The Role of Technology Readiness in Islamic Financial Technology Acceptance Among MSMEs: An Empirical Integration Analysis TPB and TAM Framework

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Abstract. Indonesia with the largest Muslim population in the world is expected to become the world's leading Islamic finance center. With a large Islamic economic base, Islamic FinTech has an important role in economic expansion in Indonesia. MSMEs as an instrument of economic growth in Indonesia, are expected to maximize the presence of Islamic financial technology for efficient and effective payments, expand market access, and facilitate access to finance and capital. On the other hand, the technology readiness of MSMEs is an important factor that needs to be investigated to see the acceptance of MSMEs towards the use of Islamic financial technology in Indonesia. This study analyzes the factors that influence MSMEs' intention to use Islamic FinTech services. This study involved 140 MSMEs from several regions in Indonesia as respondents. The analysis used partial least square structural equation modeling (SEM-PLS). By the objectives, four variables from TPB and TAM influence the intention to use Islamic financial technology, namely Islamic religiosity, ease of use, usefulness, and technology readiness. Finally, technology readiness is strongly correlated to the use of Islamic financial technology. The results of this study provide a comprehensive perspective for policymakers to improve the quality of applications so that it will also increase the intention of MSMEs to adopt Islamic FinTech. The results of this study can also be input, especially for the Financial Services Authority (OJK) to be able to promote Islamic FinTech and coordinate with Islamic FinTech to be able to provide the best service to users.

Key words: Islamic financial technology, MSMEs, TAM, technology readiness, TPB.

Abstrak. *Indonesia dengan populasi Muslim terbesar di dunia diharapkan dapat menjadi pusat keuangan syariah terkemuka di dunia. Dengan basis ekonomi syariah yang besar,* FinTech *syariah mempunyai peran penting dalam ekspansi perekonomian di Indonesia. UMKM sebagai instrumen pertumbuhan ekonomi di Indonesia diharapkan dapat memaksimalkan kehadiran* FinTech *syariah untuk pembayaran yang efisien dan efektif, memperluas akses pasar, serta mempermudah akses pembiayaan dan permodalan. Di sisi lain, kesiapan teknologi UMKM menjadi faktor penting yang perlu dikaji untuk melihat penerimaan UMKM terhadap penggunaan teknologi keuangan syariah di Indonesia. Penelitian ini bertujuan untuk menganalisis faktor-faktor yang memengaruhi niat UMKM menggunakan layanan* FinTech *syariah. Penelitian ini melibatkan 140 UMKM dari beberapa daerah di Indonesia sebagai responden. Analisis dilakukan dengan menggunakan model persamaan struktural parsial terkecil kuadrat (SEM-PLS). Berdasarkan tujuannya, empat variabel dari TPB dan TAM memengaruhi niat penggunaan teknologi keuangan syariah, yaitu religiositas Islam, kemudahan penggunaan, kegunaan, dan kesiapan teknologi. Terakhir, variabel kesiapan teknologi berkorelasi kuat dengan penggunaan teknologi keuangan syariah. Hasil penelitian ini memberikan perspektif yang komprehensif bagi pengambil kebijakan untuk dapat meningkatkan kualitas aplikasi sehingga juga akan meningkatkan niat UMKM untuk mengadopsi* FinTech *syariah. Hasil penelitian ini juga dapat menjadi masukan khususnya bagi Otoritas Jasa Keuangan (OJK) untuk dapat memajukan* FinTech *syariah dan berkoordinasi dengan* FinTech *syariah untuk dapat memberikan pelayanan terbaik kepada pengguna.*

Kata kunci*: Kesiapan teknologi, TAM, teknologi keuangan syariah, TPB, UMKM.*

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INTRODUCTION

Islamic finance today has grown rapidly and attracted the interest of the global community. One of the sharia-based digital instruments is financial technology (FinTech) which is then expected to contribute to the development of Islamic finance (Reuters and Standard, 2018). Marszk and Lechman (2019) reported that information and technology are very useful in shaping the social and economic environment. Asmy et al. (2019) explained that FinTech plays an important role in financial intermediation, especially in MSMEs. Furthermore, the existence of FinTech has changed the way MSMEs conduct their transactions (Huei et al., 2018)

FinTech offers a better and more efficient transaction experience. As a result, many customers have left banking to switch to FinTech (Alsmadi et al., 2023). Data says that in 2018 the amount of investment in FinTech companies worldwide reached US 256,202 in 2018, and grew to US 7,971,957 in 2022 (Fianto et al., 2020). Continuous innovation is a key factor for FinTech to continue to grow rapidly in the financial sector (Skan et al., 2016). The existence of FinTech allows MSMEs to increase transparency and accessibility, increase revenue, and reduce the risk of their business (Huei et al., 2018; Solomon et al., 2013).

Indonesia, with the largest Muslim population base in the world, has a good impression in terms of the potential of the digital economy (Hendratmi et al., 2020). Standard (2018) revealed that Indonesia has the highest number of FinTech company startups worldwide, with 31 out of the 39 listed companies based there. Fianto et al. (2020) reported that a total of US 182.3 million is the amount of investment from 167 FinTech companies in Indonesia, and is expected to continue to grow with many consumers starting to switch to FinTech. Thus, it will be good for Indonesia to establish an Islamic financial ecosystem that is guided by sharia compliance (Shaikh et al., 2020).

Before applying financial technology to MSMEs, it is necessary to study the readiness of businesses to use Islamic technology in Indonesia. There are several previous studies on the technology readiness of MSMEs. Astuti and Nasution (2014) examined technology readiness and the level of e-commerce adoption by MSMEs in Bandung, Indonesia. The study found that the technology enthusiasm of MSME players in Bandung is still moderate, and there are significant differences in technology readiness based on the background of the research subjects (education, age, gender, and income). Furthermore, Nugroho et al. (2017) conducted an exploratory study on the determinants of technology adoption readiness by MSMEs in Yogyakarta. They found that customer pressure, ease of use, necessity, and capital affect the technology readiness of MSMEs.

The technical enthusiasm of MSMEs in using Islamic FinTech services is a topic that needs further research. This is because the adoption of FinTech by MSMEs in Indonesia has experienced rapid growth, both conventional and sharia, during this period. Boston Consulting Group (BCG) reported around 6 million MSMEs use FinTech services, which is a 26-fold increase compared to the previous three years. Indonesia is one of the largest Muslim populations in the world. As a FinTech that guarantees sharia principles in its services, Islamic FinTech influences the intention of MSMEs in Indonesia to adopt the service. Research from Majid (2021) and Mansori et al. (2015) explains that religiosity has a positive effect on the adoption of FinTech services. This research means that the higher one's religiosity, the higher one's intention to use FinTech services. Indonesia is also supported by this research, as it is the most religious country in the world (Pew Research Center, 2020).

Based on the explanation above, Indonesia has great potential in the global FinTech market because Indonesia has the largest Muslim base in Indonesia. However, to the best of our knowledge, studies in Indonesia have only focused on consumer preferences towards mobile banking adoption (Firmansyah et al., 2022; Purwanto and Loisa, 2020; Sitorus et al., 2019; Sudarsono et al., 2022). Although FinTech is attractive to develop, in reality, the use of FinTech is still doubtful and vulnerable (Ryu, 2018). This study aims to fill the gap by analyzing the factors that influence MSMEs' intention to use Islamic FinTech services. This study uses the integration of Theory of Planned Behaviour (TPB) and

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Technology Acceptance Model (TAM), arguing that when the TPB and TAM models are combined, it can help in predicting more strongly and accurately the use of new technology (Wang et al., 2022). In addition, we added the variables of technology readiness and Islamic religiosity as variables to measure the intention to use Islamic FinTech by MSMEs.

LITERATURE REVIEW

Theory of Planned Behaviour

The theory of Planned Behavior (TPB) is a theory that explains the intention or motivation and ability of individuals to make decisions. TPB is an extension of the Theory of Reasoned Action (TRA), which explains the impact of decisions or individual intentions in making decisions. TPB explains that three factors reflect individual behaviour in decision-making, namely:

a. Ethics: Ethics, in this case, is a means to improve consumer behaviour.
b. Normative beliefs are an aspect that states that belief can be an essential aspect of decision making. Normative beliefs are rules that underlie a person in increasing aspects of religiosity in decision-making.
c. Control beliefs are a belief factor that influences decision-making (Hamzah and Mustafa, 2018).

Technology Acceptance Model (TAM)

Developed based on two theories, namely the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB), TAM (Technology Acceptance Model) was created into a model that primarily focuses on the adoption of new technology within an organization, community, company, or in a broader context. This TAM explains factors influencing a person to accept technology and how users behave in various end-user computing technologies.

According to Davis and Venkatesh (1996), a person's attitude using the Technology Acceptance Model is interpreted as a negative or positive feeling if the individual has to carry out the specified behaviour. This TAM theory is closely related to motivational variables influencing someone using Islamic FinTech. Motivation is a person's condition that encourages activities to achieve a goal. One's motivation in using Islamic FinTech can be seen from the factors that motivate someone to use Islamic FinTech, including LinkAja Syariah, so the factors that underlie the TAM theory can become parameters in measuring one's motivation in using Islamic FinTech. This TAM theory explains that there is a significant influence between consumer behaviour and decisions in using Islamic FinTech in Indonesia. In this study, the TAM theory aims to observe how big the acceptance rate of students in Indonesia is in accepting information technology that enters society, including Islamic financial technology.

Islamic Religiosity

Religiosity measures a person's dedication and devotion to their beliefs and how much it influences their behaviour and views (Abd Rahman et al., 2015). Religious people have different life values than individuals who are not religious or lack religion (Ibrahim et al., 2017). According to Hosseini et al. (2020) religion holds a central position in devout individuals' daily routines and choices. In connection with this research, the role of Islamic religiosity has been found through previous studies. Soomro (2019) explains that Islamic religiosity has a relationship between the intention and use of internet banking products. Meanwhile, Sutarso (2022) found that differences in the level of religiosity verified the effect of operational risk on trust, where customers with a low level of religiosity were more sensitive to the impact of this risk.

H1: Islamic religiosity has positive effect on intention to use Islamic FinTech

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Attitude

According to Ajzen (2005), attitude is the result of evaluating something driven by the individual's behavioural beliefs. Attitude means that when an individual believes an action will have a positive impact, that individual will support that action (Liu and Ye, 2021). Several studies explain the positive influence of attitudes on intentions and behaviour to use Islamic FinTech. Research from Usman et al. (2022) explains that attitudes significantly impact consumers in Indonesia in adopting Islamic FinTech services. Furthermore, a study by Setiawan et al. (2021) also found that attitude is the factor that has the most significant influence on FinTech adoption in Indonesia. Meanwhile, Ninglasari (2021) also discovered that attitudes considerably affect millennial Muslims' intentions to pay zakat online using FinTech.

H2: Attitude has positive effect on intention to use Islamic FinTech

Subjective Norm

Subjective norm is defined as the degree to which an individual believes that people who are important to her/him (Venkatesh and Morris, 2000). Subjective norm is one of three components that drive behavioural intentions within the language of TPB, along with the attitude toward the behaviour and perceived behavioural control (Davis, 1993). Subjective norms can act as a form of social pressure for individuals, where pressure from consumer reference groups can cause individuals to act positively towards certain products, and explained that research on halal products shows that consumers' halal purchasing behavior is influenced by subjective norms (Bukhari et al., 2021).

H3: Subjective norm has positive effect on intention to use Islamic FinTech

Perceived Behaviour Control

Behavioural control refers to an individual's perception of whether he/she has the necessary resources (i.e. time, money, skills, opportunities) to perform an activity (Ajzen, 2005) in this case the intention to use Islamic FinTech. The more a person believes that he has the resources and skills, the more likely he will intend to use Islamic FinTech (Taylor and Todd, 1995). The relationship between behavioural control can be direct or indirect. Perceived behaviour control is the perception of individuals whether a particular behaviour is easy or difficult (Siragusa and Dixon, 2008). Therefore, if a person feels that they have the necessary skills and resources, it will accurately predict behaviour and directly affect a person's intention (Armitage and Conner, 2001).

H4: Perceived behaviour control has positive effect on intention to use Islamic FinTech

Ease of Use

Davis (1989) defines perceived ease of use as the extent to which a person believes that using a particular system will be free from effort. The word ease is defined as "freedom from difficulty or great effort". This definition recognizes that the construct of perceived ease of use is a belief about the process of attitude formation and decision-making. Individuals who believe that the system is easy to use will use it, otherwise, if individuals believe that the system is not easy to use then they will not use it. An application that is considered easier to use than other applications is more likely to be accepted by users (Davis, 1989). The importance of perceived ease of use signifies the extent to which an innovation is considered not difficult to understand, learn, or operate (Zeithaml, 2000).

Ease of Use (EoU) is how a person believes a certain system will be able to reduce or facilitate the effort he does (Davis, 1989). Therefore, the ease of use of a system will increase a person's ability to use the system, including in this case internet services or other technology-based services (Purwantini et al., 2020). Perwitasari (2022) found that EoU has a significant effect on MSMEs' intention to use fintech services. In addition, Majid and Mawaddah (2022) found that PEOU has a significant indirect effect on MSMEs' intention to adopt fintech services.

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H5: Ease of use has a positive effect on attitude
H6: Ease of use has positive effect on intention to use

Usefulness

Perceived usefulness is the extent to which a person believes in technology to improve performance (Davis, 1989). Research shows that perceived usefulness is an important factor in technology use. In the case of Islamic FinTech, if MSMEs consider that Islamic FinTech can provide usefulness to their business, a positive attitude will be formed, and it will be directly related to their intention to use it (Ong and Lai, 2006), the reason is that they consider that if a technology has a beneficial impact on business, MSMEs will tend to use it so that effectiveness in business can be easily achieved and work will be more productive.

Usefulness can be interpreted as the extent to which a person believes that a system will be able to improve their performance (Davis, 1989). In the context of fintech, a person's intention to use Islamic FinTech is based on the benefits he will get (Fianto et al., 2020). Several previous studies examined the effect of usefulness on MSME interest in using fintech, both fintech in general and Islamic FinTech. Research from Perwitasari (2022) found that usefulness significantly influences MSMEs' intention to use fintech services. Regarding one's intention to use Islamic FinTech services, Thaker et al. (2019) found that usefulness significantly affects a person's intention to adopt mobile banking services.

H7: Usefulness has a positive effect on attitude
H8: Usefulness has a positive effect on intention to use

Social Influence

Social influence is an essential driver of decision-making and seamlessly shapes our preferences (Wu, 2021). Lim (2022) interpreted that the phenomenon of social influence manifests the dynamic by which societal forces impact the individual. This encompasses the multifaceted strategies through which the collective entity endeavors to cultivate the cognitive frameworks, perceptual orientations, ethical principles, affective dispositions, purposive inclinations, and behavioural manifestations inherent within the individual. The theory of social influence postulates that the interrelation between the individual and society finds its expression within the realm of social interactions, encompassing dialogic exchanges, which may transpire through technological intermediaries (e.g., video calls) or transpire devoid of such mediation (e.g., in-person interactions).

H9: Social influence has a positive effect on intention to use Islamic FinTech

Technology Readiness

Technology readiness refers to the tendency of people to accept and use technology (Parasuraman and Colby, 2015). The TR construct refers to an overall state of mind based on four dimensions: optimism, innovativeness, discomfort, and insecurity. This is good because the concept of technology readiness captures the general feeling that technology is a good and positive thing. A person's propensity to use new technology, like the concept of TR, can be thought of as a state of mind resulting from mental enablers and inhibitors (Parasuraman, 2000). Parasuraman and Colby (2015) found that customer segments play a role in behaviour to use new technology. Therefore, TR cannot be ignored in assessing technology-based customer adoption, and its role should be clarified and incorporated into technology acceptance modeling, particularly in the context of Islamic FinTech (Lin and Hsieh, 2006).

H10: Technology readiness has a positive effect on intention to use Islamic FinTech
H11: Technology readiness moderates the relationship between ease of use on attitude
H12: Technology readiness moderates the relationship between attitude on intention to use Islamic FinTech
H13: Technology readiness moderates the relationship between usefulness on attitude

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METHOD

The structural Equation Modelling-Partial Least Square (SEM-PLS) method has been utilized to investigate the behavioural intention of MSMEs to use Islamic financial technology, with online questionnaires serving as the data source. The questionnaire is in Indonesian and utilized a 5-point Likert scale from strongly disagree to strongly agree. Research questions are developed based on the operationalization of research variables.

The questionnaire has two components: First, the demographics of the respondents. second, variable indicators regarding Islamic Fintech. The second part of this questionnaire contains two constructs, namely the Theory of Planned Behavior (TPB), which has two items of Perceived Behavior Control (PBC), three things of Attitude (ATT), three items of Subjective Norm (SN) and Technology Acceptance Model (TAM) which has three items of Usefulness (USE) variables, three items of Ease of Use (EoU), three things of Social Influence (SI), and two additional variables namely, Islamic Religiosity (IR) 3 items, Technology Readiness (TR) 3 items and Intention to Use (ITU) 3 items. A total of 26 questions were used to determine the intention of MSMEs to use Islamic Fintech.

All research respondents have internet access to FinTech services. This study used purposive sampling with limitations according to the characteristics of the respondents. The criteria for respondents in this study were owner MSMEs that can access Islamic Fintech. services with smartphones from various demographics, geographic regions, and religions in Indonesia. The number of respondents who participated in this study was 140. This study uses an online questionnaire distributed via Google Forms. Regarding sample adequacy, this study used G*Power software (Memon et al., 2020).

The output shows a minimum sample of 115 respondents with the presence of 8 exogenous constructs and a significance level of 0.05 to achieve a statistical power of 80%. Thus, a sample size of 140 was obtained which was sufficient for this study. This participant fulfills the minimum requirements in the SEM-PLS analysis, The Partial Least Square (PLS) approach is used in this study. PLS analysis can help manage small samples, is suitable for models with weak theoretical foundations, and does not require the normality of data assumptions (Aguirre-Urreta and Rönkkö, 2018).

In the data analysis method, researchers used Structural Equation Modeling (SEM) using WarpPLS 7.0. PLS-SEM is a superior method in this type of social research. It can be used for large and small sample sizes and does not require assumptions about the normality of the data. PLS examines two models, namely the outer model and the inner model, to obtain results.

Table 1 Questionnaire items and references

Variable	Item	Statement	Reference
Islamic Religiosity	IR 1	It is essential for me to ensure that Islamic Fintech complies with the MUI DSN provisions.	(Usman, 2016)
	IR 2	I tried to understand and find out Islamic views on FinTech from various sources.	
	IR 3	I believe that using Islamic Fintech is halal and does not reduce the value of worship	
Attitude	ATT 1	Islamic Fintech can encourage interest in paying	(Venkatesh et al., 2012)
	ATT 2	Islamic Fintech makes it more efficient and effective	
	ATT 3	I would be pleased if Islamic Fintech could support Islamic philanthropy	
Subjective Norm	SN 1	I use Islamic Fintech because many social media report the benefits of using it	(Wang et al., 2022)
	SN 2	I use Islamic Fintech because people around me use Islamic Fintech	
	SN 3	I use Islamic Fintech because many MSMEs promote the	

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Table 1 Questionnaire items and reference (Continue)

Variable	Item	Statement	Reference
		use of Islamic Fintech	
Perceived Behaviour Control	PBC 1	I think I can manage MSME finances with my financial situation	(Wang et al., 2022)
	PBC 2	I think I have a network, computer, and email for using Islamic Fintech	
Ease of Use	EoU 1	Islamic FinTech is straightforward to use	(Adams et al., 1992)
	EoU 2	Islamic FinTech is straightforward to learn	
	EoU 3	Islamic FinTech is straightforward to operate	
Usefulness	USE 1	Islamic Fintech is hassle-free	(Chin and Todd, 1995)
	USE 2	Islamic Fintech can carry out financial transactions quickly	
	USE 3	Islamic Fintech can increase productivity.	
Social Influence	SI 1	Family and friends insist on using Islamic Fintech	(Singh et al., 2020)
	SI 2	Colleagues insist on using Islamic Fintech	
	SI 3	Couple insists on using Islamic Fintech	
Technology Readiness	TR 1	New technologies contribute to a better quality of life	(Parasuraman and Colby, 2015)
	TR 2	I prefer to use the most advanced technology available	
	TR 3	Excessive use of technology can divert people's attention to harmful things	
Intention to Use Islamic Fintech FinTech	ITU 1	I am interested in using Islamic Fintech	(Gu et al., 2009)
	ITU 2	I will recommend others to use Islamic Fintech in payments	
	ITU 3	I will often use Islamic Fintech in the future	

RESULTS AND DISCUSSION

Respondent Characteristics

Table 2 shows the profile of the respondents. Regarding gender, there were more men (62.1%) than women (37.9%). The age of respondents is dominated by 21-30 years old (49.3%), possibly because this group has an entrepreneurial spirit and builds businesses. Regarding education, 52.1% of respondents hold a diploma/graduate degree. Regarding income, most respondents gave varied answers, with the majority (33.6%) having an income of 1,500,000 - 5,000,000.

Table 2 Respondent's characteristics

User Characteristics	Description	Frequency	Percentage (%)
Gender	Male	87	62.1
	Female	53	37.9
Age	< 20 years	10	7.1
	21-30 years	69	49.3
	31-40 tahun	35	25
	>40 years	26	18.6
Education Background	High school/equivalent	52	37.1
	Diploma/bachelors	73	52.1
	Master/PhD	15	10
Income	Rp 0-1,500,000	19	13.6
	Rp 1,500,000-5,000,000	47	33.6
	Rp 5,000,000-10,000,000	39	27.9
	Rp >10,000,000	35	25

Source: Author, 2024 (processed).

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Measurement Model Testing

Based on Table 3, the Average Variance Extracted (AVE) results show a value greater than the correlation coefficient with all variables in the same column, both above and below. That way, the results show if all variables meet discriminant validity criteria.

Table 3 Result of the discriminant validity test

	IR	ATT	SN	PBC	EoU	USE	SI	ITU	TR
IR	**(0.915)**								
ATT	0.698	**(0.915)**							
SN	0.178	0.230	**(0.887)**						
PBC	0.182	0.316	0.078	**(0.907)**					
EoU	0.732	0.658	0.181	0.382	**(0.886)**				
USE	0.674	0.731	0.345	0.249	0.677	**(0.896)**			
SI	0.902	0.713	0.243	0.294	0.758	0.733	**(0.911)**		
ITU	0.690	0.652	0.153	0.217	0.547	0.592	0.676	**(0.866)**	
TR	0.591	0.711	0.087	0.211	0.532	0.551	0.579	0.819	**(0.907)**

Description: The square root of AVE is displayed in the diagonal column.
Source: Author, 2024 (processed).

Based on Table 4, the results show that the factor loading values of all variables are above 0.70 and have an AVE value above 0.50. Thus, it can be concluded that the model is free from convergent validity problems. The reliability of each variable can be shown by the Composite Reliability (CR) value. All variables are reliable if the CR value is 0.70 or more. It can be concluded that the proposed measurement model meets all reliability criteria and requirements.

Table 4 Result of the convergent validity and construct reliability test

Variable	Item	Statement	Loading Factor	AVE	Composite Reliability
Islamic Religiosity	IR 1	It is essential for me to ensure that Islamic FinTech complies with the MUI DSN provisions.	0.914	0.838	0.940
	IR 2	I tried to understand and find out Islamic views on FinTech from various sources.	0.929		
	IR 3	I believe that using Islamic FinTech is halal and does not reduce the value of worship	0.904		
Attitude	ATT 1	Islamic FinTech can encourage interest in paying	0.867	0.837	0.939
	ATT 2	Islamic FinTech makes it more efficient and effective	0.946		
	ATT 3	I would be pleased if Islamic FinTech could support Islamic philanthropy	0.930		
Subjective Norm	SN 1	I use Islamic FinTech because many social media report the benefits of using it	0.884	0.786	0.917
	SN 2	I use Islamic FinTech because people around me use Islamic FinTech	0.871		
	SN 3	I use Islamic FinTech because many MSMEs promote the use of Islamic FinTech	0.905		

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Table 4 Result of the convergent validity and construct reliability test (Continue)

Variable	Item	Statement	Loading Factor	AVE	Composite Reliability
Perceived Behaviour Control	PBC 1	I think I can manage MSME finances with my financial situation	0.907	0.823	0.903
	PBC 2	I think I have a network, computer, and email for using Islamic FinTech	0.907		
Ease of Use	EoU 1	FinTech Syariah is straightforward to use	0.844	0.785	0.916
	EoU 2	FinTech Syariah is straightforward to learn	0.897		
	EoU 3	FinTech Syariah is straightforward to operate	0.915		
Usefulness	USE 1	Islamic FinTech is hassle-free	0.885	0.802	0.924
	USE 2	Islamic FinTech can carry out financial transactions quickly	0.917		
	USE 3	Islamic FinTech can increase productivity.	0.884		
Social Influence	SI 1	Family and friends insist on using Islamic FinTech	0.905	0.830	0.936
	SI 2	Colleagues insist on using Islamic FinTech	0.945		
	SI 3	Couple insists on using Islamic FinTech	0.882		
Technology Readiness	TR 1	New technologies contribute to a better quality of life.	0.811	0.822	0.932
	TR 2	I prefer to use the most advanced technology which is available.	0.876		
	TR 3	Excessive use of technology can divert people's attention to harmful things.	0.910		
Intention to adopt FinTech Syariah	ITU 1	I am interested in using Islamic FinTech one day	0.842	0.750	0.900
	ITU 2	I will recommend others to use Islamic FinTech payments	0.944		
	ITU 3	I will often use Islamic FinTech in the future	0.930		

Source: Author, 2024 (processed).

Measurement Model Testing

After testing the measurement model based on the testing stages developed by Hair et al. (2019), the following summarizes the considerations and metrics required for SEM analysis and reporting results. Initial considerations are the reasons for selecting PLS-SEM, recommended samples, distribution assumptions, use of secondary data, statistical power, and the need for goodness of fit testing. Next, the metrics and practical rules that should be established to assess PLS-SEM results are also discussed. Researchers analyzed five output coefficients in the Model Fit and Quality Index (MFQI). Average path coefficient (APC), average R-square (ARS), and average adjusted R-square (AARS) show promising results because they have a significance value of less than 0.001. Likewise, the Average Block VIF (AVIF) and Average Full Colinearity VIF (AFVIF) values show excellent results because the values obtained are lower than 3.3.

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Table 5 Results of the fit and quality indices model

Indicators	Value	Result
Average path coefficient (APC)	0.002	Good
Average R-square (ARS)	0.001	Good
Average adjusted R-square (AARS)	0.001	Good
Average block VIF (AVIF)	3.283	Ideal
Average full collinearity VIF (AFVIF)	2.727	Accept

Source: Author, 2024 (processed).

Before carrying out comprehensive hypothesis testing, several assessments in structural tests also need to be analyzed, such as R-squared (R2), Q-squared (Q2), and F-squared (F2). Attitude and Intention to Use can be explained well by exogenous variables. Falk and Miller (1992) and Cohen (2013) state that a good R-square ranges from 0.10 to 0.26. In addition, the Q2 value for the attitude and intention to use variables was found to be greater than 0, which means that all exogenous variables were proven to have predictive relevance (Hair et al., 2021).

Table 6 Results of the R-square and Q-square test

Endogenous (Criterion) Variables	R Square Coefficient	Q Square Coefficient	Conclusion
Attitude	0.569	0.638	Accepted
Intention to Use	0.875	0.761	Accepted

Source: Author, 2024 (processed).

This study expresses the effect size as the f-square proposed by Cohen (2013), although a different algorithm than WarpPLS generates it. Kock (2020) stated that effect size is a measure to determine the magnitude of the influence resulting from a path coefficient without considering the sample size being analyzed. In making effect size decisions, Cohen (2013) divides them into three categories, namely small (0.02), medium (0.15), and large (0.35). In other words, a value of 0.02 indicates that the effect is fragile from a practical point of view.

Table 7 Results of the f-square test (effect size)

Hypothesis	Relationship	F Square	Result
H1	Islamic Religiosity (IR) -> Intention to Use (ITU)	0.198	Medium
H2	Attitude (ATT) -> Intention to Use (ITU)	0.057	Small
H3	Subjective Norm (SN) -> Intention to Use (ITU)	0.007	Small
H4	Perceived Behaviour Control (PBC) -> Intention to Use (ITU)	0.025	Small
H5	Ease of Use (EoU) -> Attitude (ATT)	0.004	Small
H6	Ease of Use (EoU) -> Intention to Use (ITU)	0.031	Medium
H7	Usefulness (USE) -> Attitude (ATT)	0.174	Medium
H8	Usefulness (USE) -> Intention to Use (ITU)	0.400	Large
H9	Social Influence (SI) -> Intention to Use (ITU)	0.046	Medium
H10	Technology Readiness (TR) -> Intention to Use (ITU)	0.537	Large

Source: Author, 2024 (processed).

The final step before testing the hypothesis is to ensure that all constructs are not correlated with each other, so it is necessary to carry out multicollinearity test analysis. One of the advantages of the WarpPLS application is that it can test and produce multicollinearity tests through vertical and horizontal latent variable tests. Lateral collinearity can be seen by the whole collinearity variance inflation factor (VIF) value. The rule of thumb in this research is that the VIF value of full collinearity must be less than or equal to 3.3. However, Kock (2020) also recommends that the VIF value of full

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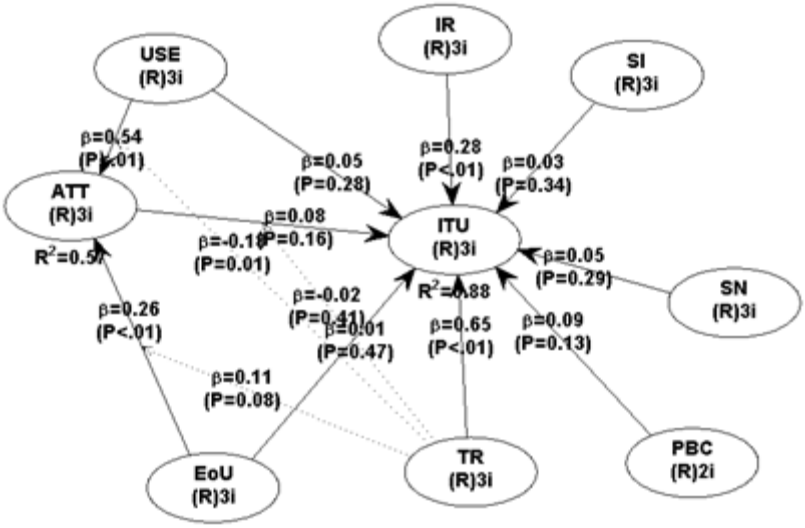
collinearity is ideally less than 5. So, it can be concluded that all latent variables are free from multicollinearity problems by applying lateral collinearity. In addition, Kock (2020) explains that total collinearity values can detect standard method bias resulting from measurement instruments. Thus, it can be said that there is no problem with standard method bias because the VIF collinearity value for each construct is below 5.

Hypothesis Test

The test results are presented in tabular form. Based on the analysis results, Islamic religiosity has a significant positive effect on the intention to use, with a p-value of <0.00. Therefore, H1 is supported. The results of the subsequent analysis show that attitude has no significant positive effect on intention to use, with a p-value of 0.17 < 0.05. Subjective norms have no significant effect on the intention to use, with a p-value of 0.27 < 0.05, and perceived behavior control has no significant effect on the intention to use, with a p-value of 0.12 < 0.05. This result means H2, H3, and H4 are not supported.

Ease of use was found to have a significant favorable influence on attitude, with a p-value <0.001, and usefulness had a significant positive influence on attitude, with a p-value <0.001. This means H5 and H6 are supported. Social influence was found to have no significant positive effect on intention to use, with a value of 0.21 < 0.05. This means H7 is not supported. Technology readiness was found to have a significant effect on intention to use, with a p-value <0.001. This means H8 is supported.

Finally, for the moderation variable, technology readiness does not have a significant positive influence in moderating the relationship between ease of use and attitude, with a p-value of 0.008< 0.10; technology readiness has a significant positive influence in moderating the relationship between attitude and intention to use, with value P-value 0.43< 0.05. This means H9 is supported and H10 is not supported. Technology readiness was found to significantly influence the relationship between usefulness and intention to use, with a p-value <0.001. This means H11 is supported.



Source: Author, 2024 (processed).

Figure 1 PLS algorithm result

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Table 8 Hyphothesis test

Hypothesis	Relationship	Coefficient β	P value	Result
H1	Islamic Religiosity -> Intention to Use	0.28	<0.001	Supported
H2	Attitude -> Intention to Use	0.08	0.17	Not Supported
H3	Subjective Norm -> Intention to Use	0.05	0.27	Not Supported
H4	Perceived Behaviour Control -> Intention to Use	0.10	0.12	Not Supported
H5	Ease of Use -> Attitude	0.26	<0.001	Supported
H6	Ease of Use -> Intention to Use	0.06	0.47	Not Supported
H7	Usefulness -> Attitude	0.54	<0.001	Supported
H8	Usefulness -> Intention to Use	0.05	0.28	Not Supported
H9	Social Influence -> Intention to Use	0.07	0.34	Not Supported
H10	Technology Readiness -> Intention to Use	0.65	<0.001	Supported
H11	Technology Readiness X Ease of Use -> Attitude	0.11	0.008	Supported
H12	Technology Readiness X Attitude -> Intention to Use	0.01	0.43	Not Supported
H13	Technology Readiness X Usefulness -> Intention to Use	0.54	<0.001	Supported

*supported < 0.05 and < 0.10
Source: Author, 2024 (processed).

Islamic religiosity has a positive effect on the intention MSMEs to use Islamic FinTech. Khayruzzaman (2016) found that religiosity impacts consumers' liking or disliking behavior toward what they want as long as the product does not violate or conflict with their religious beliefs. Research from Vitell (2009) concluded that religiosity is a significant determining aspect of consumer beliefs and practices. In Sharia financial research, Bley and Kuehn (2004) believe that the existence of religion as a person's belief is an important variable that will form a strong commitment within oneself to be able to use sharia financial services, for example, Islamic FinTech, MSMEs that take action based on their religiosity and beliefs. If they are strong in their religious rules, their preference for sharia financial services will also be more assertive. Alam et al. (2012) confirmed that the religiosity variable is essential in MSMEs' intention to use financial technology.

Attitude is contradictory to previous studies, which found a positive effect to the intention to use (Riza, 2021; Lule et al., 2012). The attitude variable cannot form the intention to use Islamic FinTech by MSMEs because there may be differences in attitudes and intentions. In deciding to use Islamic FinTech, the MSMEs who participated in this research had previously used FinTech in their business activities. As a result, previous FinTech experience may have noticed a substantial effect of attitude on MSMEs' behavioral intentions in using Islamic FinTech.

Subjective norm is contradictory with previous studies, which found a positive effect to the intention to use (Fianto et al., 2020; Riza, 2021). Subjective norm variables cannot form intentions to use Islamic FinTech by MSMEs because MSMEs have strong personal values, so control from external influences is not strong enough to form MSMEs' intentions to use Islamic FinTech. Apart from that, social pressure from someone close to them, such as family or other MSMEs, is deemed insufficient to control the behavior of using Islamic FinTech MSMEs (Fianto et al., 2020).

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Perceived behaviour control is contradictory with previous studies, which found a positive effect to the intention to use (Fianto et al., 2020; Kumari and Devi, 2023). The perceived behavior control variable cannot form intentions to use Islamic FinTech by MSMEs because, based on information obtained from online surveys, many MSMEs still need to learn the difference between Islamic FinTech and FinTech in general. The inability of MSMEs to manage information makes their intention not appear to use Islamic FinTech.

Ease of use has a positive effect on attitude. MSMEs that find it easy to use a system will improve performance, leading to operational excellence (Shih et al., 2012). In technology adoption, ease of use is an essential factor. When someone believes a system is easy to use, it will increase one's attitude toward adopting the technology. MSMEs that find it easy to use a system will improve performance, leading to operational excellence (Mukherjee et al., 2023). This is because ease of use is closely related to the effectiveness of a system (Rajan and Baral, 2015). Increasing work effectiveness will have an impact on greater customer satisfaction. Ease of use was positively related to attitudes toward virtual reality environments (Shih et al., 2012) and mobile banking (Pattansheti et al., 2016).

Ease of use is contradictory with previous studies, which found a positive effect on the intention to use (Fianto et al., 2020; Kumari and Devi, 2023). In this study, the majority of respondents had a high education. In their lives, respondents can use smartphones and know technology very well. That way, they can use Islamic FinTech to help the effectiveness of their business. Ease of use may not influence MSMEs' intention to use FinTech because issues such as security, tangible benefits, and compatibility of FinTech are more of a concern for MSMEs than ease of use.

Usefulness has a positive effect on attitude. Usefulness is the extent to which a person believes a system will improve job performance. FinTech is a financial instrument that is developing very rapidly in the development of the world of technology. If MSMEs feel that the presence of FinTech can increase efficiency in their work, they will be more open to using it (Albayati et al., 2020). The attitude of MSMEs was found to be positive in the intention to use Islamic FinTech in their business. MSMEs can understand that technology tremendously impacts business development to create a competitive advantage in the market. The easier it is for users to use Islamic FinTech, the more MSMEs feel they can help their business, and in turn, this will create a more positive perception of Islamic FinTech (Liu and Ye, 2021).

Usefulness is contradictory to previous studies, which found a positive effect on the intention to use (Fianto et al., 2020; Riza, 2021). Based on the survey results, it was found that some MSMEs have used financial technology to help make their business efficient and effective. That way, if MSMEs use a new type of sharia-based financial technology, they have the same perception that financial technology services can help their business.

Social influence has a contradictory result with previous studies, which found a positive effect to the intention to use (Alsmadi et al., 2023; Fianto et al., 2020; Kumari and Devi, 2023). The social influence variable cannot form the intention to use Islamic FinTech by MSMEs because the decision to use Islamic FinTech is purely a decision of the MSMEs without any underlying social influence. MSMEs may have different values and preferences, so existing social influences are not strong enough to change their intentions. In addition, in terms of respondent demographics, many respondents are undergraduate graduates, so the knowledge they have regarding the use of technology plays a vital role in forming intentions, regardless of social influence.

Technology readiness positively affects MSME's intention to use Islamic FinTech technology readiness refers to a person's readiness to accept and use new technology to achieve a goal in the workplace (Parasuraman, 2000). Furthermore, Parasuraman (2000) shows that along with the complexity and diversification of business products and technology for customers, customer technology readiness must be mature enough to ensure effective interaction with business, namely Islamic FinTech. In this study, MSMEs are ready to accept and use new technology for business

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efficiency. This concluded from data that most MSMEs know enough about using technology for their business. As a result of sufficient knowledge of technology, MSMEs have a good attitude in accepting technology for business. On the other hand, the technology readiness factor influences the usefulness relationship with the intention of MSMEs to use Islamic FinTech. This is because MSME's intention to use Islamic FinTech is driven by technological readiness factors, which benefit the continuity of MSMEs businesses.

CONCLUSION

This research aims to provide a good understanding of the factors that influence behavior using Islamic FinTech in Indonesia. Eleven hypotheses were tested using the SEM-PLS approach. Based on the results, six hypotheses were accepted, and seven were rejected. These results imply that the TPB and TAM theory research model can predict the relationship to individual behavioral intentions in intention to use Islamic FinTech. The research results imply that Islamic religiosity, ease of use, usefulness, and technology readiness produce higher intentions for individuals to access FinTech services. Technology readiness is a critical variable with the highest value in predicting MSME's intentions to use Islamic FinTech.

In a broader view, these results provide a comprehensive perspective for policy-making, especially by FinTech institutions themselves, to improve the quality of FinTech in terms of applications or websites to gain greater intention to adopt Islamic FinTech. For stakeholders, the results in this study consider the factors that influence individuals' intentions to use Islamic FinTech. The policies that emerge will likely have an impact on consumer needs.

The results of this research can also be input for the Financial Services Authority (OJK) regarding the importance of digital sharia financial literacy for the public, especially MSMEs in Indonesia. OJK needs to encourage Islamic FinTech as a service provider to provide the best service to candidates and users. In a narrow sense, the results of this research contribute specifically to the Islamic FinTech literature in Indonesia. The use of Islamic FinTech is influenced by the variables of religiosity and technology readiness, which contribute the most significant value to the intention to use. So, in future research, researchers can add variable technology readiness variable in models of technology use. In addition, future researchers are expected to divide the types of FinTech into payment, lending, and crowdfunding so that the results are more comprehensive.

This study explores the use of Islamic financial technology by MSMEs in Indonesia, providing theoretical and practical insights. However, this has limitations, including small sample sizes and potential bias in data collection. This study may not cover all geographic regions or business sectors, requiring future research to consider geographic distribution and business sectors. In addition, this study may have limitations in terms of generalizability, thus requiring further research in different cultural conditions and countries to confirm more general findings. Future research should consider the context of differences between sharia technology and financial technology and potential biases in data collection.

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