtained by spreading an online questionnaire using Google Forms. This data was obtained from questionnaires based on questions that have been prepared according to the variables. Secondary data, according to (Umar, 2013) is the result of primary data that is processed and presented as information in the form of either tables or diagrams. Furthermore, secondary data is data received indirectly, through other people or documents from other parties as a source of complementary data for primary data (Sugiyono, 2017). In this study, researcher uses secondary data obtained through literature review and documentation studies. The research literature is sourced from books and

scientific journals, while other documents that complement the research data are sourced from mass media reports or websites.

The variable measurement scale in this study uses a Likert scale. Sugiyono (2017) states that the Likert scale is a scale used to measure attitudes, opinions, and individual or group perceptions of the phenomena that are the object of research. The Likert scale in this study used seven choices, (1) strongly disagree, (2) disagree, (3) fairly disagree, (4) neutral, (5) fairly agree, (6) agree, and (7) strongly agree (Sugiyono, 2017). This seven point Likert scale is used because it can reduce measurement errors and is more accurate. (Munshi, 2014).

F. Variable Operational Definitions

The variables in this study are divided into two categories: latent variables and measurable variables (indicators). The latent variable is the variable that receives the most attention in the structural equation model (SEM). Latent variables are abstract psychological concepts like attitude, IQ, or conduct (Ghozali, 2008). With its impact on measured or seen variables, this variable might be indirectly and imperfectly observed (Wijanto, 2008).

Latent variables are variables that exist in SEM. Latent variables can be observed indirectly and imperfectly through their influence on indicator variables. Exogenous and endogenous variables are two categories of latent variables. Endogenous variables are dependent variables in at least one equation model, while exogenous variables are independent variables in at least one equation in the model (Wijanto, 2008). In this study, the exogenous factor is consumer behavior, whose variables are composed of religiosity, personality, and innovation. The religiosity factor has five dimensions, the same as an innovation. Meanwhile, the endogenous variable is a customer decision, with five dimensions.

Contrary to observable variables, which are immeasurable abstract ideas that may be used as indicators (Ghozali, 2008). The questionnaire's questions each function as an observed variable, which are measurements of latent variables. The effects of exogenous latent variables are denoted by the letter X, whereas those connected to endogenous latent variables are denoted by the letter Y (Wijanto, 2008). There are 10 observed endogenous latent variables and 28 observed exogenous latent variables.

Table 3. 1 Variable Operational Definitions

Variable Latent	Variable Operational Definitions	Dimensions	Variable Indicators
Religiosity	<p>A person's level of commitment to their religion is known as religiosity which is an important variable that can influence individual behavior.</p> <p>(Usman, et al., 2017)</p>	<ol style="list-style-type: none"> 1) The dimension of belief 2) The dimension of religious practice 3) The dimension of experience 4) The dimension of religious knowledge 5) The dimension of consequences <p>Glock and Stark in (Ancok and Surorsa, 2011)</p>	<ul style="list-style-type: none"> -Avoid actions that are considered haram -Religious beliefs require seeking halal Income - Always do mandatory worship - Always pay zakah or charity -Feel afraid if I do things that are prohibited by religion -Feel happy doing something that is in accordance with Religion Law -Know things that are allowed or prohibited in the religion - Always follow the rules of Religion Law, such as in terms of transactions -Following religious rules makes me a fairer and wiser person. -Abandoning things that are prohibited by religion makes my life happier
Consumer Behavior	<p>Consumer behavior is a dynamic interaction between attachment and thought, behavior and environment that involves exchange activities in their lives.</p> <p>(Kotler and Keller, 2016)</p>	<ol style="list-style-type: none"> (1) Cultural and Social factors (2) Economic Factors (3) Personal factors (4) Psychological factors <p>(Kotler and keller, 2016)</p>	<ul style="list-style-type: none"> - Using Shopee PayLater on recommendations from friends or family - Using Shopee PayLater because it suits the lifestyle - Using Shopee PayLater due to lack of funds - Shopee PayLater has a low interest rate -Shopee PayLater assisted me to buy goods easily and practically -Using Shopee PayLater because it can afford to PayLater -Using Shopee PayLater because there are many attractive promos -Using Shopee PayLater because I like shopping

<p>Innovation</p>	<p>Innovation is several elements of ideas, creativity, research and development (RandD), new processes, new products or services, and advances in technology. (Lumpkin and Dess, 2001)</p>	<p>1)Relative advantage 2) Compatibility 3) Complexity 4) Trialability 5) Observability (Rogers, 2003)</p>	<p>-Shopee PayLater registration process is fast -Shopee PayLater feature has an installment tenor of up to 12 months -The saldo limit on the Shopee PayLater conforms to my needs - A period to pay bills in compliance with the ability to pay -The Shopee PayLater bill payment is easy -Shopee PayLater feature is easy when used in transaction processing -Shopee PayLater feature cannot be tried if you have not registered -Promo vouchers cannot be used if you are not registered as a user -Shopee PayLater feature is transparent in determining service fees and late fees -Shopee PayLater feature has clear information about bill payments</p>
<p>Consumer Decision</p>	<p>Consumer decision making is an integrated process that combines knowledge to evaluate two or more alternative actions and choose one of them. (Peter and Olson, 2000)</p>	<p>(1) Problem Introduction; (2) Search Information (3) Alternative Evaluation (4) Buying decisions (5) Post Purchase Behavior (Kotler and Amstrong, 2016)</p>	<p>-Shopee PayLater can conform to my financial capabilities -In Shopee PayLater there are efficiency and effectiveness when making payment transactions on the application -I know this feature from the Shopee application and various other media -Before using the Shopee PayLater, I searched for complete information on the Shopee Application and other media -I consider the Shopee PayLater Feature as an alternative to buying practically anything without having to pay right away -The Shopee PayLater feature provides many time</p>

			options for me to make payments in installments -I use Shopee PayLater because of its many benefits -I use Shopee PayLater because it is safe, easy and fast -I will use Shopee PayLater again when shopping on the Shoppe App -I am willing to recommend Shopee PayLater to others
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Source : Processed by Researcher (2023)

G. Data Analysis Technique

a. Data Analysis Method with Structural Equation Model (SEM)

This quantitative research uses the statistical technique of Structural Equation Modeling (SEM). Structural Equation Modeling (SEM) can be described as an analysis that combines approaches between factor analysis, structural modeling, and path analysis (Hair et al., 1998). By using Structural Equation Modeling (SEM), it allows researchers to test and estimate the model coefficients simultaneously from the relationship between variables (Zuhdi et al., 2016). Researchers can also examine recursive and nonrecursive relationships between complex variables to get an overall picture of the entire model (Bagozzi and Fornell, 1982). SEM was chosen because it can simultaneously describe the relation between observable variables and latent variables in various types of theoretical models (Schumacker and Lomax, 2016), error terms, interactions, and correlations (Collier, 2020).

This study used an analytic tool with the Partial Least Square (PLS) SEM approach. PLS-SEM, according to Hair et al. (2017) is an alternative to SEM that has gained acceptance in many fields and evolved into a statistical technique that can analyze intricate correlations between latent variables and observed variables while being adaptable in terms of the data needed and the measurement criteria. Researchers use PLS-SEM to complete the research gap left by previous research, such as the lack of clarity on consumer behavior in using Shopee PayLater, especially internal individuals. This study tries to explain and predict religiosity, innovation and behavior as key constructs, so an exploratory approach is needed to develop the concept of consumer decisions. Researchers process SEM data using the statistical software Smart-PLS.

i. Measurement Analysis : Confirmatory Factor Analysis (CFA)

Factor analysis is a method for data reduction and summary (Malhotra, 2010). Factor analysis is beneficial in determining whether there is a correlation between indicators and identifying whether these indicators potentially represent latent variables. Using factor analysis approaches, researchers can examine if the indicators of each variable become one unit or whether they have various perspectives, and it may also help us assess whether the data we obtain is valid and reliable (Malhotra, 2010).

The confirmatory factor analysis (CFA) approach is used in this study's SEM data processing procedure. Confirmatory Factor Analysis (CFA) is a component of the SEM approach to evaluate and examine existing hypotheses about indicators and their latent variable (Hair et al., 1998). The distinction between CFA and exploratory factor analysis (EFA) is that the research model is developed first, the analysis determines the number of variables, the influence of a latent variable on the indicator variable may be set equal to zero or a constant, measurement errors can be correlated, the covariance of latent variables can be estimated or set at a given value, and parameter identification is necessary (Wijanto, 2008). According to Hair et al. (2020), CFA examines all variables as reflecting measures and aims to confirm the measurement model by maximizing the variance extracted (VE) of exogenous variables to facilitate the prediction of endogenous variables. Construct latent elements are taken into consideration in the current CFA model. CFA also necessitates a fit model, as demonstrated by the Goodness of Fit indices (GoF) in both the measurement (outer) and structural (inner) models (Hair et al., 2020).

b. Measurement (Outer) Model Analysis

According to Ghozali (2008), the outer model usually refers to the measurement model, the measurement model test aims to specify the relationship between latent variables and their indicators. The analysis stage on the outer model is measured using validity and reliability testing (Ghozali, 2008). The convergent and discriminant validity of the latent construct forming indicators is used to assess the validity test in the outer model using reflection indicators (Chin, 1998). Meanwhile, the reliability test applies two approaches: Composite reliability and Cronbach alpha (Malhotra, 2010).

i. Validity Test

A validity test can determine whether or not an indication is legitimate (Malhotra, 2010). A valid indication can reveal anything that is measured by the indicator. The greater the validity, the more reliable or reliable a study is. According to Malhotra et al. (2010),

construct validity is the process through which test score variations that are really realized result in disputes between objects and characteristic differences, rather than systematic or illogical mistakes. In a study of conceptions relating to persons, Campbell and Fiske (1959) first investigated the validity of this construct. Convergent validity and discriminant validity must be established in order to assess the construct validity (Piedmont, 2014).

ii. Convergent Validity

Convergent validity assesses the degree to which each indicator in a dimension correlates favorably with each other, so that a high loading factor value may be used to demonstrate convergent validity, implying that items with a value larger than 0.5, ideally greater than 0.7, aggregate in one construct (Malhotra and Dash, 2016). Moreover, the average variance extract (AVE), as the variance of the observed indicators or variables that can be explained by latent constructs, may also be used to estimate the convergent validity value; however, the AVE value must be greater than 0.5 (Hair et al., 2019; Malhotra and Dash, 2016).

iii. Discriminant Validity

Determining a measurement's discriminant validity is crucial to assessing its applicability in marketing research because, in the absence of statistical evidence to the contrary, repetition of a construct that is operationally equivalent to other constructs that already exist in the literature results, which can confuse theory development (Matthes and Ball, 2019). There are two methods to test discriminant validity, namely:

1. Fornell and Larcker Criterion

The way to determine the discriminant analysis is the cross-loading method. The Fornell-Larcker criterion method (Fornell and Larcker, 1981) is currently the most popular method for testing discriminant validity. This approach states that a latent construct will share more variance with its indicator than with any other latent variable in the model. The average variance extracted from each latent variable must be greater than the square of the highest correlation of the construct with other latent constructs (Hair et al., 2014).

2. Heterotrait-monotrait method (HTMT)

The most recent technique to assess discriminant validity is the heterotrait-monotrait (HTMT) method developed by Henseler et al. (2015). The Fornell-Larcker criterion's basic mechanism is the same as that of the HTMT, which is defined as a comparison of the mean value of the correlation between items in all

constructs to the mean (geometry) of the average correlation of items measuring the same construct (Voorhees et al., 2016). However, the HTMT is better able to overcome circumstances where the Fornell-Larcker criterion does not work well when almost all loadings (Hair, Risher, et al., 2019; Henseler et al., 2015). There are two thresholds recommended by Henseler et al. (2015): the HTMT value must be less than 0.85 if the variables are conceptually distinct and less than 0.90 if the constructs are conceptually nearly identical. The validity test technique is shown in the table below:

Table 3.2 Validity Test

No	Item	Threshold	Source
<i>Validity</i>			
Construct validity			
1.	Convergent validity	Factor loading > 0,5 ideal is $\geq 0,7$ $t > 1.96$ (two- tailed)	(Hair et al., 2019)
		AVE ≥ 0.5	(Hair et al., 2019)
2.	Discriminant validity	$\sqrt{AVE} >$ correlation value between the two factor	(Fornell and Larcker, 1981)
3.	Heteromonotrait (HTMT)	Strict <0,85 Moderate <0,90	(Henseler et al., 2015)

Source : Processed by Researcher (202

iv. Reliability Test

Through a reliability test, research may determine its level of dependability (Malhotra, 2010). The responses to a steady and consistent statement reveal the degree of reliability. The composite reliability (CR) of a design must be developed further before proceeding to the stage of determining the validity of a design, where CR is related to the coefficient alpha (Hair et al., 2007). As a guideline, composite reliability must be assessed using the criterion that the CR must $\geq 0,7$ in order to improve the dependability of each individual construction (Hair et al., 2007). However, if the above-mentioned score is below the threshold, as it is in the range of 0,6, and 0,7 ($\geq 0,6$ and $\leq 0,7$), then the construction in question is generally considered to be reliable and valid throughout factor loading (Fornell and Larcker, 1981). Malhotra (2010) states that a Cronbach alpha score of ≥ 0.6 indicates that a construct or variable is dependable when measuring the correlation between statement replies. The reliability test technique is shown in the table below:

Table 3. 3 Reliability Test

No	Item	Threshold	Source
1	<i>Reliability</i>		
	Cronbach's alpha (internal consistency)	> 0,70	Malhotra and Dash (2016)
	CR (composite reliability)	> 0,70 < 0.95	Hair, Babin, et al. (2019)

Source: Processed by Researcher (2023)

c. Model Structural Analysis (Inner)

The inner model is a structural model used to forecast causal relationships between latent variables or variables that cannot be assessed directly and evaluate the structural model's predictive potential (Ghozali, 2008). In SMART PLS, the structural model (inner model) was tested using the Bootstrapping and Blindfolding techniques (Hair et al, 2011). The structural model is evaluated in a variety of methods, including :

1. R-Square (R^2) Value

Evaluation of the structural model using R-square on the dependent construct represents the variance explained in the model (Chin, 1998). The R-square value on endogenous variables can also reflect the predictive power of the structural model; any change in the R-square value can be utilized to explain the substantive influence on endogenous variables (Hair et al., 2022). According to Chin (1998), models with R-square values of 0.67, 0.33, and 0.19 are strong, moderate, and weak. The higher the R-square value, the better the prediction model (Manley et al., 2021).

2. Effect Size (f^2)

Effect size is a measure of the magnitude of a variable's effect on another variable, the extent of the difference or relationship that is independent of sample size (Olejnik and Algina, 2003). Effect size is also calculated to determine the model's goodness of fit. Effect Size (f^2), expressed in the form of the following formulation (Ghozali, 2014) :

$$f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}}$$

Where R^2 included dan R^2 excluded are the R^2 value of the endogenous latent variable obtained when the exogenous variable is included or excluded from the model. According to Manley et al. (2021), the effect size value may be classified as low ($0,02 < f^2 < 0,15$), medium ($0,15 < f^2 < 0,35$), or high ($f^2 > 0,35$).

3. Stone-Geisser Test (Q^2)

The inner model is examined using Q^2 predictive relevance, which analyzes how effectively the model generates observed values and parameter estimations (Ghozali, 2014). If $Q^2 > 0$ suggests that the model has predictive relevance, then $Q^2 < 0$ shows that the model has no predictive relevance (Ghozali, 2014). Q^2 is expressed in the form of the following formulation :

$$Q^2 = 1 - \frac{\sum_D E_D}{\sum_D O_D}$$

Where D is omission distance, E is the sum of squares of prediction error, and O is the sum of square errors using the mean for prediction (Ghozali, 2014).

4. Goodness of Fit (GoF) Index Test

GoF is used to validate the overall model in evaluating measurement models and structural models, as a simple measure to predict the model (Ghozali, 2014). Researchers must manually calculate the value of GoF using the following formula (Ghozali, 2014):

$$GoF = \sqrt{AVE \times R^2}$$

Where striped AVE is the average of Average Variance Extracted, striped R^2 is the average of R-square. The GoF value requirements are 0.10 (GoF small), 0.25 (GoF medium), and 0.36 (GoF big) (Ghozali, 2014).

5. Hypothesis Test

In PLS, hypothesis testing requires a bootstrapping process, which resamples the entire data set (Ghozali, 2014). According to Ghozali (2014), the number of bootstrap samples should be 200 to 1000 to correct the standard error of the PLS estimate, but Hair et al. (2011) bootstrap with 5,000 sub-samples of the case randomly based on the minimum resamples requirement. The significance levels employed in the bootstrap resampling procedure were 1.65 (significance level = 10%), 1.96 (significance level = 5%), and 2.58 (significance level = 1%). In this research, the significance level used is 5%.

Verifying the relevance of the predicted coefficients is a part of the structural model's evaluation or analysis. There are seven steps of SEM generation and analysis techniques, according to (Hair et al., 2007), including:

1. Create a theoretical model with a solid theoretical reason to serve as the foundation for a SEM model. The causal model explains the connection between the dimensions or variables.
2. Create a path diagram for the causal connection derived from the theoretical foundation. The route map allows researchers to clearly see the causal links under investigation.
3. Conversion of path diagrams into structural equations and measurement models
4. After determining the input data matrix, estimate the suggested model. The input data utilized for modeling and estimation is where SEM differs from other multivariate approaches. SEM only requires a variance/covariance matrix or a correlation matrix as input data for the whole estimate.
5. Determine the identification of the structural model. This phase is used to distinguish the provided model from an unidentified model. The following symptoms may be used to identify issues:
 - a. One or more coefficients have very high Standard Error values.
 - b. The software cannot generate the information matrix that should be shown.
 - c. Weird figures, such as negative variance errors, show up.
 - d. The correlation estimations obtained show a very high degree of correlation (for example, more than 0.9).
6. Analyze the quality of fit standards. At this point, the model's adequacy is assessed using a review of several goodness-of-fit criteria.
7. Interpreting obtained results and updating models as necessary.

d. Intervening Analysis

This study used an intervening analysis to determine the indirect effect of consumer behavior characteristics as mediating variables on religiosity and innovation variables on customer decisions to use Shopee PayLater. Intervening factors, which cannot be observed or quantified, potentially change the connection between the independent and dependent variables into an indirect relationship. This variable is an intermediary variable between the independent and dependent variables, such that the independent variable has no direct influence on the change or onset of the dependent variable (Sugiyono, 2016). According to

Baron and Kenny (1986), intervening variables are factors between the independent and dependent variables and influence the connection between the two.

Although the linear regression model with intervening variables is a multilevel connection, regression analysis must employ path analysis or the structural equation modeling (SEM) approach. Intervening factors, as opposed to moderating variables, are intermediates whose objective is to control the interaction between the independent and dependent variables (Sugiyono, 2016).

The intervening variable can be described through the following conceptual figure:

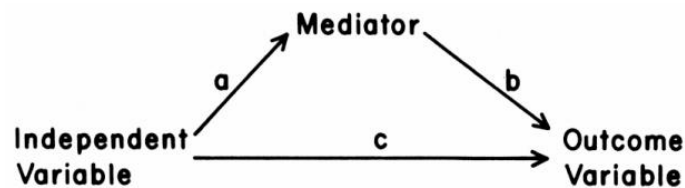


Figure 3. 2 Variable Intervening
Source : Baron dan Kenny (1986)

The independent variable can have a direct effect on the dependent variable, but it has an indirect effect, specifically through the mediating variable first, then to the dependent variable, as seen in the figure above. The route analysis method is used to investigate the effect of intervening elements. Path analysis is a subset of multiple linear regression analysis, or it is the use of regression analysis to estimate the causative link between variables (causal or causal models) that have previously been identified based on theory. Path analysis cannot determine the connection between cause and effect and cannot be used to replace researchers' ability to detect the causal relationship between variables. A theoretically based model was used to establish the causal connection between the variables. Path analysis can only assess the pattern of correlations between three or more variables; to validate or deny fictitious causality ideas.

e. Measurement Model

In this study, there are four measurement models based on the variables measured, including:

1. Religiosity

In this study, the model consists of ten statements which are first-order confirmatory factor analyses representing the latent variable, religiosity. The following is the

construction of the religiosity measurement model based on Figure 3.2 :

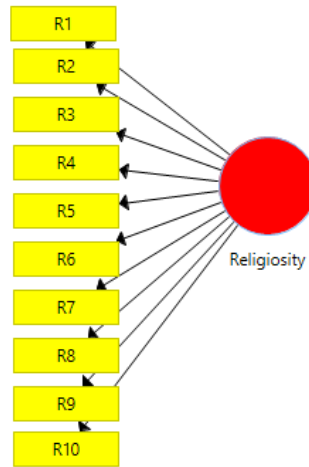


Figure 3. 3 Religiosity measurement model.

Source : Processed by Researcher (2023)

2. Consumer Behavior

The model consists of eight statements which are first-order confirmatory factor analyses representing the latent variable, Consumer behavior. The following is the construction of the consumer behavior measurement model based on Figure 3.3 :

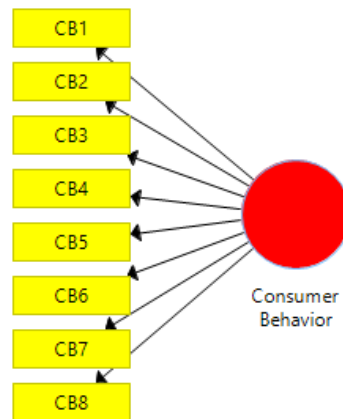


Figure 3. 4 Consumer behavior measurement model

Source : Processed by Researcher (2023)

3. Innovation

The model consists of ten statements which are first-order confirmatory factor analyses representing the latent variable, Innovation. The following is the construction of the innovation measurement model based on Figure 3.4 :

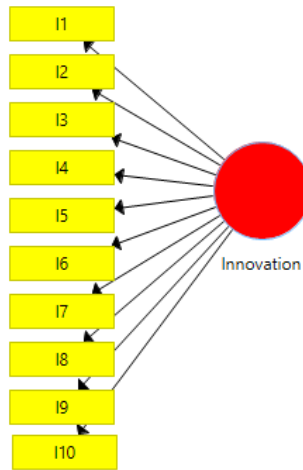


Figure 3. 5 Innovation measurement model
 Source : Processed by Researcher (2023)

4. Consumer Decision

The model consists of ten statements which are first-order confirmatory factor analyses representing the latent variable, Consumer decision. The following is the construction of the Consumer decision measurement model based on Figure 3.5 :

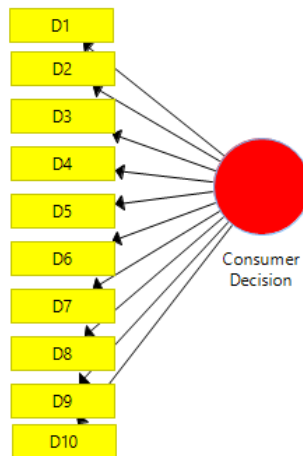


Figure 3. 6 Consumer Decision measurement model
 Source : Processed by Researcher (2023)

5. Research Model Overview (Path Diagram)

The structural model in this study is shown in Figure 3.6 :

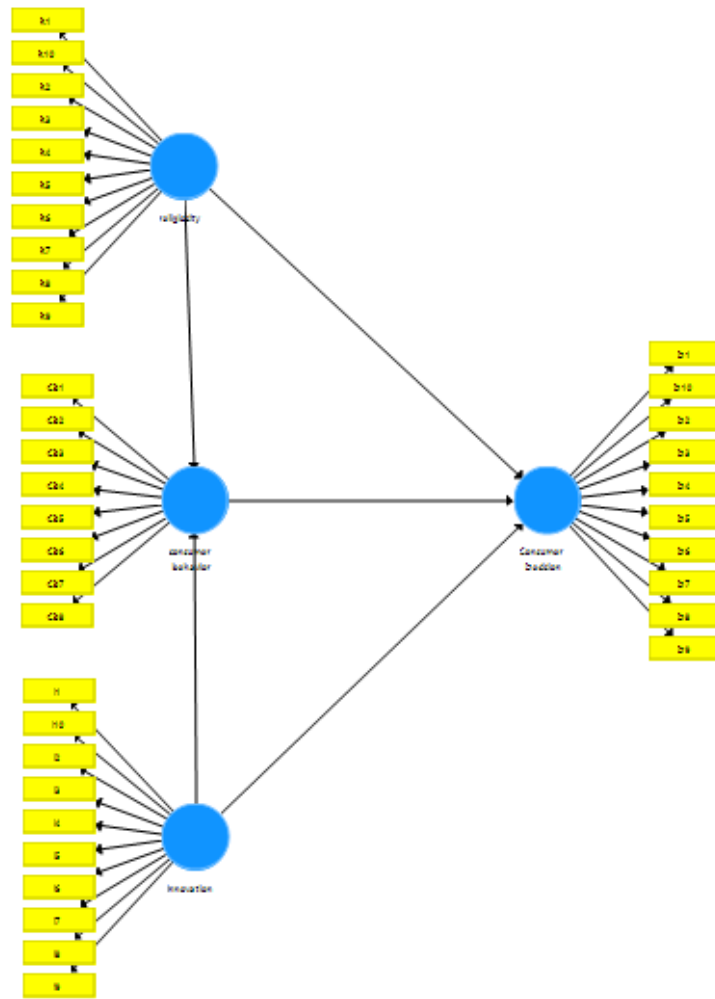


Figure 3. 7 Research Model Overview

Source : Processed by Researcher (2023)

CHAPTER IV RESULT AND DISCUSSION

In Chapter 4, the author will discuss the research findings and analyze the data collected through the questionnaire. The results of data processing provide information that indicates whether the hypothesis can be accepted or not.

A. Respondent Characteristics

The following is a summary of the 250 characteristics of respondents in this study.

Table 4. 1 Respondent Characteristics

Item	Characteristics	Frequency	%
Gender	Female	190	76
	Male	60	24
Status	Single	158	63,2
	Married	88	35,2
	Widower/widow	4	1,6
Occupation	Freelancer	62	24,8
	Private Sector Employee	51	20,4
	PNS	7	2,8
	BUMN	2	0,8
	Teacher	6	2,4
	PPNPN	3	1,2
	Model	1	0,4
	Influencer	9	3,6
	Student	50	20
	Entrepreneur	30	12
	Housewife	28	11,2
	Midwife	1	0,4
	Last Education	SHS	48
Diploma		58	23,2
S1		141	56,4
S2		3	1,2
Monthly Income	Rp 0 – Rp 1.000.000	33	13,2
	Rp 1.000.001 – Rp 2.500.000,-	13	5,2
	Rp 2.500.001 – Rp 3.500.000,-	38	15,2
	Rp 3.500.001 – Rp 4.500.000,-	62	24,8
	Rp 4.500.001 – Rp 5.500.000,-	65	26
	Rp 5.500.001 – Rp 7.500.000,-	25	10
	Rp 7.500.001 – Rp 10.000.000,-	12	4,8
	> Rp 10.000.000,-	2	0,8

Source Income	Work	185	74
	Parents	25	10
	Spouse (Husband/wife)	30	12
	Scholarship	10	4
Monthly Expenses	Rp 0 – Rp 1.000.000	29	11,6
	Rp 1.000.001 – Rp 2.500.000,-	19	7,6
	Rp 2.500.001 – Rp 3.500.000,-	44	17,6
	Rp 3.500.001 – Rp 4.500.000,-	62	24,8
	Rp 4.500.001 – Rp 5.500.000,-	67	26,8
	Rp 5.500.001 – Rp 7.500.000,-	22	8,8
	Rp 7.500.001 – Rp 10.000.000,-	7	2,8
	> Rp 10.000.000,-	-	-
How many times use Shopee PayLater in a month	1 – 5 times	203	81,2
	6 – 10 times	27	10,8
	11 – 15 times	11	4,4
	16 – 20 times	5	2
	> 20 times	4	1,6

Source : Processed by Researcher (2023)

This study successfully collected 250 respondents with valid answers. The result reveals that 18 millennials were born between 1980 and 1990, while 232 millennials were born between 1990 and 2000. As a result, respondents from the late millennial group predominate in this study. The early millennial generation's behavior in the 1980s was quite different compared to that of the late millennial generation. This result is due to more advanced technology developments in the 1990s than in the 1980s. When viewed based on gender, this study consists of 76% female and 24% male respondents. The result shows that women dominate Shopee PayLater users. Based on data from Research and Development Pefindo Kredit (Herviana, 2022) through CNN Indonesia, women are the most pay-later users in Indonesia, reaching 67.2% of the total pay-later users. PayLater transactions are often utilized in e-commerce businesses.

In this survey, 62.3% of Shopee PayLater customer respondents are single, 35.2% are married, and 1.6% are widows/widowers. Researchers discovered that single respondents utilize the PayLater function more frequently to purchase personal items such as electronic goods, gadgets, fashion, and beauty products. Meanwhile, married respondents utilize the Shopee PayLater function more frequently to suit the demands of their families, such as purchasing diapers, baby milk, and other equipment.

The occupations of respondents in this study are very diverse, but the most dominating are freelancers as much as 24.8%, private employees as much as 20.4%, students as 20%, and the rest working in different fields with small presentations. The respondents' most recent education is undergraduate (S1), which accounts for 56.4% of their total education and is dominated by private sector workers. Diploma education, at 23.2%, is dominated by freelancers and business owners, while Senior High School education, at 19.2%, is dominated by students who are continuing their undergraduate studies and housewives.

The source of income of respondents mostly comes from work by 74%, where the dominating income of respondents ranges from Rp 4.500.001,00 - Rp 5.500.000,00. This result is because DKI Jakarta Provincial Government (Pemprov) has set the 2023 Jakarta minimum wage to Rp 4.901.798,00 through the Regulation of the Minister of Labor of the Republic of Indonesia No.18/2022 concerning the Determination of the 2023 Minimum Wage, which increased 5.6% from the previous year. The 13.2% of respondents with incomes ranging from 0 to 1 million rupiahs are dominated by students who work as freelancers and are single.

The monthly expenses of respondents vary, but the most usual frequency runs between Rp 4,500,001 and Rp 5,500,000. Some respondents stated that their expenditures were sometimes more than their income, so the PayLater function may be an option to fulfill their demands. According to statistics collected, around 81.2% of respondents utilize the PayLater function 1 to 5 times each month. Based on the findings of numerous short interviews with respondents, they use the Shopee PayLater function when their salary is close to running out, so the availability of this PayLater can assist respondents in obtaining items without pay directly.

B. Measurement (Outer) Model Analysis

The authors conducted a measurement analysis before testing the structural model to confirm the validity and reliability of the items used to measure the constructs. The measurement model in this study is a reflective measurement model consisting of religiosity, consumer behavior, innovation, and consumer decision variables. Several processes are carried out to ensure that all requirements are completed so that the measurements in this study are valid and reliable. According to Hair et al. (2019), evaluation of the reflective measurement model consists of a loading factor ≥ 0.70 , composite reliability ≥ 0.70 , Cronbach's alpha and average variance extracted (AVE) ≥ 0.50 and evaluation of discriminant validity, namely the Fornell Lacker criteria and the

Heterotrait Monotrait Ratio (HTMT) below 0.90. The following is an overview of the results of Bootstrap Measurement (Outer) Model Analysis:

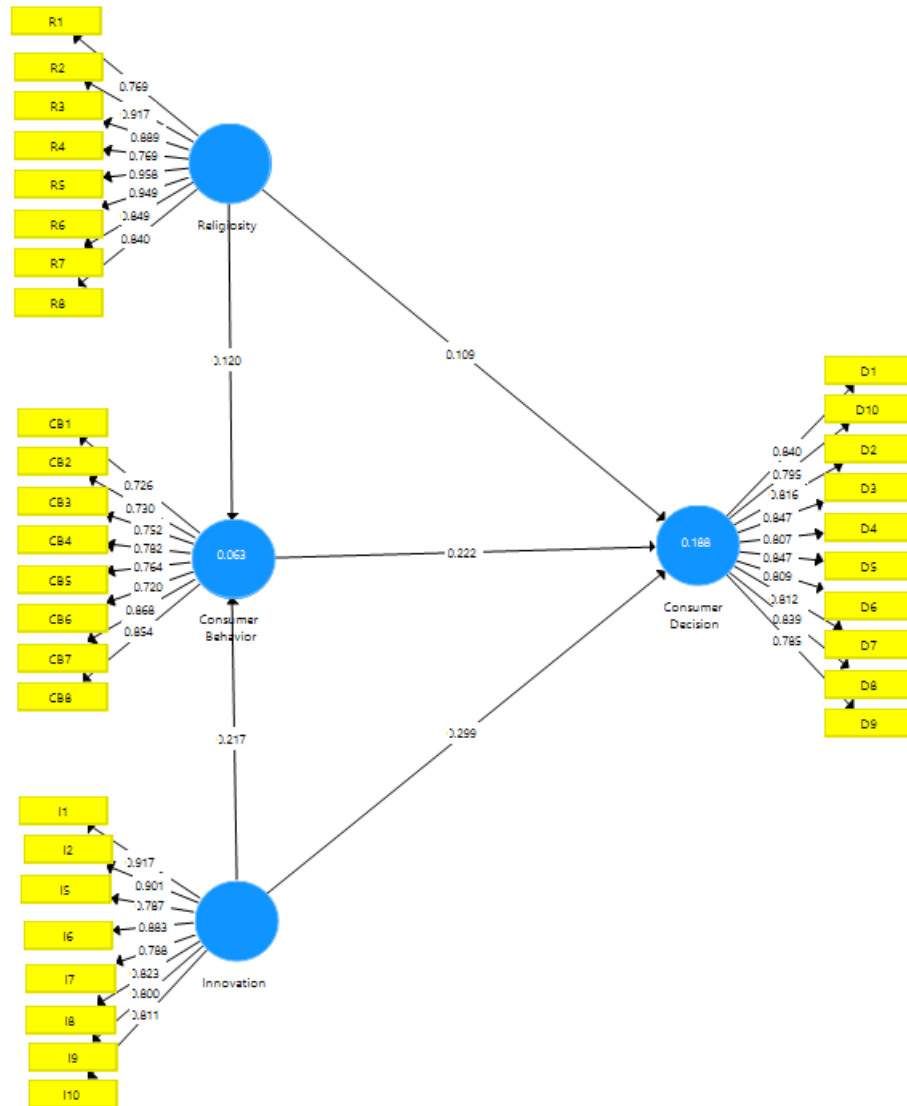


Figure 4. 1 Measurement (Outer) Model Analysis

Source : Processed by Researcher (2023)

The following is a summary of the outer model measurement results:

Table 4. 2 Results of Outer Loading, Cronbach's Alpha, Composite Reliability AVE

Variable	Measurement Item	Outer Loading	Cronbachs Alpha	CR	AVE
Religiosity	R1	0.769	0.953	0.941	0.757
	R2	0.917			
	R3	0.889			
	R4	0.769			
	R5	0.958			
	R6	0.949			
	R7	0.849			
	R8	0.840			
	R9	0.404			
	R10	0.560			
Consumer Behavior	CB1	0.726	0.907	0.924	0.603
	CB2	0.730			
	CB3	0.752			
	CB4	0.782			
	CB5	0.764			
	CB6	0.720			
	CB7	0.868			
	CB8	0.854			
Innovation	I1	0.917	0.940	0.950	0.706
	I2	0.901			
	I3	0.627			
	I4	0.633			
	I5	0.787			
	I6	0.883			
	I7	0.788			
	I8	0.823			
	I9	0.800			
	I10	0.811			
Consumer Decision	D1	0.840	0.947	0.944	0.672
	D2	0.816			
	D3	0.847			
	D4	0.807			
	D5	0.847			
	D6	0.809			
	D7	0.812			
	D8	0.839			
	D9	0.785			
	D10	0.795			

Source : Processed by Researcher (2023)

a. Convergent Validity

Convergent validity is determined by examining item reliability (validity indicators) represented by the loading factor value. A loading factor is a number that shows the relationship between the question item score and the indicator score of a construct (Hair et al., 2014). The loadings are correlations between latent variables and their indicators (Sanchez, 2013). Outer loading values larger than 0.7 are valid and acceptable (Hair et al., 2014; Sanchez, 2013). An outer loading greater than 0.7 indicates that the latent construct of an indicator captures more than 50% of its variability. The square of a standardized indicator's outer loading reflects how much of an item's variation is explained by the construct and is referred to as the item's variance (Hair et al., 2014).

Convergent validity evaluation is based on the value of the AVE as a measurement criterion (Hair et al., 2014). The average variance extracted (AVE) is a number that describes how much a latent variable or construct can explain the variation of its indicators on average, which the minimum limit of AVE being 0.5 (an AVE value > 0.5 is acceptable) (Hair et al., 2014). If the AVE value is more than 0.5, it indicates that a latent variable or construct has absorbed more than 50% of the information from its indicators. The higher the AVE value, the more effectively a latent variable or construct explains the variation of its indicators (Hair et al., 2014).

In this study, the outer loading limit used is ≥ 0.7 , then indicators with outer loadings between 0.40 and 0.70 should be evaluated for removal from the scale only when deleting the indicator leads to an increase in the composite reliability (Hair et al., 2014). Based on the results of table 4.2, in the religiosity variable, there are eight valid indicators with an outer loading value ≥ 0.70 and two invalid indicators with an outer loading value ≤ 0.70 , namely indicators R9 and R10. Question items that include consequences; following religious rules makes a person fair and wise, knowing what religion prohibits makes life happier, does not reflect the religiosity variable. Hence, indicators R9 and R10 were deleted from the existing model. Meanwhile, indicators R1 to R8 are retained because they have an outer loading value ≥ 0.7 , which means that these eight indicators are able to represent or reflect the measurement of religiosity variables.

The greater the outer loading value, the more closely an indicator and its latent variable are related (Hair et al., 2014). When evaluated from the outside loading value, the trust indication demands seeking halal income, feeling fearful if doing things prohibited by religion, and feeling glad if performing good deeds. This result shows that a person's belief in getting halal income and the experience of doing good highly reflects religiosity. Many

responders are content if they can help others. The indicators of avoiding haram activities by religion and always paying zakat or alms have good enough outer loading value but are lower than other religiosity indicators.

In Table 4.2, each indicator of the consumer behavior variable has an outer loading value ≥ 0.70 , which means that each indicator is valid and reflects the measurement of the consumer behavior variable. The indicator that has the highest outer loading value is using Shopee PayLater because of the many attractive promo offers and likes to shop. Shopee has many promotions to encourage consumers to use its service features. In addition, indicators that are good enough but lower than other indicators are statements of being able to pay bills in the future and using Shopee PayLater on the recommendation of friends or family. This result shows that some respondents using Shopee PayLater are not necessarily able to pay their bills in the future, meaning that the way to manage finances is considered poor. In addition, most respondents use Shopee PayLater not because of recommendations from others but based on encouragement from themselves.

The Innovation variable in Table 4.2 has eight indicators with an outer loading value ≥ 0.70 and two indicators with an outer loading value ≤ 0.70 , namely I3 and I4. Question items that include suitability are the Shopee PayLater limit and bill payment deadline do not reflect innovation variables. This result is because each user has a different balance limit and due date. New users will only get a balance limit of Rp 750.000,00 while old users who have never been late paying bills can get a balance limit of up to Rp 50.000.000,00. The due date of Shopee PayLater users is different and cannot be changed. Shopee PayLater users have the same bill payment deadline of 10 days after the bill is issued. The billing period and due date of Shopee PayLater are determined based on the time when the user activates. Indicators I3 and I4 that do not meet the outer loading value requirements will be removed from the model.

The Shopee PayLater fast registration and the Shopee PayLater feature have a reasonably large number of installment tenors are indications of the innovation variable with the highest outer loading value. Based on information from the Shopee.co.id page, the Shopee PayLater registration process only takes five minutes with an identity card (KTP), while for verification, Shopee takes 2x24 hours to activate the feature until it can be used. Shopee PayLater users can make purchases of at least Rp 50,000.00 with installments ranging from 3, 6, and 12 months, as well as 18 and 24 months for selected users. The question items of the fast registration process and the various installment tenors strongly represent the measurements of the innovation variable. Meanwhile, the indicator on the

innovation variable that has a good enough outer loading value but is lower than other indicators is the Shopee PayLater feature cannot be tried, so consumers must register first if they want to experience the usefulness of the PayLater feature.

In Table 4.2, all indicators on the consumer decision variable have an outer loading value ≥ 0.70 , which indicates that all question items are valid and reflect the consumer decision variable. The indicator with the highest outer loading value is Shopee PayLater become an alternative for consumers to buy goods practically without the need to pay now. Users appreciate this option, even if the total payment amount is higher due to the added interest of 2.95% for each transaction. Another indicator that has the highest loading value is that users know the Shopee PayLater feature from the Shopee application and other media. Shopee PayLater, which debuted in 2019, is active in offering its new services. Shopee conducted massive advertisements in various media, both online and offline.

Post-purchase behavior indicators in consumer decisions which have good enough outer loading value but are lower than other indicators are customers who will use Shopee PayLater and are willing to recommend it to others. This result demonstrates that Shopee PayLater consumers have poor loyalty, as they only utilize Shopee PayLater under limited situations. Users are also reluctant to recommend Shopee PayLater because they feel embarrassed if someone knows they have installments.

Based on Table 4.2, the results of the AVE value on the latent religiosity variable of 0.757, the consumer behavior variable of 0.603, the innovation variable of 0.706, and the consumer decision variable of 0.672 are more than 0.50, indicating that the level of convergent validity has met the requirements well. The AVE value on all variables has absorbed the variance of each indicator by more than 50%. The variation of measurement items in the religiosity variable reaches 75.7%, the variation of measurement items in the consumer behavior variable reaches 60.3%, the variation of measurement items in the innovation variable reaches 70.6%, and the variation of measurement items in the consumer decision variable reaches 67.2%.

b. Discriminant Validity

Discriminant validity is the degree to which a construct is empirically different from other constructs. Thus, proving discriminant validity indicates that a construct is distinct and contains phenomena not represented by other constructs in the structure of the model (Hair et al., 2014). There are two methods to test discriminant validity; Fornell Larcker Criterion and the Heterotrait-monotrait method (HTMT). The criterion for Fornell Larcker

is that the square root value of the AVE on the variable must be greater than the correlation between the variables. The following are the results of discriminant validity based on the Fornell Larcker Criterion:

Table 4. 3 Fornell Larcker

FORNELL- LARCKER				
	Consumer Behavior	Consumer Decision	Innovation	Religiosity
Consumer Behavior	0.777			
Consumer Decision	0.302	0.820		
Innovation	0.221	0.352	0.840	
Religiosity	0.128	0.148	0.037	0.870

Source: Processed by Researcher (2023)

Based on the results of Table 4.3, the AVE square root value on the consumer behavior variable is 0.777, more than the correlation value between consumer behavior and consumer decision of 0.302, more than the correlation value of consumer behavior and innovation of 0.221, and more than the correlation value between consumer behavior and religiosity of 0.128. Meanwhile, the square root value of AVE on the consumer decision variable is 0.820, more than the correlation value of consumer decision and innovation of 0.352 and more than the correlation value between consumer decision and religiosity of 0.148. The AVE square root value of the Innovation variable is 0.840, more than the correlation value between innovation and religiosity of 0.037. Finally, the AVE square root value on the religiosity of 0.870 is greater than the correlation value between other variables. The Fornell Larcker results indicate that discriminant validity on all variables is fulfilled.

Furthermore, for the Heterotrait-monotrait method (HTMT) criteria, according to Henseler et al. (2015) that to measure discriminant validity in variance-based SEM, the Heterotrait-monotrait ratio of correlations (HTMT) method is more suitable than the Fornell Larcker or Cross Loading methods. This result is because HTMT can detect discriminant validity more sensitively and accurately. The HTMT value must be ≤ 0.85 to be fulfilled (Henseler et al., 2015). The following are the results of discriminant validity based on HTMT:

Table 4. 4 HTMT Value

	Consumer Behavior	Consumer Decision	Innovation
Consumer Behavior			
Consumer Decision	0.302		
Innovation	0.215	0.354	
Religiosity	0.136	0.151	0.061

Source: Processed by Researcher (2023)

According to the results in Table 4.4, the HTMT value on all variables is less than 0.85, indicating that each construct in the model is distinct from the others. This result also demonstrates that discriminant validity is well established. Variables divide the variation of measurement items against their constructs more strongly than the variation in other variable items.

c. Composite Reliability

Composite reliability is a measure of internal consistency reliability with a minimum criterion of 0.07 (Hair et al, 2014). Cronbach's Alpha is a dependability statistic for internal consistency based on equal indicator loadings (Hair et al., 2014). In the context of PLS-SEM, Composite reliability is viewed as a more relevant reliability criterion as compared to Cronbach's Alpha. However, Cronbach's alpha remains a conservative measure of internal consistency dependability (Hair et al., 2014).

Based on Table 4.2, all variables have a Composite reliability value ≥ 0.70 , which means that all constructs in the religiosity, consumer behavior, innovation, and consumer decision variables have good reliability. Meanwhile, Cronbach's alpha value on all variables ≥ 0.50 indicates that the reliability of the measurement items is acceptable. According to Dahlan (2014), there are five scale criteria from Cronbach's alpha value which can be seen in the table below :

Table 4. Criteria Scale of Cronbach's Alpha

Cronbach's Alpha Scale	Description
0.81 – 1.00	Highly reliable
0.61 – 0.80	Reliable
0.42 – 0.60	Moderately reliable
0.21 – 0.41	Not reliable
0.00 – 0.20	Very unreliable

Source : Dahlan et al. (2014)

Based on Table 4.2, Cronbach's Alpha value on the religiosity, consumer behavior, innovation, and consumer decision variables is 0.953, 0.907, 0.940, and 0.947, indicating that all measurement constructs are highly reliable.

C. Model Structural Analysis

This study analyzes the evaluation of the structural model by following the recommendations of Manley et al. (2021), such as conducting a multicollinearity test by measuring the Inner Variance Inflated Factor (VIF) between independent variables, testing the hypothesis and its significance for each variable by looking at the p-value, analyzing the R² value of endogenous variables, evaluating the effect size (f²) of endogenous variables, evaluating the Goodness of Fit value, and evaluating the value of out-of-sample predictive validity using PLSpredict.

a. Evaluation of Multicollinearity

Multicollinearity evaluation is required to determine whether there are indications of multicollinearity between the independent variables. This analysis is performed to ensure that no significant correlations between independent variables occur, which may have a negative impact on the reliability of statistical inferences on the model of choice (Manley et al., 2021). Inner VIF values ≤ 5 indicate that there is no multicollinearity between variables (Manley et al., 2021). The following are the results of the Inner VIF test:

Table 4. 5 Inner Variance Inflated Factor (VIF) Value

	Consumer Behavior	Consumer Decision
Consumer Behavior		1.068
Consumer Decision		
Innovation	1.001	1.052
Religiosity	1.001	1.017

Source : Processed by Researcher (2023)

Based on Table 4.5, the Inner VIF value for each variable is below 5, indicating that there are no symptoms of multicollinearity between religiosity, consumer behavior, innovation, and consumer decision variables.

b. Hypothesis Testing

PLS-SEM adopts a nonparametric bootstrap technique to test the significance of path coefficient estimations (Davison and Hinkley, 1997). According to Hair et al. (2011), bootstrapping is performed by randomly selecting 5,000 sub-samples from the case to meet

the minimal resamples requirement. Bootstrapping also provides standard errors for the estimates, allowing t-values to be generated to assess the importance of each prediction (Hair et al., 2022). The following are the results of direct variable hypothesis testing:

Table 4. 6 Direct Hypothesis Testing

Hypothesis	Original Sample	T Statistics O/STDEV	P values	95% Interval (bias corrected)	
				Lower	Upper
Consumer Behavior → Consumer Decision	0.222	3.915	0.000	0.119	0.334
Innovation → Consumer Behavior	0.217	3.784	0.000	0.108	0.334
Innovation → Consumer Decision	0.299	5.097	0.000	0.171	0.411
Religiosity → Consumer Behavior	0.120	1.826	0.068	-0.016	0.240
Religiosity → Consumer Decision	0.109	1.660	0.097	-0.023	0.227

Source: Processed by Researcher (2023)

Based on the results of Table 4.6, it is known that the P-value of the consumer behavior variable on consumer decision is 0.000 smaller than 0.05, and the t-value of 3.915 is greater than the t-table 1.96, which indicates the significance of the direct effect. The P-value of the innovation variable on consumer behavior is 0.000 less than 0.05, and the t-value of 3.784 is greater than the t-table 1.96, which indicates the significance of the direct effect. The P-value of the innovation variable on consumer decision is 0.000 less than 0.05, and the t-value of 5.097 is greater than the t-table 1.96, which indicates the significance of a direct effect. Meanwhile, the P-value on the religiosity variable on consumer behavior is 0.068, greater than 0.05, and the t-value of 1.826 is smaller than the t-table 1.96, so it is insignificant, meaning there is no direct effect. The P-value on the religiosity variable on consumer decision is 0.097, greater than 0.05, and the t-value of 1.660 is smaller than the t-table 1.96, so it is insignificant, meaning there is no direct effect.

This study also tests the hypothesis indirectly from the religiosity variable on consumer decisions through consumer behavior and the innovation variable on consumer decisions through consumer behavior. The following are the results of indirect hypothesis testing:

Table 4. 7 Indirect Hypothesis Testing

Hypothesis	Original Sample	T Statistics O/STDEV	P values	95% Interval (bias corrected)	
				Lower	Upper
Innovation→Consumer Behavior → Consumer Decision	0.048	2.546	0.011	0.018	0.095
Religiosity→Consumer Behavior → Consumer Decision	0.027	1.566	0.117	-0.003	0.061

Source: Processed by Researcher (2023)

The results of Table 4.7 show that the P-value of the innovation variable on consumer decisions through consumer behavior is 0.011, which is smaller than 0.05, and the t-value of 2.546 is greater than the t-table 1.96, indicating the significance of the indirect effect of the innovation variable on consumer decisions. Meanwhile, the P-value on the religiosity variable on consumer decisions through consumer behavior is 0.117, which is greater than 0.05, and the t-value of 1.566 is smaller than the t-table 1.96, so it is insignificant, meaning there is no indirect effect of the religiosity variable on consumer decisions.

Based on Table 4.6 and Table 4.7, the results of hypothesis testing can be summarized as follows:

Table 4. 8 Summary of Hypothesis Results

Hypothesis		Description
H1	Religiosity has an effect on consumer behavior in using Shopee PayLater.	Rejected
H2	Innovation has an effect on consumer behavior in using Shopee PayLater.	Accepted
H3	Consumer behavior has an effect on consumer decisions in using Shopee PayLater.	Accepted
H4	Religiosity has an effect on consumer decisions in using Shopee PayLater.	Rejected
H5	Innovation has an effect on consumer decisions in using Shopee PayLater.	Accepted
H6	Religiosity has an effect on consumer decisions through consumer behavior as an intervening variable.	Rejected
H7	Innovation has an effect on consumer decisions through consumer behavior as an intervening variable.	Accepted

Source: Processed by Researcher (2023)

c. Evaluation of the R² value

This study employs R² value analysis to represent the combined effect of exogenous latent variables on endogenous latent variables, or how much variance in endogenous

variables can be explained by all exogenous variables associated with these endogenous variables (Chin, 1998). The R^2 number is referred to as sample-predictive power (Hair et al., 2022) since it represents the correlation between the actual and predicted values and incorporates all data utilized in the estimation. The following are the R^2 results of consumer behavior and consumer decision:

Table 4. 9 R^2 Value

	R Square	R Square Adjusted
Consumer Behavior	0.063	0.056
Consumer Decision	0.188	0.178

Source: Processed by Researcher (2023)

Based on the results of Table 4.9, the Adjusted R^2 value on the consumer behavior variable is 0.056, and the Adjusted R^2 value on the consumer decision variable is 0.178. The religiosity variable and innovation variable simultaneously explain the variation of the consumer behavior variable by 0.056 or 5.6%, and the remaining is explained by other variables not examined in the model. Meanwhile, religiosity variables, consumer behavior variables, and innovation variables simultaneously explain variations in consumer decision variables by 0.178 or 17.8%, and the rest is explained by other variables not examined in the model. This Adjusted R^2 value is relatively low because two variables have a significant effect, namely consumer behavior and innovation variables, and one variable has an insignificant effect, the religiosity variable. In the model, the religiosity variable has an insignificant effect on consumer behavior and decisions.

d. Effect Size: Evaluation of f^2 value

This study evaluates the f^2 value to measure how much effect the independent variable produces regardless of the sample size (Benitez et al., 2020). Therefore, in this study, researchers need to examine the effect size of the relationship between significant constructs to get practical relevance. The following are the results of evaluating the f^2 value:

Table 4. 10 Effect Size (f^2)

	Consumer Behavior	Consumer Decision
Consumer Behavior		0.057
Consumer Decision		
Innovation	0.050	0.104
Religiosity	0.015	0.014

Source: Processed by Researcher (2023)

Based on the table above, it can be concluded that the effect size of the consumer behavior variable on the consumer decision variable is 0.057, which shows a relatively small effect. The f^2 value of the innovation variable on the consumer behavior variable is 0.05, which is relatively small, while the f^2 value of the innovation variable on the consumer decision is 0.104, which is also still classified as low. The religiosity variable has an effect size of less than 0.02 because the religiosity variable has an insignificant effect on the consumer behavior variable and the consumer decision variable.

e. Predictive Relevance

This research tests predictive power on in-samples such as R^2 or f^2 and out-samples by performing the PLSpredict method (Shmueli et al., 2016). This analysis aims to forecast the level to which the explanatory power of the empirical findings in this study may be applied by other samples or generalizations (Manley et al., 2021). The model's capacity to have confidence in the theoretical model's prediction accuracy based on the empirical outcomes of this study is a crucial component in the field of marketing, more especially in consumer behavior at the exploration and development stage.

Table 4. 11 Prediction Summary

Manifest Variables	Q ² predict	PLS SEM_RMSE	LM_RMSE
CB1	0.003	1.155	1.210
CB2	0.013	1.181	1.237
CB3	0.012	1.150	1.205
CB4	0.051	1.059	1.110
CB5	0.013	1.081	1.128
CB6	0.006	1.118	1.179
CB7	0.045	1.233	1.291
CB8	0.054	1.278	1.363
D1	0.040	0.919	0.960
D2	0.088	0.976	1.002
D3	0.064	0.888	0.912
D4	0.120	0.950	0.962
D5	0.055	0.871	0.895
D6	0.055	0.806	0.845
D7	0.048	0.817	0.853
D8	0.058	0.868	0.893
D9	0.101	0.959	0.996
D10	0.112	0.947	0.972

Source: Processed by Researcher (2023)

The Q^2 predict values for the manifest variables are all more than zero ($Q^2 > 0$) and positive, indicating that the variables in this study have out-of-sample predictive power. Furthermore, the Q^2 predict value for endogenous variables, such as consumer behavior and consumer decisions, is greater than zero, allowing researchers to make further predictions to establish the extent of predictive power. Hair et al. (2020) classify the following factors for assessing out-of-sample predictive power into four categories based on prediction error RMSE and benchmark LM :

Table 4. 12 Predictive Power Categories

Predictor Value	Description
All RMSE > LM	No predictive power
Most RMSE > LM	Low predictive power
A small portion-half RMSE > LM	Medium predictive power
All RMSE < LM	Strong predictive power

Source: Hair et al. (2020)

Table 4.11 indicates that all dependent variable prediction errors have RMSE values smaller than LM ($RMSE < LM$), implying that the model in this research has strong predictive power.

f. Evaluation of Goodness of Fit (GoF) Value and Model Fit

The Goodness of Fit (GoF) value is used as a single metric for evaluating the general fit of the measurement model and structural model (Ghozali, 2014). In PLS-SEM, the GoF value could be determined manually. The formula for calculating the GoF value is as follows :

$$\begin{aligned}
 \text{GoF} &= \sqrt{AVE \times R^2} \\
 &= \sqrt{0.6845 \times 0.1255} \\
 &= \sqrt{0.085904} \\
 &= 0.293
 \end{aligned}$$

Table 4. 13 GoF and Model Fit

Result Value	
GoF	0.293
SRMR	0.091

Source: Processed by Researcher (2023)

The GoF value requirements are 0.10 (GoF small), 0.25 (GoF medium), and 0.36 (GoF big) (Ghozali, 2014). Based on the calculation results, the GoF value in this research is 0.293, which indicates that the 29.3% model has medium feasibility. In addition, to evaluate the model's fit, researchers examine the SRMR value, which should be less than 0.10 or of 0.08 (Hu and Bentler, 1998). As a measure of goodness of fit for PLS-SEM that may be used to avoid model misspecification, SRMR is defined as the difference between the data correlation matrix and the estimated model correlation matrix (Henseler et al, 2014). The estimated SRMR value is 0.091, indicating that the model has a good fit and that empirical data may explain the effect of the variables in the model.

D. Discussion

The following are the outcomes of hypothesis testing in this study to answer research questions about the effect of religiosity, innovation, and consumer behavior on Muslim Millennial decisions using the Shopee PayLater feature.

a. The Effect of Religiosity

This research argues that a person's religiosity can contribute to a person's behavior, especially in making decisions both directly and indirectly on the use of the Shopee PayLater feature. However, of the three hypotheses proposed by the author in this study, the religiosity variable has an insignificant influence on consumer behavior and consumer decisions.

i. The Effect of Religiosity on Consumer Behavior

In this study, religiosity has an insignificant effect on consumer behavior (p-value > 0.05, t = 1.826). This finding is under the research of Ismail et al. (2014), who found that religious conviction has no impact on people's attitudes regarding using credit cards. The results of Khraim (2010), in contrast to this study, demonstrate that religion continues to have a significant role in influencing social behavior and consumer behavior, particularly contemporary Islamic topics, religious education, and sensitive products. Researchers

speculate that since financial products are not considered sensitive products in this particular case, customers may not take religion into account while behaving. This result is consistent with the findings of Utomo et al. (2021), which found that religiosity had no impact on attitudes toward Islamic financial products. Religiosity is not a primary consideration in financial decisions (Saeed et al., 2021).

According to published research, the religious-behavior model demonstrates that a person's behavior is most likely influenced by their religion, either through the teachings of their religion or as a set of ideals that exist and are ingrained in culture over generations (Suhartanto et al., 2019). The theory is not proven in this study. The author speculates that the millennial generation adopts innovations more quickly due to the speed of digitalization and information technology, which alters interactions, behavior, and diverse religious doctrines.

According to the open questioner's findings, even though most respondents recognize that the PayLater system involves interest that tends to be usury, they still perceive the PayLater feature as being helpful. The analysis's findings also indicate that respondents give low importance to their statement that they avoid doing behaviors that are prohibited by religions. Some respondents believe that interest is a component of a reciprocal transaction where the terms are known and understood before the transaction occurs, making them believe that the PayLater system is permissible (Mubah) in Islam.

Belief, religious practice, experience, and religious knowledge in this study have no relationship to a person's behavior, especially in using fintech pay later products. Previous research has also shown that religiosity involvement, feelings of fear, and the existence of beliefs do not directly affect a person's purchase intention (Souiden and Rani, 2015). So, religiosity is not a driving factor or obstacle for millennial Muslims in their behavior to use the Shopee PayLater feature.

ii. The Effect of Religiosity on Consumer Decision

This study shows that religiosity has an insignificant effect on consumer decisions ($p\text{-value} > 0.05$, $t = 1.660$). The findings of this study are consistent with studies by Fadhila et al. (2020) and Dewi and Tarigan (2022), which found no evidence of a significant relationship between religiosity and Shopee PayLater use. Additionally, Saeed et al.'s study from the year 2021 was unable to identify any effects of impulsivity, locus of control, or religion on credit card use in Pakistan. As is well known, 96.5% of the population of Pakistan is Muslim (Mutiara, 2023). Many Muslims ignore religious considerations when

conducting business (Souiden and Rani, 2015). Shopee PayLater users also realized the risk of usury in that feature, but they still use it because of various considerations.

In contrast to the findings of Shah Alam et al. (2011), Muslim consumers who are more devout make purchases and use their religious orders as a source of reference when making decisions regarding what to buy. The author has a suspicion that consumers who identify as pious Muslims, particularly the millennial age, behave differently from other generations. Age can be one of the indicators of religiosity maturity since religiosity is a long process of the human journey in comprehending their religion (Rachmatulloh, 2020). The results of the questionnaire show that the level of trust value, worship value, and respondent experience has a good value but has no effect on the decision to use Shopee PayLater. This result can be supported by the low score on the statement that tries to follow the rules of Religion Law, such as in terms of transactions.

The increasing adoption of PayLater in Indonesia, where Islam is the predominant religion, is more evidence that religion is not a key factor in consumer decisions. In Indonesia, there are more PayLater applications than ever before. The number of PayLater applications in Indonesia has increased to over 15, including Shopee PayLater, OVO PayLater, GoPay Later, LazPayLater, Traveloka PayLater, Akulaku PayLater, JULO PayLater, LinkAja PayLater, Blibli PayLater, Kredivo, Home Credit, Atome, Indo Dana PayLater, Vospay, and BRI Ceria. The primary reasons responders use the PayLater function are the simplicity of the registration process and the advantages of the numerous alluring promotions it offers. Meanwhile, in terms of religiosity with insignificant results, it shows that belief, religious practice, experience, and religious knowledge have no relationship to Millennial Muslims' decision to use the Shopee PayLater feature.

iii The Effect of Religiosity on Consumer Decision through Consumer Behavior (Indirect Effect)

This study shows that religiosity has no indirect effect on consumer decisions through consumer behavior ($p\text{-value} > 0.05$, $t = 1.566$). In contrast with some earlier studies, which reveal that religion can directly or indirectly influence attitudes and behavior to aid consumers in making decisions (Agarwala et al., 2019; Islam and Chandrasekaran, 2020). The author suspects a gap between religiosity, a person's behavior, and his decision to consume a product or service, especially on the Buy Now Pay Later service feature. Religion is complex because it encompasses rituals that may be experienced through the five senses, faith, and appreciation between a person and their God (Rachmatulloh, 2020).

In general, someone who has a high level of religiosity tends to have a more cautious attitude toward financial management and may be more inclined to avoid using credit or installment debt that has elements of usury. They could be less likely to use the Shopee PayLater feature. However, in addition to personal preferences, financial requirements, psychological conditions, innovations, and promotions, other elements can affect someone's choice to use Shopee PayLater. Therefore, even if a person has a high level of religiosity, they may still decide to use Shopee PayLater if they think it will best suit their needs and circumstances. This finding suggests that the majority of millennial Muslims who use Shopee PayLater in Indonesia evaluate fintech products based on utilitarianism (cost-benefit analysis) rather than religious considerations.

b. The Effect of Innovation

This research argues that the greater the benefits of innovation that a person feels, the greater innovation can be accepted and used. Therefore, the authors hypothesize that innovation affects consumer decisions directly and indirectly through consumer behavior in using the Shopee PayLater feature. The result is that the three hypotheses in this study are proven significant (Accepted). The existence of innovation can influence consumer behavior and their decision to use the Shopee PayLater feature.

i. The Effect of Innovation on Consumer Behavior

According to the study's findings, innovation significantly influences consumer behavior (p -value 0.05, $t = 3.784$). The direct correlation between innovation and customer behavior supports earlier research by Rayi and Aras (2021), which found that one element that may influence consumers' decisions to use or purchase a product is product innovation. As a big company, Shopee also implements some innovations to enhance its operations by offering PayLater services, which attract an increasing number of users.

Based on the survey's findings, respondents thought the Shopee PayLater registration process was helpful because it is quick, simple, and available instantly. The main reason for responders to try this service feature is how fast and practically the Shopee PayLater registration process is. Respondents acknowledged that signing up for this Pay Later service is easier than signing up for a credit card at the Bank. Additionally, there are not many requirements to sign up for Shopee PayLater. Prospective users only need a National Identity Card, a Shopee account that has been active for at least three months old, and utilizing the most recent version of the Shopee platform (Louis, 2023).

In addition to the ease of the registration process, the payment transaction process and the utilization of the Shopee PayLater feature are also simple. Users can immediately use PayLater after being verified by Shopee. If the results of research conducted by Yunus (2014) state that relative advantage, compatibility, and trialability directly influence consumer attitudes, this study found that advantage, complexity, observability, and trialability can directly influence consumer behavior. Compatibility in this study does not support the innovation variable. It is because the results of the questionnaire state that the limit and payment due time on Shopee PayLater cannot be adjusted to user conditions.

Regarding observability, the Shopee PayLater function provides clear and comprehensive information about the total amount of the bill, any applicable service charges, and any applicable interest on each transaction. This information gives users the option of their preferred installment time tenor. In contrast, the trialability context for the PayLater feature exhibits a low value yet is related to consumer behavior. Customers cannot use the limit balance or promo if they are not enrolled because the Shopee PayLater feature cannot be tried before the customer registers. Innovation's relative benefits, complexity, observability, and trialability can change how customers engage with goods or services, which in turn affects how they behave. Consumers are encouraged by innovation, particularly millennial Muslims, to switch from paying in cash via bank transfer, minimarket, or COD (Cash On Delivery) to paying in installments using the PayLater feature.

ii. The Effect of Innovation on Consumer Decision

According to the study's findings, innovation significantly influences customer decisions (p-value 0.05, $t = 5.097$). This result is consistent with the findings of earlier studies, which states that innovation is the act of coming up with new ideas or altering existing products or services so that customers will use or purchase them (Naveed et al., 2012). The findings of this study also lend credence to Rogers' (2003) notion that consumers frequently adopt innovations during the learning phase, try them out, and subsequently use them as tools for making decisions. Consideration to adopt innovations is also influenced by several other factors that arise from each person.

The primary objective of innovation is to offer new value to products and services so that customers will desire to purchase or use them (Pride and Ferrell, 2016). Innovation can take the shape of product change or quality improvement. According to the open-ended survey's findings, respondents felt that Shopee PayLater might give consumers financial

access even if they did not have enough money to purchase products or services. Shopee PayLater helps everyone make purchases by offering a later payment option in installments. With the application of this innovation, consumers may decide to use Shopee PayLater to acquire items that are too expensive or challenging to pay for upfront.

Shopee PayLater also provides an easy experience when purchasing products on the platform. If they have registered for the Shopee PayLater feature, users can make purchases quickly without having to leave the Shopee platform for the payment process. This feature can provide time effectiveness and convenience for users. The many benefits of innovation in the Shopee PayLater feature encourage Muslim millennials to use this service feature to fulfill their needs or desires.

iii. The Effect of Innovation on Consumer Decision through Consumer Behavior (Indirect Effect)

This study also examines the indirect effect of innovation on consumer decisions through consumer behavior. The results show that there is a significant indirect effect of innovation on consumer decisions (p -value < 0.05 , $t = 2.546$). The study's findings confirm the theory that the first stage of innovation implementation affects customer behavior and ends in the purchasing process (Arts et al., 2011). When a company introduces product or service innovations with better-added value, it can change preferences and considerations in decision-making.

Innovations that are successfully accepted by consumers usually focus on solving problems or fulfilling consumer needs. Shopee PayLater is one service that can overcome the weaknesses or challenges that consumers face in terms of finance. Through the PayLater service, Shopee facilitates consumers to be able to buy any product on the platform right now and be able to pay for it at a later date. This innovation can be a big push to change consumer behavior and becomes a consumer decision (Rogers, 2003). The millennial generation is regarded as one that quickly adopts innovations and technologies. The quick and easy transaction method is one of the features of PayLater that millennials find most appealing. Through changes in consumer behavior, the Pay Later feature, which offers quick financial accessibility and other advantages from innovation variables, indirectly influences Millennial Muslims in using Shopee PayLater.

c. The Effect of Consumer Behavior on Consumer Decision

The results of this study indicate a direct influence of consumer behavior in driving consumer decisions to use Shopee PayLater (p -value < 0.05 , $t = 3.915$). This result is

consistent with research conducted by Engel et al. (1995) that consumer behavior and the phenomenon of decision-making are interrelated and influenced by various elements, including personal, social, and psychological aspects. Additionally, this study adds an economic component to evaluate consumer behavior. The findings of this research support Sproles and Kendall's (1986) results regarding The Consumer Style Inventory (CSI), which found that one approach to assessing how consumers make decisions is through their behavior.

According to the survey's findings, psychological factors are the highest factors that influence consumer decisions in using the Shopee PayLater feature. Promotions and shopping habits are two aspects that impact the high psychological factors. Companies engage in promotion as a strategy to attract consumers, deliver a message to them, and influence them to use particular goods or services (Kotler and Keller, 2016). Shopee conducts massive promotions through various elements in the promotion mix, such as advertising, sales promotion, direct marketing, and personal selling to public relations. According to Mubaral's research (2022), Shopee PayLater's advertising is effective because it is considered capable of providing solutions to buyers to choose a payment system in the form of low-interest installment services to attract consumers. However, the open questionnaire's findings indicate that respondents are more interested in using the Shopee PayLater feature because of the numerous voucher promotions provided, including cashback vouchers, discount vouchers, 0% admin fees, free handling fees for the first month, and 0% interest offers.

In addition to promotions, the behavior of consumers who like to shop is also a high psychological factor in influencing consumer decisions to use the Shopee PayLater feature. According to research from Waluyo et al. (2022), the younger generation has a high level of consumerism, so they are the main target market in PayLater transactions. Based on the results of the questionnaire, the researcher found that single respondents more often use the Shopee PayLater feature to buy personal items such as electronics, gadgets, fashion products, and cosmetic products. Meanwhile, married respondents often use the Shopee PayLater feature to meet family needs, such as baby milk, diapers, and other household supplies.

Economic factors in consumer behavior also have a relationship with consumer decisions. The results of the questionnaire show that some respondents feel that Shopee PayLater has low-interest installments. Shopee PayLater has low-interest installments of 2.95% compared to other Pay Later applications. In addition, some respondents also

admitted to using Shopee PayLater due to a lack of funds to buy a product. The solution to the Buy Now Pay Later system is an alternative method for respondents who want to purchase goods without paying for them right now. This type of respondent who lacks funds usually uses PayLater to buy highly expensive products, so they use the installment system. However, some responders intentionally utilize Shopee PayLater to purchase goods despite being cash-strapped and unable to pay their bill the next month, so those who are known as Galbay users.

The personal factor is also a driving force for consumers to use the Shopee PayLater feature. According to the results of the questionnaire, respondents used this payment method because it was easy and practical. Research by Utari (2021) found that the ease of use variable affects decision-making, where the higher the ease of use, the higher the decision-making is. The respondent's ability to pay bills is also a driving factor for using PayLater. When someone buys a product or service using the installment method, they must be financially able to pay the installments. In this context, respondents believe that they can pay installments in the future, so they decide to use the Shopee PayLater feature.

In terms of social aspects, some respondents in this study claimed that they utilized Shopee PayLater because it suited their lifestyle. This study is consistent with Farin's research (2023), which found that consumer behavior is influenced by lifestyle factors like using Shopee PayLater services. This finding supports Kotler and Keller's (2016) theory that socioeconomic status, culture, and peer groups affect an individual's behavior, including their way of life. According to research by Rahmawati and Mirati (2022), the millennial generation in Jakarta always desires to live following current fashion trends (up to date), particularly in terms of fashion products, beauty products, and gadgets. The interests and lifestyles that exist in the millennial generation can encourage them to behave consumptively in using the Shopee PayLater feature. The results of these findings also show the low value of respondents on the statement of using Shopee PayLater based on family or relative recommendations. This finding indicates that some respondents use Shopee PayLater more based on personal encouragement than family or friends' recommendations. It has been proven that Millennial Muslims' decisions to use PayLater, particularly on the Shopee platform, are significantly influenced by psychological, economic, personal, and social variables in consumer behavior.

CHAPTER V CONCLUSION, LIMITATION AND SUGGESTION

A. Conclusion

Based on the results of the analysis and discussion in Chapter 4 regarding the influence of religiosity, innovation, and consumer behavior on millennial Muslims' decision to use Shopee PayLater, the conclusions of this study are as follows:

1. Partially, the religiosity variable insignificantly affects consumer behavior using Shopee PayLater. This result is evidenced by the t-count value of 1.826 with a t-table of 1.96, which means that the t-count < t-table and the P-value of 0.068 are greater than $\alpha = 0.05$ (5%). Hence, high or low religiosity has no relationship with the behavior of millennial Muslims using the Shopee PayLater feature.
2. Partially, the innovation variable significantly affects consumer behavior in using Shopee PayLater. This result is evidenced by the t-count value of 3.784 with a t-table of 1.96, which means t-count > t-table and the P-value of 0.000 is less than $\alpha = 0.05$ (5%). Innovation motivates millennial Muslims to experience and change their behavior to use the Shopee PayLater feature.
3. Partially, the religiosity variable insignificantly affects consumer decisions in using Shopee PayLater. This result is evidenced by the t-count value of 1.660 with a t-table of 1.96, which means that the t-count < t-table and the P-value of 0.097 are greater than $\alpha = 0.05$ (5%). Therefore, the aspect of religiosity owned by millennial Muslims is not related to the use of the Shopee PayLater feature.
4. Partially, the innovation variable significantly affects consumer decisions in using Shopee PayLater. This result is evidenced by the t-count value of 5,097 with a t-table of 1.96, which means t-count > t-table and the P-value of 0.000 is less than $\alpha = 0.05$ (5%). The many benefits of innovation encourage millennial Muslims to use the Shopee PayLater feature.
5. Partially, the consumer behavior variable significantly affects consumer decisions in using Shopee PayLater. This result is evidenced by the t-count value of 3.915 with a t-table of 1.96, which means t-count > t-table, and the P-value of 0.000 is less than $\alpha = 0.05$ (5%). Therefore, the existence of social, economic, personal, and psychological factors can encourage millennial Muslims to use the Shopee PayLater feature.
6. Partially mediated, the religiosity variable insignificantly affects consumer decisions through consumer behavior in using Shopee PayLater. This result is

evidenced by the t-count value of 1.566 with a t-table of 1.96, which means t-count < t-table, and a P-value of 0.117 greater than $\alpha = 0.05$ (5%). Millennial Muslims who use Shopee PayLater do not evaluate fintech products based on their level of religiosity or their religious beliefs.

7. Partially mediated, the innovation variable significantly affects consumer decisions through consumer behavior in using Shopee PayLater. This result is evidenced by the t-count value of 2.546 with a t-table of 1.96, which means t-count > t-table, and the P-value of 0.011 is less than $\alpha = 0.05$ (5%). Innovation can change the behavior of millennial Muslims, which in turn influences their decision to use Shopee PayLater.

B. Limitation

The author recognizes that this research still has limitations. This study's analysis of religion solely considers Islam and the millennial generation. Because of this sample size restriction, it is speculated that the research findings cannot support the hypothesis that more religious people are less likely to utilize goods or services that contain usury, which is against the teachings of their religion. The study's second limitation is that it only focuses on metropolitan regions and excludes rural areas; as a result, these findings cannot be applied generally. Additionally, even though Indonesia has more than 15 platforms with the Pay Later system, this study primarily focuses on Shopee, the site that the millennial generation utilizes the most. As an outcome, these results do not reflect all PayLater systems in Indonesia.

C. Suggestion

The researcher offers several recommendations related to practical and academic elements based on the discussion in this study. In practice, religiosity is not the main factor for millennial Muslims in accessing financial services and products such as pay later. This research shows that the majority of respondents use Pay Later due to considerations of benefits, financial conditions, and promotions. Millennial Muslim consumers should improve their financial literacy, especially those based on Islamic economics. In order to minimize the risks and consequences of taking on installment debt with high late payment interest, millennials must also be able to manage their finances. The suggestion also relates to the government's obligation to provide quality education, including educating the younger generation on financial matters.

For managerial implications, the corporation not only engages in extensive advertising but also emphasizes and gives education regarding the consequences and potential risks of using Pay Later. It requires preventing non-performing loans (NPL) to customers that may adversely impact the business's financial health. In addition, as an independent institution that oversees online lending institutions, OJK must control online lending by strictly supervising online loan providers in Indonesia

Furthermore, for academic recommendations: this study has not been able to explain in depth the causes of religiosity in contrast with one's behavior using the Pay Later feature. Therefore, methodologically, researchers suggest that other researchers use a more extensive sample range, both in terms of regional coverage and the platform to be studied. In addition, to improve this research, it would be better if further research could use a mixed method to further explore in detail the reasons why a Muslim uses non-sharia financial products or services.

Future research can also provide further analysis on the cost-benefit and utilitarianism of financial technology products, especially BNPL systems because this study found that the millennial generation considers the benefit factor more than the religious factor.

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Appendix

Appendix 1. Questionnaire

Respondent Identity :

No	Identity	Explanation
1	Name	
2	Gender	<input type="radio"/> Male <input type="radio"/> Female
3	Occupation	<input type="radio"/> Student <input type="radio"/> Employee <input type="radio"/> Entrepreneur <input type="radio"/> Housewives <input type="radio"/> Civil servants <input type="radio"/> Freelancer <input type="radio"/> Others
4	Last Education	<input type="radio"/> Elementary - Junior High School <input type="radio"/> Senior High School <input type="radio"/> Diploma <input type="radio"/> S1 <input type="radio"/> S2 <input type="radio"/> S3
5	Status	<input type="radio"/> Married <input type="radio"/> Single <input type="radio"/> Widower/widow
6	Monthly expenses	<input type="radio"/> Rp 0 – Rp 1.000.000 <input type="radio"/> Rp 1.000.001 – Rp 2.000.000,- <input type="radio"/> Rp 2.000.001 – Rp 3.000.000,- <input type="radio"/> Rp 3.000.001 – Rp 4.000.000,- <input type="radio"/> Rp 4.000.001 – Rp 5.000.000,- <input type="radio"/> Rp 5.000.001 – Rp 6.000.000,- <input type="radio"/> Rp 6.000.001 – Rp 8.000.000,- <input type="radio"/> Rp 8.000.001 – Rp 10.000.000,- <input type="radio"/> > Rp 10.000.000,-
7	Monthly Income	<input type="radio"/> Rp 0 – Rp 1.000.000 <input type="radio"/> Rp 1.000.001 – Rp 2.000.000,- <input type="radio"/> Rp 2.000.001 – Rp 3.000.000,- <input type="radio"/> Rp 3.000.001 – Rp 4.000.000,- <input type="radio"/> Rp 4.000.001 – Rp 5.000.000,- <input type="radio"/> Rp 5.000.001 – Rp 6.000.000,- <input type="radio"/> Rp 6.000.001 – Rp 8.000.000,- <input type="radio"/> Rp 8.000.001 – Rp 10.000.000,- <input type="radio"/> > Rp 10.000.000,-
8	Source of income	<input type="radio"/> Work <input type="radio"/> Parents <input type="radio"/> Spouse (husband/wife) <input type="radio"/> Scholarship <input type="radio"/> Other _____
9	How many times use Shopee PayLater in a month	<input type="radio"/> 1 – 5 times <input type="radio"/> 6 – 10 times <input type="radio"/> 11 – 15 times

		<ul style="list-style-type: none"> ○ 16 – 20 times ○ > 20 times
--	--	--

Fill according to your opinion with description :

(1) strongly disagree, (2) disagree, (3) fairly disagree, (4) neutral, (5) fairly agree, (6) agree, and (7) strongly agree

Variable of Religiosity (X1)

Dimension of Belief : 1-2

Dimensions of Religious Practice: 3-4

Dimension of Experience : 5- 6

Dimensions of Religious Knowledge : 7-8

Dimensions of Practice or Consequences: 9-10

No	Statement	1	2	3	4	5	6	7
1	I avoid actions that are considered haram							
2	Religious beliefs require me to seek halal Income							
3	I always do mandatory worship							
4	I always pay zakah or charity							
5	I feel afraid if I do things that are prohibited by religion							
6	I feel happy to do kindness and help people							
7	I know things that are allowed or prohibited in religion							
8	I always try to follow the rules of Religion Law, such as in terms of transactions							
9	Following religious rules makes me a fairer and wiser person.							
10	Abandoning things that are prohibited by religion makes my life happier.							

Variable of Consumer Behavior (X2)

Cultural factors: 1-2

Social factors: 3-4

Personal factors: 5-6

Psychological factors: 7-8

No	Statement	1	2	3	4	5	6	7
1	I use Shopee PayLater on recommendations from friends or family							
2	I use Shopee PayLater because it is compatible with my lifestyle							
3	I use Shopee PayLater due to a lack of funds							
4	Shopee PayLater has low interest							
5	Shopee PayLater can help me to buy goods easily and practically.							
6	I use Shopee PayLater because I can afford to PayLater.							
7	I use Shopee PayLater because there are many attractive promos							
8	I use Shopee PayLater because I like shopping							

Variable of Innovation (X3)

Relative advantage: 1-2

Compatibility: 3-4

Complexity: 5-6

Trialability: 7-8

Visibility: 9-10

No	Statement	1	2	3	4	5	6	7
1	The Shopee PayLater registration process is fast							
2	The Shopee PayLater feature has an installment tenor of up to 12 months							
3	The saldo limit on the Shopee PayLater conforms to my needs							
4	A period of time to pay bills in compliance with the ability to pay							
5	The Shopee PayLater bill payment is easy							
6	The Shopee PayLater feature is simple when used in transaction processing							

7	The Shopee PayLater feature cannot be tried if you have not registered							
8	Promo vouchers cannot be used if you are not registered as a Shopee PayLater user							
9	The Shopee PayLater feature is transparent in determining service fees and late fees							
10	The Shopee PayLater feature has clear information about bill payments							

Variable of Consumer Decision (Y)

Problem Introduction; 1-2

Search Information: 3-4

Alternative Evaluation: 5-6

Buying decision: 7-8

Post Purchase Behavior: 9-10

No	Statement	1	2	3	4	5	6	7
1	Shopee PayLater can conform to my financial capabilities							
2	In Shopee PayLater there are efficiency and effectiveness when making payment transactions on the Shopee application							
3	I know this feature from the Shopee application and various other media							
4	Before using the Shopee PayLater, I searched for complete information on the Shopee Application and other media							
5	I consider the Shopee PayLater Feature as an alternative to buying practically anything without having to pay right away							
6	The Shopee PayLater feature provides many time options for							

	me to make payments in installments							
7	I use Shopee PayLater because of its many benefits							
8	I use Shopee PayLater because it is safe, easy, and fast							
9	I will use Shopee PayLater again when shopping on the Shoppe App							
10	I am willing to recommend Shopee PayLater to others							

Answer the questions below:

1. Do you think Religion is important? Why? (explain)
2. What is the main reason you used Shopee PayLater? (explain)
3. What goods or services do you most buy with Shopee PayLater?
4. Do you think the Interest rate is Riba? (Explain)

Appendix 2. SMARTPLS RESULTS

OUTER LOADING				
	Consumer Behavior	Consumer Decision	Innovation	Religiosity
CB1	0.726			
CB2	0.730			
CB3	0.752			
CB4	0.782			
CB5	0.764			
CB6	0.720			
CB7	0.868			
CB8	0.854			
D1		0.840		
D10		0.795		
D2		0.816		
D3		0.847		
D4		0.807		
D5		0.847		
D6		0.809		
D7		0.812		
D8		0.839		
D9		0.785		
I1			0.917	
I10			0.811	
I2			0.901	
I5			0.787	
I6			0.883	
I7			0.788	
I8			0.823	
I9			0.800	
R1				0.769
R2				0.917
R3				0.889
R4				0.769
R5				0.958
R6				0.949
R7				0.849
R8				0.840

DISCRIMINANT CROSS LOADING

	Consumer Behavior	Consumer Decision	Innovation	Religiosity
CB1	0.726	0.168	0.109	0.072
CB2	0.730	0.199	0.112	0.104
CB3	0.752	0.214	0.166	0.015
CB4	0.782	0.242	0.237	0.111
CB5	0.764	0.173	0.106	0.133
CB6	0.720	0.184	0.089	0.115
CB7	0.868	0.292	0.216	0.117
CB8	0.854	0.323	0.243	0.118
D1	0.220	0.840	0.228	0.119
D10	0.245	0.795	0.355	0.088
D2	0.300	0.816	0.298	0.132
D3	0.238	0.847	0.269	0.116
D4	0.319	0.807	0.352	0.133
D5	0.225	0.847	0.250	0.130
D6	0.188	0.809	0.260	0.097
D7	0.184	0.812	0.227	0.152
D8	0.211	0.839	0.242	0.159
D9	0.280	0.785	0.333	0.097
I1	0.207	0.359	0.917	0.038
I10	0.143	0.238	0.811	-0.027
I2	0.220	0.312	0.901	0.002
I5	0.150	0.246	0.787	0.060
I6	0.197	0.306	0.883	0.060
I7	0.155	0.251	0.788	0.045
I8	0.240	0.360	0.823	0.064
I9	0.130	0.237	0.800	-0.015
R1	0.155	0.082	0.017	0.769
R2	0.103	0.162	-0.006	0.917
R3	0.065	0.080	0.017	0.889
R4	0.140	0.092	0.045	0.769
R5	0.132	0.146	0.070	0.958
R6	0.137	0.172	0.087	0.949
R7	0.052	0.146	0.011	0.849
R8	0.068	0.116	-0.021	0.840

DISCRIMINANT
VALIDITY
FORNELL- LARCKER

	Consumer Behavior	Consumer Decision	Innovation	Religiosity
Consumer Behavior	0.777			
Consumer Decision	0.302	0.820		
Innovation	0.221	0.352	0.840	
Religiosity	0.128	0.148	0.037	0.870

CONSTRUCT RELIABILITY AND
VALIDITY

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)	rho_A
Consumer Behavior	0.907	0.924	0.603	0.933
Consumer Decision	0.947	0.944	0.672	0.951
Innovation	0.940	0.950	0.706	0.954
Religiosity	0.953	0.941	0.657	0.971

BLINDFOLDING CONSTRUCT CROSS-VALIDATED
REDUNDANCY

	SSO	SSE	Q ² (=1-SSE/SSO)
Consumer Behavior	2.000.000	1.934.571	0.033
Consumer Decision	2.500.000	2.203.549	0.119
Innovation	2.000.000	2.000.000	
Religiosity	2.000.000	2.000.000	

HTMT

	Consumer Behavior	Consumer Decision	Innovation	Religiosity
Consumer Behavior				
Consumer Decision	0.302			
Innovation	0.215	0.354		
Religiosity	0.136	0.151	0.061	

VIF	Consumer Behavior	Consumer Decision_	Innovation	Religiosity
Consumer Behavior				
Consumer Decision_				
Innovation	1.001			
Religiosity	1.001			

F SQUARE	Consumer Behavior	Consumer Decision	Innovation	Religiosity
Consumer Behavior				
Consumer Decision				
Innovation	0.050			
Religiosity	0.015			

R SQUARE	R Square	R Square Adjusted
Consumer Behavior	0.063	0.056
Consumer Decision	0.188	0.178

MODEL FIT	Saturated Model	Estimated Model
SRMR	0.091	0.091
d_ULS	4.967	4.967
d_G	5.509	5.509
Chi-Square	5.502.836	5.502.836
NFI	0.549	0.549

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Consumer Behavior -> Consumer Decision	0.222	0.226	0.057	3.915	0.000
Innovation -> Consumer Behavior	0.217	0.224	0.057	3.784	0.000
Innovation -> Consumer Decision	0.299	0.303	0.059	5.097	0.000
Religiosity -> Consumer Behavior	0.120	0.128	0.066	1.826	0.068
Religiosity -> Consumer Decision	0.109	0.113	0.066	1.660	0.097

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Innovation -> Consumer Behavior -> Consumer Decision	0.048	0.051	0.019	2.546	0.011
Religiosity -> Consumer Behavior -> Consumer Decision	0.027	0.029	0.017	1.566	0.117

CONFIDENT INTERVALS

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
Consumer Behavior -> Consumer Decision	0.222	0.226	0.119	0.334
Innovation -> Consumer Behavior	0.217	0.226	0.108	0.334
Innovation -> Consumer Decision	0.299	0.303	0.171	0.411
Religiosity -> Consumer Behavior	0.120	0.122	-0.016	0.240
Religiosity -> Consumer Decision	0.109	0.114	-0.023	0.227

CONFIDENT INTERVALS

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
Innovation -> Consumer Behavior -> Consumer Decision	0.048	0.052	0.018	0.095
Religiosity -> Consumer Behavior -> Consumer Decision	0.027	0.028	-0.003	0.061

PLS

	RMSE	MAE	MAPE	Q ² _predict
CB1	1.155	0.894	24.418	0.003
CB2	1.181	0.938	25.544	0.013
CB3	1.150	0.927	22.473	0.012
CB4	1.059	0.852	21.136	0.051
CB5	1.081	0.867	21.253	0.013
CB6	1.118	0.915	22.179	0.006
CB7	1.233	1.017	25.101	0.045
CB8	1.278	1.043	27.004	0.054
D1	0.919	0.736	14.591	0.040
D2	0.976	0.785	15.704	0.088
D3	0.888	0.708	14.148	0.064
D4	0.950	0.782	15.324	0.120
D5	0.871	0.698	13.827	0.055
D6	0.806	0.663	12.615	0.055
D7	0.817	0.675	12.736	0.048
D8	0.868	0.696	13.678	0.058
D9	0.959	0.765	15.717	0.101
D10	0.947	0.756	15.571	0.112

LM

	RMSE	MAE	MAPE	Q ² _predict
CB1	1.210	0.942	25.617	-0.096
CB2	1.237	0.982	26.622	-0.083
CB3	1.205	0.953	23.113	-0.085
CB4	1.110	0.870	21.625	-0.043
CB5	1.128	0.896	21.831	-0.075
CB6	1.179	0.955	23.046	-0.104
CB7	1.291	1.064	26.151	-0.048
CB8	1.363	1.105	28.831	-0.074
D1	0.960	0.762	14.983	-0.045
D2	1.002	0.785	15.758	0.039
D3	0.912	0.721	14.334	0.013
D4	0.962	0.770	15.169	0.098
D5	0.895	0.721	14.139	0.002
D6	0.845	0.689	13.081	-0.038
D7	0.853	0.690	13.020	-0.037
D8	0.893	0.711	13.842	0.003
D9	0.996	0.772	15.887	0.029
D10	0.972	0.764	15.767	0.064

Appendix 3. Curriculum Vitae

CURRICULUM VITAE

A. Personal Information

Name : Reginia Ruzianti Jeni
Place of Birth/D.O.B : Cirebon, June 19th 1994
Student Identity Number : 03232110005
Home Address : Jl. Jati no 101, Cibiru, Bandung.
Name of Father : Rusmantri
Name of Mother : Nur Munazila
Name of Husband : M. Fazrulzaman Azmi
Name of Child : Raina Zhafira Aliya

B. Education Background

- i. TK Aisyah Cirebon, 2000
- ii. SDN Kebon Baru IV, 2006
- iii. SMPN 2 Kota Cirebon, 2009
- iv. SMAN 2 Kota Cirebon, 2012
- v. Bachelor Degree Business Administration, Faculty of Political and Social Science. Padjadjaran University.

C. Professional Background

1. Lecturer Assistant of Statistics courses at Business Administration Departement UNPAD 2015
2. Journalist at TVONE, 2019

D. List of Awards and Achievements

1. TOP of 80 Entrepreneur Wirausaha Bank Indonesia (WUBI) Jabar, 2014
2. Best Coach in Business Plan at Busines Administration Department, 2015
3. TOP 100 of Duta Bahasa Jawa Barat, 2015
4. Runner Up Best Journalist Development Program TVONE, 2017
5. Runner Up Dream Inspiring Woman, 2018

E. Organizational Background

1. Manager Marketing Communication of Radio Mahasiswa Unpad
2. Head of External Departement KOHATI (HMI Cab. Sumedang)
3. Commissioner Council of HIMABIS (Hima Administrasi Bisnis)
4. Vice President of ASFFU (Association of Futsal Fisip Unpad)