

ABSTRACT

Fintech is part of the technological revolution in the financial sector which is currently massive in the development of the digital economy. But on the other hand, the development of Islamic Fintech lags far behind conventional Fintech. On the other hand, the Muslim population in Indonesia reaches 86.7% and internet penetration in Indonesia reaches 77%. This phenomenon shows that Indonesia has a great opportunity in the development of the Islamic Fintech industry. Fintech has become a catalyst for Islamic financial inclusion. With the increasing number of Islamic Fintech users, it can have a positive impact on the Indonesian economy, namely increasing Islamic financial inclusion. This study aims to examine the results of the UTAUT2 model in adopting Islamic Fintech Payment among Muslim communities in Java and the impact of using Islamic Fintech on Islamic financial inclusion in Indonesia.

Translated with DeepL.com (free version) This research uses a quantitative analysis approach with the Structural Equation Modeling-Partial Least Square (SEM-PLS) method. In collecting data, researchers used research instruments in the form of questionnaires distributed online using the google form platform. A total of 203 respondents' answers were used in testing the relationship between exogenous variables which include Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), Facilitating Condition (FC), Hedonic Motivation (HM), Price Value (PV), Habit (HB), Sharia Compliance (SC). Furthermore, Mediating Variables include Behavioral Intention to Use (BI), Exploitative Use (ETU), and Explorative Use (ERU). The endogenous variable or dependent variable is Sharia Financial Inclusion (SFI). The SmartPLS v.4.1.0.2 analysis tool was used in the data analysis process.

The results of this study reveal that the variables Effort Expectancy (EE), Facilitating Condition (FC), Price Value (PV), Habit (HB), Sharia Compliance (SC) have a significant positive effect on Behavioral Intention to use. While the variable Performance Expectancy (PE), Social Influence (SI), Hedonic Motivation (HM) is not significant to Behavioral Intention to use. Furthermore, Behavioral Intention to use is proven to positively encourage Exploitative Use (ETU) and Explorative Use (ERU) behavior by Fintech Payment users in Indonesia. In the end, exploitative and explorative use of Fintech Payment is statistically proven to increase Islamic financial inclusion in Indonesia.

Keywords: *Sharia Fintech, Sharia Financial Inclusion, Technology Adoption, UTAUT2*