

DETERMINANTS OF ISLAMIC FINTECH ADOPTION
AND ITS CONTRIBUTIONS TO FINANCIAL INCLUSION
IN INDONESIA: A CASE STUDY OF ISLAMIC
PEER-TO-PEER FINANCING PLATFORMS

BY

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INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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ABSTRACT

FinTech has the potential to significantly promote financial inclusion, defined as access to and use of formal financial services, particularly for underserved and marginalised communities. The low financial inclusion rate in developing countries, particularly in OIC member states such as Indonesia, poses a challenge that requires innovative solutions. This study aims to (1) examine the key factors influencing the adoption of Islamic P2P financing platforms using the Unified Theory of Acceptance and Use of Technology (UTAUT) model; (2) explore the socio-cultural and religious factors that drive adoption from beneficiaries' perspective; (3) investigate how Islamic P2P financing contributes to financial inclusion in Indonesia based on insights from FinTech; (4) identify key challenges and the most effective strategies for developing Islamic P2P financing within the context of financial inclusion from the stakeholders' perspective. A mixed-methods approach combining qualitative and quantitative methods was used to provide a comprehensive understanding of the topic. The UTAUT constructs were used to assess the acceptance of FinTech as a dimension of financial inclusion. This data was analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) to assess the behaviour of 231 beneficiaries in the research sample. Additionally, a qualitative method examined the socio-cultural and religious factors influencing beneficiaries' adoption of the Islamic P2P financing service platform. In-depth interviews with providers and key industry stakeholders yielded further qualitative insights, employing thematic analysis and the Interpretive Structural Method (ISM) to explore the development and challenges of Islamic P2P financing platforms as a financial inclusion tool. The findings revealed that key factors influencing user adoption of Islamic P2P financing service platforms include effort expectancy, performance expectancy, social influence, and perceived value. In contrast, perceived risk and facilitating conditions do not have a significant effect on behavioural intention to use Islamic P2P financing platforms. Additionally, the exploration of socio-cultural and religious values, particularly perceptions of debt, financial literacy, and trust in Sharia-compliant platforms, reveals their pivotal role in shaping user acceptance, positioning Islamic P2P financing from the beneficiaries' perspective. On the supply side, the study identified accessibility, usage, and quality of services as fundamental dimensions of financial inclusion, emphasising the necessity of technological innovation, regulatory frameworks, and digital financial literacy to support long-term adoption. The study also uncovered several key challenges in achieving comprehensive financial inclusion, including legal and regulatory constraints, scalability concerns, risk management, trust, security and privacy, digital literacy, and financial literacy gaps. These challenges highlight the need for stakeholder collaborative efforts to enhance user engagement and optimise platform capabilities. This study provides a comprehensive understanding of the role of Islamic P2P financing in improving financial inclusion in Indonesia and offers practical recommendations for beneficiaries, platform providers and regulators as the key stakeholders to strengthen the Islamic FinTech ecosystem. Ultimately, Islamic P2P financing has the potential to bridge gaps in financial accessibility, promote ethical finance, and foster inclusive economic growth in Indonesia.

Keywords: *Islamic FinTech, Financial Inclusion, Islamic P2P Financing Platform, UTAUT, Mixed-Method.*

خلاصة البحث

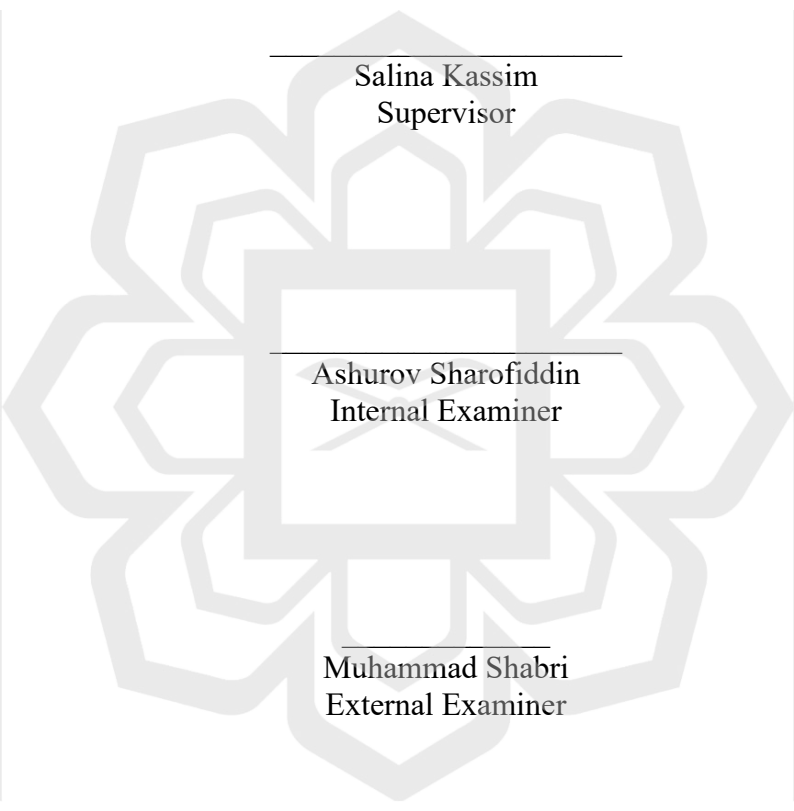
تمتلك التكنولوجيا المالية (Fin-Tech) إمكانات واعدة لتعزيز الشمول المالي بشكل ملحوظ، والذي يُعرف بأنه القدرة على الوصول إلى الخدمات المالية الرسمية واستخدامها، ولا سيما للمجتمعات المهمشة والتي تعاني من نقص الخدمات. ويشكل انخفاض معدلات الشمول المالي في الدول النامية، وتحديدًا في الدول الأعضاء في منظمة التعاون الإسلامي، مثل إندونيسيا، تحديًا يستلزم حلولًا مبتكرة. تهدف هذه الدراسة إلى: (1) فحص العوامل الرئيسية المؤثرة في تبني منصات التمويل الإسلامي من الأقران (P2P)، باستخدام نموذج النظرية الموحدة لقبول واستخدام التكنولوجيا (UTAUT). (2) استكشاف العوامل الاجتماعية والثقافية والدينية التي تدفع نحو التبني من منظور المستخدمين. (3) استقصاء كيفية إسهام التمويل الإسلامي من الأقران في تعزيز الشمول المالي في إندونيسيا بناءً على رؤية التكنولوجيا المالية. (4) تحديد التحديات الرئيسية والاستراتيجيات الأكثر فاعلية لتطوير التمويل الإسلامي من الأقران في سياق الشمول المالي من منظور أصحاب المصلحة. اعتمدت الدراسة منهجية مختلطة تدمج بين الأساليب النوعية والكمية لتقديم فهم شامل للموضوع؛ حيث استخدمت متغيرات نموذج النظرية الموحدة لقبول واستخدام التكنولوجيا، لتقييم قبول التكنولوجيا المالية كبعد من أبعاد الشمول المالي، وتحلت هذه البيانات باستخدام نمذجة المعادلات الهيكلية بطريقة المربعات الصغرى الجزئية (PLS-SEM)، لتقييم سلوك عينة بحثية مكونة من (231) مستفيدًا. بالإضافة إلى ذلك، تناول المنهج النوعي العوامل الاجتماعية والثقافية والدينية المؤثرة في تبني المستخدمين لمنصات التمويل الإسلامي من الأقران، كما قدمت المقابلات المتعمقة مع المزودين وأصحاب المصلحة الرئيسيين في القطاع، رؤية نوعية إضافية، مع توظيف التحليل الموضوعي ومنهجية النمذجة الهيكلية التفسيرية (ISM)، لاستكشاف آليات تطوير هذه المنصات وتحدياتها كأداة للشمول المالي. كشفت النتائج أن العوامل الرئيسية المؤثرة في تبني المستخدمين لمنصات التمويل الإسلامي من الأقران تشمل: توقع الأداء، وتوقع الجهد، والتأثير

الاجتماعي، والقيمة المدركة. وعلى الرغم من أهمية المخاطر المدركة والظروف الميسرة، إلا أنه لم يظهر لهما أثر معنوي. كما أظهر استقصاء القيم الاجتماعية والثقافية والدينية - وخاصة تصورات الدين، والثقافة المالية، والثقة في المنصات المتوافقة مع الشريعة - دورها المحوري في تشكيل قبول المستخدمين، وتحديد مكانة التمويل الإسلامي من الأقران. ومن جانب العرض، حددت الدراسة إمكانية الوصول، والاستخدام، وجودة الخدمات كأبعاد أساسية للشمول المالي، مع التأكيد على ضرورة الابتكار التكنولوجي، والأطر التنظيمية، والثقافة المالية الرقمية لدعم التبني المستدام على المدى الطويل. كما كشفت الدراسة عن عدة تحديات رئيسية في تحقيق شمول مالي شامل، منها القيود القانونية والتنظيمية، ومخاوف التوسع، وإدارة المخاطر، والثقة، والأمن والخصوصية، بالإضافة إلى فجوات الثقافة الرقمية والمالية؛ وهي تحديات تسلط الضوء على حاجة أصحاب المصلحة إلى تضافر الجهود لتعزيز تفاعل المستخدمين وتحسين قدرات المنصات. توفر هذه الدراسة فهماً شاملاً لدور التمويل الإسلامي من الأقران في تحسين الشمول المالي في إندونيسيا، وتقديم توصيات عملية للمستفيدين، ومزودي المنصات، والمنظمين، وأصحاب المصلحة لتعزيز منظومة التكنولوجيا المالية الإسلامية. وفي الختام، يمتلك التمويل الإسلامي من الأقران القدرة على سد فجوات الوصول المالي، وتعزيز التمويل الأخلاقي، ودفع عجلة النمو الاقتصادي الشامل في إندونيسيا.

الكلمات المفتاحية: التكنولوجيا المالية الإسلامية (Fin-Tech)، الشمول المالي، منصات التمويل الإسلامي من الأقران (P2P)، نموذج النظرية الموحدة لقبول واستخدام التكنولوجيا (UTAUT)، المنهج المختلط.

APPROVAL PAGE

The thesis of Erika Takidah Supriyadi has been approved by the following:



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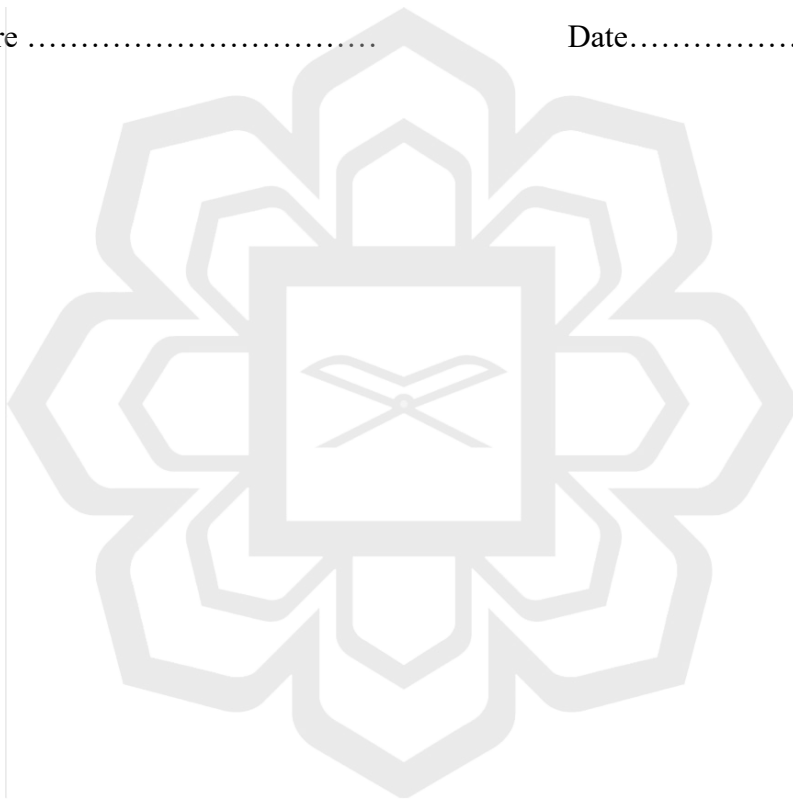
DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Erika Takidah Supriyadi

Signature

Date.....



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**ROLES OF ISLAMIC FINTECH TO ENHANCE FINANCIAL
INCLUSION IN INDONESIA: CASE OF ISLAMIC PEER-TO-
PEER FINANCING SERVICE PLATFORM**

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This thesis is dedicated to my beloved family
My Parents, My Children, my late brother and my sisters
Mamah Yetti, alm Papah Tachli, Manda, Faiz, Bian, alm Fredy, Efrina and Efrini
Thank you for your unconditional love

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TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iii
Declaration	vi
Copyright Page.....	vii
Dedication	viii
Acknowledgements.....	ix
List of Tables.....	xvi
List of Figures	xix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of Study	1
1.2 Problem Statement	5
1.3 Research Objectives	7
1.4 Research Question.....	8
1.5 Significance of Study	9
1.6 Scope and Limitation of Study.....	10
1.7 Organisation of Study	11
CHAPTER TWO: ACHIEVING FINANCIAL INCLUSION THROUGH FINTECH: CONCEPTS, DETERMINANTS, AND IMPACT	14
2.1 Introduction.....	14
2.2 Financial Inclusion Concept.....	14
2.2.1 Dimension and Barrier of Financial Inclusion	16
2.2.2 Policy to Enhance Financial Inclusion	24
2.2.3 Financial Inclusion in an Islamic Perspective	26
2.3 Financial Inclusion in Indonesia: Issues and Challenges	28
2.4 Financial Innovation and Technology	31
2.4.1 Innovation of Financial Services	31
2.4.2 Islamic FinTech Development	37
2.5 Development of Financial Technology in Indonesia	42
2.5.1 Financial Technology in Indonesia	42
2.5.2 Islamic FinTech in Indonesia.....	44
2.5.3 Islamic Peer to Peer (P2P) Financing Platform Development in Indonesia.....	46
2.6 Chapter Summary.....	52
CHAPTER THREE: THEORETICAL FOUNDATION AND EMPIRICAL LITERATURE REVIEW	53
3.1 Introduction	53
3.2 Theoretical Foundation of Financial Inclusion	53
3.2.1 Dissatisfaction Theory	54
3.2.2 Vulnerable Group Theory	55
3.2.3 Institutional Theory	56
3.3 Theory of Acceptance Technology.....	58

3.3.1 Theory of Planned Behaviour and The Theory of Reasoned Action	58
3.3.2 The Theory of Reasoned Action and Technology Acceptance Model.....	59
3.3.3 Unified Technology Acceptance and Use Theory (UTAUT)	62
3.4 Empirical Review on The Role of Fintech in Enhancing Financial Inclusion.....	66
3.4.1 Adoption of Islamic FinTech and Contribution to Financial Inclusion	68
3.4.2 Issue and Challenge in Islamic FinTech	80
3.5 Identification of Research Gaps	83
3.5.1 First Gap: Adoption-usage mechanism for Indonesia's Islamic P2P.....	83
3.5.2 Second Gap: Digital Financing Platform, Socio-Cultural and Religiosity in Beneficiaries' Perspective	84
3.5.3 Third Gap: Linking adoption and platform roles to financial inclusion outcomes	85
3.5.4 Fourth Gap: Stakeholder-level challenges and development strategies in Indonesia.	86
3.6 Chapter Summary.....	87
CHAPTER FOUR: METHODOLOGY	89
4.1 Introduction.....	89
4.2 Conceptual Framework and Hypothesis Development.....	93
4.2.1 Conceptual Framework.....	93
4.2.2 Hypothesis Development.....	97
4.2.2.1 Performance Expectancy	97
4.2.2.2 Effort Expectancy	98
4.2.2.3 Social Influence	99
4.2.2.4 Facilitating Conditions	100
4.2.2.5 Perceived Value	101
4.2.2.6 Perceived Risk	103
4.2.2.7 Trust	104
4.2.2.8 Behavioural Intention	105
4.2.2.9 Mediating Role of Behavioural Intention.....	106
4.3 Research Design.....	109
4.3.1 Mixed-Method Sequential Explanatory Design	109
4.3.2 Research Strategy	112
4.4 Phase One: Quantitative Research	113
4.4.1 Research Approach	113
4.4.2 Population and Sampling.....	114
4.4.3 Pilot Study	117
4.4.4 Data Collection Procedures	117
4.4.5 Measurement of Scale	119
4.4.6 Data Analysis Technique	120
4.4.6.1 Descriptive Analysis.....	120
4.4.6.2 Partial Least Squares -Structural Equation Model Analysis (PLS-SEM).....	121
4.4.7 Research Validity and Reliability for Quantitative Method	133
4.5 Phase Two: Qualitative Research.....	141

4.5.1 Research Approach and Justification.....	141
4.5.2 Sampling and Participants	142
4.5.3 Data Collection Method.....	143
4.5.4 Data Analysis Technique	144
4.5.5 Thematic Analysis	145
4.5.6 ISM (Interpretive Structural Modeling) and MICMAC (Matrice d'Impacts Croisés Multiplication Appliquée à un Classement)	150
4.6 Chapter Summary.....	151
CHAPTER FIVE: QUANTITATIVE RESULTS AND DISCUSSION.....	153
5.1 Introduction	153
5.2 Descriptive Statistics	153
5.3 Quantitative Results by PLS-SEM.....	156
5.3.1 Evaluation of the Measurement Model: Validity Testing	156
5.3.1.1 Convergent Validity	156
5.3.1.2 Discriminant Validity	163
5.3.2 Evaluation of the Measurement Model: Reliability Testing.....	164
5.3.3 Variable Measurement Model.....	165
5.3.4 Model Fit and Predictive Relevance Assessment	175
5.3.4.1 Coefficient of Determination and Predictive Relevance (Q^2)	175
5.3.4.2 Model-Based Fit: SRMR and Complementary Indices	176
5.3.4.3 Effect Size (f^2)	176
5.3.5 Hypothesis Testing.....	178
5.3.5.1 Testing the Direct Influence Hypothesis.....	178
5.3.5.2 Testing the Indirect Influence and Mediation Hypothesis	181
5.3.6 Discussion of Hypothesis Testing Results	183
5.4 RQ 1: What Are The Main Factors Influencing The Adoption of Islamic P2P Financing Services Platforms in Indonesia Based on The UTAUT Model?	186
5.5 Chapter Summary.....	188
CHAPTER SIX: QUALITATIVE FINDINGS AND DISCUSSION.....	190
6.1 Introduction	190
6.2 Specific Characteristics of Respondent.....	190
6.3 RQ 2: To What Extent Do The Specific Socio-Cultural And Religious Factors Drive Beneficiaries' Adoption of An Islamic P2P Financing Services Platform in Indonesia?	192
6.3.1 Theme 1 Socio-cultural Drivers of Adoption	193
6.3.1.1 Subtheme: Cultural Perceptions of Debt: Debt as Moral Responsibility and Social Stigma.....	193
6.3.1.2 Subtheme: Socioeconomic Status Inclusion through Accessibility and Fairness Narratives	195
6.3.1.3 Subtheme: Financial Education and Household Literacy: Adoption as Informed Choice vs Label- Based Trust.....	197
6.3.1.4 Synthesis of Sociocultural Drivers	198

6.3.2	Theme 2: Religious Commitment and Moral Legitimacy in Financial Decision-Making	199
6.3.2.1	Subtheme: Sharia Compliance Awareness: Seeking Halal Assurance amid Knowledge Gaps	200
6.3.2.2	Trust in Institutions and Scholars: Delegated Trust as a Decision Shortcut	202
6.3.2.3	Ethical and Moral Benefits: Adoption as Resistance to Predatory Lending	203
6.3.2.3	Synthesis of Religious Commitment and Moral Legitimacy	206
6.4	RQ 3: How Do The Roles of Islamic P2P Financing Services Platforms Enhance Financial Inclusion in Indonesia From The Fintech Providers' Perspective?	206
6.4.1	Profiles of Islamic P2P Financing Platforms	207
6.4.2	Empowering Islamic Fintech: Expanding Access, Usage, and Quality of Financial Inclusion	208
6.4.2.1	Role of Islamic P2P Financing Service Platform: Accessibility	209
6.4.2.1.1	Stage 1 of Accessibility Basic Access	210
6.4.2.1.2	Stage 2 of Accessibility: Enhance Digital and Physical Access	212
6.4.2.1.3	Stage 3 of Accessibility: Comprehensive and Inclusive Access	214
6.4.2.2	Role of Islamic P2P Financing Service Platform: Usage	215
6.4.2.2.1	Stage 1 of Usage: Initial Engagement	215
6.4.2.2.2	Stage 2 of Usage: Increased Utilisation	216
6.4.2.2.3	Stage 3 of Usage: Advanced and Consistent Usage	217
6.4.2.3	Role of Islamic P2P Financing Service Platform: Quality	218
6.4.2.3.1	Stage 1 of Quality: Literacy, Access and Initial Usage	218
6.4.2.3.2	Stage 2 of Quality: Enhanced Customer Literacy, Experience and Protection	218
6.4.2.3.3	Stage 3 of Quality: Long-term Impact and Economic Empowerment	220
6.5	Financial Inclusion: Islamic P2P Financing Contribution	222
6.6	Chapter Summary	229

CHAPTER SEVEN: ISLAMIC PEER-TO-PEER FINANCING CHALLENGES FOR FINANCIAL INCLUSION IN INDONESIA 230

7.1	Introduction	230
7.2	Profiles of Islamic Finance Stakeholders	230
7.2.1	Otoritas Jasa Keuangan (OJK)	231
7.2.2	Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS)	232
7.2.3	Dewan Syariah Nasional MUI	233
7.2.4	Ikatan Ahli Ekonomi Islam (IAEI)	233
7.2.5	Asosiasi FinTech Syariah Indonesia (AFSI)	234
7.3	Interpretive Structural Modelling (ISM) Approach	234

7.3.1	Questionnaire Development and Data Collection	235
7.3.2	Selection of the Challenges Relevant to Islamic P2P Financing Adoption to Improve Financial Inclusion.....	235
7.3.3	Development of Matrices for the ISM Approach	238
7.3.4	Level of Partitioning	240
7.3.5	MICMAC Quadrant Analysis	241
7.4	RQ 4: What Are The Key Challenges And Best Strategies In Developing An Islamic P2P Financing Services Platform To Enhance Financial Inclusion In Indonesia From The Stakeholders' Perspective?.....	243
7.5	Integrated Discussion: Linking Quantitative Results, Qualitative Insights, and Institutional Challenges	247
7.5.1	Integrated Interpretation of Adoption Drivers and Constraints	247
7.5.2	From Adoption Determinants to Structural Challenges	248
7.5.3	Integrated Challenge–Strategy Matrix for Islamic P2P Financing Development.....	248
7.5.4	Theoretical Integration: Extending UTAUT in an Islamic FinTech Context.....	250
7.6	Chapter Summary.....	253
CHAPTER EIGHT: CONCLUSION		255
8.1	Introduction	255
8.2	Summary of The Major Findings.....	255
8.2.1	Demand Side: Islamic Financial Technology Acceptance, Socio-Cultural and Religiosity Aspect in Financial Inclusion.....	256
8.2.2	Supply Side: Financial Inclusion, the Role of Islamic P2P Financing Service Platform Development, Opportunities and Challenges	261
8.3	Implications and Policy Recommendations	267
8.3.1	Research Implication.....	267
8.3.2	Policy Recommendations	268
8.3.2.1	Recommendations for Regulators and Policymakers	268
8.3.2.2	Recommendations for Islamic P2P Financing FinTech Services	269
8.3.2.3	Recommendations for Beneficiaries of Islamic P2P Financing FinTech Services	271
8.4	Contribution of The Study	272
8.5	Extension for Future Research	273
8.6	Chapter Summary.....	274
REFERENCES.....		276
GLOSSARY.....		295
APPENDIX 1: QUANTITATIVE QUESTIONNAIRE		298
APPENDIX 2: RESULTS OF EXPERT VALIDITY		304
APPENDIX 3: QUALITATIVE QUESTIONNAIRE.....		306
APPENDIX 4: ISM APPROACH QUESTIONNAIRE.....		309
APPENDIX 5: AN EXAMPLE OF INTERVIEW TRANSCRIPT		311

APPENDIX 6: AN EXAMPLE OF QUANTITATIVE DATA INPUT SEM PLS.....	312
APPENDIX 7: AN EXAMPLE OF QUALITATIVE DATA INPUT (ATLAS.TI)	313
APPENDIX 8: AN EXAMPLE OF QUANTITATIVE OUTPUT (PLS SEM).....	314
APPENDIX 9: AN EXAMPLE OF QUALITATIVE DATA OUTPUT (ATLAS.TI)	316
APPENDIX 10: CONSENT LETTER FOR PARTICIPATION	317

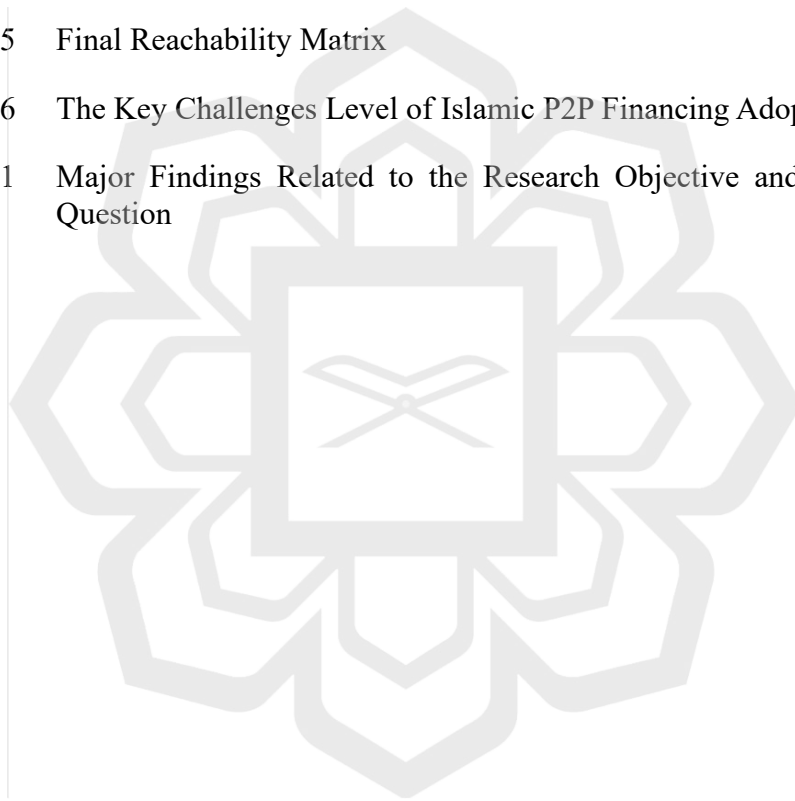


LIST OF TABLES

Table 2.1	Dimension and Indicator of Financial Inclusion	17
Table 2.2	Barriers to Financial Inclusion	18
Table 2.3	Empirical Studies on the Determinants of Financial Inclusion	22
Table 2.4	Financial Literacy and Financial Inclusion Index	29
Table 2.5	Islamic Finance Country Index	30
Table 2.6	Financial Inclusion and Literacy Islamic Index 2019 -2024	30
Table 2.7	Islamic FinTech Relation to Maqasid Al Syariah	39
Table 2.8	Islamic FinTech Opportunities and Challenges	40
Table 2.9	Islamic Contracts in Islamic FinTech	46
Table 2.10	Islamic P2P Financing Distribution in Indonesia	51
Table 3.1	List of Studies: Extended UTAUT to examine Islamic FinTech Adoption	73
Table 3.2	Financial Innovation and Technology Research	77
Table 4.1	Research Mapping: Mixed Method	90
Table 4.2	Comparison between Quantitative and Qualitative Research	110
Table 4.3	Registered Islamic P2P Financing Platforms in Indonesia 2023	118
Table 4.4	Ordinal Likert Scale	120
Table 4.5	Rule of Thumb Evaluation Model Measurement Reflective and Formative	124
Table 4.6	Symbols in the Research Model	126
Table 4.7	Constructs of the Research	130
Table 4.8	Validator Expert Data	133
Table 4.9	Validator Results	134
Table 4.10	Validity Test Indicator for Performance Expectancy Variable	135
Table 4.11	Validity Test Indicator for Effort Expectancy Variable	136
Table 4.12	Validity Test Indicator Social Influence Variable	136

Table 4.13	Validity Test Indicator Facilitating Condition Variable	137
Table 4.14	Validity Test Indicator Perceived Value Variable	137
Table 4.15	Validity Test Indicator Perceived Risk Variable	138
Table 4.16	Validity Test Indicator Trust Variable	138
Table 4.17	Validity Test Indicator Behaviour Intention Variable	139
Table 4.18	Validity Test Indicator Use Behaviour Variable	139
Table 4.19	Reliability Test Indicator Behaviour Intention Variable	140
Table 4.20	Summary of Content Validity (Qualitative Analysis)	146
Table 4.21	Open Question for Interview Session	147
Table 4.22	Research Instruments for In-Depth Interview	149
Table 5.1	Respondent Characteristics	154
Table 5.2	Convergent Indicator Validity	157
Table 5.3	Validity Testing Results	160
Table 5.4	Average Variance Extracted	162
Table 5.5	Heterotrait–Monotrait Ratio (HTMT)	163
Table 5.6	Reliability Test Results	165
Table 5.7	Performance Expectancy Variable Measurement	166
Table 5.8	Effort Expectancy Variable Measurement	167
Table 5.9	Social Influence Variable Measurement	168
Table 5.10	Perceived Value Variable Measurement	169
Table 5.11	Perceived Risk Variable Measurement	170
Table 5.12	Behaviour Intention Variable Measurement	171
Table 5.13	Facilitating Condition Variable Measurement	172
Table 5.14	Trust Variable Measurement	173
Table 5.15	Use Behaviour Variable Measurement	174
Table 5.16	Effect Size (f^2)	177
Table 5.17	Direct Effect Hypothesis Testing Results	178

Table 5.18	The Hypothesis of Indirect Influence and Mediation	182
Table 6.1	Profiles of the Participants-Beneficiaries	191
Table 6.2	Profiles of the Participants' Islamic P2P Provider Representatives	192
Table 6.3	Summary of Islamic P2P Financing Performance in Indonesia	208
Table 7.1	Profiles of the Islamic P2P Financing Stakeholders Representative	231
Table 7.2	Discussion Results of the Islamic P2P Financing Challenges	235
Table 7.3	Structural Self-Interaction Matrix	239
Table 7.4	Initial Reachability Matrix	239
Table 7.5	Final Reachability Matrix	240
Table 7.6	The Key Challenges Level of Islamic P2P Financing Adoption	241
Table 8.1	Major Findings Related to the Research Objective and Research Question	265



LIST OF FIGURES

Figure 1.1	Organisation of Study	13
Figure 2.1	Summary of Financial Inclusion Barriers	20
Figure 2.2	Major Technologies Transforming Financial Services	33
Figure 2.3	Five Elements of the FinTech Ecosystem	34
Figure 2.4	Loan of Demand Process Islamic P2P Financing	48
Figure 2.5	Investment Process	49
Figure 2.6	Islamic P2P Financing Development in Indonesia	50
Figure 3.1	Theory of Planned Behaviour	59
Figure 3.2	Theory of Reasoned Action	60
Figure 3.3	Technology Acceptance Model	61
Figure 3.4	Integration of Eight Theories and Models to Access UTAUT Model	63
Figure 3.5	Research Model UTAUT by Venkatesh (2003)	64
Figure 3.6	Network Visualisation FinTech and Financial Inclusion	67
Figure 4.1	Sequential Phase of Explanatory Mixed Method Design	92
Figure 4.2	Conceptual Framework	94
Figure 4.3	Hypothesis Development of The Research	109
Figure 4.4	The Procedure of the Mixed Method	112
Figure 4.5	PLS-SEM Analysis, Aspects and Statistics	123
Figure 4.6	Proposed Research Model	127
Figure 4.7	ISM MICMAC-Based Flowchart	151
Figure 5.1	Path Diagram 1	159
Figure 5.2	Path Diagram 2	162
Figure 6.1	Stages of Accessibility in Financial Inclusion	223
Figure 6.2	Stages of Usage in Financial Inclusion	224
Figure 7.1	MICMAC Quadrant Analysis	242

Figure 7.2 ISM Base Model of Key Challenges Level of Islamic P2P Financing Adoption (Source: ISM professional 2.0 results)

245



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

Financial inclusion is widely understood as the provision of affordable, accessible, and appropriate financial services for all segments of society, particularly low-income and vulnerable groups. It encompasses not only physical access to financial institutions but also the availability and effective usage of financial products such as savings, credit, payments, and insurance (Beck, Demirguc-Kunt, & Martinez Peria, 2007; Sarma, 2008a). As a development objective, financial inclusion has gained increasing prominence due to its close association with poverty reduction, income stability, and inclusive economic growth. Recognising its strategic importance, the G20 introduced the Principles for Innovative Financial Inclusion in 2011 (Soederberg, 2013), positioning inclusive finance as a cornerstone of global development agendas. These principles emphasise the role of innovation, technology, consumer protection, and regulatory proportionality in expanding access to financial services. International institutions such as the World Bank, International Monetary Fund (IMF), United Nations, and regional development banks have since embedded financial inclusion within broader policy frameworks, including the 2030 Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities) (Chitimira & Warikandwa, 2023).

Despite these efforts, financial exclusion remains a persistent global challenge. According to the Global Findex (2023), more than 1.5 billion adults worldwide still lack access to formal financial systems. Exclusion is particularly concentrated in developing economies, where institutional capacity, financial infrastructure, and regulatory reach remain limited. In many cases, individuals rely on informal financial arrangements that offer limited protection and restrict opportunities for long-term economic advancement. The consequences of financial exclusion extend far beyond the absence of banking services. Limited access to credit constrains entrepreneurial activity, particularly among micro and small enterprises, while a lack of savings and insurance mechanisms

increases vulnerability to economic shocks. Over time, exclusion reinforces income inequality, hinders social mobility, and undermines inclusive growth trajectories. As such, expanding financial inclusion is not merely a financial policy objective but a broader socio-economic imperative that shapes national development outcomes.

While financial inclusion challenges are global in nature, they manifest distinctively in Muslim-majority countries. In many Organisation of Islamic Cooperation (OIC) member states, exclusion is not solely driven by income constraints, geographic isolation, or documentation barriers, but also by religious considerations related to Shariah compliance. A significant proportion of financially excluded individuals in OIC countries refrain from engaging with conventional financial institutions due to concerns over interest-based (*riba*) transactions and non-compliant financial practices (Ben Naceur, Barajas, & Massara, 2015; Khmous & Besim, 2020). This phenomenon of religious self-exclusion creates a unique inclusion gap that conventional financial systems are often ill-equipped to address. Despite representing nearly one-quarter of the global population, OIC countries continue to lag behind global averages in financial inclusion indicators. Empirical evidence suggests that Islamic banking can modestly improve inclusion levels by offering Shariah-compliant alternatives; however, its impact remains constrained by structural limitations. These include limited branch networks, high operational costs, and insufficient outreach to informal and rural communities where financial exclusion is most pronounced.

Moreover, Islamic banking institutions often prioritise corporate and retail customers with established credit profiles, leaving micro-entrepreneurs and informal businesses underserved (Thaker & Sakaran, 2019). As a result, the potential of Islamic finance to fulfil its normative objectives, promoting social justice, equitable distribution, and economic participation, remains only partially realised. These limitations underscore the need for alternative, scalable, technology-enabled solutions that align financial inclusion objectives with Islamic ethical principles. The rapid advancement of digital technology has fundamentally reshaped the global financial landscape. Financial technology (FinTech) innovations have lowered transaction costs, reduced reliance on physical infrastructure, and expanded the reach of financial services to previously underserved populations. Digital platforms enable faster onboarding,

alternative credit assessments, and real-time transactions, making them particularly well-suited to addressing structural inclusion barriers in developing economies.

Within Islamic finance, this digital transformation has given rise to Islamic FinTech—technology-driven financial services designed in accordance with Shariah principles. Islamic FinTech seeks to preserve the ethical foundations of Islamic finance, such as risk-sharing, transparency, and social welfare, while leveraging digital tools to enhance efficiency and accessibility. Over the past decade, Islamic FinTech has gained momentum across several OIC countries, supported by regulatory innovation and increasing consumer demand for ethical financial products. Countries such as Malaysia, Saudi Arabia, and the United Arab Emirates have introduced regulatory sandboxes, digital banking licenses, and innovation hubs to facilitate Shariah-compliant FinTech development (Ab Razak, Dali, Dhillon, & Manaf, 2020; Malik, 2024; Webb, 2025). These initiatives reflect growing recognition that digitalisation can complement Islamic finance’s social objectives by extending access beyond traditional institutional boundaries. Among various Islamic FinTech models, Islamic Peer-to-Peer (P2P) financing has emerged as one of the most prominent and rapidly expanding mechanisms (Gassner & Lawrence, 2019).

Islamic P2P financing platforms operate by directly connecting fund providers and beneficiaries through digital interfaces, using Shariah-compliant contracts such as *murabaha*, *wakalah*, and *qardhul hasan*. By bypassing traditional financial intermediaries and physical branch networks, these platforms reduce transaction costs and accelerate access to financing. More importantly, they address religious concerns by offering financing structures aligned with Islamic principles, thereby mitigating self-exclusion driven by faith-based considerations (Ahmad, Lensink, & Mueller, 2023).

Unlike broader Islamic FinTech services, Islamic P2P financing plays a distinct role in expanding access to productive capital for underserved segments, particularly micro, small, and medium enterprises (MSMEs) and informal entrepreneurs. These groups often face difficulties accessing conventional or Islamic bank financing due to a lack of collateral, credit history, or formal documentation. Islamic P2P platforms offer alternative risk-sharing mechanisms that can better accommodate such constraints.

Despite their potential, the adoption of Islamic P2P financing remains uneven across countries and population groups. Empirical studies report mixed findings regarding the influence of technological factors (Khan, Rabbani, Hawaldar, & Bashar, 2022; Shaikh et al., 2020), socio-cultural norms (Sikka & Bhayana, 2024; Yakubi, Basuki, Purwono, & Usman, 2022), trust, perceived risk, and religiosity on adoption behaviour (Abror, Patrisia, Engriani, Idris, & Dastgir, 2022; Alsmadi & Al Omoush, 2025a). These inconsistencies suggest that Islamic P2P adoption is highly context-dependent, shaped by local institutional environments, cultural norms, and user perceptions. Consequently, there is a growing need for context-specific investigation that moves beyond generic FinTech adoption models.

Indonesia represents a critical and underexplored context for examining Islamic P2P financing adoption. As the world's largest Muslim-majority country, Indonesia faces particular challenges in financial inclusion, particularly among rural populations and informal-sector enterprises. Despite rapid digitalisation, high mobile penetration, and increasing internet usage, a substantial proportion of adults remain unbanked. Based on Global Findex, distance from financial institutions, documentation barriers, and religious considerations are frequently cited as key obstacles (2023). In response, the Indonesian government has prioritised digital finance as a central pillar of its National Strategy for Financial Inclusion (SNKI). The Financial Services Authority (OJK) has introduced regulatory frameworks, licensing mechanisms, and supervisory guidelines to support P2P financing platforms, including Islamic variants. Several Islamic P2P providers, such as Ammana and Qazwa, have emerged with a specific focus on serving underserved communities and MSMEs.

Nevertheless, questions remain regarding the determinants of adoption, the role of socio-religious factors, and the extent to which Islamic P2P financing contributes to meaningful financial inclusion outcomes. Existing evidence suggests that regulatory support alone is insufficient; adoption ultimately depends on user perceptions, trust, and platform-level capabilities. These dynamics make Indonesia a compelling case for examining Islamic P2P financing within a comprehensive demand–supply inclusion framework. Although prior research has examined FinTech adoption using technology acceptance models such as the Unified Theory of Acceptance and Use of Technology (UTAUT), most studies focus primarily on behavioural intention rather than actual

usage and inclusion outcomes. Furthermore, the integration of Islamic socio-religious factors—such as trust, perceived value, perceived risk, and Shariah compliance—into technology adoption frameworks remains underdeveloped, particularly in the context of Islamic P2P financing.

Most existing studies adopt a one-sided perspective, either focusing on users or institutions, without integrating platform providers and other stakeholders into a unified analytical framework. As a result, the linkage between individual adoption behaviour, platform strategies, and broader financial inclusion objectives remains insufficiently understood. This study addresses these gaps by adopting an extended UTAUT framework to examine Islamic P2P financing adoption in Indonesia from both the demand side (beneficiaries) and the supply side (platform providers and stakeholders). By linking behavioural antecedents, actual usage behaviour, and platform roles within a financial inclusion framework, the study provides empirical and contextual insights into how Islamic P2P financing can contribute to inclusive, ethical, and sustainable financial participation.

1.2 PROBLEM STATEMENT

Financial inclusion remains a critical challenge in Indonesia, where large segments of the population—particularly those in underserved and marginalised communities continue to face difficulties in accessing affordable and Shariah-compliant financial services. As the world’s largest Muslim-majority country, Indonesia presents a unique paradox: while demand for Islamic financial solutions is substantial, participation in formal financial systems remains uneven. Islamic Peer-to-Peer (P2P) financing platforms have emerged as a transformative FinTech innovation capable of addressing this gap by leveraging digital technology to connect fund providers and beneficiaries through Shariah-compliant mechanisms such as risk-sharing and the prohibition of interest (*riba*). Despite this potential, the adoption and development of Islamic P2P financing in Indonesia remain constrained by multiple challenges on both the demand and supply sides.

Existing studies on FinTech adoption and financial inclusion have generated valuable insights into technology-enabled financial services. However, the majority of this literature remains centred on generic FinTech contexts, emphasising usability, convenience, and operational efficiency, while largely overlooking the distinctive characteristics of Islamic finance. In particular, there is a lack of empirical studies that systematically examine how faith-based factors such as trust, perceived ethical value, and Shariah legitimacy interact with technology acceptance mechanisms in shaping the adoption of Islamic P2P financing platforms.

More critically, empirical evidence on Islamic FinTech adoption remains fragmented and underdeveloped in Indonesia, despite its status as the world's largest Muslim-majority country and a rapidly growing Islamic digital finance market. Existing studies tend to focus either on conventional FinTech adoption or on Islamic banking products, with limited attention to Islamic P2P financing platforms as a distinct instrument of financial inclusion. Moreover, few studies integrate behavioural intention, actual platform usage, and financial inclusion outcomes within a unified analytical framework. As a result, there is insufficient empirical understanding of why Islamic P2P financing platforms remain underutilised in Indonesia despite supportive regulatory initiatives, increasing digital readiness, and growing demand for Shariah-compliant financial services.

From the demand-side perspective, adoption of Islamic P2P financing is influenced not only by technological factors but also by socio-cultural and religious considerations. While established behavioural theories such as the Theory of Reasoned Action (TRA), the Theory of Planned Behaviour (TPB), and the Technology Acceptance Model (TAM) offer foundational explanations of individual intention (Lim & Weissmann, 2023), they do not fully account for the ethical and religious dimensions inherent in Islamic financial decision-making. The Unified Theory of Acceptance and Use of Technology (UTAUT) provides a more comprehensive framework by integrating performance expectancy, effort expectancy, social influence, and facilitating conditions (Mansyur & Ali, 2022a); however, its application to Islamic P2P financing requires contextual extension to incorporate constructs such as trust, perceived value and perceived risk. Empirical studies that explicitly examine these factors among Islamic P2P beneficiaries remain limited, particularly in Indonesia.

On the supply side, Islamic P2P financing platforms face structural and operational challenges that constrain their contribution to financial inclusion. These challenges include regulatory complexity, technological readiness, risk management, particularly default risk and coordination among key stakeholders, including regulators, platform operators, Islamic scholars, and investors (Firmansyah & Ramdani, 2018; Rusydiana, 2018). While regulatory support from the Financial Services Authority (OJK) and national digital finance initiatives provides an enabling environment, platform sustainability and scalability depend on effective alignment between institutional frameworks, technological capabilities, and user trust. Existing research rarely integrates these platform-level and stakeholder dimensions with user adoption behaviour, resulting in fragmented insights into how Islamic P2P financing can generate meaningful inclusion outcomes.

Critically, much of the existing literature treats Islamic FinTech adoption and financial inclusion as separate analytical domains. Studies frequently focus on behavioural intention without examining actual usage behaviour or assessing how platform operations translate into broader financial inclusion impacts. This fragmentation limits understanding of how Islamic P2P financing can move beyond adoption to deliver sustained access, usage, and empowerment for financially excluded populations. Accordingly, this study addresses these gaps by integrating demand-side adoption behaviour and supply-side platform perspectives within an extended UTAUT framework, complemented by stakeholder insights. By empirically linking behavioural antecedents, actual usage of Islamic P2P platforms, and institutional roles within a unified financial inclusion framework, this research seeks to provide a comprehensive and contextually grounded understanding of how Islamic P2P financing can enhance inclusive, ethical, and sustainable financial participation in Indonesia.

1.3 RESEARCH OBJECTIVES

The study aims to fulfil the following objectives:

1. To examine the determinants of Islamic P2P financing adoption in Indonesia by assessing the effects of performance expectancy, effort expectancy, social

influence, facilitating conditions, trust, perceived value, and perceived risk within the extended UTAUT framework.

2. To identify specific sociocultural and religious factors that contribute to the adoption of Islamic P2P financing service platforms from the beneficiaries' perspective.
3. To investigate how an Islamic P2P financing services platform can contribute to enhancing financial inclusion in Indonesia from the perspective of FinTech providers.
4. To identify the key challenges and best strategies related to the development of Islamic P2P Financing within the context of financial inclusion in Indonesia from the stakeholders' perspective.

1.4 RESEARCH QUESTION

In line with the objectives set out above, the study addressed some more specific research questions, as follows:

1. What are the main factors influencing the adoption of Islamic P2P financing services platforms in Indonesia based on the UTAUT model?
2. To what extent do the specific sociocultural and religious factors drive beneficiaries' adoption of an Islamic P2P financing services platform in Indonesia?
3. How do the roles of Islamic P2P financing services platforms enhance financial inclusion in Indonesia from the FinTech providers' perspective?
4. What are the key challenges and best strategies in developing an Islamic P2P financing services platform to enhance financial inclusion in Indonesia from the stakeholders' perspective?

1.5 SIGNIFICANCE OF STUDY

This study holds significant importance in comprehending the role of Islamic P2P financing platforms in promoting financial inclusion in Indonesia, a country with the world's largest Muslim population. While Islamic FinTech has been acknowledged for its potential to offer Shariah-compliant financial services, it still encounters hurdles in achieving widespread adoption and overcoming barriers to financial access. These barriers include socio-cultural, religiosity, regulatory complexities, lack of digital literacy, limited awareness, and difficulty reaching underserved populations. As Islamic P2P financing platforms continue to emerge as a viable alternative to conventional financial services, evaluating their role in addressing financial exclusion is crucial, particularly among individuals and businesses that prefer or require Shariah-compliant financial solutions. By focusing on the Islamic FinTech ecosystem, this study provides a deeper understanding of how digital Islamic financial services can bridge the financial gap and contribute to a more inclusive economy.

Moreover, the literature on Islamic FinTech remains scarce, especially in empirical studies evaluating its direct contribution to financial inclusion. While Islamic finance research has traditionally concentrated on Islamic banking, microfinance, takaful (Islamic insurance), zakat (charitable giving), and waqf (endowments), little attention has been given to Islamic P2P financing platforms and their influence on user behaviour, adoption, and financial empowerment. This research gap restricts the ability of policymakers, regulators, and financial service providers to grasp the full potential of Islamic FinTech in driving financial inclusion. By empirically examining beneficiaries' intentions to adopt and utilise Islamic P2P financing services, this study provides valuable insights that address this research gap, paving the way for further investigations into the socio-economic impact of Islamic FinTech solutions.

In addition to filling gaps in empirical research, this study makes a significant theoretical contribution by integrating financial inclusion theories, such as the Dissatisfaction Theory and the Vulnerable Group Theory, with the Unified Theory of Acceptance and Use of Technology (UTAUT). This integration offers a comprehensive framework for understanding why and how individuals adopt Islamic P2P financing platforms. The Dissatisfaction Theory suggests that users seek alternative financial

solutions when traditional financing or conventional banking services fail to meet their needs. Islamic P2P FinTech platforms, by offering ethical, interest-free, and inclusive financial services, address the dissatisfaction that many Muslims experience with traditional financial systems. Meanwhile, the Vulnerable Group Theory highlights the importance of financial inclusion efforts targeting marginalised populations, including low-income groups, women, and rural communities. By examining these theoretical perspectives alongside UTAUT constructs, this study provides a deeper understanding of the factors influencing adoption, trust, and usage behaviour in Islamic FinTech services.

This study offers practical implications for key stakeholders, including Islamic FinTech providers, regulators, policymakers, and financial institutions. By identifying the key drivers and barriers to adopting Islamic P2P financing, this research provides valuable insights into how service providers can enhance their platforms to improve accessibility, affordability, and usability. For regulators and policymakers, the findings can guide policy decisions that promote an enabling environment for Islamic digital finance growth, ensuring that regulatory frameworks support financial inclusion while maintaining Shariah compliance and financial stability. Ultimately, the study contributes to the broader goal of leveraging FinTech innovation to expand financial access, reduce economic disparities, and empower individuals and businesses traditionally excluded from formal financial systems.

1.6 SCOPE AND LIMITATION OF STUDY

This study focused on exploring and understanding the role of FinTech in achieving financial inclusion in the case of an Islamic P2P financing platform in Indonesia. Thus, this research conducted a process of identifying and addressing the issues from the supply side and demand side, to examine user behaviour that potentially adopts the Islamic P2P financing service platform. Moreover, the supply side of the study was conducted on Islamic P2P financing platform providers and stakeholders in Indonesia by interpreting vis-à-vis comparison of the access, availability, and quality of the products and services provided in serving the needs of beneficiaries. Furthermore, the study analysed the challenges faced by the Islamic P2P financing industry in Indonesia

by conducting an analytical study from the stakeholders' side. Subsequently, it provided solutions and recommendations to answer complex issues and challenges that hinder the growth of access to finance in Indonesia.

This research had several limitations since the researcher limited the variable scopes of acceptance of FinTech. The variables used are based on previous research based on expanded UTAUT, which includes effort expectancy, performance expectancy, social influence, perceived value, perceived risk, trust, facilitating condition and behaviour intention. The variables were used to understand the role of the Islamic P2P financing platform towards the achievement of financial inclusion. Subsequently, this study used a quantitative and qualitative analysis by incorporating a case study of the Islamic P2P financing services platform registered in Otoritas Jasa Keuangan (OJK), Indonesia. However, the discovery of this research may serve as the basis of empirical quantitative and qualitative data and essential information points in the actual field, and what exactly occurs in the Indonesian Islamic P2P financing service platforms in providing services to their beneficiaries.

1.7 ORGANISATION OF STUDY

This study comprises eight chapters: introduction, literature review, research methodology, quantitative results and discussion, qualitative findings and discussion, discussion of roles of Islamic P2P financing services platform to enhance financial inclusion, and conclusion. The first part discusses the introduction, which contains a background, the purpose of the study, the problem statement, research questions, significance, scope, limitations, and organisation.

Both Chapters Two and Three are literature reviews. Chapter Two focuses on financial inclusion, its definition, determinants, and barriers. Additional topics include financial innovation and technology, Islamic FinTech and Islamic P2P Financing Platforms in Indonesia. Chapter Three discusses the theoretical foundation of financial inclusion, Institutional Theory, Theory of Acceptance to FinTech, and an empirical review of the role of FinTech and financial inclusion. Chapter Three's closing part concerns the research gaps in financial inclusion and FinTech.

Chapter Four extensively discusses the research methods employed to achieve all research objectives. The process of selecting the most suitable procedures to achieve the desired objectives commences with a thorough examination of the strategies and methodologies proposed in the different research methodologies, followed by an analysis of pertinent empirical studies, before ultimately determining the most fitting methods for the study. In addition, this study depended on the gathering of primary data. Data collection in this study involved purposive sampling, questionnaires, document analysis, and in-depth interviews. Moreover, in Chapter Five, the current quantitative study employed the UTAUT and Partial Least Squares - Structural Equation Model (PLS-SEM) as the data analysis methods, serving as a quantitative approach while also bridging to qualitative methods.

Chapter Six shows qualitative findings into themes describing specific factors such as socio-cultural and religiosity analysis for Islamic P2P financing service platform beneficiaries. In Chapter Seven, semi-structured interviews were conducted to collect data from regulators, practitioners, academicians, and researchers using the Interpretive Structural Method (ISM). Nine (9) participants participated in the in-depth interviews to formulate strategic priorities to address the challenges of advancing Islamic P2P financing in Indonesia. The final chapter, Chapter Eight, presents the conclusion and discusses some of the study's limitations and difficulties, which will guide the current research in answering the research questions (see Figure 1.1).

DETERMINANTS OF ISLAMIC FINTECH ADOPTION AND ITS CONTRIBUTIONS TO FINANCIAL INCLUSION IN INDONESIA: A CASE STUDY OF ISLAMIC PEER-TO-PEER FINANCING PLATFORMS

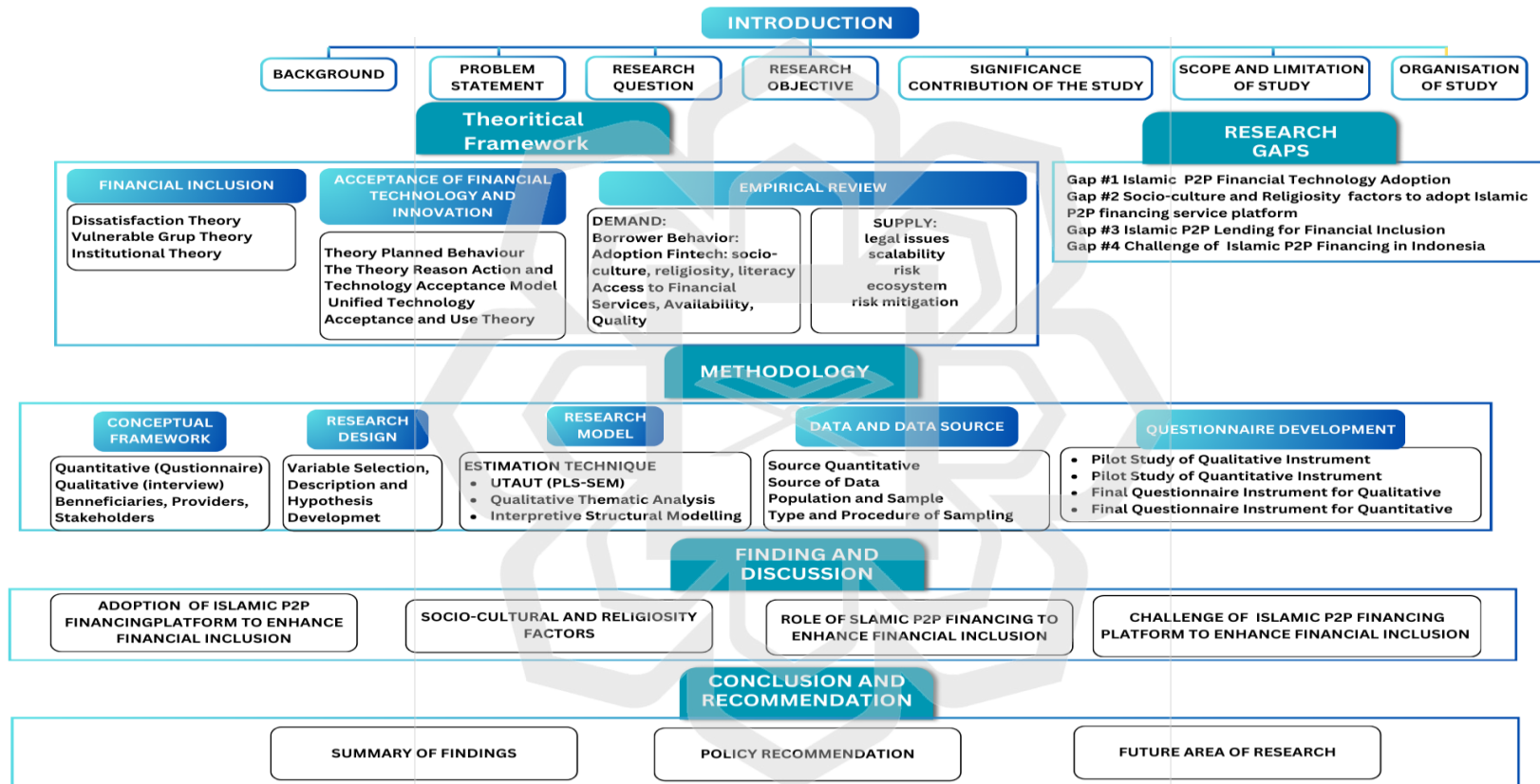


Figure 1.1 Organisation of Study

CHAPTER TWO

ACHIEVING FINANCIAL INCLUSION THROUGH FINTECH: CONCEPTS, DETERMINANTS, AND IMPACT

2.1 INTRODUCTION

This chapter provides a comprehensive and systematic review of the literature on financial inclusion and FinTech, thus establishing the necessary contextual framework for the study. The initial step involves a comprehensive investigation into the historical background of financial inclusion, encompassing its development, significance, and the assorted methods utilised to enhance the accessibility of financial services. The chapter subsequently examines the various aspects of financial inclusion, including accessibility, availability, and usage of financial products and services, and identifies the primary factors that influence these aspects. This encompasses various factors, including socioeconomic status, geographical location, and technological infrastructure. In addition, the chapter offers an in-depth examination of financial innovation and technology, revealing their role in revolutionising traditional financial services and fostering wider access. Lastly, the concluding section offers a synthesis of the discussions, concisely summarising important insights and emphasising the gaps in the current literature, which will be explored further in subsequent chapters.

2.2 FINANCIAL INCLUSION CONCEPT

The concept of financial inclusion has evolved from early infrastructural concerns to more nuanced, multidimensional frameworks that incorporate behavioural, cultural, and institutional factors. Foundational studies by Leyshon and Thrift (1995) and Dymski and Veitch (1996) emphasised spatial exclusion, linking financial exclusion in developed economies to the withdrawal of banking services from low-income areas. These studies framed exclusion as a structural issue tied to neoliberal urban restructuring but provided limited insight into individual financial behaviour or the socio-cultural barriers to inclusion.

Building on this, the early 2000s saw a shift toward demand-side exclusion, emphasising behavioural and cognitive factors. Scholars such as Sinclair and Collard (2001) examined financial self-exclusion, literacy, and affordability, revealing how users may avoid services due to complexity, mistrust, or stigma. This approach blurred the traditional supply-demand divide and showed how consumer capability interacts with institutional design, laying the groundwork for holistic inclusion frameworks.

A key development came with Sarma's (2008b) Financial Inclusion Index, which quantified inclusion based on access, availability, and usage. While groundbreaking in its scope, Sarma's index remained heavily supply-side and infrastructure-centric, offering little insight into subjective or cultural exclusion. In contrast, the Global Findex by Demirgüç-Kunt et al. (2022; 2018) incorporated behavioural data such as trust, gender, and ID constraints, providing a richer user-level view. However, even this model fails to account for religious or ethical preferences, which are especially relevant in Muslim-majority countries.

In these contexts, financial exclusion is often voluntary, driven not by lack of access but by the perceived incompatibility of conventional finance with Islamic values (Baber, 2019; Zulkhibri, 2016). For example, while Kumar (2019) identified institutional infrastructure as the key to inclusion, Zulkhibri (2016) and Baber (2019) argued that religiosity, trust in Shariah compliance, and avoidance of *riba* are equally decisive. These contradictions show that access alone is insufficient; what matters is value congruence, or whether financial services align with users' ethical and religious beliefs.

Mainstream inclusion metrics typically overlook such dimensions, treating religiosity as a demographic rather than a behavioural factor. Yet, as shown by Aji et al. (2020) and Rabbani (2021), religious norms can significantly shape technology acceptance, especially in digital Islamic finance. This study addresses that theoretical blind spot by integrating perceived value, perceived risk, trust, and religiosity into an extended UTAUT framework tailored for Islamic P2P platforms in Indonesia. This allows a more behaviorally and contextually grounded assessment of financial inclusion in digital Islamic ecosystems.

Further complicating inclusion are multi-layered exclusion mechanisms, including price, marketing, and condition exclusions (Koku, 2015). These structural limitations are compounded by self-exclusion, wherein users anticipate rejection or avoid financial products due to mistrust or past negative experiences (Pradeep, 2011). In Islamic contexts, self-exclusion may stem from fear of engaging with non-Shariah-compliant services. Thus, exclusion is not just a technical or regulatory issue; it is often perceptual and ethical.

Lastly, as emerging economies embrace digital transformation, the role of FinTech, especially Islamic P2P financing, has gained prominence as a bridge between formal access and ethical acceptability. According to the Global Islamic Fintech (2023), Islamic digital platforms like CapBay Islamic (Malaysia) and Finzey Finance (Saudi Arabia) are expanding access to underserved MSMEs while maintaining compliance with Shariah principles. These platforms not only offer financial services but also provide religious assurance, helping overcome the trust deficit that often fuels exclusion.

2.2.1 Dimension and Barrier of Financial Inclusion

Previous studies have revealed that the financial inclusion index covers certain dimensions. Sarma (2008b) constructed a multidimensional index to measure the degree of financial inclusion, which included accessibility (banking penetration), availability, and usage of the banking system (see Table 2.1). The first dimension used to measure financial inclusion is bank penetration, or accessibility. Demirgüç-Kunt and Klapper (2012) stated that bank penetration reflects ownership of formal accounts and access to financial institutions, including banks, credit unions, cooperatives, post offices, and microfinance institutions. It included those reporting having a debit or ATM card. Sarma (2008b) defined banking penetration as the proportion of the population with bank accounts. At the same time, availability, as the second dimension, encompasses the number of ATM booths, bank branches, bank loans, and savings. Demirgüç-Kunt et al. (2014) also explained this when combining demographic and geographic factors to measure accessibility. In this case, accessibility is measured by demographic factors, such as the number of branch offices or ATMs per 100,000 people. In contrast,

availability based on geographical factors measures the number of branch offices or ATM booths that could be achieved per 1000 km (Asli Demircuc-Kunt, Honohan, & Beck, 2008).

The third dimension is usage, which shows how well financial institutions use financial services. It has been noted that in some countries where a high number of formal accounts are recorded, very few use financial services for various reasons, such as the availability of banking outlets and strict conditions attached to financial services (Camara & Tuesta, 2014). Sarma (2008b). Credit and savings services were considered to measure the use of banking services. These indicators were calculated based on the amount of loans and deposits as a proportion of the country's GDP. Demircuc-Kunt and Klapper (2012) have measured the indicator's usage based on the level and pattern of use of diverse financial services. Moreover, it is divided into several groups, such as the bottom of the pyramid, youth and women. Other indicators of bank account usage were reflected in its purpose. Account usage includes obtaining credit or loans, saving patterns, making payments, deposits, cash withdrawals, and receiving wages and remittances.

Table 2.1 Dimension and Indicator of Financial Inclusion

No	Dimension	Indicator	References
1	Access	Bank penetration	Sarma (2008b), Iqbal & Mirakhor (2012), Abdulmumin et al. (2019), Maity (2023), Ramaian (2023)
		The number of people who have an account in a bank	Barajas et al. (2020), Ozili (2020), Ediagbonya (2023), Nasution (2022)
2	Availability	Geographical factor	Demircuc-Kunt et al. (2008), Camara & Tuesta (2014), Maity (2023)
		Number of branches	Barajas et al. (2020), Garg (2023)
		Number of ATM booths	Barajas et al. (2020), Cabeza-García et al. (2019)
3	Usage	Number of formal accounts	Camara & Tuesta (2014) Yorulmaz (2018), Allen et al. (2016), Gandelman (2025), Mossie (2022)
		Credit and savings usage	Barajas et al. (2020) Gandelman (2025), Nasution (2022)

Source: Author's summary from the listed reference

The barrier to financial inclusion was explored by Damodaran (2006), Faruk and Noman (2013), and Gupta (2015). They argued about the challenges of financial inclusion (Alam et al., 2019) and explained that the obstacles to financial inclusion could be categorised into three sources: individual, infrastructure, and institutional. The barriers include age, gender, low financial literacy, perception of high costs, lack of legal documents, and financial status. These individual barriers arise from the financial user's condition, which has certain limitations in accessing financial services. Other reasons for people not using bank services include the initial cost of deposits, minimum collateral and formal documentation, savings cost maintenance, high commissions, terms and conditions, low interest rates on deposits, insecurity, and inadequate treatment (Solo, 2008). Institutional barriers appear because of a lack of coordination between the government and banking service providers, a lack of client protection, a limited understanding of customer needs, and low-quality service. Lastly, the obstacles to infrastructure include location, distance, and lack of knowledge about using technology and banking-based ICT transactions.

Table 2.2 Barriers to Financial Inclusion

No	Barrier	Reference
1	Individual barriers: Age, Gender, Low financial literacy, Perception of high cost, Not having legal documents and financial status	Ambarkhane et al.(2022), Ulwodi & Muriu (2017), Tambunlertcha (2018), Saluja (2023), Kaliba(2023)
2	Institutional barriers: Lack of coordination between the government and banking service providers, lack of protection for clients, limited understanding of customer needs, and poor quality of service	Ambarkhane et al.(2022), Ulwodi & Muriu (2017), Tambunlertcha (2018), Yasir(2022), Bekele (2023)
3	Infrastructure barriers: Location, distance, and lack of knowledge to use technology and lack of ICT-based banking transactions	Ambarkhane et al.(2022), Ulwodi & Muriu (2017), Tambunlertcha (2018), Amit (2022)

As outlined in Table 2.2, the barriers to financial inclusion can be broadly categorised into individual, institutional, and infrastructural challenges, each posing distinct obstacles to achieving widespread access to financial services. Individual barriers, such as age, gender, low financial literacy, perceived high costs, and the lack of legal documents or adequate financial status, create significant limitations for marginalised groups (Ambarkhane et al., 2022). For instance, women and older individuals often face systemic biases that limit their financial opportunities (Saluja et al., 2023). Low financial literacy exacerbates these challenges by hindering individuals from understanding or accessing financial products, while the perception of high costs discourages participation. The lack of proper documentation, a common issue in underserved populations, restricts access to banking services, further excluding vulnerable demographics from formal financial systems. These barriers highlight the necessity of targeted interventions that address socioeconomic disparities and promote financial education.

Institutional and infrastructural barriers compound these challenges by undermining the effectiveness and accessibility of financial services. Institutional issues, such as poor coordination between governments and banking service providers, insufficient client protection mechanisms, limited understanding of customer needs, and poor service quality, reflect systemic inadequacies in the financial ecosystem (Bekele, 2023; Yasir et al., 2022). These issues create a gap between service providers and users, often alienating potential clients who perceive formal financial systems as unresponsive or unreliable. Infrastructural barriers, including geographical constraints, technological illiteracy, and limited access to ICT-based banking transactions, further restrict financial inclusion. Rural populations and those without technological knowledge face disproportionate challenges, as distance from banking facilities and the complexity of digital platforms create insurmountable hurdles for many (Amit et al., 2022). Addressing these barriers requires a multifaceted approach, combining improved policy coordination, enhanced consumer protection, and investment in digital and physical infrastructure alongside efforts to educate and empower underserved communities.

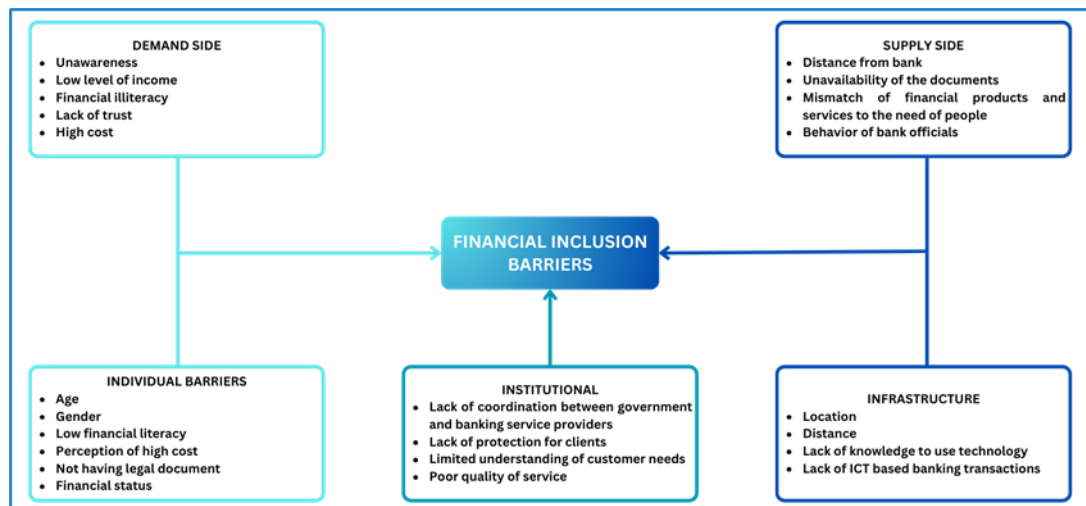


Figure 2.1 Summary of Financial Inclusion Barriers

Source: Author's summary from the listed reference

In subsequent developments, Kumar (2019) divided the barriers to financial inclusion into two major parts: the supply and demand sides. Supply-side barriers significantly hinder financial inclusion, especially in rural and underserved areas. One of the most common challenges is the physical distance from banks, making access difficult for individuals who must leave work or travel long distances to open an account. This issue is compounded by the lack of required documentation, such as identity and address proof, which many individuals, particularly the poor and illiterate, either do not possess or have inaccuracies. The absence of proper documentation prevents many from accessing financial services, further entrenching their exclusion from the formal financial system.

Additionally, the mismatch between available financial products and people's actual needs is another barrier. Many financial offerings fail to align with the requirements of low-income populations, making them unsuitable or inaccessible. Furthermore, the unwelcoming behaviour of some bank officials exacerbates the problem. Poor customer service, delays, and perceived indifference from bank staff foster mistrust, discouraging individuals from engaging with the banking system. Together, these factors create a significant impediment to achieving financial inclusion for vulnerable populations.

Demand-side barriers to financial inclusion stem primarily from unawareness, financial illiteracy, and low income. Due to poor publicity and widespread illiteracy, many individuals remain unaware of the banking products, services, and schemes designed for them (Tram, Lai, & Nguyen, 2023). Despite the availability of beneficial schemes, a lack of awareness prevents their enrollment. Additionally, low-income groups often perceive no need for a bank account, as their earnings are spent immediately with little or no savings. Even when savings exist, the amounts are so small that individuals prefer keeping them at home, bypassing the formal financial system entirely.

Financial illiteracy and mistrust further compound these challenges. Many individuals lack the knowledge to understand banking processes or the benefits of financial products, leading to hesitation and exclusion. Negative experiences with banks, such as long wait times and unhelpful staff, erode trust in formal financial channels. Furthermore, administrative costs, such as fees for maintaining accounts or issuing debit cards, deter poor individuals from opening accounts. These barriers collectively exclude vulnerable populations from the financial system, highlighting the need for targeted interventions to improve awareness, trust, and accessibility.

Researchers around the world have widely studied determinants of financial inclusion. Some studies only focused on one country or even a smaller area. Still, some studies tried to capture conditions within a broader area, such as on one continent, developing countries, Muslim countries, or one region. Table 2.3 below illustrates the determinants related to financial inclusion, and these determinants are divided into individual customer characteristics, such as age, marital status, religion and gender; environmental conditions, such as household assets; and social conditions, such as socio-cultural conditions.

Table 2.3 Empirical Studies on the Determinants of Financial Inclusion

No	Determinants	Findings and Relationship	References
Dimension: Accessibility			
1	Age	Older people have access to financial institutions more easily than younger people.	Cyn-Young Park & Mercado (2015) Allen, Demirguc-Kunt, Klapper, & Martinez Peria (2016)
2	Gender	Men prefer to get financial access more than women.	Park & Mercado, (2018) Kairiza, Kiprono, & Magadzire (2017)
3	Marital Status	Married people have better financial access than widows or divorcees.	Demirguc-Kunt et al., (2014) Tambunlertchai (2018)
4	Education	The higher a person's education, the more elevated their level of financial knowledge, so that they can make the right financial decisions	Kim, Yu & Hassan (2020) Ghosh & Vinod (2017)
5	Occupation	People who have formal jobs are more trusted to get credit than those who work in the informal sector	Kairiza et al. (2017)
6	Income	The higher the income, the easier it is to get a loan from the bank	Tambunlertchai (2018)
7	Religiosity / Religious commitment	Muslims choose financial institutions that follow Shariah, while other Muslims do not think about that problem	Demirguc-Kunt et al., 2014) Baber (2019)
8	Administration	People who have a complete identity and administration will more easily get financial access	Lotto (2018) Ren, Li, Zhao, & Zhou, (2018)

No	Determinants	Findings and Relationship	References
9	Location	People living in rural areas have less access compared to urban communities	Tambunlertchai (2018)
Dimension: Availability			
10	House-holds size	People who have larger households will get better facilities from financial institutions	Dawood et al., (2019)
11	Household assets	If a large household asset is considered to have good collateral to get credit from financial institutions	Dawood et al. (2019)
12	Social culture	Many still prefer to avoid banks or formal financial institutions due to high costs and steep interest rates. There remain numerous informal ways to obtain loans, such as from neighbours, relatives, and friends.	Aduda et al (2012) Baber (2019)
Dimension: Usage			
13	Usage of technology/ acceptance	People who are accustomed to using technology such as smartphones will more easily access financial services	Seman (2016) Todorof (2018)

Source: Author's summary from the listed reference

Individual characteristics in financial inclusion determinants can provide a general picture of who is financially excluded in this category. All research on financial inclusion determinants, such as age, gender, marital status, employment, and income, is required for the respondents to answer. Some researchers did not include religion in

their questions. Still, specifically for research on the role of Islamic finance in financial inclusion, the question of religious preferences is more detailed (Allen, Demirguc-Kunt, Klapper, & Martinez Peria, 2016; Mohieldin, Iqbal, Rostom, & Fu, 2011).

Household ownership matters, such as household assets, illustrate the ability of customers to provide guarantees to financial institutions. So far, people who are outside the reach of financial institutions do not have assets to be used as collateral. According to Dawood et al. (2019), financial inclusion can compensate for a lack of income, limited non-agricultural employment opportunities in rural areas and low household education rates. Aduda (2012) argued that many people are financially and socially excluded. This problem can be addressed if the socio-cultural environment is better and everyone is willing to accept the conditions.

Technology integration emerged as a significant factor in contemporary research on financial inclusion. Technological advancements are expected to accelerate substantially in the coming years (Venkatesh, Morris, Davis, & Davis, 2003). Furthermore, the adoption of technology in everyday activities is expected to enhance financial inclusion. Recent studies have begun to assess the readiness of individuals to utilise technology for financial transactions with banks and other institutions, including religiously motivated transactions, such as paying zakat and making donations via FinTech platforms (Baazeem, 2018).

While financial inclusion has traditionally been measured through access indicators such as account ownership and service availability, recent studies suggest that such measures provide an incomplete picture. Access alone does not guarantee meaningful usage, sustained engagement, or improved financial well-being, particularly within socio-religious contexts where ethical considerations and trust play a central role.

2.2.2 Policy to Enhance Financial Inclusion

Mohieldin (2011) made several recommendations to improve financial inclusion in developing countries. On the government side, developing a supportive regulatory and supervisory framework is needed to strengthen the financial infrastructure for financial

inclusion. In addition, it will ensure a level playing field for Islamic microfinance, small and medium-sized enterprises, and takaful. In addition, the institutionalisation of Islamic redistribution and financial engineering instruments is expected to help significantly increase financial inclusion. These recommendations have been shown in subsequent studies in various countries, such as Ozsuca (2019), for example, the importance of designing policies to promote financial inclusion in Turkey. Zinsen and Weill (2015) in Africa, and in Lotto (2018), where Tanzania have sent a wake-up call for policymakers to emphasise women and young people who are often left behind in government efforts to reach the entire population regarding financial inclusion.

Financial infrastructure remains a significant obstacle to achieving financial inclusion. To address this challenge, the government must prioritise the development of appropriate infrastructure to expedite access. Enhancing financial inclusion can be achieved by expanding infrastructure, with the banking sector focusing on establishing additional delivery channels. Utilising mobile financial services presents an effective strategy to extend financial access to underserved and unbanked populations. In Jordan (Al-Smadi, 2018), the findings suggested that financial inclusion may introduce potential risks that could undermine financial stability. These risks arise from the introduction of innovative financial instruments and the growing participation in the financial system by groups such as low-income individuals and new financial service providers. This highlights the critical importance of financial supervision in mitigating risks associated with including unregulated participants in the financial system. The last issue is financial innovation, which eliminates the obstacles faced in financial inclusion. Financial innovation through FinTech can help customers access financial institutions. Developing infrastructure technology will accelerate the reach of financial inclusion and requires strategic policies from the government to get it going well. The Indonesian government has established a National Financial Inclusive Strategy, which former Indonesian President Joko Widodo issued as presidential decree 82 in 2016. The strategy aims to achieve a 75% financial inclusion target in Indonesia.

2.2.3 Financial Inclusion in an Islamic Perspective

From an Islamic perspective, financial inclusion is grounded in the principles of the Shari'ah objectives, or maqasid al-Shari'ah. Central to Islamic belief, the primary aim of maqasid al-Shari'ah is to ensure the welfare and well-being (*maslahah*) of humanity, both in this life and the hereafter. Understanding maqasid is essential for interpreting Shari'ah correctly. Imam al-Ghazali defined maqasid by highlighting its focus on preserving five key objectives: religion (*deen*), life (*nafs*), intellect (*'aql*), progeny (*nasl*), and wealth (*mal*). The overarching goal of Shari'ah is to safeguard and promote the well-being of individuals and society.

The maqasid al-Shari'ah encompass the objectives of Islamic law, reflected in the majority, if not all, of its rulings. The wisdom of the Lawgiver dictates that the Shari'ah aims to benefit humanity and shield it from harm or decline. Fundamentally, the primary purpose of maqasid is to promote benefit (*sana'a*) and eliminate harm (*mudarraha*) in alignment with the public interest (*maslahah*). This principle aligns with financial inclusion goals, as both strive to enhance human well-being by promoting public welfare, justice, fairness, human solidarity, and equality. The interpretation of maqasid is guided by three core objectives: necessities (*maqasid daruriyyah*), needs (*maqasid hajiyyah*), and embellishments (*maqasid tahsiniyyah*). These objectives aim to preserve essential values for worldly life and the hereafter.

Iqbal and Mirakhor (2012) contended that the core principles of Islam focus on social justice, inclusivity, and equitable resource distribution between the wealthy and the less fortunate. Islamic finance promotes inclusivity in two key ways: by advocating risk-sharing contracts instead of debt-based financing and through dedicated mechanisms for redistributing social wealth. Many Muslims are excluded from conventional financial systems, not due to poverty but because they refrain from participating in interest-based (*riba*) financial structures. Islam highlights financial inclusion more explicitly by two distinct features of Islamic finance –risk-sharing and wealth redistribution. It significantly distinguishes the development path between financial inclusion from a conventional perspective and Islamic financial inclusion. One of the most important roles of Islamic financial institutions that implement the objective of achieving social justice is the distribution of wealth rules in Islam. Islam pursues a

fair distribution of resources by creating a balanced society that avoids extremes of wealth and poverty; in Islamic society, everyone understands that wealth is a blessing provided by the Creator Allah SWT for the solitary purpose of supporting the lives of all humankind. To circumvent extreme disparities between wealth and poverty, Islam prohibits the unrestricted accumulation of wealth and imposes limits on consumption through its rules preventing over-expenditure (*israf*), waste (*itlaf*), glaring and luxurious spending (*israf*) (Mohieldin, Iqbal, Rostom & Fu, 2011).

Moreover, the Muslim population remains exclusive to financial activities because of poor financial knowledge (Er & Mutlu, 2017). The study considers religion the main barrier to the inclusion of Muslims in the mainstream financial system—religion and religiosity also encourage financial inclusion. The study was conducted on a sample of 65,000 adults from 64 countries to analyse the impact of being a Muslim on formal accounts, formal savings, formal credit, and barriers to financial inclusion. The finding revealed that Muslims do not participate significantly in the ownership of legal accounts and the formal saving of non-Muslims. However, Muslims would need to borrow equally, either formally or informally, compared to non-Muslims.

Islamic financial inclusion is defined as the accessibility, availability and usage of Islamic banking services. However, it can also be extended to Islamic finance services. The low rate of Islamic financial inclusion in Indonesia is due to the vast area of this country, which is divided into thousands of very large islands, so access to Islamic financial services is very limited. To support national economic development and accelerate the development of the Islamic financial sector, the government established Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS) to increase the effectiveness and efficiency of the implementation of national development plans in the field of Islamic economics and finance. Islamic financial inclusion uniquely emphasises bridging the gap between the wealthy and the poor, with the obligation to pay zakat, infaq, alms and endowments serving as a means to mitigate these differences. A risk-sharing agreement guides the pursuit of consumption and production. However, a key aspect of this is Islam's role in regulating the distribution of wealth and striving to provide as wide access as possible to the mustahik for prosperity. Therefore, financial inclusion in Islam necessitates the involvement of commercial and social financial institution services.

2.3 FINANCIAL INCLUSION IN INDONESIA: ISSUES AND CHALLENGES

Since 2012, the Indonesian government has implemented the National Strategy for Financial Inclusion to reduce poverty and promote economic growth. As per data disclosed by Bank Indonesia, Access to financial services in Indonesia is divided into 4 groups, namely formal users of Bank financial services, formal financial services other than banks, Informal and Semiformal financial services and the underserved group. While, from the level of credit usage, it is divided into financially included and financially excluded. Financially included are individuals or groups who have access to banks, semi-formal financial services and informal financial services. Conversely, the financially excluded are divided into voluntarily excluded and those who cannot borrow.

The challenges of increasing financial inclusion in Indonesia are divided into two categories: supply-side and demand-side. For the supply side challenge from the regulatory side, which does not have a specific regulation for saving and loan cooperatives, the use of new technology to improve the delivery of services and products is still very limited, with cost-effectiveness, especially for MSEs and appropriate services for remote communities.

Furthermore, for demand side challenges, there is a high expectation that the government can provide special programs, especially for the underserved, to improve access to credit, make it easier for the poor to open accounts without major risks, improve financial education programs and social assistance delivery mechanisms. The achievement of the financial inclusion strategy in Indonesia is quite encouraging. Table 2.4 shows the financial literacy and financial inclusion trends in Indonesia from 2019 to 2024 based on the OJK survey. Financial literacy increased significantly from 38.03% (2019) to 65.43% (2024), indicating the success of financial education initiatives. However, financial inclusion, which peaked at 85.10% in 2022, is also influenced by the acceleration of the development of financial technology in Indonesia, which has been quite rapid since 2020, along with the COVID-19 pandemic. Although the achievement of this figure is only temporary, this is proven in 2024, when financial inclusion experienced a fairly sharp decline to 75.02%, despite higher financial literacy.

This was not expected before; hence, the issue of financial inclusion still needs to be explored further to get a comprehensive picture.

Table 2.4 Financial Literacy and Financial Inclusion Index

	2019	2022	2024
Financial Literacy	38.03%	49.68%	65.43%
Financial Inclusion	76.19%	85.10%	75.02%

Source: Survey OJK Indonesia Financial Literacy and Financial Inclusion 2019-2024

To support national economic development and accelerate the development of the Islamic financial sector, the government established Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS) to increase the effectiveness and efficiency of the implementation of the master plan of Islamic economics and finance in Indonesia. Islamic financial inclusion uniquely emphasises bridging the gap between the wealthy and the poor, with the obligations to pay zakat, infaq, alms, and endowments serving as means to mitigate these differences. A risk-sharing agreement guides the pursuit of consumption and production. However, a key aspect of this is Islam's role in regulating the distribution of wealth and striving to provide as wide access as possible to the *mustahik* for prosperity. Therefore, financial inclusion in Islam necessitates the involvement of commercial and social financial institution services.

The achievement that has been achieved after the KNEKS is Indonesia's ranking first globally in the Global Islamic Finance ranking. This award was given as a guide that Indonesia is very concerned about increasing its capacity as the largest Muslim country in the world. The assessment indicators conducted by Islamic Finance Country Index (IFCI) include the number of Islamic banks, the number of IBFIs, Shariah supervisory boards, Islamic financial aspect, Muslim population, *Sukuk*, Education and Culture, and the last Islamic Regulation and Law.

Table 2.5 Islamic Finance Country Index

Countries	Rank 2022	Rank 2021	Rank 2020	Rank 2019
Indonesia	3	1	2	1
Saudi Arabia	1	2	4	4
Malaysia	2	3	1	2
Iran	4	4	3	3
Pakistan	5	5	6	10
Sudan	6	6	5	5
Brunei Darussalam	8	7	7	6
Bangladesh	7	8	9	8
United Arab Emirates	9	9	8	7
Kuwait	10	10	10	9

Sources: Global Islamic Finance Index (2022)

Table 2.5 shows that in 2019 and 2021, Indonesia will become the top-ranked country regarding leadership and potential in global Islamic Banking and Finance. One of the main focuses of the KNEKS is the Islamic financial inclusion campaign, which, based on the latest data in 2019, shows a very small number of only 9.06%. The Islamic Financial Inclusion Literacy Index survey results show that even though Indonesia has the largest Muslim population in the world, its financial inclusion is still very low. This data is reinforced by Bank Indonesia, which states that the Islamic economic literacy index is still below expectations. Only 16.3% of Indonesia's Muslim population is included in the well-literate category in Islamic economics. Table 2.6 shows the Financial Services Inclusion Index for Conventional and Islamic financial services sectors in 2019-2024.

Table 2.6 Financial Inclusion and Literacy Islamic Index 2019 -2024

	2019	2022	2024
Financial Literacy	8.93%	9.14%	39.11%
Financial Inclusion	9.10%	12.12%	12.88%

Source: Survey OJK Indonesia Financial Literacy and Financial Inclusion 2019-2024

In his research, Ali (2020) argues that Islamic financial inclusion in Indonesia is still at ground level and is influenced by the following factors: The determinants of Islamic financial inclusion from the demand side, based on their significance level, are financial literacy, religious commitment, socio-economy and social influence. Meanwhile, from the supply side, ranked based on their significance level, are human capital, products and services, infrastructure readiness, policies and regulations.

Financial Inclusion policy is also included in the Master Plan of Islamic Economics Indonesia 2019-2024 to support strengthening Shariah-compliant finance, regulations, and ecosystems in the digital economy. Form flexible policies and regulations for the non-bank financial industry so that they can continue to innovate to meet the needs of the digital market, especially for Islamic products and finance—integrated services for Islamic FinTech licensing processes. Create digital solutions to meet the needs/challenges of the Islamic FinTech industry. Create a legal framework that builds a link between halal industry financing and financial institutions, realising a legal framework that increases literacy and inclusion in Islamic finance and the halal culture of the community. Realising the legal and regulatory framework and governance of Islamic economic institutions enhances the literacy and inclusion of Islamic finance and the halal culture of the community.

In Indonesia, financial inclusion efforts operate within a unique socio-religious landscape characterised by strong communal ties, a high Muslim population, and varying levels of digital and financial literacy across regions. These contextual factors suggest that technology adoption models developed in Western or purely commercial settings may require adaptation to adequately explain Islamic FinTech adoption in Indonesia.

2.4 FINANCIAL INNOVATION AND TECHNOLOGY

2.4.1 Innovation of Financial Services

Financial innovation is defined as the development of new financial products, services, or instruments that reduce costs and risks or provide improved products or services that better meet the needs of financial system participants. Financial innovations can be

grouped as new products (e.g., subprime mortgages) or services (e.g., Internet banking), new production processes (e.g., credit scores), or new organisational forms (e.g., Internet-only banks) (Frame & White, 2012)

Financial innovations have emerged because of the complex interaction between the needs of households to save and borrow. To meet the financing needs of firms, to identify and manage risks, to respond to advances in financial theory and information technology, to serve the financial sector's profit motives, and, finally, to respond to macroeconomic and regulatory factors. In addition, different financial innovations may have different patterns of emergence depending on whether they are products, platforms, or processes. The literature ignored this aspect (Khraisha & Arthur, 2018). Figure 2.2 shows Major Technologies Transforming Financial Services, whereas Technology and Financial Services complement each other. The foundations of technology are artificial intelligence (AI), big data, distributed computing, cryptography, and mobile access to the internet; these four foundations are developing innovations to build systems. Technological innovation supports operations to transform financial services, such as payment, savings, borrowing, risk management, and advice. Machine learning predictive analytics support investment advice (robots), credit decisions, Regtech, fraud detection, and asset trading. Blockchain or distributed ledger innovation that provides settled payment, B2B, back-office, recording, and digital currencies. Cryptography technology supplies smart contracts and biometrics to help financial services in automatic transactions, security, and identity protection. The latest mobile access to the internet provides innovation in APIs and digital wallets that are easy to use, such as finance dashboards, P2P, crowdfunding, interoperability, and expandability of financial services.

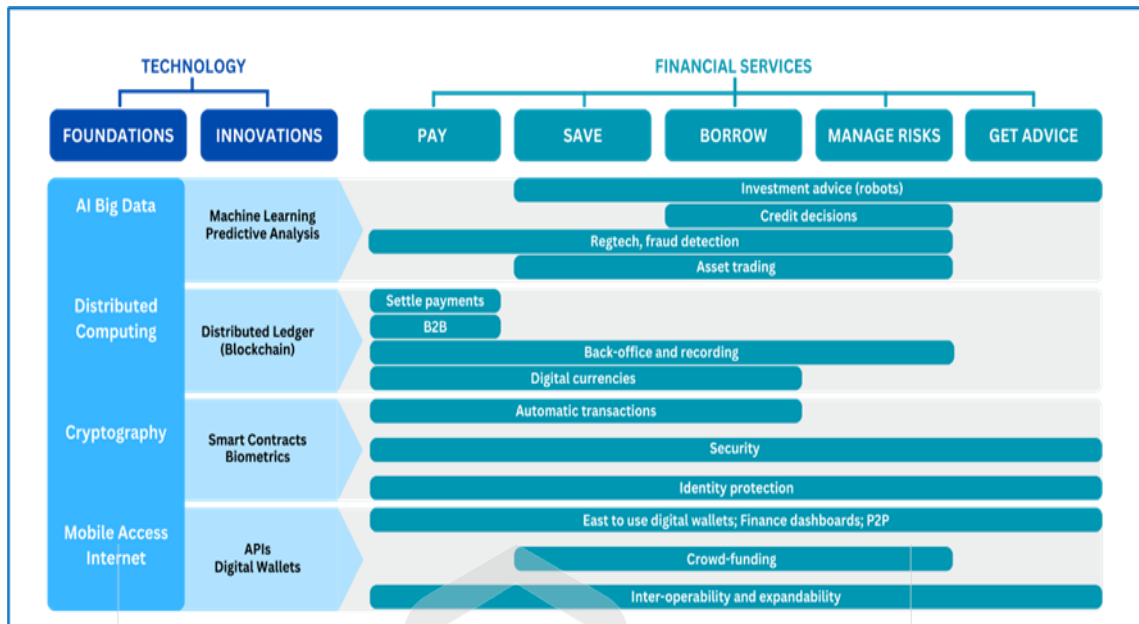


Figure 2.2 Major Technologies Transforming Financial Services
Sources: (He et al., 2017)

The foundations of the FinTech Revolution rest on three separate innovation pillars. First, as noted above, much capital is available for technological innovation and financial services in a highly fertile global economy. Second, these start-ups have developed new technologies and designed new services for the finance industry. That is different from what the industry has been able to offer and typically addresses the needs of financial services consumers in a very direct, valuable, and forward-looking way. Third, they have transformed business models, financial intermediation, and customer access by extending consumer access outside branches and beyond normal banking business hours. Achieved higher levels of personalisation based on digital sensing and big data analytics; replaced traditional banks and their services in new ways; financed business processes previously carried out (Kauffman et al., 2018).

It is important to understand the movements of a traditional financial institution to a FinTech platform; it involves three key shifts:

- From resource control to resource orchestration
- From internal optimisation to external interaction
- From a focus on the customer to a focus on the ecosystem or shared value (Nicoletti & Accenture, 2017)

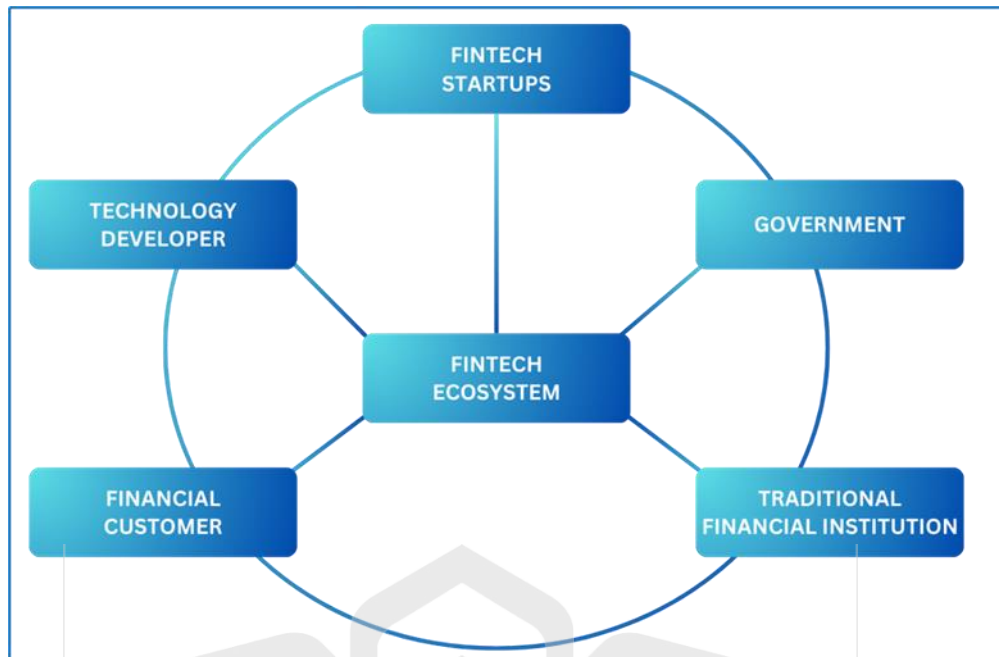


Figure 2.3 Five Elements of the FinTech Ecosystem
Source: Lee and Shin (2018)

The FinTech ecosystem is instrumental in the industry's growth. Lee and Shin (2018) identified five elements of the FinTech ecosystem (see Figure 2.3). These elements contribute symbiotically to innovation, stimulate the economy, facilitate collaboration and competition in the financial industry, and ultimately benefit consumers. The FinTech ecosystem integrates FinTech start-ups, government, traditional financial institutions, financial customers, and technology developers as strong elements to sustain the financial business.

The FinTech approach will be a new model for the industry, the sharing economy will become more fully integrated into financial services, and the mainstream of products and services will become more fully digitalised and offered through technology platforms (PwC, 2019). However, in Indonesia, the Bank of Indonesia explains that its standard definition can be used; it results from a combination of financial services and technology that changes traditional business practices, such as the automation of cash payment (Hudaefi, 2020). As discussed in recent academic works, FinTech has increased significantly in the last few years, leading to a growing topic. Interestingly, Schueffel has harmonised the intellectual definition of FinTech in 200 scientific articles covering more than 40 years. His work explains FinTech as a new

financial industry that uses technology to improve economic activities (Schueffel, 2017).

According to Lee and Shin (2018), there are 6 (six) types of FinTech business models operating worldwide. New business models that have sprung up due to rapid financial innovation that is more effective will shift traditional financial institutions if they do not innovate. FinTech redefines how people store, save, borrow, invest, travel, spend, and secure money, implemented by the ever-increasing number of FinTech start-ups: payment, asset management, investing, financing, stock market, and insurance. The operating mechanisms in each of the major FinTech companies are discussed below.

1. Payment business model

Payments are much easier than other financial goods and services. FinTech payment-focused companies can quickly acquire customers at lower costs and are one of the fastest-moving innovations with new payment capabilities. The two payment FinTech markets are (1) consumer, online, and (2) wholesale and corporate payment. Payments are one of the most used day-to-day retail financial services and one of the least monitored financial services.

2. Wealth management business model

Wealth management business models are digital wealth managers (Robo-advisors), offering investment advice for a fraction of a real-life advisor's size. This business model benefits from shifting demographics and consumer behaviour, preferring automated and passive investment strategies, a simple fee structure, and attractive unit economics that require low or no minimum investment.

3. Crowdfunding business model

Crowdfunding empowers people's networks to control the creation of new products, media and ideas and raise funds for charity or venture capital. Crowdfunding involves three parties: the project initiator or entrepreneur

needing funding, the contributors who may be interested in supporting the cause or project, and the moderating organisation that facilitates engagement between the contributors and the initiator. The moderating organisation allows contributors to access information about various initiatives and funding opportunities for product/service development. The popular crowdfunding business models are reward-based crowdfunding, donation-based crowdfunding, and equity-based crowdfunding.

4. Financing business model

P2P consumer financing and P2P business financing are another big trend in fintech. P2P financing fintech allows individuals and businesses to lend and borrow from each other. With their efficient structure, P2P financing fintech can offer low-interest rates and an improved financing process for lenders and beneficiaries. A subtle but significant distinction from a bank is that this fintech is technically not involved in the financing itself, as they are simply matching lenders with beneficiaries and collecting fees from beneficiaries. Because of this distinction, P2P financing fintech does not need to meet the capital requirements that influence the total financing amount. At the same time, banks have become increasingly limited in the financing they are engaged in. The fintech innovation in financing manifests itself in using alternative credit models, online data sources, data analytics to price risks, rapid financing processes, and lower operating costs. However, the success or failure of this business model mainly depends on how interest rates behave, which firms do not have any control over.

5. The capital market business model

New fintech business models take hold across a full spectrum of capital market areas, such as investment, foreign exchange, trading, risk management, and research. One area of promising capital market fintech is trading. Trading fintech allows investors and traders to connect to discuss and share knowledge, place orders to buy and sell commodities and stocks, and monitor real-time risks. Another area of capital market fintech business

models is foreign currency transactions. Foreign currency transactions have been a service dominated by financial institutions. FinTech lowers barriers and costs for individuals and SMEs engaging in foreign currency transactions worldwide. Users can see live pricing and send/receive funds in various currencies securely in real-time, all via their mobile devices. FinTech, offering this service, can do so at a much lower cost via payment methods that are much more familiar to individual clients or businesses.

6. Insurance services business model

In insurance fintech business models, fintech enables a more direct relationship between the insurer and the customer. They use data analytics to calculate and match risk. As the pool of potential customers broadens, customers are offered products to meet their needs (e.g., car, life, health-care, or casualty insurance). They also streamline healthcare billing processes. The insurance fintech business model seems the most well-embraced by traditional insurance providers. The technology allows insurers to expand their data collection to non-traditional sources to supplement their traditional models, improving risk analysis.

Although FinTech is widely promoted as a catalyst for financial inclusion, empirical evidence indicates that technological availability alone does not ensure adoption. Factors such as digital literacy, trust in platforms, and socio-cultural acceptance significantly influence whether FinTech solutions translate into inclusive financial outcomes.

2.4.2 Islamic FinTech Development

The Islamic FinTech discussion is an advanced industry, especially in scholarly study. The substantive definition thus remains absent in existing academic works. The Global Islamic FinTech Report 2022 offers novel insights into the rapidly expanding Islamic FinTech sector, comprised of 375 identified FinTech companies located worldwide. The report provides government policymakers, Islamic FinTech, and investors with an

estimated market size based on transaction volume, a country-level benchmarking index, industry opinions, and an analysis of gaps and potential opportunities across major subcategories and geographical areas. This comes against the backdrop of a post-pandemic economic and social recovery.

According to the report, the volume of Islamic FinTech transactions in countries that are members of the Organisation for Islamic Cooperation (OIC) is projected to reach \$79 billion in 2021. This represents 0.8% of the total volume of FinTech transactions worldwide. Compared to the broader global FinTech industry, which is expected to develop at a Compound Annual Growth Rate (CAGR) of 13.5% over the same period, the Islamic FinTech market is anticipated to reach \$179 billion by 2026 at a CAGR of 17.9%. Schueffel's (2017) Islamic FinTech is an innovative financial industry that uses technology to improve financial activities, offering Shari'ah-compliant products and services. FinTech, classified as Islamic, will support the Islamic theory of *maqasid al-Shari'ah* (Islamic law goals). Islamic FinTech must, therefore, follow and announce Islamic contracts such as *murabahah* (cost-plus financing), *musharakah* (joint enterprise), *mudarabah* (capital-labour partnership) and other Islamic contracts in their business agreements. Also, Islamic FinTech firms should be relevant to the existing fatwa (legal opinion) and follow the rules and regulations issued by the respective authorities.

As previously discussed, all elements in Islamic financial services must be based on Shariah objectives or *maqasid al shariah*. The integrity of Islamic FinTech is not only about compliance with Shariah but must be in line with the five objectives of Shariah. Islamic FinTech products will positively impact the goal of financial inclusion and ultimately lead to the well-being of the entire community. Islamic finance undoubtedly has more areas of convergence with socially responsible investment (SRI). The movements of Islamic finance than any other financing model, and automating such processes through FinTech will help to emphasise and promote the social element in Islamic finance as it relates to the higher goals of Islamic law (*maqāsid al-Sharī'ah*) (Oseni, 2019). Table 2.7 explains the relationship between Islamic fintech and maqasid al-sharia. This asserts that everything in this world, including technological advances, must still be connected to human goals and life, which Muslims regard as maqasid

sharia. The practice of fintech itself supports all maqasid sharia towards *falah* and the benefit of all mankind.

Table 2.7 Islamic FinTech Relation to Maqasid Al Syariah

No	Maqasid Al Syariah	Islamic FinTech
1	Religion (<i>deen</i>)	The practice of Islamic FinTech is based on a contract that follows Shariah and complies with Shariah rules. (Saad, Nazjmi, & Fisol, 2019) (Rabbani & Khan, 2020) (Rusydiana, 2019)
2	Life (<i>nafs</i>)	The goal of Islamic FinTech is to provide facilities to customers to conduct their business honestly and transparently, sharing risks and supporting mutual progress (Rabbani & Khan, 2020)
3	Intellect (<i>'aql</i>)	Continuous advancement of FinTech without limitations and controls will also impact a person's physical and mental health. Intellectual preservation is essential for all purposes of using FinTech. (Azizur, Ramli, Basary, & Anuar, 2019)
4	Progeny (<i>nasal</i>)	Therefore, preserving the progeny is essential for all purposes of using FinTech facilities. Under Islamic law, the spirit of protection must be applied to both parties to ensure justice for all. (Azizur et al., 2019)
5	Wealth (<i>mal</i>).	The protection of the property should be regarded in such a way that it does not lose its livelihood and that the wealth or property and the subsistence gained are also lawful (halal) and obtained the blessings of Allah SWT. Therefore, using FinTech with good intent would yield the best production for you, the organisation, and society. (Saad et al., 2019)

Source: Author's summary from the listed reference

Wintermeyer (2017) explained Islamic FinTech's potential by considering a significant increase in startups offering *Shari'ah-compliant*. Biancone (2019) reinforces this explanation, and there are four types of Shariah-compliant crowdfunding:

- 1 Donation-based crowdfunding: Donors pay rather small amounts for a non-profit or social development project through Zakat or Sadaqah.
- 2 Reward-based crowdfunding: Contributors donate small sums of money in return for compensation upon project completion. The incentive is a project-generated product.

- 3 Equity-based crowdfunding: At this point, investors provide money to become shareholders and share gains and losses, such as using Musharakah.
- 4 Debt crowdfunding: The beneficiaries offer a loan and expect capital repayment and benefit distribution; the platform will rely on Islamic financial contracts and interest-free mechanisms such as Murabaha and Ijarah.

Islamic FinTech has a bright future, especially for Muslim countries, where the development of the telecommunications industry through mobile phones is robust. However, Islamic FinTech is still new, and the company must face many opportunities and challenges to survive and positively impact the business world. The following table 2.8 illustrates the opportunities and challenges that Islamic FinTech must face in the future.

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Table 2.8 Islamic FinTech Opportunities and Challenges

Islamic FinTech Opportunities	Islamic FinTech Challenges
Islamic FinTech companies can help the new start-up in a big way	Lack of good and authentic research in the Islamic FinTech sector.
Islamic FinTech companies can provide a wide range of innovative products and services.	Developing Islamic FinTech has been difficult due to the lack of trained human personnel and a clear government policy.
It provides an option for customers to use both traditional financial services and new and innovative services.	Educational institutions must bring good research and trained personnel, and academic researchers must provide good research.

Islamic FinTech Opportunities	Islamic FinTech Challenges
It can provide a cost-effective solution to financial services. It will give a lifeline to traditional Islamic banks to go digital and provide financial services at a low cost.	Islamic FinTech needs to keep pace with the rapid development of conventional finance.
Islamic FinTech is transparent, accessible, and easy to use and can easily gain customer confidence.	Islamic FinTech must maintain stability and protect investors and institutions from fraudulent trade practices.
It can be linked to cryptocurrencies, Blockchain, and other areas, such as cross-border payments.	The banks are exposed at every level as technology brings more transparency.
It can easily gain Muslim investors' confidence as it follows the rules prescribed by the Shariah.	Since Islamic FinTech is still new, investors cannot determine how much investment is worth investing in.

Source: Rabbani & Khan (2020)

Rabbani and Khan (2021) described that Islamic FinTech presents significant opportunities for financial innovation and inclusion (see Table 2.8). It enables start-ups to scale, provides diverse financial products, and offers cost-effective solutions that blend traditional and digital finance. Ensuring transparency and accessibility enhances customer confidence and aligns with Shariah-compliant financial principles, attracting Muslim investors. Additionally, Islamic FinTech can integrate with blockchain, cryptocurrencies, and cross-border payment systems, further expanding its reach.

However, the sector faces several challenges. The lack of research and trained personnel, and unclear government policies, hinder its development. Educational institutions must improve research and training to support industry growth. Additionally, Islamic FinTech must keep pace with conventional financial advancements, ensure stability against fraudulent practices, and balance increased transparency with data security concerns. As a relatively new industry, investors remain cautious about the profitability and risk levels of Islamic FinTech investments. Addressing these challenges through policy support, financial education, and technological adaptation is crucial for sustained growth.

2.5 DEVELOPMENT OF FINANCIAL TECHNOLOGY IN INDONESIA

Due to technological advancements, Indonesia has been adopting fintech businesses since 2012, when digital social platforms were launched to facilitate the meeting of people from different places for sharing and eventually financing a project. Then fintech came into the picture with regulation endorsed for the first time by OJK and Bank Indonesia in 2016.

2.5.1 Financial Technology in Indonesia

The development of FinTech in Indonesia has transformed the country's financial landscape, playing a crucial role in increasing financial inclusion and economic growth. The evolution of FinTech in Indonesia can be traced back to the late 1980s, with the introduction of ATM banking services by Niaga Bank in 1987 and Bank Central Asia (BCA) in 1988. The expansion continued into the early 2000s, with the launch of KlikBCA's e-banking platform in 2001, marking a pivotal shift towards digital banking adoption. However, the breakthrough in FinTech innovation occurred in 2016, when OJK issued the first P2P lending regulations, accelerating FinTech growth. Since then, the industry has rapidly expanded, with over 350 licensed FinTech companies as of 2024, covering areas such as digital payments, P2P lending, crowdfunding, insurtech, and digital banking.

Indonesia's FinTech sector is driven by a strong digital economy, increasing smartphone penetration, and supportive regulatory frameworks. Digital payments, led by platforms such as GoPay, OVO, LinkAja, and Dana, have significantly contributed to the shift toward a cashless economy. Meanwhile, P2P lending platforms like Kredivo, Akulaku, and Investree have played a key role in addressing financing gaps for individuals and MSMEs (Micro, Small, and Medium Enterprises). As of December 2022, Sharia-compliant P2P lending accounted for 33% of total P2P financing disbursements, with IDR 528.01 trillion in total loans distributed. The rise of Sharia Securities Crowdfunding (SCF) further highlights the increasing demand for Islamic

FinTech services, with IDR 146 billion raised in Sharia-compliant securities within just one year after its launch in 2022.

Despite this rapid expansion, the FinTech sector in Indonesia faces several challenges, including regulatory constraints, cybersecurity risks, financial literacy gaps, and infrastructure limitations in rural areas. The Financial Sector Development and Reinforcement Law (UU P2SK), enacted in 2023, provides a comprehensive legal framework to support FinTech growth while ensuring consumer protection and financial stability. However, concerns remain regarding Sharia compliance in crypto assets, with Islamic finance experts still evaluating its permissibility. Additionally, cyber threats and online fraud cases, particularly from illegal P2P lending platforms ("Pinjol Illegal"), pose significant risks to users. Addressing these challenges requires stronger regulatory enforcement, enhanced financial education programs, and investment in digital infrastructure to ensure broader financial access, especially in remote areas.

Looking ahead, Indonesia's FinTech ecosystem is expected to continue expanding, fueled by technological advancements, increasing digital adoption, and government support. The country has become a leader in digital financial innovation in Southeast Asia, with opportunities emerging in AI-driven financial services, blockchain applications, and biometric-based financial inclusion solutions like Duithape, which enables digital transactions for the unbanked population. Furthermore, the integration of Islamic FinTech into mainstream financial services will enhance access to Sharia-compliant financial products, attracting both local and international investors. To fully harness the potential of FinTech, policymakers must focus on strengthening regulatory frameworks, promoting digital literacy, and fostering collaboration between FinTech players, traditional banks, and government agencies. By doing so, Indonesia can further accelerate financial inclusion, bridge economic disparities, and solidify its position as a global FinTech hub.

2.5.2 Islamic FinTech in Indonesia

FinTech industry development in Indonesia is considered the fastest-growing FinTech ecosystem in Southeast Asia. FinTech start-up with a diverse business model. However, even though 44 companies are registered with the Indonesian FinTech Association, the Financial Service Authority (OJK) registered only 9 (nine) Islamic FinTech. While the potential of FinTech start-ups is enormous in providing open access for people struggling with financial service transactions, Islamic FinTech can easily gain both Muslim and non-Muslim communities' trust, mainly because of its openness.

Indonesia has emerged as the fastest-growing Islamic FinTech ecosystem in Southeast Asia since the introduction of the OJK's first peer-to-peer (P2P) FinTech regulation in 2016. Currently, over 300 fully licensed FinTech companies operate in Indonesia, a number that could have been significantly higher if not for the regulatory moratorium on new licenses imposed in early 2020. Within the Islamic FinTech sector, there are currently four Sharia-compliant payment systems, seven P2P financing platforms, six securities crowdfunding services, and fourteen digital financial innovations actively contributing to the industry. Additionally, the Financial Sector Development and Reinforcement Law (UU P2SK) enacted in 2023 has expanded the regulatory scope to include crypto assets as a recognised FinTech innovation, a sector currently under review by Sharia experts to assess its compliance with Islamic financial principles.

Indonesia's robust Islamic FinTech ecosystem is further supported by five Self-Regulatory Organizations (SROs), formally recognised by regulators. Despite the pandemic-induced slowdown in new Islamic FinTech entrants, Indonesia now holds the highest number of recognised Islamic FinTech players globally. The sector continues to demonstrate resilience, with Islamic P2P financing experiencing more than 130% growth in financing volume year-on-year from 2020 to 2021 (AFSI, 2022). Islamic P2P lending accounts for 33% of total P2P financing disbursements in Indonesia, with cumulative loans reaching IDR 528.01 trillion over six years through 2022 and outstanding loans of IDR 51.12 trillion as of December 2022. By 2022, 00.8 million beneficiaries, including borrowers and lenders, were actively utilising P2P lending

platforms, indicating that nearly half of Indonesia's population has engaged with FinTech-based lending services.

Another emerging Islamic FinTech innovation in Indonesia is Sharia Securities Crowdfunding (SCF), which has seen increasing adoption despite being relatively new. Since its launch in 2022, Sharia-compliant fundraising through SCF has gained significant traction, with shares and sukuk issuances totalling IDR 146 billion from December 2021 to October 2022. Alami, the largest Islamic P2P financing platform in Indonesia, has facilitated over IDR 5 trillion in productive financing across more than 12,000 projects and has attracted over 140,000 beneficiaries/investors to date (KNEKS, 2022).

These developments highlight Indonesia's continued leadership in the Islamic FinTech sector, driven by strong regulatory frameworks, expanding market participation, and increased financial inclusion efforts through innovative digital platforms. Majelis Ulama Indonesia (Indonesian Ulama Council) issued *Fatwa DSN-MUI No.117 / DSN-MUI / III / 2018* about FinTech-Based *Murabahah* Financing Practices in Indonesia to cover the development of Islamic FinTech business. In the fatwa provisions, several things must be fulfilled in an information technology-based *murabahah* contract by purchase order. Namely, the presence of a contract creates a binding purchase order agreement with the contract of both parties, from the prospective recipient of financing based on a purchase order from a third party, to the basis of filing financing. In the case of approving an offer by the prospective financier by a *waka lah bil ujah* agreement between the financier and the organiser, the providers conduct financing with the recipient of financing based on a sale-purchase agreement, *musharaka*, or *mudharabah*. Recipients of financing must pay the principal and margin (profit share) following the decision at the beginning of the contract. The providers must submit principal and margin payments to the financier. The implementation of Islamic contracts by Indonesian Islamic FinTech providers is shown in Table 2.9.

Table 2.9 Islamic Contracts in Islamic FinTech

No	Islamic FinTech providers	Contract (<i>Akad</i>)
1	Dana Syariah	<i>Murabahah</i>
2	Amanna	<i>Wakalah, Mudharabah, Musharakah, Ijarah and cash waqf</i>
3	Syarfi	<i>Musharakah</i>
4	Bsalam	<i>Musharakah and wakalah bil ujah</i>
5	Duha	<i>Murabahah, Wakalah bil ujah and Ijarah</i>
6	Danakoo	<i>Murabahah, Ijarah</i>
7	Qazwa	<i>Murabahan Mudharabah</i>
8	Alami	<i>Wakalah bil Ujah and Qard</i>
9	Investree	<i>Wakalah bil Ujah and Qard</i>
10	Ethis	<i>Musharakah</i>
11	Papitupi	<i>Murabahah, Qard, Wakalah Bil Ujroh</i>
12	Berkah	<i>Wakalah, Murahabahah, Ijarah, Ijarah Muntahiya bit Tamlik (IMBT), Musharakah and Mudharabah</i>

Sources: Data OJK 16 February 2020

Despite the rapid growth of Islamic FinTech and strong normative support for Sharia-compliant finance, adoption levels remain uneven. This suggests that compliance with Islamic principles alone may not be sufficient to drive user acceptance, highlighting the need to examine behavioural, social, and trust-related determinants.

2.5.3 Islamic Peer to Peer (P2P) Financing Platform Development in Indonesia

P2P is a business model that people have used for a long time without intermediary institutions. Along with economic and business developments, this business model is facilitated by intermediary institutions, namely banks or other financial institutions. However, this model re-emerged after the idea of intervening technology platforms. Previously, business cooperation was handled by intermediary institutions; now, the

model is direct. The platform is a marketplace where lenders or investors can choose which businesses they can fund. Of course, the platform also helps provide a more detailed business picture.

P2P financing, also known as person-to-person financing, is a technology-based service that connects businesses directly with investors through a web-based platform for a fee. P2PL is crowdfunding in financing practices where beneficiaries and lenders (investors) are brought together through a platform (Darmansyah, Fianto, Hendratmi, & Aziz, 2020). A financial service known as "peer-to-peer financing" connects individuals or businesses needing loans with individuals or businesses willing to make loans directly to one another. One of the most well-known applications of FinTech is peer-to-peer financing. This is because developments in digital technology have made it straightforward to put P2PL services into practice. In addition to bringing together loan receivers (who need cash) and lenders (who own capital), P2PL also reaches out to a large number of unbankable groups, such as micro, small, and medium-sized enterprises (MSMEs). According to the Financial Services Authority of Indonesia, the definition of P2PL itself is as follows: "FinTech financing or P2PL or online financing is the provision of financial services to bring together lenders or borrowers with loan recipients or beneficiaries to enter into financing and borrowing agreements in rupiah currency directly through an electronic system." Financing and borrowing services based on technology are another name for what is known as FinTech financing (Dwijayanti et al., 2022).

The business process of P2P Financing starts with a loan demand from beneficiaries. Next, the investment committee evaluates a loan demand before investing. Loan demands approved for investment become accessible for investing and can be viewed by the investors. As previously explained, in Islamic P2P Financing, loan demand is financing and must follow a contract determined by Shariah provisions. In this case, the platform operator must provide a Shariah-compliant business model. Figure 2.4 illustrates the loan (financing) demand process, which has five steps.

The step of the loan (financing) process, which is adapted from Piskin (2019):

- (1) The beneficiaries identify the product, price, and number of instalments.

- (2) The platform computes the monthly payment plan based on the credit score of the beneficiaries.
- (3) The beneficiaries create the loan application and send it for approval.
- (4) The operator and the investment committee review the loan demand.
- (5) The operator either approves or rejects the loan request, and the loan becomes accessible to investors if approved. Then, the beneficiaries receive the funds from the loan.

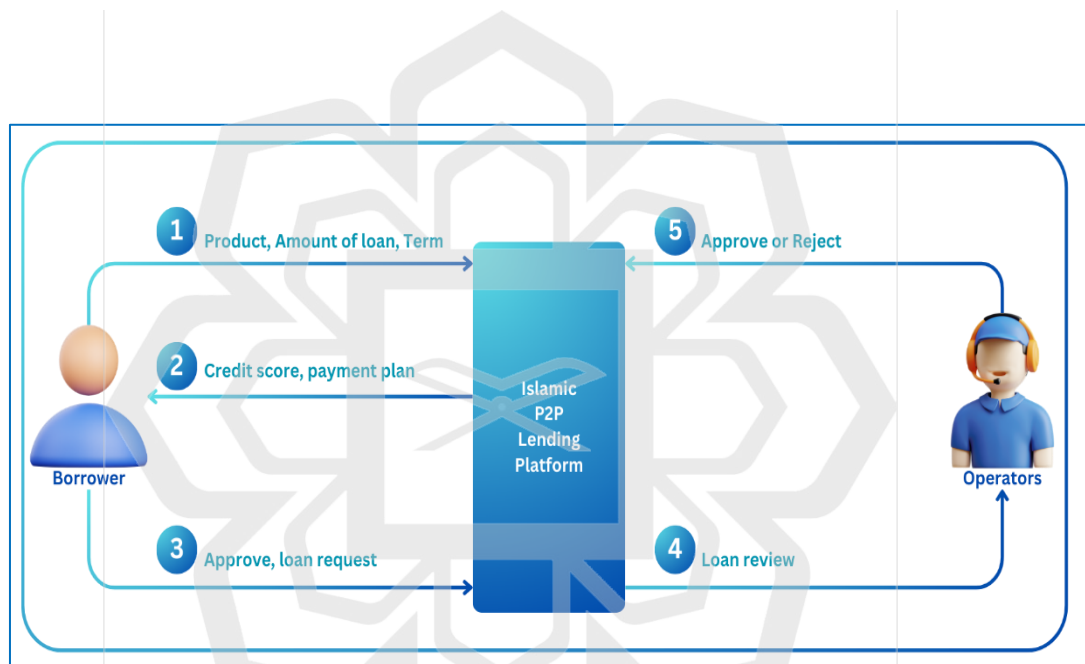


Figure 2.4 Loan of Demand Process Islamic P2P Financing
Source: Piskin (2019).

Furthermore, the investment process includes the investor (lender), the platform and beneficiaries. Figure 2.5 shows the investment process of Islamic P2P Financing. In this figure, (1) the requested loan amount is collected from investors (lender), (2) the platform requests power of attorney from the investors for trading, (3) investors give power of attorney to the platform, (4) the platform gives the beneficiaries the power of attorney to obtain the relevant goods, (5) the beneficiaries accepts the power of attorney given by the platform, (6) the platform transfers the money to complete the trade.

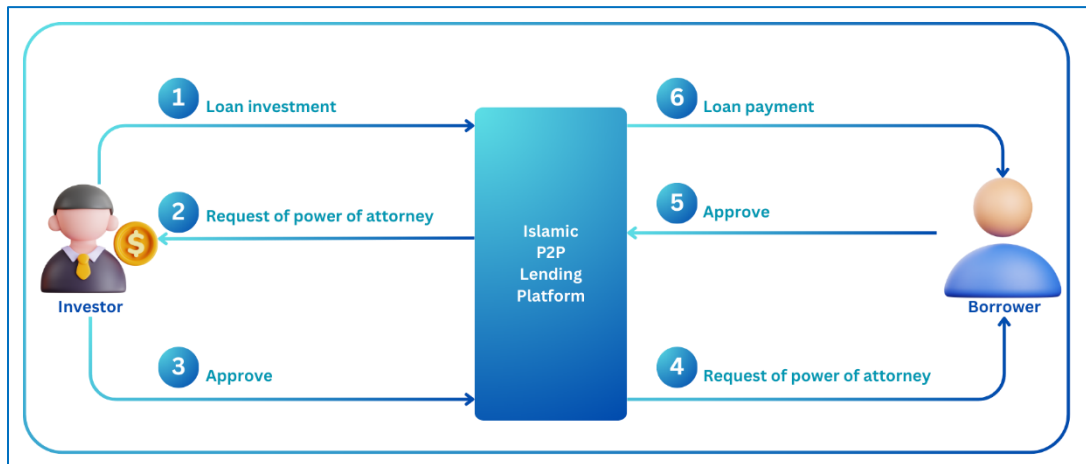


Figure 2.5 Investment Process
Source: Piskin (2019)

Hudaefi (2020) explained that Islamic P2P Financing in Indonesia is a financial industry that innovates using technology to improve financial activities by offering products and services through Shariah. In the P2P Financing digital platform, lenders can manage their capital and risk, and beneficiaries can request loans on demand with special profit sharing. Because it is based on a digital platform, the loan process can be completed via a mobile application or website without going to a bank. Islamic P2P Financing, according to the Fatwa of the Indonesian Ulama Council Number 117/DSNMUI/II/2018, is allowed on the conditions that it follows Shariah principles, including avoiding usury, *gharar* (uncertainty), *maysir* (speculation), *tadlis* (hiding defects), *dharar* (harming others), and *haram*.

There are three legal subjects in P2P Financing FinTech: the organiser, the recipient of the financing, and the financier. Islamic P2P Financing in Indonesia is financing conducted by bringing together capital owners and recipients of capital through online applications/sites, per Islamic law. The Shariah principle, which is Islamic law, is to conduct with the rules of an agreement based on Islamic law between financial institutions and other parties that deposit funds, finance business activities, or other activities that must comply with Shariah, which includes the prohibition of usury and other unethical financial practices.

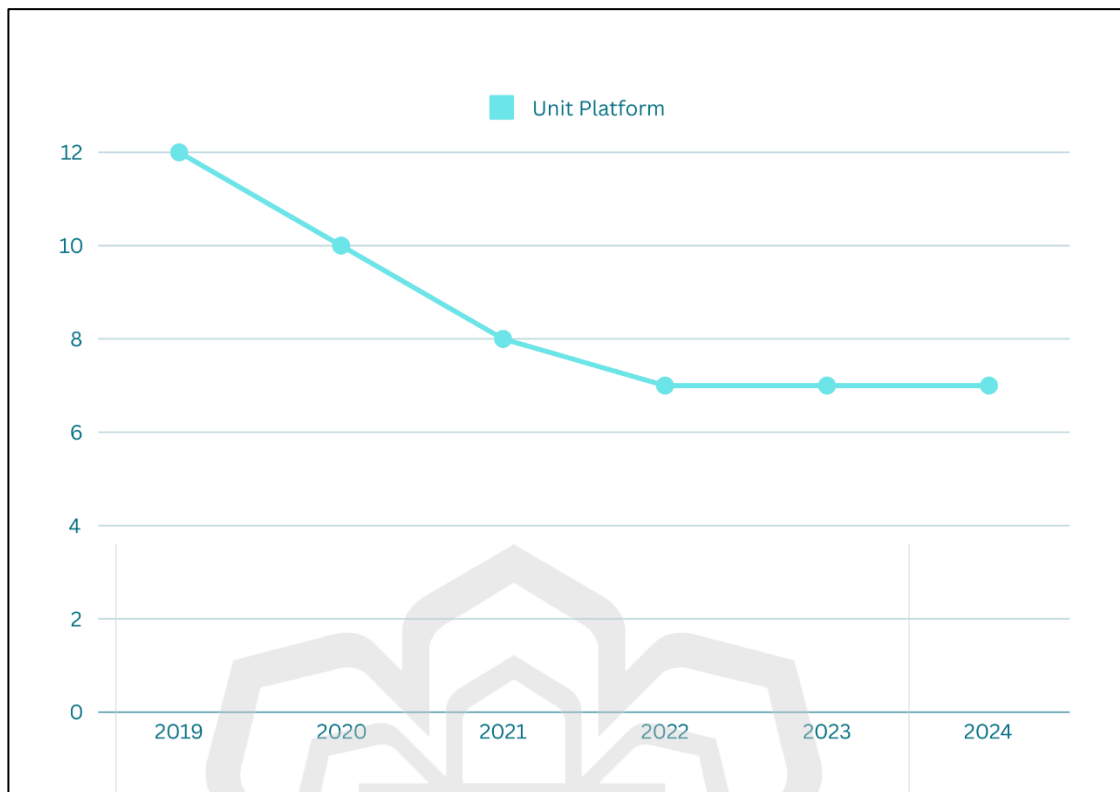


Figure 2.6 Islamic P2P Financing Development in Indonesia
Source: AFPI (2024).

Post the COVID-19 pandemic, the development of Islamic P2P financing in Indonesia has faced a setback. There has been a noticeable decrease in the number of platforms registered with OJK, as depicted in Figure 2.6. In 2019, there were 12 Islamic P2P Financing Platforms serving beneficiaries. However, by 2022, only seven platforms remained on the list at OJK. This trend starkly contrasts what happened on the banking platform or payment gateway. The decrease in the number of platforms is a cause for concern, especially considering the significant impact P2P financing has on economic growth, particularly for micro-entrepreneurs. Moreover, platform managers have expressed dissatisfaction with some of the rules from OJK, such as the rate of return, which must be above 90%. The pandemic has made it exceedingly challenging for several micro-financing-based platforms. This presents a significant obstacle to the development of the Islamic finance industry and the goal of increasing financial inclusion in Indonesia.

Table 2.10 Islamic P2P Financing Distribution in Indonesia

No	Islamic P2P Financing Platform (OJK registered)	Accumulated Financing Distribution per March 2022 (IDR Billion)
1	Ammana	486
2	Alami	2
3	Dana Syariah	937
4	Qazwa	21
5	Ethis	59
6	Papitupi Syariah	63
7	Dhuha Syariah	21

Source: AFPI (2022)

As the COVID-19 pandemic reached its end in 2022, despite the decrease in the number of platforms serving Islamic P2P Financing business models, there is a ray of hope for expanding the existing business market. From these seven platforms, financing has reached IDR2 trillion, almost the same as USD1.3 million achieved by the Alami Syariah Platform (see Table 2.10). Based on micro and small businesses, this platform has a robust ecosystem supporting all businesses. Additionally, Shariah Funds have achieved significant financing, around IDR937 billion or around USD61 million. Shariah funds have a unique property business model and have built a reliable property ecosystem. With this data, it can be anticipated that there could be a larger market share for Islamic P2P financing, an increase in the function of capital, a robust ecosystem, and a significant impact on financial inclusion and sustainability goals.

Unlike Islamic banking institutions, Islamic P2P financing platforms operate primarily through digital marketplaces that connect individual funders and beneficiaries. This model intensifies the role of trust, social validation, and perceived platform credibility, as users interact with both technology and peer actors rather than formal financial intermediaries.

2.6 CHAPTER SUMMARY

This chapter examines the concepts of financial inclusion by literature, including definitions, determinants of financial inclusion and the Islamic perspective of financial inclusion. The definitions of financial inclusion are often linked with financial exclusion, access, availability, and usage of financial services. From the Islamic perspective, financial services are divided into commercial and social finance. These dimensions differ in the scope of society's needs to live and the meaning. As a result, from an Islamic point of view, based on the Maqashid al-Syariah, Islam emphasises financial inclusion more explicitly. However, two diverse features of Islamic finance are risk-sharing or profit-loss sharing for commercial finance and redistribution of wealth for social finance. Both features have the objective of realising *maslahah* and *Rahmatan lil alamin*.

The financial inclusion determinants suggested in existing theory and literature are not limited to the socio-demographic, including religion and household economic conditions. Empirical studies on the success of these strategies have also been discussed briefly. It has also been noted that the need for strategies appears to enhance financial inclusion, particularly in emerging countries. In conclusion, governmental strategies for developing financial services must be held responsible for enhancing financial inclusion in Indonesia. Moreover, to enhance Islamic financial inclusion in Indonesia, in-depth studies are needed to understand the characteristics of Islamic society, Islamic financial institutions, and the role of the government in Indonesia. The next chapter will centre on the theoretical foundation of financial inclusion, the evolution theory of acceptance of FinTech and an empirical review of the role of FinTech in enhancing financial inclusion and closing the research gaps of this study.

CHAPTER THREE

THEORETICAL FOUNDATION AND EMPIRICAL LITERATURE REVIEW

3.1 INTRODUCTION

This chapter provides a comprehensive review of the theoretical foundation of financial inclusion and the Unified Theory of Acceptance and Use of Technology (UTAUT), alongside a literature review on the empirical research regarding the adoption of Islamic FinTech globally. The following sections explore the theory of financial inclusion, examining how various demographic and socio-cultural factors impact access to financial services. It also delves into the theory of financial inclusion delivery, focusing on the mechanisms and channels through which financial services are provided, including traditional banking and digital innovations. Furthermore, the chapter discusses the financial inclusion funding background of Islamic financial services and institutions, highlighting key Islamic P2P financing service platforms. It addresses the role of Islamic financial services in promoting financial inclusion, emphasising ethical practices. The chapter also identifies gaps in financial inclusion and FinTech research, examining technological advancements and their integration into Islamic finance. The final section summarises the discussions and synthesises insights for the study.

3.2 THEORETICAL FOUNDATION OF FINANCIAL INCLUSION

From a financial inclusion theoretical perspective, the Dissatisfaction Theory aligns with survey questions that explore customer dissatisfaction with traditional financial services and their motivation to adopt alternative financial solutions. The Vulnerable Group Theory supports the survey approach by emphasising the need to capture the perspectives of marginalised populations who experience systemic financial exclusion. Additionally, the Financial Literacy Theory and Public Service Theory align with survey items assessing financial awareness, government interventions, and accessibility of financial services. By integrating UTAUT and financial inclusion theories, the survey provides a robust framework for understanding the drivers and barriers to financial

inclusion while ensuring the findings are theoretically grounded and practically relevant.

3.2.1 Dissatisfaction Theory

Dissatisfaction Theory provides valuable insights into financial exclusion by emphasising how negative experiences and unmet expectations contribute to individuals' disengagement from formal financial systems (Ozili, 2020). This theory suggests that when people encounter financial institutions that fail to meet their needs—whether due to high fees, complex procedures, or perceived unfair treatment—they become dissatisfied and opt out of the formal financial sector. Vulnerable populations, including low-income individuals, women, and marginalised communities, are particularly susceptible to this form of exclusion as they often face discriminatory lending practices, hidden costs, and bureaucratic hurdles that discourage participation.

Financial dissatisfaction is not solely based on structural barriers but is also influenced by psychological and behavioural factors. When individuals experience frustration with financial services—such as excessive documentation requirements, delayed transactions, or lack of customer support—they may develop mistrust toward financial institutions (Allen et al., 2016). This loss of confidence leads them to seek alternative financial solutions, including informal savings groups, moneylenders, and digital peer-to-peer lending platforms. While these alternatives may offer accessibility and convenience, they often come with high risks, such as predatory lending and a lack of consumer protection (Dupas & Robinson, 2013).

Addressing financial dissatisfaction requires a multifaceted approach that combines structural reforms with behavioural insights. Financial institutions must prioritise customer-centric policies, simplify processes, reduce hidden costs, and enhance transparency to rebuild trust. Policymakers should implement regulations that protect consumers from exploitative practices while promoting financial literacy programs that educate individuals about their rights and available financial services. Digital innovations, such as mobile banking and AI-driven financial advisory services, can also bridge the trust gap by offering more personalised and accessible financial

solutions. By tackling both the systemic and experiential aspects of dissatisfaction, financial institutions and regulators can create a more inclusive and equitable financial ecosystem for all (Kouladoum et al, 2022).

Improving financial satisfaction requires ongoing efforts from financial institutions, policymakers, and technology innovators. A truly inclusive financial system should increase access and build trust through transparent policies, ethical practices, and user-friendly digital solutions. Financial education and consumer empowerment are also key to helping individuals make informed financial decisions. As the financial landscape evolves, collaboration between regulators, banks, and FinTech companies will be crucial in creating a fair, efficient, and customer-focused financial system that benefits everyone.

3.2.2 Vulnerable Group Theory

The Vulnerable Group Theory provides an essential framework for understanding financial exclusion, particularly among marginalised populations. This theory posits that certain groups, such as low-income individuals, women, the elderly, and minority communities, face systemic barriers that hinder their ability to participate in formal financial systems. Financial inclusion is a crucial aspect of economic development, ensuring that all individuals have access to affordable financial services, such as banking, credit, and insurance. However, structural factors such as inadequate financial infrastructure, regulatory constraints, and socio-cultural barriers contribute to persistent exclusion. For instance, rural communities often lack banking facilities, making access to essential financial services a significant challenge (Beck, Demirgüç-Kunt, & Levine, 2007).

Beyond structural barriers, behavioural and psychological factors also play a critical role in financial exclusion. Limited financial literacy, a lack of trust in financial institutions, and risk aversion prevent vulnerable groups from fully engaging with formal financial services. Many individuals from marginalised backgrounds are unfamiliar with banking products, leading to misconceptions and reluctance to use financial services (Lusardi & Mitchell, 2014). Furthermore, past experiences with

financial fraud or inefficiencies have eroded trust, pushing people toward informal financial networks that may not offer long-term stability. Addressing these issues requires targeted interventions, such as financial education programs that empower individuals to make informed financial decisions and build confidence in formal financial institutions.

To foster financial inclusion among vulnerable populations, policymakers must implement comprehensive strategies that address both structural and behavioural challenges. Expanding digital financial services, such as mobile banking and fintech solutions, can bridge access gaps, particularly in remote areas (Dupas & Robinson, 2013). Additionally, regulatory reforms that simplify identity verification processes and promote inclusive lending policies can enhance financial accessibility. Social protection mechanisms, such as government-backed financial safety nets, are crucial in reducing economic vulnerability. Financial institutions and policymakers can create a more equitable financial ecosystem that promotes economic empowerment and sustainable development by incorporating insights from the Vulnerable Group Theory.

3.2.3 Institutional Theory

Institutional theory provides a framework for understanding how social structures, norms, and regulations shape organisational behaviour and decision-making. It explains how institutions—defined as established rules, practices, and belief systems—create stability in industries and influence how businesses operate within a given environment. According to DiMaggio and Powell (1983), institutional theory highlights three types of pressures that drive conformity: coercive (regulatory influences), normative (professional standards), and mimetic (imitation due to uncertainty) (Douaihy & Rowe, 2023). Over time, institutional theory has evolved from focusing solely on institutional constraints to recognising how organisations shape and respond to institutional changes.

In the financial sector, institutional theory elucidates how regulatory frameworks, market expectations, and industry best practices shape financial institutions (Burdon & Sorour, 2020) and the adoption of financial technologies (Zhang,

Liu, Feng, & Li, 2024). The rise of FinTech represents a shift in financial services, where digital platforms, blockchain, and artificial intelligence disrupt traditional banking models (Utami, Ekaputra, & Japutra, 2021). Institutional pressures play a crucial role in shaping FinTech firms: coercive pressures come from financial regulators enforcing compliance (e.g., KYC/AML laws), normative pressures arise from consumer expectations of security and transparency, and mimetic pressures push FinTech startups to replicate successful digital banking models (Jarvis & Han, 2021). From an institutional perspective, Ozili (2023) stated that financial inclusion is driven by coercive pressures from governments and regulatory bodies, normative pressures from industry best practices, and mimetic pressures as financial institutions adopt successful models to expand services to the unbanked. Governments and central banks often introduce financial inclusion policies, such as regulatory sandboxes for FinTech startups, microfinance initiatives, and the promotion of digital payment ecosystems to encourage broader financial participation (Wijaya, 2023).

Normative pressures also shape financial inclusion efforts, as financial institutions (Saifurrahman & Kassim, 2023) and FinTech providers align with global transparency, cybersecurity, and consumer protection standards (Abayomi, Zhang, Peng, & Zhao, 2020). Mimetic pressures encourage financial inclusion as FinTech companies replicate successful models in different regions (Elbardan, 2023). For example, the success of mobile money platforms like M-Pesa in Kenya has inspired similar FinTech solutions in Southeast Asia and the Middle East, showing how institutional adaptation helps scale financial inclusion globally. Many FinTech platforms design products tailored to low-income populations, leveraging mobile banking, blockchain-based financial services, and peer-to-peer (P2P) lending to improve access (Adelaja, Umeorah, Abikoye, & Neziyanya, 2024; Young & Young, 2022). In Islamic finance, financial inclusion is further driven by Shariah-compliant FinTech solutions, which provide ethical financial services aligned with religious principles, attracting a larger base of financially excluded individuals who avoid conventional banking due to interest-based models (Muneeza & Mustapha, 2021).

Thus, institutional theory provides a strong foundation for understanding how regulations, industry norms, and competitive dynamics shape financial inclusion efforts. It highlights the importance of government intervention, industry cooperation, and

technological innovation in expanding access to financial services, particularly through FinTech solutions.

3.3 THEORY OF ACCEPTANCE TECHNOLOGY

3.3.1 Theory of Planned Behaviour and The Theory of Reasoned Action

The Theory of Planned Behaviour (TPB), developed by Ajzen (1991), is a widely used psychological theory that explains how human actions are guided. It suggests that individual behaviour is driven by behavioural intentions, which are influenced by three key factors: attitude towards the behaviour, subjective norms, and perceived behavioural control. Attitude refers to the extent to which a person holds a favourable or unfavourable evaluation of the behaviour. Subjective norms involve perceived social pressure to perform or not perform the behaviour, while perceived behavioural control reflects the perceived ease or difficulty of performing the behaviour. TPB has been extensively applied in fields such as health, environmental studies, marketing, and, more recently, financial behaviour and technology adoption (Ajzen, 1991; Armitage & Conner, 2001).

In financial contexts, TPB offers a strong framework for understanding individual decision-making, especially where values, norms, and perceived control greatly influence behaviour. In the case of adopting Islamic finance, individuals' intention to use Shariah-compliant financial products may arise not only from positive attitudes towards those products but also from religious norms and their perceived ability to access or use them. Studies such as Alam et al. (2012) have shown that TPB components are important predictors of Islamic banking adoption, highlighting the theory's relevance in capturing complex socio-religious influences on financial behaviour.

Moreover, TPB allows for flexibility and adaptation in different socio-cultural settings by incorporating additional variables, such as trust, risk perception, and religiosity. For example, Yusof et al. (2017) expanded TPB by including awareness of Shariah compliance and ethical considerations to better understand behavioural intention in Islamic financial services. This adaptability has made TPB a valuable tool

in fintech research, especially in emerging economies, where behavioural intentions to adopt financial innovations are influenced not only by utility and convenience but also by cultural beliefs and normative pressures. Therefore, TPB provides both a theoretical and practical foundation for developing inclusive financial systems that take into account users' social and religious contexts.

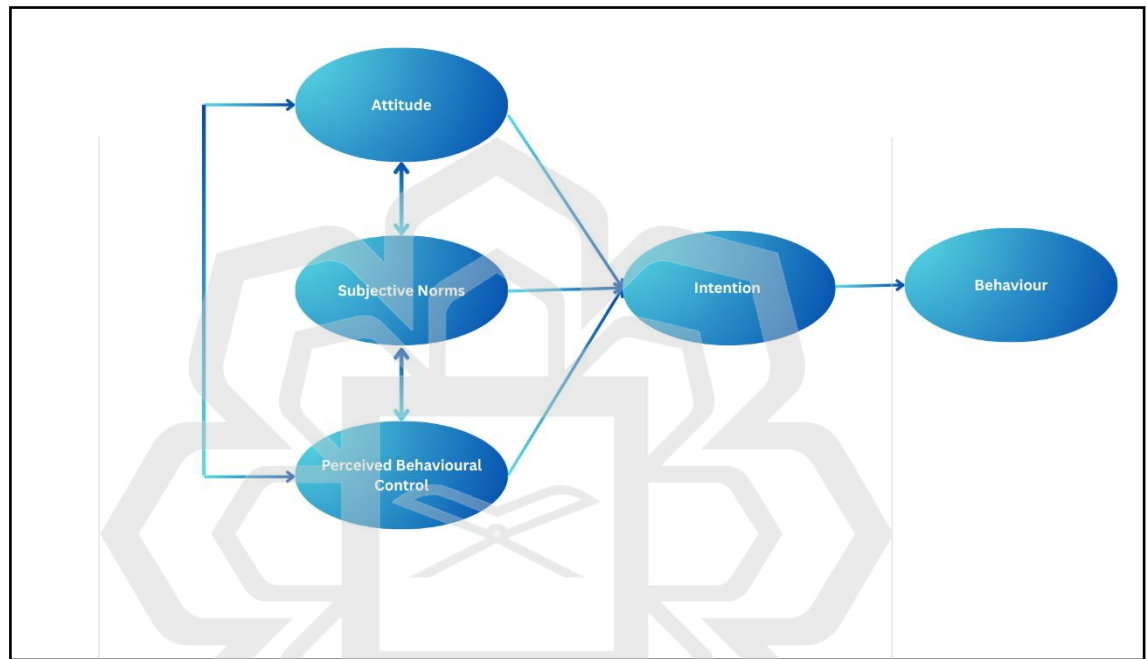


Figure 3.1 Theory of Planned Behaviour
Source: Ajzen (1991)

3.3.2 The Theory of Reasoned Action and Technology Acceptance Model

As discussed in the previous section, the Theory of Reasoned Action (TRA) states that individual behaviour can be scientifically predicted and understood. Of course, this also applies to the community, whether they want to be financially included. The theory argues that belief and normative belief are the main triggers in shaping behaviour, since this research is about financial behaviour. There are two influencing factors, namely internal factors and external factors. Internal characteristics, namely attitudes, affect intentions, and external factors, namely subjective norms, also affect individual intentions to act. At the same time, intention itself is an antecedent of behaviour (Ajzen, 2020).

As in Figure 3.1 below, TRA emphasises more on behaviour where the main variables are:

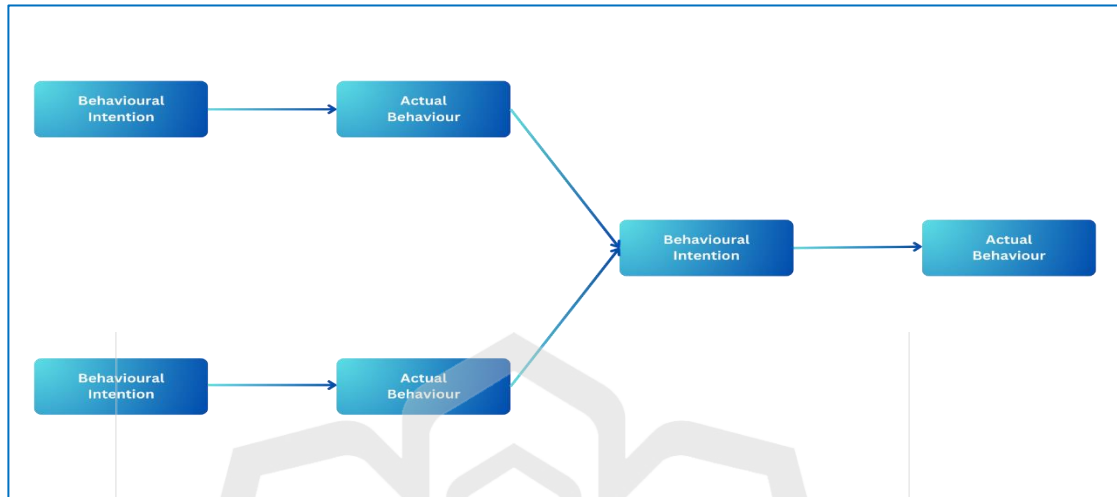


Figure 3.2 Theory of Reasoned Action
Source: Ajzen (1991)

Theoretically, the model that has a direct effect on technology adoption is the Technology Acceptance Model (Davis, 1989). The development of the model was followed using Davis's model with two main variables, usefulness and ease of use, as the main variables in the Technology Acceptance Model (TAM) (see figure 3.2). The usefulness variable refers to a situation where consumers know the technology's benefits. In contrast, the ease-of-use variable refers to an awareness that consumers can apply the technology without experiencing many obstacles. The main model in the intention approach is the theory of reasoned action (Ajzen & Fishbein, 2000).

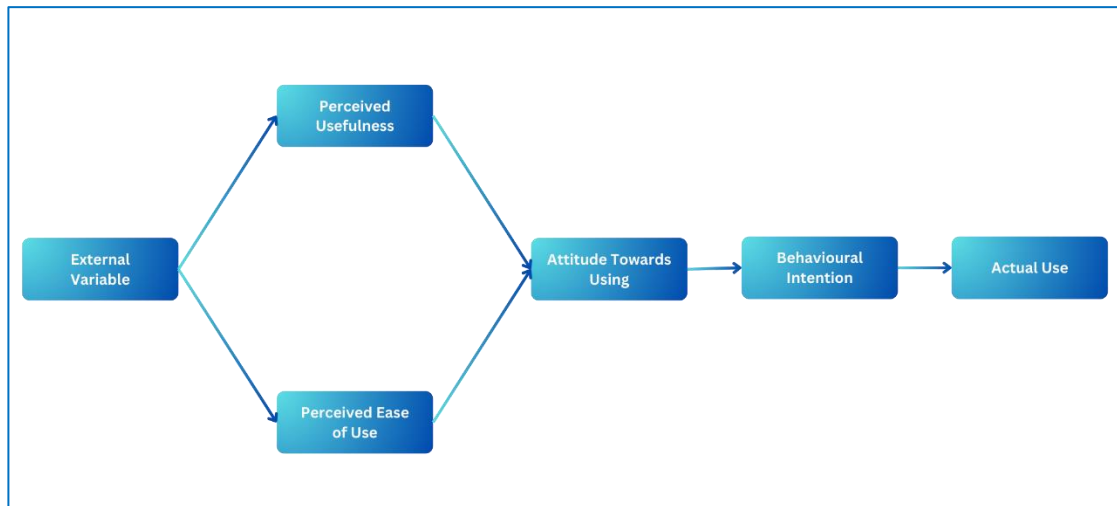


Figure 3.3 Technology Acceptance Model
Source: Davis (1989)

Numerous researchers have explored and applied innovative technology adoption frameworks. The macro perspective on technology adoption focuses on broader policy implications and systemic factors. In contrast, the micro perspective examines individual actors' behaviours, motivations, and interactions within the technology transfer process, highlighting nuanced influences at the personal level (Cunningham & O'Reilly, 2018). King and He (2006) identified variability in correlations within the TAM framework, and the role of potential moderators is a critical step towards advancing the model's applicability. This recognition helps situate TAM within more nuanced and dynamic environments. Additionally, Saikh (2020) suggests that technology adoption can be evaluated based on its intended purpose, ranging from general to specialised applications. Theoretically, heightened focus and attention toward technology drive its usage. However, the decision to adopt new technologies is influenced by multiple factors, including accessibility, perceived utility, and user readiness, underscoring the complexity of adoption behaviours.

TAM explains that the intention to adopt technology is influenced by attitudes towards the technology, perceived usefulness and perceived ease of use (Davis, 1989). Intention is the strength of one's attention to use something (Ajzen & Fishbein, 2000). Attention to use is indicated by a person's interaction with a medium, either directly or indirectly, which encourages the operation of an application. Attitude is a psychological tendency expressed through the degree to which a person evaluates their favourable or

unfavourable (Jiwasiddi et al., 2019). Ajzen (2000) suggested that a person's positive or negative feelings about an object are closely linked to their acceptance of the stimulus it provides. In this context, individual judgment is deeply connected to personal experience. Perceived usefulness can be defined as a person's level of belief that a technology used will be able to improve their performance (Davis, 1989). This understanding shows that the perception of usefulness measures the difficulty or effort that eventually leads to attention to using technology. Perceived usefulness is a measure of an expectation for using a system. It can also be interpreted as the magnitude of consumer perceptions of the usefulness of e-commerce. Perceived ease of use is a person's confidence that using a system will be free from effort.

The behaviour of using technology is influenced by one's perception that the technology is easy to use and useful (J. Lee, 2019). This refers to "ease", i.e., free from hardship or strenuous effort. Effort is a limited resource that a person will allocate to an activity as a form of responsibility. The perception that a technology is easy to use (Perceived ease of use) is determined by the technology's characteristics and its users' characteristics. Technology with instructions that are easy to find and understand will affect a person's perception that the technology is easy to use. Information systems perceived as easier by users and less complex will likely be adopted and used. The ease of transactions via the internet appears when consumers can access various sites and buy what they need without having to go to the store, because the goods will be sent via postal service immediately after the transaction is carried out by a courier service.

Further study shows that the TAM developed by Davis is an adaptation of TRA. TAM performs extended TRA with attitude-forming variables, including perceived ease of use and usefulness; TAM also eliminates subjective norms. Thus, the main theory of behavioural intention was developed by Fishbein and Ajzen (2000).

3.3.3 Unified Technology Acceptance and Use Theory (UTAUT)

Venkatesh et al. (2003) developed the Unified Technology Acceptance and Use Theory (UTAUT) by synthesising eight theories of technology adoption. These are theories:



Figure 3.4 Integration of Eight Theories and Models to Access UTAUT Model
Source: Al-Okaily et al. (2019)

The model by Venkatesh et al. (2003) integrates concepts similar to previous theories, such as the Theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), the Motivational Model, the Theory of Planned Behaviour (TPB), the PC Utilisation Model, the Social Cognitive Theory TAM-TPB and the Innovation Diffusion Theory (IDT). Then, he introduced four concepts: performance expectancy (PE), facilitating conditions (FC), social influence (SI), and effort expectancy (EE). The model proposed integrates core elements from the eight prior theories of technology adoption.

From this synthesis, four primary constructs were introduced: performance expectancy (PE), effort expectancy (EE), social influence (SI), and facilitating conditions (FC). Performance Expectancy (PE) is conceptually defined as the degree to which an individual believes that using a particular system will help improve job performance or achieve desired outcomes (Venkatesh et al., 2003). It reflects perceived usefulness and outcome expectancy, representing the instrumental value of technology

adoption. Effort Expectancy (EE) refers to the degree of ease associated with the use of a system. Conceptually, it captures users' perceptions of how simple, understandable, and effortless the technology is to operate. This construct parallels the concept of perceived ease of use in TAM. Social Influence (SI) is defined as the degree to which an individual perceives that important others (e.g., family, peers, colleagues, or authority figures) believe they should use the new system. This construct reflects normative pressure and the role of social environment in shaping behavioural intention. Facilitating Conditions (FC) represent the degree to which an individual believes that organisational and technical infrastructure exists to support the use of the system. Conceptually, it captures perceived availability of resources, compatibility, guidance, and support mechanisms necessary for technology utilisation.

Together, these constructs explain behavioural intention and actual system use, with performance expectancy, effort expectancy, and social influence primarily predicting behavioural intention, while facilitating conditions directly influence usage behaviour. The robustness and parsimony of UTAUT have led to its extensive application in digital finance, mobile banking, and FinTech adoption studies. These constructs have since become central variables in explaining behavioural intention and technology use across various contexts (see Figure 3.4).

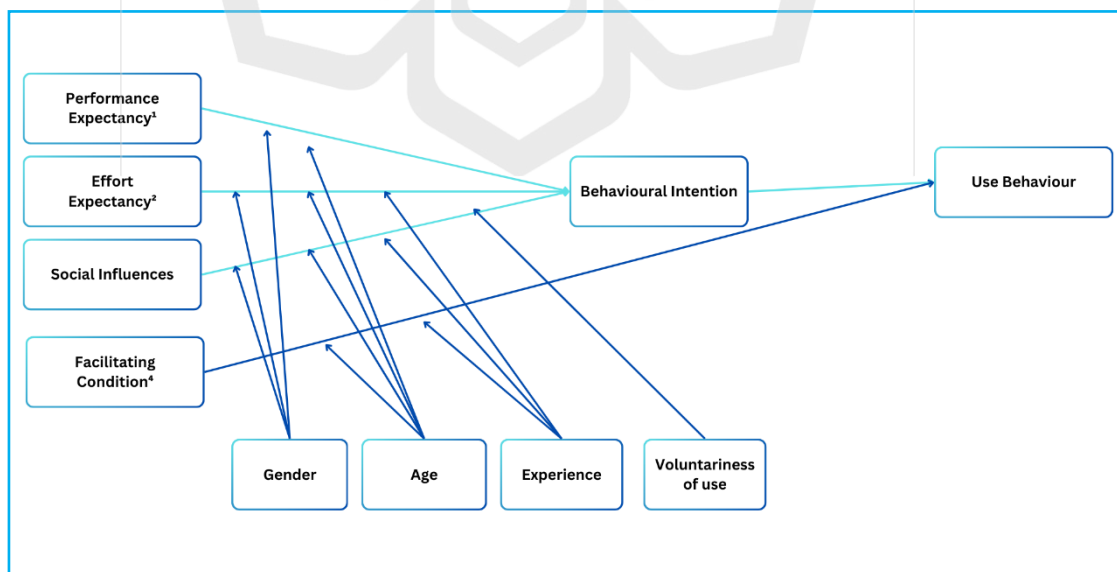


Figure 3.5 Research Model UTAUT by Venkatesh (2003)

Venkatesh (2012) has introduced a complementary approach in the latest version of UTAUT, which aligns with the current constructs. Previously, UTAUT employed a perspective highlighting the importance of utilitarian value (extrinsic motivation). The construct associated with utility, specifically performance expectancy, has consistently demonstrated its status as the most powerful predictor of behavioural intention (Venkatesh et al., 2003). In addition to the perspective provided by motivation theory, intrinsic or hedonic motivation is also involved. The inclusion of hedonic motivation as a crucial predictor has been observed in consumer behaviour research and prior studies on consumer technology use in IS research. Additionally, when considering effort expectancy, employees evaluate the time and effort required to form opinions regarding the overall effort involved in adopting and utilising technologies within organisational environments. Price is a significant determinant in consumer technology utilisation. Unlike workplace technologies, consumers are burdened with the financial implications of acquiring devices and services. Consistent with this argument, many consumer behaviour studies have included cost-related constructs to explain consumers' actions.

UTAUT and related models emphasise intentionality as a pivotal theoretical mechanism that guides behaviour. Many individuals, even those who oppose this class of models, have argued that including extra theoretical mechanisms is crucial. To predict technology use, it is crucial to consider contextual habit rather than just initial acceptance (Parasuraman et al., 2005). Considering the aforementioned gaps in UTAUT and its corresponding theoretical explanation, the study proposed integrating hedonic motivation, price value, and habit into UTAUT to customise it for the context of consumer technology use. Some researchers have previously measured the intention and behaviour levels of the respondents, especially their acceptance of the progress of Islamic FinTech, using UTAUT. For instance, Darmansyah (2020) investigated factors affecting behavioural intentions towards Islamic FinTech (FinTech) in Indonesia for all FinTech services: payments, peer-to-peer loans, and crowdfunding. Furthermore, Raza (2019) examined factors affecting mobile banking acceptance in Pakistan's Islamic banks. Performance prediction, circumstances, social impact, expected effort, perceived value, habit, and hedonic motivation are independent variables. Thus, this shows that UTAUT is also used in research related to Islamic FinTech or FinTech that complies with Shariah regulations by incorporating additional variables required by researchers.

3.4 EMPIRICAL REVIEW ON THE ROLE OF FINTECH IN ENHANCING FINANCIAL INCLUSION

In previous studies, most research focused on FinTech as a technological innovation. The development of FinTech is expected to help accelerate financial inclusion in any part of the country, especially in countries with low financial inclusion figures. As discussed in the previous chapter, Islamic Finance also innovates to develop the FinTech industry. Previous empirical facts from several researchers describe several issues related to FinTech and their impact on financial inclusion.

A bibliometric research mapping is conducted on the keywords related to FinTech and financial inclusion in the designated journal database, Scopus. The purpose is to analyse the bibliometric data of the publications focusing on FinTech and Financial Inclusion. The image illustrates the co-occurrence of keywords. The frequency of occurrence is indicated by the size of the nodes. The curves connecting the nodes depict their co-occurrence within the same publication. The correlation between the distance of two nodes and the occurrence of the two keywords is that as the distance decreases, the co-occurrences become more frequent. An estimated 138 documents were located between 2018 and 2023 that discuss financial inclusion and FinTech. Subsequently, the VOSviewer software discovered 676 keywords, including 25 threshold keywords with a minimum of 5 occurrences. 168 publications on financial inclusion were identified, and “FinTech,” with a total link strength of 727, appeared as the most frequent keyword. It is strongly linked to “mobile money” and “blockchain.”

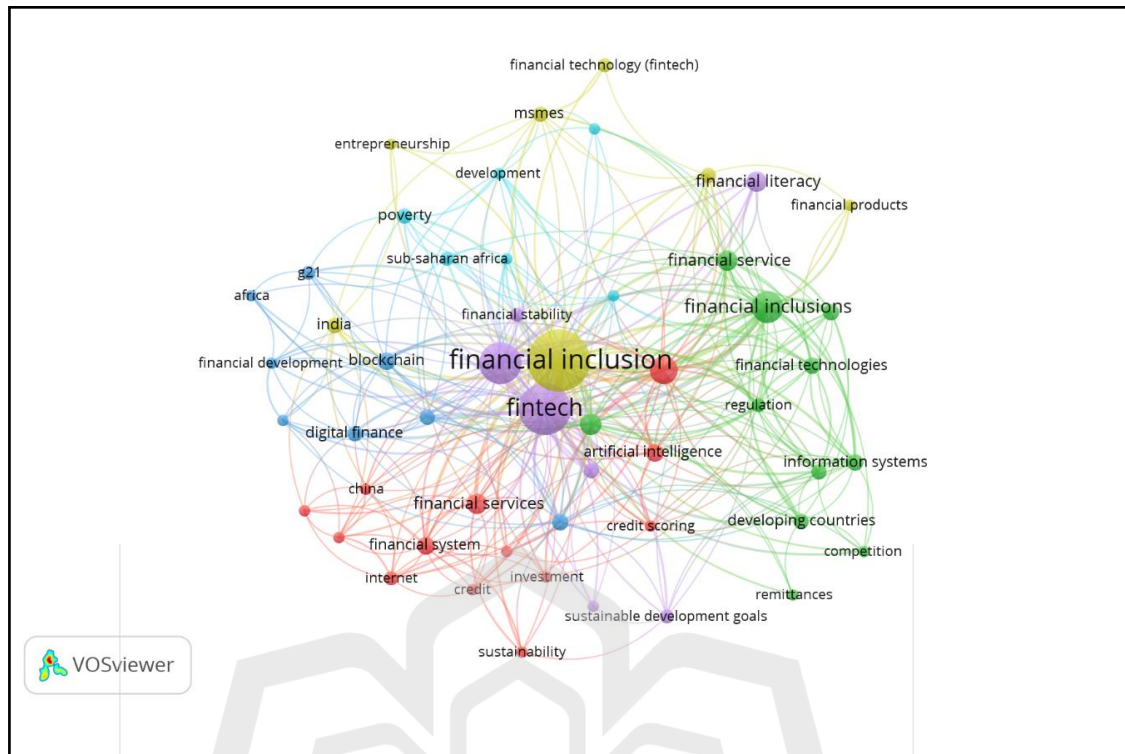


Figure 3.6 Network Visualisation FinTech and Financial Inclusion

The network visualisation shows about eight research clusters on FinTech and financial inclusion: FinTech clusters, financial inclusion clusters, poverty clusters, technology clusters, digital finance clusters, MSEMS clusters, and sustainable development clusters. Several researchers also raised the issue of religiosity, especially for Muslims. Because several financial principles must comply with Shariah, the role of Islamic finance also contributes to improving financial inclusion. Three major issues are directly related to FinTech; the first is adoption, which is closely associated with the acceptance of FinTech by the wider community. Along with the rapid increase in communication technology, the acceptance and adaptation process is also expected to be one of the triggers for rapid financial inclusion. The second is the ecosystem, which must be adequate, while the third is sustainability.

3.4.1 Adoption of Islamic FinTech and Contribution to Financial Inclusion

During the last ten years, research on FinTech has grown, with previous research using TAM and UTAUT as tools for research with various variables. Most issues regarding the adoption or acceptance of FinTech are remarkably diverse. Most researchers use the UTAUT model and other factors to provide novelty in research results.

The adoption of Financial Technology (FinTech) has garnered significant academic and policy interest, especially in emerging economies where digital innovations are set to transform traditional finance. Within the Islamic finance sphere, the discussion has broadened beyond conventional FinTech models to include Shariah-compliant alternatives, such as Islamic Peer-to-Peer (P2P) financing. This type of digital financing provides ethical, interest-free solutions that align with Islamic principles and have the potential to address critical gaps in financial inclusion across Muslim-majority areas.

Much of the existing research on FinTech adoption builds on foundational theories such as the Technology Acceptance Model (TAM), the Unified Theory of Acceptance and Use of Technology (UTAUT), and the Theory of Planned Behaviour (TPB). These models provide robust frameworks for explaining user acceptance, often focusing on constructs such as performance expectancy, effort expectancy, social influence, and facilitating conditions. However, in the context of Islamic FinTech, these frameworks need to be carefully adapted to reflect religious, cultural, and ethical dimensions specific to Muslim consumers.

The literature shows a trend in expanding UTAUT to include more constructs that reflect Muslim consumers' values. For example, trust has become a key factor in the adoption of Islamic FinTech services. Unlike traditional platforms, Islamic P2P users need reassurance not only about financial security and transparency but also regarding compliance with Shariah contracts and fatwas. Researchers such as Alkhawaiter (2022) and Parayil Iqbal et al. (2022) emphasised that trust in Islamic scholars and institutional integrity greatly influences users' willingness to engage with digital Islamic finance.

Performance expectancy, another key construct of UTAUT, is often cited in studies such as Azman and Zabri (2022) and Raza et al. (2019). These studies show that users are more inclined to adopt Islamic P2P platforms if they believe the service improves their financial productivity. However, a critical review suggests that measurement indicators should go beyond efficiency to include perceived spiritual and communal benefits. For example, enabling zakat-compliant investments or offering *qard hasan* financing structures may boost user intention, not only through financial returns but also by aligning with ethical principles.

Effort expectancy remains significant, especially in rural or low-literacy areas where digital infrastructure is still developing. However, its evaluation must incorporate culturally appropriate indicators. For example, ease of navigation should account for language options in local dialects, visual guidance aligned with modesty norms, and Shariah-compliant onboarding procedures. Similarly, social influence in the Islamic context extends beyond peer pressure; it also encompasses the influence of religious leaders, community figures, and family structures, all of which shape perceptions of legitimacy and trustworthiness in financial matters.

On the other hand, facilitating conditions, as observed in UTAUT, have shown mixed results in Islamic FinTech studies. While infrastructure and mobile penetration are increasing, their presence alone does not ensure adoption. Instead, what is more important is the availability of Shariah-compliant digital support, customer service that understands Islamic contracts, and legal frameworks that protect religiously sensitive users. Researchers argue that many conventional support systems do not adequately address these needs, creating structural barriers that hinder inclusive FinTech development in Muslim communities.

Beyond these core UTAUT constructs, the literature introduces perceived risk and perceived value to reflect the decision-making processes of Muslim users better. Perceived risk in Islamic FinTech is often tied to fears of falling into *riba* (usury), uncertainty in contract validity, or exposure to unethical practices. Conversely, perceived value includes both economic efficiency and the promise of religious merit or *barakah*. Fitrianiingsih and Fianto (2022) and Hassan et al. (2022) argued that these

constructs must be redefined within Islamic ethical parameters to capture user motivations effectively.

Furthermore, religiosity, both in practice and belief, emerged as a moderator or even a direct predictor in many Islamic FinTech adoption models. Users with higher religious commitment are more likely to prioritise Shariah-compliance over price or convenience. Thus, the inclusion of Islamic financial literacy and religious motivation within the conceptual framework offers a more contextually grounded explanation for adoption. Shaikh et al. (2020) and Yahaya and Ahmad (2018) demonstrated that increasing user awareness of Islamic principles can directly boost usage of Shariah-compliant platforms.

The adoption of Islamic FinTech in developing countries such as Indonesia, Malaysia, and Bangladesh cannot be fully understood without a nuanced appreciation of the socio-cultural and religious dynamics that shape financial behaviour. Unlike conventional FinTech adoption, which often centres on factors such as technological ease or economic benefit, Islamic FinTech adoption is profoundly rooted in local cultural values, collective norms, and religious adherence.

Recent studies highlight that socio-cultural and religious considerations are not merely peripheral but central determinants in shaping adoption decisions. For instance, Alkhowaiter (2022) emphasised that for Muslim users, perceptions of debt carry moral and social weight, making interest-free contracts such as *qard* (benevolent loans) or *mudarabah* (profit-sharing) more favourable than conventional interest-bearing ones. This aligns with findings by Azman and Zabri (2022), who argued that preference for Shariah-compliant contracts stems not only from legal constraints but also from deep-seated cultural and religious convictions.

Moreover, the level of Islamic financial literacy among micro-entrepreneurs and the broader population remains relatively low in many Muslim-majority developing nations. Studies by Hudaefi et al. (2021) and Abd Rahman et al. (2023) indicated that many small business actors still confuse Islamic FinTech with conventional FinTech, affecting their ability to differentiate between Shariah-compliant and interest-based platforms. This gap in understanding often becomes a barrier to adoption, particularly

among the unbanked and underbanked population segments that Islamic FinTech aims to serve.

Social norms also play a crucial role. In many Muslim communities, financial decisions are not purely individual but are embedded in collective values and local social structures, including family influence and community-based religious networks. For example, mosque-based networks and Islamic community organisations often act as information channels and trust agents, promoting certain FinTech platforms over others. According to Shaikh et al. (2020) and Al-Jabri and Sohail (2012), the endorsement or scepticism of religious leaders or peer groups can significantly accelerate or inhibit adoption. This aligns with UTAUT's construct of social influence*, but with added cultural and religious layers unique to Islamic societies.

Religiosity also functions as a key behavioural determinant, serving as both a motivator and a gatekeeper in the decision-making process. Users who demonstrate high levels of religious commitment are less likely to engage with financial platforms that do not explicitly communicate their Shariah compliance. As discussed by Mansour et al. (2022), religiosity shapes not only the intention to use Islamic FinTech but also the trust placed in its operations, governance, and transparency. Without strong signals of compliance—such as fatwa endorsements, Shariah boards, or the use of Islamic contracts—potential users may reject even technologically superior platforms.

Therefore, any robust model for understanding Islamic FinTech adoption in emerging economies must go beyond standard constructs such as performance expectancy or effort expectancy. It should integrate socio-cultural norms and religiosity as central mediators or moderators in the adoption pathway. As highlighted by Hassan et al. (2023), adopting a contextualised approach that blends behavioural intention theories with socio-religious dynamics allows for a more accurate and meaningful analysis, especially in societies where religion shapes not only spiritual life but also economic behaviour.

The contribution of Islamic FinTech to financial inclusion also merits critical analysis. While access to digital platforms is important, studies such as those by Morgan (2022) and Yang and Zhang (2022) stressed the importance of usage and quality of

service. In the Islamic context, financial inclusion must include ethical alignment, cultural relevance, and institutional trustworthiness. The expansion of Islamic P2P platforms into underserved regions offers opportunities not only for financial access but also for ethical empowerment and community development.

In Table 3.1, there is a list of studies about extended UTAUT to examine Islamic FinTech adoption, behavioural intention, and user intention. Most studies use extended UTAUT or a combination with other theories, namely TAM and TPB. For core variables, use basic UTAUT, which consists of



Table 3.1 List of Studies: Extended UTAUT to examine Islamic FinTech Adoption

No	Study	Context	Key Significant Predictors	Core Model	Relevance to the Present Study
1	Azman & Zabri (2022)	Syariah Compliant Fintech Malaysia	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Conditions	Extended UTAUT	Confirms UTAUT core validity in Islamic digital finance
2	Masyur & Ali (2022a)	Syariah Fin Tech Indonesia	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence	UTAUT2 + Islamic Financial Literacy	Shows contextual moderation in an Indonesian Muslim setting
3	Yahaya & Ahmad (2019)	Zakat Fintech Malaysia	✓ Performance Expectancy ✓ Social Influence ✓ Facilitating Conditions	UTAUT	Confirms UTAUT core validity in the adoption of zakat fintech
4	Hassan et al., (2022)	Mobile Fintech Services Bangladesh	✓ Trust ✓ Perceived Risk	UTAUT + Risk+ Trust	Demonstrates risk–trust interplay in emerging markets
6	Alkhowaiter (Alkhowaiter, 2022)	M- payment GCC	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Conditions ✓ Attitude	Meta UTAUT + trust + religiosity	Establishes trust as a central driver in Islamic digital services

No	Study	Context	Key Significant Predictors	Core Model	Relevance to the Present Study
7	Khan et al., (2022)	Islamic Fintech Middle Eastern	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Conditions ✓ Behavioural Intention	UTAUT	Confirms social dominance in collectivist contexts
10	Rahim et al., (2022)	Islamic Fintech Malaysia	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Condition ✓ Behavioural Intention	UTAUT	The use of UTAUT is considered appropriate due to its quality
11	Riza (2021)	Islamic Digital Banking	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Condition ✓ Behavioural Intention ✓ Trust ✓ Satisfaction	UTAUT 2	The UTAUT/UTAUT2 model can predict the adoption and use of digital banking technology of Islamic banks
14	Aman Shah et al., (2020)	Fintech Zakat Fitrah Collection	✓ Social Influence ✓ Facilitating Condition ✓ Behavioural Intention	UTAUT	The adoptability of TAM and UTAUT Models in determining the prediction of applying fintech usage in Islamic finance
15	Kasri & Yuniar (2021)	Digital Zakat	✓ Social Influence ✓ Literacy	UTAUT	Highlights the role of religious-social influence

No	Study	Context	Key Significant Predictors	Core Model	Relevance to the Present Study
16	Fitrianingsih Fianto (Fitrianingsih & Fianto, 2022)	E-Wallet Indonesia and Malaysia	✓ Social Influence	TAM UTAUT	Highlight the ease of use and usefulness of e-wallets in the acceptance of e-wallets
17	Raza et al., (Raza et al., 2019)	Mobile Banking-Islamic Bank	✓ The performance expectancy, ✓ facilitating conditions, ✓ social influence, ✓ effort expectancy,	UTAUT2	Shows utility & value effects in the Islamic finance context
18	Prayil Iqbal et al. (Parayil Iqbal, Jose, & Tahir, 2022)	Mobile Banking Islamic Bank Maldives	✓ Performance Expectancy ✓ Effort Expectancy ✓ Social Influence ✓ Facilitating Conditions	UTAUT 2	Strengthens legitimacy–trust argument

The data presented in Table 3.1 shows that several studies have extended UTAUT to explore the adoption of Islamic FinTech, incorporating various additional variables into their analysis. The present variable serves as an enlargement of the preceding variable commonly employed by Venkatsh. The advancement of this research enhances the inclusion of variables and indicators that ultimately augment the diverse perspectives of this study. The following are some additional variables used in Islamic FinTech research using UTAUT.

The empirical evidence demonstrates three consistent patterns across Islamic FinTech studies. First, performance expectancy and effort expectancy generally remain foundational drivers of behavioural intention, validating the instrumental logic of UTAUT. However, their effect sizes tend to be modest in Islamic contexts, suggesting that usefulness and ease are necessary but insufficient conditions for adoption. Second, social influence emerges as a structurally stronger predictor in Muslim-majority and collectivist societies, particularly when financial decisions intersect with religious norms. Studies on digital zakat, Islamic mobile banking, and Shariah-compliant FinTech consistently show that peer endorsement, religious authority cues, and community validation shape intention formation beyond purely rational evaluation.

Third, and most critically, trust repeatedly appears as the dominant determinant of actual usage behaviour, especially in Islamic financial services where Shariah compliance, transparency, and institutional credibility are essential. This suggests that Islamic digital finance adoption is not merely a technology acceptance phenomenon but a legitimacy-driven process. However, despite these insights, prior research reveals three limitations. Most studies focus on behavioural intention rather than actual platform usage; few isolate Islamic P2P financing as a distinct financing model, and socioreligious dimensions are often discussed descriptively rather than formally connected to behavioural pathways. These limitations justify the present study's specification of a dual-structure model that distinguishes intention from usage while integrating trust, perceived value, and perceived risk into the UTAUT framework.

Table 3.2 Financial Innovation and Technology Research

No	Variable	Author
1	Technological developments	Kabakova & Plaksenkov (2018)
2	Technological innovation	Guild (2017)
3	a. innovative and collaborative practices, b. protectionist and equitable practices, c. legitimising and sustaining practices	Senyo et al. Karanasios (2022)
4	Technological advances hold promise in the expansion of financial inclusion.	Mohapatra (2014)

Kabakova's (2018) research identifies three key configurations of factors that influence financial inclusion. The first configuration involves strong socio-demographic and political factors without corresponding economic development. In contrast, financial exclusion often arises where social and economic factors are absent, even when political and technological development is present. A third configuration highlights the lack of socio-demographic, technological, and political development as a significant barrier to inclusion. These findings have important policy implications for countries seeking to improve financial inclusion. They underscore the need for targeted support across various dimensions of the financial ecosystem to create a more inclusive environment (Kabakova & Plaksenkov, 2018).

Guild's (2017) study examined the varying levels of success in adopting FinTech services in Kenya, India, and China, offering insights into how technology can promote financial inclusion. Guild argues that advancing financial inclusion through technological innovation requires a responsive regulatory approach, avoiding excessive intervention. In the Indian context, Raj and Upadhyay (2020) emphasise the importance of harnessing the advantages of FinTech while mitigating associated risks through a robust regulatory and supervisory framework. This approach ensures that FinTech contributes effectively to accelerating financial inclusion. Moreover, strong government initiatives in India have enabled the unbanked population to access financial products easily. Payment organisations have demonstrated the potential of mobile-driven solutions, prompting traditional banks to extend their reach into rural areas by introducing innovative mobile banking technologies. These developments highlight the

transformative impact of FinTech on financial inclusion, particularly in addressing barriers faced by underserved populations.

By incorporating region-specific measures of FinTech adoption alongside representative household consumption data, Yang and Zhang (2022) revealed that higher levels of FinTech adoption by households result in increased consumption and reduced consumption inequality. To account for exogenous variation in FinTech adoption, the study uses the distance between a household's location and Hangzhou as an instrumental variable, yielding comparable economic and statistical significance findings. However, the research underscores the necessity of conventional financial infrastructure as a prerequisite for FinTech credit to achieve favourable distributional outcomes. This observation highlights the importance of complementary policies to improve financial infrastructure and welfare. The paper significantly contributes to the existing literature by demonstrating FinTech's potential as a transformative market force that promotes financial inclusion and reduces economic disparities.

Amid the global pandemic and the accelerated digitisation of banking systems and payment methods, limitations in adoption persist, especially regarding mobile e-wallets. In response, Alwi et al. (2021) investigated the factors influencing the adoption of mobile e-wallets in the post-COVID-19 context. The study examined perceived usefulness, ease of use, health considerations, social impact, value perception, health alerts, and transactional costs, analysing their effects on behavioural intentions toward e-wallet adoption. Through multiple regression analysis and Factor analysis using Cronbach's methodology, the study identified a significant impact of these variables on the intention to adopt mobile e-wallets. The findings provide valuable insights into user behaviour, emphasising the interplay of technological, economic, and health-related factors in shaping the adoption of digital financial tools. These insights offer a roadmap for policymakers and businesses to enhance digital financial inclusion in a rapidly evolving landscape.

The adoption of FinTech is occurring globally, with varying motivations across different markets. In developing economies, the drive to adopt FinTech often stems from the unmet demand for financial services, as traditional financial systems fail to cater to large population segments. FinTech offers significant potential to improve financial

inclusivity, particularly in contexts where high financial costs, favourable regulatory frameworks, and other macroeconomic factors encourage adoption. Demographics also play a key role, as younger generations, who are more trusting of and familiar with technology, are more likely to embrace FinTech services. By enhancing inclusivity and efficiency, FinTech can positively impact the financial system and drive economic growth. However, historical market failures within the financial sector persist, with the potential to manifest in new forms through the rise of FinTech (Frost, 2020).

The transformative impact of financial technology firms on the financial sector is undeniable. By offering innovative solutions, FinTech companies have positioned themselves as valuable complements to traditional financial systems, with considerable potential to address financial inclusion challenges. However, a deeper understanding of how these firms approach financial inclusion is crucial. One paper explored FinTech start-ups in Ghana through a case study, focusing on their efforts to tackle financial exclusion. Based on the findings, the study developed a FinTech-driven financial inclusion model, highlighting the strategies employed by FinTech firms to bridge the inclusion gap. Research by Senyo and Osabutey (2020) provided actionable insights for venture capital firms and investors evaluating technological ventures aimed at financial inclusion. The study underscored the importance of integrating quantitative and qualitative approaches to advance understanding of FinTech's role in fostering financial inclusion in emerging markets. These findings, supported by Soriano (2017), emphasise FinTech's growing influence in creating accessible, inclusive financial ecosystems.

FinTech plays a pivotal role in advancing financial inclusion. Nevertheless, limited research explores the collaborative interactions between new market entrants and established entities within FinTech ecosystems, particularly their collective impact on financial inclusion. In Ghana, a case study involving multi-level interactions among organisations was conducted to develop theoretical insights. Like many African countries, the rise of FinTech has opened new opportunities to address financial exclusion. At the ecosystem level, three core practices have been identified as crucial mechanisms through which both incumbents and new entrants shape financial inclusion: (1) innovative and collaborative practices, (2) protectionist and equitable practices, and (3) legitimising and sustaining practices. This research offered a theoretical framework elucidating how these practices influence financial inclusion and

introduced three propositions detailing the scaling and structuring of financial inclusion in developing nations, focusing on key actors' roles, relationships, and practices (Senyo, Osabutey, & Seny Kan, 2021).

FinTech adoption also holds immense potential for advancing financial inclusion across ASEAN member countries and India. This study (Morgan, 2022) investigated the progress of financial inclusion within these regions, aiming to identify FinTech's role and its potential impact on enhancing inclusivity. The paper evaluated the risks associated with FinTech implementation, highlighting disparities in financial inclusion strategies and FinTech applications between India and ASEAN. Examining these differences provides valuable insights and policy recommendations to optimise FinTech's contribution to financial inclusion. These findings underscore the importance of tailoring FinTech strategies to regional contexts while mitigating associated risks, ultimately promoting sustainable and inclusive financial ecosystems in these diverse economies.

3.4.2 Issue and Challenge in Islamic FinTech

Islamic FinTech has emerged as a transformative force in the financial sector, offering Shariah-compliant financial solutions that integrate technology with ethical finance principles. Despite its potential, the industry faces several issues and challenges that vary globally and within Indonesia. Empirical studies highlight key barriers, including regulatory complexity, trust and awareness, technological limitations, and financial inclusion gaps, that affect the adoption and scalability of Islamic FinTech platforms.

Empirical research in Islamic FinTech identifies regulatory frameworks as a primary concern. Unlike conventional FinTech, Islamic finance must adhere to Shariah laws, which vary across jurisdictions. A study by Alshater (2022) found that the absence of standardised Shariah compliance frameworks creates operational inefficiencies, making it difficult for Islamic FinTech firms to expand across borders. Apart from that, this condition occurs in several areas such as GCC (Kismawadi, 2024), Bangladesh (Datta, 2024; Khanam, 2020), Turkiye (Ahmad & Al Mamun, 2020), Nigeria (Ediagbonya & Tioluwani, 2023) and Indonesia (Aulia et al., 2020; Fidhayanti, et.al

2024; Muryanto et al., 2022a). Several countries, such as Malaysia (Razak et al., 2020; Hui et al., 2019) and Bahrain (AlBenJasim et.al., 2024; AlJalal et.al., 2023), have advanced Islamic FinTech regulations, while others struggle with inconsistent governance structures, leading to uncertainty for investors and financial institutions.

Ajib's (2022) literature study on the challenges of Islamic fintech and practical solutions states that there are twelve challenges facing the Islamic financial industry. These include the regulatory framework, human resources, Sharia compliance issues, security risks, intense competition from fintech firms, trust among clients and investors, the adaptation of new fintech tools, government support, a lack of technology and capital centres, the Islamic business model and its management, and finally, the penetration of international markets. In his paper, he also outlined practical solutions to address these challenges based on recommendations from global policymakers such as AAOIFI, IFSB, and the OIC Fiqh Academy. However, due to government support and the lack of IT skills among clients, there is no basis for available solutions.

Concerns regarding the authenticity of Shariah compliance are among the issues arising in the global development of Islamic fintech. The study by Razak (2020) has provided an overview, indicating that specific regulations are needed concerning Shariah compliance. This necessity has also been observed in the banking industry, as reinforced by Saba and Kouser (2019), who stated that implementing Shariah compliance will bolster fintech to strengthen the sector and enhance cybersecurity. In his study, Muryanto (2022b) compared the Shariah compliance regulations in implementing fintech across Indonesia, Malaysia, and the United Kingdom, concluding that supervision and insufficient Shariah compliance remain significant challenges in implementing Islamic fintech. In contrast, Shariah compliance is a fundamental principle for regulating Islamic finance. This situation is crucial to address, as it will also impact user trust and awareness towards the platform providers.

Trust and awareness also remain significant barriers for Islamic FinTech; a study by Alrasyid et al. (2023) highlights that many Muslim consumers remain hesitant to adopt Islamic FinTech due to a lack of understanding of digital finance and concerns over the authenticity of Shariah compliance. This issue is particularly evident in

countries with limited Islamic finance literacy, where potential beneficiaries are unsure how digital Islamic finance differs from conventional banking models. From a technological perspective, empirical evidence suggests that Islamic FinTech lags behind conventional FinTech in innovation and adoption rates. Research by Alaeddin & Altounjy (2018) found that many Islamic FinTech startups struggle with scalability and integration into existing financial ecosystems due to limited technological investment and a lack of collaboration with mainstream financial institutions. This challenge is exacerbated in developing economies, where digital infrastructure is still evolving.

Indonesia, which is home to the largest Muslim population in the world, has significant potential for Islamic FinTech growth (Firmansyah et.al., 2019a; Hudaefi, 2020; Nuryitmawan, 2023). However, empirical studies indicate that the industry faces unique challenges that must be addressed to ensure its success. A study by Rahman et al. (2022) highlights that regulatory harmonisation remains a major obstacle as the regulatory landscape for Islamic FinTech is still evolving. Unlike Malaysia, which has a centralised Shariah board for Islamic finance, Indonesia lacks a unified regulatory framework, leading to inconsistencies in compliance requirements. A survey by Bank Indonesia (2021) found that trust and digital financial literacy remain key barriers to adoption. Many Indonesians, particularly in rural and underserved areas, lack knowledge of Islamic digital financial products and remain sceptical about the security and credibility of online transactions. The study suggests that increasing financial education and awareness campaigns could play a crucial role in improving adoption rates.

Another significant challenge in Indonesia is FinTech accessibility and infrastructure development. While urban centres such as Jakarta and Surabaya have well-developed digital ecosystems, rural areas still face limited internet penetration and technological access, making it difficult for Islamic FinTech firms to reach unbanked populations. This issue is supported by research from Afjal (2023), which highlights that financial inclusion efforts must focus on expanding digital infrastructure to bridge the accessibility gap. From an industry perspective, many Islamic FinTech startups in Indonesia face funding and scalability issues (Jameaba, 2020). Research by Cindy et al. (2019) indicates that while there is growing interest in Shariah-compliant digital financing, limited venture capital investment and insufficient collaboration between

FinTech firms and Islamic banks have slowed industry growth. Strengthening partnerships between Islamic financial institutions, technology providers, and government agencies is crucial for fostering innovation and ensuring sustainable expansion.

Empirical studies from both global and Indonesian perspectives reveal that regulatory uncertainty, trust and awareness, technological limitations, and challenges related to financial inclusion remain significant barriers to the adoption of Islamic FinTech. Addressing these issues requires collaborative efforts among governments, financial institutions, and technology providers to establish a standardised regulatory framework, enhance financial literacy, improve digital infrastructure, and promote industry partnerships. By overcoming these challenges, Islamic FinTech has the potential to revolutionise financial services, offering ethical, inclusive, and innovative solutions that align with Shariah principles while broadening financial access both globally and within Indonesia.

3.5 IDENTIFICATION OF RESEARCH GAPS

3.5.1 First Gap: Adoption-usage mechanism for Indonesia's Islamic P2P

Most prior research on FinTech has concentrated on payment systems and mobile banking, leaving other business models relatively underexplored. This focus has limited the expansion of theoretical frameworks and understanding of the broader landscape of FinTech applications like Islamic P2P financing. The Unified Theory of Acceptance and Use of Technology (UTAUT), developed by Venkatesh et al.(2003), has been the predominant theoretical model referenced in these studies, particularly in the context of Islamic FinTech.

While significant contributions have been made to the field, a notable gap exists in exploring Islamic FinTech acceptance beyond the conventional scope. Previous studies in Indonesia, such as Darmansyah (2020), Mansyur Ali (2022b), and Majid (2021), have applied various models, including the Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), and UTAUT, with extensions to include elements such as Islamic financial literacy and religious aspects. These studies have

largely focused on understanding the acceptance, behaviour, and usage patterns of Islamic P2P financing among beneficiaries, often by integrating additional variables such as perceived value, perceived risk and trust. However, some critical variables, such as perceived value and trust, especially from an Islamic perspective, have not been widely examined.

The perceived value, particularly when approached through the lens of Islamic values and Shariah compliance, is a strong and potentially influential factor in accepting Islamic P2P financing platforms. Moreover, there is a scarcity of research focusing on the beneficiaries of Islamic P2P financing. These beneficiaries, often representing the underserved financing services, stand to gain significantly from the accessibility and inclusivity offered by Islamic P2P platforms. Thus, this research gap highlights the need for studies that explore the acceptance of Islamic FinTech from the viewpoint of the beneficiaries of Islamic P2P financing.

3.5.2 Second Gap: Digital Financing Platform, Socio-Cultural and Religiosity in Beneficiaries' Perspective

There remains a significant gap in the literature regarding the perspectives of beneficiaries of Islamic P2P financing platforms and their role in enhancing financial inclusion. While Islamic FinTech, particularly P2P financing, has the potential to bridge financial access gaps, there is a lack of comprehensive studies exploring how these platforms are perceived and utilised by their beneficiaries. This gap is crucial as it directly relates to understanding why Islamic P2P financing reaches underserved populations and promotes inclusive financial systems.

Previous studies, such as Senyo et al. (2022), have investigated financial inclusion through the lens of mobile money beneficiaries, categorising them into four typologies: ease-of-use-driven beneficiaries (Pathway 1), behaviour-intention-driven users (Pathways 2 and 3), and coverage-price-service-driven users (Pathway 4). This typology approach highlights the diversity of users' motivations and needs, reflecting their varied social and economic backgrounds. Such an approach is valuable for understanding the heterogeneity among users, especially in systems where access to

traditional banking services is limited. However, there is a lack of similar studies that focus specifically on the beneficiaries of Islamic P2P financing platforms. These platforms offer unique features aligned with Islamic principles, such as a profit-sharing model financing, which could appeal to a broad spectrum of users, including those who prefer Sharia-compliant financial services. Understanding the views and experiences of these beneficiaries is crucial for several reasons. Exploring beneficiaries' perspectives can reveal insights into the users' socio-cultural and religious aspects with Islamic P2P platforms. Given the potential of Islamic P2P financing to contribute to financial inclusion, it is essential to fill this research gap by conducting studies that specifically focus on the views and experiences of its beneficiaries. This will enrich the literature on Islamic FinTech and provide practical insights for improving the design and delivery of P2P financing services in Indonesia and beyond. Such research could employ various methods, including surveys, interviews, and case studies, to capture a comprehensive picture of beneficiaries' perspectives and the real-world impact of Islamic P2P financing.

3.5.3 Third Gap: Linking adoption and platform roles to financial inclusion outcomes

While there has been some research on Islamic P2P financing, there remains a significant gap in the literature concerning its role in promoting financial inclusion. Most existing studies have predominantly focused on specific aspects such as user acceptance, behavioural intention, and the digitalisation of zakat (Yahaya, 2019). These studies have provided valuable insights into the factors influencing the adoption and use of Islamic P2P platforms. However, they have largely overlooked the potential of Islamic P2P financing to enhance financial inclusion, particularly for underserved and marginalised communities.

The literature still needs more research exploring how Islamic P2P financing can bridge the financial inclusion gap. Specifically, there is a need to explore how these platforms can provide access to financial services for those excluded from traditional banking systems for various reasons, such as religious considerations, lack of collateral,

or inadequate financial literacy. Understanding the mechanisms through which Islamic P2P financing can facilitate broader access to credit and other financial services is crucial for leveraging FinTech to achieve inclusive growth. Furthermore, it is essential to investigate the participation of potential beneficiaries in Islamic P2P financing. This involves assessing the barriers preventing individuals from engaging with these platforms and identifying strategies to increase participation. Enhancing the accessibility and usability of Islamic P2P platforms could empower more individuals to access financing, thereby supporting their economic activities and contributing to the community's overall well-being. There is a critical need for more comprehensive studies on the role of Islamic P2P financing in promoting financial inclusion. Such research should identify the challenges and opportunities associated with these platforms and develop frameworks and policies that encourage wider adoption and participation. This will help realise the full potential of FinTech innovations in the Islamic finance sector and foster an inclusive financial ecosystem.

3.5.4 Fourth Gap: Stakeholder-level challenges and development strategies in Indonesia.

Indonesia's Islamic P2P financing industry has encountered several significant challenges, particularly during the COVID-19 pandemic, which exposed vulnerabilities in the sector. Notably, the OJK revoked the licenses of 6 (six) Islamic P2P financing platforms, underscoring the need for a robust support system to ensure the industry's sustainability and growth. This incident highlights several key issues that must be addressed for the industry to develop more rapidly and effectively. One of the primary challenges is the regulatory framework governing Islamic P2P financing. The revocation of licenses indicates potential deficiencies in regulatory compliance, risk management, and the overall operational stability of these platforms. The regulatory environment plays a crucial role in fostering a secure and trustworthy financial ecosystem, and it must evolve to keep pace with the innovations and complexities introduced by FinTech. Ensuring adequate oversight and clear guidelines is essential to protect investors and borrowers while promoting a fair and transparent market.

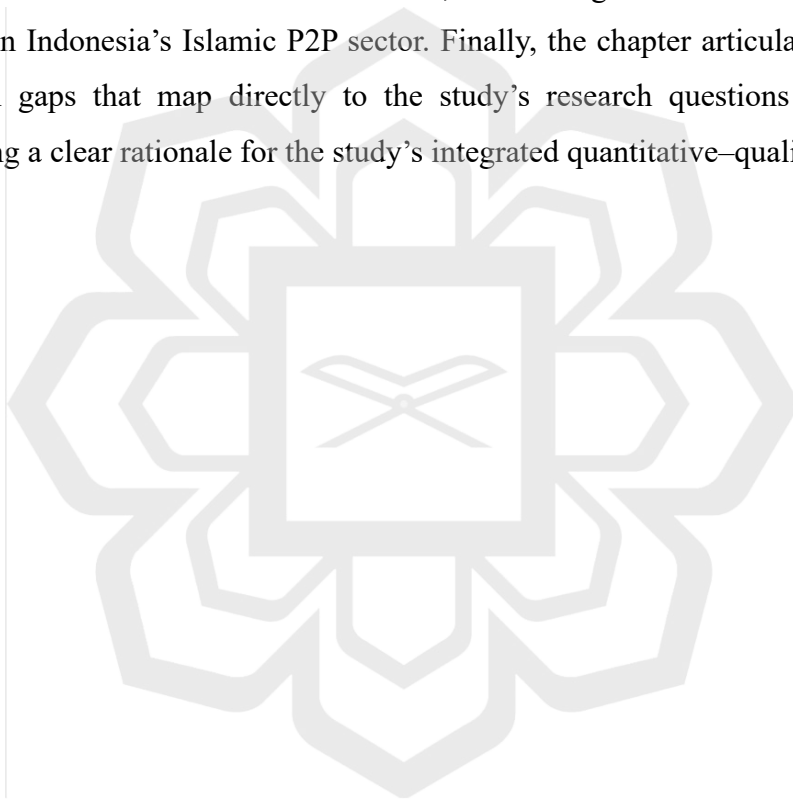
Indonesia's Islamic financial system, particularly within FinTech, faces challenges in achieving broader market penetration and acceptance. Islamic P2P financing, which merges Islamic finance principles with modern technological solutions, represents a unique and promising business model. However, the industry has yet to fully realise its potential in catering to the diverse financing needs of the wider community. This includes addressing the financial requirements of micro, small, and medium-sized enterprises (MSMEs), individuals, and other underserved segments. The challenge lies in expanding access and ensuring that the services offered are Shariah-compliant, affordable, and meet the target audience's specific needs. Another critical area is the optimisation of user welfare through the features offered by FinTech platforms. However, there is a need for more research to understand how these technological innovations can be leveraged to maximise benefits for users while maintaining adherence to Islamic ethical and legal principles.

To address these challenges, more comprehensive and in-depth field studies are required. These studies should focus on understanding the current state of the Islamic P2P financing industry, identifying barriers to growth, and exploring potential solutions. Such research should encompass various dimensions, including regulatory challenges, market dynamics, technological advancements, and consumer behaviour. By gaining a deeper understanding of these aspects, stakeholders can develop strategies to support the sustainable growth and development of the industry. The challenges faced by the Islamic P2P financing industry in Indonesia highlight the need for a well-rounded approach that includes regulatory improvements, market expansion, technological innovation, and enhanced user welfare. Addressing these challenges through rigorous research and practical interventions will be crucial for the future development of this industry, enabling it to play a more significant role in financial inclusion and economic growth in Indonesia.

3.6 CHAPTER SUMMARY

This chapter has established a coherent theoretical and empirical foundation for investigating Islamic P2P financing adoption and usage in Indonesia and its relevance to financial inclusion. It conceptualised financial inclusion as a multi-stage construct

involving access, usage, and outcomes, and adopted a demand–supply framework to connect user adoption behaviour with platform and ecosystem readiness. The chapter critically reviewed technology adoption theories and justified the selection of UTAUT as the core framework due to its integrative structure and relevance for modelling both behavioural intention and actual usage. To improve contextual fit for Shariah-compliant P2P financing, the chapter justified extending UTAUT with trust, perceived value, and perceived risk, while positioning socioreligious and sociocultural dimensions as contextual drivers that shape legitimacy and trust pathways and will be examined qualitatively. The empirical review highlighted consistent predictors and contested findings across Islamic FinTech research, reinforcing the need for context-specific testing in Indonesia’s Islamic P2P sector. Finally, the chapter articulated four explicit research gaps that map directly to the study’s research questions and objectives, providing a clear rationale for the study’s integrated quantitative–qualitative design.



CHAPTER FOUR

METHODOLOGY

4.1 INTRODUCTION

The presentation of the research methodology, presented with utmost clarity, holds significant importance in this chapter. The initial stage involves providing a concise summary of the research approach, conceptual framework, methodology, and research design, alongside explanations of the primary data collection and analysis techniques. A brief description of the research methods is provided, along with alternative options, to facilitate the selection of the most suitable methods and techniques that align with the research goals and available resources for conducting the empirical analysis. The concluding sections summarise the discussion, encompassing the limitations and challenges encountered during fieldwork.

This study encompasses four research objectives, each of which has a particular research methodology tailored to its specific requirements. It is important to note that the research methods employed for these objectives may vary, reflecting the diverse nature of the research questions being addressed. The comprehensive details regarding data collection and analysis methodologies and the expected outcomes for each research objective are conveniently presented in Table 4.1. This table is a valuable resource, providing a concise overview of the strategies and expected results associated with each research objective and offering a structured framework for the study's execution and subsequent analysis.

Table 4.1 comprises problem statements, research objectives, research question method and expected findings. In the quantitative approach, PLS-SEM examines the factors affecting the intention to use and actual usage of Islamic P2P Financing in Indonesia. Concurrently, in-depth interviews were conducted to enhance this understanding, and the findings were analysed using thematic analysis as part of the qualitative method.

Table 4.1 Research Mapping: Mixed Method

Problem Statement	Research Objective	Research Question	Method and Tools	Finding
The readiness of individuals to adopt FinTech platforms, such as Islamic P2P financing platforms, remains a critical concern. Behavioural intentions to use these platforms are shaped by models such as the theory of planned behaviour, technology acceptance frameworks, and the Unified Theory of Acceptance and Use of Technology (UTAUT), particularly when extended to incorporate perceived value in Islamic values. These factors highlight the importance of understanding how Islamic principles influence user perceptions and adoption. However, there is a need for more in-depth research to evaluate the understanding and acceptance of FinTech innovations, particularly within the framework of Islamic finance.	To examine the determinants of Islamic P2P financing adoption in Indonesia by assessing the effects of performance expectancy, effort expectancy, social influence, facilitating conditions, trust, perceived value, and perceived risk within the extended UTAUT framework.	What are the main factors influencing the adoption of Islamic P2P financing services platforms in Indonesia?	Questionnaire purposive sampling PLS SEM	The significant factors influencing the adoption of the Islamic P2P financing service platform
Islamic P2P platforms face adoption challenges, particularly in rural and marginalised communities, due to low financial and digital literacy, limited technological access, and scepticism towards FinTech. Socio-cultural norms and religiosity influence perceptions, yet research mainly explores generic FinTech adoption, overlooking barriers specific to Islamic P2P financing. Addressing this gap is crucial to tailoring these platforms to align with beneficiaries' socio-religious values and enhancing broader acceptance.	To identify specific sociocultural and religious factors that contribute to the adoption of Islamic P2P financing service platforms from the beneficiaries' perspective.	To what extent do the specific socio-cultural and religious factors drive beneficiaries' adoption of an Islamic P2P financing services platform in Indonesia?	In-depth interview	Specific factors (various themes) drive beneficiaries to adopt the Islamic P2P financing service platform.

Problem Statement	Research Objective	Research Question	Method and Tools	Finding
Financial inclusion in Indonesia remains a critical challenge, particularly for underserved communities. Islamic Peer-to-Peer (P2P) financing services platforms offer innovative solutions, yet their role in advancing financial inclusion from the perspective of FinTech providers is underexplored. Understanding the strategies, challenges, and opportunities these providers face is essential for evaluating the platforms' effectiveness. Using a qualitative approach, this research investigates how Islamic P2P platforms contribute to financial inclusion, providing insights to optimise their impact and scalability in Indonesia.	To investigate how an Islamic P2P financing services platform can contribute to enhancing financial inclusion in Indonesia from the perspective of FinTech providers	How do Islamic P2P financing services platforms enhance financial inclusion in Indonesia from the FinTech providers' perspective?	Document analysis In-depth Interview Descriptive analysis	Islamic P2P financing service platform's roles regarding financial inclusion in terms of its products and services, business model, and experience
The potential of Islamic P2P financing platforms to promote financial inclusion in Indonesia is constrained by significant challenges, including regulatory barriers, technological gaps, and stakeholder alignment. Identifying these challenges and uncovering effective strategies requires a comprehensive understanding from stakeholders' perspectives. Using a qualitative approach and Interpretive Structural Modelling (ISM), this study aims to explore the interconnected challenges and strategies, providing actionable insights to foster the growth of Islamic P2P financing and enhance financial inclusion in Indonesia.	To identify the key challenges and best strategies related to the development of Islamic P2P Financing within the context of financial inclusion in Indonesia from the perspective of stakeholders	What are the key challenges and best strategies in developing an Islamic P2P financing services platform to enhance financial inclusion in Indonesia from the stakeholders' perspective?	In-depth interview Interpretive Structural Modelling ISM	The key challenges and best strategies in the ISM framework for Islamic P2P financing service platforms to enhance financial inclusion in Indonesia

Source: Author's research

Based on the research methodology and designs, the study adopted a mixed methods strategy, employing survey and case-study research methods to fulfil the abovementioned goals. The employed methodology facilitated diverse research methods to address research inquiries and effectively attain satisfactory research objectives (Saunders et al., 2019). The mixed method was selected because it can incorporate a triangulation strategy, which is increasingly regarded as the optimal approach for ensuring the validity of social science research findings (Bryman, 2012).



Figure 4.1 Sequential Phase of Explanatory Mixed Method Design
Source: author

A sequential phase of mixed-method explanatory design is depicted in Figure 4.1, beginning with quantitative data collection, analysis, and results. The findings from this part will be followed up on and integrated into phase 2. This phase starts with qualitative data collection, interpretation, and findings. Once all results are gathered, the overall research interpretation will be completed. The collected results will be interpreted to conclude the research.

4.2 CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

4.2.1 Conceptual Framework

Islamic FinTech emerged as a product of financial innovation initially developed within the conventional financial system. However, it distinguishes itself by aligning with the principles of the Islamic financial system, which prioritise social welfare and equity. Central to this system is the prohibition of *riba* (interest), excessive speculation (*gharar*), and gambling (*maysir*), as outlined by Chapra (1992). These prohibitions aim to create a financial framework that reduces systemic risks and ensures fairness in economic transactions.

Beyond its economic functions, Islamic FinTech integrates ethical, moral, social, and religious values into its operations. By emphasising these dimensions, the Islamic financial system seeks to promote justice and equality, benefitting society. For instance, it facilitates wealth redistribution through mechanisms like zakat (charitable giving) and waqf (endowments), ensuring that resources are directed to those in need. Moreover, Islamic FinTech leverages technology to uphold these principles, offering products that cater to ethical investments and socially responsible finance. This unique approach not only enhances inclusivity and fairness but also reinforces the broader objectives of Islamic finance in achieving societal well-being.

It can be suggested that an Islamic financial system is theoretically better at promoting financial inclusion. Many studies state that Islamic finance promotes financial inclusion (Iqbal & Mirakhor, 2012). Moreover, FinTech is believed to be an alternative tool to accelerate financial inclusion in Indonesia. (Chatterjee & Jayawardana, 2018). Furthermore, Islamic FinTech offers ample opportunity for Islamic finance and will cover all aspects of the application of technological advancement in delivering, facilitating, or enabling financial services (Oseni, 2019). In this respect, the study started with the demand side area, which describes the characteristics of the financially excluded community in terms of the determinants of Islamic financial inclusion. The determinants of financial inclusion are divided into four groups: volatile incomes, geographical barriers, informal and documentation, literacy, and trust

(Pazarbasioglu et al., 2020). These four groups describe characteristics of the financial exclusion community, particularly in Islamic financial inclusion.

The subsequent phase involved assessing the community's inclination to utilise the Islamic FinTech platform following the Unified Theory of Acceptance and Use of Technology (UTAUT). These models are built on the notion that individuals employ specific behaviours after carefully considering information and making logical choices. Behavioural performance is reliant upon the individual's intention to engage with something. In this research, the beneficiaries engage with an Islamic P2P financing service platform to solve the problem of Islamic financial inclusion. Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, Perceived Value, Perceived Risk, Trust, Behavioural Intention, and Use Behaviour.

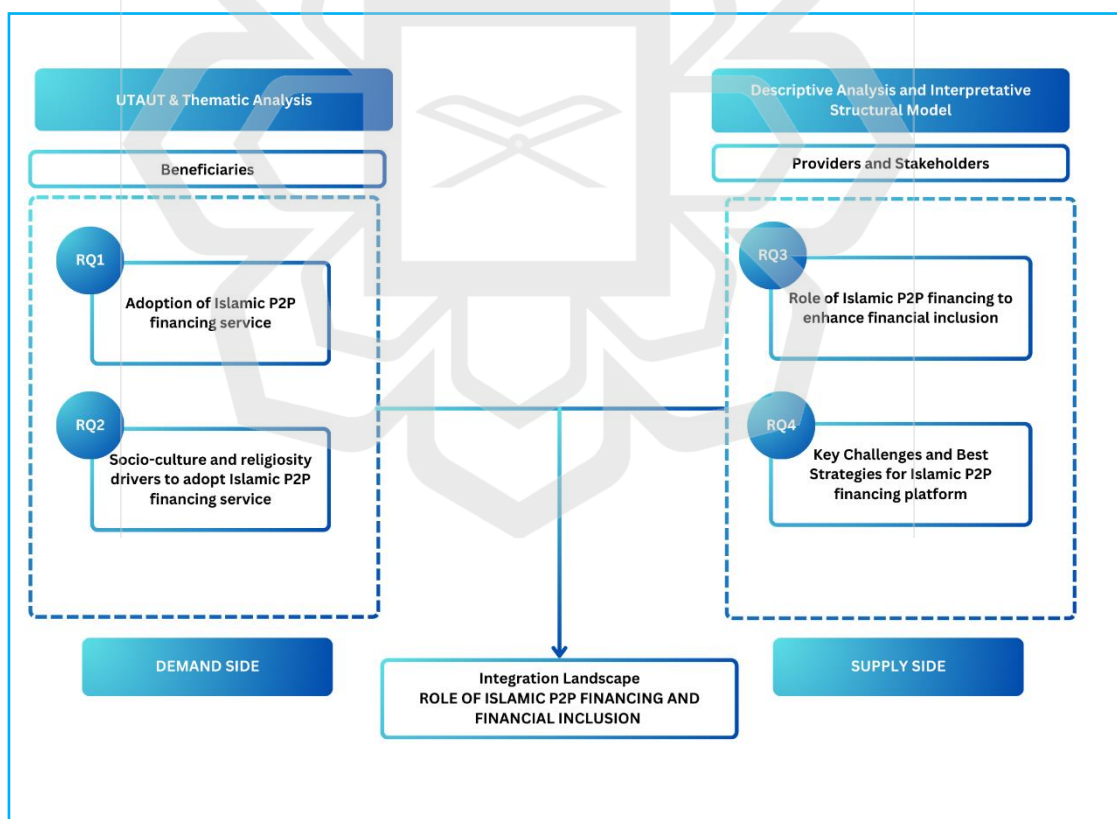


Figure 4.2 Conceptual Framework

The conceptual framework of this study integrates both demand-side (beneficiaries) and supply-side (Islamic P2P financing providers and key stakeholders) perspectives to provide a holistic understanding of financial inclusion challenges in Indonesia (see Figure 4.2). This integration is critical in addressing the gaps in the adoption and accessibility of Islamic P2P financing platforms. This study adopts UTAUT as the core behavioural framework for two reasons. First, UTAUT provides a coherent mechanism to model behavioural intention and actual usage, which aligns directly with the study's emphasis on moving beyond intention to examine adoption as real platform utilisation. Second, UTAUT explicitly incorporates social influence, which is theoretically relevant in collectivist settings such as Indonesia, where community endorsement can shape financial decisions and perceived legitimacy of financial services.

At the same time, Islamic P2P financing involves a stronger legitimacy component than many general technology contexts. Users are not only adopting a digital interface; they are adopting a financing relationship mediated by contracts that must be considered ethically permissible. This means that adoption is sensitive to credibility cues, transparency, and Shariah governance—features that are not fully represented by the baseline UTAUT constructs alone.

On the demand side, beneficiaries represent individuals and businesses seeking accessible, Sharia-compliant financial solutions. Many of these beneficiaries, particularly those from underserved populations, face significant financial barriers such as a lack of collateral, digital illiteracy, and limited access to conventional banking. Their adoption of Islamic P2P financing services is influenced by key factors such as perceived benefits, trust, affordability, and regulatory clarity. Understanding their sociocultural and religious concerns and behaviours is crucial as it helps identify the key drivers and barriers to Islamic FinTech adoption, making us more informed and empathetic towards their financial struggles.

On the supply side, Islamic P2P financing providers serve as financial intermediaries that bridge the gap between investors and borrowers while ensuring compliance with Islamic financial principles. Their role is not just crucial, but also

inspiring, as they are at the forefront of offering innovative financial products, leveraging technology to enhance accessibility, and maintaining ethical and transparent financial practices. However, they also face operational, regulatory, and technological challenges in scaling their services and maintaining Shariah compliance while ensuring risk management, fraud prevention, and financial sustainability.

Beyond the direct interactions between beneficiaries and providers, the role of key stakeholders, such as regulators (OJK, Bank Indonesia), Islamic financial scholars (DSN-MUI), policymakers, and investors, must also be considered. These stakeholders shape the regulatory landscape, ensure compliance with Islamic financial principles, and provide an enabling environment for FinTech growth. Their policies and interventions directly impact the scalability and legitimacy of Islamic P2P financing platforms, influencing both adoption (demand-side) and service delivery (supply-side).

By integrating these three components, beneficiaries, Islamic P2P financing providers, and stakeholders, the conceptual framework offers a comprehensive landscape of Islamic P2P financing. This approach is not just comprehensive but also crucial in allowing the study to answer key financial inclusion challenges in Indonesia. It engages us in an in-depth examination of how FinTech solutions can address financial exclusion, particularly for marginalised and unbanked populations. The study will assess whether Islamic P2P platforms effectively serve as alternative financial institutions by balancing financial inclusion objectives, regulatory compliance, and digital transformation.

This framework bridges the gap between theory and practice, ensuring that user-centric and industry-driven solutions contribute to sustainable financial inclusion in Indonesia. By triangulating quantitative modelling, qualitative insights, and institutionally relevant frameworks, the study establishes a clear, evidence-based link between the behavioural drivers of Islamic P2P adoption and the broader goal of enhancing inclusive, ethical, and sustainable financial participation. By examining the interconnected roles of beneficiaries, providers, and stakeholders, the study aims to provide actionable insights for policymakers, Islamic FinTech entrepreneurs, and

financial regulators to optimise Islamic digital financial services for broader financial inclusion.

4.2.2 Hypothesis Development

The hypothesis predicts that the initial research results are supported both theoretically and empirically by previous studies. The hypotheses are grounded in the literature review and established theories, ensuring a thorough approach. Based on the conceptual framework discussed earlier, the development of hypotheses for this research pertains only to research question one. In part, research question one merely describes the data collection process. For research question one, the hypothesis is: What factors influence the adoption of Islamic P2P financing service platforms in Indonesia? The hypothesis is as follows:

4.2.2.1 Performance Expectancy

Performance Expectancy (PE), as defined by Venkatesh et al. (2003) in the Unified Theory of Acceptance and Use of Technology (UTAUT), refers to the degree to which an individual believes that using a particular system will help them attain gains in job performance. PE remains one of the most robust predictors of behavioural intention across diverse technology adoption contexts. In the context of Islamic peer-to-peer (P2P) financing, PE assumes additional layers of meaning. Beyond utilitarian efficiency and convenience, users expect Islamic P2P platforms to deliver tangible financial benefits while also adhering to Shariah principles. This dual expectation makes PE not only a matter of functionality but also of perceived ethical and religious compatibility (Azman & Zabri, 2022; Shaikh et al., 2020).

Prior research in mobile banking and e-commerce has affirmed that users' perceptions of usefulness strongly shape their behavioural intentions (Rosavina & Rahadi, 2018). More recently, scholars have validated this finding in Islamic FinTech settings, demonstrating that performance expectancy significantly influences users'

intentions to adopt platforms that integrate financial utility with Islamic values (Alkhowaiter, 2022; Mansyur & Ali, 2022a; Yahaya & Ahmad, 2018; Aziz et al., 2023). For rural and underserved Muslim communities, the perceived benefit of Islamic P2P platforms includes not only better financial access and cost-effectiveness but also alignment with religious obligations, a performance dimension largely absent in conventional P2P systems. Thus, in this study, Performance Expectancy is defined as the degree to which users perceive Islamic P2P financing to be beneficial in enhancing their financial productivity, while simultaneously fulfilling their ethical and religious requirements. Consequently, the proposed hypothesis was as follows:

H1a. Performance Expectancy (PE) has a significant and positive relationship with the intention of using the Islamic P2P Financing Platform.

H1b. Performance Expectancy (PE) has a significant and positive relationship with the adoption of the Islamic P2P Financing Platform.

4.2.2.2 Effort Expectancy

Effort Expectancy (EE) is defined in the Unified Theory of Acceptance and Use of Technology (UTAUT) by Venkatesh et al. (2003) as the degree of ease associated with using a technology. Later refinements emphasise the role of user-friendly design, intuitive navigation, and learning simplicity in shaping adoption behaviour, especially in early stages of technology diffusion (Venkatesh & Brown, 2013; Wang et al., 2019). In the context of Islamic P2P financing, effort expectancy plays a critical role in influencing adoption among underserved and non-tech-savvy populations, such as those in rural or low-income Muslim communities. For these users, ease of use goes beyond interface simplicity—it includes clear guidance on Shariah-compliance, trustworthy onboarding processes, and language/cultural accessibility (Kasri & Yuniar, 2021; Mansyur & Ali, 2022a). Furthermore, the anticipated ease of navigating a P2P platform—especially without prior exposure to digital Islamic financial tools—can significantly impact behavioural intention and eventual usage (Shaikh et al., 2020).

Recent studies in Islamic FinTech confirm that perceived simplicity and clarity are decisive in driving user intention across various Shariah-compliant platforms, such as Islamic mobile payments, zakat distribution apps, waqf platforms, and digital Islamic banking (Azman & Zabri, 2022; Aziz et al., 2023). Therefore, platforms that reduce perceived effort—through simple registration, real-time guidance, minimal jargon, and visual cues for compliance—can significantly increase user engagement and adoption. Accordingly, in this study, Effort Expectancy is defined as the degree to which potential users perceive the use of an Islamic P2P financing platform as easy to understand, navigate, and operate without extensive prior experience or technical knowledge. Therefore, this study proposed that:

H2a. Effort expectancy (EE) has a positive, significant relationship with the intention to use the Islamic P2P financing platform.

H2b. Effort expectancy (EE) has a positive and significant relationship with the adoption of using the Islamic P2P financing platform

4.2.2.3 Social Influence

Social Influence (SI) is defined within the UTAUT framework as the degree to which individuals perceive that important others—such as family, peers, religious leaders, or community members—believe they should use a particular system (Venkatesh et al., 2003). In technology adoption literature, SI encompasses both subjective norms and social pressure, particularly within collectivist cultures or religious communities where group validation significantly shapes individual choices.

In the context of Islamic P2P financing, social influence is especially salient. Financial behaviours in Muslim-majority societies are not only shaped by economic considerations but are deeply embedded in religious, cultural, and social norms. The endorsement or recommendation from trusted figures—such as imams, religious scholars (ulama), community leaders, or even Islamic finance influencers—can play a pivotal role in shaping users' attitudes toward adopting P2P financing platforms.

Moreover, in tightly-knit communities, digital adoption often follows a “watch-and-follow” pattern, where individuals wait to see usage by peers or family members before deciding to engage. Several studies have confirmed that socially and religiously endorsed messaging, communal trust, and peer usage behaviour significantly predict FinTech adoption in Islamic contexts (Mansyur & Ali, 2022; Ryu & Kim, 2020; Shaikh et al., 2020). For example, Shaikh et al. (2020) found that in Gulf Cooperation Council (GCC) countries, recommendations from friends and religious scholars strongly influenced the use of Islamic digital financial services, particularly among young adults.

In rural or less financially literate populations, the perceived legitimacy of a Shariah-compliant P2P platform often hinges on whether it is endorsed by a religious board, mentioned in Friday sermons, or advertised by trusted Islamic organisations. In these contexts, social influence often intertwines with perceived religious endorsement, reinforcing both behavioural intention and trust. Accordingly, in this study, Social Influence is defined as the extent to which individuals perceive that key social referents—such as family, friends, or religious authorities—encourage or influence them to use Islamic P2P financing platforms.

H3a. Social influence (SI) has a positive and significant relationship with the intention of using the Islamic P2P financing platform.

H3b. Social influence (SI) has a positive and significant relationship with the adoption of the Islamic P2P financing platform.

4.2.2.4 Facilitating Conditions

Facilitating Conditions (FC) refer to the degree to which individuals believe that the technical, organisational, and social infrastructure exists to support their use of a technology (Venkatesh et al., 2003). In digital financial adoption, FC encompasses access to internet connectivity, smartphone literacy, technical support, financial education, and the presence of institutional mechanisms to assist users.

In the context of Islamic P2P financing, facilitating conditions take on additional meaning due to the dual need for both technological and religious support. While conventional FinTech platforms may rely solely on UI/UX ease and mobile compatibility, Islamic P2P platforms must also facilitate understanding of Shariah contracts, halal risk-sharing models, and fatwa-based documentation. Users may need access to educational content, in-platform religious assurance, or community guidance to feel confident in participating. For rural and underserved Muslim communities, facilitating conditions also relate to digital infrastructure (e.g., smartphone penetration, mobile data affordability), availability of support centres, and access to Islamic microfinance agents or facilitators. In these areas, the presence of a local Islamic cooperative or NGO partner providing onboarding support could significantly enhance platform adoption (Kasri & Yuniar, 2021; Hamzah et al., 2023).

Empirical studies confirm that enabling resources—both technological (e.g., platform reliability, mobile compatibility) and social (e.g., help from family or agents)—significantly moderate the relationship between intention and actual usage in Islamic FinTech adoption (Azman & Zabri, 2022; Aziz et al., 2023). In particular, users are more likely to adopt Islamic P2P platforms if they feel they have the technical skills, religious clarity, and community support to do so. Accordingly, this study defines Facilitating Conditions as the extent to which users believe that the necessary technical support, religious guidance, and infrastructural elements are available to enable their effective use of Islamic P2P financing platforms. Consequently, this suggested a hypothesis that:

H4. Facilitating Condition (FC) has a positive and significant relationship with the usage of the Islamic P2P financing platform.

4.2.2.5 Perceived Value

Perceived Value (PV) refers to the user's overall assessment of the benefits derived from using a product or service relative to the perceived cost of its usage, encompassing monetary, functional, social, and emotional dimensions (Zeithaml, 1988; Wang et al.,

2021). In the context of financial technology, especially Islamic P2P financing, PV has emerged as a key determinant influencing adoption intention, particularly where users weigh both the financial utility and the Shariah-compliant assurance offered by the platform.

In Islamic P2P financing, perceived value is multi-dimensional. Users assess value not only in terms of expected returns, low transaction costs, or platform accessibility, but also in terms of spiritual alignment, ethical conduct, and religious credibility. For many Muslim users—particularly those in conservative or rural settings—Shariah compliance is itself a source of value, as it allows participation in financial activities without compromising religious principles (Mansyur & Ali, 2022; Alkhawaiter, 2022). Moreover, platforms that provide educational content, transparent terms for Islamic contracts (e.g., *mudarabah*, *murabaha*, *qard hasan*), and visible endorsements from Shariah boards further enhance perceived value. Users also perceive greater value when P2P financing serves inclusive goals, such as funding small halal businesses, supporting social enterprises, or offering alternatives to conventional interest-based loans.

Empirical research has shown that perceived value positively affects users' intention to adopt FinTech solutions, particularly when the service is aligned with the user's functional, financial, and moral expectations (Aziz et al., 2023; Kurniawati & Qoyyimah, 2023). Therefore, in this study, Perceived Value is defined as the degree to which individuals believe that using an Islamic P2P financing platform provides overall benefit—financially, ethically, and spiritually—in comparison to the effort and cost involved.

H5a. Perceived Value (PV) has a positive and significant relationship with intention to use the Islamic P2P financing platform.

H5b. Perceived Value (PV) has a positive and significant relationship with intention to use the Islamic P2P financing platform.

4.2.2.6 Perceived Risk

Perceived Risk (PR) refers to the user's perception of uncertainty and potential negative consequences associated with using a product or service (Bauer, 1960; Featherman & Pavlou, 2003). In digital financial platforms, perceived risk may encompass concerns related to financial loss, fraud, data security, usability, legal ambiguity, and regulatory protection. In the case of Islamic P2P financing, perceived risk is further complicated by religious sensitivities and lack of trust in emerging Islamic FinTech structures. Many potential users worry about hidden non-Shariah-compliant practices, ambiguous contract terms, or the lack of robust fatwa oversight. In addition, Islamic P2P platforms often operate outside traditional banking structures, making them seem unfamiliar and potentially risky, especially for users with low digital or financial literacy.

Moreover, data privacy concerns, fear of scams, or platform insolvency are major psychological barriers—particularly among first-time users and older Muslims with limited exposure to digital finance (Hamzah et al., 2023; Shaikh et al., 2020). These concerns are amplified in markets where Islamic FinTech regulations are still evolving, and platform governance is perceived as weak or opaque. Recent research confirms that perceived risk negatively affects users' behavioural intentions, even in the presence of strong perceived value or religious alignment (Azman & Zabri, 2022; Ryu & Kim, 2020). Therefore, reducing risk perceptions—through transparent processes, certifications, customer reviews, and third-party audits—can significantly boost adoption. Thus, in this study, Perceived Risk is defined as the extent to which users believe that engaging with an Islamic P2P financing platform may expose them to financial, technological, or religious uncertainties and potential losses. Thus, the hypothesis is

H6a: Perceived Risk (PR) shows a negative and significant relationship with intention to use Islamic P2P financing platforms.

H6b: Perceived Risk (PR) shows a negative and significant relationship with the adoption of using Islamic P2P financing platforms.

4.2.2.7 Trust

Trust is a foundational construct in financial decision-making and digital technology adoption. Broadly, trust refers to the belief that a service, platform, or entity will act reliably, competently, and ethically in the user's best interest, especially in contexts characterised by uncertainty or risk (Gefen et al., 2003; Pavlou, 2003). In peer-to-peer (P2P) financial ecosystems—where users engage directly with platforms without traditional intermediaries such as banks—trust becomes even more critical, acting as a mechanism that reduces perceived vulnerability and encourages engagement.

In the context of Islamic P2P financing, trust acquires a unique and layered meaning. Here, trust is not only about platform credibility and transaction security but also about religious integrity, particularly the assurance that all financial products and processes comply with Shariah principles. Users must trust that the platform does not engage in *riba* (interest), *gharar* (excessive uncertainty), or any non-halal contractual arrangements (Shaikh et al., 2020; Aziz et al., 2023). This multidimensional nature of trust includes: Institutional Trust: Confidence in the platform's governance, transparency, and Shariah supervisory board oversight. Technological Trust: Belief that the platform is secure, stable, and protects user data and funds. Religious Trust: Assurance that all transactions and financing structures are aligned with Islamic ethics and jurisprudence. Interpersonal Trust: Belief in the fairness and reliability of other participants in the P2P ecosystem (i.e., lenders and borrowers).

For Muslim users, especially those in rural or conservative communities, religious trust is often a precondition for even considering a FinTech platform. In such communities, platforms that fail to provide visible Shariah endorsements, certified contracts, or clear fatwa documentation may be deemed suspicious or inauthentic, regardless of their technological sophistication (Mansyur & Ali, 2022; Alkhawaiter, 2022).

Empirical studies consistently show that trust positively influences user intention and behaviour in Islamic financial technology settings, particularly in new or unfamiliar services like crowdfunding, e-wallets, and P2P financing (Azman & Zabri, 2022; Hamzah et al., 2023). Platforms that display transparent processes, clearly

communicate risk, and offer dispute resolution mechanisms are more likely to cultivate and sustain user trust. Thus, in this study, Trust is defined as the degree to which users believe that the Islamic P2P financing platform is secure, reliable, and compliant with Shariah principles—thereby ensuring both financial protection and religious integrity. Based on this understanding, the study proposed the following hypotheses to investigate the effects of both types of trust on the adoption and usage of Islamic P2P financing platforms:

H7: Trust (TR) has a positive and significant relationship with the use of the Islamic P2P financing platform.

4.2.2.8 Behavioural Intention

Behavioural Intention (BI) is a central construct in numerous technology acceptance models, including the Theory of Reasoned Action (TRA), Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), and Unified Theory of Acceptance and Use of Technology (UTAUT). It refers to an individual's conscious plan or motivation to perform a particular behaviour, such as using a technology or service (Ajzen, 1991; Venkatesh et al., 2003). In FinTech research, BI is widely used as a predictive proxy for actual usage, especially when adoption behaviour is yet to occur.

In the context of Islamic peer-to-peer (P2P) financing, Behavioural Intention reflects a potential user's willingness and readiness to engage with a digital platform that facilitates halal financial transactions. Given the ethical, religious, and economic stakes involved in Islamic financial decisions, this intention is often influenced by a combination of perceived usefulness, trust, ease of use, risk perception, and Shariah compliance (Mansyur & Ali, 2022; Alkhowaiter, 2022). Unlike conventional financial technology users, Muslim consumers may not base their adoption decision solely on efficiency or innovation. Instead, behavioural intention in Islamic FinTech is deeply shaped by religious motivation, community influence, and moral conviction—especially for products like Islamic P2P lending or investment, which must align with

core Islamic principles such as risk-sharing (musharakah, mudharabah), prohibition of interest (riba), and ethical conduct (akhlaq) (Shaikh et al., 2020; Kasri & Yuniar, 2021).

Recent studies show that constructs such as Performance Expectancy, Effort Expectancy, Trust, Social Influence, and Perceived Value significantly influence users' intention to adopt Islamic FinTech platforms. Furthermore, religiosity and perceived Shariah assurance have been identified as strong moderators in the relationship between attitude and behavioural intention (Azman & Zabri, 2022; Kurniawati & Qoyyimah, 2023). For instance, platforms with transparent fatwa documentation, endorsements by Islamic finance scholars, and user-friendly interfaces tend to see higher levels of stated intention to use. In line with these insights, this study defines Behavioural Intention as: "The degree to which individuals are willing and plan to use an Islamic P2P financing platform in the near future, based on their perceptions of its usefulness, ease of use, trustworthiness, and alignment with Islamic values." This construct is especially relevant in assessing early-stage user engagement, where actual usage data may be unavailable, and behavioural intention serves as a strong predictor of adoption likelihood. Thus, the next hypothesis for this study is:

H8: Behavioural intention (BI) has a positive and significant relationship with the use of the Islamic P2P financing platform.

4.2.2.9 Mediating Role of Behavioural Intention

The mediating role of behavioural intention in the Unified Theory of Acceptance and Use of Technology (UTAUT) model is widely supported by theoretical and empirical research, demonstrating how user perceptions translate into actual adoption behaviour. In the UTAUT framework (Venkatesh et al., 2003), effort expectancy, performance expectancy, social influence, perceived value, and perceived risk influence behavioural intention, which determines actual use behaviour. This theoretical foundation supports the hypothesised mediating role of behavioural intention in the context of Islamic P2P financing adoption.

According to the Unified Theory of Acceptance and Use of Technology (UTAUT), Users are more likely to embrace a platform when they perceive high benefits, efficiency, and value in using it. However, this perception alone does not directly lead to adoption; instead, users must first develop a strong Behavioural Intention before translating their perceived advantages into actual usage. Behavioural Intention thus serves as a crucial mediator, where the belief in enhanced financial management, transaction convenience, and overall platform effectiveness strengthens the likelihood of eventual adoption.

H9a: Behaviour Intention mediates the relationship between Performance Expectancy and the adoption of the Islamic P2P financing platform significantly.

Similarly, Effort Expectancy plays a significant role in technology adoption. Users are more likely to engage with an Islamic P2P financing platform if they find it intuitive, user-friendly, and requiring minimal effort to operate. Users must first develop a positive intention toward using the platform, influencing their decision to engage actively. If the platform is perceived as easy to use, it enhances Behavioural Intention, increasing the likelihood of actual adoption.

H9b: Behaviour Intention mediates the relationship between Effort Expectancy and the adoption of the Islamic P2P financing platform significantly.

Social Influence is another essential factor in technology adoption. When individuals observe positive experiences from their social circles, they are more likely to develop an intention to use the platform. However, this intention does not always immediately translate into adoption unless users feel confident and ready to engage with the platform. Thus, Behavioural Intention serves as the key mechanism that links social influence to actual adoption, ensuring that trust, societal encouragement, and personal conviction lead to meaningful action.

H9c: Behaviour Intention mediates the relationship between Social Influence and the use of the Islamic P2P financing platform significantly.

Perceived Value further strengthens Behavioural Intention. Users who perceive the platform as financially rewarding, ethical, and aligned with their needs are more inclined to use it. However, despite recognising the platform's benefits, some users may still hesitate due to concerns about usability, trust, or financial stability. Here, Behavioural Intention bridges the gap between perception and action. Those who recognise the platform's value first develop a strong intention to use it, which ultimately encourages actual adoption.

H9d: Behaviour Intention mediates the relationship between Perceived Value and the use of the Islamic P2P financing platform significantly.

Perceived Risk presents a potential barrier to adoption. Users who believe in the platform's compliance with ethical and regulatory standards may still develop a strong Behavioural Intention, despite initial risk concerns. While perceived risk might initially discourage adoption, Behavioural Intention mediates its impact, meaning that users who maintain a positive intention despite risk concerns are more likely to proceed with actual adoption.

H9e: Behaviour Intention mediates the relationship between Perceived Risk and the use of the Islamic P2P financing platform significantly.

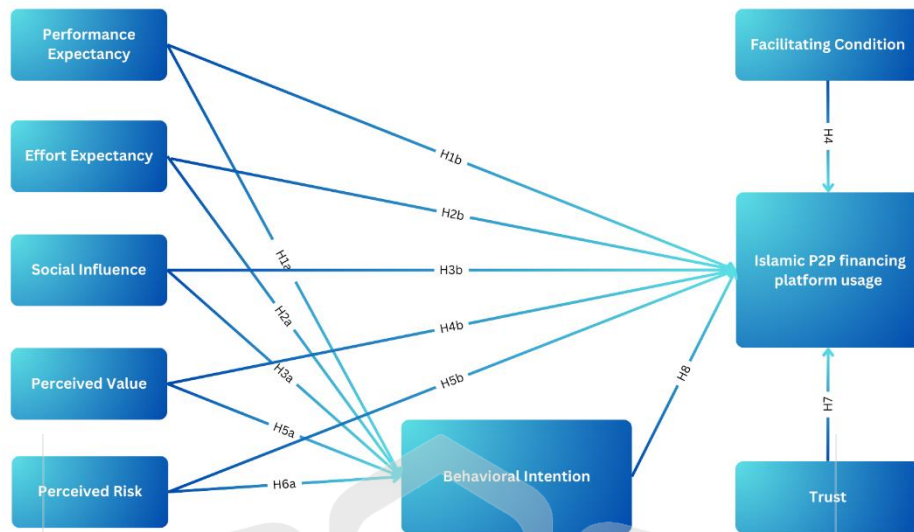


Figure 4.3 Hypothesis Development of The Research

To summarise, the research hypothesis is illustrated in Figure 4.3, whereas 13 hypotheses measure the intention and usage of the Islamic P2P Financing Platform in Indonesia. They include five variables to measure intention to use the Islamic P2P financing platform, two directly measuring usage or adoption of Islamic P2P financing and one mediating adoption towards the Islamic FinTech platform.

4.3 RESEARCH DESIGN

4.3.1 Mixed-Method Sequential Explanatory Design

A mixed-method approach was employed in this research to address the objectives and questions at hand effectively. Mixed-method research is a comprehensive inquiry strategy that combines the strengths of both qualitative and quantitative techniques, allowing for a more nuanced exploration of the research topic. Such a study is rooted in specific philosophical assumptions that guide the selection and integration of qualitative

and quantitative methodologies. This approach goes beyond the mere collection and analysis of qualitative and quantitative data; it involves the thoughtful and systematic integration of these two data types, enabling a richer and more comprehensive understanding of the research problem. Combining the depth of qualitative insights with the generalizability of quantitative findings, the mixed-method approach enhances the reliability and validity of the research outcomes, providing a more complete picture of the phenomena under study and allowing for a more informed interpretation of the results (Creswell, 2009).

Table 4.2 Comparison between Quantitative and Qualitative Research

Stages/Criteria	Quantitative Research	Qualitative Research
Approach	Deductive (theory precedes observation)	Inductive (theory emerges from observation)
Purpose	Prediction, explanation, examination	Description, exploration
Function of Literature	Fundamental in defining theory and hypotheses	Auxiliary
Data collection		
Research design	Structured, closed, precedes Research; a statistically representative sample.	Unstructured, open, constructed during research; single or several cases, not statistically representative
Recording instrument	Standardised for all subjects, Objective, data matrix	Varies according to subjects' interests
Nature of the data	Hard, objective, and standardised	Soft, rich, and deep
Data analysis		
Object of analysis	Explain variation ("variance") in variables	Understand the subjects
Mathematical and statistical techniques	Used intensely	Not/rarely used
Production of results		
Data presentation	Tables (relationship perspective)	Extract from interview and texts (narrative perspective)
Generalisations	Correlations, Causal models; laws; logic causation	Classification and typologies; Ideal types; the logic of classification
Scope of results	Generalizability	Specificity

Source: Creswell & Habib (2009)

To be more precise, the survey method was employed to gather primary data on research topics concerning the identification of financially excluded individuals and the examination of user behaviour in Islamic FinTech's contribution to financial inclusion, with a primary focus on existing literature by Darmansyah (2020), Raza (2019), and Shaikh (2020). The survey questionnaire was subject to specific modifications during its design. Consequently, the technique aligns with deductive and explanatory research methodologies. Preceding the commencement of fieldwork, a preliminary project was executed to assess and enhance the structure of questionnaires, thereby improving the overall quality and dependability of the collected data.

SEM's Partial Least Squares (PLS) approach suited the study as it could support both exploratory and confirmatory research types. Its emphasis is on identifying the variance between constructs and variables. This allows for exploring data and accommodating complex theoretical and measurement models (Chin, 1998). Moreover, this regression analysis allows small sample sizes with leniency on multivariate normality and allows model estimation using ordinal scale data. Modelling the PLS path analysis involves (a) assessing the measure's reliability and validity and (b) the structure. This analysis ensures valid and reliable elements in each prior evaluation of construct relationships.

The case-study method was also employed to gather data on the implementation and management practices of Islamic P2P financing service platforms in Indonesia. The research created a semi-structured interview guide by integrating the existing literature on competition theory and the management of Islamic FinTech institutions, considering the present context of Islamic FinTech implementation in Indonesia. The study also delved into the problems and areas requiring attention in implementing Islamic FinTech to offer more comprehensive insights into its adoption in the world's most populous Muslim countries. The approach primarily employs inductive and exploratory research methods.

Consequently, this study employed an explanatory sequential mixed-methods approach to explore beneficiaries' intention towards utilising Islamic P2P Financing FinTech Services in Indonesia. To achieve a comprehensive understanding of the

subject matter, the study conducted an initial review of relevant literature. The authors identified the empirical codes that underpin the study by applying the UTAUT attribute in the initial phase of the semi-structured interviews. This process establishes a fundamental set of variables and places the research within a larger framework. The study's final model was created by formulating a hypothesis for each empirical code, as described by Ivankova et al. (2006). To provide further empirical support for the theoretical framework, the study conducted a quantitative cross-sectional survey, utilising a larger sample and investigating the formulated hypotheses.

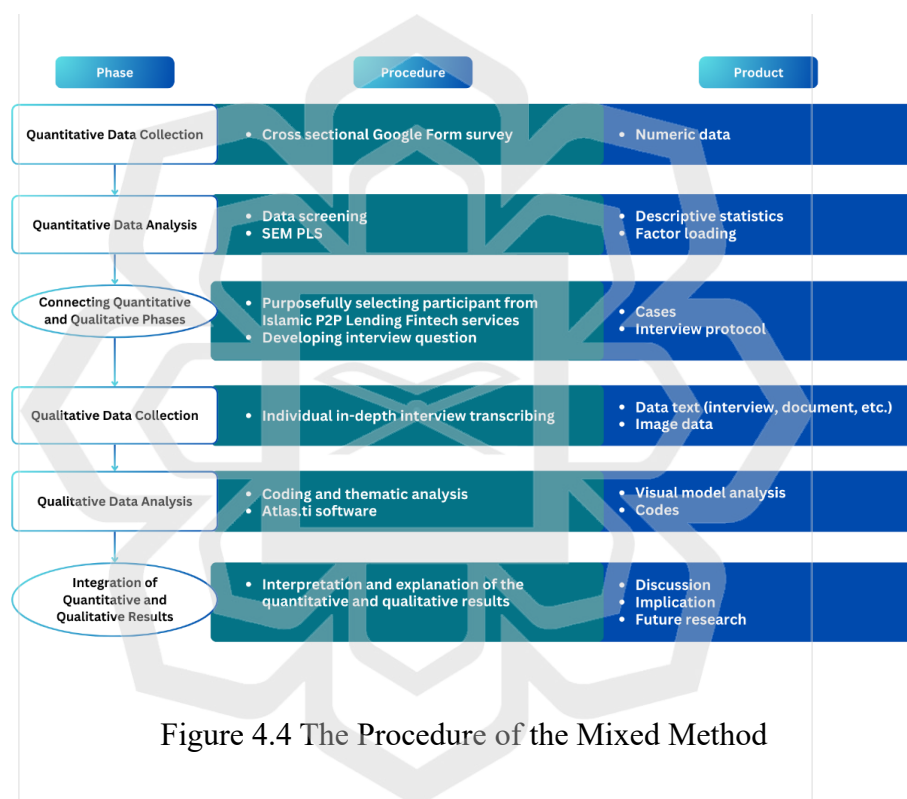


Figure 4.4 The Procedure of the Mixed Method

4.3.2 Research Strategy

The survey-based quantitative strategy collects numerical data through structured questionnaires to identify trends, relationships, and determinants of financial inclusion. This approach enables statistical analysis and hypothesis testing by measuring UTAUT constructs and financial inclusion metrics, ensuring broad generalizability. The case-study-based qualitative strategy complements this by offering in-depth insights into specific contexts, such as marginalised groups or financial technology initiatives.

Through interviews and focus groups, it explores individual experiences, barriers, and motivations, providing a rich, contextual understanding that quantitative methods may overlook.

This mixed-methods approach aligns with research objectives by combining statistical validation and contextual exploration. The quantitative survey identifies large-scale adoption patterns and financial inclusion determinants, supporting theory validation. Meanwhile, the qualitative case study provides deeper insight into specific challenges and enablers of financial inclusion. Together, these strategies offer a comprehensive view, balancing broad, data-driven analysis with contextual depth, ensuring a holistic understanding of financial inclusion dynamics.

4.4 PHASE ONE: QUANTITATIVE RESEARCH

4.4.1 Research Approach

The survey method is justified in this study as it allows for the systematic collection of primary data from a diverse range of respondents regarding their experiences, perceptions, and behaviours related to financial inclusion. Given the nature of financial inclusion research, which often involves understanding user adoption, accessibility, and dissatisfaction with financial services, surveys provide a structured approach to capturing large-scale, representative insights. Surveys facilitate the measurement of subjective constructs such as perceived usefulness, ease of use, social influence, and financial behaviour, which are essential for understanding the factors influencing financial inclusion. Additionally, surveys allow for quantitative analysis, enabling statistical validation of theoretical models, hypothesis testing, and generalisation of findings to broader populations. The method is also cost-effective, scalable, and adaptable for online and offline administration, making it particularly suitable for reaching respondents in varied socio-economic and geographical contexts.

The study aligns with the Unified Theory of Acceptance and Use of Technology (UTAUT) and financial inclusion theories by structuring survey questions around key constructs influencing financial behaviour. The UTAUT model suggests that four core

factors drive financial service adoption: (1) Performance Expectancy—how useful individuals perceive financial services to be; (2) Effort Expectancy—the ease of use and accessibility of financial tools; (3) Social Influence—the impact of peer or societal endorsement of financial products, and (4) Facilitating Conditions—the availability of necessary resources such as digital literacy and infrastructure. These constructs directly relate to financial inclusion by explaining why individuals adopt or avoid financial services.

From a financial inclusion theoretical perspective, the Dissatisfaction Theory aligns with survey questions that explore customer dissatisfaction with traditional financial services and their motivation to adopt alternative financial solutions. The Vulnerable Group Theory supports the survey approach by emphasising the need to capture the perspectives of marginalised populations who experience systemic financial exclusion. By integrating UTAUT and financial inclusion theories, the survey provides a robust framework for understanding the drivers and barriers to financial inclusion while ensuring the findings are theoretically grounded and practically relevant.

4.4.2 Population and Sampling

The population refers to the entirety of individuals or objects of interest or the measurement derived from all individuals or items of interest (Lind, Marchal & Wathen, 2010). The target population for the first phase of this study was the customers of Islamic P2P financing Providers in Indonesia. Based on OJK Data 2022, the total number of customers of Islamic FinTech in Indonesia was approximately 20,000 accounts. Obtaining data from all population members was almost impossible and impractical for many reasons, including cost and time. The approach was to select specific measures to represent the population in a more realistic “sampling frame” (Bryman, 2012). A sampling frame is an objection to selection that accurately reflects certain population characteristics. A sampling frame consists of all units from which the sample will be drawn. Ideally, the sample frame should be identical or closely resemble the population.

The sampling process in this study was designed with the aim of ensuring relevance, contextual accuracy, and access to informed respondents within the scope of Islamic P2P financing adoption in Indonesia. The primary data collection was conducted using a structured questionnaire distributed to individuals engaged in community-based Islamic financing initiatives, including members and participants affiliated with the Asosiasi Fintech Syariah Indonesia (AFSI), a key institutional body that brings together various stakeholders within the Islamic FinTech ecosystem.

To select the sample, the study employed purposive sampling. This technique was deemed appropriate due to the specialised nature of the research population, which targets individuals who have exposure to or are actively involved in Islamic P2P financing platforms or Shariah-compliant FinTech services. As the research objective was not to generalise to the entire population of Indonesia but to gain insights from informed users within the Islamic FinTech sector, purposive sampling allowed the researcher to focus on information-rich cases (Saunders et al., 2019).

While probability sampling offers the advantage of random selection and generalizability by ensuring that each member of the population has an equal chance of being selected (Bryman, 2012), it was not feasible in this study due to the lack of a comprehensive sampling frame for Islamic FinTech users in Indonesia. Moreover, given the emerging nature of the Islamic P2P sector and its concentration in specific communities, a judgment-based selection of respondents was necessary to ensure relevance and contextual fit.

Therefore, this study prioritised depth over breadth, targeting a niche population capable of providing meaningful responses aligned with the constructs under investigation in the adoption of Islamic P2P financing. Participants were selected based on their involvement with Islamic digital finance platforms, either as users, potential users, or professionals within AFSI-related networks. The purposive strategy ensured that the data collected were both contextually grounded and theoretically relevant.

A power analysis based on multiple regression analysis was conducted using G*Power 3.1 software to determine an appropriate sample size for this study (Cohen,

2016). The power analysis determines sample size in the absence of a sample frame (Creswell & Creswell, 2017). The analysis was set at a 95% confidence level ($\alpha = 0.05$), a statistical power of 95% ($1 - \beta = 0.95$), and a medium effect size ($f^2 = 0.15$), following Cohen's guidelines for social science research. To estimate the minimum required sample size for a regression model with nine predictors, the study applied Cohen's formula for multiple regression:

To estimate the minimum required sample size for a regression model with nine predictors, the study applied G power with the results as follows:

F tests – Linear multiple regression: Fixed model, R^2 deviation from zero		
Analysis:	A priori: Compute required sample size	
Input:	Effect size f^2	= 0.15
	α err prob	= 0.05
	Power ($1 - \beta$ err prob)	= 0.95
	Number of predictors	= 8
Output:	Noncentrality parameter λ	= 24.0000000
	Critical F	= 2.0002077
	Numerator df	= 8
	Denominator df	= 151
	Total sample size	= 160
	Actual power	= 0.9506385

The minimum required sample size is 160 respondents to detect a medium effect size. In this study, a total of 231 responses were collected from individuals affiliated with Islamic P2P financing platforms, primarily through digital distribution via AFSI member networks, webinars, community (Dana Syariah Community, Member of Ammana Investor, AFSI Academics Partner, and IAEI member groups), and relevant FinTech WhatsApp groups. All responses were screened for completeness and relevance before inclusion in the final analysis. The data collection process was conducted with meticulous care, employing rigorous measures to ensure data accuracy and integrity. This approach not only enhances the reliability of the findings but also strengthens the validity of the research outcomes. The larger sample size further contributes to the study's ability to generalise the results, providing a solid foundation for meaningful analysis and insightful conclusions regarding the dynamics of Islamic P2P financing in Indonesia.

4.4.3 Pilot Study

To ensure the reliability and validity of the survey instrument, a pilot study was conducted before the main data collection. The primary purpose of this pilot study was to assess the effectiveness of the survey questions and identify any necessary modifications to enhance clarity, coherence, and measurement accuracy. By conducting this preliminary assessment, the study aimed to minimise potential biases and improve the overall quality of the survey. A small group of respondents, ranging from 40 (forty) participants, was selected for the pilot study. These individuals represented the target population and were chosen to provide diverse perspectives on the survey content. Their responses were used to conduct a series of assessments to evaluate the survey's psychometric properties.

The reliability of the survey was measured using Cronbach's Alpha, which assessed the internal consistency of the items within each construct. A threshold value of 0.7 was considered acceptable for reliability. A factor analysis was performed to establish validity and determine whether the survey items effectively captured the intended constructs. Additionally, descriptive feedback from participants was collected to identify any ambiguities, redundancies, or difficulties in understanding the survey items.

Based on the pilot study findings, necessary adjustments were made to refine the survey instrument. Items that demonstrated low reliability or poor factor loadings were revised or removed, and modifications were implemented to improve question clarity and alignment with the research objectives. The final version of the survey, informed by pilot study results, was then used for the main data collection process.

4.4.4 Data Collection Procedures

The target population for the quantitative phase consisted of beneficiaries of Islamic P2P financing platforms registered with Indonesia's Financial Services Authority (Otoritas Jasa Keuangan, OJK). At the time of data collection, seven Islamic FinTech

providers were officially listed by OJK, most of which operated as peer-to-peer (P2P) financing platforms (see Table 4.3). These providers served approximately 20,000 users across Indonesia, forming a relevant and accessible pool of respondents for the study.

A convenience sampling strategy was employed, primarily due to the geographical dispersion of users and logistical constraints. Questionnaires were distributed electronically using Google Forms, capitalising on the widespread use of social media platforms such as WhatsApp, Telegram, and Facebook among Indonesian citizens. This method facilitated rapid and cost-effective data collection, consistent with the recommendations of Sekaran and Bougie (2014) for reaching large participant groups efficiently. However, it is acknowledged that this technique may introduce limitations in terms of sample representativeness and selection bias, which are addressed in the study's limitations.

Data collection occurred over eight weeks, ensuring ample time for outreach and follow-up communication. A brief introduction and consent form were embedded at the beginning of the online questionnaire to inform participants about the study's purpose, guarantee anonymity, and ensure voluntary participation.

Table 4.3 Registered Islamic P2P Financing Platforms in Indonesia 2023

No	Islamic FinTech Company	Homepage	Business
1	Amanna	https://ammana.id/	P2P Financing
2	Alami Syariah	https://www.alamisharia.com	Aggregator
3	Dana Syariah	https://www.danasyariah.id	P2P Financing
4	Ethis	https://www.ethis.co.id	P2P Financing
5	Qazwa	https://qazwa.id/	P2P Financing
6	Papitupi Syariah	https://www.papitupisyariah.com/	P2P Financing
7	Duha Syariah	https://duhasyariah.id	P2P Financing

Source: OJK (2023)

Phase Two: Qualitative Data Collection

For the qualitative component, semi-structured interviews were conducted with key stakeholders from the Islamic FinTech ecosystem, including FinTech practitioners, regulators, and beneficiaries. The aim was to gain deeper insight into socio-cultural and religious factors influencing Islamic FinTech adoption and the operational challenges of Islamic P2P financing in Indonesia. Participants were recruited purposively based on their experience and relevance to the research questions. Invitations were extended via email and messaging platforms, and interviews were scheduled at mutually convenient times. Given ongoing public health considerations and participant locations, most interviews were conducted online via Zoom or Google Meet, with a few conducted in-person where feasible.

Each interview lasted approximately 45–60 minutes. With participant consent, all sessions were audio-recorded to ensure accuracy. Interviews were later transcribed verbatim, and each transcript was reviewed to ensure accuracy and completeness. Field notes were also taken to capture contextual observations. To maintain consistency across interviews, an interview guide was developed based on the themes of the study. The same core set of questions was used for all participants, with flexibility to explore relevant tangents as they arose. Rigorous data management procedures were followed. All files—recordings, transcripts, and coding outputs—were stored securely with restricted access. Coding and thematic analysis were carried out using qualitative data analysis software (e.g., ATLAS.ti), with clear audit trails maintained to support dependability and confirmability of the findings.

4.4.5 Measurement of Scale

The questionnaire, as an instrument for primary data, was measured using an ordinal scale on a 5-point Likert scale. The scale used in operationalising the variables of Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, Perceived Value, Perceived Risk, Trust, Behaviour Intention and Use Behaviour is a Likert Scale of 1 to 5, which represents an assessment of strongly disagree to agree strongly or vice versa.

Table 4.4 Ordinal Likert Scale

No	Option	Positive Statement	Negative Statement
1	Strongly Agree	5	1
2	Agree	4	2
3	Neutral	3	3
4	Disagree	2	4
5	Strongly Disagree	1	5

4.4.6 Data Analysis Technique

Four comprehensive data analysis techniques were utilised in this study to address the research questions. The initial stage comprises descriptive analysis, thoroughly exploring, illustrating, and summarising data points. The subsequent step involves conducting PLS-SEM. A cross-sectional survey of Islamic P2P Financing FinTech Services beneficiaries was conducted as a sample, collected online from April 2022 to July 2022. This phase aimed to analyse the formulated hypotheses that utilise the UTAUT model.

Two Partial Least Squares Structural Equation Modelling (PLS-SEM) stages in Smart PLS 3 were conducted to validate the results. These stages included assessing the measurement model to ensure the instrument's accuracy and validity, and assessing the structural model to test the study's hypotheses. PLS-SEM was selected as this study's methodology because it was appropriate for the exploratory phase of theory building, prediction, and expansion.

4.4.6.1 Descriptive Analysis

Descriptive analysis serves as a crucial method of data investigation that enables the exploration, illustration, and summarisation of data points, thereby facilitating the recognition of patterns, trends, and correlations within the dataset. This analytical

technique is valuable in revealing insights that meet recent and historical data's inherent conditions and characteristics. Through systematically examining the data, descriptive analysis allows researchers to identify significant patterns and correlations that may be overlooked. Descriptive analysis was utilised in this study to examine the data obtained from participants via questionnaires, focusing on variables including education, gender, income, and other pertinent demographic factors. Through the application of descriptive analysis, the study sought to offer a comprehensive overview of the respondents' profiles, providing valuable insights into the demographic composition and characteristics of the sample. These insights were crucial in guiding the broader analysis and interpretation of the research findings.

4.4.6.2 Partial Least Squares -Structural Equation Model Analysis (PLS-SEM)

The Structural Equation Model (SEM) is a multivariate technique that integrates elements of factor analysis and multiple regression, enabling researchers to explore a set of interconnected variables simultaneously. The relationships between measured variables and latent constructs across multiple latent constructs. Although a recent analytical tool, SEM can trace its origins back to the twentieth century. The origins of SEM can be traced back to the desire of genetic and economic researchers to establish causal relationships between variables. The widespread availability of computers and software enabled the broader application of SEM, which was previously limited by its mathematical complexity. SEM experienced a slow rate of growth in the 1970s and 1980s, primarily attributed to its perceived complexity.

The origins of SEM can be credited to Herman Wold, who first utilised it in econometrics and chemometrics and was further advanced by Jan-Bernd Lohmöller. Furthermore, SEM has expanded its scope to include education, marketing, and social science research. When it comes to Structural Equation Modelling (SEM), there are two prominent approaches: covariance-based SEM (CB-SEM) and variance-based SEM (VB-SEM) utilising Partial Least Squares (PLS-SEM). As a result of its frequent utilisation in international journals and scientific research, it has achieved notable prominence as an analytical tool. PLS-SEM, an abbreviation for a type of Structural

Equation Modelling (SEM) analysis, is based on the formation of properties. The utilisation of Partial Least Squares in processing econometric data originated as a substitute for SEM, albeit with a less robust theoretical underpinning. It operates solely as a predictor without functioning as a test model. Initially, PLS_SEM was more prevalent in examining analytical, physical, and clinical chemistry. This design addresses regression analysis limitations using the OLS technique, specifically when encountering problematic data characteristics, i.e. (1) small data size, (2) missing values, (3) abnormal data distribution forms, and (4) the presence of multicollinearity symptoms. OLS regression usually produces unstable data when the amount of data collected (sample) is small or the presence of missing values or multicollinearity between predictors, because these conditions can increase the standard error of the measured coefficient (Vinzi, Chin, Henseler & Wang, 2010).

Additionally, this method can be known as a prediction-oriented approach. Applying the PLS-SEM approach proves to be particularly advantageous when predicting dependent variables involving multiple independent variables. In addition to its application in confirmatory factor analysis (CFA), it can also be utilised in exploratory factor analysis (EFA) when the foundational construct theory or model is still underdeveloped. This method is asymptotically distribution-free (ADF), indicating the absence of any specific distribution pattern in the analysed data. The analysis stage for the PLS-SEM in this research was structured in the following manner:

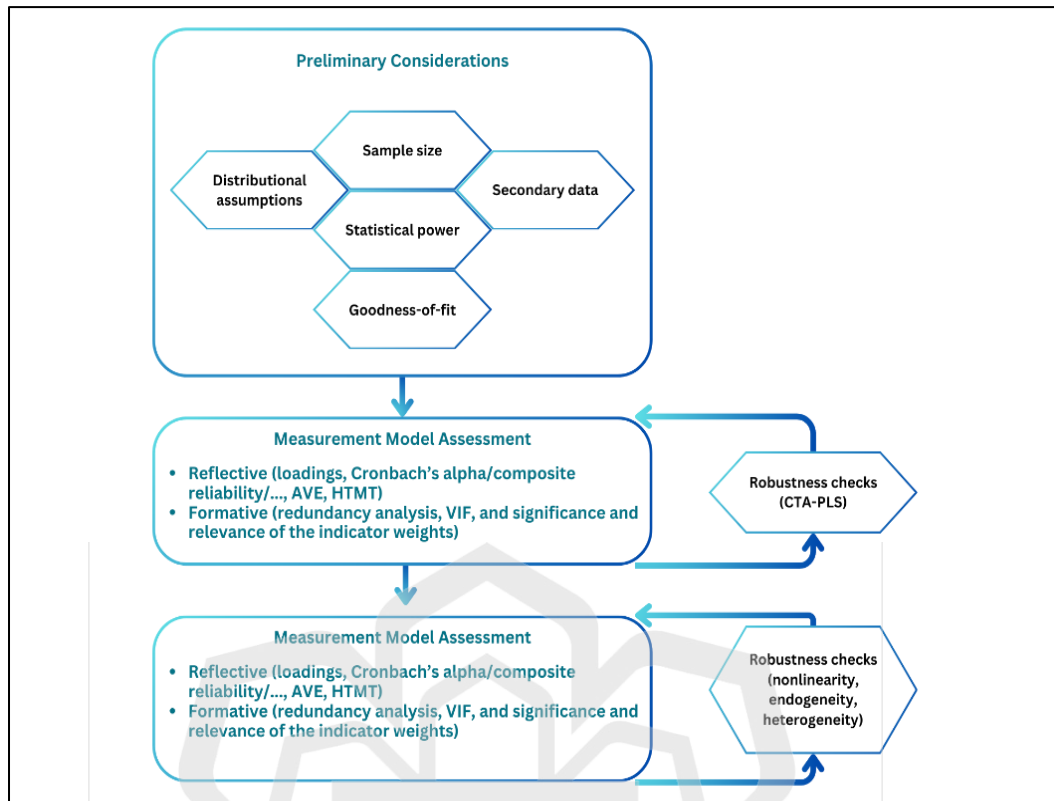


Figure 4.5 PLS-SEM Analysis, Aspects and Statistics

The Partial Least Squares (PLS) approach is better suited for predictive analysis when the theoretical basis is weak, and the data do not satisfy the assumptions of covariance-based Structural Equation Modelling (SEM). The PLS technique operates under the assumption that all measures of variance are valuable in explaining the phenomenon. The utilisation of a linear combination of indicators effectively eliminates the problem of indeterminacy and offers a precise characterisation of the score component. The Partial Least Squares (PLS) technique employs an iterative algorithm incorporating a sequential PLS, regarded as an alternative Covariance Structural Equation Modelling (CB-SEM) model. Within the framework of CB-SEM, the employed methodology is oriented towards Maximum Likelihood (ML) estimation, which is rooted in theory and emphasises the shift from exploratory analysis to confirmatory analysis. PLS is designed for conducting causal-predictive analysis in highly complex conditions and is underpinned by theories with limited support. As explained above, the PLS method is also called a prediction-oriented technique (Figure 4.5).

The PLS approach is particularly useful for predicting dependent variables involving many independent variables. CB-SEM can only predict models with low to medium complexity and few indicators. This study aimed to achieve the research objective, usage behaviour, and intention to use Islamic FinTech. Hypothesis testing using structural equation modelling or Structural Equation Model (SEM) based on variance using Partial Least Squares (PLS). With a first-order approach and a reflective model, PLS-SEM tests the direct effect expressed in the problem formulation. Partial Least Squares (PLS) is an analytical method with good predictive ability without many assumptions, and can be applied to small sample sizes. In addition, PLS-SEM can be applied to data that are not normally distributed with different variable measurement scales in the same model. The model in Partial Least Squares (PLS) is based on latent variables, namely variables measured based on indicators (variables that can be observed/measured empirically), described by Vinzi et al. (2020), as follows:

1. Reflective model: latent variables are reflected by indicators, indicated by arrows pointing from latent variables to each indicator.
2. Formative model: Indicators are seen as variables that make up the latent variable, indicated by arrows pointing from each indicator to the latent variable.

The Partial Least Squares (PLS) approach used in this study is a first-order reflective measurement model.

Table 4.5 Rule of Thumb Evaluation Model Measurement Reflective and Formative

Validity and Reliability	Parameter	Rule of Thumb
Convergent Validity	Loading Factor	> 0.70 for Confirmatory Research > 0.60 for Exploratory Research
	Average Variance Extracted (AVE)	>0.50 For Confirmatory Research and Exploratory Research.
	Communality	> 0.50 for Confirmatory Research and Exploratory Research.

Validity and Reliability	Parameter	Rule of Thumb
Discriminant Validity	Cross Loading	> 0.70 and every variable
	Square root AVE and the correlation between the construct latent	Square root AVE > correlation between construct latent
Reliability (only for Reflective)	Cronbach Alpha	> 0.50 for Confirmatory Research and Exploratory Research.
	Composite Reliability	> 0.70 for Confirmatory Research 0.60 – 0.70 accepted for Exploratory Research

Source: Vinzi et al. (2010)

The model in PLS-SEM consists of three sets of relationships, as follows:

1. An inner model that describes the relationship between latent variables is called a structural model.
2. An outer model that explains the specification of the relationship between latent variables and their indicators or manifest variables (measurement model).
3. Weight relation reflects the correlation between constructs and latent variables.

The transcriptions were analysed using thematic analysis, a qualitative approach designed to transform raw data into coherent categories or themes through rigorous interpretation and valid reasoning. This method relies on inductive reasoning, enabling themes and categories to emerge naturally from the data through scrutiny and constant comparison by the researchers. The procedure included conducting interviews via Zoom, recording the sessions, reviewing and transcribing the recordings, and seeking participant validation of the transcripts. The validated transcripts were then coded, with the codes systematically named and organised. Relevant quotes and memos were assigned to corresponding codes, followed by a thorough analysis to derive insights and outputs. The process concluded with the preparation and writing of a report to present the findings.

a. Designing structural models

The structural model (inner model) in this study included exogenous latent variables, namely Effort Expectancy, Performance Expectancy, Social Influence, Facilitating Condition, perceived value, perceived risk and Trust, which can influence the Adoption of Islamic P2P Financing Platform and subsequently determine Behaviour Intention. The equation model can be explained as follows.

Table 4.6 Symbols in the Research Model

Symbol	Description	Name
ξ	Exogenous Latent Variable	Ksi
η	Endogenous Latent Variable	Eta
λ	Factor weight between the latent variable and the indicator	Lamda
γ	Coefficient of direct influence between exogenous variables and endogenous variables	Gamma
β	Coefficient of direct influence between exogenous variables and endogenous variables	Beta
ζ	Error on Endogenous Latent Variable	Zeta

Source: Hair et al. (2017)

Based on the research paradigm described in the framework, the analysis design uses Partial Least Squares (PLS), which shows Effort Expectancy, Performance Expectancy, Social Influence, Facilitating Condition, perceived value, perceived risk, Trust, ability to influence Use Behaviour, Islamic P2P Financing Platform and subsequently determine Behaviour Intention. The model can be seen in the component-based structural equation or Partial Least Squares (PLS) variant, which is described in Figure 4.6 below:

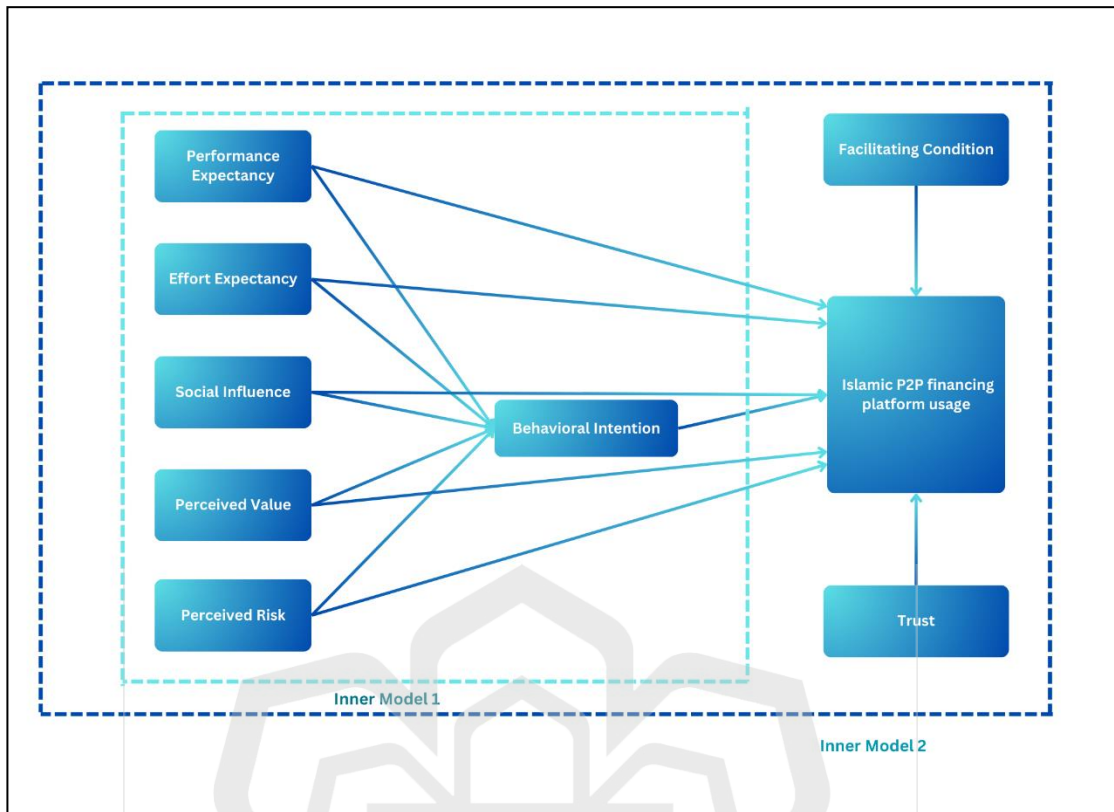


Figure 4.6 Proposed Research Model

Building upon the theoretical synthesis and empirical gaps identified earlier, this study introduces an expanded UTAUT model adapted to the context of Islamic P2P financing in Indonesia. Two structural mechanisms are proposed. The first model suggests that behavioural intention depends on performance expectancy, effort expectancy, social influence, perceived value, and perceived risk. The second model describes actual platform usage as influenced by behavioural intention, trust, facilitating conditions, and the direct impact of the earlier constructs. This dual-structure approach allows for differentiation between intention formation and actual adoption behaviour, thus aligning technology acceptance analysis with the broader goal of improving financial inclusion. In doing so, the model extends beyond generic FinTech adoption theories and offers a contextually relevant explanation of Islamic P2P financing use within a faith-based financial environment. Based on the path diagram, the relationship between the latent variables in this study can be represented by the following equation.

Inner Model 1 :

$$BI = \gamma_1 PE + \gamma_2 EE + \gamma_3 SI + \gamma_4 PV + \gamma_5 PR + \xi_1$$

Inner Model 2:

$$UB = \gamma_6 PE + \gamma_7 EE + \gamma_8 SI + \gamma_9 PV + \gamma_{10} PR + \gamma_{11} FC + \gamma_{12} TR + \beta_1 BI + \xi_2$$

Notes

PE	= Performance Expectancy	PR	= Perceive Risk
EE	= Effort Expectancy	TR	= Trust
SI	= Social Influence	BI	= Behaviour Intention
FC	= Facilitating Condition	UB	= Use Behaviour
PV	= Perceived Value		
β_1	= Coefficient of Behaviour Intention (Int)		
γ_1	= Coefficient of Performance Expectancy (PE) influence on Behaviour Intention (BI)		
γ_2	= Coefficient of Effort Expectancy (EE) influence on Behaviour Intention (BI)		
γ_3	= Coefficient of Social Influence (SI) influence on Behaviour Intention (BI)		
γ_4	= Coefficient of Perceived Value (PV) influence on Behaviour Intention (BI)		
γ_5	= Coefficient of Perceived Risk (PR) influence on Behaviour Intention (BI)		
γ_6	= Coefficient of Performance Expectancy (PE) influence on Use Behaviour (UB)		
γ_7	= Coefficient Effort Expectancy (PE) influence on Use Behaviour (UB)		
γ_8	= Coefficient of Social Influence (SI) influence on Use Behaviour (UB)		
γ_9	= Coefficient Perceived Value (PV) influence on Use Behaviour (UB)		
γ_{10}	= Coefficient Perceived Risk (PR) influence on Use Behaviour (UB)		
γ_{11}	= Coefficient Facilitating Condition (FC) influence on Use Behaviour (UB)		
γ_{12}	= Coefficient of Trust (TR) influence on Use Behaviour (UB)		
β_1	= Coefficient of Behavioural Intention on Use Behaviour (UB)		
ξ_1	= residual value regression Behaviour Intention		
ξ_2	= residual value regression Use Behaviour		

Predictive Model

After assessing the significance of the path coefficient using the t-test, the structural model predictive ability test was conducted. According to Hair et al. (2016), the main criteria that can be used to assess the structural model using PLS-SEM consist of four things:

1. The coefficient of determination, or R-square, is a metric used to assess a model's predictive accuracy. It represents the extent to which all endogenous variables collectively explain the variation in exogenous variables. According to Hair (2017), interpreting the R-square value depends on the specific field of study. Generally, R-square values of 0.75, 0.50, and 0.25 indicate that exogenous variables explain the endogenous variables with a strong, moderate, or weak level of accuracy, respectively.
2. The effect size, denoted as f^2 , measures each exogenous variable's contribution to the R-square value. Based on the value of f^2 , an exogenous variable is considered to have a small (0.02), medium (0.15), or large (0.35) contribution (Hair et al., 2017).
3. The Stone-Geisser Q-square test evaluates R-square as a criterion for model prediction accuracy. Suppose a reflective model's Q-square (Q^2) value is greater than zero. In that case, it indicates that the exogenous variables in the structural model are relevant for explaining the endogenous variables. This suggests that the model has adequate explanatory power for the endogenous variables.
4. Effect size Q^2 , measuring whether each exogenous variable could explain the endogenous variables. If the value of $Q^2 = 0.02, 0.15, \text{ or } 0.35$, it can be interpreted that exogenous variables could explain relevant ones in small, medium, or large categories.

In this study, the measurement indicators employed in this chapter are derived from the theoretical and empirical discussions presented in Chapters Two and Three and are summarised in Table 4.7.

Table 4.7 Constructs of the Research

Construct	Operational Definition	Indicators	Adapted From
Performance Expectancy	Performance is defined as the extent to which respondents believe that using Islamic FinTech is beneficial for increasing productivity. Performance expectancy has been recognised as a key indicator in the decision-making process for accepting an Islamic P2P financing platform.	1. Improved Task Performance 2. Increased Productivity 3. Enhanced Efficiency 4. Usefulness in Daily Life/Work 5. Positive Impact on Outcome	Mansyur (2022) Bajunaied et al. (2023) Idrees (2024) Firdausa (2023) Khan (2022) Alsmadi (2025a)
Effort Expectancy	Effort expectancy is defined as the ease associated with using a specific technology, which affects its utilisation. It is recognised as a highly significant predictor of behavioural intention towards the adoption of Islamic P2P financing platforms.	1. Ease of Learning 2. Clarity and Understandability 3. Skill Acquisition 4. Ease of Use 5. Comfort in Interaction	Rahim (2022) Rahi (2019) Yaseen (2022) Samsudeen (2022)
Social Influence	Social influence refers to the degree to which an individual perceives others as significant when using the Islamic P2P financing platform. It is described as impacting both mass media and personal influence. Social influence has been	1. Peer Influence 2. Family Expectation 3. Influence from Authority Figures 4. Social Norms 5. Cultural or Religious Expectation	Saikh (2020) Firdausa (2023) Basit (2021) Ahmad & Yahaya (2019)

Construct	Operational Definition	Indicators	Adapted From
	recognised as a strong predictor of behaviour.		
Facilitating Condition	Facilitating conditions are defined by the extent to which an individual perceives the existence of resources and supports the use of specific technology of the Islamic P2P financing platform whenever necessary.	1. Availability of resources 2. Access to technical support 3. Comparability with existing Systems 4. Training and Guidance	Mansyur (2022b)
Perceived Risk	Perceived risk refers to the extent to which a consumer of mobile services believes they may be exposed to certain financial, social, psychological, physical, or time-related risks. Regarding the intention to adopt an Islamic P2P financing platform, customers will consider all associated risks of technology.	1. Financial Risk 2. Security/Privacy Risk 3. Performance Risk 4. Time Risk 5. Social Risk 6. Compliance Risk	Ali et al. (2022) Alsmadi (2024) Mahmoud (2025) Rahim (2022) Alshater(2022)
Perceived Value	Perceived value spans multiple aspects: it includes benefits, such as features and quality, alongside sacrifices, such as effort and price. The perceived value of beneficiaries on the Islamic P2P financing platform consists of functional, emotional, social, and spiritual values.	1. Economic Value 2. Functional Value 3. Emotional Value 4. Religious/Spiritual Value 5. Ethical Value	Hassan (2022) Riahi (2023) Haque (2024) Maniam (2024)

Construct	Operational Definition	Indicators	Adapted From
Trust	Trust comprises specific beliefs primarily related to another party's integrity, benevolence, and capability. Trust is the conviction in the reliability of Islamic P2P financing platform services to meet an obligation, as interpreted by a customer.	1. Platform Reliability 2. Data Security and Privacy 3. Shariah Compliance Assurance 4. Transparency 5. Management Integrity 6. Third-party certification	Maniam (2024) Alsmadi (2024) Hassan (2022) Maksum (2025)
Behaviour Intention	Behavioural intention refers to a user's perception of the benefits of an Islamic P2P financing platform. Another concept is behavioural intention, which describes a user's plan to use the programme regularly with the expectation of accessing the system.	1. Intention to use 2. Recommendation Willingness 3. Adoption Readiness 4. Repeat Usage Intention	Mansyur (2022a) Bajunaied et al (2023) Idrees (2024) Firdausa (2023) Khan (2022) Alsmadi (2025a)
Use Behaviour	The behaviour associated with the information of an Islamic P2P financing platform refers to the intensity and frequency with which beneficiaries utilise it.	1. Usage frequency 2. Usage Recency 3. Service Type Utilise 4. Task Completion 5. Integration in Routine	Mansyur (2022a) Bajunaied et al (2023) Idrees (2024) Firdausa (2023) Khan (2022) Alsmadi (2025a)

The proposed conceptual model was analysed and evaluated in two steps. First, the measurement model assessment verified the reliability of the construct's internal consistency through composite reliability (Chin, 1998), which must have values greater than 0.7. To analyse convergent validity, construct unit dimensionality using average extracted (AVE) with a minimum value of 0.5. Finally, discriminating validity was

assessed by the crossroad values method to verify that the square root of the AVEs was larger than the correlation between the constructs. The second phase, the structural model's assessment, began to obtain the determination coefficient (R^2) achieved in the relationship between the independent variable and the dependent variable (behavioural intention to indicate its variability, which was explained by the dependent variable. Its value ranges from 0 to 1, and a value closer to 1 explains the proportion.

4.4.7 Research Validity and Reliability for Quantitative Method

A validity test was conducted to ensure that the measuring instrument in this study was valid. This was done to ensure that the indicators on the instruments used to measure the latent variables could measure what they wanted to measure. The validity test in this study refers to expert validation and the Pearson Product-Moment (pilot study).

Before conducting the pilot study, the results of the questionnaire development were validated by experts with competence in this field of science. 5 (five) experts participated in the assessment of this questionnaire item, who, on average, came from higher educational institutions in Indonesia and Malaysia. The following data from the experts who validated the questionnaire can be seen in Table 4.8.

Table 4.8 Validator Expert Data

No	Code Expert	Gender	Title	Expertise	Country
1	V1	Female	Associate Professor	Islamic Finance	Indonesia
2	V2	Male	Professor	Finance	Indonesia
3	V3	Male	Associate Professor	Management	Malaysia
4	V4	Female	Professor	Finance	Indonesia
5	V5	Female	Associate Professor	Islamic Economics	Indonesia

The questionnaire item assessment results were processed and compared with Aiken (1985). In his journal, Three Coefficients for Analysing the Reliability and Validity of Ratings, Aiken explained the formula for calculating the validity coefficient of Aiken's V as follows.

$$V = \frac{\sum S}{[n(c - 1)]}$$

Note:

- S = r – lo
r = number given by ratter
lo = the lowest validity rating score
n = number of raters
c = the highest validity rating score

Table 4.9 Validator Results

Item	Validator					S1	S2	S3	S4	S5	Σs	V	note
	V1	V2	V3	V4	V5								
1-56	3,7	3,9	3,7	3,9	3,7	2,7	2,9	2,7	2,9	2,7	14	0.92	High validity

Validity Index (V)	Validity
$0 \leq V \leq 0.4$	low
$0.4 \leq V \leq 0.8$	moderate
$0.8 \leq V \leq 1$	high

The utilised instrument was UTAUT. Before data collection, a trial of the research instrument was conducted in the field. Both content validity and construct validity determine the research instrument's validity. The extent to which the research instrument reflects the validity of the content will demonstrate the desired content. Within this study, the content was verified through consultation with multiple

individuals with expertise in the subject matter. The construct validity was also determined by employing correlation techniques, specifically the Karl Pearson Product-Moment. The correlation coefficient is as follows:

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{[n \sum X^2 - (\sum X)^2][n \sum Y^2 - (\sum Y)^2]}}$$

Note:

Rs: correlation coefficient

N: Total respondents

Y: Total score of all items

X: total score of each item.

If the value of the correlation coefficient (r count) has been obtained, it is compared with the value of the r table at a significance level of = 0.05 with the number of trial samples (n) of as many as 30 people. The value of the r table with these criteria is 0.361. The decision rules are:

- If t score > t table, it can be interpreted that the instrument used is valid.
- If the t-score is t-table, it can be interpreted that the instrument used is valid.

Table 4.10 Validity Test Indicator for Performance Expectancy Variable

Item	Indicator	Correlation Coefficient	validity
PE1	I find the Islamic P2P Financing Platform useful in my daily life	0.877	valid
PE2	Using the Islamic P2P Financing Platform helps me accomplish things more quickly	0.817	valid
PE3	Using an Islamic P2P Financing Platform increase my productivity	0.821	valid
PE4	Islamic P2P Financing Platform, overall, it would be useful	0.852	valid
PE5	Using Islamic P2P Financing Platform is easy to use	0.866	valid

Table 4.11 Validity Test Indicator for Effort Expectancy Variable

Item	Indicator	Correlation Coefficient	validity
EE1	I will find it easy to use Islamic P2P Financing Platform	0.819	valid
EE2	I believe it will be easy for me to understand and use the Islamic P2P Financing Platform	0.814	valid
EE3	My interaction with the Islamic P2P Financing Platform will be clear and understandable	0.899	valid
EE4	Learning to use an Islamic P2P Financing Platform is easy for me	0.935	valid
EE5	Overall, I would find the Islamic P2P Financing Platform for financing easy to use	0.884	valid

Table 4.12 Validity Test Indicator Social Influence Variable

Item	Indicator	Correlation Coefficient	validity
SI1	My friend thinks that I should use an Islamic P2P Financing Platform	0.734	valid
SI2	My family think that I should use the Islamic P2P Financing Platform	0.794	valid
SI3	My business partner, whose opinions I value, prefers that I use an Islamic P2P Financing Platform	0.742	valid
SI4	My mentor prefers that I use the Islamic P2P Financing Platform	0.816	valid
SI5	My community suggested that I should use the Islamic P2P Financing Platform	0.900	valid

Table 4.13 Validity Test Indicator Facilitating Condition Variable

Item	Indicator	Correlation Coefficient	validity
FC1	I have the resources necessary to use the Islamic P2P Financing Platform	0.877	valid
FC2	I know that it is necessary to use the Islamic P2P Financing Platform	0.881	valid
FC3	Islamic P2P Financing Platform technology is compatible with other technologies I use	0.843	valid
FC4	Islamic P2P Financing Platform products and services will be available to me	0.904	valid
FC5	I use a P2P Financing Platform to provide a smooth transaction	0.852	valid

Table 4.14 Validity Test Indicator Perceived Value Variable

Item	Indicator	Correlation Coefficient	validity
PV1	I use Islamic P2P financing, which is more beneficial than conventional financing	0.884	valid
PV2	Islamic P2P financing provides me with a fair and transparent financial service	0.801	valid
PV3	The features and services offered by Islamic P2P financing meet my financial needs	0.863	valid
PV4	I feel more secure using Islamic P2P financing compared to conventional financial services.	0.964	valid
PV5	Islamic P2P financing provides better value for money than traditional banking options	0.838	valid
PV6	The fees or costs associated with Islamic P2P financing are reasonable and justified	0.907	valid
PV7	I prefer Islamic P2P financing because it ensures compliance with Sharia principles	0.920	valid
PV8	Islamic P2P financing promotes ethical and fair financial practices.	0.849	valid

Table 4.15 Validity Test Indicator Perceived Risk Variable

Item	Indicator	Correlation Coefficient	validity
PR1	I think using an Islamic P2P Financing Platform puts my privacy at risk	0.566	valid
PR2	Using Islamic P2P Financing Platform involves more financial risk	0.845	valid
PR3	There are too many uncertainties with the Islamic P2P Financing Platform	0.904	valid
PR4	Mobile transactions are not adequately protected by law	0.769	valid
PR5	I think using an Islamic P2P Financing Platform has potential risk	0.829	valid
PR6	Using Islamic P2P financing potentially experiencing operational disruption	0.605	valid
PR7	I think using an Islamic P2P Financing Platform puts my data at risk	0.797	valid
PR8	Using an Islamic P2P Financing Platform involves legal misuse	0.743	valid

Table 4.16 Validity Test Indicator Trust Variable

Item	Indicator	Correlation Coefficient	Validity
TR1	I trust the facilitation of the Islamic P2P Financing Platform	0.907	valid
TR2	Providing an Islamic P2P Financing Platform meets my expectations	0.872	valid
TR3	The Islamic P2P Financing Platform has more to lose by not processing my transactions	0.800	valid
TR4	I find it necessary to be cautious with Islamic P2P Financing Platform	0.869	valid
TR5	Based on my previous experiences, I find Islamic P2P Financing Platforms to be honest	0.856	valid
TR6	I find the Islamic P2P Financing Platform to be trustworthy	0.901	valid
TR7	I find it necessary to be cautious with Islamic P2P Financing Platform	0.908	valid

Item	Indicator	Correlation Coefficient	Validity
TR8	Based on my previous experiences, I trust Islamic P2P Financing Platform	0.932	valid
TR9	I believe Islamic P2P Financing Platforms are reliable	0.926	valid
TR10	I believe Islamic P2P Financing Platform services are amanah	0.867	valid

Table 4.17 Validity Test Indicator Behaviour Intention Variable

Item	Indicator	Correlation Coefficient	validity
BI1	I intend to use the Islamic P2P Financing Platform	0.894	valid
BI2	I will always try to use an Islamic P2P Financing Platform for my transactions	0.783	valid
BI3	I intend to continue using the Islamic P2P Financing Platform	0.754	valid
BI4	I plan to continue using the Islamic P2P Financing Platform	0.824	valid
BI5	I intend to use an Islamic P2P Financing Platform rather than another platform	0.536	valid

Table 4.18 Validity Test Indicator Use Behaviour Variable

Item	Indicator	Correlation Coefficient	validity
UB1	I use the Islamic P2P Financing Platform for the future	0.731	valid
UB2	I use the Islamic P2P Financing Platform frequently	0.883	valid
UB3	I use Islamic P2P Financing Platforms a lot	0.848	valid
UB4	I will continue to use the Islamic P2P Financing Platform	0.833	valid
UB5	I will introduce the Islamic P2P Financing Platform to my friend	0.764	valid

The results of testing the validity instrument showed that all question indicators on the variables effort expectancy, perceived expectancy, social influence, perceived value, perceived risk, behaviour intention, facilitating condition, trust, and use behaviour have indicator correlation coefficient values with a total score (r_{iT}) > table correlation value (r_{table}) of 0.361. Hence, all question indicators associated with these variables were affirmed to be valid or capable of accurately assessing said variables.

Reliability

Instrumental reliability testing aims to assess the consistency and dependability of research instruments in measuring the variables they are designed for—specifically, using Cronbach’s Alpha technique. According to the test criteria, a Cronbach’s Alpha coefficient of ≥ 0.6 indicates the reliability or consistency of the questionnaire indicator in measuring the variables. A summary of the reliability test results is shown in Table 4.19 below.

Table 4.19 Reliability Test Indicator Behaviour Intention Variable

Variable	Cronbach Alpha	Information
Perceived Expectancy	0.897	Reliable
Effort Expectancy	0.916	Reliable
Social Influence	0.844	Reliable
Perceived Value	0.955	Reliable
Perceived Risk	0.889	Reliable
Behaviour Intention	0.806	Reliable
Facilitating Condition	0.920	Reliable
Trust	0.944	Reliable
Use Behaviour	0.860	Reliable

The summary of the reliability test results for the research instrument indicated that all Cronbach's Alpha values exceeded 0.6. This confirmed that the questionnaire's indicators are reliable and consistent in measuring the variables: effort expectancy, performance expectancy, social influence, perceived value, perceived risk, behavioural intention, facilitating conditions, trust, and usage behaviour. Consequently, this study deemed the instrument suitable as a data collection tool.

4.5 PHASE TWO: QUALITATIVE RESEARCH

4.5.1 Research Approach and Justification

This qualitative study investigates the factors that influence beneficiaries' intention to utilise FinTech. It conducts semi-structured, open-ended interviews with beneficiaries of Islamic P2P Financing Services. To achieve the study's objectives, the researchers developed an interview protocol. The factors discovered in the interview transcripts were classified using the inductive approach in this case study. The development of the conceptualised interpretations employed a hierarchical framework, where the top-level notions represented the primary factors of the study objective. Finally, a theoretical narrative elucidates the underlying framework that explains these factors.

The case study approach is employed to gain a comprehensive, context-specific understanding of financial inclusion by examining real-life examples in depth. Unlike broad statistical analysis, case studies allow for an exploration of complex social, economic, and technological dynamics that influence financial inclusion at the individual, community, or institutional level. By selecting specific cases—such as marginalised populations, fintech innovations, or government financial inclusion programs—this approach uncovers unique challenges, success factors, and contextual influences that quantitative methods may overlook. The case study method provides rich, descriptive data, making it particularly valuable in understanding nuanced behavioural and systemic barriers to financial inclusion, as well as the effectiveness of targeted interventions.

In-depth interviews are chosen as the primary qualitative data collection method because they allow for detailed, open-ended exploration of participants' experiences, perceptions, and challenges related to financial services. Unlike surveys, which offer structured responses, interviews enable flexibility in probing deeper into emerging themes and clarifying ambiguous responses. They provide first-hand narratives that help explain why certain financial behaviours occur and how individuals interact with financial systems. This method is particularly suitable for understanding vulnerable groups, capturing personal financial struggles, digital literacy gaps, and social influences on financial decision-making. By engaging directly with participants, interviews facilitate rich, contextual insights that enhance the depth and applicability of the research findings.

4.5.2 Sampling and Participants

For the qualitative phase, a purposive sampling strategy was employed to identify and engage key informants, including platform providers and relevant stakeholders within the Islamic P2P financing ecosystem. This approach ensured alignment with the principle of thematic saturation, whereby interviews continued until no new themes or insights emerged. Participants were selected based on their expertise, involvement, and strategic roles in the development, regulation, or operation of Islamic FinTech platforms, allowing for rich, contextually grounded data to inform the study's findings. In-depth interviews were conducted with some practitioners, academics, and regulators relating to Islamic FinTech in this research. This expectation was that the experts would be able to cater for input from their respective experts regarding Islamic FinTech and financial inclusion.

However, with the existing limitations, this study involved participants from beneficiaries of Islamic P2P, consisting of eight (8) participants from beneficiaries of the Islamic P2P financing service platform, five (5) informants who are Islamic P2P financing providers' representatives, and lastly, nine (9) informants who are stakeholders' representatives. The selection of experts acknowledges their understanding of the role of Islamic FinTech and financial inclusion in Indonesia.

4.5.3 Data Collection Method

The study employed purposeful sampling techniques and research instruments to gather primary data. Qualitative data analysis was conducted using thematic coding and content analysis techniques. In light of the previous analyses, a triangulation strategy was executed to appropriately interpret and place the overall findings within the appropriate context, effectively addressing all research questions and achieving the research goals.

The study involves interviews with key stakeholders in the Islamic P2P financing ecosystem to ensure a comprehensive understanding of financial inclusion dynamics. These stakeholders include:

- Islamic P2P FinTech Providers – Representatives from leading platforms who offer insights into operational challenges, financial products, and customer adoption trends.
- Regulators – Policymakers and financial authorities who provide perspectives on regulatory frameworks, compliance requirements, and governance of Islamic FinTech.
- Industry Experts – Academics, financial analysts, and practitioners with expertise in Islamic finance, digital financial services, and financial inclusion.

A purposive sampling technique is employed to ensure that only highly relevant participants with expertise in Islamic P2P FinTech are included. This non-probability sampling method allows for the targeted selection of individuals based on their experience, knowledge, and role in the financial inclusion ecosystem. It ensures rich, insightful data from key informants who directly influence or are impacted by financial innovations in the sector. The study targets 8–12 experts, balancing a diversity of perspectives while maintaining depth in qualitative analysis. This sample size ensures data saturation, capturing comprehensive insights without excessive redundancy.

4.3.4 Ethical Considerations

This study adhered to strict ethical standards to ensure the protection, privacy, and voluntary participation of all research participants. Before data collection, ethical clearance was obtained from the institutional ethics review board, in line with the ethical principles outlined by the British Educational Research Association (BERA, 2018) and Creswell and Creswell (2018).

An informed consent process was employed. All participants received a written consent form detailing the study's objectives, the voluntary nature of participation, the right to withdraw at any time without penalty, and assurances regarding the confidentiality of their responses. Written consent was obtained before interviews began (Bryman, 2016; Creswell & Creswell, 2018). To preserve anonymity, all personal identifiers were removed during transcription and analysis. Participants were assigned pseudonyms, and no real names or institutional affiliations were included in the reporting. Quotations were carefully reviewed and paraphrased where necessary to avoid indirect identification (BERA, 2018; Israel & Hay, 2006).

Digital data, including audio recordings and transcripts, was stored on password-protected devices and backed up using encrypted cloud storage. Physical documents, such as signed consent forms, were kept in a locked drawer accessible only to the researcher. All data will be retained for five years after publication and securely destroyed thereafter, following ESRC (2023) and Creswell & Creswell (2018) recommendations.

4.5.4 Data Analysis Technique

Thematic analysis was conducted using ATLAS.ti, a qualitative data analysis software that facilitates the systematic identification and organisation of themes within textual data. This approach enabled a structured examination of participant responses, allowing patterns and meanings to emerge from the data. The analysis involved an iterative

process of familiarisation, coding, theme development, and interpretation. By employing ATLAS.ti, the study ensured a rigorous and transparent coding process that enhanced the reliability of the qualitative findings.

The coding process involved segmenting the textual data into meaningful units and assigning codes to represent emerging themes. Initially, an open coding approach was utilised, allowing for the identification of key concepts without pre-imposed categories. Subsequently, axial coding was performed to establish relationships between codes and refine broader thematic structures. These qualitative insights were then integrated with quantitative findings through a triangulation process, ensuring a comprehensive understanding of the research phenomenon. By combining qualitative and quantitative data, the study strengthened its validity and provided a more nuanced interpretation of the results.

4.5.5 Thematic Analysis

Thematic analysis is a widely used qualitative research method that focuses on identifying, analysing, and interpreting patterns (themes) within qualitative data. It is particularly useful in understanding user experiences, perceptions, and motivations, making it an ideal approach for exploring the adoption of Islamic P2P financing FinTech platforms. This method is grounded in constructivist and interpretive paradigms, which emphasise participants' subjective meanings and social realities. Thematic analysis is typically inductive (data-driven) but can also be deductive (guided by existing theories such as UTAUT, Dissatisfaction Theory, or Vulnerable Group Theory and Institutional Theory).

According to Braun & Clarke (2006), thematic analysis follows a structured approach that involves systematic coding, theme identification, and data interpretation. The goal is to extract meaning from unstructured qualitative data, ensuring a rigorous and transparent research process.

Table 4.20 Summary of Content Validity (Qualitative Analysis)

Expert	Description	Expert comment	Action
Expert 1	Associate Professor of the Management Department (finance expert) More than 20 years in the field	Question 3 needs to be split into two questions: internal and external problems. <u>Suggestion: Extended question:</u> What efforts have been made to increase the use of Islamic P2P financing	taken
Expert 2	Professional in Islamic Finance, with expertise in Shariah-compliant More than 12 th years of experience in the field	Comment: I am of the view that there is no need to specify the dimensions Proposed rewording: What steps have you taken to address these issues? Proposed reward: What solution have you hoped for but not yet implemented to resolve this issue on the P2P financing platform you manage?	taken
Expert 3	Professional in FinTech development with more than 15 years of experience	Proposed rewording: Some issues must be addressed internally and externally while administering Indonesia's Islamic P2P Financing Platform. What difficulties have you encountered thus far?	taken

Content analysis, a method with a long history in fields such as communication, sociology, psychology, and business studies, is widely used in organisational and management research. It provides a replicable approach to understanding an organisation's values, intentions, attitudes, and cognitions (Duriau, Reger, & Pfarrer, 2007). The method offers analytical flexibility and can derive rich insights from organisational documents, often as a valuable tool for triangulation with other research methods. However, a key limitation lies in translating textual meaning into abstract

analytical or theoretical constructs. Despite this, content analysis has seen increased application in organisational studies over the past 25 years due to its significant advantages.

Content analysis typically uses words or phrases as the basic unit of analysis, with the frequency of specific words often indicating their importance. Common techniques include word frequency counts, context listing, classification of words into content categories, and analysis of co-occurrence patterns. These tasks can be performed manually or with computer-based tools such as ATLAS.ti. In this study, word frequency counts and keyword-in-context (KWIC) analysis were employed using ATLAS.ti. These methods were particularly suited to exploring the philosophical foundations, social missions, and focus of Islamic FinTech in Indonesia, as well as determining whether its primary goal was to promote Islamic financial inclusion.

Table 4.21 Open Question for Interview Session

Themes and Sub-themes	Qualitative Open Question in Interview Session
	Socio-culture aspect
Cultural Perceptions of Debt	<i>"In your community, how is borrowing money generally perceived? Is taking on debt seen as something positive, necessary, or something to avoid?"</i>
Socioeconomic Status	<i>"How does your income level or job type influence your decision to use Islamic P2P financing instead of conventional banking services?"</i> <i>"Do you think Islamic P2P financing is more beneficial for people with lower or unstable income levels? If so, why?"</i>
Financial Education and Responsibility	<i>"Do you think financial responsibility plays a role in whether people in your community choose Islamic P2P financing over conventional loans?"</i> <i>"How does your level of financial knowledge influence your decision to use Islamic P2P financing?"</i>

Themes and Sub-themes	Qualitative Open Question in Interview Session
	<i>"Do you think financial literacy affects how families in your community manage money and choose financial services?"</i> <i>"Did your family play a role in teaching you about managing money and choosing financial products?"</i>
Religiosity Aspect	
Sharia Compliance Awareness	<i>"What does Sharia compliance mean to you regarding financial services?"</i> <i>"How confident are you that Islamic P2P financing platforms truly follow Sharia principles?"</i>
Trust in Islamic Financial Institutions and Scholars	<i>"Do you think there is enough awareness about how Islamic P2P financing works and how it differs from conventional lending?"</i> <i>"When choosing an Islamic P2P financing service, how important is it to you that it is certified by a recognised Islamic financial institution or Sharia board?"</i> <i>"Do you personally check for Sharia compliance, or do you rely on religious scholars and institutions to confirm whether a financial service is halal?"</i> <i>"Have you ever felt sceptical about an Islamic financial service claiming to be Sharia-compliant? If so, why?"</i>
Ethical and Moral Benefits in Financial Decision-Making	<i>"What makes Islamic P2P financing more ethical in your view compared to conventional financial services?"</i> <i>"How important is it for you that your financial decisions align with your moral and religious values?"</i> <i>"Would you still choose Islamic P2P financing if conventional banks offered lower costs or more convenient options? Why or why not?"</i>

Table 4.22 Research Instruments for In-Depth Interview

Aspect	Instruments
General	The existence of the Islamic P2P Financing Platform increases financial access and inclusion in Indonesia in terms of accessibility, usage, and quality of financial products.
Reframing Problems (Reality, Obstacles, Experience and Current Situation) Appreciative Positive Linking Strength of The Present to The Preferred Vision of The Future	What financial access problems do you face on the Islamic P2P Financing Platform? What are the solutions that you have taken to overcome these problems? What solution do you hope to implement but have not yet implemented to overcome this problem in the P2P financing platform you manage?
Reframing Problems (Reality, Obstacles, Experience and Current Situation) Appreciative Positive Linking Strength of The Present to The Preferred Vision of The Future	What problems do you face when accepting and using FinTech through FinTech applications on the Islamic P2P financing platform? What solutions have you taken to overcome the management problem on the Islamic P2P financing platform? What solutions do you hope to implement but have not been able to achieve to overcome these problems on the Shariah P2P financing platform that you manage?
Reframing Problems (Reality, Obstacles, Experience and Current Situation) Appreciative Positive Linking Strength of The Present To The Preferred Vision of The Future	In managing the Islamic P2P Financing platform in Indonesia, there must be internal and external problems; what problems have you faced so far? What solutions have you taken to overcome the problem of managing the Islamic P2P financing platform? What solution do you hope for but have not realised to overcome this problem on the Islamic P2P financing platform you manage?

Source: author's research

4.5.6 ISM (Interpretive Structural Modeling) and MICMAC (Matrice d'Impacts Croisés Multiplication Appliquée à un Classement)

This study employed the ISM (Interpretive Structural Modelling) and MICMAC (Matrice d'Impacts Croisés Multiplication Appliquée à un Classement) methods to provide a robust and contextually rich approach for theory development and contribution to the existing literature. ISM, introduced by Warfield (1974), serves as an interactive tool for learning and utilises expert judgment to model a set of interconnected variables, whether directly or indirectly related to a particular phenomenon. ISM offers a hierarchical structure that illustrates these variable types and contextual interrelationships. The MICMAC method, on the other hand, assesses variables based on their driving and dependence powers within the system. This combined approach of ISM-MICMAC has found widespread use in various research contexts, as referenced in previous studies (Agi & Nishant, 2017). The ISM-MICMAC methodology was selected for this research following a systematic evaluation of alternative approaches, including the Analytic Network Process (ANP), Decision-Making Trial and Evaluation Laboratory (DEMATEL), Structural Equation Modelling (SEM), Graph Theory, Analytical Hierarchy Process (AHP), Best-Worst Method (BWM), and Total Interpretive Structural Modelling (TISM).

The ISM-MICMAC-based methodology was chosen for its specific advantages, including its systemic nature, efficiency in handling pairwise correlations, facilitation of group discussions, improvement of interdisciplinary communication, and its status as a well-accepted method in existing literature. However, it has inherent weaknesses, such as increased complexity with more variables, a lack of empirical validation, and reliance on expert respondents. In this research, the limitations of the ISM-MICMAC approach were mitigated by using only experts for data collection, working with a manageable number of challenges identified from the literature, and focusing on developing a framework based on challenge interrelationships rather than empirical validation. The ISM-MICMAC process involved several steps, including identifying relevant variables, establishing contextual relationships through data collection, creating reachability and antecedent matrices, and computing driving power and dependencies for each challenge. This information created a graph of challenges

categorised into autonomous, dependent, linkage, and driver regions. The final stage involved developing an ISM-based structural model to analyse the outcomes and make recommendations based on expert input on the research flow in Figure 4.7.

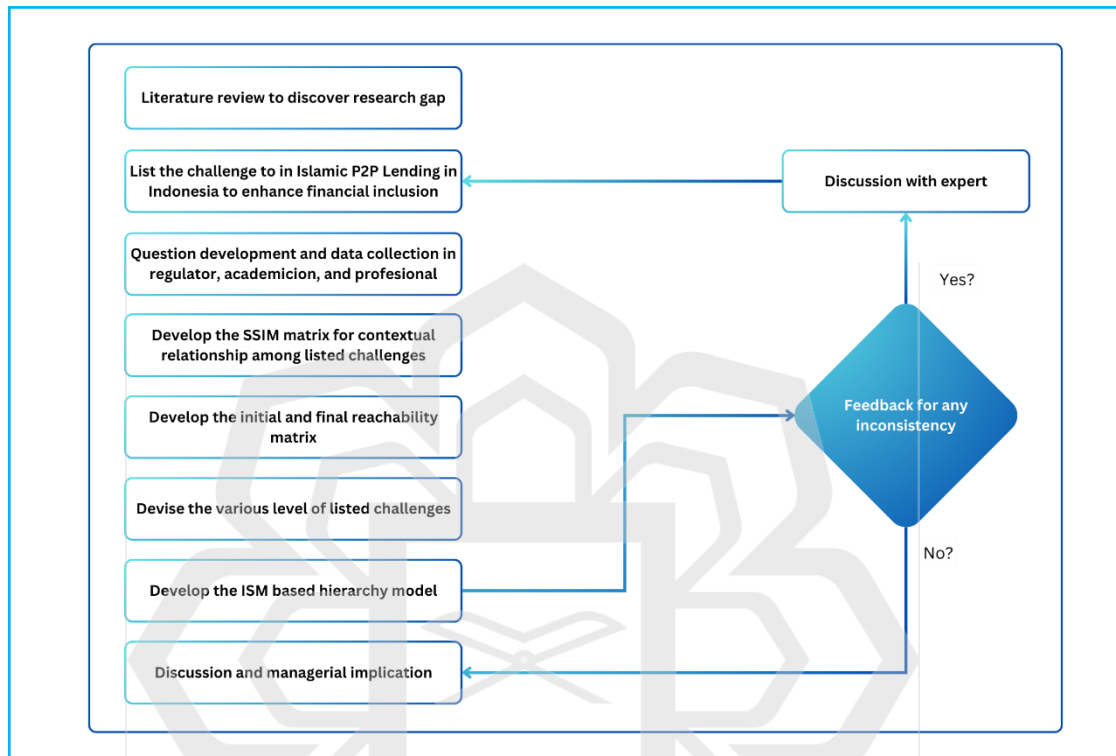


Figure 4.7 ISM MICMAC-Based Flowchart

4.6 CHAPTER SUMMARY

To achieve the main objective, as stated in the fourth objective of this study, the research methodology must be well-prepared. Mixed methods were chosen to obtain answers to all research objectives and research questions from this research. For the quantitative stage, PLS-SEM was chosen to get precise results regarding the factors influencing the intention to use Islamic P2P financing in Indonesia. The data collection methods used are document analysis and in-depth interviews. The data analysis method used was descriptive analysis, and questionnaires were used. The expected outcome of the first research objective is the adoption of FinTech in this regard, the Islamic P2P financing service. The Unified Theory of Acceptance and Use of Technology (UTAUT)

dimension was selected for the analysis of data collected from Islamic P2P Financing Platform beneficiaries. The content analysis method was applied to collect more detailed information on the management and implementation of the Islamic P2P financing service platform organisation. The outcome of the third research question described and analysed all the collected information. Meanwhile, in-depth interviews were used in the qualitative stage, and the results were then analysed and integrated with the quantitative results. Then, to complete the model for increasing financial inclusion in Indonesia through Islamic P2P financing, this study used interpretive structural modelling. This modelling method was chosen to get the right model to face the challenges of the role of the Islamic P2P financing service platform to enhance financial inclusion.



CHAPTER FIVE

QUANTITATIVE RESULTS AND DISCUSSION

5.1 INTRODUCTION

This chapter presents the study results generated from the quantitative stage; the results were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) tools provided by SmartPLS. The findings of the comprehensive survey are presented in multiple stages. Firstly, descriptive statistics provide an overview of the respondents' response rate, characteristics, and intention to utilise Indonesia's Islamic P2P financing platform. In continuation, the chapter examines model assessment, incorporating tests for reliability and validity. Ultimately, the evaluation of the structural model examines significant paths and relationships among variables, thereby offering a comprehensive understanding of the factors that influence the adoption of Islamic P2P financing in Indonesia.

5.2 DESCRIPTIVE STATISTICS

The data on the respondents' profiles were intended to describe the profiles of respondents in this study. Respondents in this study were individual beneficiaries of Islamic P2P Financing. Respondents were limited to individual investors because the variables studied in this research model were measured based on perceptions. Respondents were grouped based on demographic factors: gender, age, education level, occupation, amount of financing and duration. The number of respondents based on each characteristic is represented in Table 5.1.

Table 5.1 Respondent Characteristics

Characteristic Description	Groups	Frequency	Percentage %
Gender	Male	143	62%
	Female	88	38%
Age	20-30 years old	92	40%
	30-40 years old	67	29%
	40-50 years old	64	28%
	Above 50 years old	8	3%
Education	Primary School	4	2%
	Secondary School	48	21%
	Diploma	16	7%
	Graduate/Postgraduate	163	71%
Province origin	Aceh	4	2%
	Banten	12	5%
	Jambi	4	2%
	DKI Jakarta	33	14%
	Central Java	25	11%
	West Java	36	16%
	East Java	63	27%
	DI Yogyakarta	11	5%
	Maluku	4	2%
	North Maluku	4	2%
	South Sulawesi	8	3%
	West Sumatera	24	10%
	North Sumatera	4	2%
Islamic P2P Financing Platform	Alami Syariah	27	11%
	Ammana	24	10%
	Berkah Fintek Syariah	46	20%
	Dana Syariah	69	30%
	Duha Syariah	20	9%
	Investree Syariah	24	10%
	Qazwa	21	10%
Type of Financing	Productive Ijarah	20	8%
	Productive Mudharabah	94	41%
	Productive Musyarakah	36	16%
	Consumptive	81	35%
Islamic P2P Financing Experience	First time	183	82%
	2-4 times	40	15%
	more than five times	8	3%
Financing Amount	IDR 500.000 – IDR 5.000.000	87	45%
	IDR 5.000.000 – IDR 20.000.000	84	32%
	IDR 20.000.000 – IDR 50.000.000	24	9%
	IDR 50.000.000 - IDR100.000.000	12	5%
	more than IDR 100.000.000	24	9%

As shown in Table 5.1, the data were collected from 231 respondents. By gender, respondents were predominantly male (143 beneficiaries), with 88 female investors. In addition, the respondents were grouped into four age groups, namely 20-30 years old, with 92 beneficiaries, 30-40 years old, with 67 beneficiaries, 40-50 years old, with 64 beneficiaries, and above 50 years old, with eight beneficiaries. When viewed by age, most respondents are between 30 and 40 years old.

The respondents were classified into four groups according to their educational background, from primary school to postgraduate education. Four respondents had a primary school education level or equivalent, whereas 48 individuals had a secondary school education. Most respondents, specifically 196 individuals, possess a graduate education background, while 16 have a diploma education background. Most participants, totalling 216 individuals, reported their initial experience with the Islamic P2P Financing Platform. Furthermore, 40 individuals received financing from Islamic Peer Financing Platforms between 2 to 4 times, whereas the remaining eight have secured financing from these platforms more than five times. The characteristics of respondents can also be observed by considering their level of financing. Less than five million rupiahs (IDR 5.000.000) were financed by 45% of the beneficiaries. The subsequent group has financed between twenty and fifty rupiahs at a rate of 9%, whereas those financed with IDR 50,000,000. The remaining 9% of beneficiaries funded an amount exceeding IDR 100.000.000.

Although this research aimed to cover all regions of Indonesia, no responses were received from Kalimantan and Papua. This limitation may be due to limited awareness, digital access, or lower engagement with Islamic FinTech services in those areas. The survey was distributed through national Islamic finance networks, particularly AFSI, but regional disparities in infrastructure and outreach may have affected participation. Although most responses were concentrated in Java, Sumatra, and Sulawesi, the absence of respondents from Kalimantan and Papua was acknowledged.

5.3 QUANTITATIVE RESULTS BY PLS-SEM

The model developed in this study was a reflective model, which was analysed using a first-order approach. The first stage for data analysis using this approach was to calculate the loading factor for each indicator on latent variables in the outer model. Indicators with a loading factor above 0.6 can be used in data analysis. However, indicators with a loading factor of 0.6 to less than 0.7 will be removed if the AVE value in the latent variable has not reached the specified criteria, and the loading factor for each indicator on the outer model. Before the data is analysed using PLS-SEM, the step that must be done is to test the validity and reliability of each construct (construct validity and reliability). (J. F. Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014).

5.3.1 Evaluation of the Measurement Model: Validity Testing

This research model consists of nine variables: performance expectancy, effort expectancy, social influence, perceived value, perceived risk, behaviour intention, facilitating condition, trust, and use behaviour. The evaluation of measurement models aimed to test the validity and reliability of research variables.

5.3.1.1 Convergent Validity

Convergent validity was used to evaluate whether the indicators accurately measured their respective variables. It ensured that the observed variables were strongly correlated with the latent constructs they were intended to represent. The degree of convergent validity for each indicator is determined by the magnitude of its loading, which quantifies the strength of the relationship between the indicator and the variable it measures. For an indicator to be considered valid, its loading factor must be positive and exceed the threshold value of 0.6. Indicators meeting this criterion are deemed reliable for measuring the underlying construct. Conversely, indicators with loading factors below this threshold may not effectively measure the variable and may need further review or refinement. The results of the convergent validity test, which are

summarised in the table below, provide an essential basis for assessing the reliability and validity of the measurement model.

Table 5.2 Convergent Indicator Validity

Variable	Indicators	Loading Factor	Information
Performance Expectancy	PE1	0.751	Valid
	PE2	0.804	Valid
	PE3	0.817	Valid
	PE4	0.791	Valid
	PE5	0.708	Valid
Effort Expectancy	EE1	0.752	Valid
	EE2	0.745	Valid
	EE3	0.883	Valid
	EE4	0.835	Valid
	EE5	0.730	Valid
Social Influence	SI1	0.756	Valid
	SI2	0.844	Valid
	SI3	0.772	Valid
	SI4	0.851	Valid
	SI5	0.873	Valid
Perceived Value	PV1	0.688	Valid
	PV2	0.715	Valid
	PV3	0.807	Valid
	PV4	0.831	Valid
	PV5	0.701	Valid
	PV6	0.696	Valid
	PV7	0.729	Valid
	PV8	0.647	Valid
Perceived Risk	PR1	0.464	Invalid
	PR2	0.797	Valid
	PR3	0.817	Valid
	PR4	0.765	Valid
	PR5	0.731	Valid
	PR6	0.782	Valid
	PR7	0.739	Valid
	PR8	0.724	Valid
Behaviour Intention	BI1	0.851	Valid
	BI2	0.851	Valid
	BI3	0.813	Valid
	BI4	0.830	Valid
	BI5	0.798	Valid
Facilitating Condition	FC1	0.688	Valid

Variable	Indicators	Loading Factor	Information
	FC2	0.739	Valid
	FC3	0.734	Valid
	FC4	0.699	Valid
	FC5	0.741	Valid
Trust	TR1	0.781	Valid
	TR2	0.751	Valid
	TR3	0.782	Valid
	TR4	0.777	Valid
	TR5	0.774	Valid
	TR6	0.693	Valid
	TR7	0.763	Valid
	TR8	0.827	Valid
	TR9	0.830	Valid
	TR10	0.674	Valid
Use Behaviour	UB1	0.735	Valid
	UB2	0.802	Valid
	UB3	0.850	Valid
	UB4	0.851	Valid
	UB5	0.775	Valid

Based on the results of the measurement model analysis, it was found that the Perceived Expectancy variable is measured by five indicators, all of which yielded loading factor values greater than 0.6. Therefore, these five indicators are considered valid in measuring the construct of Perceived Expectancy. Similarly, the Effort Expectancy variable was assessed using five indicators, each demonstrating a loading factor exceeding the threshold of 0.6. This confirms the validity of all five indicators in capturing the underlying dimension of Effort Expectancy.

The variable Social Influence was also measured through five indicators, with each one recording a loading factor above 0.6. As such, all five indicators can be regarded as valid representations of the Social Influence construct. The Perceived Value variable was operationalised using eight indicators. All of these indicators achieved loading factor values greater than 0.6, thereby confirming their adequacy and validity in measuring the Perceived Value construct.

In contrast, the Perceived Risk variable was measured using eight indicators, of which indicator PR1 yielded a loading factor below 0.6. Consequently, PR1 is deemed invalid in measuring the Perceived Risk construct. However, the remaining seven

indicators (PR2 to PR8) all displayed satisfactory loading factor values above 0.6 and are thus considered valid. With regard to the Facilitating Conditions variable, five indicators were used, each of which produced loading factors above 0.6. This affirms that all five indicators are valid in assessing Facilitating Conditions.

The construct Trust was measured through ten indicators. All indicators demonstrated loading factor values exceeding 0.6, signifying that each is a valid measure of the Trust variable. The variable Behavioural Intention was evaluated using five indicators, all of which surpassed the 0.6 loading factor benchmark. Accordingly, these indicators are validated as reliable measures of Behavioural Intention.

Finally, the Islamic P2P Financing Platform Usage variable was assessed using five indicators, each of which attained a loading factor value greater than 0.6. As a result, all five indicators are confirmed to be valid in representing the usage of Islamic peer-to-peer financing platforms. The path diagram of the test results is as follows:

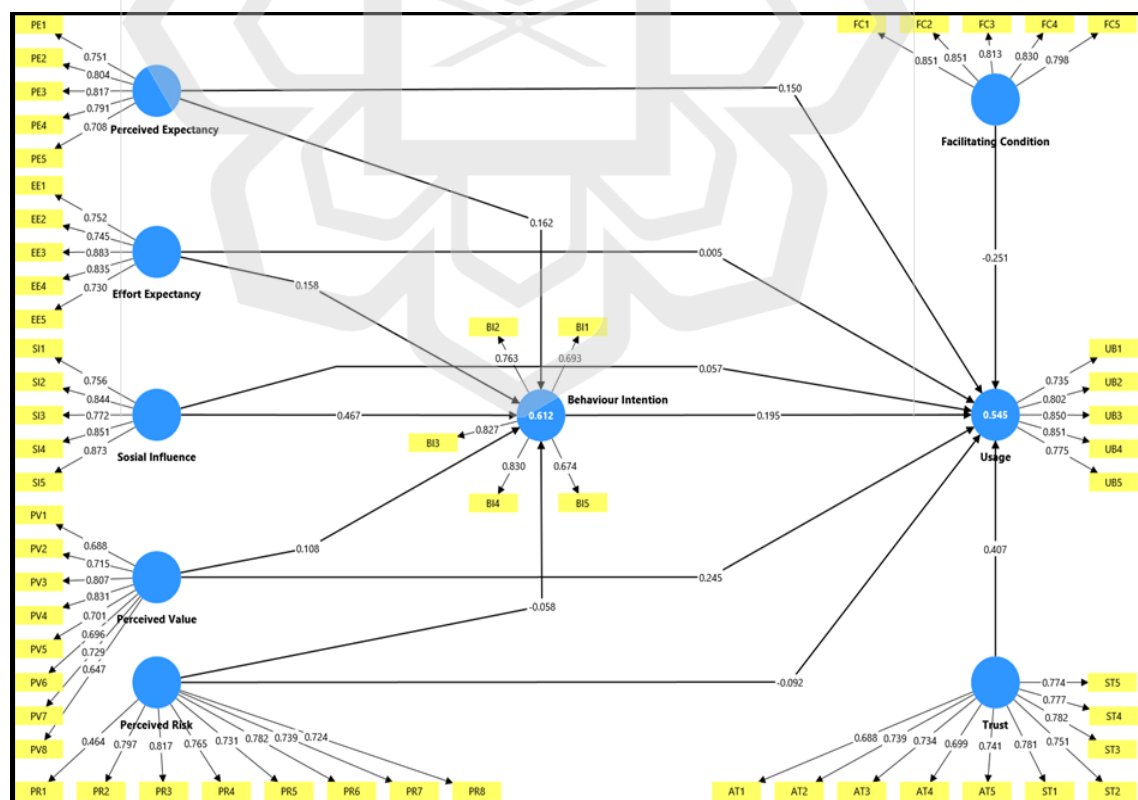


Figure 5.1 Path Diagram 1

Since one indicator was deemed invalid in the perceived risk variable, a retest was conducted after removing the declared invalid indicator. Table 5.3 presents the results of concurrent validity testing, which excludes invalid indicators.

Table 5.3 Validity Testing Results

Variable	Indicators	Loading Factor	Information
Performance Expectancy	PE1	0.751	Valid
	PE2	0.804	Valid
	PE3	0.817	Valid
	PE4	0.791	Valid
	PE5	0.708	Valid
Effort Expectancy	EE1	0.752	Valid
	EE2	0.745	Valid
	EE3	0.883	Valid
	EE4	0.835	Valid
	EE5	0.730	Valid
Social Influence	SI1	0.756	Valid
	SI2	0.844	Valid
	SI3	0.772	Valid
	SI4	0.851	Valid
	SI5	0.873	Valid
Perceived Value	PV1	0.688	Valid
	PV2	0.715	Valid
	PV3	0.807	Valid
	PV4	0.831	Valid
	PV5	0.701	Valid
	PV6	0.696	Valid
	PV7	0.729	Valid
	PV8	0.647	Valid
Perceived Risk	PR2	0.811	Valid
	PR3	0.836	Valid
	PR4	0.778	Valid
	PR5	0.732	Valid
	PR6	0.793	Valid
	PR7	0.758	Valid
	PR8	0.748	Valid
Behaviour Intention	BI1	0.851	Valid
	BI2	0.851	Valid
	BI3	0.813	Valid
	BI4	0.830	Valid
	BI5	0.798	Valid
Facilitating Condition	FC1	0.688	Valid
	FC2	0.739	Valid

Variable	Indicators	Loading Factor	Information
	FC3	0.734	Valid
	FC4	0.699	Valid
	FC5	0.741	Valid
Trust	AT1	0.781	Valid
	AT2	0.751	Valid
	AT3	0.782	Valid
	AT4	0.777	Valid
	AT5	0.774	Valid
	ST1	0.693	Valid
	ST2	0.763	Valid
	ST3	0.827	Valid
	ST4	0.830	Valid
	ST5	0.675	Valid
Use Behaviour	UB1	0.735	Valid
	UB2	0.802	Valid
	UB3	0.850	Valid
	UB4	0.851	Valid
	UB5	0.775	Valid

As shown in the table above, after removing the invalid indicator, all remaining indicators had loading factor values exceeding 0.6. Consequently, these indicators were deemed valid for measuring the variables, including effort expectancy, performance expectancy, social influence, perceived value, perceived risk, behavioural intention, facilitating conditions, trust, and usage behaviour. The corresponding path diagram for these results is presented below.

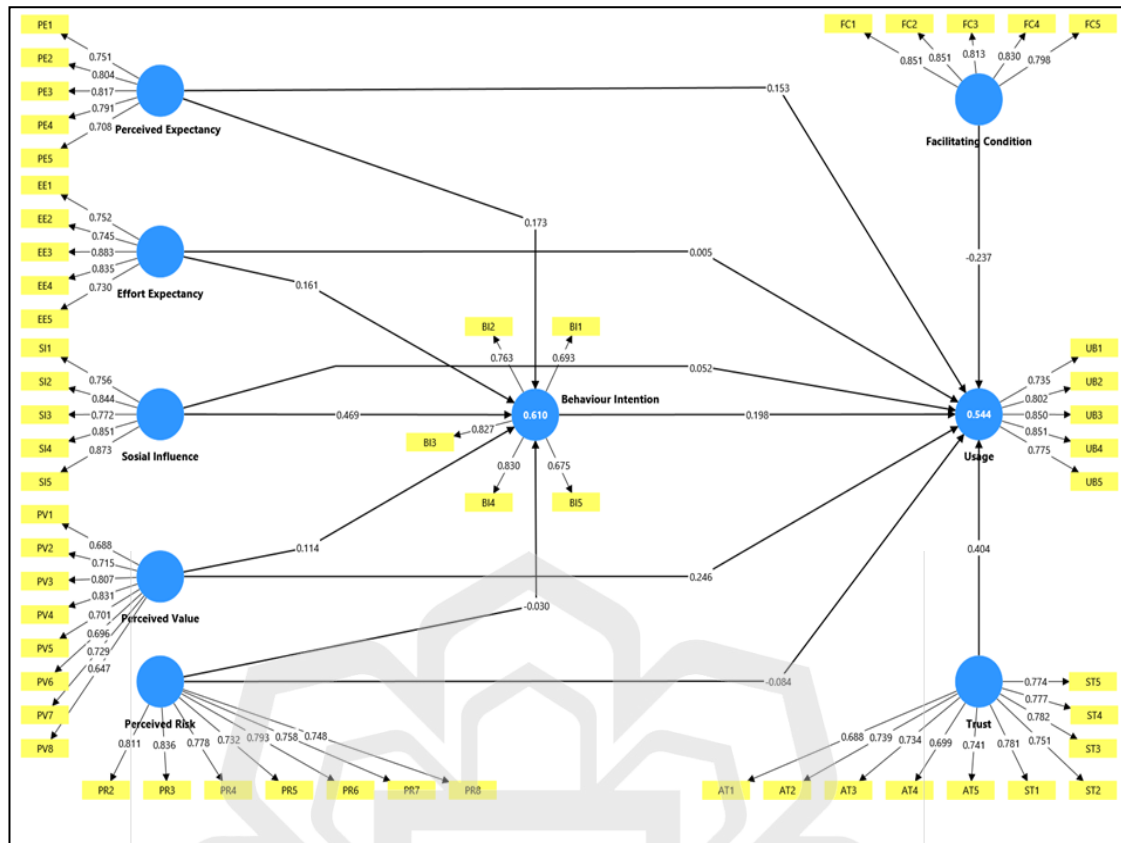


Figure 5.2 Path Diagram 2

The assessment of convergent validity involves using loading factors and Average Variance Extracted (AVE). An instrument's convergent validity is determined when its AVE surpasses the threshold of 0.5. The results of the convergent validity test are displayed in Table 5.4.

Table 5.4 Average Variance Extracted

Variable	Average Variance Extracted (AVE)
Performance Expectancy	0.601
Effort Expectancy	0.626
Social Influence	0.673
Perceived Value	0.531
Perceived Risk	0.609
Behaviour Intention	0.687
Facilitating Condition	0.558
Trust	0.578
Use Behaviour	0.646

As shown in the table above, the variables effort expectancy, performance expectancy, social influence, perceived value, perceived risk, behavioural intention, facilitating conditions, trust, and usage behaviour achieve an Average Variance Extracted (AVE) value exceeding 0.5. This indicates that the indicators associated with these variables were valid and effectively measured their respective constructs.

5.3.1.2 Discriminant Validity

Discriminant validity was evaluated to ensure that each construct in the measurement model represents a concept that is empirically distinct from other constructs. Establishing discriminant validity is essential to confirm that the latent variables do not exhibit excessive conceptual overlap, which could bias the interpretation of relationships in the structural model.

In this study, discriminant validity was assessed using the Heterotrait–Monotrait (HTMT) ratio, which is currently regarded as a more rigorous and reliable criterion in Partial Least Squares Structural Equation Modelling (PLS-SEM) compared to traditional approaches such as cross-loadings. According to prior methodological literature, HTMT values below 0.85 indicate strong discriminant validity, while values below 0.90 are generally considered acceptable in behavioural and social science research.

Table 5.5 Heterotrait–Monotrait Ratio (HTMT)

Constructs	PE	EE	SI	PV	PR	FC	BI	TR	UB
PE	–								
EE	0.552	–							
SI	0.893	0.520	–						
PV	0.606	0.404	0.487	–					
PR	0.618	0.382	0.475	0.501	–				
FC	0.918	0.605	0.575	0.488	0.565	–			
BI	0.778	0.596	0.440	0.559	0.649	0.852	–		
TR	0.516	0.427	0.323	0.559	0.649	0.440	0.456	–	
UB	0.584	0.394	0.424	0.625	0.578	0.459	0.565	0.711	–

Note: HTMT values below 0.90 indicate acceptable discriminant validity

The results presented in Table 5.5 show that the majority of HTMT values are below the recommended threshold of 0.90, indicating satisfactory discriminant validity among the constructs. These findings suggest that each construct captures a unique dimension of users' perceptions, intentions, and behaviours within the proposed model. One HTMT value slightly exceeds the threshold of 0.90, namely the relationship between Facilitating Condition and Performance Expectancy (HTMT = 0.918). This result is considered theoretically justifiable and does not undermine the measurement model's overall discriminant validity. Within the UTAUT framework, facilitating conditions and performance expectancy are conceptually related constructs. Facilitating conditions represent the availability of resources, infrastructure, and technical support, which can directly enhance users' perceptions of system usefulness and performance. Consequently, a degree of conceptual proximity between these constructs is expected and has been reported in prior technology adoption studies.

Moreover, the observed HTMT value only marginally exceeds the recommended threshold and does not indicate severe construct redundancy or multicollinearity issues. As this study does not conduct multi-group comparisons, strict measurement invariance across groups is not required. Therefore, the discriminant validity of the measurement model is deemed acceptable for subsequent structural model analysis.

5.3.2 Evaluation of the Measurement Model: Reliability Testing

The reliability of constructs can be assessed using two commonly applied methods: Cronbach's Alpha or Composite Reliability. These calculations determine the constructs' internal consistency and overall reliability within the measurement model. According to the established criteria, a construct is considered reliable if Cronbach's Alpha exceeds 0.6 or the Composite Reliability value exceeds 0.7. These thresholds indicate that the indicators within the construct are consistent in measuring the intended variable, ensuring the validity of the data used for analysis. The reliability test results, summarised in the table below, provide an overview of the internal consistency of the constructs examined in this study. The constructs were confirmed as dependable by meeting the specified criteria, forming a solid foundation for subsequent analysis.

Table 5.6 Reliability Test Results

Variabel	Composite Reliability	Cronbach's Alpha
Perceived Expectancy	0.882	0.833
Effort Expectancy	0.893	0.849
Sosial Influence	0.911	0.878
Perceived Value	0.900	0.874
Perceived Risk	0.916	0.893
Facilitating Condition	0.916	0.886
Trust	0.927	0.913
Behaviour Intention	0.872	0.818
Islamic P2P Financing Platform Usage	0.901	0.862

As shown in Table 5.6, Cronbach's Alpha values for the variables effort expectancy, performance expectancy, social influence, perceived value, perceived risk, behavioural intention, facilitating conditions, trust, and usage behaviour exceeded 0.6. Therefore, according to Cronbach's Alpha calculations, all indicators used to measure these variables were confirmed to be reliable.

5.3.3 Variable Measurement Model

The conversion of the path diagram into the measurement model can be known through the following explanation:

a. Variable Measurement Model: Performance Expectancy

The indicator measuring the performance expectancy variable can be seen in the table below:

Table 5.7 Performance Expectancy Variable Measurement

Variable	Indicators	Loading Factor
Performance Expectancy	PE1	0.751
	PE2	0.804
	PE3	0.817
	PE4	0.791
	PE5	0.708

The measurement model of the performance expectancy variable was as follows:

As the performance expectancy variable's measurement model revealed, each indicator significantly contributed to the overall measurement. Representing this portion of the variable's diversity, the loading factor of 75.1% indicated the usefulness of the Islamic P2P Financing Platform in everyday life (PE1). The indicator that the platform helped solve tasks faster (PE2) contributes 80,4% to performance expectancy. The most dominant indicator was that the platform increases productivity (PE3), with a loading factor of 81.7%. In addition, the platform being evaluated for its helpfulness (PE4) contributed 79.1% to the performance expectancy variable, while its ease of use (PE5) contributed 70.8%.

In summary, all indicators effectively measured different aspects of performance expectancy, with the most substantial contribution coming from the platform's ability to increase productivity (PE3). This indicator was the most influential in capturing beneficiaries' expectations of the platform's performance, highlighting its importance in the overall measurement of the variable. The other indicators, while slightly less dominant, still played critical roles in providing a comprehensive assessment of performance expectancy.

b. Variable Measurement Model Effort Expectancy

The indicator measuring the perceived expectancy variable can be seen in the table below:

Table 5.8 Effort Expectancy Variable Measurement

Variable	Indicators	Loading Factor
Effort Expectancy	EE1	0.752
	EE2	0.745
	EE3	0.883
	EE4	0.835
	EE5	0.730

The measurement model for the effort expectancy variable indicated that all indicators play a significant role in representing the variable. The indicator measuring the ease of using the Islamic P2P Financing Platform (EE1) had a loading factor of 75.2%, meaning it captures 74.5% of the variability in effort expectancy. Similarly, the ease of understanding and using the platform (EE2) contributes 74.0% to the effort expectancy variable. The interaction with the platform being clear and understandable (EE3) was the most influential indicator, with a loading factor of 88.3%, making it the dominant measure of effort expectancy. The indicator for the ease of learning to use the platform (EE4) accounted for 83.5% of the variance, showing it was also a strong contributor. Finally, the indicator for finding financing on the platform being easy to use (EE5) had a loading factor of 73.0%, showing its effectiveness in measuring effort expectancy.

Overall, these loading factors suggested that the indicators effectively capture the various aspects of effort expectancy. The clear and understandable interaction with the platform (EE3) emerged as the most significant contributor, highlighting its importance in the overall measurement of the variable. While slightly less influential, the other indicators still provided substantial contributions, ensuring that the effort expectancy variable was comprehensively measured through these diverse yet interconnected aspects. This model effectively represents the beneficiaries' expectations of ease when interacting with the Islamic P2P Financing Platform.

c. Variable Measurement Model Social Influence

The measuring indicators of social influence variables can be seen in the table below:

Table 5.9 Social Influence Variable Measurement

Variable	Indicators	Loading Factor
Social Influence	SI1	0.756
	SI2	0.844
	SI3	0.772
	SI4	0.851
	SI5	0.873

The measurement model of the social influence variable demonstrated that multiple indicators significantly contribute to its representation. With a loading factor of 75.6%, the indicator indicating friends' endorsement of the Islamic P2P Financing Platform (SI1) was lower than the family indicator (SI2), which has a loading factor of 84.4%. A major contribution of 77.2.9% to the social influence variable came from business partners who favour the platform (SI3). Furthermore, mentors who prefer the platform (SI4) exhibited a strong influence, as indicated by a loading factor of 85.1%. The platform (SI5), recommended by the community, stood out as the most influential indicator, with a loading factor of 87.3%.

In brief, these indicators were proficient in measuring social influence, with the community's recommendation (SI5) standing out as the most influential. Both family and mentor indicators played pivotal roles, with friends and business partners making moderate contributions. This model emphasised the varying levels of influence that different social groups wield over adopting the Islamic P2P Financing Platform, with community and family perspectives playing a particularly significant role. Based on the overall findings, it can be concluded that the utilisation of this platform was greatly influenced by social factors, specifically those derived from communities and close family members.

d. Variable Measurement Model Perceived Value

The indicator measuring the perceived value variable can be seen in the table below:

Table 5.10 Perceived Value Variable Measurement

Variable	Indicators	Loading Factor
Perceived Value	PV1	0.688
	PV2	0.715
	PV3	0.807
	PV4	0.831
	PV5	0.701
	PV6	0.696
	PV7	0.729
	PV8	0.647

The measurement model of the perceived value variable was as follows:

The measurement model of the perceived value variable indicated that multiple indicators contribute to its representation. The loading factor for the indicator of benefits following Islamic rules (PV1) for the Islamic P2P Financing Platform was 68.8%. In comparison, the loading factor for the indicator of advantageousness due to adherence to Islamic law (PV2) was 71.5%. The Financial Services Authority's (OJK) regulatory compliance indicator (PV3) contribution to the perceived value variable was 80.7%. An important factor to consider was the high compatibility of Shariah P2P Financing products with conventional P2P products, demonstrating compliance with Islamic rules (PV4) at an impressive loading factor of 83.1%.

Other indicators included the platform avoiding usury (PV5) with a loading factor of 70.1%, being profitable for learning Islamic transactions (PV6) with 69.6% and being advantageous in profit-sharing transactions (PV7) with 72.9%. The lowest contributing indicator was that the platform is profitable in Islamic value transactions (PV8), with a loading factor of 64.7%. Overall, the model highlighted that the most influential indicator in measuring perceived value was the compatibility of Shariah P2P Financing products with conventional ones, combined with compliance with Islamic

rules (PV4). This suggested that beneficiaries place significant importance on products aligning with conventional financial practices and Islamic principles.

e. Variable Measurement Model Perceived Risk

The indicator measuring the perceived risk variable can be seen in the table below:

Table 5.11 Perceived Risk Variable Measurement

Variable	Indicators	Loading Factor
Perceived Risk	PR2	0.811
	PR3	0.836
	PR4	0.778
	PR5	0.732
	PR6	0.793
	PR7	0.758
	PR8	0.748

The measurement model employed for the perceived risk variable emphasised diverse indicators and their individual contributions. With a loading factor of 81.1%, the indicator denoting heightened financial risk (PR2) associated with utilising the Islamic P2P Financing Platform accounted for 83.6% of the perceived risk variable. With a loading factor of 77.8%, the indicator of uncertainty within the Islamic P2P Financing Platform (PR3) emerged as the most influential factor in evaluating perceived risk.

Furthermore, there was a lack of sufficient legal safeguards for mobile money transactions (PR4), scoring at 73.2% loading factor, and a potential hazard linked to utilising the Islamic P2P Financing Platform (PR5), rated at 79.3%. Operational disruption (PR6) carried a loading factor of 79.1%, while the risk to personal data (PR7) represented 75.8%. Lastly, it is worth noting that the indicator concerning legal abuse (PR8) had a significant impact of 74.8% on the perceived risk variable.

Overall, the model revealed that the most influential perceived risk was the uncertainty associated with the Islamic P2P Financing Platform (PR3), followed closely by the financial risks (PR2) and the potential for operational disruption (PR6). These indicators collectively provided a comprehensive understanding of the perceived risks of using Islamic P2P Financing Platforms.

f. Measurement Model of Variable Behaviour Intention

The measuring indicators of the variable behaviour intention can be seen in the table below:

Table 5.12 Behaviour Intention Variable Measurement

Variable	Indicators	Loading Factor
Behaviour Intention	BI1	0.693
	BI2	0.763
	BI3	0.827
	BI4	0.830
	BI5	0.675

The behaviour intention measurement model revealed the contributions of different indicators to this variable. The loading factor of 69.3% for the indicator representing the intent to use the Islamic P2P Financing Platform (BI1) showed that it contributed to 69.3% of the behaviour intention variable. With a contribution of 82.7%, the BI3 indicator, indicating the intent to continue using the platform, was even more significant. The primary indicator, exhibiting a loading factor of 83.0%, was the commitment to sustain the Islamic P2P Financing Platform (BI4) usage, thus establishing its paramount role in gauging behavioural intention. Finally, the indicator indicating the inclination to utilise this platform over competing options (BI5) contributed to 67.5%. The model generally underscored that the primary determinant of behavioural intention was maintaining platform usage (BI4), closely followed by the intent to continue using it (BI3). When taken as a whole, these indicators offered a comprehensive understanding of the various factors that influence beneficiaries' behavioural intentions towards Islamic P2P financing platforms.

g. Facilitating Condition Variable Measurement Model

The indicators measuring the facilitating condition variables can be seen in the table below:

Table 5.13 Facilitating Condition Variable Measurement

Variable	Indicators	Loading Factor
Facilitating Condition	FC1	0.852
	FC2	0.851
	FC3	0.812
	FC4	0.830
	FC5	0.798

The measurement model of facilitating condition variables is as follows:

The measurement model employed to assess facilitating conditions demonstrated the significance of multiple indicators within this field. The indicator demonstrating the availability of essential resources for utilising the Islamic P2P Financing Platform (FC1) had the highest loading factor at 85.2%. This value signified its vital contribution in assessing facilitating conditions. Likewise, the indicator measuring the level of expertise required to operate the platform (FC2) exhibited a loading factor of 85.1%, underscoring its utmost importance. The factor of technology compatibility for the Islamic P2P Financing Platform with other technologies (FC3) was 81.2%, with platform products and services availability (FC4) contributing 83.0%. In addition, the platform (FC5) exhibited an impressive 79.8% transaction smoothness. Overall, the model underscored the significance of possessing the necessary resources (FC1) as the dominant factor in measuring facilitating conditions, while other indicators also made noteworthy contributions to the overall evaluation.

h. Trust Variable Measurement Model

The indicator of measuring the trust variable can be seen in the table below:

Table 5.14 Trust Variable Measurement

Variable	Indicators	Loading Factor
Trust	TR1	0.69
	TR2	0.74
	TR3	0.73
	TR4	0.69
	TR5	0.74
	TR6	0.78
	TR7	0.75
	TR8	0.78
	TR9	0.78
	TR10	0.77

Several significant indicators were highlighted in the measurement model for trust in the Islamic P2P Financing Platform. The trust indicator associated with facilitating the platform (TR1) exhibited a loading factor of 68.8%, indicating a substantial contribution to the representation of trust variables. The indicator TR2, which demonstrated that the platform met expectations, had a loading factor of 73.9%, whereas TR3, representing the loss from unprocessed transactions, accounted for 73.4%. A loading factor of 69.9% indicated the need for caution when using the TR4 platform. The perception of the platform as honest, as indicated by 5, accounted for 74.1% of the total. The platform (TR7) requires careful consideration, with a loading factor of 75.1%, and enjoys a general trust level of 78.1% (TR8). A loading factor of 77.7% indicated the platform's reliability (TR9), whereas trust in its service (TR10) was measured at 77.4%. The trustworthiness (TR6) and general trust (TR8) indicators exhibited the highest loadings, at 78.1%. These indicators were of utmost importance for accurately measuring trust variables within the Islamic P2P Financing Platform, underscoring their significant role in assessing user confidence.

i. Variable Measurement Model Use Behaviour

The measuring indicators of the use behaviour variable can be seen in the table below:

Table 5.15 Use Behaviour Variable Measurement

Variable	Indicators	Loading Factor
Use Behaviour	UB1	0.74
	UB2	0.80
	UB3	0.85
	UB4	0.85
	UB5	0.78

The measurement model for the use of behaviour variables provided insights into how different indicators contribute to explaining the diversity of this construct. The indicator "using the Islamic P2P Financing Platform for the future" (UB1) accounted for 74.7% of the variance in the use behaviour variable. This suggested that beneficiaries' future intentions to utilise the platform played an important role in defining their overall behaviour. Similarly, the indicator "frequent use of the Islamic P2P Financing Platform" (UB2) showed a slightly higher loading factor of 79.9%, further reinforcing the importance of consistent usage patterns in shaping the behavioural variable. The indicator "frequent use of the Islamic P2P Financing Platform" (UB3) contributed the most, accounting for 84.7%, underscoring the critical role of regular interaction with the platform in representing user behaviour.

Among the indicators, "continued use of the Islamic P2P Financing Platform" (UB4) emerged as the most dominant, with the highest loading factor value of 84.8%. This finding suggested that beneficiaries' ongoing commitment to the platform was the strongest predictor of use behaviour, making it a crucial focus area for enhancing platform retention. Additionally, the indicator "introducing the Islamic P2P Financing Platform to friends" (UB5) contributed 77.1% to the diversity of the use behaviour variable. This reflected the social dimension of user behaviour, where recommendations and referrals play an influential role. Together, these indicators collectively captured

various facets of user engagement with the platform, from personal intentions and usage frequency to social advocacy.

The dominance of UB4 as the highest-loading indicator underscored the importance of sustained usage in measuring behavioural variables. Beneficiaries who indicated a strong likelihood of continuing to use the platform provided a robust measure of engagement and loyalty. In contrast, other indicators, such as UB5, while slightly lower in their contribution, highlighted the potential of word-of-mouth advocacy to enhance platform adoption and usage. These findings emphasised the need for targeted strategies to foster both regular usage and user loyalty while leveraging social influence to drive growth. Collectively, the measurement model provided a comprehensive view of how different aspects of user behaviour interact to shape engagement with the Islamic P2P Financing Platform.

5.3.4 Model Fit and Predictive Relevance Assessment

In accordance with recent methodological advancements in Partial Least Squares Structural Equation Modelling (PLS-SEM), this study prioritised predictive relevance and model-based fit measures over reliance on a single global goodness-of-fit index. Several scholars have explicitly cautioned against interpreting an overall Goodness of Fit (GOF) index in PLS-SEM, as it may obscure potential model misspecifications and provide limited diagnostic value for prediction-oriented models. (Hair & Alamer, 2022; Henseler & Sarstedt, 2013). Therefore, this study focused primarily on the coefficient of determination (R^2), Q^2 (predictive relevance), and model-based fit indices, while the GOF index is reported only as supplementary information.

5.3.4.1 Coefficient of Determination and Predictive Relevance (Q^2)

The coefficient of determination (R^2) quantifies the proportion of variance in the endogenous variables explained by the exogenous constructs. The results indicate that behavioural intention accounts for 0.610 of the variance (R^2), suggesting that perceived

expectancy, effort expectancy, social influence, perceived value, and perceived risk jointly explain 61.0% of the variance in behavioural intention. The use of Islamic P2P financing platforms yields an R^2 of 0.544, indicating that the proposed model explains 54.4% of the variance in actual platform usage.

To further assess the model's predictive capability, Q-square predictive relevance (Q^2) was calculated using the blindfolding procedure. The resulting Q^2 value of 0.823 demonstrates strong predictive relevance, confirming that the model has substantial out-of-sample predictive power (Hair et al., 2022; Hair et al., 2023). This finding supports the model's appropriateness for explaining behavioural intention and usage behaviour in the context of Islamic P2P financing.

5.3.4.2 Model-Based Fit: SRMR and Complementary Indices

Model-based fit was assessed using the Standardised Root Mean Square Residual (SRMR). The SRMR value obtained in this study is 0.079, which is below the recommended threshold of 0.08 and thus indicates an acceptable model fit (Henseler et al., 2013). Nevertheless, as the SRMR value is close to the cutoff, this result should be interpreted with caution. Hair et al. (2022) emphasised that SRMR values approaching the threshold may still signal minor specification issues. To address this concern, additional model-based fit indicators were examined and were consistent with the SRMR result, suggesting no evidence of serious misspecification. Collectively, these results indicate that the structural model achieves an acceptable level of fit while remaining consistent with the predictive orientation of PLS-SEM.

5.3.4.3 Effect Size (f^2)

Effect size (f^2) was assessed to evaluate the relative contribution of each exogenous construct to the endogenous variables. The findings show that social influence exerts a moderate effect on behavioural intention, whereas perceived expectancy, effort expectancy, and perceived value demonstrate small effects. Perceived risk exhibits a

negligible effect. Regarding the use of Islamic P2P financing platforms, trust is the most influential predictor, with a moderate effect size, followed by perceived value, facilitating conditions, and behavioural intention, which have small effects. These results reinforce prior findings that emphasise the importance of trust and value perceptions in explaining actual usage behaviour beyond behavioural intention (Hair et al., 2023).

Table 5.16 Effect Size (f^2)

Exogenous Variable	Endogenous Variable	f-square
Perceived Expectancy	Behaviour Intention	0.026
Effort Expectancy	Behaviour Intention	0.049
Sosial Influence	Behaviour Intention	0.220
Perceived Value	Behaviour Intention	0.023
Perceived Risk	Behaviour Intention	0.002
Perceived Expectancy	Islamic P2P Financing Platform Usage	0.015
Effort Expectancy	Islamic P2P Financing Platform Usage	0.00004
Sosial Influence	Islamic P2P Financing Platform Usage	0.001
Perceived Value	Islamic P2P Financing Platform Usage	0.081
Perceived Risk	Islamic P2P Financing Platform Usage	0.009
Facilitating Condition	Islamic P2P Financing Platform Usage	0.021
Trust	Islamic P2P Financing Platform Usage	0.180
Behaviour Intention	Islamic P2P Financing Platform Usage	0.032

The effect size analysis indicates that most determinants exert relatively small influences on behavioural intention, except for social influence, which demonstrates a moderate effect ($f^2 = 0.220$). Performance expectancy ($f^2 = 0.026$), effort expectancy ($f^2 = 0.049$), and perceived value ($f^2 = 0.023$) show small but meaningful contributions to intention formation, suggesting that functional usefulness, ease of use, and value considerations support adoption decisions, although they are not dominant drivers. In contrast, perceived risk exhibits a negligible effect ($f^2 = 0.002$), indicating that risk perceptions do not meaningfully shape behavioural intention in the context of Islamic P2P financing adoption.

Regarding actual platform usage, most technological perception variables show negligible direct effects, confirming that a more selective set of determinants drives usage behaviour. Trust emerges as the most influential factor with a moderate effect

size ($f^2 = 0.180$), highlighting the critical importance of institutional credibility and Shariah compliance in sustaining user engagement. Perceived value ($f^2 = 0.081$), facilitating conditions ($f^2 = 0.021$), and behavioural intention ($f^2 = 0.032$) demonstrate small yet relevant effects, indicating that value perception, infrastructural support, and intention contribute modestly to usage behaviour. Overall, the findings suggest that the adoption of Islamic P2P platforms is more strongly shaped by social endorsement and trust-based mechanisms than by purely technological considerations.

5.3.5 Hypothesis Testing

5.3.5.1 Testing the Direct Influence Hypothesis

The direct-effect hypothesis testing was conducted to examine whether exogenous variables exert a statistically significant influence on endogenous variables without mediation. The decision rule states that a direct effect is considered statistically significant if the path coefficient (β) is positive and the one-tailed probability value (p-value) is less than or equal to the level of significance ($\alpha = 5\%$). The results of the direct-effect hypothesis testing are presented in Table 5.17.

Table 5.17 Direct Effect Hypothesis Testing Results

Hypothesis	Exogenous Variables	Endogenous Variables	Path Coefficients	T Statistics	P Values	Decision
H1a	Perceived Expectancy	Behaviour Intention	0.173	2.254	0.012	Supported
H2a	Effort Expectancy	Behaviour Intention	0.161	2.880	0.002	Supported
H3a	Sosial Influence	Behaviour Intention	0.469	6.467	0.000	Supported
H4	Facilitating Condition	Islamic P2P Financing Platform Usage	-0.237	2.208	0.014	Supported
H5a	Perceived Value	Behaviour Intention	0.114	2.274	0.011	Supported
H6a	Perceived Risk	Behaviour Intention	-0.030	0.654	0.257	Not Supported

Hypothesis	Exogenous Variables	Endogenous Variables	Path Coefficients	T Statistics	P Values	Decision
H1b	Perceived Expectancy	Islamic P2P Financing Platform Usage	0.153	1.649	0.050	Not Supported
H2b	Effort Expectancy	Islamic P2P Financing Platform Usage	0.005	0.100	0.460	Not Supported
H3b	Sosial Influence	Islamic P2P Financing Platform Usage	0.052	0.428	0.334	Not Supported
H5b	Perceived Value	Islamic P2P Financing Platform Usage	0.246	3.859	0.000	Supported
H6b	Perceived Risk	Islamic P2P Financing Platform Usage	-0.084	1.312	0.095	Not Supported
H7	Trust	Islamic P2P Financing Platform Usage	0.404	4.918	0.000	Supported
H8	Behaviour Intention	Islamic P2P Financing Platform Usage	0.198	2.919	0.002	Supported

Structural Model 1: Determinants of Behavioural Intention

$$BI = 0.173 PE + 0.161 EE + 0.469 SI + 0.114 PV - 0.030 PR$$

The first structural model explains behavioural intention (BI) to adopt Islamic P2P financing platforms as a function of performance expectancy (PE), effort expectancy (EE), social influence (SI), perceived value (PV), and perceived risk (PR). The model demonstrates that social influence ($\beta = 0.469$) is the strongest predictor of behavioural intention, indicating that peer endorsement, community norms, and social legitimacy largely shape adoption decisions. This finding is consistent with prior empirical studies in emerging and collectivist societies, where interpersonal networks play a central role in technology diffusion. Performance expectancy ($\beta = 0.173$) and effort expectancy ($\beta = 0.161$) also significantly influence behavioural intention,

confirming the continued relevance of perceived usefulness and ease of use as core UTAUT determinants, as widely documented in fintech adoption literature. Perceived value ($\beta = 0.114$) shows a positive but relatively modest effect, suggesting that users consider both economic and ethical benefits when forming adoption intentions. In contrast, perceived risk ($\beta = -0.030$) does not exert a significant influence, implying that regulatory assurance and increasing familiarity with fintech services may reduce the behavioural relevance of perceived risk in the Indonesian Islamic fintech environment.

Structural Model 2: Determinants of Islamic P2P Platform Usage

$$UB = 0.153 PE + 0.005 EE + 0.052 SI + 0.246PV - 0.084PR - 0.237FC + 0.404TR + 0.198BI$$

The second structural model explains actual platform usage (B) as a function of technological perceptions, institutional factors, and behavioural intention:

The results indicate that trust ($\beta = 0.404$) is the most influential determinant of actual usage, highlighting the critical role of credibility, transparency, and Shariah compliance in sustaining user engagement. Behavioural intention ($\beta = 0.198$) also significantly influences usage, supporting the central UTAUT proposition that intention functions as a key behavioural mechanism translating perceptions into actual adoption. Perceived value ($\beta = 0.246$) has a significant direct effect on usage, suggesting that continued engagement depends not only on initial perceptions of usefulness but also on sustained value perceptions. In contrast, performance expectancy, effort expectancy, and social influence do not exert significant direct effects on usage, indicating that their impact operates primarily through behavioural intention rather than directly influencing post-adoption behaviour. Facilitating conditions ($\beta = -0.237$) show a significant negative relationship, suggesting that infrastructural or operational constraints may still hinder effective utilisation despite high behavioural readiness. Meanwhile, perceived risk remains non-significant, reinforcing the earlier finding that institutional assurance and platform trust may neutralise risk-related barriers to adoption.

The two structural models above indicate a two-stage adoption mechanism. The first stage is intention formation, primarily driven by social influence, perceived usefulness, ease of use, and perceived value. The second stage is actual usage, which is predominantly determined by trust, perceived value, and behavioural intention. This pattern is consistent with prior fintech adoption research, which shows that psychological and social perceptions shape intention. In contrast, institutional confidence and value realisation become more decisive during the usage stage.

Overall, the findings confirm the applicability of the extended UTAUT framework for explaining Islamic P2P financing adoption and demonstrate that, in Islamic fintech contexts, trust and social legitimacy function as structural drivers that complement traditional technology acceptance variables.

5.3.5.2 Testing the Indirect Influence and Mediation Hypothesis

Hypothesis testing for indirect effects was conducted to examine the effect of exogenous variables on endogenous variables via mediating variables. According to the test criteria, if the p-value is less than or equal to the significance level ($\alpha = 5\%$), it indicates a significant indirect effect of the exogenous variables on the endogenous variables via the mediation variables. The mediation analysis in this study is primarily based on bootstrapping procedures, rather than relying solely on the causal steps approach. Although the causal steps approach was initially used to provide a conceptual overview of the mediation mechanism, statistical inference regarding mediation effects is drawn from bootstrapping with 5,000 resamples. This approach enables a more robust assessment of indirect effects by estimating 95% confidence intervals (CIs). An indirect effect is considered statistically significant when the confidence interval does not include zero. Table 5.18 summarises the results of hypothesis testing for indirect effects and mediation.

Table 5.18 The Hypothesis of Indirect Influence and Mediation

Hypothesis	Indirect Path	Indirect Effect (β)	t-statistic	p-value	95% CI Lower (BC)	95% CI Upper (BC)	Decision
H9a	Performance Expectancy → Behavioural Intention → Usage	0.0315	1.7736	0.0762	0.0058	0.0837	Supported
H9b	Effort Expectancy → Behavioural Intention → Usage	0.0308	2.0431	0.0411	0.0088	0.0725	Supported
H9c	Social Influence → Behavioural Intention → Usage	0.0910	2.4139	0.0158	0.0278	0.1804	Supported
H9d	Perceived Value → Behavioural Intention → Usage	0.0211	1.7735	0.0762	0.0041	0.0544	Supported
H9e	Perceived Risk → Behavioural Intention → Usage	-0.0113	1.0890	0.2762	-0.0383	0.0038	Not supported

An indirect effect analysis was conducted to examine whether the exogenous variables influence Islamic P2P platform usage via behavioural intention. The results indicate that performance expectancy, effort expectancy, social influence, and perceived value have significant indirect effects on usage through behavioural intention (H9a–H9d), confirming that these perception-based factors primarily influence actual usage by first shaping users' intention to adopt the platform. Among these relationships, social influence shows the strongest indirect effect, highlighting the importance of peer endorsement and social norms in the Indonesian adoption context. In contrast, perceived risk does not exhibit a significant indirect effect (H9e), indicating that risk perceptions do not meaningfully translate into usage behaviour through behavioural intention.

Based on the combined evaluation of direct and indirect effects, behavioural intention functions as a partial mediator for performance expectancy and perceived value, a full mediator for effort expectancy and social influence, and no mediation for perceived risk. Overall, these findings confirm that behavioural intention is a key

mechanism of behavioural transmission, linking selected UTAUT constructs to actual use of Islamic P2P platforms, consistent with prior UTAUT-based empirical studies on digital finance adoption.

5.3.6 Discussion of Hypothesis Testing Results

The hypothesis-testing results indicate that the determinants of Islamic P2P financing adoption operate through distinct pathways involving intention formation, trust-based behavioural execution, and selective mediation effects.

First, the results confirm that performance expectancy, effort expectancy, social influence, and perceived value significantly influence behavioural intention (H1a, H2a, H3a, and H5a supported). These findings are consistent with the core propositions of the UTAUT framework, which emphasise that perceived usefulness, ease of use, and social endorsement shape individuals' willingness to adopt digital financial technologies. Prior studies have shown that performance expectancy and effort expectancy are critical drivers of behavioural intention in Islamic FinTech contexts, as users seek both technological efficiency and user-friendly features aligned with their values (Kurniaputri & Fatwa, 2022; Wibowo & Bakri, 2024)

Social influence also emerged as a prominent factor, particularly in collectivist cultures such as Indonesia, where community endorsement and peer perceptions significantly affect individual decision-making regarding the adoption of Islamic digital finance (Aisyah et al., 2023). Moreover, the significance of perceived value underscores that users evaluate not only functional benefits but also ethical, spiritual, and communal alignment before engaging with Islamic P2P platforms (Ajija & Salama, 2024; Maksum et al., 2025).

However, the results show that performance expectancy, effort expectancy, and social influence do not exert significant direct effects on actual usage (H1b, H2b, H3b not supported), indicating that these constructs primarily operate indirectly through behavioural intention rather than directly translating into continued platform use. This finding aligns with extended UTAUT studies showing that technological perceptions

are often distal determinants of behaviour, while proximal behavioural execution is driven by intention and trust (Mansyur & Ali, 2022b; Wibowo & Bakri, 2024).

Recent studies in Islamic FinTech adoption contexts in Indonesia also report similar patterns, where users' functional expectations (e.g., ease of use or usefulness) influence intention, but their actual continued use depends more heavily on affective trust and perceived Shariah compliance (Ajija & Salama, 2024; Suswanto et al., 2025). The lack of direct effects further confirms that Islamic P2P platforms operate within a dual-layered behavioural logic—where perceived performance and peer influence shape intention, but actual usage is contingent on deeper institutional and ethical assurances (Alsmadi & Al Omoush, 2025b; Purnama Sari & Haryono, 2025).

The analysis further demonstrates that trust and behavioural intention significantly influence actual platform usage (H7 and H8 supported), confirming that sustained engagement with Islamic P2P financing platforms depends strongly on institutional credibility, transparency, and perceived Shariah compliance. This finding is consistent with prior studies showing that trust, particularly in Shariah governance and ethical oversight, plays a central role in sustaining the continued use of Islamic digital finance tools (Maksum et al., 2025; Purnama Sari & Haryono, 2025; Wibowo & Bakri, 2024). In contrast, facilitating conditions do not show a significant effect on usage (H4 not supported), suggesting that infrastructural readiness and technological access are no longer primary constraints among the sampled users. Similar findings were reported by Suswanto et al. (2024), who noted that the maturity of Indonesia's digital infrastructure diminishes the predictive power of facilitating conditions.

Regarding value-based and risk-based constructs, perceived value significantly influences behavioural intention and usage (H5a supported; H5b supported where applicable), indicating that users evaluate Islamic P2P platforms based on both functional and ethical value propositions. This supports the argument that in Islamic FinTech, value perceptions are shaped not only by convenience and efficiency but also by religious alignment and community benefit (Ajija & Salama, 2024; Alsmadi & Al Omoush, 2025b). Conversely, perceived risk does not significantly affect intention or usage (H6a and H6b not supported), implying that regulatory assurance, increasing

familiarity with fintech services, and trust in Shariah-compliant governance may mitigate the behavioural relevance of risk perceptions (Maniam, 2024; Sari, 2025). Studies in this domain suggest that the ethical framing of Islamic fintech platforms can serve as a psychological buffer that neutralises risk aversion (Mansyur & Ali, 2022).

The mediation analysis further clarifies the mechanism of adoption. Behavioural intention significantly mediates the relationships between performance expectancy, effort expectancy, social influence, and perceived value and platform usage (H9a–H9d supported), confirming the intention-driven behavioural pathway proposed by UTAUT. This finding aligns with empirical evidence that, in digital Islamic finance contexts, the effects of functional and social factors are largely mediated by users' willingness to adopt, rather than directly influencing behaviour (Ajija & Salama, 2024; Wibowo & Bakri, 2024). In contrast, no mediation effect is observed for perceived risk (H9e not supported), reinforcing the earlier finding that risk perceptions play a limited role in shaping Islamic P2P adoption behaviour in this context. Recent studies have suggested that Shariah-compliant structures and increased regulatory visibility may buffer the salience of perceived risk (Maniam, 2024; Sari, 2025).

Overall, the hypothesis-testing results indicate that Islamic P2P financing adoption is primarily shaped by intention-mediated behavioural mechanisms and trust-driven usage pathways. In contrast, perceived risk and infrastructural conditions play relatively limited roles. This pattern suggests that adoption in Islamic digital finance environments is influenced more strongly by social legitimacy, perceived value, and institutional trust than by purely technological or structural factors (Maksum et al., 2025; Purnama Sari & Haryono, 2025; Suswanto et al., 2025). This supports recent refinements of the UTAUT model that advocate for incorporating ethical, institutional, and religio-social dimensions in technology acceptance models tailored to faith-based financial systems (Alsmadi & Al Omoush, 2025b; Mansyur & Ali, 2022a).

5.4 RQ 1: WHAT ARE THE MAIN FACTORS INFLUENCING THE ADOPTION OF ISLAMIC P2P FINANCING SERVICES PLATFORMS IN INDONESIA BASED ON THE UTAUT MODEL?

The quantitative findings addressing Research Question 1 indicate that the adoption of Islamic P2P financing platforms in Indonesia is primarily influenced by behavioural intention and trust. In contrast, performance expectancy, effort expectancy, social influence, and perceived value significantly shape intention formation. Among these constructs, social influence emerges as the strongest determinant of behavioural intention, whereas trust represents the most dominant direct predictor of actual platform usage. These results broadly confirm the explanatory relevance of the UTAUT framework while simultaneously revealing the contextual importance of socio-relational and trust-based mechanisms in Islamic fintech environments.

The strong role of social influence suggests that adoption decisions in the Indonesian context are embedded in collective endorsement, peer recommendations, and community validation, consistent with empirical studies in collectivist societies, where social norms significantly shape financial behaviour. Performance expectancy and effort expectancy also demonstrate significant but comparatively weaker effects, indicating that perceived usefulness and ease of use function primarily as baseline enablers of technology acceptance rather than dominant drivers of behavioural intention. Similarly, perceived value contributes positively to intention, reflecting users' evaluation of both economic benefits and perceived ethical value associated with Shariah-compliant financial services.

In contrast, perceived risk does not significantly influence behavioural intention or usage behaviour. This finding suggests that regulatory assurance, increasing familiarity with digital financial services, and confidence in Shariah-compliant operational frameworks may reduce the behavioural relevance of perceived risk in Islamic fintech adoption. Likewise, facilitating conditions do not significantly influence usage behaviour, indicating that infrastructural readiness and technological access are no longer the principal barriers among the sampled users, particularly within digitally connected populations.

Most importantly, trust emerges as the most stable and powerful determinant of actual platform usage, exceeding the influence of traditional UTAUT constructs. This finding aligns with prior Islamic fintech studies demonstrating that institutional credibility, platform transparency, and perceived Shariah compliance function as key behavioural anchors in sustaining the use of financial technology. The results, therefore, suggest that adoption in Islamic P2P financing is driven not only by technological acceptance mechanisms but also by institutional legitimacy and confidence in the ethical governance of financial platforms.

From a Maqāṣid al-Sharī'ah perspective, these findings indicate that Islamic P2P financing adoption contributes not only to technological acceptance but also to the preservation of fundamental Shariah objectives. The dominant role of trust reflects the principle of ḥifẓ al-māl (protection of wealth), as users prioritise financial mechanisms that safeguard assets through Shariah-compliant governance. The influence of social endorsement aligns with ḥifẓ al-dīn and ḥifẓ al-'ird, where financial decisions are validated within religious and communal norms. Meanwhile, the positive role of perceived value indicates that users evaluate platforms not solely in economic terms but also in ethical alignment, reinforcing financial dignity and socio-economic well-being (ḥifẓ al-nafs). Thus, Islamic P2P financing adoption in Indonesia reflects a behavioural mechanism that is technologically enabled yet normatively anchored within maqāṣid-oriented financial ethics.

Overall, the findings show that the adoption of Islamic P2P financing platforms in Indonesia is driven by an integrated behavioural mechanism in which functional perceptions, social endorsement, and institutional trust operate through distinct yet complementary pathways. Performance expectancy, effort expectancy, social influence, and perceived value primarily influence platform usage indirectly through behavioural intention, thereby confirming the intention-mediated pathway proposed in UTAUT. Among these factors, social influence plays the most significant role in shaping intention, reflecting the collectivist and relational decision-making style of Indonesian users. In contrast, trust has a strong direct impact on actual platform use, indicating that institutional credibility, transparency, and perceived Shariah compliance are crucial for ongoing adoption beyond technological factors. The lack of significant effects of perceived risk and facilitating conditions suggests that adoption barriers are no longer

primarily technical or infrastructural, but rather behavioural and institutional. Together, these results extend the UTAUT framework by showing that Islamic fintech adoption involves a dual-path mechanism: an intention-mediated technological route and a trust-based institutional pathway. This provides a more context-sensitive understanding of the adoption of digital Islamic finance and its role in promoting financial inclusion.

5.5 CHAPTER SUMMARY

This chapter presents a quantitative analysis examining the determinants of behavioural intention and actual usage of Islamic P2P financing platforms in Indonesia, using Partial Least Squares Structural Equation Modelling (PLS-SEM) within an extended UTAUT framework. The measurement model assessment confirmed that all constructs satisfied the required thresholds for reliability and validity, including convergent and discriminant validity, indicating that the indicators were appropriate for measuring the underlying constructs. The structural model evaluation demonstrated satisfactory explanatory and predictive performance, providing a robust basis for hypothesis testing.

The results show that behavioural intention is significantly influenced by social influence, performance expectancy, effort expectancy, and perceived value, while perceived risk does not exert a significant effect. Among these predictors, social influence is the most dominant determinant of intention formation, underscoring the importance of collective norms and peer endorsement in shaping adoption decisions in the Indonesian context. In terms of actual usage behaviour, the analysis indicates that behavioural intention and trust are the primary determinants of platform usage, with trust emerging as the strongest predictor. This finding underscores the critical role of credibility, transparency, and Shariah compliance in sustaining user engagement. Facilitating conditions, however, were insignificant, suggesting that infrastructural and technological readiness are no longer major constraints in the current digital environment. The mediation analysis further demonstrates that behavioural intention serves as a key mechanism linking several perception-based variables to actual platform usage, confirming a partial mediation structure consistent with extended UTAUT applications. Collectively, the results indicate that adoption of Islamic P2P financing

platforms in Indonesia is shaped more by social influence, trust, and behavioural intention than by purely technical considerations.

Overall, the chapter provides empirical evidence supporting the applicability of the extended UTAUT model in explaining Islamic fintech adoption, while highlighting the contextual importance of social norms and trust-based mechanisms. These quantitative findings establish the analytical foundation for the subsequent qualitative analysis, which further explores the contextual and institutional factors shaping the adoption of Islamic P2P financing and its contribution to financial inclusion.



CHAPTER SIX

QUALITATIVE FINDINGS AND DISCUSSION

6.1 INTRODUCTION

This chapter presents the findings and discussion from the qualitative stage. The beneficiaries, providers, and stakeholders of Indonesia's Islamic P2P financing platform have their own reasons and opinions regarding the adoption of Islamic FinTech to improve financial inclusion, particularly Islamic P2P financing services in Indonesia. This chapter will discuss the answers from beneficiaries interviewed regarding socio-cultural and religious drivers in adopting and using Islamic P2P financing on the demand side. Furthermore, the answer for Islamic P2P providers and stakeholders is to provide a solution to the problem on the supply side. The information from beneficiaries, platform providers, and stakeholders will provide new data that will be elaborated on to answer RQ2 and RQ3 and explore the factors that drive the adoption of Islamic P2P financing service platforms from the perspective of the beneficiaries and platform providers.

6.2 SPECIFIC CHARACTERISTICS OF RESPONDENT

In the qualitative phase of the research, a diverse group of informants is crucial for gathering comprehensive and varied insights. Specifically, the study focused on why beneficiaries utilise various Islamic P2P financing services platforms. These individuals were selected to provide detailed and expansive responses that extend beyond the scope of standard questionnaire inquiries. The data was instrumental in enriching the research and allowing for a more nuanced understanding of the subject matter. Acquiring these informants involved reaching out to different communities and networks. It was paramount to ensure that a wide range of perspectives was represented, thereby enhancing the reliability and validity of the research findings. The informants were

carefully chosen based on their experiences and the depth of knowledge they could offer regarding the Islamic P2P financing services platform.

To respect and protect the privacy of the informants, their identities were kept confidential. This measure was ethical and crucial to ensure the informants felt comfortable and safe sharing honest and unguarded opinions. The confidentiality agreement underscored that the interviews were conducted solely for academic research purposes, not for commercial or public dissemination. The interviews with these informants were conducted using the Zoom platform, which offered flexibility and convenience for both the researchers and the informants. This digital approach also allowed for a wider geographical reach, enabling the participation of informants who might otherwise have been inaccessible due to physical distance. In total, eight (8) beneficiaries, five (5) Islamic P2P financing providers and five (5) stakeholder informants participated in these interviews. Each informant brought a unique perspective and set of experiences, contributing to a rich and varied dataset. Their insights are expected to be pivotal in completing the mixed-methods research effectively, providing a deeper understanding of the dynamics.

Table 6.1 Profiles of the Participants-Beneficiaries

No	Informant Beneficiaries Code	Gender	Islamic P2P Financing	Location
1	BN 01	male	Alami	West Java
2	BN 02	male	Alami	East Java
3	BN 03	female	Amanna	West Kalimantan
4	BN 04	female	Amanna	Lampung
5	BN 05	female	Ethis	DKI Jakarta
6	BN 06	male	Alami	West Java
7	BN 07	male	Dana Syariah	DKI Jakarta
8	BN 08	Male	Berkah	DKI Jakarta

Table 6.1 presents the profile of the beneficiaries of the Islamic P2P financing platforms involved in this research, focusing on RQ 2. Eight (8) individuals, comprising five men and three women, are beneficiaries of the Alami, Amanna, Investree, Dana

Syariah, and Berkah Fintech Syariah platforms. These individuals hail from various locations in Indonesia, including West Java, East Java, West Kalimantan, DKI Jakarta, and Lampung.

Table 6.2 Profiles of the Participants' Islamic P2P Provider Representatives

No	Informant Providers Code	Islamic P2P Financing Platform	Current Position	Working Experience
1	MGT01	Ethis	CEO	7 years
2	MGT02	Alami	Director	3 years
3	MGT03	Ammana Syariah	CFO	5 years
4	MGT04	Qazwa	Shariah Supervisory Board	4 years
5	MGT04	Dana Syariah	CEO	5 years

To answer RQ 3, it is necessary to interview the Islamic P2P financing platform managers. As seen in Table 6.2 above, the informants' positions vary, including CEO, Research Director, CFP, and Shariah Supervisory Board, who directly manage Islamic P2P Financing in Indonesia.

6.3 RQ 2: TO WHAT EXTENT DO THE SPECIFIC SOCIO-CULTURAL AND RELIGIOUS FACTORS DRIVE BENEFICIARIES' ADOPTION OF AN ISLAMIC P2P FINANCING SERVICES PLATFORM IN INDONESIA?

This study employs thematic analysis to systematically explore and interpret the factors influencing the adoption of Islamic P2P financing FinTech platforms. The analysis is structured around key themes derived from the conceptual framework, focusing on demand-side adoption (beneficiaries) and supply-side platform development (service providers and stakeholders). Using ATLAS.ti, the thematic coding process involves identifying, categorising, and analysing patterns within qualitative data to generate meaningful insights.

The qualitative findings indicate that socio-cultural and religious factors drive the adoption of Islamic P2P financing platforms in Indonesia to a substantial and multi-

layered extent. Rather than functioning as peripheral influences, these factors operate as primary interpretative lenses through which beneficiaries judge the acceptability, legitimacy, and safety of Islamic P2P financing. Across interviews, two higher-order themes—(i) socio-cultural norms of debt and household finance, and (ii) religious commitment and moral legitimacy—collectively shaped both initial adoption and continued use. Importantly, these drivers work not only as independent motivations but also as mechanisms that reinforce trust, reduce stigma, and justify financial decisions within families and communities.

This subchapter discusses the qualitative findings from the in-depth interviews conducted with ten respondents.

6.3.1 Theme 1 Socio-cultural Drivers of Adoption

This theme demonstrates that adoption is strongly shaped by the socio-cultural meaning attached to borrowing and financial responsibility, as well as by household-level resources and financial capability. Using second-level (axial) coding, the socio-cultural theme is interpreted through three subthemes that explain why beneficiaries are drawn to Islamic P2P financing beyond purely economic considerations.

6.3.1.1 Subtheme: Cultural Perceptions of Debt: Debt as Moral Responsibility and Social Stigma

Views on borrowing and financial obligations in different cultural settings. Cultural attitudes toward debt and financial responsibility significantly influence how individuals perceive and adopt credit or financing, such as Islamic P2P financing. In many societies, particularly in Muslim-majority countries, financial responsibility is deeply rooted in communal values. Debt is often viewed not merely as an economic transaction but as a moral and ethical obligation, with strong expectations for repayment. In contrast to conventional loans, which may be associated with high-interest burdens and impersonal lending structures, Islamic P2P financing is seen as advancing financial technology with more ethical and socially responsible options.

Beneficiaries' narratives reveal that debt is not viewed merely as a financial instrument but as a moral obligation and a socially sensitive act. Several participants described a cultural expectation that borrowing should be avoided unless necessary and repaid quickly, reflecting communal norms of responsibility. Islamic P2P financing becomes acceptable because it is perceived as a morally safer form of debt, framed as "fair" and aligned with Sharia principles.

However, a deeper interpretative reading suggests that adoption is driven by a tension between need and stigma. While beneficiaries recognise that debt can enable economic mobility, they also seek mechanisms that preserve dignity and privacy. One beneficiary explicitly described borrowing as "very private" and valued the platform's digital nature for avoiding face-to-face interactions (BN03). This indicates that fintech adoption is partly motivated by stigma management, where digital finance offers discretion and reduces reputational exposure.

This finding extends technology adoption assumptions by showing that adoption is driven not only by usefulness or ease-of-use but also by socio-cultural concerns around privacy, dignity, and moral accountability. It also aligns with Maqasid al-Shariah (ḥifẓ al-māl; ḥifẓ al-'ird; ḥifẓ al-dīn), where ethical finance supports both material protection and preservation of dignity. Some responses from informants regarding the perception of debt, such as:

"My family and community do not take on debt lightly. Many believe that borrowing should only be done when necessary because it can create long-term financial burdens. However, when I found out about Islamic P2P financing, I felt more comfortable because I knew it followed Sharia principles and did not involve interest. It felt like a fairer system, and it aligned with my religious values."(BN01)

"Borrowing money for me is very private, so I am grateful that there are platforms because of technological advances that do not involve me in meeting other people face to face. This is very different from traditional financial institutions." (BN03)

"Yes. People here value financial responsibility highly. Many believe that if you borrow money, you must repay it as soon as possible. With

Islamic P2P financing, I feel a greater sense of responsibility because the system is built on fairness and mutual benefit. Unlike conventional loans focusing on making money through interest, Islamic P2P financing is more about helping people grow financially while maintaining ethical principles."(BN06)

These responses underscore how cultural values related to debt and financial responsibility shape the uptake of Islamic P2P financing. The inclination towards ethical and transparent financial systems is motivated by religious beliefs, social expectations, and a quest for financial fairness, highlighting the significance of Sharia compliance. Some argued that debt is also an area of privacy, so the ease of technology can be their privacy from others. This shapes each individual's responsibility for their own financial affairs.

From the perspective of Maqasid al-Shariah, these findings align closely with key objectives such as *ḥifẓ al-māl* (protection of wealth), *ḥifẓ al-‘ird* (preservation of dignity), and *ḥifẓ al-dīn* (preservation of faith). The emphasis on avoiding unethical financial practices reflects a commitment to sustaining lawful (*halal*) income and fair transactions. Moreover, the ethical financing features of Islamic P2P platforms promote *maslahah ‘āmmah* (public welfare), making them not only a tool for individual financial management but also a means to achieve broader socioeconomic justice in line with Islamic principles.

6.3.1.2 Subtheme: Socioeconomic Status Inclusion through Accessibility and Fairness Narratives

Socioeconomic status plays a significant role in shaping individuals' attitudes toward the adoption of Islamic P2P financing, as factors such as income level, employment type, and financial stability directly influence financial decision-making. Individuals with higher income levels and stable employment may view Islamic P2P financing as an alternative investment opportunity rather than a necessity. In comparison, those with lower income levels or irregular employment may see it as a crucial financial lifeline that provides access to funds without the burden of conventional interest-based loans.

For many beneficiaries, particularly those from lower-income backgrounds or working in informal sectors, traditional banking services are often inaccessible due to strict eligibility requirements and high borrowing costs. In contrast, Islamic P2P financing offers a more inclusive model, where financing is based on profit-sharing, risk-sharing, and ethical considerations rather than conventional credit scores. This accessibility makes it an attractive option for entrepreneurs, small business owners, and gig workers, who may struggle to obtain financing through conventional banking channels. Additionally, individuals with financial instability may be more cautious about taking on debt and prefer Islamic P2P financing due to its ethical structure and perceived fairness.

"As a small business owner, I do not have a fixed salary, and banks usually require a steady income to approve loans. I found it difficult to access conventional financing, and the interest rates were too high even when I could. Islamic P2P financing was a better option because it offers fairer terms and does not charge interest, which aligns with my religious beliefs. The system allows me to access capital without feeling trapped by debt." (BN05)

"Yes, I believe so. Many people in my community work in informal jobs or run small businesses, so they do not always meet the strict requirements of traditional banks. Islamic P2P financing gives them a fair chance to get the funds they need without worrying about excessive interest. It feels more community-driven and ethical compared to the rigid structures of banks."(BN07)

Beneficiaries' responses highlight how income levels and financial stability impact attitudes toward Islamic P2P financing. Lower-income individuals and those in non-traditional employment sectors often find Islamic P2P financing more accessible and aligned with their financial needs. In contrast, those with higher financial stability may engage with it as an ethical investment or alternative financing solution. The flexibility and fairness of Islamic P2P financing make it an attractive choice for those seeking financial inclusion and ethical financial solutions.

From the Maqashid al-Shariah perspective, beneficiaries' responses illustrate how income level and financial stability influence engagement with Islamic P2P financing. For lower-income individuals and those in informal or non-traditional

employment sectors, Islamic P2P platforms offer a more inclusive and just alternative to conventional credit systems, aligning with the objective of *ḥifẓ al-māl* (protection of wealth) by preventing exploitation and promoting equitable access to financing.

Conversely, individuals with greater financial stability are often drawn to Islamic P2P financing as a form of ethical investment, fulfilling both financial goals and religious obligations under *ḥifẓ al-dīn* (preservation of faith). The flexibility, transparency, and risk-sharing mechanisms embedded in these platforms resonate with the principles of economic justice and public benefit (*maslahah ‘āmmah*)—core to Islamic economics. These attributes position Islamic P2P financing as a key instrument in promoting financial inclusion, particularly for underserved populations, while upholding the spiritual and moral integrity of the financial system.

6.3.1.3 Subtheme: Financial Education and Household Literacy: Adoption as Informed Choice vs Label-Based Trust

Education and financial literacy are crucial in shaping household financial behaviour, including the decision to adopt Islamic P2P financing. Individuals with higher levels of education and financial awareness tend to be more proactive in managing their finances, seeking out ethical alternatives, and understanding the benefits of Sharia-compliant financial products. On the other hand, those with limited financial literacy may hesitate to engage with Islamic fintech solutions due to a lack of understanding or blindly trusting financial services without fully comprehending the implications of their financial decisions.

In many households, financial literacy is influenced by family discussions, cultural norms, and exposure to financial education. Households that emphasise saving, investment, and ethical financial decision-making are more likely to explore Islamic P2P financing as an alternative to conventional loans. Additionally, access to Islamic finance education through religious institutions, online platforms, or government initiatives can increase awareness and trust in Sharia-compliant financial services.

"I learned about Islamic finance through religious study circles and online courses. Understanding the concepts of profit-sharing and risk-sharing clarified how Islamic P2P financing differs from conventional loans. Because of this, I actively choose Islamic financial services that align with my values."(BN02)

"Yes. Families with good financial knowledge are more likely to save, invest, and make smart financial decisions. Those who do not have financial literacy often struggle and may fall into debt with high-interest loans. I think more education about Islamic finance is needed so that people understand their options and can avoid financial mistakes."(BN08)

"My family did not talk much about finances growing up, so I had to learn independently. When I discovered Islamic P2P financing, I realised it was a better option than conventional loans, but I had to research it myself. More households should discuss financial responsibility and ethical finance to help future generations make better financial decisions."(BN06)

The responses highlight how education and financial literacy influence financial decision-making. Individuals with a strong understanding of financial management and Islamic finance principles are more likely to adopt Islamic P2P financing. However, households with low financial literacy may lack awareness of Sharia-compliant alternatives, leading them to rely on conventional financial products out of habit or necessity. Increasing financial education programs, particularly those focusing on Islamic finance and ethical financial decision-making, can help promote informed and responsible financial behaviour within communities.

6.3.1.4 Synthesis of Sociocultural Drivers

Overall, the sociocultural findings indicate that sociocultural factors drive beneficiaries' adoption of Islamic P2P financing platforms to a considerable extent, functioning as foundational interpretative frameworks rather than peripheral influences. Cultural perceptions of debt, socioeconomic position, and household financial literacy collectively shape how beneficiaries evaluate the legitimacy, acceptability, and personal consequences of engaging with Islamic P2P financing. Adoption decisions are not

solely motivated by functional considerations; they are also deeply embedded in moral responsibility, stigma management, and the desire to preserve dignity and social standing.

From the perspective of Maqāsid al-Sharī‘ah, the sociocultural findings reflect the preservation of ḥifẓ al-māl (protection of wealth) through access to Shariah-compliant financing mechanisms, while also reinforcing ḥifẓ al-‘ird (preservation of dignity) by reducing stigma associated with debt. For necessity-driven users, Islamic P2P platforms support ḥifẓ al-naḥs (protection of livelihood and well-being) by enabling economic survival and micro-enterprise continuity. Thus, Islamic P2P adoption is not merely a behavioural outcome but a socio-religious process embedded within maqāsid-oriented financial ethics.

This synthesis helps explain why social influence emerged as a strong predictor of behavioural intention in the quantitative analysis. Social norms operate not merely as external pressure but as culturally internalised expectations regarding responsible borrowing and ethical conduct. Furthermore, the distinction between necessity-driven adoption among lower-income or informal-sector beneficiaries and value-driven adoption among financially stable users demonstrates that Islamic P2P financing simultaneously serves as a tool for financial inclusion and as an ethical financial alternative. These findings extend the UTAUT framework by showing that perceived usefulness and social influence are filtered through socio-cultural meanings of debt, fairness, and responsibility, thereby reinforcing the argument that technology adoption in Islamic fintech contexts cannot be fully understood without accounting for culturally embedded financial norms.

6.3.2 Theme 2: Religious Commitment and Moral Legitimacy in Financial Decision-Making

For many individuals, religiosity holds significant importance; this can be reflected in Muslims' worship practices and life decisions, including financial choices. Gathering insights from informants reveals several factors that encourage them to enhance the

Islamic P2P financing service platform. These factors include awareness of Sharia compliance in transactions, trust in Islamic financial institutions, and the influence of figures dedicated to advancing Islamic finance. Ethics and morals play a vital role in financial decision-making; while they often align with Sharia compliance, the moral benefits deserve further exploration.

Religious commitment drives adoption to a great extent by shaping how beneficiaries define “acceptable finance”. This theme goes beyond simple religiosity and reveals a more complex moral architecture comprising Sharia compliance awareness, institutional and scholarly trust, and ethical expectations linked to lived experiences of harmful lending practices.

6.3.2.1 Subtheme: Sharia Compliance Awareness: Seeking Halal Assurance amid Knowledge Gaps

Beneficiaries’ narratives show that Sharia compliance is interpreted as avoiding riba, ensuring fairness, and maintaining “halal” financial flows (BN03). However, the interviews reveal an important tension: beneficiaries exhibit strong religious concern but often lack a detailed understanding of how Islamic contracts operate. This produces two adoption routes: knowledge-based adoption (users verify certification and understand mechanisms); faith-based adoption (users prioritise “barakah” and assume compliance).

This finding extends Islamic fintech literature by demonstrating that Sharia compliance functions simultaneously as a technical governance issue and a moral reassurance mechanism. The “barakah” discourse indicates that beneficiaries may adopt not only due to contract rationality but also due to spiritual comfort. Sharia compliance awareness refers to beneficiaries' understanding and knowledge of Islamic financial principles that govern Islamic P2P financing. These principles include the prohibition of riba (interest), gharar (excessive uncertainty), and maysir (gambling), as well as the emphasis on fairness, risk-sharing, and ethical financial transactions. The level of awareness varies among beneficiaries—some actively seek out Sharia-compliant

financial services because they deeply understand the religious principles behind them. In contrast, others may use Islamic P2P financing simply because it is labelled as 'Islamic' without fully comprehending its mechanics.

Grasp the fundamental concepts of Islamic finance, including *mudharabah* (profit-sharing), *murabahah* (cost-plus financing), and *ijarah* (leasing). Before utilising Islamic P2P platforms, ensure that Sharia compliance certifications are verified. Look to religious scholars, institutions, or fintech providers for confirmation of compliance. Be aware of any misconceptions or knowledge gaps regarding Islamic P2P financing that could hinder adoption.

"To me, Sharia compliance means that a financial service follows Islamic principles, such as avoiding interest and ensuring fairness in transactions. It also means that the money I borrow or invest is handled halal, without exploitation or unethical profit-making." (BN03)

"I believe most of them do, but I still check whether they have been certified by a Sharia board. If an Islamic scholar or financial authority I trust endorses the platform, I feel more confident using it. However, I know some people just assume it's halal without checking. The most important is barakah" (BN04)

"Not really. Many people hear 'Islamic' and think it's automatically different, but they don't understand how profit-sharing works or why certain financial transactions are prohibited. I think more education is needed, especially from mosques, Islamic scholars, and financial institutions, to help people make informed decisions." (BN07)

The obligation for Sharia compliance for all financial products poses a challenge for beneficiaries in Islamic P2P financing platforms. They recognise that Sharia transactions must be guaranteed and trusted, yet many Muslims in Indonesia do not fully understand what Sharia compliance entails. Numerous individuals are deeply committed to their faith but lack awareness of Sharia compliance, which itself presents a significant challenge. Conversely, trust in Sharia also depends on the beneficiaries' perspective. Some view it with short-sightedness, focusing instead on the important concept of barakah (blessing).

6.3.2.2 Trust in Institutions and Scholars: Delegated Trust as a Decision Shortcut

Trust is frequently “delegated” to Islamic institutions, Sharia boards, and scholars. Beneficiaries explicitly stated they rely on endorsements because they cannot assess contracts independently (BN08). This mechanism explains why trust becomes decisive in the quantitative model: trust is not only interpersonal; it is institutional and religious. However, scepticism also appears—some participants worry about “Islamic branding” without genuine compliance (BN04). This tension suggests that trust is conditional and continuously negotiated.

Trust in Islamic financial institutions and religious scholars significantly influences the adoption of Islamic P2P financing. Many beneficiaries depend on religious authorities, Sharia boards, and Islamic banking institutions to ensure financial services comply with Islamic principles. Given the complexity of Sharia-compliant financial instruments, many individuals prefer to utilise Islamic P2P financing only if reputable religious scholars or financial institutions have endorsed it.

The role of Islamic banking institutions and regulatory bodies is also crucial, as their Sharia certification assures that the platform operates ethically and in compliance with Islamic teachings. If beneficiaries perceive Islamic financial services as transparent, ethical, and properly regulated, they are more likely to adopt them. However, scepticism arises when individuals believe that some institutions use Islamic branding as a marketing tool without genuine adherence to Sharia principles.

Whether beneficiaries trust Islamic financial institutions and Sharia boards to certify P2P financing services, the influence of religious scholars and Islamic finance experts in encouraging adoption, how institutional credibility and transparency impact user confidence in Islamic P2P financing, and concerns or scepticism about fintech providers' misuse of the Islamic finance label.

"It's very important. If a platform does not have a certification from a trusted Sharia board, I wouldn't feel comfortable using it. I need to know that it truly follows Islamic principles and not just using the Islamic label to attract customers." (BN05)

"I mostly rely on religious scholars and institutions. I don't have the knowledge to analyse financial contracts in detail, so if a well-known scholar or an Islamic financial institution approves a service, I trust they are amanah."(BN08)

"Yes, sometimes. There are cases where companies claim to be Islamic, but when you look deeper, their contracts are not truly Sharia-compliant. This is why I always seek a proper certification before using a financial service."(BN04)

Trust in Islamic financial institutions and religious scholars plays a vital role in adopting Islamic P2P financing. Many beneficiaries prioritise official Sharia certification from recognised financial institutions, viewing it as a crucial indicator of compliance and legitimacy. However, many lack the technical knowledge required to assess Sharia compliance independently, leading them to rely on religious authorities for guidance in their financial decisions. Despite this trust, some individuals remain sceptical about the authenticity of Islamic financial services, fearing that certain providers may misuse the Islamic finance label without genuinely adhering to Sharia principles.

This concern underscores the need for greater transparency and accountability in Islamic fintech. Additionally, some beneficiaries assume compliance without actively verifying certification, highlighting the importance of enhancing financial literacy to ensure consumers make informed choices. Strengthening Sharia certification processes, improving transparency in financial services, and promoting public awareness initiatives are essential to fostering wider adoption. By doing so, Islamic P2P financing providers can build consumer confidence, reinforce institutional credibility, and ensure that financial services align with Islamic ethical and legal standards.

6.3.2.3 Ethical and Moral Benefits: Adoption as Resistance to Predatory Lending

Beneficiaries' moral framing becomes particularly salient when contrasted with negative experiences of conventional fintech ("pinjol"), including harassment, high interest burdens, and privacy violations (BN08). Islamic P2P financing is adopted not

merely as an alternative product but as an ethical safeguard—a way to resist predatory practices and preserve dignity.

This finding supports a Maqasid-oriented interpretation (*hifz al-nafs*; *hifz al-māl*; *hifz al-‘ird*) by showing that beneficiaries interpret ethical finance as protecting life quality, wealth, and privacy. Adoption, therefore, reflects a broader moral aspiration: finance should not harm individuals socially or psychologically. Ethical and moral considerations play a crucial role in financial decision-making, particularly for individuals who seek to align their financial choices with Islamic principles. Many beneficiaries of Islamic P2P financing perceive it as a more ethical and socially responsible alternative to conventional financial services. This perception is based on core Islamic financial principles that emphasise fairness, transparency, risk-sharing, and the prohibition of exploitative practices such as *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling). Unlike conventional financial systems prioritising profit maximisation, Islamic P2P financing is often seen as a way to support ethical lending practices, promote mutual benefit, and encourage socially responsible investments.

Many beneficiaries feel that by choosing Islamic P2P financing, they contribute to an economic system that prioritises fairness and justice, particularly in ensuring that borrowers are not burdened with excessive debt and lenders engage in ethical profit-sharing rather than interest-based gains; how beneficiaries perceive Islamic P2P financing as an ethical financial choice, whether moral and religious beliefs influence financial decision-making, how Islamic finance principles such as fair profit-sharing and ethical lending attract beneficiaries, and whether beneficiaries prefer Islamic P2P financing over conventional lending due to ethical concerns.

"Islamic P2P financing ensures that financial transactions are fair for both parties. Unlike conventional banks that charge high interest rates regardless of whether a borrower is struggling or not, Islamic finance promotes shared risk. That feels more just and humane to me."(BN02)

"Very important. I want to ensure that the money I use or invest is earned and spent in a halal way. Islamic P2P financing gives me peace of mind

because I know I am not contributing to *riba*, which is forbidden in Islam."(BN03)

"Yes, I would still choose Islamic financing. It's not just about the cost for me, but about ethics and fairness. Even if a conventional loan seems cheaper, I wouldn't feel right using a system that profits unfairly from borrowers."(BN05)

"I chose this platform and hope Islamic P2P financing will be more ethical in managing the platform and transactions. Because I have seen my colleagues being terrorised by *pinjol* (online loans) with high interest rates. In addition, private data was exposed and visited by debt collectors. Hopefully, this one won't be like that" (BN08)

In practice, many fintech applications in Indonesia have been misused, often due to users' lack of understanding of the financial products they engage with. This has led to harmful outcomes, such as excessive debt and unethical lending practices. In response, beneficiaries are increasingly turning to Islamic P2P financing platforms, hoping that ethical standards and Islamic moral values govern their operations. This expectation reflects the *Maqashid al-Shariah* objective of *ḥifẓ al-nafs* (protection of life) and *ḥifẓ al-māl* (protection of wealth), by promoting responsible financial behaviour and preventing exploitation.

While beneficiaries appreciate the convenience these platforms offer, their experiences also reveal vulnerabilities—especially when payment difficulties arise. From the *Maqashid* perspective, this underscores the importance of ethical governance, fair contracts, and transparent risk-sharing, which are critical to achieving *maslahah ʿāmmah* (public welfare). If Islamic fintech platforms can demonstrate strong and trustworthy governance, they not only protect individual rights but also broaden financial inclusion, ensuring that access to financial services supports both economic justice and social dignity in line with *Shariah* principles.

6.3.2.3 Synthesis of Religious Commitment and Moral Legitimacy

The religious dimension of adoption exerts a high degree of influence on beneficiaries' decisions, operating as a moral and institutional legitimacy filter through which Islamic P2P financing in Indonesia is assessed. Religious commitment shapes adoption not only through explicit Sharia compliance considerations but also through trust in religious authorities, institutions, and the ethical promises associated with Islamic finance. Beneficiaries' reliance on Sharia boards and scholars reflects a form of delegated trust, where religious authority substitutes for technical expertise in evaluating complex financial contracts.

This synthesis directly reinforces the quantitative finding that trust is the strongest determinant of actual platform usage, indicating that trust in Islamic P2P financing is multidimensional—encompassing institutional credibility, religious legitimacy, and ethical governance. Importantly, the qualitative findings also reveal tensions between faith-based assurance (barakah-oriented reasoning) and knowledge-based verification, suggesting that religiosity motivates adoption even when financial literacy is uneven. From a theoretical perspective, this extends UTAUT by demonstrating that trust in Islamic fintech is not merely a psychological belief but a religiously and institutionally embedded construct, closely aligned with the Maqasid al-Shariah principles of *ḥifẓ al-dīn* (preservation of faith), *ḥifẓ al-māl* (protection of wealth), and *ḥifẓ al-nafs* (protection of well-being). Consequently, Islamic P2P financing adoption is best understood as a morally situated decision process, where technology acceptance is inseparable from ethical expectations and religious accountability.

6.4 RQ 3: HOW DO THE ROLES OF ISLAMIC P2P FINANCING SERVICES PLATFORMS ENHANCE FINANCIAL INCLUSION IN INDONESIA FROM THE FINTECH PROVIDERS' PERSPECTIVE?

This subchapter addresses research question 3 (RQ3), which examines how the Islamic P2P financing service platform enhances financial inclusion in Indonesia. This research employed a case study strategy, conducting multiple investigations across various

Islamic P2P financing service platforms in Indonesia through interviews. Throughout the data collection phase, the interviewees gathered data from five prominent Islamic P2P financing platforms operating in Indonesia: Ethis, Ammana, Alami Shariah, Qadzwa, and Dana Syariah. Management personnel from these Islamic P2P financing platforms were also interviewed to provide precise responses and streamline the interview process with the researcher. Furthermore, to enrich the findings and analysis of this study, it was imperative to delve into the summarised profiles and historical backgrounds of the respondents representing the Islamic P2P Financing Platforms. Therefore, this section emphasises elucidating these aspects. The subsequent section details the participant institutions, shedding light on their roles, structures, and operational frameworks.

6.4.1 Profiles of Islamic P2P Financing Platforms

This study adopted a case study research strategy and used the interview method; it involved multiple studies on several Islamic P2P Financing Platforms in Indonesia. During the data collection period, the researcher collected the interview data from five Islamic P2P Financing Platforms in Indonesia: Ethis, Ammana, Alami Shariah, Qadzwa and Dana Syariah. Islamic P2P Financing's management also provided interview answers to the questions to make their answers more precise and shorten their interview session with the researcher. Moreover, to complement this study's findings and analysis, it is essential to discuss the summarised profile and history of Islamic P2P Financing Platform respondents to know them better; therefore, this section emphasises those mentioned aspects. The following section describes the participant institution.

Table 6.3 Summary of Islamic P2P Financing Performance in Indonesia

No	Islamic P2P financing service platform	Total Investor	Total Beneficiaries	Total Financing (IDR)	Success Payment Rate
1	Alami	11.370	1.901	5.2T	99,69%
2	Dana Syariah	112.306	9.377	2.89 T	99,85%
3	Qazwa	1.300	192	186.4B	99.75%
4	Ethis Indonesia	2.384	110	206 B	97.96%
5	Ammana	10.397	10.074	909 B	97.05%

Source: website Islamic P2P financing in Indonesia 2023

This study's Islamic P2P financing service platforms are five out of seven registered with OJK. Referring to Table 7.1, there are five platforms, namely Alami, Dana Syairah, Qazwa, Ethis and Ammana, with the highest total investors on the Dana Syariah Platform and the lowest is Qazwa. Meanwhile, the beneficiaries who get financing from Islamic P2P financing platforms in Indonesia are Dana Syariah, while the smallest is Ethis. In terms of fund disbursement, once again Dana Syariah has a large amount of financing. TKB is the success rate of refunds; from here, we can measure how much the beneficiaries return to the platform. Dana Sayriah achieves the highest TKB, and the lowest is Ammana.

Although the number of providers is still small and there are few beneficiaries, all parties are optimistic about promoting Islamic Fintech, especially the P2P financing scheme. Afsi, an Islamic fintech association in Indonesia, accommodates all of this as a catalyst for increasing the use of Islamic fintech and helping to educate the public.

6.4.2 Empowering Islamic Fintech: Expanding Access, Usage, and Quality of Financial Inclusion

A comprehensive interview with the platform's management was conducted to investigate the challenge and develop a framework to maximise the role of Islamic P2P Financing in promoting financial inclusion. This was conducted to observe and analyse

practitioners' responses with extensive experience implementing Islamic P2P financing. The number of respondents was limited to only five despite the presence of seven platforms. The respondents were interviewed in line with their professional qualifications, with the expectation that they would address all aspects of the pre-established research inquiries.

With interviewing, the management also proposed examining the website of the Islamic P2P financing platform to acquire a more precise portrayal of the information. The outcomes of this interview categorise financial inclusion into three components, per the definition proposed by various experts. The focus was on examining the significance of the Islamic P2P financing service platform in fostering financial inclusion. The outcomes of this interview were analysed through thematic analysis, categorising them into accessibility, usage, and quality.

6.4.2.1 Role of Islamic P2P Financing Service Platform: Accessibility

The concept of accessibility in financial inclusion involves establishing an environment that enables individuals from all geographic, economic, and social backgrounds to conveniently and affordably access a diverse range of suitable financial products and services. Resolving barriers related to cost, physical distance, technological infrastructure, education, and regulatory frameworks is imperative to enable the comprehensive participation of individuals and businesses in the financial system. This study delved into the function and role of the Islamic P2P financing service platform in fostering financial inclusion, particularly to improve accessibility. After interviews with subject experts, it has been established that accessibility in financial inclusion can be delineated into three distinct levels. The first option is basic access, Enhanced Digital and Physical Access, and Comprehensive and Inclusive Access.

6.4.2.1.1 Stage 1 of Accessibility Basic Access

In the interviews conducted with the management in Islamic P2P lending, several interesting things need to be further explored regarding accessibility. As the initial stage of accessibility is basic access, almost all interviewees agreed that the basis of accessibility needs to be fulfilled so that financial inclusion can be achieved. Until now, the primary challenge to financial inclusion in Indonesia, particularly because of its vast coverage as an archipelago, has been access barriers in traditional banking. Many small islanders do not have access to finance. The interview results showed that FinTech, in Islamic P2P financing, has helped realise accessibility without establishing a physical financial institution. Other infrastructures have been established, such as a mobile communication device with an Android application and an internet connection. As in the statement mentioned by MGT01, which discusses entrepreneurs whom financial institutions exclude:

Indeed, especially for micro- or nano-preneurs, no financial institution usually wants to touch them (MGT01)

Meanwhile, interviewee MGT02 concentrated on a more specific financial inclusion segment so that the Islamic P2P financing run by the provider he manages is more strategic.

In addition to our focus on three specific segments, healthcare, basic commodities, and telecommunications, we implement several strategies (MGT02)

This opinion from MGT02 illustrated that basic access has been divided by segment based on the community's needs. In this case, it was seen from the specifics related to the Islamic P2P Financing Service Platform that they have managed so far. Meanwhile, MGT 03 highlighted more about the Shariah contracts offered by Islamic P2P Financing because the number was still very limited and was within big cities. As previously discussed in basic access, it should be able to cover all regions in Indonesia, plus offer business contracts and cars by Shariah provisions.

What is interesting is that so far, borrowers are not getting what the platform offers from existing institutions. Why is that? Because the institutions that have financed Shariah before are small in number, firstly, secondly, they are not in all places, ma'am, meaning only in big cities (MGT03)

Moreover, the discourse on basic access established a connection between it and financial literacy, particularly Islamic and digital literacy. MGT04 expressed deep concern regarding the importance of considering financial education and literacy within the community before getting involved in financial inclusion. Finishing financial inclusion becomes highly challenging due to low literacy and education levels. In this scenario, the platform also enables the community to enhance its understanding of Islamic financial literacy.

In essence, Islamic FinTech literacy is not yet understood by the public and is always compared to conventional FinTech. Even those who are Muslims do not understand the difference. One uses interest; one is profit sharing. I experienced it when we, as FinTech, met borrowers and fund owners; whether comparing prices or in practice, they still need a process to understand because they think the concept is still loaned. Literacy is still lacking (MGT04)

Hence, ensuring the community has convenient access to essential services is crucial. Furthermore, by enlisting the community with financial institutions or FinTech platforms, it becomes easier to enhance financial literacy, provide assistance to MSMEs, foster business growth, and ensure the availability of capital by utilising big data storage. MGT 05 explored the significance of FinTech's strategic endeavours in advancing financial inclusion through the lens of the big data challenge.

This is an element of maintaining a business; in this case, people who take advantage of this FinTech can play a more significant role; we can be a media connecting because these SMEs need support on how their business can be consistent. If there is another value with something like this, it forms a kind of big data (MGT05)

The primary objective of stage 1 of accessibility is to improve financial access within the Islamic P2P financing service platform. Ease of access to the platform

initially marks the first step towards a more advanced level. Most experts concur that the Access Base is paramount for financial inclusion in Indonesia.

6.4.2.1.2 Stage 2 of Accessibility: Enhance Digital and Physical Access

The following discussion, resulting from a comprehensive interview with the management of the Islamic P2P financing service platform, focuses on enhancing basic accessibility and incorporating FinTech, which is crucial in expediting accessibility for borrowers and lenders/investors. Fintech innovations simplify and streamline financial transactions, thus enhancing the accessibility and user-friendliness of services while simultaneously extending their reach to underserved and remote areas.

The simultaneous growth of digital and physical access guarantees the availability of financial services to a wider demographic, greatly enhancing financial inclusion throughout Indonesia. The increase in access ensures that more individuals and businesses can secure vital financing, significantly contributing to economic growth and development. The proactive endeavours of Islamic P2P platforms to harness FinTech to enhance accessibility emphasise their pivotal role in fostering a financial landscape in Indonesia that is both inclusive and equitable.

Previously, our services covered the entire Indonesian archipelago. However, we have recently decided to concentrate our operations on DKI Jakarta and West Java. This shift allows us to direct our resources and efforts more effectively, ensuring a more manageable and efficient operation. (MGT02)

In the past, borrowers in the Dana Syariah engaged in practices similar to mine if they existed 10/15 years ago. They formed partnerships between individuals, fund owners, and others, operating in a system without clear rules or referees. This historical context helps us appreciate the significant progress in establishing a more structured and regulated system today. (MGT 05)

The primary focus of MGT02 is to enhance the digital infrastructure, allowing for increased cost efficiency. This is particularly crucial in Indonesia, given its

archipelagic nature and many individuals residing on smaller islands with limited infrastructure. Digital access is regarded as the next step towards enhancing financial services for the community. Despite the current focus on Java, it is plausible that other islands or even smaller ones could be included in the coverage of Islamic P2P financing FinTech platforms. Conversely, MGT 03 addressed the issue of establishing explicit regulations about the community in financial institution services. If access has already been granted, it indicates proper community inclusion; it merely enhances existing business models that align with Shariah principles.

During the pandemic, for example, many MSMEs could not run their businesses, but when they applied to borrow financing funds from other peer-to-peer lenders, it was without collateral. Kender, who may be from another peer-to-peer, feels that this Shariah Fund saves more during a pandemic because there is a fixed asset. MGT03

MGT 03 is currently considering ways to make individuals accessible to financial institutions. One of the primary obstacles is the requirement for collateral when seeking financing. While collateral is crucial for the sustainability of FinTech providers, particularly in the context of Islamic P2P financing, it also presents a significant challenge for many potential borrowers.

If there is potential to build a Shariah economy with a digital system using a platform, we will build it as much as possible, although some have good backups. Many FinTech players still have the wrong mindset. in MGT04

While MGT 04 is very focused on digital literacy and inclusion, especially for easier access to financial institutions or P2P financing, it is Shariah-based, so it can help people who are still financially excluded. However, the next step in the future is the ease of accessibility, which will encourage people and businesses to advance. This information technology will penetrate the distance that usually becomes a barrier, especially for developing MSMEs in productive sectors. On the one hand, the ease of accessibility will impact cost efficiency.

Therefore, we refer to two, both from the investor and the recipient of the financing, in this case, if in Shariah, it is clear that SMEs are productive sectors. Therefore, we need to look for new ideas that not many financial

institutions refer to, so FinTech can play a role there, especially since FinTech is based on technology that is not limited by space and time. (MGT05)

Based on the preceding conversation, the issue of access continues to be twofold, encompassing both digital and physical realms, because of the expansive nature of Indonesia's territory and the diverse composition of its population. As a result, financial inclusion ensures widespread accessibility for both individuals and SMEs.

6.4.2.1.3 Stage 3 of Accessibility: Comprehensive and Inclusive Access

Progressing beyond stage 2 accessibility, which encompasses digital and physical components, stage 3 accessibility seeks to achieve universal financial inclusion across all regions through the process of digitalisation. Islamic peer-to-peer financing platforms play a crucial role in facilitating widespread and equitable financial access. According to multiple interviews conducted with industry professionals at the management level,

That is how we can facilitate peer-to-peer financial exclusion, but it requires extra effort. For the first one, we can create an accelerator, for example. Second, we have to work with the existing ecosystems. 1:14 ¶ 18 in MGT01

MGT 01 emphasised that P2P financing facilitates many things for financial inclusion, although it needs extra effort. In the highest stage of comprehensiveness, an ecosystem is needed, and accelerators are needed to make all this happen. Meanwhile, MGT 02 focused more on the operation of P2P financing with sustainable growth.

Amanna's licensed and supervised operations, significant disbursements, strategic regional focus, high TKB, successful partnerships, and diverse financing options position us as a leading player in the financial services sector. We are dedicated to continuing our growth and positively impacting the economy. 2:7, 15 in MGT02

In contrast to the preceding viewpoint, MGT 05 stipulated that attaining the utmost level of accessibility necessitates equal access for all Indonesian citizens, regardless of their distinct segments. As an illustration, currently, the Indonesian government's primary focus remains exclusively on Java, disregarding the numerous other accessible islands. In addition, migrant workers have the potential to participate in P2P financing as both recipients and contributors.

So we hope to use inorganic means, namely joint marketing ideas, campaigning together to take segments outside of the existing ones, such as entering the segment outside the island of Java, which is access that does not yet exist. It could be that the overseas segment has a lot of migrant workers, so this is interesting. Because it could be that such access has enormous potential. 6:6, 30 in MGT05

Overall, the interview results were mapped to the highest level of the accessibility dimension of financial inclusion in Indonesia with a view to an Islamic P2P financing FinTech platform.

6.4.2.2 Role of Islamic P2P Financing Service Platform: Usage

6.4.2.2.1 Stage 1 of Usage: Initial Engagement

Usage refers to individuals and businesses utilising financial products and services. It focuses on how and how often these services are used. Key aspects of usage include:

If there is potential to build a Shariah economy with a digital system using a platform, we will build it as much as possible, although some have good backups. Many FinTech players still have the wrong mindset. They still think of financial institutions, which is a misconception. As a platform, we are a marketplace. (MGT04)

For the register, both KTP, NPWP, and personal photos use technology, which means that with technology, it can be more accurate in the database. The same applies to financing recipients' businesses. Because the model is crowdfunding, there is a process; if it is 100%, it is emailed for the next stage. I think this communication is more interactive, both FinTech with investors and FinTech with financing recipients. So it is tidier and more transparent, or accountability is clearer. (MGT05)

A key enabler of Islamic FinTech adoption is technology-based registration and verification. Digital identity checks using KTP, NPWP, and biometric authentication simplify the financial onboarding process, making services more accessible to the unbanked and underbanked. This becomes the first step for initial engagement between individuals and fund-providing institutions, such as Islamic P2P financing service platforms.

6.4.2.2.2 Stage 2 of Usage: Increased Utilisation

According to MGT02, increasing utilisation undoubtedly demands additional effort. Nonetheless, it is clear that the FinTech user community, particularly in Islamic P2P financing, is growing, albeit still concentrated in West Java and DKI Jakarta. This accomplishment is a matter of concern and demonstrates the inclination of beneficiaries towards Islamic P2P financing. MGT02 has revealed that enhancing utilisation necessitates additional effort. However, it was evident that the FinTech user community, specifically Islamic P2P financing, is growing, albeit concentrated in West Java and DKI Jakarta. This accomplishment raises concerns and demonstrates beneficiaries' inclination towards Islamic P2P financing.

We are proud to have received numerous awards for our excellence in service and innovation in the financial sector. Our fund distribution activities are spread across key regions such as West Java and DKI Jakarta, enabling us to support various clients and projects. (MGT02)

We have established collaborations with various partners, enhancing our ability to deliver comprehensive and tailored financial solutions. Our successful fundraising programs have enabled us to secure the necessary resources to support our expansive financing operations. (MGT02)

We have established partnerships with various partners, enhancing our ability to provide comprehensive and tailored financial solutions. Our successful fundraising program has enabled us to obtain the resources necessary to support our expansive financing operations. (MGT02)

MGT 02 elaborated on its partnering strategy to enhance its services, particularly in Shariah-based financing and technology. Consequently, it will evolve as a means of financial sustenance.

6.4.2.2.3 Stage 3 of Usage: Advanced and Consistent Usage

Several interviewees, such as MGT02 and MGT03, described the final stage of usage, emphasising the consistency of beneficiaries with more advanced usage. They mentioned considering efficiency and effectiveness as a matter of reflection.

Reflecting our efficiency and effectiveness in understanding and verifying the creditworthiness of our borrowers. 2:3, 11 in MGT02

The path to success for a FinTech platform is undeniably challenging, particularly due to the stringent regulations imposed by OJK. This results in a naturally selective user base. Beneficiaries who consistently use this platform are regarded as more advanced, resulting in benefits such as an increased financing limit.

Dana Syariah has been running for five years since its establishment. The same developers have to repeat the order often, ma'am. Some never go down every year, finish one project, the next project, as long as the platform is not more than 2 billion according to the OJK limit until today, yes. However, OJK will increase that limit again. (MGT03)

If I look at it, this Shariah one is a big homework. It must be strengthened because we can see during the 2020 pandemic that it will eventually change ownership and will inevitably be supported even by regulation. The capital is 2.5 billion; if stronger, it can expand in many ways. With the existing capital, we can invest with the capital, namely the system, so if the investment is related to the system, inevitably, the workforce must be better prepared. (MGT05)

According to MGT 03 and MGT 05, the managers of Islamic P2P financing fintech must complete many tasks together to realise society's welfare. The limits still imposed by OJK also aim to increase the platform's capitalisation so that fintech use becomes consistent and more advanced. Technology is a necessity, and sooner or later, society must be able to adjust to this disruption.

6.4.2.3 Role of Islamic P2P Financing Service Platform: Quality

Financial inclusion encompasses more than just accessibility and usage; it also emphasises the significance of high-quality financial services. The presence of quality in financial inclusion guarantees that the accessibility and utilisation of financial products and services align with the satisfactory fulfilment of consumer needs. Presented below are the key components of quality in financial inclusion:

6.4.2.3.1 Stage 1 of Quality: Literacy, Access and Initial Usage

The subsequent phase entails the calibre of service the Islamic P2P financing platform offers its recipients. This can be achieved by ensuring that the platform offers accessible and affordable literacy or educational resources to its beneficiaries. Access is often present but not utilised in numerous instances. Thus, the principle of quality pertains not to quantity but to the quality of utilisation, which will have consequences. This aligns with the statement made by MGT 01.

To help at least in education, help educate them, guide them to, for example, make a simple business proposal, or there are business skills, cash management, or if a business proposal is very related to how they seek capital, right? (MGT01)

The emergence of Islamic P2P financing is regarded as a catalyst for improving the quality of financial inclusion. Promoting unrestricted access to high-quality digital technology-based services will expedite financial inclusion.

6.4.2.3.2 Stage 2 of Quality: Enhanced Customer Literacy, Experience and Protection

Improving the experience of using financial applications is important for beneficiaries. As in this study, in the beginning, an initial investigation was conducted regarding the factors that influence the intention to use Islamic P2P financing for their financing needs; after having the intention, they will use the platform according to their goals,

after that goal is achieved, the decision to continue and not use it again depends on the experience they feel when using the platform. Therefore, the use and experience of using the platform will determine the quality of their use. As discussed in the earlier chapter, financial inclusion is not just about having an account but also about using it to meet the financial needs of beneficiaries. In addition, customer protection needs to be considered, as can be seen from the perceived risk indicated by the beneficiaries. The risks that may arise, such as default risk, fraud risk, and operational risk, are also a consideration for the organisers of Islamic P2P financing. Therefore, experience and protection are drivers in achieving optimal financial inclusion quality.

For example, they need better cash management and better recording, so they have bookkeeping. Things like that have to be trained. Then, for example, learning how to do digital marketing, if, for example, they want to enter the bookstore isomer (MGT01)

Risk mitigation is one concern in educating beneficiaries on dealing with ongoing business. Risk material is one of the most important parts of liberating the public, especially those who will be in contact with FinTech or P2P financing.

We use partnerships and collaborations to mitigate risk. We have initial agreements with partners, including [inaudible], and provide collateral and guarantees to make lenders feel comfortable providing their funds for projects according to their needs. (2:10, 20 in MGT02)

So, Alhamdulillah, our Dana Syariah team, whose part is risk mitigation, is quite creative, ma'am. One of them is this: What happened a lot at the time of PPKM yesterday, 2020 2021, was defaulted from the follower side, which hit many peer-to-peers because, for peer-to-peer that does not bind fixed asset collateral, there will be many problems (3:11, 16 in MGT0)

If BI has to, there is now a pusdafil (FinTech lending data centre). OJK asked us to check the slip (financial information service system). Fintech is expected to have a data centre called Pusdafil or Fintech SDC. We are told to encourage inclusion. This includes people who do not have bank accounts and do not have access to finance. We can integrate them into the slip, so the data is richer. People not registered in the slip will be included there. (MGT04)

The first Islamic value talks about transparency; for example, as a Qazwa platform in which it plays a role, it can be seen that the business is running a photo portrait of the business being run. This is talking about transparency, so we present the correct data as it is in the field. The second is to talk about other values that build the economy; in this case, we foster financing recipients, namely SMEs engaged in their surroundings (MGT04)

Nearly all informants from the provider management concurred that the literacy step leading to risk mitigation has enhanced the roadmap for the development of Islamic fintech. This is important as it provides customers, particularly beneficiaries, with a wealth of information and experiences. However, it is also crucial to improve risk mitigation measures. Thus far, OJK has issued specific guidelines to mitigate risks and safeguard data and beneficiaries from legal violations. The quality of financial inclusion emphasises that financial inclusion entails access and meaningful involvement as a key element in the Islamic fintech ecosystem.

6.4.2.3.3 Stage 3 of Quality: Long-term Impact and Economic Empowerment

Society's ultimate objective is to achieve the highest level of financial inclusion. As previously mentioned in the Sustainable Development Goals (SDGs), including financial services will significantly influence individuals' well-being. The subsequent outcomes were derived from interviews that examined Islamic P2P financing to attain financial inclusion. The focus should be on providing financial education and advisory services and ensuring trust and reliability to enhance financial health and economic empowerment.

The concluding conversation resulted in comprehensive financial inclusion, encompassing access, usage, basic quality, and superior and advanced financial inclusion. As previously mentioned, financial inclusion is intricately linked to the SDGs. The interviews conducted with representatives of Islamic P2P financing management revealed that the primary objective of financial inclusion is economic empowerment.

A robust understanding of financial education and literacy enables individuals to overcome the fear of spending, excel in personal and family financial management, and cultivate their businesses, particularly MSMEs. Islamic P2P financing will also be able to continue to grow to provide more optimal benefits to beneficiaries.

That is why we created an ecosystem; at that time, I also told you about it. A close look at our ecosystem: yes, we have the Alami Institute, and then there is Arqom Accelerat to strengthen the ecosystem and economic empowerment (MGT01)

It is not too difficult for us to find replacement buyers when the developers have defaulted, which causes the developer to default to Dana Syariah as well; that is the pattern in the property business because we find innovations when negative things happen on the lender and follower sides, which is consistent with our previous experience; among them are 3:13, 18 in MGT03.

However, later, in certain departments, it changed from non-Muslim to Muslim. As an organiser, it is not perfect; a complete package or one of the components is lame. However, we are trying to become an incubator for FinTech or digital conventions, the lack of which, if necessary, we will find investors so that it can develop. We are working on that. So yesterday, we were made an SRO (Self-Regulatory Organisation). (MGT04)

The concept of quality in financial inclusion extends beyond mere provision and usage of financial services. It pertains to the delivery of financial products and services that meet the criteria of appropriateness, transparency, user-friendliness, security, affordability, and trustworthiness. Moreover, it encompasses educating customers, protecting their rights, enhancing their financial well-being and empowering them economically. Establishing high-quality financial inclusion produces meaningful and positive outcomes for individuals and communities, playing a vital role in fostering sustainable economic development and maintaining financial stability.

6.5 FINANCIAL INCLUSION: ISLAMIC P2P FINANCING CONTRIBUTION

Findings from comprehensive qualitative discussions have identified three main themes for the role of Islamic P2P financing service platforms in enhancing financial inclusion: accessibility, usage, and quality. According to five respondents representing different providers, the strategic significance of FinTech, particularly in Islamic finance, is crucial for maintaining compliance with Shariah principles. This platform caters to the financial needs of Muslims based on their beliefs. In Indonesia, the development of Islamic FinTech remains constrained, both in terms of its advancement and in capital availability. Nevertheless, this obstacle will not impede the drive to promote Islamic FinTech in Indonesia. The P2P financing business model remains a cornerstone for providers, facilitating their ongoing expansion toward financial inclusion.

Upon further examination of the interview data and its findings, it became clear that P2P financing has evolved into a more structured framework. The division of levels within the role of this Islamic P2P Financing Service Platform was evident. Discussions with management revealed a classification of financial inclusion into three levels: the first level is the lowest or basic level, the second level is the intermediate level, where the conditions of the first level are met, and finally, the third level represents the achievement of financial inclusion in Indonesia through Islamic FinTech in terms of access, usage, and quality.

Accessibility can be categorised into three stages: basic, enhanced digital, physical, and comprehensive, inclusive access. The fundamental aspect of access involves the proximity of financial institutions in the surrounding vicinity, such as branch offices or locations that facilitate financial transactions. Regarding Islamic P2P financing, a branch office is not required to access the platform. However, the accessibility of digital infrastructure and low fees will greatly impact the user base. Nevertheless, drawing from Indonesia's Islamic P2P financing landscape, multiple providers have established partnerships with cooperatives, such as Qazwa and Ammana. Therefore, this hybrid model serves as an alternative to the access base. From a cost perspective, this solution is exceptionally inexpensive since it solely relies on internet

access and a network, both of which can be accessed from the comfort of one's home. This scenario effectively promotes access for the beneficiaries already in place.

The following stage is dedicated to improving digital and physical accessibility. It should be noted that Indonesia as an archipelago is a challenge in itself to achieve financial inclusion evenly; the data obtained from Bank Rakyat Indonesia, which is the shifted bank with the largest number of branch offices and units in the territory of Indonesia, only has 700 points, this shows that physical always has limitations, in contrast to digital which has a very wide coverage even on remote islands. Digital transactions are also very helpful in increasing the community's accessibility to financial institutions.

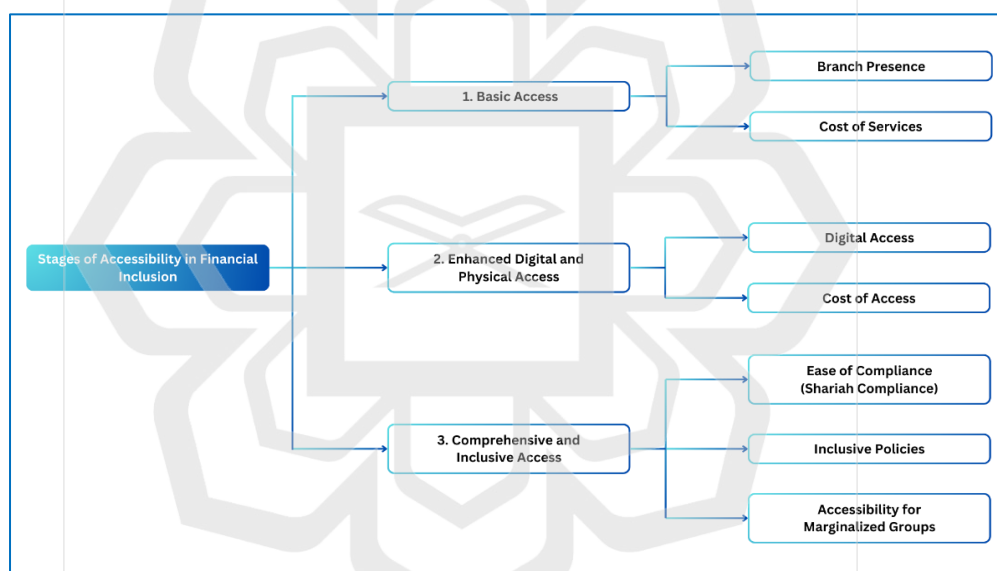


Figure 6.1 Stages of Accessibility in Financial Inclusion

The final phase of accessibility is characterised by comprehensive and inclusive access, which serves as the ultimate solution to financial exclusion, particularly voluntarily, as supported by research findings. Recognising individuals lacking financial access for various reasons, including religious beliefs, the Islamic P2P financing platform serves as a solution to enhance inclusive accessibility for both communities and marginalised groups. Undoubtedly, this also necessitates the

implementation of inclusive policies for the community and strict adherence to regulations, specifically in the context of Shariah rules.

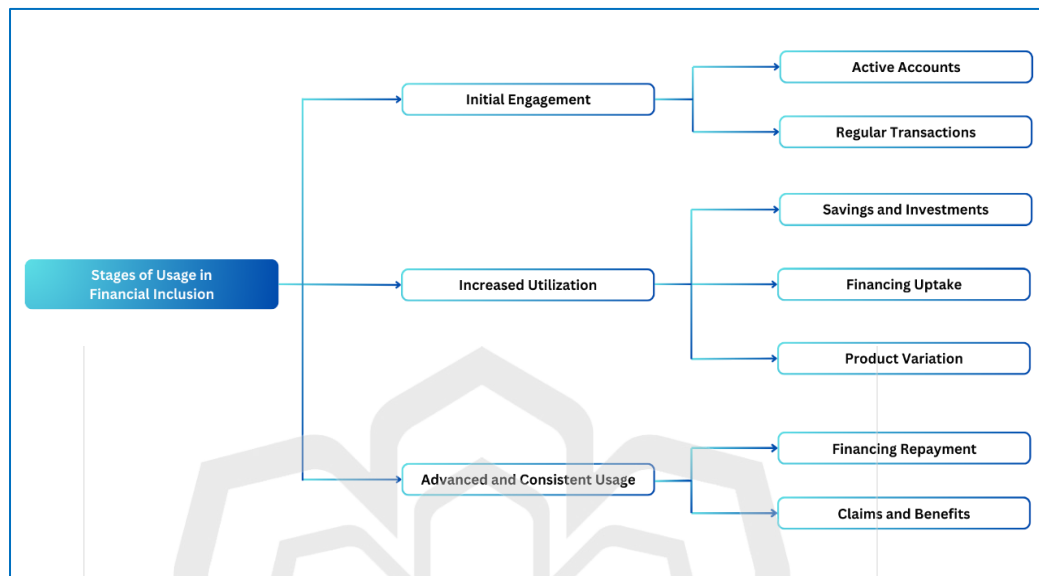


Figure 6.2 Stages of Usage in Financial Inclusion

The current and projected Islamic P2P financing usage will significantly contribute to financial inclusion by engaging with beneficiaries. On the investor side, it offers an alternative investment that encourages individuals and communities to participate in economic growth. On the borrower side, it provides comprehensive financial access through this platform. The ownership of the account involves its mere creation and the absence of any transactions within it. Nevertheless, the utilisation of this account will have a substantial impact on the platform's performance and the derived benefits. Additionally, regular transactions provide benefits to beneficiaries. Furthermore, there is increased utilisation, which is the second stage of usage; this platform is expected to be the main part of daily life of the beneficiaries to conduct financial transactions; in some platforms, there are also product variations such as providing social assistance opportunities for the community so that the platform will provide greater benefits, this is expected to expand the use of Islamic P2P financing further. Moreover, the last is a larger financial scale; for example, good financing will provide flexibility for subsequent financing.

The last level is advanced and consistent usage. In financial inclusion, the achievement of usage is its consistency. If beneficiaries have made financial transactions with certain platforms consistently, it can be said that the objectives of financial inclusion can be fulfilled, one of which is cost and benefit, which is already at a balanced point and consistent financing repayment.

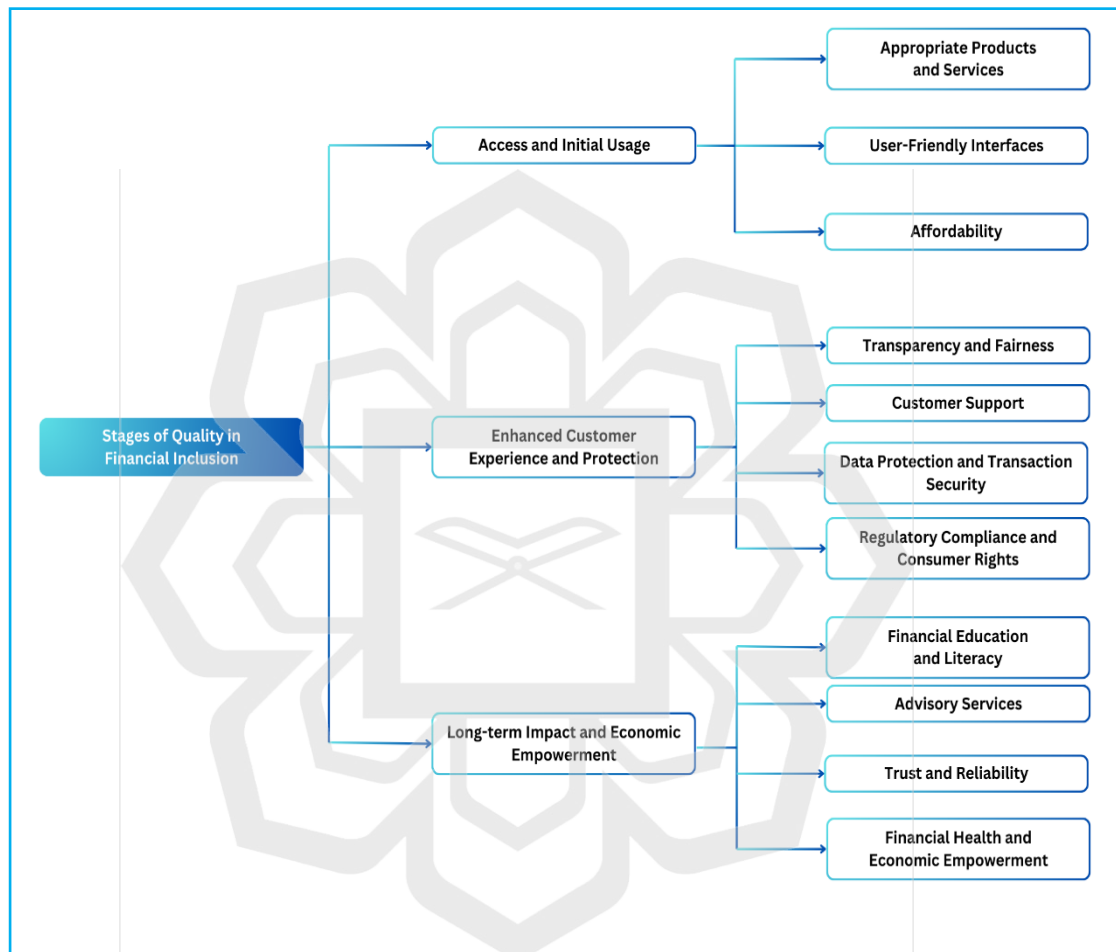


Figure 6.3 Stages of Quality in Financial Inclusion

The ultimate aim of financial inclusion is to ensure that financial institutions, particularly the Islamic P2P financing FinTech platform, effectively cater to the needs of their beneficiaries. The initial phase of achieving high-quality financial inclusion involves providing access, enabling beneficiaries to use appropriate products and services, and recognising that beneficiaries have varying needs and desires. Furthermore, it is imperative to have robust, user-friendly interfaces that cater to the

diverse range of platform beneficiaries. An interface that is easy to navigate is essential for novice and advanced beneficiaries in FinTech or digital platforms. Following that is affordability, wherein beneficiaries experience evident advantages in terms of costs and benefits for the community. Financing options are an integral component of affordability, as individuals are provided with financing options that range from the lowest to the highest level based on their specific needs.

The subsequent phase in enhancing financial inclusion involves augmenting customer experience and safeguarding. The satisfaction of platform beneficiaries will determine their likelihood of continued usage or disengagement due to negative experiences. The beneficiaries' future decisions will be influenced by the satisfaction of the platform's beneficiaries. Hence, platform beneficiaries need access to the desired amenities, including transparency and equity in transactions, customer assistance, data safeguarding and security, and ultimately, adherence to regulations and the fulfilment of consumer rights. The following goals are of utmost importance in promoting financial inclusion.

In addition to the sustainable development goals, the ultimate objectives of financial inclusion encompass long-term impact and economic empowerment. The pathway to prosperity will become significantly broader with the enhancement and achievement of high-quality financial inclusion. Key elements of achieving optimal financial inclusion encompass financial education and literacy, demonstrating a significant correlation. Additionally, consumer advisory services, such as comprehensive financial planning for business and personal finances, constitute crucial factors. The presence of a high level of trustworthiness and dependability will serve as a strong catalyst for customer participation in financial inclusion, with the ultimate goal being the promotion of financial health and economic empowerment. Financial health refers to the sufficient financial capacity of individuals by their respective proportions, a balanced level of monetary demand within society, and the harmonisation of commercial and social customs in Islamic finance. The ultimate objective of this

endeavour is economic empowerment, which will foster the growth of both the community and the nation, particularly in Indonesia.

The findings addressing Research Question 3 (RQ3) provide critical insights into how Islamic P2P financing platforms contribute to financial inclusion in Indonesia from the supply-side perspective. Unlike the demand-side analysis grounded in individual adoption behaviour, the provider perspective reveals that financial inclusion is perceived as a progressive and capability-driven process, rather than a static outcome. The qualitative evidence demonstrates that Islamic P2P financing platforms conceptualise financial inclusion through three interrelated dimensions—accessibility, usage, and quality—each evolving through distinct developmental stages. This staged interpretation aligns with contemporary financial inclusion literature, which emphasises that inclusion extends beyond mere account ownership to encompass meaningful usage and long-term economic empowerment.

From the accessibility dimension, providers emphasise that Islamic P2P financing mitigates Indonesia's structural barriers, particularly geographical dispersion and limited physical banking infrastructure. The reliance on digital platforms enables financial access without the need for branch expansion, confirming prior studies that identify FinTech as a critical enabler of inclusion in archipelagic and emerging economies. Importantly, providers highlighted that accessibility is not uniform but evolves from basic digital access toward comprehensive and inclusive access through ecosystem partnerships, cooperatives, and accelerator models. This finding extends conventional access-based inclusion frameworks by demonstrating that institutional collaboration is essential for scaling Shariah-compliant financial services.

Regarding usage, providers perceive financial inclusion as contingent upon sustained and consistent platform engagement. Initial onboarding through digital verification systems facilitates early participation; however, advanced usage depends on trust, regulatory compliance, and platform credibility. This insight complements the quantitative findings where trust significantly predicts actual usage behaviour, suggesting a convergence between supply-side strategy and user behaviour. The provider perspective further reveals that regulatory constraints and capital adequacy

requirements shape usage intensity, positioning regulation not merely as a barrier but as a mechanism for stabilising long-term inclusion.

The quality dimension reflects the most advanced interpretation of financial inclusion. Providers emphasise that inclusion must generate tangible socio-economic outcomes through literacy, customer protection, ethical governance, and economic empowerment. Quality inclusion is achieved when beneficiaries are not only able to access and use financial services but are also supported through education, risk mitigation, and Shariah-compliant assurance. This reinforces the Islamic finance principle that financial systems should promote *maslahah* (public good) and aligns financial inclusion objectives with the Sustainable Development Goals (SDGs).

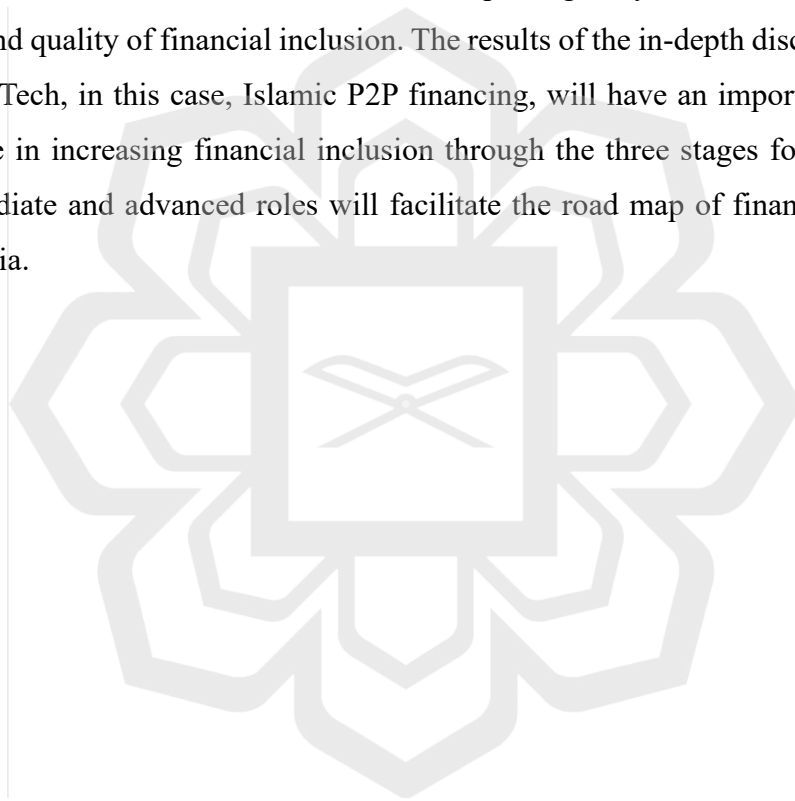
From the perspective of Maqāṣid al-Sharī'ah, the three dimensions of accessibility, usage, and quality collectively reflect a structured progression toward preserving wealth (ḥifẓ al-māl) and enhancing human dignity and well-being (ḥifẓ al-nafs and ḥifẓ al-'ird). Accessibility ensures lawful entry into financial systems, preventing exclusion that may lead to exploitative or non-Shariah-compliant alternatives. Sustained usage, supported by trust and regulatory governance, safeguards financial stability and protects users from harm, aligning to prevent injustice and systemic risk. Meanwhile, the quality dimension—through literacy, ethical oversight, and customer protection—operationalises *maslahah* (public good) by transforming financial access into real socio-economic empowerment. Thus, Islamic P2P financing does not merely expand digital financial services; it embodies a maqāṣid-driven model of inclusive finance that integrates technological efficiency with ethical accountability and social justice.

The provider perspective, therefore, extends UTAUT-based adoption models by introducing a process-oriented view of financial inclusion, where platform capability, institutional legitimacy, and ecosystem readiness play central roles. These findings confirm that Islamic P2P financing platforms function not only as technological intermediaries but also as institutional actors shaping inclusive financial ecosystems. Consequently, RQ3 enriches the mixed-method triangulation by linking micro-level

adoption behaviour with macro-level inclusion strategies, strengthening the theoretical and practical contributions of this study.

6.6 CHAPTER SUMMARY

This chapter examined the role of Islamic P2P lending in increasing financial inclusion in Indonesia. Based on interviews with five representatives of Islamic P2P financing management, several aspects were identified as supporting financial inclusion, namely products and business models. These two aspects greatly influence the accessibility, usage and quality of financial inclusion. The results of the in-depth discussion indicated that FinTech, in this case, Islamic P2P financing, will have an important contribution and role in increasing financial inclusion through the three stages formulated. Basic, intermediate and advanced roles will facilitate the road map of financial inclusion in Indonesia.



CHAPTER SEVEN

ISLAMIC PEER-TO-PEER FINANCING CHALLENGES FOR FINANCIAL INCLUSION IN INDONESIA

7.1 INTRODUCTION

This chapter presents the challenges of Indonesia's Islamic P2P financing platform in improving financial inclusion. To facilitate the disclosure of the findings and ensure systematisation, this chapter comprises five sections, each addressing the qualitative research question (RQ4). This chapter includes an introduction and profiles of Islamic P2P financing FinTech services stakeholders, including regulators, academicians, and the Association of Islamic FinTech in Indonesia. The remainder of this chapter provides a summary of the chapter's contents.

7.2 PROFILES OF ISLAMIC FINANCE STAKEHOLDERS

To complete the study, stakeholders from the Islamic P2P financing ecosystem were interviewed to address RQ4 (see Table 6.3), including the Financial Services Authority as regulator, DSN–MUI as the Sharia Supervisory Board, KNEKS as the national catalyst for Islamic economic development, AFSI as the fintech industry association, and IAEI (Ikatan Ahli Ekonomi Islam Indonesia) as the academic body representing Islamic economics scholars. Although Indonesia has two major organisations in Islamic economics, IAEI and Masyarakat Ekonomi Syariah (MES), this study selected IAEI as the representative scholarly institution due to its strong academic-policy engagement and structured contribution to Islamic finance discourse. Moreover, there is substantial overlap in membership between IAEI and MES, as many MES members are also affiliated with IAEI, ensuring that broader Islamic economic perspectives remain institutionally represented within the study.

Table 7.1 Profiles of the Islamic P2P Financing Stakeholders Representative

No	Informant Stakeholders Code	Capacity	Institution
1	SH 01	Executive Deputy Director	Financial Services Authority (OJK)
2	SH02	Deputy Director	National Committee for Islamic Economics and Finance (KNEKS)
3	SH03	Expert	Islamic Economics Expert Organisation (IAEI)
4	SH04	Member	Sharia Supervisory Board (DSN-MUI)
5	SH05	Executive Director	Association of Islamic Fintech Indonesia (AFSI)
6	SH06	Head of Division	Islamic Economics Expert Organisation (IAEI)
7	SH07	Head of Division	Financial Services Authority (OJK)
8	SH08	Member of the Research Centre	Islamic Economics Expert Organisation (IAEI)
9	SH09	Manager	Association of Islamic Fintech Indonesia (AFSI)

Source: author

To complete the entire research, stakeholders from the Islamic P2P Financing service platform were interviewed to address RQ 4 of this study (see Table 7.1). The Financial Services Authority is the regulator, while DSN MUI is the Sharia Supervisory Board. KNEKS acts as a catalyst, promoting the acceleration of Islamic economics and finance implementation in Indonesia. Additionally, AFSI represents an association that accommodates the whole fintech ecosystem in the country. Lastly, IAEI, the Association of Islamic Economists, oversees academics dedicated to advancing Islamic economics in Indonesia.

7.2.1 Otoritas Jasa Keuangan (OJK)

The Financial Services Authority (OJK) is an independent institution with the functions, duties, and authorities of regulation, supervision, inspection, and investigation. The Financial Services Authority (OJK), following its authority as regulated in Law Number 21 of 2011, prepares several regulations to regulate and supervise the development of

the type of business in the financial services sector that uses technological advances called FinTech (FinTech). This institution has formed an “Economic and Financial Digital Innovation Development Team” consisting of a few work units at OJK to review and study FinTech developments and prepare regulations and development strategies. The presence of FinTech, for OJK as an authority in the financial services industry, is an opportunity to continue to improve the development of the financial services sector, including encouraging financial inclusion programs.

The Financial Services Authority (OJK) issued POJK Number 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services (POJK LPBBTI/FinTech P2P Financing). This POJK LPBBTI was issued to develop the financial industry, encourage the growth of alternative financing, and facilitate and improve access to funding for the public and business actors through an information technology-based funding service.

7.2.2 Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS)

The National Committee for Shariah Economics and Finance (KNEKS) is a change from the KNKS to increase the development of the Shariah economic and financial ecosystem and make Indonesia a World Halal Centre. The declaration of the starting point to position Indonesia as one of the main players and hubs of the world's Islamic economy was carried out in line with the launch of the Masterplan for the Indonesian Islamic Economy in May 2019. To support national economic development and encourage the acceleration of the development of the Islamic finance sector, the government established the KNKS on November 8, 2016, to increase the effectiveness and efficiency of implementing the national development plan in Islamic finance and economy. Furthermore, since its promulgation on February 10, 2020, the government has changed the National Committee for Shariah Economy and Finance to become the National Committee for Shariah Economy and Finance, which aims to improve the economic and financial ecosystem development to support national economic development.

KNEKS provides recommendations for policy directions and strategic national development programs in the Islamic economy and finance sector. Implementation of coordination, synchronisation, and synergism in preparing and implementing policy direction plans and strategic programs in the Islamic economy and finance sector. Formulation and provision of recommendations for solving problems in the Islamic economy and finance sector, and monitoring and evaluating the implementation of strategic policy directions and programs in the Islamic economy and finance sector.

7.2.3 Dewan Syariah Nasional MUI

The National Shariah Council-Indonesian Ulema Council (DSN-MUI) was formed to realise the aspirations of Muslims in Indonesia regarding economic issues and encourage the application of Islamic knowledge in the economic/finance sector, which is conducted by the guidance of Islamic law. The formation of the DSN-MUI is an efficiency and coordination step for the ulama in responding to issues related to economic/financial matters. Various problems/cases that require a fatwa will be accommodated and discussed to obtain a common view on handling by the Shariah Supervisory Board (DPS) in Islamic financial institutions. To encourage the application of Islamic teachings in economic and financial life, DSN-MUI will always play a proactive role in responding to the dynamic development of Indonesian society in the economic and financial fields. The National Shariah Council has issued a fatwa related to Islamic Peer Financing, namely DSN fatwa number 117 / DSN-MUI / II / 2018, concerning information technology-based financing services based on Shariah principles.

7.2.4 Ikatan Ahli Ekonomi Islam (IAEI)

The Association of Indonesian Islamic Economists (IAEI) was founded in 2004 as a forum for academics and practitioners to conduct studies, develop, educate, and socialise Islamic Economics. It has also become a forum for Islamic Economics experts committed to developing and implementing Islamic Economics in Indonesia. The association has made a real contribution to the government, both through constructive

thinking and real action, in Indonesia's equitable economic development. It helps prepare quality Indonesian human resources in Islamic economics and finance through educational institutions and training activities. IAEI aims to build synergies between Islamic financial institutions, educational institutions, and the government to ground the Shariah economy in Indonesia, and networks with international institutions, including financial institutions, research institutions, and international investor organisations. They advance Islamic Economics through study and research on various creative potentials for developing and implementing Islamic Economics nationally and internationally.

7.2.5 Asosiasi FinTech Syariah Indonesia (AFSI)

The Indonesian Shariah FinTech Association was initiated in October 2017 in Jakarta. Established as a congregation of startups, institutions, academics, communities, and Shariah experts engaged in technology-based financial services. AFSI's vision is to become a forum for realising economic equality and justice and accelerating Shariah economic development through technological and financial innovation to benefit all of Indonesian society. AFSI's mission includes increasing the penetration of Financial Inclusion through Shariah FinTech in Indonesia. It also supports the Government and Academic Institutions in encouraging the progress of FinTech in Indonesia, encouraging awareness and education of Islamic Finance in Indonesia, and bringing together synergies with Shariah economic institutions and international FinTech in developing the potential of Shariah FinTech. AFSI has many members providing Islamic FinTech services, including the Islamic P2P financing business model. Respondents' responses in the qualitative interview are described descriptively as a summary of qualitative stakeholders' conditions.

7.3 INTERPRETIVE STRUCTURAL MODELLING (ISM) APPROACH

The respondents for the ISM approach were divided into two groups. The first regulators are OJK, KNEKS, and the association AFSI (Asosiasi FinTech Indonesia). The second is from the Islamic P2P provider's management, and the last is the beneficiaries' communities of Islamic P2P Financing.

7.3.1 Questionnaire Development and Data Collection

The interviews were conducted using open-ended questions to allow the respondents to spontaneously discuss the issues and challenges of the Islamic P2P Financing Platform in improving financial inclusion in Indonesia. Each interview lasted approximately 45-60 minutes and was recorded using Zoom. Each respondent signed the consent form to accommodate the interview results used as research material. The interview results were transcribed in Bahasa Indonesia, and the data were coded accordingly by ATLAS.ti for analysis and discussion.

7.3.2 Selection of the Challenges Relevant to Islamic P2P Financing Adoption to Improve Financial Inclusion

As a result of initial discussions with respondents regarding adopting Islamic P2P financing to increase financial inclusion in Indonesia, eleven (11) challenges were formulated, considering the elements that stakeholders must consider most. Based on the research questions answered in chapters five and six, it is necessary to build an appropriate model for adopting Islamic P2P financing, which will improve financial inclusion in Indonesia. The eleven elements in the table below, apart from the discussion results, are also strengthened by the literature review to strengthen the argument for building the model.

Table 7.2 Discussion Results of the Islamic P2P Financing Challenges

Code	Challenges	Implied meaning	Sources
C1	Adoption of Islamic FinTech/ P2P Financing platform services	Islamic FinTech refers to applying technology to provide financial services that comply with Islamic principles and Shariah law. It encompasses developing and utilising digital platforms, financial technologies, and innovative solutions to facilitate Shariah-compliant banking, investment, and financial transactions.	Ali et.al (Rabbani et al., 2021), Rahim et al (2022) Shaikh (2020)

Code	Challenges	Implied meaning	Sources
C2	Financial Literacy	Financial literacy is understanding and effectively managing financial matters, including budgeting, investing, and debt management, to make informed and responsible financial decisions.	Cohen (2011), Grohman (2018), Morgan (2020)
C3	Digital Literacy	Digital literacy refers to the ability to access, understand, and effectively use digital resources and technologies for various purposes, including communication, information retrieval, and problem-solving.	Bokken (2021), Hasan et al. (2023), Kass-Hanna (2022)
C4	Sustainability	Sustainability in the FinTech industry refers to the capacity of FinTech innovations to support economic growth, financial inclusion, and environmental and social well-being while aligning with the principles of sustainable development.	Machiavelli (2022) Bayram (2022) Udeagha (2023)
C5	Security and Privacy	Security and privacy refer to protecting sensitive information and safeguarding individuals' rights against unauthorised access, breaches, and misuse, particularly in digital and technological contexts.	Husain et al (2021), Gai (2017)
C6	Risk and Governance	Risk governance involves evaluating and managing potential threats and uncertainties within legal, institutional, and economic contexts. It requires the involvement of stakeholders and actors who represent them.	Kang(2020) Brown (2022)
C7	Trust	Trust is the confidence and reliance placed on an entity, system, or individual, particularly in ethical, moral, or financial considerations.	Stewart (2018) Meyliana (2019) Roh (2022)
C8	Cost and Benefit	Cost and benefit refer to the expenses and advantages associated with a decision, action, or investment, with costs representing the sacrifices made and benefits representing the gains achieved.	Shehab (2023)
C9	Validation	Validation refers to assessing and confirming the accuracy, effectiveness, or suitability of a method, measure, or definition through empirical evidence or systematic evaluation.	Fernando (2018) Arkanuddin (2021)

Code	Challenges	Implied meaning	Sources
C10	Scalability	The scalability of FinTech refers to the ability of FinTech solutions to expand and adapt to increasing demands and user volumes. This often involves considerations of innovation, low-profit margins, and compliance.	Visconti(2020) Muthukannan(2021)
C11	Regulatory Framework	Regulatory Framework in the FinTech industry encompasses regulatory compliance, consumer protection, data privacy, and contractual frameworks, addressing the challenges and opportunities arising from the intersection of financial services and technology.	Suryono(2019) Huang (2021)

The ISM-MICMAC approach in this methodology is justified by its numerous advantages: firstly, it follows a systematic process, encompassing all possible pairwise correlations among system elements, whether through participant responses or transitive extrapolation. Secondly, it is efficient, with transitive interpretation potentially reducing relational queries by a significant margin, ranging from 50% to 80%. Thirdly, it effectively guides and records the outcomes of group discussions dealing with complex issues methodically and in an organised manner. Fourthly, it enhances the quality of interdisciplinary and interpersonal communication by directing participants' attention to one specific question at a time. Lastly, it is a valuable learning tool that facilitates a deeper understanding of the significance and meaning behind a specified list of challenges and reveals their contextual relationships in adopting FinTech. This approach is well-established in the existing literature and has been successfully employed in previous studies. (Attri, Dev & Sharma, 2013; Rana, Dwivedi & Hughes, 2022).

However, it is important to acknowledge that the ISM-MICMAC approach has inherent weaknesses. Firstly, an increase in the number of variables associated with a particular issue can significantly increase the complexity of this methodology. Secondly, the models developed using ISM-MICMAC are not empirically validated, which may raise questions about their real-world applicability. Lastly, this approach

typically requires the involvement of experts in the relevant field as potential respondents for data collection (Attri et al., 2013).

7.3.3 Development of Matrices for the ISM Approach

The study thoroughly examined the challenges by employing pairwise comparisons to identify the contextual relationships, specifically the direction, between these challenges. An expert panel utilised questionnaire data to assess and establish the contextual relationships between each challenge. Each expert was tasked with rating the degree of relationship between a given challenge and the other interconnected challenges. To represent these relationships, this study employed established symbols:

- (1) "V" to indicate that Challenge i would lead to Challenge j ;
- (2) "A" to signify that Challenge j would facilitate or lead to Challenge i ;
- (3) "X" to denote that challenges i and j would mutually facilitate each other;
and
- (4) "O" indicates that challenges i and j had no discernible relationship with each other.

To develop the ISM model, several matrices must be constructed sequentially: the Structural Self-Interaction Matrix (SSIM), the Initial Reachability Matrix (IRM), and the Final Reachability Matrix (FRM). Below is the data processing procedure derived from discussions with stakeholders of the Islamic P2P financing service platform, addressing key challenges in fostering the development of platforms for financial inclusion.

The Structural Self-Interaction Matrix (SSIM) results are presented in Table 7.3, where the expert perspectives on interdependency are depicted using the designated notation.

Table 7.3 Structural Self-Interaction Matrix

Challenge	C11	C10	C9	C8	C7	C6	C5	C4	C3	C2
C1	A	A	A	A	A	A	A	A	A	A
C2	V	V	X	A	X	X	V	V	X	
C3	V	V	X	A	X	X	V	V		
C4	V	V	X	A	X	X	V			
C5	V	A	V	V	X	V				
C6	V	V	V	V	V					
C7	X	V	V	X						
C8	V	A	V							
C9	V	V								
C10	V									
C11										

The Structural Self-Interaction Matrix (SSIM) is subsequently converted into the Initial Reachability Matrix (IRM) presented in Table 7.4gi using binary coding, where "0" and "1" replace the symbols V, A, X, and O from the SSIM (refer to Table 7.3). This replacement is implemented as follows: (1) "1" is placed in the (i, j) entry and "0" in the (j, i) entry when the SSIM contains "V"; (2) "0" is placed in the (i, j) entry and "1" in the (j, i) entry when "A" is present in the SSIM; (3) "1" is assigned to both the (i, j) and (j, i) entries when "X" is found in the SSIM; and (4) "0" is assigned to both the (i, j) and (j, i) entries when "O" is indicated in the SSIM.

Table 7.4 Initial Reachability Matrix

Challenge	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11
C1	1	0	0	0	0	0	0	0	0	0	0
C2	1	1	1	1	1	1	1	0	1	1	1
C3	1	1	1	1	1	1	1	0	1	1	1
C4	1	0	0	1	1	1	1	0	1	1	1
C5	1	0	0	0	1	1	1	1	1	0	1
C6	1	1	1	1	0	1	1	1	1	1	1
C7	1	1	1	1	1	0	1	1	1	1	1
C8	1	1	1	1	0	0	1	1	1	0	1
C9	1	1	1	1	0	0	0	0	1	1	1
C10	1	0	0	0	1	0	0	1	0	1	1
C11	1	0	0	0	0	0	1	0	0	0	1

The transformation from the IRM to the Final Reachability Matrix (FRM) involves applying the concept of transitivity. This is represented as follows: If there is a connection from A to B ($A \rightarrow B$) and another connection from B to C ($B \rightarrow C$), then a transitive relationship exists between A and C ($A \rightarrow C$). Transitive relationships are identified within the FRM by marking "1*" at each instance where transitivity is observed. Subsequently, each challenge's driving and dependence power is calculated by summing the (i, j) entries within the FRM. This process is detailed in Table 7.5.

Table 7.5 Final Reachability Matrix

Challenge	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	Driving power
C1	1	0	0	0	0	0	0	0	0	0	0	1
C2	1	1	1	1	1	1	1	0	1	1	1	11
C3	1	1	1	1	1	1	1	0	1	1	1	11
C4	1	0	0	1	1	1	1	0	1	1	1	9
C5	1	0	0	0	1	1	1	1	1	0	1	8
C6	1	1	1	1	0	1	1	1	1	1	1	10
C7	1	1	1	1	1	0	1	1	1	1	1	10
C8	1	1	1	1	0	0	1	1	1	0	1	9
C9	1	1	1	1	0	0	0	0	1	1	1	7
C10	1	0	0	0	1	0	0	1	0	1	1	5
C11	1	0	0	0	0	0	1	0	0	0	1	3
Dependent Power	11	6	6	7	6	5	8	8	8	9	10	84

7.3.4 Level of Partitioning

ISM interpretive structural modelling is an excellent approach that helps identify and determine the relationships among specific variables or items (Warfield, 1974). ISM has two basic concepts: the transitivity and affordability approaches (Sharma & Gupta, 1995). Transitivity is explained in the following example. If variable a is related to b and b is related to c, then transitivity implies that variable a must be related to c. The matrices are decomposed into significance tiers to construct a "causal" hierarchical structure. This is accomplished by utilising reachability, antecedent, and intersection sets.

Reachability involves evaluating each challenge and identifying other challenges that could influence it. At the same time, the antecedent set comprises the focal challenge and all other challenges that could impact it. The combination of reachability and antecedent sets unveils an intersection set, and this process is repeated for all challenges. Level 1 status is assigned when the reachability and intersection sets are found to be equal for a given challenge (e.g., "Adoption of Islamic P2P financing in Indonesia (C1)"). Once a challenge is recorded at this level, it is removed from consideration, and the procedure is reiterated until all challenges have been exhaustively addressed. Eight iterations, as outlined in the Appendix, were conducted to develop the ISM-based challenge model for Islamic P2P financing adoption in Indonesia. The importance levels derived from this process are presented in Table 7.6.

Table 7.6 The Key Challenges Level of Islamic P2P Financing Adoption

Level#	Key Challenges of Islamic P2P Financing Adoption
1 st	Adoption of Islamic P2P Financing
2 nd	Legal Issue
3 rd	Scalability
4 th	Validity
5 th	Security and Privacy
6 th	Sustainability Cost and Benefit
7 th	Risk and Governance Trust
8 th	Financial Literacy Digital Literacy

7.3.5 MICMAC Quadrant Analysis

MICMAC theory is based on the multiplicative properties of matrices and is used to analyse the driving forces and dependencies of matrices. MICMAC analysis classifies elements into four groups (Figure 7.1). The first group (autonomous elements) shows

low driving force and low dependence on elements. Because these elements are somewhat separated from the system and have a few weak points, they are called autonomous elements. The second cluster relates to dependent elements with low driving force but high levels of dependency. The following clusters have elements with high driving forces and high levels of dependency. The final group, namely four, has elements with high driving force and low dependency, referred to as driving elements. Please note that a variable with a high driving force will fall into Cluster 3 (Linkage Element) or Cluster 4 (Driver Element).

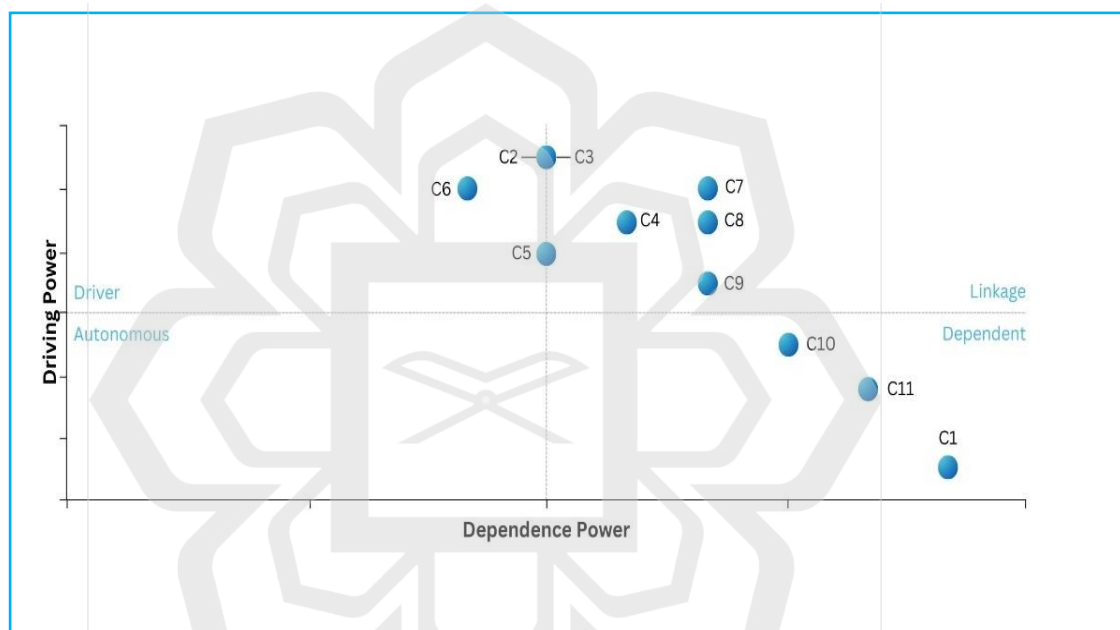


Figure 7.1 MICMAC Quadrant Analysis
Source: ISM Output

The MICMAC analysis determines driving and dependence power. To compute these values, the FRM was analysed, and the summation of FRM rows and columns was calculated and presented in Table 7.6. The plot is presented in Figure 7.1. MICMAC structural analysis creates challenge sets (autonomous, dependent, linkage and driver), and this has practical utility as a rich source of information and in-depth insight into the sources and consequences of key challenges of Islamic P2P Financing adoption in Indonesia. The four sets consist of:

- 1) Autonomous set: The set of low driving and dependence power (lower left quadrant) items has a very weak system impact. No such challenges were identified.
- 2) Dependent set: This set of challenges has low driving power and high dependence power (lower right quadrant) and is more important in the model. Three challenges were detected: “Adoption of Islamic P2P financing platform (C1),” “Scalability” (C11) and “Legal Issue (C10).” These challenges are significant due to their strong dependence on others, and practitioners must address the other challenges to achieve these output challenges and enable greater improvement success.
- 3) Linkage set: This set offers high driving and dependence power (upper right quadrant). It has comparatively lower levels of importance in ISM hierarchical models, and the following challenges were detected under this category:” Financial literacy” (C2), “validation” (C9), “trust”(C7), “cost and benefit (C8), “sustainability” (C4). These challenges are less stable, and practitioners should continuously monitor these types at each stage.
- 4) Independent set: This set offers high driving and low dependence power (upper left quadrant) and is the foundation for successful improvement. The challenges include “Risk and Governance (C6)”, “Security Privacy (C5)”, and “Digital literacy (C3)”; practitioners must focus on these driving/key challenges as the top priority to ensure they have minimal effect on the other challenges.

7.4 RQ 4: WHAT ARE THE KEY CHALLENGES AND BEST STRATEGIES IN DEVELOPING AN ISLAMIC P2P FINANCING SERVICES PLATFORM TO ENHANCE FINANCIAL INCLUSION IN INDONESIA FROM THE STAKEHOLDERS' PERSPECTIVE?

This section presents challenges for policymakers and stakeholders in the Islamic P2P financing sector and the government to overcome these problems for better implementation in Indonesia. This study supports its findings regarding Indonesia's

most common challenge elements of Islamic P2P financing. Initially, eighteen (18) elements were identified based on the literature review, which was reduced to eleven (11) after brainstorming sessions with experts. After resolving the elements, the experts developed a relationship matrix as a first step toward developing interpretive structural modelling. The method used not only creates connections between elements but also addresses the most influential or large element in the Islamic P2P financing FinTech platform and then approaches the least important element; these elements are then connected and further categorised as autonomous, independent and dependent elements.

Following the MICMAC study, the FRM was utilised to structure the ISM model (by nodes/vertices and edge lines), depicted in Figure 7.1 as a digraph. As the transitivity linkages are removed and given to nodes, the digraph becomes the foundation of the ISM model. The model depicts the obstacles at each level and their links to the challenges at the same and higher levels. The levels depicted in Figure 7.2 are likewise linked to four quadrants of the MICMAC diagram, where the primary driving problems are all indicated in the independent quadrant.

This challenge has a significant driving force and sets off other challenges within the model. None of the challenges was discovered to have low driving and dependency power, demonstrating that the difficulties are not random. The dependent problems are presented in the second quadrant. These issues have low driving power but high dependence power and are thus influenced by interdependent factors with higher driving power. Figure 7.2 illustrates that the final digraph is transformed into an ISM model with challenge statements, indicating that financial literacy (Challenge 2) and digital literacy (Challenge 3) are the most significant challenges for the Islamic P2P financing service platform, positioned at the bottom of the ISM hierarchy. Adopting the Islamic P2P Financing Service Platform (Challenge 1) appears at the top of the hierarchy, suggesting it is the least influential challenge in the process. Furthermore, without the support of all the barriers at the bottom, it would be challenging to address all the gaps in this process.

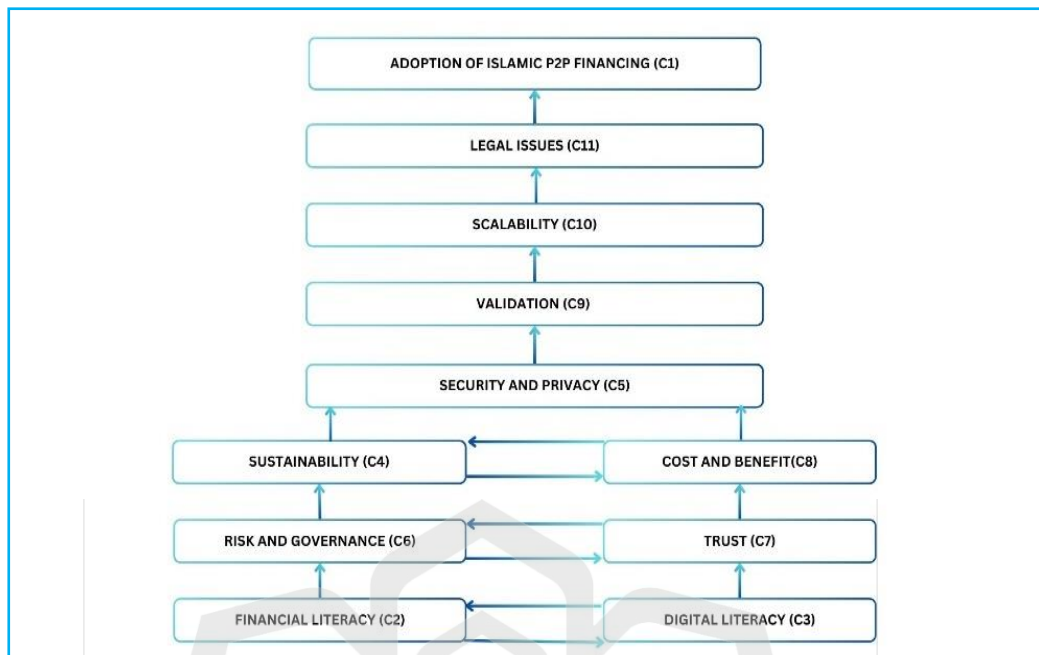


Figure 7.2 ISM Base Model of Key Challenges Level of Islamic P2P Financing Adoption (Source: ISM professional 2.0 results)

As a key challenge, the best strategies in developing an Islamic P2P financing services platform to enhance financial inclusion in Indonesia will be compiled, then several actions must be taken, namely, first ensuring Financial Literacy (C2) and Digital Literacy (C3) as priority challenges can be completed first. This strategy will move to Risk, Governance (C6), and Trust (C7). Furthermore, stakeholders argue that sustainability (C4) and Cost and Benefit (C8) become priority levels after completing the challenge elements. After that, step-by-step Security (C5), Validation (C9), and Scalability (C10) will be the next challenges in developing the Islamic P2P financing service platform. The next challenge will be the regulatory framework (C11) involving regulators in developing this platform. By making a priority level for all challenges, an ecosystem that supports and becomes part of Indonesia's strategy for binding financial inclusion can be developed.

This finding is also related to the institutional theory, which provides a framework for understanding how regulatory, normative, and competitive pressures shape the adoption of Islamic P2P financing to enhance financial inclusion. The Interpretive Structural Modelling (ISM) approach identifies three main institutional

pressures that must be addressed to ensure successful adoption: coercive pressure (regulatory compliance), normative pressure (industry standards and literacy), and mimetic pressure (adoption of proven models).

First, coercive pressure stems from regulatory frameworks, security requirements, risk management, governance standards, and trust-building mechanisms that Islamic P2P platforms must comply with to gain legitimacy. These pressures are essential because Islamic financial services operate in a highly regulated environment, requiring strict adherence to Shariah law, consumer protection policies, and risk mitigation strategies. Second, normative pressure arises from industry best practices, societal expectations, and financial literacy initiatives that influence the adoption of Islamic P2P financing. These factors shape consumer behaviour, ensuring that users are well-informed, capable, and willing to participate in digital financial systems. Third, mimetic pressure drives organisations to imitate successful business models and best practices to reduce uncertainty and increase credibility. In Islamic P2P financing, learning from proven FinTech solutions, adapting global Islamic finance models, and validating platform effectiveness are essential to expanding adoption. By aligning with institutional theory, Islamic P2P platforms can build a well-regulated, widely accepted, and scalable financial ecosystem that bridges the gap between FinTech innovation and financial inclusion. Addressing these institutional pressures will enhance user trust, drive long-term adoption, and position Islamic P2P financing as a transformative force in ethical financial services.

Viewed through the lens of Maqāṣid al-Sharī'ah, these findings demonstrate that Islamic P2P financing contributes to the preservation of wealth (ḥifẓ al-māl) by providing structured, Shariah-compliant access to productive capital while reducing dependence on informal or exploitative financing channels. The emphasis on trust, regulatory compliance, and ethical governance supports the protection of dignity and reputation (ḥifẓ al-'ird), as beneficiaries can access financing without social stigma or moral compromise. Furthermore, sustained usage supported by literacy and institutional oversight aligns with the protection of life and well-being (ḥifẓ al-naḥs), as financially included individuals are better equipped to manage risks, stabilise income, and improve household resilience. Consequently, Islamic P2P financing functions not merely as a technological tool for financial access but as a maqāṣid-oriented mechanism that

integrates inclusion, ethical accountability, and socio-economic empowerment within Indonesia's digital financial ecosystem.

7.5 INTEGRATED DISCUSSION: LINKING QUANTITATIVE RESULTS, QUALITATIVE INSIGHTS, AND INSTITUTIONAL CHALLENGES

Building upon the quantitative findings presented in Chapter Five and the qualitative insights discussed in Chapter Six, this chapter synthesises the results to provide an integrated discussion of Islamic P2P financing adoption in Indonesia. While the quantitative analysis identifies statistically significant determinants of behavioural intention and usage behaviour, the qualitative findings offer deeper explanatory insights into why these relationships emerge within specific socio-cultural, religious, and institutional contexts. This chapter, therefore, moves beyond reporting results toward analytical integration, aligning empirical findings with the extended UTAUT framework and broader institutional considerations relevant to Islamic FinTech development.

7.5.1 Integrated Interpretation of Adoption Drivers and Constraints

The quantitative results demonstrate that Social Influence and Trust are the most influential determinants of Islamic P2P financing adoption in Indonesia, shaping both behavioural intention and actual usage behaviour. These findings are substantiated and deepened by the qualitative narratives, which reveal that adoption decisions are rarely made in isolation. Instead, beneficiaries rely heavily on community endorsement, religious legitimacy, and perceived ethical credibility when engaging with Islamic financial platforms.

Qualitative evidence explains why Perceived Risk and Facilitating Conditions, although theoretically relevant, were statistically insignificant in the quantitative model. Beneficiaries frequently reported that risk concerns are implicitly mitigated through trust in Sharia compliance, social validation, and moral accountability. Similarly, facilitating conditions were perceived as given, as most users already possess sufficient digital familiarity and infrastructure access. This contextual explanation reinforces the

argument that in emerging Islamic FinTech ecosystems, institutional trust substitutes for formal risk assessment, and digital readiness precedes platform-specific adoption.

7.5.2 From Adoption Determinants to Structural Challenges

While UTAUT variables explain individual-level adoption behaviour, the qualitative findings extend the analysis to system-level constraints that shape sustainability and scale. Stakeholder interviews reveal that adoption does not automatically translate into inclusive impact unless foundational challenges are addressed. These challenges emerge across eleven interrelated domains (C1–C11), ranging from digital literacy and Sharia literacy to governance, scalability, and regulatory alignment.

Crucially, adoption (C1) is positioned as a dependent outcome, not a primary driver. This reflects the empirical reality observed in Indonesia: adoption increases only after foundational enablers—particularly literacy, trust, and governance—are sufficiently established. This finding challenges linear technology-adoption assumptions and highlights the importance of sequencing interventions rather than treating adoption as an isolated objective.

7.5.3 Integrated Challenge–Strategy Matrix for Islamic P2P Financing Development

To translate these integrated insights into an analytically coherent framework, this study proposes an Integrated Challenge–Strategy Matrix (Table 7.X). The matrix synthesises quantitative results, qualitative themes, and institutional perspectives to identify priority intervention areas and their logical sequencing.

Table 7.7 Integrated Challenge–Strategy Matrix for Islamic P2P Financing Adoption and Financial Inclusion in Indonesia

Code	Key Challenge	Nature of Challenge	Priority Level	Strategic Recommendation	Key Actor
C1	Adoption	Dependent outcome of multiple drivers	Outcome	Reinforce adoption through trust-building, social endorsement, and literacy rather than standalone promotion	Providers, Regulators
C2	Financial Literacy	Foundational capability gap	High (Foundational)	Integrate Islamic financial literacy into national financial inclusion and MSME programs	OJK, KNEKS, MoF
C3	Digital Literacy	Limits effective platform use	High (Foundational)	Community-based digital training via mosques, cooperatives, and MSME hubs	Regulators, Providers
C4	Sustainability	Platform continuity risk	Medium	Develop sustainable Shariah-based business models beyond short-term financing	Providers
C5	Security & Privacy	Data protection concern	Medium–Long	Establish Islamic FinTech-specific data security and privacy standards	Regulators
C6	Risk & Governance	Institutional credibility	Medium	Strengthen governance frameworks, risk disclosure, and operational transparency	Regulators, Providers
C7	Trust	Core determinant of actual usage	High (Immediate)	Mandatory Shariah disclosure, visible fatwa endorsement, transparent reporting	Providers, DSN-MUI
C8	Cost–Benefit Balance	Affects continued participation	Medium	Transparent pricing structures and ethical fee disclosure	Providers

Code	Key Challenge	Nature of Challenge	Priority Level	Strategic Recommendation	Key Actor
C9	Validation	Shariah legitimacy assurance	Long	Standardised validation of Islamic contracts and processes	DSN-MUI, OJK
C10	Scalability	Ecosystem expansion barrier	Long	Strategic partnerships with BMTs, cooperatives, halal MSMEs, and green finance	Providers
C11	Regulatory Framework	Structural enabler	Long	Integrated regulatory architecture for Islamic digital finance	Government, OJK

The matrix demonstrates that financial literacy (C2) and digital literacy (C3) represent the most urgent foundational challenges. Addressing these enables subsequent improvements in trust (C7) and governance (C6), which in turn support platform sustainability (C4), cost–benefit balance (C8), and data security (C5). Only after these layers are stabilised can scalability (C10) and regulatory integration (C11) be effectively pursued.

7.5.4 Theoretical Integration: Extending UTAUT in an Islamic FinTech Context

This study contributes to the growing literature on Islamic FinTech adoption and financial inclusion by advancing an integrated behavioural–institutional framework that extends the Unified Theory of Acceptance and Use of Technology (UTAUT). While prior studies have predominantly applied UTAUT to explain technology adoption at the individual level, the present research demonstrates that adoption of Islamic P2P financing cannot be sufficiently explained through behavioural predictors alone. Instead, adoption outcomes are shaped by the interaction between behavioural drivers, institutional trust mechanisms, and ecosystem-level readiness.

First, the quantitative findings confirm that key UTAUT-related constructs—performance expectancy, effort expectancy, social influence, and perceived value—significantly influence behavioural intention, which subsequently translates into actual platform usage. The mediation analysis further establishes behavioural intention as a critical transmission mechanism linking perceptual factors to usage behaviour, thereby reinforcing the behavioural foundations of technology adoption theory in the context of Islamic FinTech. However, the empirical results also indicate that several technological constructs do not exert direct effects on platform usage, suggesting that the pathway from perception to behaviour is primarily indirect rather than immediate. This finding refines conventional UTAUT assumptions by demonstrating that behavioural intention remains a central explanatory mechanism even in digitally mature environments.

Second, the study extends technology adoption theory by integrating trust as a dominant determinant of actual usage. Unlike conventional FinTech adoption contexts where usability and convenience often dominate, Islamic P2P financing adoption is strongly conditioned by credibility, regulatory assurance, and Shariah compliance. Trust, therefore, functions not merely as a complementary construct but as a structural prerequisite for sustained platform engagement. This insight highlights the importance of embedding institutional legitimacy and ethical governance within digital financial ecosystems, particularly in faith-based financial environments.

Third, by incorporating qualitative findings related to socio-cultural and religious factors, the study demonstrates that behavioural adoption decisions are embedded within broader normative and community contexts. Social endorsement, collective decision-making norms, and religiosity-related motivations shape user perceptions of platform legitimacy and compatibility. These findings suggest that Islamic FinTech adoption operates as a socially mediated technological behaviour rather than a purely individualistic decision process, thereby enriching the socio-technical perspective of adoption research.

Fourth, the ISM-based ecosystem analysis further advances theoretical understanding by identifying structural drivers—such as regulatory coordination, governance mechanisms, digital literacy, and financial literacy—as foundational enablers of inclusive FinTech development. This perspective moves beyond user-level

adoption models by demonstrating that sustainable financial inclusion requires alignment between behavioural readiness, institutional capability, and ecosystem support. Consequently, financial inclusion outcomes emerge not solely from increased platform usage but from the systemic interaction between demand-side adoption dynamics and supply-side institutional readiness.

Despite its contributions, this study is subject to several methodological limitations that warrant critical reflection. First, the quantitative sample consists of 231 beneficiaries who are already users of Islamic P2P financing platforms. While this provides robust insights into usage behaviour, it may introduce self-selection bias, as non-users or rejected applicants were not included. Consequently, the findings primarily reflect determinants of continued adoption rather than initial resistance or complete exclusion. This limits the generalisability of the results to broader unbanked or digitally marginalised populations.

Second, the cross-sectional research design constrains causal interpretation. Although PLS-SEM provides strong explanatory modelling, behavioural intention and usage behaviour were measured at a single point in time. Adoption dynamics in Islamic fintech may evolve alongside regulatory reforms, platform maturity, or macroeconomic shifts. A longitudinal design would allow for a deeper understanding of behavioural stability and trust formation over time.

Third, while the study integrates socio-cultural and religiosity dimensions qualitatively, these constructs were not modelled as formal moderators within the SEM framework. Future studies may operationalise religiosity, maqāṣid orientation, or Islamic financial literacy as measurable moderating variables to empirically test their interaction effects with UTAUT constructs.

From a theoretical standpoint, the findings both support and challenge existing knowledge. The significant role of social influence and trust confirms prior Islamic fintech studies emphasising relational legitimacy in Muslim-majority contexts. However, the non-significance of perceived risk and facilitating conditions challenges conventional UTAUT assumptions that technological barriers and risk perception are primary constraints in emerging markets. This suggests that in Shariah-compliant financial environments, ethical assurance and institutional trust may neutralise

traditional risk concerns. Therefore, this study contributes to academic discourse by proposing a context-sensitive refinement of UTAUT, where institutional legitimacy and moral alignment function as parallel adoption pathways alongside technological acceptance mechanisms.

Taken together, the findings contribute to theory by proposing a refined adoption inclusion framework in which behavioural intention mediates user adoption processes, trust anchors institutional legitimacy, and ecosystem readiness sustains inclusive financial outcomes. This integrated perspective extends UTAUT beyond its traditional individual-level orientation and positions Islamic P2P financing adoption as a multi-level socio-technical process linking behavioural drivers, institutional trust, and structural inclusion mechanisms. The proposed framework, therefore, provides a more comprehensive theoretical foundation for analysing Islamic digital financial services in emerging markets.

7.6 CHAPTER SUMMARY

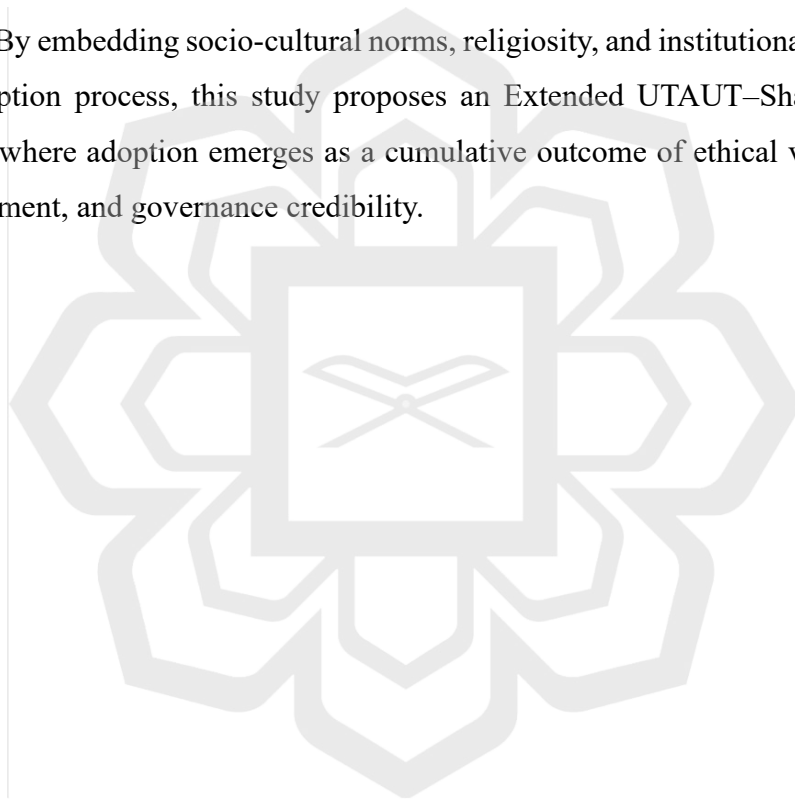
The Islamic P2P financing platform's role in Indonesia has no less great potential to become a catalyst and accelerator of financial inclusion. This would encourage the next step, such as achieving sustainable development goals. It should be noted that limited literature is available in the focused domain for the challenge of FinTech adoption, especially the Islamic P2P financing services platform. Therefore, the results of Islamic FinTech, particularly P2P financing business model research activities, are one of the applications of modern digital technology that benefit beneficiaries within the framework of Islamic finance. However, there is still a dearth of knowledge regarding FinTech, especially from an Islamic perspective and implementation.

A theoretical model was developed to identify the challenges in Indonesia's Islamic FinTech scenario. Similar studies and structures may be undertaken in other fields or sectors. In addition, the models built can be tested in various scientific disciplines. In the opinion of experts, the factors discussed here may not be complete, or their interrelationships may vary. The 11 elements can be increased or reduced according to financial inclusion needs. In addition, other procedures involving more

experts can be used besides the ISM technique. The model proposed was the result of the research conducted by ISM and MICMAC; the results can also be compared with those obtained using the analytical hierarchy or fuzzy analytical network processes.

This integrated discussion extends the UTAUT framework by demonstrating that technology acceptance in Islamic P2P financing is not purely functional but institutionally embedded. Social Influence operates not merely as peer pressure, but as normative religious endorsement, while Trust functions as a moral assurance mechanism rather than a purely technical construct.

By embedding socio-cultural norms, religiosity, and institutional legitimacy into the adoption process, this study proposes an Extended UTAUT–Sharia Institutional Model, where adoption emerges as a cumulative outcome of ethical validation, social endorsement, and governance credibility.



CHAPTER EIGHT

CONCLUSION

8.1 INTRODUCTION

This chapter concludes the findings and results of this study from four important points consisting of the summary of the major findings, implications and policy recommendations, the contribution of the study to the body of knowledge in connection with the research gaps, and what could be done to extend and expand this research in the future. Additionally, the chapter summary is provided in the remainder of this chapter to recapitulate the chapter's content.

8.2 SUMMARY OF THE MAJOR FINDINGS

This study analysed the role of Islamic FinTech in the case of the Islamic P2P Financing service platform in Indonesia to enhance financial inclusion. There are four significant findings in this study. The first relates to the demand side of adopting Islamic P2P Financing Platforms for improving financial access by the UTAUT theory. Next is associated with the reasons beneficiaries choose Islamic P2P financing service platforms for their socio-culture and religiosity; afterwards, it is related to underlying issues to enhance financial inclusion and the role of Islamic P2P Financing, and finally, associated with the stakeholders' perspective development strategy of Islamic P2P Financing Platforms and the Islamic FinTech industry. The details of the significant findings compiled are shown in the following paragraphs. Thus, the four considerable results have accommodated this study's objectives.

8.2.1 Demand Side: Islamic Financial Technology Acceptance, Socio-Cultural and Religiosity Aspect in Financial Inclusion

First Objective: To examine the main factors influencing the adoption of Islamic P2P financing services platforms in Indonesia based on the UTAUT model.

The quantitative analysis confirms that the adoption of Islamic P2P financing platforms in Indonesia is primarily driven by Social Influence and Trust, followed by Performance Expectancy, Effort Expectancy, and Perceived Value. These findings partially confirm the foundational assumptions of UTAUT while simultaneously extending the model within an Islamic FinTech context.

Unlike classical UTAUT studies, where Facilitating Conditions and Perceived Risk often play significant roles in determining use behaviour, this study finds both constructs to be statistically insignificant. This result is not anomalous but rather reflects Indonesia's evolving digital finance landscape, where users already possess baseline digital access and capability, and where ethical assurance and social validation substitute for formal institutional guarantees.

Social Influence emerges as the strongest predictor of behavioural intention, highlighting the collective nature of financial decision-making in Muslim-majority societies. Financial choices are embedded within family networks, religious communities, and peer groups, reinforcing UTAUT's social construct but elevating it beyond mere peer pressure into a form of normative legitimacy.

Trust, meanwhile, is the dominant determinant of actual platform usage, confirming that intention alone is insufficient to translate into behaviour without perceived platform credibility, transparency, and Shariah compliance. This finding extends UTAUT by demonstrating that in Islamic FinTech, trust functions as a behavioural gatekeeper, mediating the transition from intention to actual use.

Based on data from beneficiaries' questionnaires who utilise Islamic P2P Financing FinTech Services Platforms and applying the Unified Theory of Acceptance and Use of Technology (UTAUT), the study identified several factors that significantly impact intention and usage behaviour. These factors, including Performance

Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions, are UTAUT constructs that predict support for adopting Islamic P2P Financing service platforms. On the other hand, Perceived Risk, Perceived Value, and Trust serve as extended constructs that can support the hypothesis. The results show that only Performance Expectancy, Effort Expectancy, Social Influence, and Perceived Value influence the adoption of Islamic P2P financing, while Facilitating Conditions and Perceived Risk do not support the hypothesis. These results are crucial for understanding the dynamics of adopting Islamic P2P financing platforms.

The key insight from this hypothesis is that social influence is the most powerful driver of behavioural intention. At the same time, social influence is the most impactful factor in the indirect paths that affect the usage behaviour variable through behavioural intention to use Islamic P2P financing service platforms. This indicates that community and peer influence significantly shape both the intention to adopt Islamic P2P financing and actual usage behaviour. This situation demonstrates that community validation shapes individuals' financial decisions. People often seek guidance from their social networks before engaging with financial products, relying on the experiences and opinions of those they trust. Recommendations from family, friends, religious scholars, and community leaders are powerful endorsements, reinforcing the credibility of Islamic P2P financing platforms. When beneficiaries observe that others within their network have successfully used a platform, trust and confidence are built, reducing hesitation and increasing their likelihood of adoption. This strong sense of social influence drives behavioural intention and fosters a collective sense of financial security and ethical compliance.

Meanwhile, trust is the most significant determinant of actual usage behaviour, meaning that beneficiaries are unlikely to engage with an Islamic P2P financing platform unless they perceive it as secure, transparent, and credible. Unlike traditional banking, where financial institutions operate under strict regulations and insurance protections, Islamic P2P financing platforms often operate without formal regulatory backing or a physical presence. This absence of institutional security heightens beneficiaries' concerns regarding fraud, fund mismanagement, and default risks, making trust the most critical factor in adoption. Beneficiaries of Islamic P2P financing service platforms maintain high expectations for ethical standards and transparency, viewing

these as fundamental to their decision-making process. Even when individuals express interest in Islamic P2P financing, they remain hesitant to proceed with actual transactions unless they perceive the platform as secure and trustworthy. Without trust, behavioural intention alone is insufficient to drive actual use, as beneficiaries require assurances that their investments are protected, transactions are fair, and financial dealings align with Islamic principles.

On the other hand, the perceived risk does not deter the adoption of Islamic P2P financing service platforms; beneficiaries do not avoid the platform due to perceived risk. Potential risks do not discourage the beneficiaries; instead of focusing on risk reduction messaging, they concentrate on trust-building. Beneficiaries may hesitate due to concerns about fraud, transaction failures, or regulatory uncertainties; Islamic P2P financing platforms do not experience adoption resistance based on perceived risk. This suggests that beneficiaries do not view risk as a major barrier when using these services. The study also found that facilitating conditions, such as infrastructure, support services, and external technical assistance, do not significantly influence actual use behaviour. This suggests that beneficiaries are already familiar with digital finance and do not rely heavily on external support to navigate the platform. Islamic P2P financing beneficiaries are already familiar with online banking, mobile payments, and digital financial tools, allowing them to navigate financial platforms independently. Unlike traditional microfinance beneficiaries who need guidance, P2P beneficiaries interact directly with borrowers and lenders without intermediaries. Unlike conventional banking, which relies on branches, customer service, and face-to-face consultations, Islamic P2P platforms are automated and user-friendly, making transactions simple and efficient. Because beneficiaries can manage their finances digitally, they do not rely on external support services or financial infrastructure, making facilitating conditions less important for adoption.

In summary, this study highlights the main factors influencing the adoption of Islamic P2P financing service platforms, emphasising the role of social influence and trust in driving intention and actual usage behaviour. The findings demonstrate that community validation and peer recommendations play a vital role in shaping financial decisions, reinforcing trust in the platform and increasing adoption rates. At the same time, trust emerges as the most significant determinant of actual use, as beneficiaries

are unlikely to engage with a platform unless they perceive it as secure, transparent, and aligned with ethical Islamic financial principles. Despite concerns related to fraud, mismanagement, and default risks, the perceived risk does not deter beneficiaries; beneficiaries prioritise trust-building mechanisms over risk-reduction strategies. Furthermore, the study reveals that facilitating conditions, such as infrastructure and external support, do not significantly impact adoption, as beneficiaries are already familiar with digital financial services and can navigate platforms independently. These insights provide valuable guidance for Islamic P2P FinTech platforms, policymakers, and financial institutions, highlighting the need to focus on trust-building strategies, community engagement, and seamless digital experiences to enhance financial inclusion and further promote the adoption of Islamic P2P financing solutions.

Second Objective: To identify specific sociocultural and religious factors that drive the adoption of Islamic P2P financing service platforms from the beneficiaries' perspective

The qualitative findings provide critical depth to the quantitative results by explaining why Social Influence and Trust exert such strong effects. Two overarching themes—socio-cultural norms and religious commitment—emerge as foundational drivers of adoption.

From a socio-cultural perspective, perceptions of debt, social reputation, and financial responsibility significantly shape adoption decisions. Debt is often viewed as a moral and social burden, and Islamic P2P financing becomes acceptable primarily when it is framed as productive, ethical, and community-endorsed financing rather than consumption-driven borrowing.

Religious commitment further reinforces adoption through heightened sensitivity to Shariah compliance, avoidance of *riba*, and belief in ethical wealth circulation. Trust in Islamic P2P platforms is not merely technical but moral and spiritual, rooted in confidence that transactions align with Islamic values and are overseen by credible Shariah institutions.

These findings confirm and extend UTAUT by demonstrating that religiosity operates as a contextual moderator, amplifying the effects of social influence and trust while neutralising perceived risk. In this context, perceived risk does not disappear; rather, it is reframed through religious legitimacy and social endorsement.

The study findings reveal that socio-cultural influences, including perceptions of debt, socioeconomic status, and financial education, are among the themes that encourage individuals to adopt an Islamic P2P financing service platform. A more detailed exploration of this theme includes various aspects concerning the perception of debt. Most informants feel uncomfortable with having debt; however, the conditions that prompt them to seek debt or financing are often related to business or home financing, which significantly shapes adoption. Having debt undoubtedly affects a person's social status. Furthermore, within the traditions they uphold, they prefer to avoid excessive debt as it may reflect their incompetence. Nevertheless, the availability of this Islamic P2P financing service platform effectively assists them in addressing financial challenges. The final sub-theme related to financial education also greatly influences the beneficiaries' level of adoption; they strive to obtain comprehensive information about using this platform, as similar platforms in Indonesia are often illegal and misused. Consequently, beneficiaries can become victims of fund misappropriation and inaccurate interest calculations, doubling their debt.

The themes of religious commitment, with subthemes particularly awareness of Sharia compliance, trust in Islamic institutions, and ethical motivations, also play a crucial role. Beneficiaries prefer Islamic P2P financing due to its fairness, Shariah compliance, and risk-sharing principles. Some beneficiaries prefer Islamic P2P financing because they believe that the platform complies with Sharia rules, avoids usury and ethically provides services and benefits. Their belief in trustworthy managers and the blessings that will be given to their sustenance adds to the beneficiaries' trust in this platform. On the other hand, this will also trigger them to make the right financial decisions under their life guidelines as Muslims. This also opens up barriers that initially did not have shariah-compliant financing alternatives, but now the platform is available.

8.2.2 Supply Side: Financial Inclusion, the Role of Islamic P2P Financing Service Platform Development, Opportunities and Challenges

Third Objective: To investigate how an Islamic P2P financing services platform can contribute to enhancing financial inclusion in Indonesia from the perspective of FinTech providers

From the providers' perspective, Islamic P2P financing enhances financial inclusion through a progressive, three-dimensional mechanism: accessibility, usage, and quality. This study demonstrates that financial inclusion is not a binary outcome but a staged process.

First, accessibility is expanded through digital platforms that eliminate geographical and institutional barriers, particularly in an archipelagic country like Indonesia. Islamic P2P platforms bypass traditional branch-based constraints while simultaneously offering Shariah-compliant alternatives for individuals previously excluded due to religious considerations.

Second, usage reflects not only account ownership but meaningful and repeated engagement. Providers emphasise that digital onboarding, transparent verification, and platform usability are essential to transforming access into active participation.

Third, quality represents the highest level of inclusion, where beneficiaries experience financial empowerment, ethical protection, literacy enhancement, and long-term economic resilience. Islamic P2P platforms, therefore, function not merely as financing intermediaries but as developmental institutions, supporting MSMEs, improving financial capability, and contributing to sustainable livelihoods.

Islamic P2P financing is instrumental in promoting financial inclusion, particularly in countries such as Indonesia, where access to financial services is disparate. By conducting structured interviews with providers and management, valuable insights contributed to a more comprehensive building of financial inclusion. Financial inclusion has been defined as the availability of financial services, a concept that originated in the 1990s. In today's context, it is necessary to categorise financial inclusion into various stages to capture its dynamic nature. Financial technology,

encompassing Islamic P2P financing, is predicted to enhance financial inclusion by targeting three crucial factors: accessibility, usage, and quality.

The discussions uncovered three fundamental phases of financial inclusion. Considering Indonesia's discrepancies in financial literacy and access, concentrating solely on account ownership offers a narrow perspective of advancement. It is imperative to prioritise the pursuit of advanced levels of financial inclusion. Islamic P2P financing, as such, should extend its scope beyond mere accessibility. The primary goal should be providing comprehensive and inclusive access, promoting advanced and consistent usage of financial services, and contributing to long-term impact and economic empowerment quality. By adopting this approach, a stronger and more enduring financial ecosystem can be cultivated, resulting in increased economic empowerment and stability for all strata of society.

Fourth Objective: To identify the key challenges and best strategies related to developing Islamic P2P Financing within the context of financial inclusion in Indonesia from the stakeholders' perspective

The ISM–MICMAC analysis provides a system-level explanation of why certain challenges must be prioritised over others. Financial literacy (C2) and digital literacy (C3) emerge as the most powerful driving factors, occupying the base of the hierarchy. These elements shape users' capacity to understand, trust, and effectively use Islamic P2P platforms.

In contrast, adoption (C1) appears at the top of the hierarchy as a dependent outcome rather than a driver. This finding directly addresses the examiner's concern: adoption is not surprising as a dependent variable because it is the result of accumulated institutional, cognitive, and normative readiness, not a standalone catalyst.

The sequencing of challenges—literacy → governance and trust → sustainability → security and scalability → regulatory integration—highlights that strengthening the Islamic FinTech ecosystem cannot be achieved through isolated interventions. Instead, it requires layered institutional development, consistent with Institutional Theory,

where: Coercive pressures arise from regulation and governance, Normative pressures stem from literacy, ethics, and social expectations, Mimetic pressures drive learning from proven Islamic FinTech models.

Adopting an Islamic P2P financing service platform to enhance financial access and inclusion in Indonesia presents several key challenges that must be addressed for successful user adoption. These challenges span six critical levels: financial literacy, digital financial literacy, risk and governance, trust, Islamic financial literacy, costs and benefits, security and privacy, validation, scalability, and Regulatory Framework.

First level, financial literacy (C2) and digital literacy (C3) as priority challenges must be completed. This strategy will move to Risk, Governance, and Trust. Furthermore, stakeholders argue that sustainability (C4) and Cost and Benefit (C8) become priority levels after completing the challenge elements. After that, step-by-step Security (C5), Validation (C9), and Scalability (C10) will be the next challenges in developing the Islamic P2P financing service platform. Regulatory Framework (C11) involving regulators in developing this platform will be the next challenge.

Beneficiaries must understand financial concepts and services, which are fundamental to financial literacy. This is complemented by digital financial literacy, which educates beneficiaries on effectively using digital platforms and technologies for financial transactions. Trust is a cornerstone of the Islamic P2P financing ecosystem. It is crucial for user adoption and continued use. This trust is built and maintained through robust risk management and governance frameworks that protect beneficiaries and maintain the platform's integrity.

Clear communication about the costs and benefits of using an Islamic P2P financing platform is essential. It ensures that beneficiaries understand the expenses and advantages they can acquire, facilitating informed decision-making. Security and privacy are paramount, requiring strong measures to protect beneficiaries' data. Validation of all transactions and processes to ensure compliance with Islamic finance principles is equally important. Scalability must be considered in the platform's design to efficiently accommodate a growing number of beneficiaries. The Regulatory

Framework also pose a significant challenge, causing careful navigation and compliance with relevant legal and regulatory requirements.

All these factors must be addressed to create a supportive environment for adopting Islamic P2P financing platforms. By strengthening the ecosystem and fostering collaboration among all Islamic FinTech platforms and stakeholders, these challenges can be effectively managed, paving the way for enhanced financial access and inclusion in Indonesia. Taken together, the findings demonstrate that Islamic P2P financing adoption and impact cannot be fully explained by behavioural intention models alone. This study proposes an Extended UTAUT–Institutional Framework, where: UTAUT explains individual-level behavioural mechanisms, Socio-cultural and religious factors provide contextual depth, and Institutional Theory explains system-level constraints and enablers. This integration confirms, refines, and extends UTAUT by embedding it within Indonesia’s Islamic socio-institutional environment. Adoption is shown to be socially legitimised, morally anchored, and institutionally conditioned, rather than purely technologically driven.

Overall, the integrated evidence suggests that Islamic P2P financing adoption in Indonesia is best understood as a staged, multi-level process: individual behavioural intention is shaped by perceived usefulness, ease, social endorsement, and value (RQ1); these drivers are culturally and religiously grounded in debt norms, privacy considerations, Sharia awareness, and moral expectations (RQ2); platforms then translate adoption into inclusion through access expansion, usage enablement, and service quality (RQ3); yet sustainable scaling depends on ecosystem-level readiness prioritised by stakeholders, with literacy and governance as foundational drivers (RQ4). This triangulated explanation refines the extended UTAUT framework by embedding socio-religious meaning and institutional sequencing as central mechanisms of adoption and financial inclusion.

Table 8.1 Major Findings Related to the Research Objective and Research Question

Research Objective	Research Question	Summary of the Major Findings
To examine the determinants of Islamic P2P financing adoption in Indonesia by assessing the effects of performance expectancy, effort expectancy, social influence, facilitating conditions, trust, perceived value, and perceived risk within the extended UTAUT framework	What are the main factors influencing the adoption of Islamic P2P financing services platforms in Indonesia based on the UTAUT model?	This study examines the factors influencing the adoption of Islamic P2P financing in Indonesia. The findings indicate that : • Trust and Social Influence are the strongest predictors of adoption—essential for both forming intention and translating it into real adoption platform usage. • Performance Expectancy and Effort Expectancy shape users' intention to adopt, but are not sufficient alone to drive actual behaviour. • Perceived Risk and Perceived Value play limited roles in influencing adoption, suggesting a gap between perception and action. • Facilitating Conditions are no longer a major constraint, as users already possess access and digital capability. • Behavioural Intention, while crucial, needs to be reinforced by trust and social endorsement to result in actual use.
To identify specific sociocultural and religious factors that drive the adoption of Islamic P2P financing service platforms from the beneficiaries' perspective.	To what extent do the specific sociocultural and religious factors drive beneficiaries' adoption of an Islamic P2P financing services platform in Indonesia?	The study highlights socio-cultural and religious influences on adopting Islamic P2P financing. • Religious commitment strongly influences adoption. Beneficiaries choose Islamic P2P platforms because they trust the system follows Shariah principles, including fairness, risk-sharing, and avoiding interest (riba). • Cultural views on debt shape financing decisions. Many avoid borrowing unless necessary, as debt is seen as a social burden, especially within family and community values. • Trust and ethical perception build platform confidence. Users rely on the platform's transparency and fairness, which aligns with their religious and moral expectations. • Adoption is tied to real needs and awareness. Most seek financing for business or housing, and adoption improves when users understand the platform and its Islamic basis.
To investigate how an Islamic P2P financing services platform can contribute to enhancing financial inclusion in Indonesia from the	How do Islamic P2P financing services platforms enhance financial inclusion in Indonesia from the FinTech providers' perspective?	Islamic P2P financing is vital in advancing financial inclusion in Indonesia by addressing disparities in access to financial services. • Access: Islamic P2P platforms expand financial access to unbanked and underserved communities by offering Shariah-compliant alternatives that align with Muslim values and leveraging digital technology to reach remote and rural areas.

Research Objective	Research Question	Summary of the Major Findings
perspective of FinTech providers		• Usage: Islamic P2P financing supports practical needs such as business and housing by encouraging borrowing through culturally accepted mechanisms and fostering adoption through community and peer influence • Quality: Islamic P2P financing platforms offer ethical, transparent, and interest-free services tailored to users' religious and economic needs, promoting financial resilience and long-term empowerment, especially for low-income groups
To identify the key challenges and best strategies related to developing Islamic P2P Financing within the context of financial inclusion in Indonesia from the stakeholders' perspective.	What are the key challenges and best strategies in developing an Islamic P2P financing services platform to enhance financial inclusion in Indonesia from the stakeholders' perspective?	The initial focus of the key challenges of adopting Islamic P2P financing from the stakeholders' perspective should be addressing. • Financial literacy (C2) and digital literacy (C3) are the primary challenges in establishing a strong foundation • Risk and Governance (C6) and Trust (C7). Sustainability (C4) and • Balancing costs and benefits (C8) and Security (C5), • Validation (C9), and Scalability (C10) • Regulatory Framework (C11), particularly those requiring regulatory involvement, will be a key focus in advancing the platform.

8.3 IMPLICATIONS AND POLICY RECOMMENDATIONS

8.3.1 Research Implication

The findings above and the analysis disclosed the role of Islamic P2P financing in Indonesia and its contribution to beneficiaries. The study implied that at the moment, the current Indonesian Islamic P2P financing FinTech is still very premature and underdeveloped. From the demand side, it is proven that the adoption of Islamic P2P financing fintech platforms has begun to be implemented, with social influence as the most influential variable. On the other hand, beneficiaries do not care about the platform's perceived risk and facilitating conditions. From the socio-cultural side, beneficiaries still consider having debt or financing as a burden and private. This technology helps them to develop their businesses both as groups and individually. The religious side is still dominant in the use of Islamic P2P financing. Its position is still entangled with several regulations preventing the platform from fully developing.

Furthermore, from the supply side, the role of Islamic P2P financing has the potential to continue to grow even though there are still many challenges to be faced. The challenges that must be resolved are financial literacy and digital literacy. Then, the role of provider institutions is to provide reliable services, mitigate risks and maintain governance, offer a balance of costs and benefits and continue to be sustainable in serving and, in addition, maintaining privacy and ensuring that all transactions are secure, valid and accountable, with a wide and legal scale of service coverage. The adoption of Islamic P2P financing can continue to contribute to increasing financial inclusion. This will also be supported by access, use and quality provided by the platform.

Strengthening the Islamic financial ecosystem with sustainable financial principles for Islamic P2P financing platforms needs to be continuously strengthened so that it does not stop in the middle of the road. Therefore, developing a business model that follows Sharia provisions as a characteristic of Islamic transactions will be challenging. The involvement of all stakeholders and commitment are very much needed to realise the welfare of beneficiaries of Islamic P2P financing and have an impact on overall economic growth.

8.3.2 Policy Recommendations

To address the various challenges and opportunities highlighted in this study, ranging from regulatory gaps and institutional limitations to user adoption barriers and sociocultural dynamics, this section outlines several strategic recommendations aimed at enhancing the role of Islamic P2P financing in advancing financial inclusion in Indonesia. Recognising that Islamic financial inclusion operates within an interconnected ecosystem, these recommendations are categorised according to three primary stakeholder groups: regulators and policymakers, Islamic FinTech providers (particularly Islamic P2P platforms), and the beneficiaries or users of these services, including micro-entrepreneurs. Moreover, to ensure greater clarity, feasibility, and policy relevance, the recommended actions are further prioritised into short-, medium-, and long-term measures. This tiered structure not only aligns with the different levels of influence and responsibility across stakeholders but also supports a phased approach to implementation, addressing urgent needs in the immediate term while building capacity for sustainable inclusion over time. Ultimately, these recommendations aim to support a more resilient, ethical, and accessible Islamic digital finance ecosystem, capable of serving both the supply and demand sides of financial inclusion.

8.3.2.1 Recommendations for Regulators and Policymakers

1. Short-Term Actions:
 - a. Develop differentiated Islamic P2P regulations: Current regulations (e.g., POJK No. 10/2023) treat conventional and Islamic P2P platforms similarly, failing to address Shariah-compliant needs such as risk-sharing models, avoidance of interest, and contract transparency. New guidelines should clarify operational standards specific to Islamic contracts (e.g., *mudarabah*, *murabaha*).
 - b. Provide regulatory sandbox opportunities: Islamic FinTech startups often lack clarity and flexibility to experiment. A sandbox allows them to test Shariah-compliant models under supervision, encouraging innovation without compromising financial stability.

2. Medium-Term Actions:

- a. Institutionalise Shariah governance standards: Regulators should work with DSN-MUI and scholars to formalise Shariah compliance frameworks, ensuring consistency in fatwas, contract use, and dispute resolution mechanisms.
- b. Facilitate regular stakeholder dialogues: Hosting periodic industry-government-academia dialogues can improve mutual understanding, identify barriers, and generate policy insights tailored to the Islamic digital finance sector.

3. Long-Term Actions:

- a. Integrate Islamic P2P financing into national financial inclusion policy: Rather than treating it as a niche, Islamic P2P should be recognised as a critical tool to reach Indonesia's underserved Muslim population, especially in rural and informal economies.
- b. Develop an integrated regulatory infrastructure for Islamic digital finance: This includes shared databases for fraud detection, e-KYC harmonisation, and cross-sector supervision, ensuring sustainable growth while reducing systemic risk.

8.3.2.2 Recommendations for Islamic P2P Financing FinTech Services

1. Short-Term Actions:

- a. Prioritise trust-building mechanisms: Trust is the strongest predictor of use. Platforms should ensure transparency in contract terms, fees, and Shariah compliance, display fatwa endorsements, and offer responsive customer support to reduce uncertainty.

- b. Improve platform usability: Simplify user interfaces, use plain language (not only Arabic or legal terms), offer multilingual support (especially Bahasa Indonesia), and ensure mobile optimisation to make the platform inclusive.

2. Medium-Term Actions:

- a. Collaborate with Islamic financial institutions and cooperatives: This enables expansion to rural and micro-enterprise segments. For example, working with BMTs (Baitul Maal wat Tamwil) can help bridge digital infrastructure gaps while maintaining Shariah integrity.
- b. Launch educational and outreach programs: Many potential users lack awareness of Islamic FinTech. Use community centres, mosques, local universities, and social media to run financial and Shariah literacy campaigns. Focus on how the platform aligns with Islamic values while being safe and useful.

3. Long-Term Actions:

- a. Diversify financing models for local sectors: Develop contract structures suitable for agriculture (e.g., salam or istisna contracts), fisheries, halal SMEs, and green financing. This improves relevance and competitiveness.
- b. Invest in ethical data analytics and scoring models: Use alternative credit assessments based on business history, social reputation, or community trust rather than conventional collateral. This is critical to serving financially excluded but trustworthy borrowers.

8.3.2.3 Recommendations for Beneficiaries of Islamic P2P Financing FinTech Services

1. Short-Term Actions:

- a. Enhance personal literacy in three domains: Financial literacy helps users manage funds responsibly, digital literacy ensures platform use, and Islamic financial literacy helps users understand the ethics of contracts they are engaging with.
- b. Validate platform legality and compliance: Users should check for OJK registration, DSN-MUI Shariah compliance certificates, and be cautious of platforms offering unrealistic returns or unclear terms to avoid illegal or unethical operations.

2. Medium-Term Actions:

- a. Practice ethical borrowing and repayment: Since funds often come from individual investors, responsible behaviour builds credibility and attracts more funding. Beneficiaries should also understand the impact of delayed repayments on the trust.
- b. Share knowledge within the community: Users who understand the system can become advocates or peer educators, helping others in their village or business network adopt the platform wisely.

3. Long-Term Actions:

- a. Become active participants in ecosystem development: Engage in user feedback programs, surveys, and forums to share concerns, suggest improvements, and strengthen platform accountability.

- b. Support the growth of ethical finance: By choosing Shariah-compliant platforms and encouraging others, beneficiaries help build a sustainable Islamic financial ecosystem that benefits wider society.

8.4 CONTRIBUTION OF THE STUDY

The research findings and results about the role of Islamic P2P financing platform services in realising improved financial inclusion, in connection with the research gaps mentioned in chapter three, contribute to the body of knowledge from four key aspects. First, this study refines the Unified Theory of Acceptance and Use of Technology (UTAUT) by introducing contextually relevant constructs—namely perceived value, perceived risk, and trust—to capture behavioural dynamics distinctive to Islamic P2P financing users. Beyond extending UTAUT’s explanatory scope, the study embeds these constructs within a Maqāṣid al-Sharī‘ah framework, demonstrating that technology adoption in Islamic fintech is not merely utility-driven but value-oriented. The dominance of social influence and trust indicates that adoption behaviour is anchored in ethical legitimacy, communal validation, and Shariah assurance. This contributes theoretically by positioning Islamic fintech adoption as a maqāṣid-aligned behavioural process, particularly supporting ḥifẓ al-māl (preservation of wealth) through ethical financing structures and ḥifẓ al-‘ird (preservation of dignity) through socially legitimate borrowing mechanisms.

Second, this research advances methodological contributions through a mixed-methods design that integrates quantitative SEM analysis with qualitative thematic exploration. The qualitative findings uncover socio-cultural and religiosity dimensions that explain why trust and social influence function as dominant predictors. When interpreted through Maqāṣid al-Sharī‘ah, these dimensions reflect the protection of moral integrity and social responsibility within financial behaviour. Thus, the study demonstrates that maqāṣid objectives operate implicitly within behavioural constructs, reinforcing that Islamic fintech adoption is embedded in spiritual, ethical, and communal considerations rather than purely technological rationality.

Third, from a financial inclusion perspective, this study redefines Islamic P2P financing as a *maqāṣid*-driven inclusion instrument. The accessibility, usage, and quality dimensions identified in the findings directly align with the higher objectives of Shariah. Digital accessibility supports equitable wealth distribution (*ḥifẓ al-māl*), sustained and responsible usage enhances financial resilience and well-being (*ḥifẓ al-nafs*), and Shariah governance mechanisms safeguard dignity and moral compliance (*ḥifẓ al-‘ird*). By integrating inclusion metrics with *maqāṣid* principles, the study offers a normative-developmental contribution that bridges Islamic finance theory with sustainable economic empowerment.

Fourth, through Institutional Theory, this study contributes a macro–micro integration by linking behavioural acceptance with institutional legitimacy. The findings demonstrate that regulative, normative, and cognitive institutional pressures collectively reinforce *maqāṣid* realisation in Islamic fintech ecosystems. Regulatory compliance protects wealth, normative endorsement safeguards dignity, and cognitive awareness enhances responsible financial participation. This integrated framework provides a novel contribution by conceptualising Islamic P2P financing not only as a financial innovation but as a *maqāṣid*-compliant institutional mechanism for sustainable and ethical financial inclusion.

Overall, this study contributes theoretically, methodologically, and developmentally by embedding technology adoption within the ethical architecture of *Maqāṣid al-Sharī‘ah*. It proposes that Islamic fintech sustainability is achieved when technological efficiency, institutional trust, and Shariah objectives operate in alignment—thereby strengthening both behavioural adoption models and the moral foundations of inclusive digital finance.

8.5 EXTENSION FOR FUTURE RESEARCH

This research, employing a mixed-method approach, focused on several Islamic P2P financing platform services in Indonesia. The aim was to better understand their roles and positions in fostering the FinTech industry and Islamic financial inclusion within the country. Given this limitation, future research has significant potential to broaden

the investigation scope. One implements the other theory perspective, such as the Theory of Planned Behaviour or other factors and dimensions of a larger and more diverse set of Islamic FinTech business models, such as Securities Crowd Funding, which is also quite interesting to study and explore more deeply.

Another promising future research direction is expanding the study's framework to include a multi-institutional perspective. This could involve Islamic and conventional FinTech, thus providing a more holistic view of the Islamic financial ecosystem and its impact on its beneficiaries. Furthermore, incorporating a cross-country comparison into the research design could offer valuable insights. Such a comparative study of other regions, such as MENA and Southeast Asia, could explore how countries approach and implement FinTech and financial inclusion strategies. This expanded scope would enhance the understanding of the subject matter. Furthermore, it could contribute significantly to policy formulation and the development of more effective strategies for promoting global Islamic financial inclusion.

8.6 CHAPTER SUMMARY

The study has effectively met and resolved all the initial objectives and challenges it set out to address. These results and findings are significant because they provide practical insights and valuable recommendations. Additionally, this study has comprehensively outlined substantial contributions to the existing body of research. These contributions have far-reaching implications, particularly in various sectors of the Islamic FinTech ecosystem, including regulatory bodies and other relevant stakeholders. Despite certain shortcomings, this research has covered all aspects of theory development, empirical evidence, mixed research processes, and sharp discussions, providing both academic and practical benefits.

Furthermore, this study has adopted a forward-looking perspective by delineating potential avenues for future research within Islamic finance and FinTech, specifically focusing on Islamic P2P financing. This forward-thinking approach

provides the groundwork for future investigations in this specialised area and underscores the dynamic nature of FinTech within Islamic finance. Essentially, this area is a fertile ground for future academic and practical explorations.



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GLOSSARY

Gharar:	Gharar is an element of deception, either through ignorance of the goods, the price, or through a faulty description of the goods, in which one or both parties stand to be deceived through ignorance of an essential element of exchange. For example, gambling is a form of Gharar because the gambler is ignorant of the result of the gamble.
Ijarah:	A contract through which one party, the “lessor”, leases an asset to be used by a client “lessee” for a period and in return for an agreed rental fee. Another form of Ijarah—Ijarah wa Iqtina—is a lease to own, with an additional unilateral undertaking by only one of the parties to buy or sell the asset at the end of the lease period.
Kafalah:	An undertaking is given by the guarantor (Kafil) to a creditor that the debtor will pay his/her financial obligation, thereby joining the latter’s liability to his. This allows the debtor to have more opportunities for access to finance by having backing from a credible institution.
Mudharabah:	A partnership between a capital provider (Rabbul Mal) and an entrepreneur who is acting as a fund manager (Mudharib) to invest the capital in a project; profits may be distributed at any pre-agreed ratio, while losses are borne by the capital provider.
Muqasah:	Debt settlement by a contra transaction. It is the clearance of an obligation and involves setting off debts of the debtor and the creditor who is indebted to each other.
Murabahah:	A contract between a financier and a client through which the financier purchases assets required by the client and then sells them to the client at a cost that includes a disclosed profit margin to be paid back, usually in instalments.
Musharakah	Mutanaqisah: A Musharakah agreement is where the entrepreneur promises to buy the investment shares of the other partner(s) over time until the entrepreneur owns 100% of the venture.
Musharakah:	A partnership agreement that is established by two or more parties where all parties provide capital to a joint venture to share its profits and losses; profits are distributed among partners based on their shareholding in the capital, but they can agree on whatever ratios they want to distribute profits, while losses must be borne by the partners proportional to their capital contribution.
Qard Hasan:	A “benevolent loan” - an interest-free loan.
Riba:	Interest payment or an excess payment added to the principal amount of debt collected by a creditor in return for lending a loan to a debtor.

Salam:	A forward sale contract in which an advance payment is made for commodities (agricultural crops) to be delivered at a future date; a Salam can thus be used to provide working capital to SMEs.
Shari'ah / Syari'ah:	Islamic law that is based on the text of the Holy Quran and the actions of the Prophet Muhammad (Sunnah); this law describes in detail what is permissible and what is not permissible for all behavioural and contractual relationships.
Sukuk:	The Islamic equivalent of "bonds." However, Sukuk can only be issued for asset-based debt obligations, and as opposed to bonds, they are not only debt ownership, but they also entitle the holder to ownership in the underlying assets and their cash flows.
Takaful:	Islamic insurance. Its main distinction from conventional insurance is the cooperative system of collecting the "contributions" and distribution of profits/losses among the pool of insurers, which eliminates the uncertainty of the contractual relationship with the insurance company.
Wakalah:	A contract where a person authorises another to do a certain well-defined legal action on his behalf; it is a contract of an agency where the agent (Wakil) is someone who establishes contractual and commercial relations between a principal and a third party, usually for a fixed fee.
Waqf:	Charitable trust. Alternative spelling: Awkaf, Awqaf. An endowment or a charitable trust set up for Islamic purposes (usually for education, mosques, or for the poor). It involves tying up property in perpetuity so that it cannot be sold, inherited, or donated to anyone.
Accumulated:	Number of Lender Accounts (unit of entity), Number of accounts of people, legal entities, and/or business entities that have receivables due to the FinTech lending agreement.
Accumulated	Number of Beneficiaries Accounts (unit of entity), Number of accounts of people, legal entities, and/or business entities that have payables due to the FinTech lending agreement.
Accumulated	Number of Lender Lending Transactions (unit of account): The number of times the lender has distributed a loan since being registered with the FinTech Lending Company.
Accumulated	Number of Beneficiaries Credit Transactions (unit of account): The number of times beneficiaries have received loans since being registered with the FinTech Lending Company.
Information Technology-Based Lending and Borrowing Services (FinTech Lending),	Financial services to bring together lenders and beneficiaries into direct borrowing and lending agreements in IDR currency through an electronic system using the internet.
Outstanding Loans:	Loans that are still ongoing. This amount is a calculation of the outstanding principal amount of the loan.

Distribution of Loans to Productive Sectors: The distribution of loans for the productive sector.

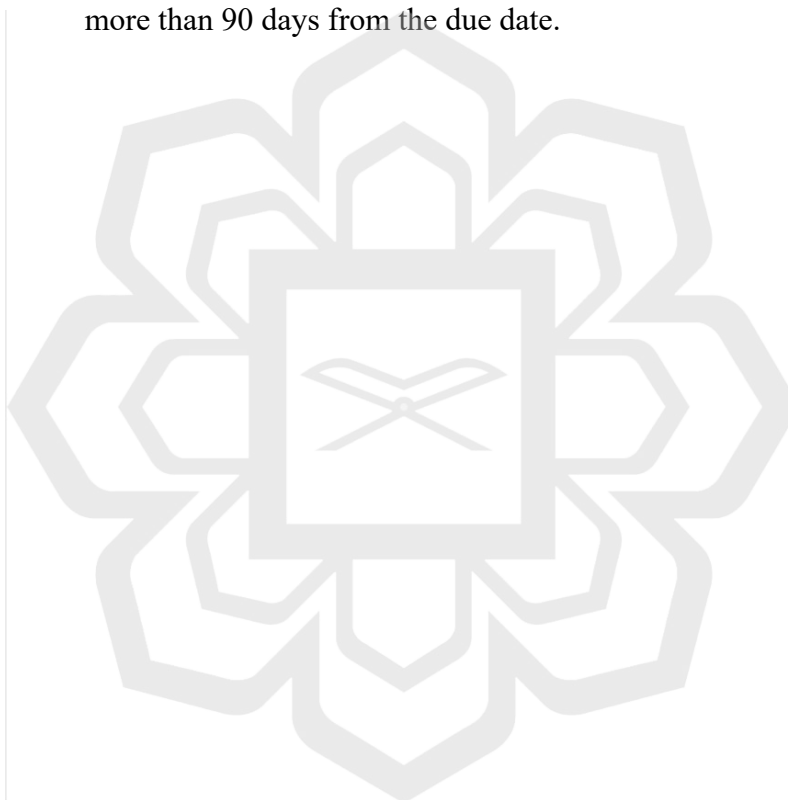
FinTech Lending Company, an Indonesian legal entity that provides, manages, and operates FinTech Lending

90 Days Success Rate (TKB 90)

A measure of the success rate of FinTech Lending companies in facilitating the settlement of lending and borrowing obligations within a period of up to 90 days from the due date.

90 Days Level of Default (TWP90)

A measure of the level of default in settling the obligations stated in the agreement, more than 90 days from the due date.



APPENDIX 1

QUANTITATIVE QUESTIONNAIRE

KUISIONER PERAN PLATFORM P2P SYARIAH TERHADAP PENINGKATAN INKLUSI KEUANGAN DI INDONESIA

Assalamualaikum warahmatullahi wabarakatuh

Salam sejahtera bagi kita semua, yang saya hormati Bapak, Ibu, Saudara Saudari
sekalian

Perkenalkan nama saya Erika Takidah, saya adalah dosen Fakultas Ekonomi Universitas Negeri Jakarta (UNJ), sekaligus mahasiswa program doktoral di International Islamic University Malaysia (IIUM). Saya bermaksud melakukan penelitian terkait intensi masyarakat/wirausahawan melanjutkan pembiayaan dengan menggunakan platform fintek Syariah P2P Lending di Indonesia. Besar harapan saya agar Bapak Ibu Saudara Saudari sekalian dapat membantu penelitian ini. Insya Allah segala informasi akan kami jaga kerahasiaannya.

Atas perhatian dan bantuannya saya ucapkan terima kasih.

Wassalam

Erika Takidah

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HP 08151809170

Sebelum mengisi survey ini, para responden perlu menyetujui pernyataan kesediaan berikut ini:

PERNYATAN KESEDIAAN MENGISI KUISIONER

Dengan ini, saya setuju untuk berpartisipasi dalam penelitian ini secara sukarela. Saya setuju hasil survey ini digunakan sebagaimana mestinya. Saya mengetahui bahwa semua informasi yang diperoleh akan dirahasiakan dan hanya digunakan untuk kepentingan penelitian, sehingga kutipan anonym (tanpa nama) akan digunakan untuk publikasi lebih lanjut dari penelitian ini.

1. Setuju
2. Tidak Setuju

PERTANYAAN PENYARINGAN RESPONDEN:

Apakah anda merupakan penerima pembiayaan (*Beneficiaries*) dari fintek P2P Lending Syariah di Indonesia?

1. Ya
2. Tidak

Jika Ya lanjutkan menjawab pertanyaan, jika tidak maka anda tidak perlu mengisi kuisioner ini. Terima kasih

Data Diri Responden

No	Pertanyaan	Jawaban
	Nama	
	Jenis Kelamin	1. Laki-laki 2. Perempuan
	Pendidikan	Sekolah Dasar Sekolah Menengah Diploma Sarjana Pasca Sarjana
	Asal Provinsi	Pilih salah satu provinsi di Indonesia
	Jenis Usaha	Jasa Perdagangan Industri Kecil

No	Pertanyaan	Jawaban
		Perumahan Pertanian/ Peternakan/ Perikanan Kuliner Fashion
	Kepemilikan rekening di Bank Syariah	Memiliki Tidak Memiliki
	Jenis pembiayaan sebelum menggunakan Platorm P2P Lending Syariah	Pembiayaan Informal Pembiayaan Koperasi/ BMT Pembiayaan BPR Pembiayaan BPRS Pembiayaan Bank Pembiayaan Bank Syariah
	Platform P2P Lending Syariah yang digunakan	Ammana Alami Dana Syariah Dhuha Papitupi Syariah Ethis Berkah Kapital Boost Investree Qazwa
	Jenis akad yang digunakan	Mudharabah Musyarakah Ijarah Qardh
	Jumlah Pembiayaan	Rp 500.000 - Rp 5.000.000 Rp 5.000.000 - Rp 20.000.000 Rp. 20.000.000 - Rp 50.000.000 Rp 50.000.000 - Rp 100.000.000 Rp 100.000.000 keatas
	Pengalaman Pembiayaan (Refinacing)	1 kali 2-3 kali Lebih dari 3 kali

Pertanyaan	1	2	3	4	5
Saya akan merasa mudah untuk menggunakan Platform Pinjaman P2P Syariah					
Saya yakin akan mudah bagi saya untuk memahami dan menggunakan Platform Pinjaman P2P Syariah.					
Penggunaan saya terhadap Platform Pinjaman P2P Syariah akan jelas dan dapat dimengerti.					
Belajar menggunakan Platform Pinjaman P2P Syariah itu mudah bagi saya.					
Secara keseluruhan, saya akan menemukan Platform Pinjaman P2P Syariah untuk pembiayaan yang mudah digunakan.					
Saya berniat untuk menggunakan Platform Pinjaman P2P Syariah.					
Saya akan selalu mencoba menggunakan Platform Pinjaman P2P Syariah untuk transaksi saya.					
Saya berniat untuk terus menggunakan Platform Pinjaman P2P Syariah.					
Saya berencana untuk terus menggunakan Platform Pinjaman P2P Syariah.					
Saya berniat untuk menggunakan Platform Pinjaman P2P Syariah daripada platform lain.					
Saya merasa Platform Pinjaman P2P Syariah berguna dalam kehidupan sehari-hari saya.					
Menggunakan Platform Pinjaman P2P Syariah dapat membantu saya menyelesaikan banyak hal dengan lebih cepat.					
Menggunakan Platform Pinjaman P2P Syariah dapat meningkatkan produktivitas saya.					
Platform Pinjaman P2P Syariah secara keseluruhan, akan bermanfaat.					
Menggunakan Platform Pinjaman P2P Syariah mudah untuk dioperasikan.					
Teman saya merasa bahwa saya seharusnya menggunakan Platform Pinjaman P2P Syariah.					
Keluarga saya merasa bahwa saya seharusnya menggunakan Platform Pinjaman P2P Syariah.					
Mitra bisnis saya yang pendapatnya saya hargai lebih menyukai bahwa saya menggunakan Platform Pinjaman P2P Syariah.					

Pertanyaan	1	2	3	4	5
Pembimbing saya lebih menyukai bahwa saya menggunakan Platform Pinjaman P2P Syariah.					
Komunitas saya menyarankan bahwa saya seharusnya menggunakan Platform Pinjaman P2P Syariah.					
Saya memiliki sumber daya yang diperlukan untuk menggunakan Platform Pinjaman P2P Syariah.					
Saya memiliki pengetahuan yang diperlukan untuk menggunakan Platform Pinjaman P2P Syariah.					
Teknologi Platform Pinjaman P2P Syariah sesuai dengan teknologi lain yang saya gunakan.					
Produk dan layanan Platform Pinjaman P2P Syariah akan tersedia untuk saya.					
Saya menggunakan Platform Pinjaman P2P Syariah untuk memberikan kelancaran transaksi.					
Saya pikir menggunakan Platform Pinjaman P2P Syariah akan membahayakan privasi saya.					
Menggunakan Platform Pinjaman P2P Syariah melibatkan lebih banyak risiko keuangan.					
Ada terlalu banyak ketidakpastian dengan Platform Pinjaman P2P Syariah.					
Transaksi uang seluler tidak dilindungi secara memadai oleh hukum.					
Saya pikir menggunakan Platform Pinjaman P2P Syariah akan memiliki potensi risiko.					
Penggunaan Platform Pinjaman P2P Syariah berpotensi mengalami gangguan operasional.					
Saya pikir menggunakan Platform Pinjaman P2P Syariah akan membahayakan data pribadi saya.					
Menggunakan Platform Pinjaman P2P Syariah akan melibatkan penyalahgunaan hukum.					
Saya percaya para agen yang memfasilitasi Platform Pinjaman P2P Syariah.					
Agen yang menyediakan Platform Pinjaman P2P Syariah akan memenuhi harapan saya					
Agen Platform Pinjaman P2P Syariah lebih rugi dengan tidak memproses transaksi saya.					
Saya merasa perlu berhati-hati dengan para agen Platform Pinjaman P2P Syariah					

Pertanyaan	1	2	3	4	5
Berdasarkan pengalaman saya sebelumnya, saya menemukan para agen Platform Pinjaman P2P Syariah yang jujur.					
Menurut saya Platform Pinjaman P2P Syariah dapat dipercaya.					
Saya merasa perlu berhati-hati dengan Platform Pinjaman P2P Syariah.					
Berdasarkan pengalaman saya sebelumnya, saya mempercayai Platform Pinjaman P2P Syariah.					
Saya percaya Platform Pinjaman P2P Syariah dapat diandalkan.					
Saya percaya layanan Platform Pinjaman P2P Syariah itu amanah.					
Saya menggunakan Platform Pinjaman P2P Syariah untuk masa depan.					
Saya sering menggunakan Platform Syariah P2P Lending.					
Saya menggunakan banyak Platform Pinjaman P2P Syariah.					
Saya akan terus menggunakan Platform Pinjaman P2P Syariah.					
Saya akan memperkenalkan Platform Pinjaman P2P Syariah kepada teman saya.					
Platform Pinjaman P2P Syariah menyediakan manfaat yang patuh dengan aturan Syariah.					
Platform Pinjaman P2P Syariah menguntungkan saya karena platform itu telah mengikuti syariat Syariah.					
Platform Pinjaman P2P Syariah menguntungkan saya karena platform itu telah mengikuti regulasi dari Otoritas Jasa Keuangan (OJK)					
Produk Pinjaman P2P Syariah menguntungkan saya karena cocok dengan produk pinjaman P2P konvensional dan telah sesuai dengan aturan Syariah.					
Platform Pinjaman P2P Syariah memberikan keuntungan yang terhindar dari riba.					
Platform Pinjaman P2P Syariah menguntungkan saya untuk belajar transaksi Syariah.					
Platform Pinjaman P2P Syariah menguntungkan saya dalam transaksi bagi hasil.					
Platform Pinjaman P2P Syariah menguntungkan saya dalam transaksi bernilai Syariah.					

Selesai

Terima Kasih

APPENDIX 2

RESULTS OF EXPERT VALIDITY

	Item	V1	V2	V3	V4	V5	S1	S2	S3	S4	S5	$\sum s$	V
1	EE1	2	4	4	4	3	1	3	3	3	2	12	0,80
2	EE2	4	4	4	4	3	3	3	3	3	2	14	0,93
3	EE3	3	4	4	4	3	2	3	3	3	2	13	0,87
4	EE4	4	4	4	4	3	3	3	3	3	2	14	0,93
5	EE5	4	4	4	4	3	3	3	3	3	2	14	0,93
6	PE1	4	3	4	3	4	3	2	3	2	3	13	0,87
7	PE2	2	4	4	4	4	1	3	3	3	3	13	0,87
8	PE3	4	4	3	4	4	3	3	2	3	3	14	0,93
9	PE4	4	4	4	4	3	3	3	3	3	2	14	0,93
10	PE5	4	4	3	4	3	3	3	2	3	2	13	0,87
11	SI1	4	4	4	4	3	3	3	3	3	2	14	0,93
12	SI2	4	4	3	4	3	3	3	2	3	2	13	0,87
13	SI3	4	4	4	4	4	3	3	3	3	3	15	1,00
14	SI4	4	4	4	4	4	3	3	3	3	3	15	1,00
15	SI5	3	4	4	4	4	2	3	3	3	3	14	0,93
16	FC1	4	3	4	4	4	3	2	3	3	3	14	0,93
17	FC2	4	2	4	3	4	3	1	3	2	3	12	0,80
18	FC3	4	4	4	4	4	3	3	3	3	3	15	1,00
19	FC4	4	4	4	3	4	3	3	3	2	3	14	0,93
20	FC5	4	4	3	4	4	3	3	2	3	3	14	0,93
21	PV1	3	4	3	4	4	2	3	2	3	3	13	0,87
22	PV2	4	4	3	4	4	3	3	2	3	3	14	0,93
23	PV3	4	4	3	4	4	3	3	2	3	3	14	0,93
24	PV4	4	4	3	4	4	3	3	2	3	3	14	0,93
25	PV5	4	4	3	4	3	3	3	2	3	2	13	0,87
26	PV6	4	4	3	4	4	3	3	2	3	3	14	0,93
27	PV7	4	4	3	4	4	3	3	2	3	3	14	0,93

	Item	V1	V2	V3	V4	V5	S1	S2	S3	S4	S5	Σs	V
28	PV8	4	3	4	4	4	3	2	3	3	3	14	0,93
29	PR1	2	4	4	4	4	1	3	3	3	3	13	0,87
30	PR2	3	4	4	4	4	2	3	3	3	3	14	0,93
31	PR3	3	4	4	4	4	2	3	3	3	3	14	0,93
32	PR4	4	4	4	4	4	3	3	3	3	3	15	1,00
33	PR5	4	4	4	3	4	3	3	3	2	3	14	0,93
34	PR6	4	4	4	4	4	3	3	3	3	3	15	1,00
35	PR7	4	4	4	4	4	3	3	3	3	3	15	1,00
36	PR8	4	4	4	4	4	3	3	3	3	3	15	1,00
37	AT1	4	4	3	4	4	3	3	2	3	3	14	0,93
38	AT2	4	3	4	4	4	3	2	3	3	3	14	0,93
39	AT3	4	4	3	4	3	3	3	2	3	2	13	0,87
40	AT4	4	4	3	4	3	3	3	2	3	2	13	0,87
41	AT5	3	4	4	4	3	2	3	3	3	2	13	0,87
42	ST1	4	4	3	4	4	3	3	2	3	3	14	0,93
43	ST2	3	4	4	4	4	2	3	3	3	3	14	0,93
44	ST3	4	4	3	4	4	3	3	2	3	3	14	0,93
45	ST4	3	4	4	4	4	2	3	3	3	3	14	0,93
46	ST5	3	4	4	4	4	2	3	3	3	3	14	0,93
47	BI1	4	4	3	4	3	3	3	2	3	2	13	0,87
48	BI2	4	4	3	4	3	3	3	2	3	2	13	0,87
49	BI3	4	4	4	4	3	3	3	3	3	2	14	0,93
50	BI4	3	4	4	4	3	2	3	3	3	2	13	0,87
51	BI5	4	4	4	4	4	3	3	3	3	3	15	1,00
52	UB1	4	4	4	3	4	3	3	3	2	3	14	0,93
53	UB2	4	4	4	3	4	3	3	3	2	3	14	0,93
54	UB3	4	4	3	4	4	3	3	2	3	3	14	0,93
55	UB4	3	4	4	4	4	2	3	3	3	3	14	0,93
56	UB5	4	3	4	4	4	3	2	3	3	3	14	0,93

Note: V1=Validator 1, V2 = Validator 2, V3= Validator 3, V4 = Validator 4, V5= Validator 5

APPENDIX 3

QUALITATIVE QUESTIONNAIRE

Indonesia Islamic P2P Financing Platform Survey

“Pengaruh Islamic Financial Teknologi dalam meningkatkan inklusi keuangan di Indonesia: Kasus P2P Lending Syariah”

Assalamualaikum warahmatullahi wabarakatuh,

Salam sejahtera untuk kita semua,

Perkenalkan, nama saya Erika Takidah (Mahasiswa S3 Institute of Islamic Banking and Finance (IIBF) International Islamic University Malaysia). Saat ini, saya melakukan penelitian untuk melihat perkembangan inklusi keuangan di Indonesia. Survey ini bertujuan untuk mencari solusi dalam meningkatkan inklusi keuangan melalui platform P2P Lending Syariah di Indonesia

Survey ini akan mengambil data terkait dengan:

1. Pengalaman anda selama mengelola platform P2P Lending Syariah
2. Harapan anda di masa akan datang untuk perkembangan P2P Lending Syariah di Indonesia

Survey ini untuk pengelola platform P2P Lending Syariah di Indonesia

Interview ini dilakukan melalui platform zoom atau bertemu langsung dan tidak akan memakan waktu lebih dari satu (1) jam dari waktu anda. Jawaban dari anda akan direkam, kemudian ditulis ulang dalam bentuk naskah transkripsi namun akan dirahasiakan. Saya berjanji akan menyimpan data peserta interview dengan penuh kehati-hatian.

Atas kerjasamanya saya ucapkan terima kasih.

Wassalamualaikum

Erika Takidah

erikatakidah@unj.ac.id

08151809170

PERTANYAAN WAWANCARA

1. Peserta interview: nama, pengalaman kerja, posisi (informasi peserta).
2. Apakah tujuan utama dari platform P2P Lending Syariah yang anda dirikan/kelola?
3. Apakah karakteristik utama dari peminjam/penerima manfaat P2P Lending Syariah

GENERAL REFRAMING PROBLEMS:

Apakah keberadaan platform P2P lending Syariah yang anda kelola dapat meningkatkan akses keuangan dan inklusi keuangan di Indonesia, ditinjau dari tiga dimensi aksesibilitas, keberadaan dan penggunaan produk keuangan?

Pertanyaan tentang determinan inklusi keuangan di Indonesia ditinjau dari Sosial Demografi

No	Variabel	Butir Pertanyaan/ Diskusi
1	REFRAMING PROBLEMS (Realitas, Hambatan, Pengalaman dan Situasi terkini)	Dalam menggunakan determinan tersebut, masalah akses keuangan apakah yang anda hadapi pada platform P2P lending Syariah?
2	APPRECIATIVE POSITIVE	Solusi apa yang telah anda lakukan untuk mengatasi masalah pengelolaan tersebut?
3	LINKING STRENGTH OF THE PRESENT TO THE PREFERRED VISION OF THE FUTURE	Apa solusi yang anda harapkan namun belum bisa anda wujudkan untuk mengatasi masalah tersebut dalam platform P2P lending yang anda kelola

Pertanyaan tentang perilaku para peminjam pada platform P2P Lending Syariah ditinjau dari penerimaan dan penggunaan teknologi keuangan.

No		Butir Pertanyaan
1	REFRAMING PROBLEMS (Realitas, Hambatan, Pengalaman dan Situasi terkini)	Dalam penerimaan dan penggunaan teknologi keuangan melalui aplikasi FinTech, masalah apa yang anda hadapi pada platform P2P lending Syariah?

2	APPRECIATIVE POSITIVE	Solusi apa yang telah anda lakukan untuk mengatasi masalah pengelolaan pada platform P2P lending Syariah tersebut?
3	LINKING STRENGTH OF THE PRESENT TO THE PREFERRED VISION OF THE FUTURE	Apa solusi yang anda harapkan namun belum bisa anda wujudkan untuk mengatasi masalah tersebut pada platform P2P lending Syariah yang anda kelola

Pertanyaan tentang pengelolaan platform P2P Lending Syariah di Indonesia

No		Butir Pertanyaan
1	REFRRAMING PROBLEMS (Realitas, Hambatan, Pengalaman dan Situasi terkini)	Dalam mengelola platform P2P Lending Syariah di Indonesia, pastinya ada beberapa masalah yang dihadapi baik internal maupun eksternal, masalah apa yang anda hadapi selama ini?
2	APPRECIATIVE POSITIVE	Solusi apa yang telah anda lakukan untuk mengatasi masalah pengelolaan platform P2P lending Syariah tersebut?
3	LINKING STRENGTH OF THE PRESENT TO THE PREFERRED VISION OF THE FUTURE	Apa solusi yang anda harapkan namun belum bisa anda wujudkan untuk mengatasi masalah tersebut pada platform P2P lending Syariah yang anda Kelola?

Terima kasih

APPENDIX 4

ISM APPROACH QUESTIONNAIRE

Lembar Pertanyaan untuk ISM approach:

Menurut anda bagaimana keterkaitan antara elemen tantangan untuk Islamic P2P financing Service platform untuk meningkatkan inklusi keuangan di Indonesia berikut ini:

Challenge	V	A	O	X	Challenge
C1 Adoption of Islamic P2P Financing					C2 financial literacy
					C3 digital literacy
					C4 Islamic finance literacy
					C5 security
					C6 risk and governance
					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C2 Financial Literacy					C3 digital literacy
					C4 Islamic finance literacy
					C5 security
					C6 risk and governance
					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C3 Digital Literacy					C4 Islamic finance literacy
					C5 security
					C6 risk and governance
					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C4 Islamic Financial Literacy					C5 security
					C6 risk and governance
					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability

Challenge	V	A	O	X	Challenge
					C11 Regulatory Framework
C5 Security					C6 risk and governance
					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C6 Risk and Governance					C7 trust
					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C7 Trust					C8 cost and benefit
					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C8 Cost and benefit					C9 lacks validation
					C10 scalability
					C11 Regulatory Framework
C9 Lack of Validation					C10 scalability
					C11 Regulatory Framework
C10 Scalability					C11 Regulatory Framework

- (1) V – Jika tantangan “i” lebih utama dibanding tantangan “j”
(2) A – Jika tantangan “j” mendukung tantangan “i”;
(3) X – Jika tantangan “i” and “j” saling mendukung satu sama lain;
(4) O – Jika tantangan “i” and “j” tidak berhubungan satu sama lain

APPENDIX 5

AN EXAMPLE OF INTERVIEW TRANSCRIPT

Kode wawancara : IsP2PL05

Nara Sumber : (TA)

Insitusi : Islamic P2P Lending Dana Syariah

Waktu Wawancara : Selasa 13 September 2022 jam 09.00 - 9.55 WIB

Pewawancara :

Q1 Assalamualaikum, mohon maaf kita berkenalan dulu ya pak, Saya Erika Takidah, saya adalah mahasiswa PhD Program IIBF IIUM, saat ini sedang mengambil riset tentang P2P Syariah di Indonesia kaitannya dengan Inklusi Keuangan. Silahkan mohon data diri bapak dan pengalaman di bidang ini.

Answer Waalaikum salam, Nama saya TA selaku CEO dari Dana Syariah Indonesia, pengalaman kami kurang lebih 5 tahun

Q2 “Sedikit gambaran dari penelitian saya, saya melakukan mix method, Pak. Jadi ada penelitian kuantitatifnya dan ada penelitian kualitatifnya. Saya di sini intinya ingin tahu apakah dengan adanya bisnis peer to peer lending khususnya yang Syariah bisa membuka akses inklusi finansial untuk teman-teman kita yang belum mempunyai akses. Walaupun jawabannya iya, tapi pasti ada cerita-cerita lain gitu, Pak. Jadi menurut Bapak nih bagaimana posisi Dana Syariah ini sebagai platform peer to peer lending sebagai salah satu tempat dimana teman-teman yang unbankable bisa punya akses gitu? Bagaimana Pak?”

Answer “Bismillahirrahmanirrahim. Assalamualaikum warahmatullahi wabarakatuh. Terima kasih Bu Erika atas kesempatan silaturahmi. Jadi memang saya khususnya dan Dana Syariah juga membutuhkan komunikasi-komunikasi dengan semacam Ibu ini, ada penelitiannya ya syukur-syukur nanti kami dapat masukan dari hasil penelitian itu sehingga kami sangat gembira sebetulnya, Bu, kalau ada wawancara seperti ini. Bukannya kami repot justru kami senang dan juga insyaa Allah kami bisa dapat akses positif dari hasil penelitiannya itu yang bisa kami terapkan juga gitu. Nah, kalau berbicara secara umum dulu Bu, ya, nanti silakan Ibu menanyakan lebih detailnya. Jadi, khususnya yang peer to peer Syariah, Bu, peer to peer lending financial Syariah ini kan sebetulnya di masyarakat sudah ada dari dulu, Bu. Entah berapa puluh tahun yang lalu, ya. Bahkan saya sendiri sebagai developer kecil itu sudah melakukan 15 tahun yang lalu, Bu. Apa namanya, bersyirkah dalam project tertentu dimana ada pemilik dana dimana ada pengguna dana gitu, khususnya di sektor property saya, Bu. Makanya Dana Syariah ini berada di sektor property karena pengalaman saya dan teman-teman tim Dana Syariah ini di sektor property. Jadi sebetulnya pola syariahnya, pola kerja samanya ada di masyarakat dan.....

AN EXAMPLE OF QUANTITATIVE DATA INPUT SEM PLS

APPENDIX 7

AN EXAMPLE OF QUALITATIVE DATA INPUT (ATLAS.TI)

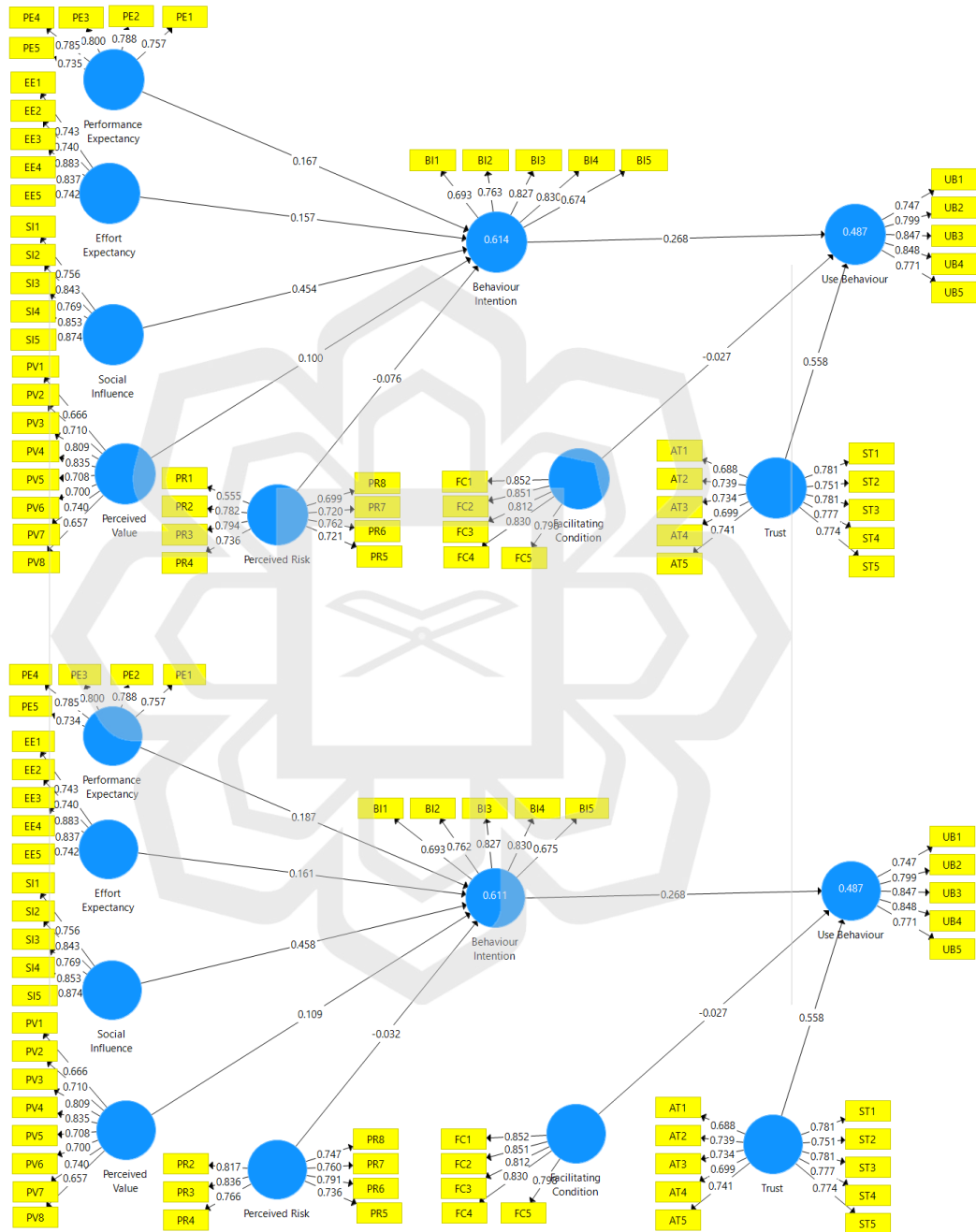
The top screenshot displays the ATLAS.ti 'Manage Codes' window. The 'Code Groups' list on the left includes: Financial Education and Literacy (7), Financial Inclusion (14), Fintech Ecosystem (12), Religiosity and Syariah Compl... (6), Risk Mitigation (5), and Sustainability Financing (6). The 'Search Entities' table on the right shows the following data:

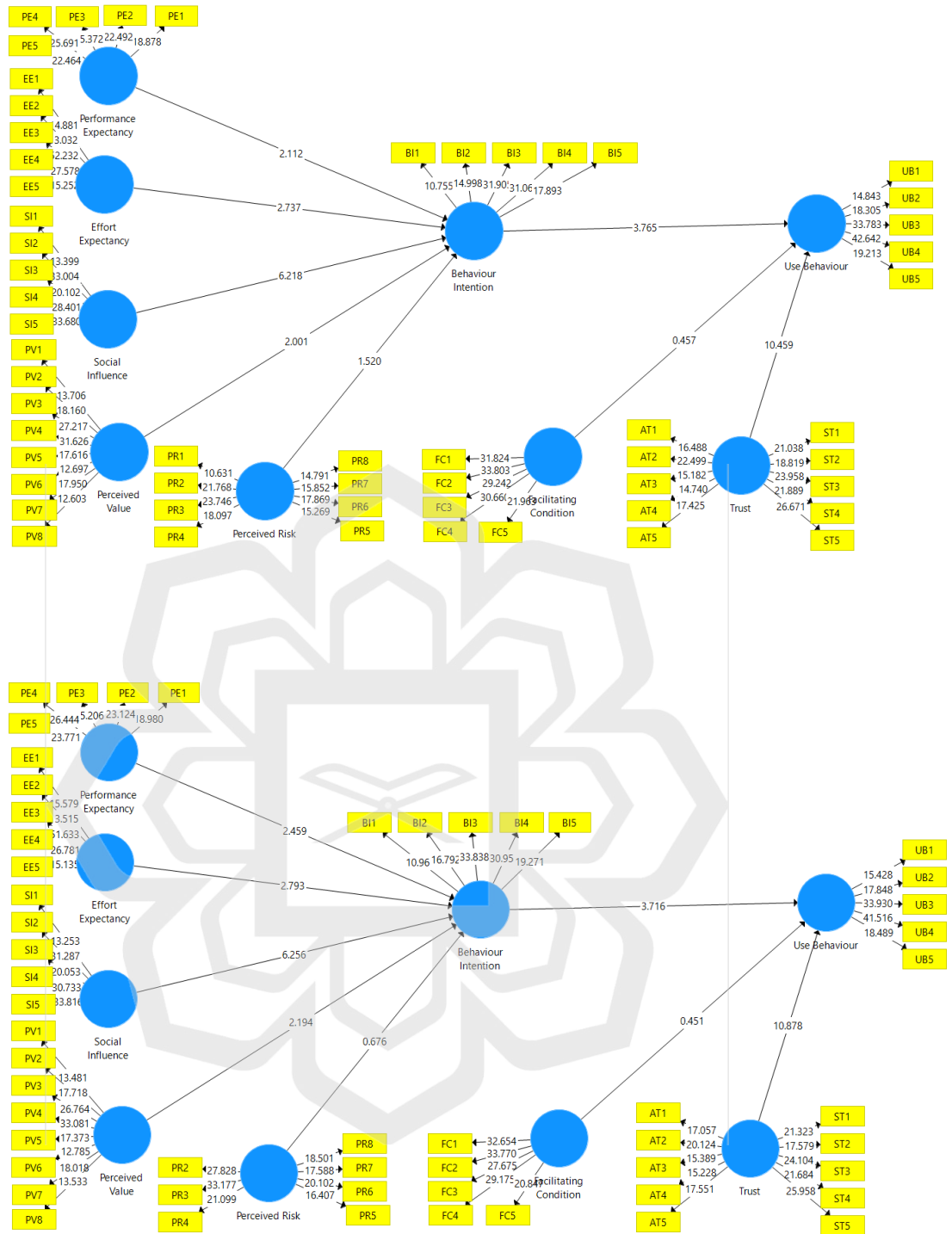
Name	Grounded	Density	Groups
accessibility for unbankable microentrepreneur	6	2	[Financial Inclusion]
access for borrower	1	0	
Access for micropreneu and nanopreneur	2	1	[Financial Inclusion]
access to islamic financial institution	2	0	
accountability and transparency	2	0	
administrative requirement	2	2	[Financial Inclusion]
age profile of borrower	1	2	[Financial Inclusion]
approval time	1	1	[Financial Inclusion]
assisting to access other financing	2	1	[Financial Inclusion]
availability Islamic financing	2	1	[Financial Inclusion]
available at mobile application	1	1	
awareness of syariah contract	1	0	

The bottom screenshot shows the ATLAS.ti 'Document Manager' window. The 'Explore' pane on the left shows a list of documents, including 'D 1: IsP2PL01 (33)'. The main window displays a document titled 'Mas Wahid' with a text excerpt. The text is highlighted with several color-coded boxes, each corresponding to a code from the 'Code Groups' list. The highlighted text includes: 'Potentially support Financial In...', 'Experience managing Islamic P2...', 'High risk for micro financing', 'developing fintech ecosystem', and 'extra effort for facilitating fina...'. The bottom status bar shows the date '18/09/2022' and time '16:55'.

APPENDIX 8

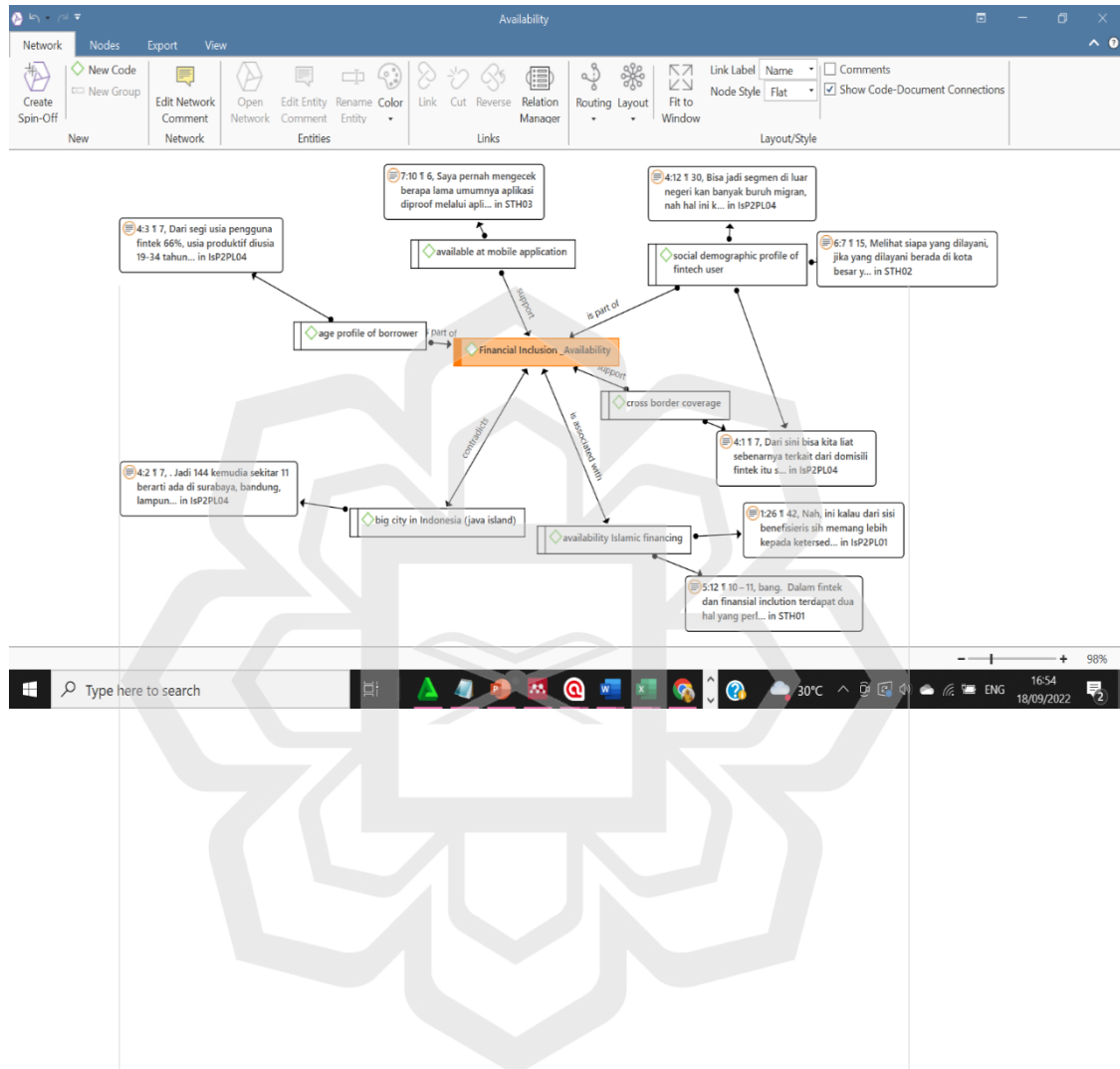
AN EXAMPLE OF QUANTITATIVE OUTPUT (PLS SEM)





APPENDIX 9

AN EXAMPLE OF QUALITATIVE DATA OUTPUT (ATLAS.TI)



APPENDIX 10

CONSENT LETTER FOR PARTICIPATION

Title of Research: Role of Islamic FinTech Model to Enhance Islamic Financial
Inclusion in Indonesia: Case Study Islamic Peer-to-Peer Lending

Erika Takidah, Matric Number G 1826674

PhD Student, Institute of Islamic Banking and Finance (IIBF)

International Islamic University Malaysia

Email: erikatakidah@unj.ac.id

Phone: +628151809170/+601123731365

INFORMED CONSENT TO PARTICIPATE IN A RESEARCH STUDY

Hereby, I confirm that I agree to take part in the above study. My participation in this study is voluntary. I agree that the interview be noted, and audio recorded. I am aware that all information obtained will be treated as private and confidential to be used for research only, and anonymised quotes in any type of publication will be used for the follow-up to this study.

Dengan ini, saya setuju untuk berpartisipasi dalam penelitian ini secara sukarela. Saya setuju wawancara ini dicatat dan direkam secara audio. Saya mengetahui bahwa semua informasi yang diperoleh akan dirahasiakan dan hanya digunakan untuk kepentingan penelitian, sehingga kutipan anonym (tanpa nama) akan digunakan untuk publikasi lebih lanjut dari penelitian ini.

Name of participant

Signature

Date