International Journal of Innovation, Creativity and Change. www.ijicc.net
Volume 13, Issue 1, 2020

The Influence of Halal Product Expectation, Social Environment, and Fiqih Knowledge on Intention to Use Shariah Financial Technology Products

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The emergence of information technology has supported the growing Financial Technology (FinTech) industry in Indonesia. Similarly, the sharia financial technology industry also grows rapidly due to Muslim adoption of information technology for financial transaction. However, limited studies have been conducted to understand the factors that influence Muslim consumers to adopt sharia FinTech products. Through the use of the variables of halal product expectation, social environment, and fiqih knowledge, we surveyed eighty Muslim sharia FinTech consumers to understand whether those three variables affect their intention to use sharia FinTech products such as online loans. The results show that halal product expectation and fiqih knowledge factors have significantly affect Muslim consumers in Indonesia to use sharia FinTech products. Meanwhile, social environment, such as friends or higher Muslim figures, does not influence Muslim consumers to use the sharia FinTech products. We conclude that sharia FinTech companies should focus on improving their products to comply with Islamic sharia principles rather than using social environment to attract Muslim consumers to purchase their products. Future research may require more variable in similar studies to increase validity and reliability.

Key words: *Sharia Financial technology, sharia FinTech product expectation, social environment, fiqih knowledge.*

Background

The rapid development of information technology in the current digital era has successfully transformed the financial market system (Chen, Li, Wu, & Luo, 2017). The technology also influenced human behaviour and expectations in doing financial business. For example, consumers are able to access a variety of information and electronic service features in the financial transaction process. One of the latest technological developments in the financial sector is Financial Technology (FinTech). The financial technology industry is one of the methods of financial services that are gaining in popularity in the current digital era. Digital payment is one sector that is growing faster in FinTech industry in Indonesia. The FinTech sector is expected to increase the number of people who have access to financial services (Rudianatara, 2017). As such, the Indonesian digital economy market can grow rapidly.

In this regard, the financial services industry is experiencing significant innovation in line with the rapid development of digital technology. FinTech service innovations have been influenced by technological developments, and they have become topical for researchers and government. According to the Financial Stability Board (FSB), FinTech is a form of technology-based financial innovation that can produce new business models, applications, processes, or products with related material effects on financial markets, institutions, and financial services providers (Rasyid, 2019). According to the National Digital Research Center (NDRC), FinTech is an innovation in financial services (Rasyid, 2019). With this digital development, FinTech aims to provide convenient services to the public in accessing financial products, facilitate transactions, and also increase financial literacy.

Indonesia has a huge market to support the development of FinTech because the number of middle-class citizens is approaching 45 million; moreover, the total Internet users reaching 150 million (Ananta, 2019). Even the Financial Services Authority (FSA) states that the number of financial lenders who utilise the services of financial technology companies continues to grow. Until January 2018, the number of borrowers in FinTech companies reached 260,000 people (Santoso, 2018). At present, the people who use FinTech services to borrow money are not only the citizens from big cities but also the community in small towns due to the Internet connection.

In the future, digital financial services will continue to grow in line with changes in society consumption behaviour. Society adapts and adopts digital technology to fulfil financial services. Currently, technology companies already offer a variety of Financial Technology solutions. Data from the Financial Services Authority states that currently there are 127 FinTech companies that officially operated in Indonesia, consisting of 118 conventional FinTech and nine sharia FinTech (OJK, 2019). FinTech combines financial services and technology and refers to innovations in financial services, either in the form of a new product from a start-up company or in a new approach undertaken by actors in the financial sector.

The presence of FinTech has encouraged financial inclusion programs because the development of FinTech shows the development of public financial literacy. The Financial Services Authority and the Creative Economy Agency support the emergence of FinTech because it is in line with government programs to improve financial literacy (Rachman, 2016). The existence of financial literacy in the community will be able to prevent them from being exposed to fraud from online borrowing sources. The findings of the Vigilance Task Force formed by the Financial Services Authority show that 144 online lenders are not registered with the Financial Services Authority which is illegal, and that has the potential to harm the community (Boby, 2019).

Public financial literacy is not only a matter of the legal status of FinTech but it is also related to aspects of legality or law, both conventional law and sharia law, especially for Muslim communities. The Muslim community is a society that is very concerned with the issue of halal loans, including usury. If in the context of the conventional finance sector, the Muslim community can easily distinguish between banks offering sharia loans to those that do not. But in the context of online loans offered by FinTech companies, the Muslim community may not have enough knowledge to know whether online loans are lawful or not.

Research on the level of Muslim intention to adopt sharia FinTech products, in particular related to the use of online loans is still very limited. Further, research in sharia Fintech products adoption behaviour related to factors such as halal products expectation, social environment, and Muslim's fiqi knowledge, is also scarce. For those reasons, this study examined the effect of halal products expectation, social environment, and fiqih knowledge on intention to use sharia FinTect products in Indonesia. The results of this study are expected to provide new insight to academia and communities involved in sharia FinTech products to prevent Muslim community from engaging in usury activities.

Relevant Studies

Research conducted by Rahmatillah, Novirani, and Fitri (2018) focusing on the Hedonic Motivation variable found that users of FinTech Go-Pay, especially the millennial generation, have felt the pleasure that can be enjoyed after making non-cash payments through the Go-Pay. The joy gained is in the form of points in Go-Points whose value is greater than transactions with cash payments. These points can be collected and exchanged into products or food purchase vouchers. Besides, with payment using Go-Pay, consumers can get discounts on airplane and train tickets, hotel reservation discounts, or cash back on food and beverage purchases at tenants in collaboration with Go-Jek. During the use of Go Pay, the consumers can usually spread their joy through posting on social media, so that they encourage family, friends, or co-workers to try and feel the joy from the use of Go Pay.

Then, the study also found that the greatest path coefficient was obtained from the Social Influence variable. Millennials are driven to use FinTech because of encouragement from people around them, namely from family, friends, and co-workers, and others. The encouragement is caused by word of mouth, and from posts on social media spread by people around. However, this study does not examine the legal or sharia aspects in the use of the FinTech services.

Furthermore, research conducted by Setio budi & Wiradinata (2018) on a number of SMEs in East Java by using the theory of TOE (technology, organisation, and environment) with a survey approach found that technology, organisation, and the environment greatly influenced the level of adoption of FinTech among small and medium businesses. This research emphasizes the importance of organisational readiness in adopting FinTech, and also the support of the leadership. However, in relation to the social environment, Setiobudi et al. (2018) said that pressure from the financial world and the support of businesspeople for online financial transactions also affected the adoption of FinTech.

Finally, research by Yuspita, et al.,(2019) using the Technology Acceptance Model (TAM) theory found that there is a significant influence between Perceived Benefits and Interest in using e-banking services. It shows that the higher the perceived benefit, the higher interest in using e-banking services in Jepara. The use of services depends on the ease of access or ease of service features. In choosing a sharia financial institution, the Muslim community considers that FinTech services are easily accessible at any time, and the features of the services can be used in everyday life. The results are in line with Liébana-Cabanillas et al. (2014), Kurniawan (2013), Amalia (2018), and Gunawan (2014), who stated that perceived ease has a significant effect on the interest. Even though they studied Islamic economics, they do not include sharia variables in their research. The religious aspects related to the community's devotion are important to study because of the existence of the Muslim community's obligation to comply with their religious obligations. So there is a need to be intelligent in understanding the community of Muslims on various contracts offered by FinTech companies in providing financial loans, including compliance with sharia principles (Norafni Farlina, Mohammed Hariri, & Siti Norbaya, 2019).

Sharia FinTech

Based on the Financial Services Authority data (OJK, 2019), there are only nine sharia FinTech out of 127 that has been officially registered with the Financial Services Authority. However, the nine Islamic FinTech have touched many Muslim communities in Indonesia.

The presence of sharia FinTech is based on the existence of Minister of Finance Regulation number 77/pojk.01/2016 and is related to information technology based on lending and borrowing services. Then the Financial Services Authority regulation No. 13/POJK.02/2018 related to financial services based on digital financial valuation and the fatwa of the Indonesian National Sharia Council number 117/DSN-MUI/II/2018 concerning the principles of information technology-based on Islamic financial services (Mujahidin, 2019).

The availability of Sharia FinTech products has caused Muslim consumers to comply with their Islamic sharia in purchasing a financial product such as online loans. Muslim consumers are very concerned with riba, which is strongly forbidden in Islam. The Qur'an and hadith do not specifically define *riba*. Therefore, the concept of riba has become a most debated issue in a financial transaction. Some Muslim scholars argue that interests made from a financial transaction are not *riba*, while other scholars say that it is riba and forbidden in Islam.

Fortunately, there are some verses in the Qur'an and hadith, which are related to riba. These two sources become references for Muslim scholars to explain the concept of riba. Specifically, Allah says:

"Those who devour usury will not stand except as stands as one whom the Evil One by his touch hath driven to madness. That is because they say: "Trade is like usury," but God hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for God (to judge), but those who repeat (the offense) are companions of the Fire: they will abide therein (forever). Surah Al-Baqarah (2): 275.

The Prophet condemned not only people who took riba but also those who gave riba and those who recorded or witnessed the financial transaction that involves riba. For those Muslems who took riba were all committing sins. The Prophet explains in his hadith that riba existed in cash loans, money transactions, and in barter trade whenever one party received excess over and above the commodity being exchanged

The Prophet says:

"Every form of riba is cancelled; principal indeed is yours which you shall have; wrong not and you shall not be wronged. God has given His injunctions that interest is totally forbidden. I first started with interest (which people owe) to my uncle Abbas and declared it all cancelled." He then, on behalf of his uncle cancelled the total amount of riba due on his loan from his debtors.

Therefore, the main characteristic of riba is the excess, whether it is in the exchange of the physical product or in money exchange, such as when someone dinar is exchanged for two dinars. In the case of a barter trade, which is an exchange of goods for goods, riba is committed when more of one commodity is exchanged for exactly a similar commodity.

Sharia finance is growing rapidly. The scope of the definition of sharia finance is based on sharia principles that include: (1) investment in lawful financial activities; (2) does not involve interest; (3) the presence of a Sharia Supervisory Board. It includes zakat, infaq-sadakah, waqf, Syirkahn (mudharabah and musyarakah), a loan such as murabahah, ijarah, and istishna (Nurdin, 2019).

Compliance with Islamic law is the main principle that must be met and this compliance is what distinguishes Islamic finance from other financial service providers (conventional). Compliance with Islamic law is a form of preventive legal protection for users of financial services. The meaning of sharia compliance in Islamic banks in real terms is the application of Islamic sharia principles that are consistent with financial and other business transactions and makes sharia a framework for the financial system and sharia financial service providers related to resource allocation, management, production, capital market activities, and wealth distribution. In other words, fulfilling culture of compliance with Sharia principles and applicable laws and regulations must make sharia compliance an information technology-based lending services. In muamalah sharia-based FinTech transactions, compliance is a moral ethic in every activity (Mujahidin, 2019).

In the context of technology, there is no difference between the functions of Islamic FinTechand conventional FinTech because both want to provide financial services (Nurdin, 2016). The difference between the two is the financing agreement, which follows the rules of the Islamic Shari'a. Three sharia principles must be possessed by the FinTech that are not allowed to gamble (bet), *gharar* (uncertainty) and *usury* (the amount of interest through the provision) (Darussalam, Tutuko, Dahlan, Hudaifah, & Tajang, 2018).

Even though a financial services company has used the basis of sharia in its operations, the National Sharia Board related to the existence of sharia financial technology has also made the main reference as a guideline. The basis is Indonesian Ulema Council regulation No.67/DSN-MUI/III/2008 which regulates what provisions must be followed by the latest financial technology institutions in Indonesia. As of September 2018, only 9 Islamic financial technology companies have been inaugurated by the Financial Services Authority (OJK, 2019). For the remaining, there are more than 90% of FinTech players in Indonesia with conventional status. Even though it has been based on sharia, consumers who postpone loan payments will still be subject to fines. This refers to the fatwa of the National Sharia Board

No.17/DSN-MUI/IX/2000 that regulates if sanctions will be given to customers who do not pay off their debts within a certain deadline (Andriawan, 2018).

Development of Sharia-based FinTech

Financial Technology sharia system was first present in Dubai, United Arab Emirates. In 2014, Beehive was entitled to get the first certificate using a peer to peer lending marketplace approach. Until now, Beehive has become one of the leading financial technology institutions in the world with very broad market coverage. Starting from Beehive, sharia-based FinTech also spread to other Asian countries, such as Singapore and Malaysia.

In Malaysia, Hello Gold emerged using block chain technology, which also uses sharia principles. Slowly but surely, these FinTech players also spread to Indonesia. All FinTech-based Islamic law have similar characteristics which does not involve usury so that it is claimed to be halal because the interests given is in accordance with Islamic provisions.

According to the Financial Services Authority, around 40% of people in Indonesia are still not in contact with the banking sector. In other words, this amount has never opened any accounts at national banks. However, almost all residents in the country already have smart phones. The existence of FinTech can indeed be a threat to conventional banks that have not followed the changing times, namely using technology into their financial systems (Andriawan, 2018).

As a supervisory institution, the Financial Services Authority has not provided specific regulations on the existence of sharia-based financial technology companies; the conventional and sharia FinTech rules are still the same. However, the Indonesian Ulema Council have issued a fatwa if sharia FinTeches must follow the rules of Islam and one of the most critical problems is usury or interests that is not in accordance with Islamic sharia. In addition to the problem of usury, the contract in FinTech must also be in accordance with the mudharabah and musyarakah contracts.

Mudharabah Akad is a technical cooperation between capital owners and fund managers. The two parties will meet with each other and determine how much profit will be shared fairly. However, if there is a loss, the capital owner must be responsible unless the fund manager is negligent. Musyarakah contract is a collaborative technique carried out by two or more people who use a flat-sharing system. In other words, the capital owner and fund manager will get the same profit according to the initial agreement. However, if there is a loss, both parties must also be responsible for the same burden **(Andriawan, 2018)**. In addition to referring to POJK 77/2016, Islamic FinTech is also regulated in DSN MUI 117/2018 on Information Technology-Based Financing Services Based on Sharia Principles (Rizki, 2019).

The digital financial services industry or financial technology service is increasingly diverse in society. There were electronic money (e-payment), technology insurance, online loans, or conventional peer to peer (P2P). FinTech, now began to develop in the Islamic-based products. The type of online loan is a P2P FinTech category because its core business is providing funding to borrowers. However, Sharia FinTech applies Islamic principles in its transactions. Thus, there are differences in interest or usury, contracts, billing mechanisms, and dispute resolution.

The sharia FinTech legal umbrella is also based on the Financial Services Authority Regulation (POJK) 77 of 2016 concerning Information Technology-Based Money Lending and Borrowing Services. This rule does generally regulate every type of P2P FinTech such as sharia and conventional FinTech. However, Islamic FinTech also refers to the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN MUI) Number 117/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles.

Indonesian Ulema Council explained sharia FinTech as an organisation of financial services based on sharia principles that bring together or connect financing providers (investors) with financing recipients (borrowers) in the context of entering into financing agreements through an electronic system using the internet network. Then the Indonesian Ulema Council fatwa states that Sharia FinTech business activities must not contradict Sharia principles, which includes avoiding *usury*, *gharar* (unclear contract), *maysir* (unclear purpose/speculation), *tadlis* (not transparent), *dharar* (danger), *zhulm* (loss of one party), and *haram*.

There are at least six types of contracts that are allowed in Islamic FinTech. First, *al-bai'* (buying and selling) is a contract between the seller and the buyer, which results in the transfer of ownership of the object being exchanged (goods and prices). Second, *ijarah* is a contract to transfer the use of rights (benefits) of an item or service within a certain time with payment of ujrah or wages. Third, *mudharabah* is a contract of cooperation between a business owner (*shahibu al-maaf*) who provides all capital with the manager (*'amil / mudharib*) and business profits are divided between them according to the agreed ratio in the contract, while losses are borne by the capital owner. Fourth, *musyarakah*, a cooperation agreement between two or more parties for a certain business in which each party contributes the business capital and capital (*ra's al-maf*) provided that the profits are divided according to agreed ratio or proportionally, while losses are borne proportionally by the parties. Fifth, *wakalah bi al ujrah*, namely the contract of delegation of power to carry out certain legal actions accompanied by compensation in the form of ujrah (wages). Sixth, *qardh*, namely the loan agreement from the lender provided that the loan recipient is required to return the money received in accordance with the time and manner agreed upon.

Deputy Chairperson of the Indonesian Sharia FinTech Association and ALAMI Chief Executive Officer, Dima Djani, explained that Islamic FinTech companies as providers might charge fees (*ujrah/flat*) based on the *ijarah* principle for providing information technology-based infrastructure systems and infrastructure services. However, each of these services must apply Islamic sharia principles (Rizki, 2019). In addition to the issue of interest, sharia FinTech also does not have specific method in collecting loans. In most cases, billing collection is often a problem of the FinTech industry, such as intimidation, theft, and misuse of data to sexual harassment.

Theoretical Framework

This study uses a combined model (unified model) from a number of studies in halal product adoption. Several models related to halal product adoption by researchers in Islamic economics (e.g: Basri & Kurniawati, 2019; Nurdin, Novia, Rahman, & Suhada, 2019; Soma, Primiana, Wiryono, & Febrian, 2017). Their studies mostly focused on religiosity and knowledge in general. For example, Bukhari, et al., (2019) and Soma (2017) use consumers' religiosity and knowledge to understand their decision to use banking products. In fact, religiosity is a complex concept that may include attitudes, behaviour, and Islamic sharia (fiqih) knowledge. Therefore, we focus on aspects of product halal expectation, social environment, and fiqih knowledge that may determine Muslim decisions in the adoption of financial technology product adoption.

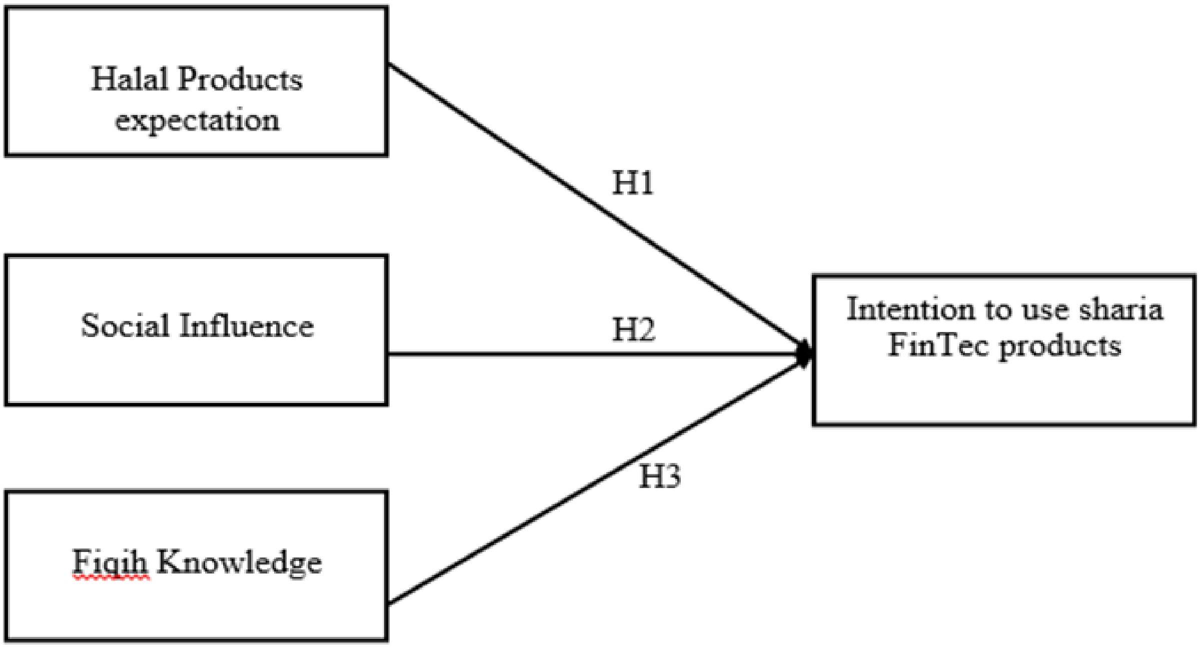
Religious factors have also become an important element in every decision of the community in choosing a product, including online loan products. The importance of this religious factor is because religion is the most universally influential social institution of behaviour, values, and norms in society at both the personal and community level (Mokhlis, 2009). The factor of religious diversity is associated with an individual or community. Piety is defined as a belief in God followed by a commitment to follow the principles governed by God (McDaniel & Burnett, 1990) or a system of belief in the supernatural and the spiritual world, towards God, and about humanity as creatures of God who must act according God's command (Sheth & Mittal, 2004). In this study, the piety factor became one of the variables to be examined concerning the willingness of the public to utilise online loans from FinTech companies.

The halal issue has become the primary concern of Muslims in purchasing various products (Mukhtar & Mohsin Butt, 2012). A product is considered halal by Muslim consumers when it is free of forbidden material, or the product complies with Islam sharia or fiqih. Within the financial technology context, their financial products must be free of riba or gambling. When the criteria are fulfilled, then Muslim consumers may purchase the products to fulfil their economic benefits. As such, the Muslim expectation of halal financial products is added as a variable in this study.

Furthermore, Muslim consumers may also influence by the social environment in purchasing halal financial products (Briliana & Mursito, 2017). The social environment may include friend recommendations to purchase products (Wang & Chang, 2013) or experts recommendations. Within sharia financial product purchases, experts such as Sharia National Advisory Board may influence Muslim consumers to buy a financial product (Nurdin & Yusuf, 2020), such as online loans, because the board may be considered as a halal assurance for a product (Haridan, Hassan, & Karbhari, 2018).

In most cases, to understand whether a product is halal or not requires a Muslim consumer to have sufficient knowledge related to Islamic sharia or fiqih. The level of fiqih knowledge of a Muslim consumer can help them to decide whether a product is halal or not (Hamid & Othman, 2009). The products of sharia FinTech is varied, which may include online loans and insurances. Therefore, the variable of knowledge of fiqh is also added to the theoretical model of this study. In addition, previous relevant studies such as from Haji-Othman, et al (2018) and Alhajla, et al (2019) were related to the influence of Muslim consumers in the adoption of financial technology products and the use of new financial products by Muslim communities. The theoretical construction for this research is shown in figure 1 as follows:

Figure 1. Construction of Research Theory



Source: Haji-Othman, Fisol, and Yusuf (2018), Al-hajla, et al., (2019), Bukhari, et al., (2019), and Soma (2017)

Methodology

Sampling Technique and Sample Size

This study employed a quantitative method with a survey technique. The population of this study is the Muslim community in Palu city, Indonesia. Since the identification of the number of the population who have purchased sharia FinTech products is difficult, this study, therefore, used accidental sampling techniques (Diwekar & Kalagnanam, 1997). The number of samples for this study is 80. The samples were selected accidentally within the Muslim community in Palu. Prior to the distribution of the questionnaires, we first asked the respondents whether they are Muslim and have purchase sharia online loans from sharia FinTech companies. The identified samples were then given questionnaires to be filled.

Research Instrument

The questionnaires were used as a research instrument, and it was adopted (Ngah Abdul, Zainuddin, & Thurasamy, 2017). Five (5) Likert scale answers were provided; (1) strongly disagree, (2) disagree, (3) uncertain, (4) agree, and (5) strongly agree. The Likert-scale answers were used as it is a sensitive and robust measure (Bishop & Herron, 2015). The Likert scale is more likely to reflect a respondent's real subjective evaluation of a usability questionnaire item in a quantitative measurement (Hinkin, Tracey, & Enz, 1997). The questionnaires were divided into four (4) sections. There is section A which is the demographic background of the respondents such as gender, age, and education level. Section B is about Halalproduct expectation, social environment, fiqih knowledge factor, and Section C consists of customers' intention to intention to purchase sharia financial technology products.

Data Collection Method

Previous studies argue that respondents may be usually reluctant to express their views openly in individuals and groups since it has been proven that they prefer to write (Parker & Tritter, 2006). Therefore, this study used questionnaires as data collection media, and the questionnaires were distributed and collected personally by the researcher. An ample time of ten minutes is allocated to the sharia FinTech products users to complete the questionnaire, and the researcher directly collected all the questionnaires in the same day. The respondents' given responses were kept as confidential and were used for academic purposes only. In the data collection process, 80 out of 85 of the questionnaires were returned completely which equals to a 93.75 % return rate.

Results

Fintech in Indonesia

Financial technology (Fintech) formally adopted in Indonesia when Indonesia Central Bank launched Fintech Office in 2016, and then the Central Bank issued a regulation on e-commerce payment transactions to make online payment more secure and efficient. In the later year, Indonesia financial authority issues regulation number 77/POJK.01/2016 regarding online loans using information technology. The regulation triggered the growth of Fintech companies in Indonesia. In the beginning, there were 1350 Fintech companies that included illegal Fintech (Tobing, 2019). However, in a later year, the OJK certified Fintech companies that fulfilled government regulation to protect consumers from financial fraud.

Data from Indonesia Financial Authority(OJK, 2019) shows that currently, there are 136 legal Fintech companies in Indonesia. Nine of the Fintech run their business based on Islamic values (Syariah), and another 127 Fintech is conventional Fintech. The Syariah Fintech focuses on serving Muslim customers while conventional Fintech serves both Muslim and non-Muslim customers. The growth of Syariah Fintech was supported by the Financial Authority regulation when they issued law number 13/POJK.02/2018 concerning financial service using a digital platform. Then Indonesia National Syariah Board (DSN) issued law number 117/DSN-MUI/II/2018 regarding Syariah financial service principle using information technology (Mujahidin, 2019).

Syariah's financial concept is based on Islamic economic values, which have characteristics such as halal financial activities, absence of interest, and supervised by the National Shariah Board. The loan in Syariah Fintech should apply to Islamic financial lending concepts such as murabahah, ijarah, and istishna. Those three lending principles are free of interest; rather, they apply profits sharing mechanisms to avoid riba (forbidden interests). Obeying Islamic norms is the main principle of Syariah Fintech. Even though both Islamic and conventional Fintech provide financial services, Syariah Fintech companies mainly provide financial services, such as loans and leasing, according to their obedience to Islamic moral ethic (Mujahidin, 2019).

Respondents Demographic Characteristics

This study was conducted in Palu city Central Sulawesi Indonesia. The respondents were recruited accidentally within the Muslim community who have used sharia financial technology products. There are 63 men and 17 women respondents were recruited. The age of respondents is from 25 to 65 years old. Their education levels are from high school to postgraduates levels. The respondents' characteristics can be seen in Table 1 below.

Table 1: Demographic Data of Respondents

Gender	**Total**	**Percentage**
Men Women	63 17	79 11
Age		
25-35 36-45 46-55 56-65	21 47 11 1	26 59 14 1
Education		
High School Diplomas Undergraduates Postgraduates	8 22 43 7	10 28 54 8

From the table, we can see that the majority of the respondents are men and are aged between 36 to 45 years old. Most of the respondents' education is undergraduates' level. The fact highlight that the consumers of sharia FinTech companies are men with productive age, and they are the generation with high technology literate who understand to use the gadget and interact with online commerce companies.

Pilot Study

All item measurements used in this study were tested in a pilot study before used in the research analysis. The pilot study aimed to test the validity and reliability of the items. The result of the pilot study analyses and we found that all items used in this study were valid and reliable. Therefore, all of the items can be used for further analysis. The result of the validity test of each items are depicted in Table 2 below:

Table 2: Validity Test

Variable	**Items**	**Corrected Item Questions Total Correlation**	**R Table**	**Validity**
Halal product expectation	I believe the product of sharia FinTech is halal	,402	0,257	Valid
	I believe online sharia loan is free of gambling	,309	0,257	Valid

	The sharia FinTech companies are not involved in non-halal funding	,575	0,257	Valid
	Always ensured the sharia FinTech products that I used is halal	,532	0,257	Valid
	Online Sharia loans is according to Islamic Syariah	,624	0,257	Valid
	Sharia Fintech provides halal loan	,550	0,257	Valid
	Sharia FinTech product is halal because National Syariah Board has certified it	,389	0,257	Valid
	Sharia FinTech loan is provided according to Islam fiqih	,580	0,257	Valid
	The halal certification and logo used by Sharia FinTech convinced me if their product is halal	,389	0,257	Valid
	Always ensure the loans that I got from FinTech syariah through halal process	,580	0,257	Valid
Knowledge of Fiqih	I know number qur'an verses related to sharia business	,278	0,257	Valid
	I know qur'an verses that forbid riba	,663	0,257	Valid
	I know qur;an verses that forbids usury	,568	0,257	Valid
	I can memorize qur'an verses related to business	,350	0,257	Valid
	I can recite qur'an verses related to riba	,518	0,257	Valid
	I can determine halal and haram product well	,305	0,257	Valid
	I can recite more than five hadiths related to Islamic business	,314	0,257	Valid
	I can recite more than five Qur'an verses related to Islamic business	,375	0,257	Valid
	I can differentiate between halal and forbidden financial products	,532	0,257	Valid
	I know Qur'an verses that regulate Muslim in consuming financial products.	,544	0,257	Valid
Social Influence	I use the sharia FinTech service because of the proportion of my Muslim co-worker who uses the service	,530	0,257	Valid
	The senior Ulama in the National Syariah Board makes me confidence to borrow money from Syariah Fintech	,324	0,257	Valid

	My Muslim colleagues is very supportive of the use of sharia Fintech services.	,436	0,257	Valid
	In general, Islam organisations have supported the use of sharia FinTech service	,701	0,257	Valid
	I know that sharia FinTech products have halalcertification from National Sharia Board	,669	0,257	Valid
	Certification andlogos are potential sources ofmy awareness of halal loan from sharia FinTech	,695	0,257	Valid
	I use shariafintech service because My family has used it	,642	0,257	Valid
	My friends in university influence me to use the shariafintech services	,315	0,257	Valid
	I was introduced to sharia FinTech by Muslim figures in my community.	,321	0,257	Valid
	I begin to apply for sharia loan when my friends also use it	,282	0,257	Valid
Intention to use sharia FinTech	I will buy halal certified products in the future	,561	0,257	Valid
	I will regularly use halal-certified sharia FinTech products if it is available	,609	0,257	Valid
	I prefer to use sharia FinTech products even though the brand is not popular	,487	0,257	Valid
	I willing to buy halal certified sharia FinTech products even though the price is slightly high	,362	0,257	Valid
	Borrowing money from sharia FinTech avoids me from hellfire	,663	0,257	Valid
	Customers were willing to spend more effort and money to use shariahFinTech loans	,270	0,257	Valid
	Islamic labels on sharia FinTech make me confidence to use sharia FinTech loan	,698	0,257	Valid
	I will recommend my friends to aplly for sharia FinTech loans	,545	0,257	Valid
	I will consistently make transaction with sharia FinTech companies	,612	0,257	Valid
	I will soon apply for a loan from a sharia FinTech company.	,788	0,257	Valid

All data from table 2 above shows that each item has r-value higher than r table (0,257), and they show positive results. Thus, all questions items are valid. Then, the reliability test of each variable is shown in the following table 3.

Table 3: Items Reliability Test

Variables	**Reliabilities Coefficient**	**Cronbach Apha**	**Reliable**
X			
Halal product expectation	10 items	0,791	Reliable
Religiosity	10 items	0,780	Reliable
Social Influence		0,710	Reliable
Y			
Intention to use sharia FinTech	10 items	0,690	Reliable

The reliability test from table 3 above shows that each variable has Alpha Cronbach higher than 0,6, which means all variables (halal product expectation, social environment, fiqih knowledge, and intention to use sharia FinTech products) are reliable. Next step, we calculate multiple linear regression, and the results are shown in Table 4 below:

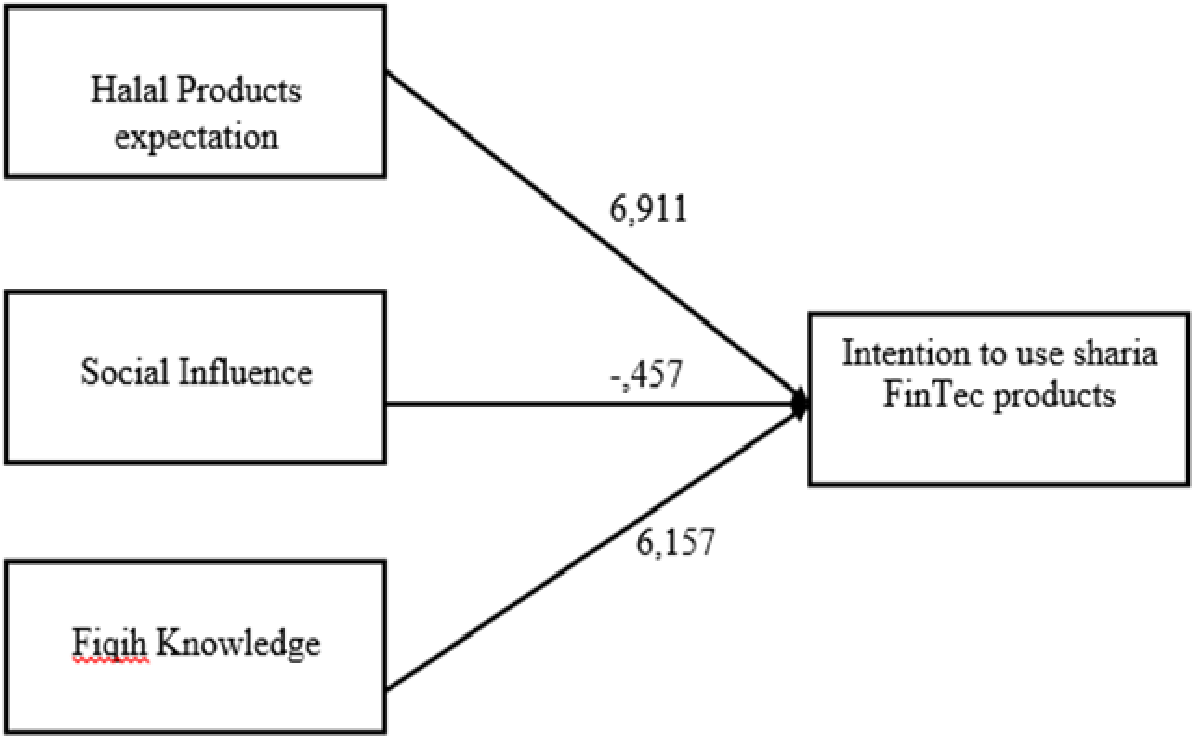
Table 4: Multiple Linear Regression Calculation

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1,681	2,271		-,740	,461		
	X1	,449	,065	,528	6,911	,000	,654	1,529
	X2	-,034	,075	-,032	-,457	,649	,769	1,300
	X3	,574	,093	,454	6,157	,000	,702	1,424

a. Dependent Variable: Y

The regression calculation shows that the value of variable halal product expectation is 6.911, and t value for religiosity is 6,157, while t value for the social environment is -,457. The calculation results mean that both variable halal product expectation (X1) and fiqih knowledge (X2) have a positive influence on intention to use sharia FinTech products, while variable social environment (X2) has no impact on intention to use sharia FinTech products. The result of hypotheses testing, then, is presented in figure 2 below

Figure 2. Summarized Result of Hypothesis



Discussion

As shown in this study that halal product expectation is significantly impacting consumers' decision to use financial technology (FinTech) products, especially online loans. The findings confirm previous studies (Sabbe, Verbeke, & Van Damme, 2009; Tseng & Hung, 2013) in non-halal product adoption. Their studies argue that consumers are willing to adopt certain products due to their expectations relating to reasons such as health or environmental protection. In this study, however, we found that Muslim consumers expectation toward FinTech loan adoption was determined by halal characteristics as found in previous studies in halal adoption (e.g: Akbiyik & Eroglu, 2016; Lada, 2009).

Halal product adoption within Muslim communities is also influenced by their subjective norms (Lada, 2009). In this study, the subjective norm is considered as Muslim personal judgment toward online loans provided by various sharia Fintech base on Islamic values that they adopted and practice in daily life.

Meanwhile, the social environment has no impact on Muslim intention to use sharia FinTech products. We suspect that social environments might not become an important reason for Muslim costumers with strong religious beliefs on Islamic sharia because the ultimate goal for them is the fulfilment of Islamic sharia requirements in the consumption of every product.

Friends or public figures surrounding them cannot influence their religious decision in the adoption of a financial product. The findings highlight that the social environment has a weak impact on financial product adoption. The finding also suggests that sharia financial technology companies focus on offering more halal financial products to convince Muslim consumers to adopt their products.

This study also confirms that the ultimate issue in halal product consumption is that the products should comply with Islam sharia rather than business profits. Muslim consumers view halal as an obligation from Al-Quran to be implemented in every business transaction, which refers to the consumption of lawful and permissible products in Islam (Nurdin, 2016). We also suspect that the negative influence of the social environment towards Muslim decision to use sharia FinTech products is due to their strong reliance on Islamic sharia rather than the social environment.

Meanwhile, religiosity play a strong positive determinant in Muslim decision to adopt sharia FinTech products because high level of religiosity makes Muslim consumers follow their Islamic principles of financial products consumption, by evaluating the product requirements, spending moderately and verifying a halal criteria and logo at the time of financial products purchase (Bukhari Syed Faheem, et al., 2019). Countries with the Muslim majority, such as Indonesia and Pakistan, are Islamic states, and people living there are very concern about the financial product items they purchase and the procedures they follow (Khan, Najmi, Ahmed, & Aman, 2019). Another study, religiosity, also can play as a moderating factor in Muslim adoption of halal products (Nurdin & Yusuf, 2020). In other words, even though the main reasons to purchase financial products are determined by non-religious related issues, religiosity still plays a role in Muslim consumers' decision to purchase halal products.

Conclusion

This study found that halal product expectation and knowledge of fiqih of Muslim consumers have significantly influence Muslim financial consumers to adopt sharia financial technology products, in particular online loans offered by sharia FinTech companies. Meanwhile, the social environment has a negative impact on Muslim consumers to purchase sharia FinTech products. The findings highlight that sharia FinTech companies should concentrate on offering financial products, such as online loans, that strongly confirm Islamic sharia principles. Muslim consumers should be clearly informed with the sharia financial products characteristics.

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