

ISLAMIC FINTECH LENDING DETERMINANTS USING ISLAMIC FINANCIAL LITERACY AS A MODERATION VARIABLE

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ABSTRACT

This study aims to determine the financial literacy of MSME actors in Morotai Island Regency as well as their exceptions in utilizing islamic fintech lending as an alternative business funding. Moderated Regression Analysis (MRA) with SPSS version 25 is the analysis approach used. 108 MSME units in six randomly chosen sub-districts received questionnaires with slovin technique, which was applied with a 0.05 margin of error and predetermined criteria. The study's findings demonstrate that the usage of islamic fintech lending is highly influenced by the perceived usefulness and ease of use of fintech. In addition, this study discovered that the impact of perceived usefulness and perceived ease of use on the frequency with which MSMEs use islamic fintech lending is not moderated by islamic financial literacy. The study's practical contribution is the realization that islamic financial literacy apart cannot be as a criteria for evaluating how MSME utilize islamic fintech lending to obtain funding for company expansion. Further research is necessary on digital literacy, which refers to MSME actors' ability in utilizing technology and digital platforms to obtain fintech funding. In addition, it's essential to focus on external factors like the availability of Islamic financial technology funding education and training for MSME.

1 Introduction

Micro, Small, and Medium-Sized Enterprises (MSMEs) support 70% of employment in each nation, making them the backbone of many economies worldwide (National Action Plans on Business and Human Rights, 2022). Despite their significant role in Indonesia's economic growth, MSMEs often struggle to obtain capital for business expansion (Firdaus & Rifih, 2018). This challenge is compounded by insufficient knowledge about financial institutions' products and services that could facilitate business advancement. Furthermore, procedural requirements remain difficult to meet due to the limited capabilities of MSME operators, including the lack of accurate business financial information (Achadiyah, 2019; Mahmud, 2023; Mahmud & Anis Safitri, 2022).

A primary reason for the low absorption rate of business finance among MSMEs is their lack of financial knowledge (Arninda & Prasetyani, 2022). Indonesia's financial literacy index stands at 38.03%, indicating that the understanding of how to raise and utilize funds productively is still relatively poor. The 2019 National Survey of Financial Literacy and Inclusion highlights that microbusiness finance and fintech crowdfunding are among the least known financial products and services in Indonesia (OJK, 2021).

Financial technology (fintech) refers to information technology-based money lending services that make funding applications more accessible (Arner et al., 2015). Fintech has been particularly beneficial for MSMEs, especially those lacking bankability to secure capital (Rasidi et al., 2021; Shofawati, 2019). Studies have shown a clear correlation between MSMEs' financial struggles and their lack of financial literacy (Arninda & Prasetyani, 2022; Dahmen & Rodríguez, 2014), there is a clear correlation between MSME' financial struggles and their lack of financial literacy. According to (Ghazali & Yasuoka, 2018), financial literacy is crucial for improving MSMEs' perceptions of fintech finance options.

Financial literacy barriers prevent MSMEs from using fintech as an alternative funding source (Arninda & Prasetyani, 2022; Dahmen & Rodríguez, 2014; Ghazali & Yasuoka, 2018). By establishing financial literacy indicators, MSME players can identify measurable inhibitory factors and improve their capacity to obtain fintech funding. This study employs the Technology Acceptance Model (TAM) to measure MSME players' perceptions of the ease of use and benefits of fintech. The original scale for assessing the TAM construct, validated by Davis et al. (1989) and Davis & Venkatesh (1996), is used to predict and explain consumer acceptance of information technology (Davis & Venkatesh, 1996).

The financial literacy index (FLI) varies significantly across provinces, with North Maluku having one of the lowest FLIs (OJK, 2021). The 2019 national survey on financial literacy and inclusion indicates that North Maluku has the lowest Islamic financial literacy among all provinces (OJK, 2021). The survey results show that people in North Maluku Province do not use financial institutions, products, and services wisely to meet their needs and potential, posing a significant barrier to national financial inclusion. Morotai Island Regency, in North Maluku Province, has the highest number of MSME units, with 2,216 MSMEs as of 2021 (BPS - North Maluku Province, 2022). However, MSMEs in Morotai Island Regency continue to face challenges such as funding access, marketing difficulties, and incompetent management. The lack of financial expertise among MSME participants is the root of these issues (Ka'bah & Latief, 2021).

Recent studies have emphasized the importance of financial literacy in enhancing MSMEs' access to financial services. Arner et al. (2015) highlighted how fintech innovations have revolutionized access to capital, particularly for unbanked segments. Arninda & Prasetyani (2022) demonstrated the direct impact of financial literacy on MSMEs' ability to leverage fintech solutions. Dahmen & Rodríguez (2014) and Ghazali & Yasuoka (2018) provided insights into how financial literacy is a pivotal factor in MSME growth and sustainability. Despite these findings, there is a gap in understanding how specific financial literacy components affect MSMEs' use of fintech in regions with low financial literacy, such as North Maluku.

This study aims to fill the existing gaps by assessing the financial literacy levels of MSME actors in Morotai Island Regency and identifying the specific financial literacy barriers that hinder MSMEs from utilizing fintech loans. By demonstrating the correlation between financial literacy and the adoption and utilization of fintech lending using the Technology Acceptance Model (TAM), this research contributes theoretically and practically. Theoretically, it enhances our understanding of the relationship between financial literacy and fintech adoption among MSMEs. Practically, it provides insights for policymakers and stakeholders to enhance financial literacy and fintech adoption among MSMEs in North Maluku and similar regions.

Given this context, the study addresses the following research questions:

- a. Does the Actual Islamic Fintech Use (ATU) depend on perceived usefulness (PUS)?
- b. Does the Actual Islamic Fintech Use (ATU) depend on perceived ease of use (PEU)?
- c. Is there a moderating effect of Islamic financial literacy (IFL) on the perceived usefulness of Islamic fintech lending on the Actual Islamic Fintech Use (ATU)?
- d. Is there a moderating effect of Islamic financial literacy (IFL) on the perceived ease of use (PEU) of Islamic fintech lending on the Actual Islamic Fintech Use (ATU)?

The purpose of this study is to assess the financial literacy of MSME actors in Morotai Island Regency and identify their shortcomings in using fintech loans as an alternative funding source. This research aims to contribute theoretically by demonstrating the correlation between financial literacy and MSMEs' adoption and utilization of fintech lending. Practically, it seeks to map MSME participants' access to fintech financing, providing data to support the development of MSME firms in Morotai Island Regency, North Maluku, and Indonesia at large.

2 Literature Review

Prior studies have primarily focused on the relationship between MSMEs' performance and financial literacy, despite the significant impact of funding availability on their financial success. Fintech business funding requires specialized information technology expertise. Therefore, this study aims to evaluate MSME participants' perceptions regarding the ease and benefits of adopting fintech for funding, a process influenced by Islamic financial literacy.

Research by (Amalia, 2018; Hermanto & Patmawati, 2017; Hu et al., 1999; Suyanto & Kurniawan, 2019) indicates that users' attitudes and behavioral intentions towards information technology are significantly influenced by their perceived usefulness (PUS).

Consequently, the first hypothesis posits that the frequency of Islamic fintech lending usage by MSMEs is significantly affected by their perceived usefulness of these services.

In addition to these findings, studies by (Akbar et al., 2021; Kurniawan et al., 2019) conclude that the perceived ease of use (PEU) of information technology significantly influences the tendency to use Islamic financial technology financing. Based on this, the second hypothesis suggests that perceived ease of use significantly impacts the frequency of Islamic fintech lending usage.

Further research by Akbar et al. (2021), Hermanto and Patmawati (2017), Kirana and Havidz (2020), Kurniawan et al. (2019), and Nugroho and Apriliana (2021) demonstrates that financial literacy positively affects individuals' perceptions of the usefulness and simplicity of using information technology. Therefore, the third and fourth hypotheses propose that Islamic financial literacy moderates the impact of MSME actors' perceptions of the usefulness and ease of use of Islamic fintech lending.

In summary, this study seeks to fill existing gaps in the literature by assessing the influence of Islamic financial literacy on MSMEs' adoption of fintech lending, with a focus on perceived usefulness and ease of use. By addressing these relationships, the research aims to contribute to a deeper understanding of the factors that facilitate or hinder the adoption of fintech solutions among MSMEs.

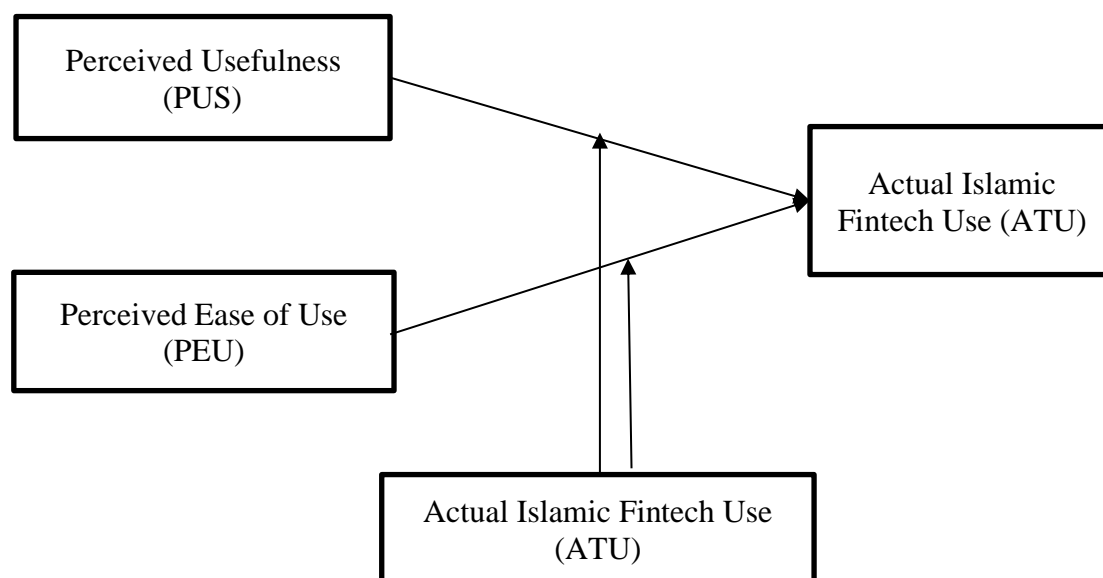


Figure 1. Research Framework

Hypotheses:

- H₁: Perceived Usefulness (PUS) affects Actual Islamic Fintech Use (ATU)
- H₂: Perceived Ease of Use (PEU) affects Actual Islamic Fintech Use (ATU)
- H₃: Islamic Financial Literacy (IFL) moderates the effect of Perceived Usefulness (PUS) on Actual Islamic Fintech Use (ATU)
- H₄: Islamic Financial Literacy (IFL) moderates the effect of Perceived Ease of Use (PEU) on Actual Islamic Fintech Use (ATU)

3 Methods

The MSMEs registered with the Department of Industry, Trade, Cooperatives, and MSMEs of Morotai Island Regency are the focus of this study. Morotai Island Regency was selected not only because it has the highest concentration of MSMEs in the Province of North Maluku but also because it is designated as an Indonesian Special Economic Zone. The Indonesian government prioritizes these areas to accelerate economic development (Government Regulation Number 50 of 2014: Morotai Special Economic Zone, 2014). There are 331 MSMEs in the Morotai Island Regency (BPS Morotai Island Regency, 2022; Morotai Island Regency Regional Government, 2023). Using the Slovin formula, samples were collected based on two criteria: MSME actors who, over the last five years, have obtained funds from non-bank financial institutions through Islamic peer-to-peer lending and Islamic fintech microfinancing. A total of 108 MSME actors from six randomly selected sub-districts were surveyed. Out of the 108 surveys completed, 82 were deemed suitable for data analysis.

Table 1. Research variable operationalization

Constructs	Defenitions	Indicators	Codes	Validity Test	Reliability Test	Sources	
Islamic Financial Literacy	The awareness, knowledge, abilities, attitudes, and behaviors required to make wise financial decisions and eventually attain personal financial well-being are collectively referred by the term financial literacy (OECD, 2022). The primary distinction between Islamic financial literacy and the traditional financial literacy theory is how people or society see interest-based transactions (Dinc et al., 2021).	Islamic Financial Behavior				.892	(Dinc et al., 2021).
		I find interest income to be unacceptable.	IFL1	.636			
		I steer clear of interest-based deals.	IFL2	.814			
		Understanding Islamic Finance					
		It is undesirable to invest in a company if the contract's conditions are unclear.	IFL3	.520			
		It is unacceptable to invest in companies that negatively impact the environment and people.	IFL4	.758			
		There are other interest-free financial institutions and options available for investments.	IFL5	.706			
		I have financial management skills and can avoid paying interest.	IFL6	.462			
		Interest has an unfavorable and detrimental effect on the economy.	IFL7	.675			
		Islamic Financial Attitudes					
Communities need to support one another in getting over challenges.	IFL8	.714					

		Communities need to provide financial support for one another.	IFL9	.779		
		The creditor needs to be aware of the loan's intended use.	IFL10	.740		
		Islamic Financial Awareness				
		It doesn't bother me to ask others to become business partners.	IFL11	.687		
		I'm going to put investment into the company and become a partner.	IFL12	.688		
Perceived Usefulness (PUS)	The degree to which an individual thinks that utilizing a specific technology will enhance their ability to accomplish their work is known as perceived usefulness (Davis, 1989). The degree to which MSME participants think that utilizing fintech for business financing will enhance the functioning of their enterprises.	For quicker business funding, I use fintech (P2P and microfinance).	PUS1	.927	.886	(Venkatesh et al., 2003)
		I believe that funding my business is more convenient when I use fintech (P2P and microfinance).	PUS2	.899		
		My funding application procedure will be simplified by using fintech (P2P and microfinance).	PUS3	.928		
		I'll search for an easier-to-use platform for applying for company financing.	PUS4	.682		
Perceived Ease of Use (PEU)	The degree to which a person thinks utilizing a specific system would make their task easier (free of effort) is known as Perceived Ease of Use (Davis, 1989) How much MSME owners think using fintech can simplify (and require less work) the process of obtaining business capital.	I can quickly learn about microfinance and peer-to-peer lending (P2P) through these website/application.	PEU1	.746	.865	(Venkatesh et al., 2003)
		On fintech (P2P and microfinancing) websites and applications, I can easily sign up and complete the forms.	PEU2	.754		
		P2P and microfinancing fintech websites and software are easily comprehensible and have a clear design.	PEU3	.875		
		I don't need to read the usage instructions for fintech websites or programs (P2P and microfinancing). I can utilize them with ease.	PEU4	.694		
		P2P and microfinancing fintech websites and apps	PEU5	.825		

		are accessible to me quickly.				
		It is more efficient to apply for money through fintech (P2P and microfinance) than through traditional financial institutions.	PEU6	.782		
Attitude Toward Using (ATU)	Attitude Toward Using technology is characterized as a person's overall emotive response to using a system. (Venkatesh et al., 2003). How do MSME owners respond to the financing of businesses through fintech?	Fintech (P2P and microfinance) utilization is an useful option.	AFU1	.678	.916	(Venkatesh et al., 2003)
		The concept of employing fintech (P2P and microfinancing) bothers me.	AFU2	.717		
		It's a lot of fun to use fintech (P2P and microfinance).	AFU3	.717		
Behavioral Intention to Use (BIU)	Behavioral Intention to Use is the propensity to keep utilizing information technology (Davis et al., 1989) How often do MSME owners use fintech to finance their businesses?	Fintech (P2P and microfinancing) is something I want to use in the upcoming months.	AFU4	.754		(Venkatesh et al., 2003)
		I anticipate utilizing peer-to-peer and microfinance fintech within the next few months.	AFU5	.817		
		In the upcoming months, I want to use fintech (P2P and microfinancing).	AFU6	.800		
Actual System Use (ASU)	Actual System Use is What is measured throughout the six months following use is the real usage behavior, or actual system utilization. The period of time spent using the system is used to measure actual usage behavior (Venkatesh et al., 2003) After utilizing fintech, what are the real circumstances (user reactions)?	When I need to fund a business, I always use fintech (P2P and microfinance).	AFU7	.829		(Venkatesh et al., 2003)
		I frequently visit websites and apps related to fintech (P2P and microfinance).	AFU8	.830		
		I frequently visit the websites of several P2P and microfinance fintech companies whenever I'm looking to raise money.	AFU9	.832		

Source: Primary data processed, 2023

The three primary aspects of financial literacy are knowledge, experience, and financial behavior (Moore, 2004). The four primary indicators of Islamic financial literacy are behavior, knowledge, attitudes, and awareness of Islamic finance. 12 questions are used to measure these four indicators (Dinc et al., 2021). 10 questions were used to measure perceived usefulness and perceived ease of use (Venkatesh et al., 2003). Three questions were used to measure attitude toward usage, three questions for behavioral intention to use, and three questions for actual system use (Venkatesh et al., 2003).

The data were analyzed using a moderated regression analysis approach, and the analytical tool used was SPSS Statistics version 25. The regression equations used in this study were as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 M + \beta_4 X_1 * M + \beta_5 X_2 * M$$

Validity and Reliability Test

When an instrument is modified or combined for a study, its original validity and reliability may not apply to the new instrument. Therefore, it is crucial to establish validity and reliability as part of the data analysis plan (Creswell & Creswell, 2023). To ensure the validity of the instrument used in this research, we tested 50 questionnaires using Pearson's correlation – two-tailed with a significance criterion of 0.05. For reliability, we used Cronbach's alpha (α) value scale, which ranges between 0 and 1, with optimal values between 0.7 and 0.9 (Creswell & Creswell, 2023). Out of all the instrument items used to measure research variables (Table 1), only one item, coded AFU 2, was found to be invalid. Consequently, this item was eliminated and not used in the analysis of this research's findings. The results of the tests for validity and reliability can be seen in the table 1.

4 Results and Discussion

A questionnaire with a 0.05 margin of error was distributed to 108 MSME actors in six randomly selected sub-districts. The sample criterion consisted of MSME actors who had obtained funding from non-bank financial institutions over the last five years via Islamic fintech micro financing and Islamic peer-to-peer lending. Out of the 108 completed surveys, 82 were valid for data analysis.

The respondent demographics provide a comprehensive breakdown of the characteristics of the 82 MSME actors who participated in the study. The majority of respondents are from North Morotai (35%) and Rao Island (22%), with smaller representations from South Morotai (16%), East Morotai (11%), Morotai Jaya (12%), and West South Morotai (4%). Female respondents constitute a larger proportion (59%) compared to males (41%). In terms of age distribution, 33% of the respondents are between 15-29 years old, while 40% are between 30-60 years old.

Regarding education levels, 44% of the respondents have an education ranging from elementary to high school, 24% hold a bachelor's degree, and 20% have a postgraduate degree. The income distribution reveals that a majority (65%) of the respondents have a

monthly income of less than IDR 4,000,001, while 33% earn between IDR 4,000,001 and 10,000,000, and only 2% have an income above IDR 10,000,001.

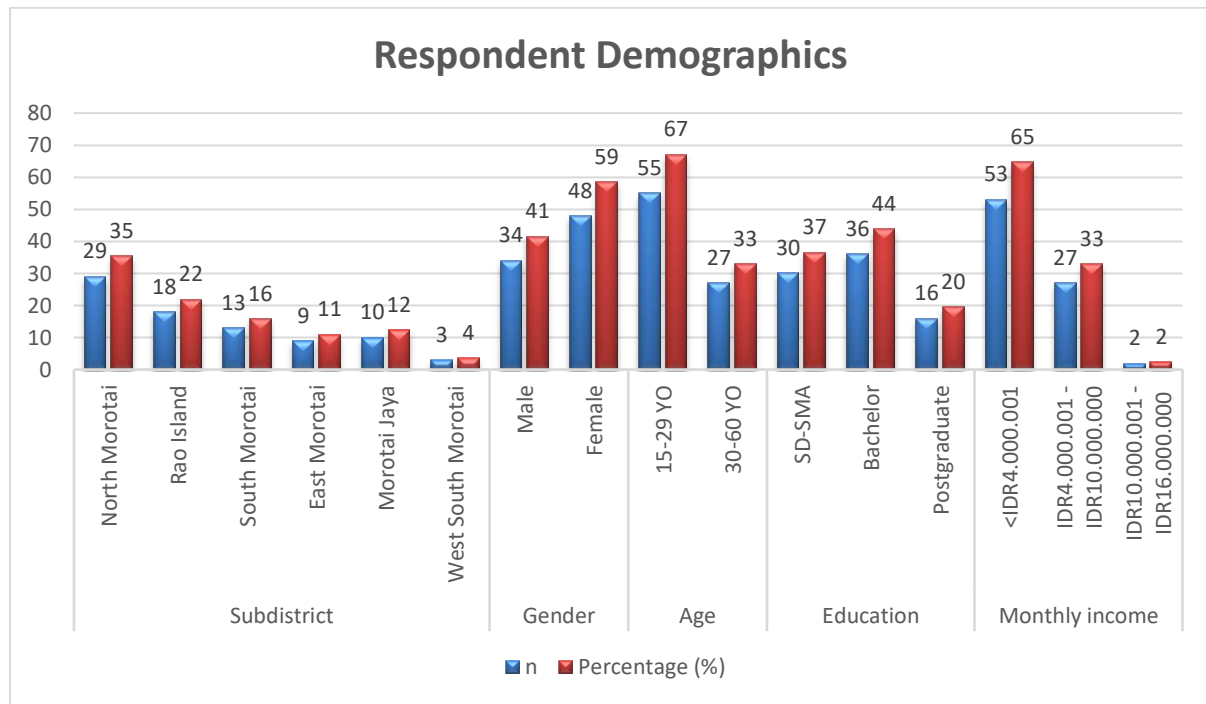


Figure 1. Respondent Demographics

Source: Primary data processed, 2023

This diverse demographic data enhances the robustness of the study, ensuring that the findings are reflective of various perspectives within the MSME community utilizing Islamic fintech lending.

Based on the results of the classical assumption tests, the regression model used in this analysis meets all the necessary assumptions.

Table 2. Classical Assumption Test

Classical Assumption Test	Variables	Test Result	Test Result
Normality Test		Asymp. Sig. (2-tailed)	0.079
Multicollinearity Test		Tolerance	VIF
	Perceived Usefulness	0.470	2.128
	Perceived Ease of Use	0.464	2.154
Heteroscedasticity Test	Islamic Financial Literacy	0.718	1.394
		Sig.	
	Perceived Usefulness	0.535	
	Perceived Ease of Use	0.421	
	Islamic Financial Literacy	0.065	

Source: Primary data processed with SPSS 25, 2023

The normality test results show an Asymp. Sig. (2-tailed) value of 0.079, which is greater than the significance level of 0.05. This indicates that the residual data are normally distributed, thus fulfilling the normality assumption. Furthermore, the multicollinearity test results show Tolerance values for Perceived Usefulness, Perceived Ease of Use, and Islamic Financial Literacy of 0.470, 0.464, and 0.718, respectively, with corresponding VIF values of 2.128, 2.154, and 1.394. Since the Tolerance values are greater than 0.1 and the VIF values are less than 10, it can be concluded that there are no multicollinearity issues among the independent variables in this model. Lastly, the heteroscedasticity test results indicate significance values for Perceived Usefulness, Perceived Ease of Use, and Islamic Financial Literacy of 0.535, 0.421, and 0.065, respectively. These values are all greater than 0.05, suggesting that the residual variance is constant and there are no heteroscedasticity issues. Therefore, this regression model meets all the classical assumptions and is suitable for further analysis.

The following interpretation provides an analysis of the impact of perceived usefulness and perceived ease of use on the actual use of Islamic fintech lending, as well as the moderating effect of Islamic financial literacy on these relationships.

Table 3. Mutliple Regression Analysis

Variables	Coeficient	<i>t</i>	Sig	R	R-Square	Adjusted R Square
Models 1				.734	.539	.527
(Constant)	10.770	3.697	.000			
Perceived Usefulness	1.231	6.886	.000			
(Constant)	5.436	1.989	.050			
Perceived Ease of Use	1.110	9.311	.000			
Islamic Financial Literacy	.102	.438	.663			
Perceived Usefulness*Islamic Financial Literacy	.015	.660	.511			
Perceived Ease of Use*Islamic Financial Literacy	-.020	-1.076	.285			

Dependent Variable: Actual Islamic Fintech Use

Source: Primary data processed with SPSS 25, 2023

The regression analysis results show that perceived usefulness significantly affects the actual use of Islamic fintech lending. The coefficient of 1.231 indicates that for every unit increase in perceived usefulness, the actual use of Islamic fintech lending increases by 1.231 units. This relationship is statistically significant, as indicated by the t-value of 6.886 and a significance value of .000. Therefore, **Hypothesis 1 (H₁) is accepted.**

Similarly, perceived ease of use also significantly affects the actual use of Islamic fintech lending. The coefficient of 1.110 indicates that for every unit increase in perceived ease of use, the actual use of Islamic fintech lending increases by 1.110 units. This

relationship is statistically significant, with a t-value of 9.311 and a significance value of .000. Thus, **Hypothesis 2 (H₂) is accepted.**

However, the analysis reveals that Islamic financial literacy does not significantly moderate the effect of perceived usefulness on the actual use of Islamic fintech lending. The interaction term coefficient of .015 indicates a very small moderating effect, and with a t-value of .660 and a significance value of .511, this effect is not statistically significant. Therefore, **Hypothesis 3 (H₃) is rejected.**

Similarly, Islamic financial literacy does not significantly moderate the effect of perceived ease of use on the actual use of Islamic fintech lending. The interaction term coefficient of -.020 indicates a very small and negative moderating effect, but with a t-value of -1.076 and a significance value of .285, this effect is also not statistically significant. Thus, **Hypothesis 4 (H₄) is rejected.**

In summary, perceived usefulness and perceived ease of use both significantly influence the actual use of Islamic fintech lending. However, Islamic financial literacy does not significantly moderate these relationships.

The model summary provides key statistics to evaluate the overall fit of the regression model. The correlation coefficient (R) is .734, indicating a strong positive correlation between the predictors (perceived ease of use and perceived usefulness) and the dependent variable (actual use of Islamic fintech lending). The R Square value is .539, which means that 53.9% of the variance in the actual use of Islamic fintech lending is explained by perceived ease of use and perceived usefulness combined. This suggests that the model has good explanatory power.

The Adjusted R Square value, which adjusts for the number of predictors in the model and the sample size, is .527. This indicates that, after adjusting for the number of predictors, 52.7% of the variance in the actual use of Islamic fintech lending is explained by the model. This adjustment is important as it accounts for the potential inflation of R Square when more predictors are added to the model.

4.1. Actual Islamic Fintech Use (ATU) Depend On Perceived Usefulness (PUS)

Table 3 illustrates the decision-making process in this study. As a result, the first hypothesis, which posits that the perceived usefulness of using fintech significantly affects the actual use of Islamic fintech lending, is accepted.

The findings from the first hypothesis test suggest that Islamic fintech lending can help MSME (Micro, Small, and Medium Enterprise) actors grow their businesses by enhancing the usefulness of fintech, particularly in terms of the ease of accessing business funding. This study's findings confirm and support the results of previous studies conducted by (Amalia, 2018; Hermanto & Patmawati, 2017; Hu et al., 1999; Suyanto & Kurniawan, 2019).

These studies collectively highlight the importance of fintech in providing accessible financial solutions, which is crucial for the development and sustainability of MSMEs. The positive impact of perceived usefulness on the actual use of Islamic fintech lending

underscores the practical benefits that fintech services offer to business owners, facilitating smoother and more efficient access to necessary financial resources.

4.2. Actual Islamic Fintech Use (ATU) Depend On Perceived Ease Of Use (PEU)

The acceptance of the second hypothesis indicates that the perceived ease of use of fintech has significant effects on the actual use of Islamic fintech lending. The findings from the second hypothesis test demonstrate that Islamic fintech lending applications are particularly user-friendly, emphasizing the simplicity of use. The application's pleasant and user-friendly layout allows users to browse information on business funding more easily, facilitating their understanding of their rights and obligations in funding agreements.

These findings confirm and support the results of previous studies conducted by (Akbar et al., 2021; Kurniawan et al., 2019). These studies collectively underscore the importance of user-friendly interfaces in fintech applications, which significantly enhance user experience and accessibility. The ease of use not only improves the adoption rates of fintech services but also ensures that users can efficiently navigate and utilize the services for their business funding needs.

4.3. Moderating Effect Of Islamic Financial Literacy (IFL) On The Perceived Usefulness and Perceived Ease Of Use (PEU) Of Islamic Fintech Lending On The Actual Islamic Fintech Use (ATU)

A moderating effect occurs when a third variable or construct changes the relationship between two related variables. Interaction effects are used to assess whether the differences between groups remain consistent across the values of another variable (Hair et al., 2019). In this study, Islamic financial literacy was tested as a potential moderator between perceived usefulness and perceived ease of use on the actual use of Islamic fintech lending. The homogeneity and lack of correlation with other independent variables, as indicated by the multicollinearity and heteroscedasticity test findings (Table 2), suggest that Islamic financial literacy is suitable for this role.

The interaction between perceived usefulness and perceived ease of use variables with the Islamic financial literacy variable shows significance values of 0.511 and 0.285, respectively, as shown in Table 8. These results exceed the recommended significance level of 0.05 for social research (Sallis et al., 2021). Consequently, it can be concluded that the influence of perceived usefulness and perceived ease of use on the actual use of Islamic fintech lending is not moderated by the Islamic financial literacy variable. Therefore, both Hypothesis 3 (H3) and Hypothesis 4 (H4) are rejected.

The findings of this study align with those of previous studies by Akbar et al. (2021), Hermanto & Patmawati (2017), Kirana & Havidz (2020), Kurniawan et al. (2019), and Nugroho & Apriliana (2021). These studies consistently found that financial literacy does not significantly influence perceptions of usefulness and ease of use in the context of information technology. This suggests that users' perceptions of the ease and usefulness of fintech applications are not significantly altered by their level of financial literacy.

When comparing these findings to the national survey on financial inclusion and literacy conducted by the Financial Services Authority of the Republic of Indonesia in 2019 (OJK, 2021), there are notable differences. The report emphasizes that financial literacy is crucial for anyone using fintech, especially for those seeking capital for business expansion.

Despite the survey indicating a very low level of Islamic financial literacy in Indonesia, particularly in North Maluku Province, this does not imply that the general public, including MSMEs, lack the necessary references to utilize Islamic fintech lending for business funding.

The analysis reveals that while Islamic financial literacy is important, it does not significantly moderate the effect of perceived usefulness and perceived ease of use on the actual use of Islamic fintech lending. This suggests that efforts to improve the adoption and utilization of Islamic fintech lending should focus more on enhancing the perceived usefulness and ease of use of the technology rather than solely improving financial literacy. However, this does not diminish the importance of financial literacy for broader financial inclusion and effective use of fintech services.

The study concludes that the perceived usefulness and perceived ease of use significantly affect the actual use of Islamic fintech lending, but these relationships are not moderated by Islamic financial literacy. These findings highlight the direct impact of usability factors on fintech adoption and suggest that user-friendly design and perceived benefits are key drivers of fintech utilization, irrespective of users' financial literacy levels.

5 Conclusion

Based on the discussion of the research findings, it can be concluded that MSME actors' perceptions of the utility and ease of use of Islamic fintech loans significantly impact their frequency of use. The findings indicate that the actual use of Islamic fintech loans primarily depends on individuals' assessments of their utility and ease of use. Furthermore, Islamic financial literacy does not significantly influence individuals' assessments of the simplicity and utility of using Islamic fintech loans for securing business funding. The study suggests that Islamic financial literacy alone cannot serve as the sole criterion for evaluating MSMEs' use of Islamic fintech lending for business growth. Instead, efforts to enhance adoption should focus on improving the perceived usefulness and ease of use of these technologies. This implies the need for targeted education and training programs to improve digital literacy among MSMEs.

However, this study has limitations, including its focus on specific variables, geographic constraints, and reliance on self-reported data, which may affect the generalizability and accuracy of the findings. Future research should explore additional factors influencing fintech adoption, such as trust in technology and cultural aspects, and conduct studies across different regions to enhance generalizability. Investigating the impact of specific educational and training programs on fintech adoption among MSMEs could provide practical recommendations for stakeholders.

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