

ABSTRACT

Based on the statistics of fintech transaction value in Indonesia, the adoption of financial technology is very popular among Indonesians and is expected to continue to grow in the next few years. There are 375 Islamic fintech companies worldwide, with Indonesia being one of the top markets in terms of transaction volume. There is still a bit research on the adoption of fintech, especially islamic fintech by Gen Z, while we know, based on population census data in 2020, Islam is the religion with the largest population, and Gen Z is the largest population based on generation in Indonesia.

This research aims to study the factors that influence Gen Z in adopting Islamic fintech and investigate the potential impact of Religious Orientation. The study uses a questionnaire to collect data from 311 Gen Z in West Java , using Structural Equation Model – Partial Least Squares (SEM-PLS) to evaluate the research model and test hypotheses.

The results of Smart PLS path analysis revealed that several factors significantly influenced the adoption of Islamic fintech. In particular, perceived risk, financial literacy, perceived benefits and trust, were identified as very important determinants in shaping Gen Z's decision to adopt Islamic fintech. In addition, this study also reveals the important role of religious orientation as a moderator that influences the relationship between perceived risk, perceived benefit, and trust towards the adoption of Islamic fintech by Gen Z in West Java. This study adds to the existing literature on Islamic Fintech adoption and improves understanding of the key drivers in this domain. In addition, this study emphasizes how religious orientation can influence individual attitudes and behaviors regarding the adoption of Islamic Fintech.

This study has limitations. First, the geographical scope of this study is limited to a specific region (West Java) which may limit the generalizability of the findings to other countries or cultural contexts. Reliance on self-reported data by individuals also poses the risk of potential biases, such as social desirability bias, which may influence responses. This study focused on factors influencing the adoption and development of Islamic fintech, potentially overlooking other important considerations, such as the regulatory environment and prevailing market conditions. Investigating the similarities and differences in the factors that influence the adoption of conventional and Islamic fintech services will contribute to a more comprehensive understanding of the fintech landscape.

Future research could explore the moderating effect of existing fintech regulations as well as the influence of existing factors on existing Islamic fintech market conditions and also explore the role of financial education and literacy in driving the growth of the Islamic fintech sector.

Keywords: Perceived risk, Financial literacy, Perceived benefit, Trust, Religious orientation, Adoption of Islamic fintech