

## SHARIA FINTECH AND GEN Z: THE MEDIATING ROLE OF PERCEIVED USEFULNESS

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**ABSTRACT** – This study investigates the mediating role of perceived usefulness in the adoption of Sharia fintech among Generation Z individuals in Java Island, Indonesia. A sample of 155 respondents, selected through purposive sampling, participated in the research. Data analysis was conducted using Structural Equation Modeling (SEM) with AMOS 25.0. The findings reveal that perceived usefulness successfully mediates the influence of subjective norms on behavioral intention. Furthermore, perceived usefulness fully mediates the impact of perceived ease of use on behavioral intention. These results underscore the importance of fintech managers gaining deeper insights and aligning service development with market needs. Sharia fintech companies should emphasize the benefits of technology use to enhance user interest in fintech adoption. Given Indonesia's predominantly Muslim population, ensuring user-friendly technology is crucial. This study contributes to the understanding of the factors driving the adoption of Sharia fintech and offers practical implications for fintech service providers.

**Keywords:** Subjective Norms, Perceived Usefulness, Perceived Ease of Use, Behavioral Intention, Sharia Fintech, Generation Z

**ABSTRAK – Fintech Syariah dan Generasi Z: Peran Mediasi Perceived Usefulness.** Penelitian ini mengkaji peran mediasi *perceived usefulness* dalam adopsi fintech syariah di kalangan Generasi Z di Pulau Jawa, Indonesia. Data dikumpulkan melalui kuesioner dari 155 responden yang dipilih dengan metode *purposive sampling*. Hasil analisis data menggunakan *Structural Equation Modeling (SEM)* dengan AMOS 25.0, menunjukkan bahwa *perceived usefulness* dapat memediasi pengaruh norma subjektif terhadap niat perilaku. Lebih lanjut, *perceived usefulness* memediasi secara penuh dampak persepsi kemudahan penggunaan terhadap niat perilaku. Hasil ini menunjukkan pentingnya wawasan mendalam bagi pengelola fintech untuk dapat menyelaraskan pengembangan layanan dengan kebutuhan pasar. Perusahaan fintech syariah harus menekankan manfaat penggunaan teknologi yang *user friendly* untuk meningkatkan minat pengguna dalam adopsi fintech. Hal ini berkaitan dengan ajaran Islam yang dipercaya oleh mayoritas penduduk Indonesia. Penelitian ini berkontribusi dalam memberikan pemahaman akan faktor-faktor yang mendorong adopsi fintech syariah dan menawarkan implikasi praktis bagi penyedia layanan fintech.

**Kata Kunci:** Norma Subjektif, Persepsi Kegunaan, Persepsi Kemudahan Penggunaan, Niat Perilaku, Fintech Syariah, Generasi Z

## **INTRODUCTION**

The rapid evolution of the business landscape has profoundly impacted all sectors, significantly influencing the development of economic transactions (Stafford & Kuiper, 2021). Islamic Fintech, an emerging field at the intersection of technology and Islamic finance, integrates IT innovation with existing financial products and services. This integration aims to accelerate and facilitate business operations, transactions, investments, and money distribution in strict accordance with Sharia principles (Aziz, Lestari, & Furwanti, 2020). Contemporary technological advancements, particularly the proliferation of Fintech applications, have further revolutionized economic transactions, enabling individuals to conduct financial activities with unprecedented ease and accessibility – anytime, anywhere, at their fingertips (Yang & Wang, 2022).

In Indonesia, the growth trajectory of Sharia-compliant fintech is particularly noteworthy, with financing projected to increase annually (Nadya & Iqbal, 2021). The extensive distribution networks of Islamic banks (BSI) and Shariah Rural Banks (BPR Syariah) have the potential to reach over Rp 2 trillion in Shariah fintech distribution. The increasing number of regional banks transitioning to Shariah compliance further underscores the burgeoning growth of the Shariah fintech industry (Tobing & Adrian, 2020). Companies like Investree Syariah exemplify this growth, implementing strategies like attracting institutional investors to bolster their performance. Significantly, Shariah fintech, as a subset of fintech adhering to Islamic Sharia principles, is rapidly gaining popularity among Generation Z, who seek financial services that align with their values and beliefs (Singh & Sharma, 2022). Several factors influence the adoption of Sharia financial technology by Generation Z, including subjective norms, perceived ease of use, perceived usefulness, and behavioral intention (Baber & Billah, 2022; Nur, 2022; Almajali, Masa'Deh, & Dahalin, 2022). Understanding these variables is crucial to support the growth and acceptance of Sharia financial technology among Generation Z while also addressing potential barriers and challenges that may hinder adoption and use (Usman et al., 2022).

Behavioral intention, a key concept within the Theory of Planned Behavior, is considered the primary predictor of human behavior when making decisions about a particular action (Khan et al., 2022; Ibrahim, et al., 2023). The expectations and aspirations of Generation Z regarding Sharia fintech are



critical in shaping subjective norms and influencing behavioral intentions. However, despite its potential, several barriers impede the widespread adoption of Sharia fintech among this demographic. These include a limited understanding of Sharia principles, concerns regarding security and data privacy, and a lack of awareness regarding the benefits and user-friendliness of Sharia financial technology (Haseeb, 2018).

Despite the growing body of research on fintech within the broader fields of consumer behavior and financial technology adoption, there remains a significant gap in studies specifically focused on Sharia fintech. Existing research has primarily concentrated on conventional fintech and has often focused on Millennials, overlooking the unique characteristics and needs of Generation Z. This study aims to address this gap by delving deeper into the use of Sharia fintech among Generation Z, recognizing that the distinct characteristics of Sharia fintech users, such as their religious values and ethical orientations, can significantly influence the factors affecting behavioral intention.

The novelty of this research lies in its examination of the mediating role of perceived usefulness within the context of Sharia fintech, a relationship that remains largely unexplored in existing literature. Previous studies have not thoroughly investigated the influence of perceived usefulness, or perceptions of technology usefulness, as a mediator between subjective norms and behavioral intention in this specific context. This research aims to bridge this gap by elucidating how social norms influence behavioral intention through perceptions of the usefulness of Sharia fintech.

The adoption of Sharia fintech by Generation Z holds significant implications, not only benefiting individual users but also potentially contributing to the development of more inclusive and sustainable economies (Zuhroh, 2021). By focusing on the cultural and religious contexts of Java, which has the highest concentration of Sharia fintech users and major fintech company headquarters, this research can contribute to the broader and more sustainable development of Sharia fintech in a region with significant growth potential. The findings of this study aim to provide valuable insights for developers and providers of Sharia fintech services, ultimately promoting its growth on a broader and more sustainable scale.



## LITERATURE REVIEW

### Theory of Planned Behavior

This research examines the Theory of Planned Behavior (TPB), a social psychology theory used to understand human behavior in making decisions about a particular action or behavior. The theory, developed by Ajzen (1985), is an extension of earlier attitude theories. TPB posits that individual behavior is influenced by their behavioral intentions, which are determined by three main factors: attitude, subjective norms, and perceived behavioral control. Attitude encompasses individuals' beliefs about the positive or negative consequences of a behavior.

The TPB is a framework used in various studies to understand human behavior, including in the context of technology adoption. Within the TPB framework, subjective norm is one of the key constructs that influence an individual's behavioral intention (Wang & Tsai, 2022). Subjective norm refers to an individual's perception of the social pressure they feel from significant others to engage or not engage in a particular behavior. In the context of technology adoption, subjective norm reflects the extent to which individuals perceive pressure or support from those around them to adopt the technology (Lu et al., 2022).

### Perceived Usefulness and Perceived Ease of Use

Perceived usefulness and perceived ease of use are also important constructs in TPB that influence behavioral intention. Perceived usefulness refers to an individual's belief about how much a technology will enhance their performance or productivity in achieving specific goals. Meanwhile, perceived ease of use refers to an individual's belief about how easy or difficult it is to use the technology. In the context of technology adoption, both perceptions influence individuals' intention to adopt technology based on their evaluations of its usefulness and ease of use (Berakon et al., 2022).

### Behavioral Intention

Behavioral intention is an individual's willingness to perform or not perform a behavior. In TPB, behavioral intention is considered a direct indicator of the likelihood that an individual will actually engage in a particular behavior. Behavioral intention is influenced by subjective norm, perceived usefulness,



perceived ease of use, and other factors. In the context of technology adoption, behavioral intention reflects the extent to which individuals intend to use or not use technology based on their evaluations of its benefits and the social pressure they perceive (Al-Gasawneh et al., 2022).

### **The Influence of Subjective Norms and Perceived Ease of Use on Perceived Usefulness**

Research conducted by Abdullah et al. (2019) using a survey study of e-government users in Malaysia found that subjective norms have a positive and significant influence on perceived usefulness. This means that individuals' perceptions of expectations and views of others regarding the use of e-government impact how useful the system is perceived by users. Similarly, research by Wang et al. (2019), using survey methods and collecting data from social commerce users in China, found that subjective norms have a positive and significant influence on perceived usefulness in the adoption of social commerce.

Perceived ease of use influences perceived usefulness due to the psychological influence between the two concepts. Research by Lu et al. (2022) states that perceived ease of use significantly influences perceived usefulness. When users feel that a product or service is easy to use, they will exert less cognitive effort in understanding how to operate it. Perceived ease of use is often closely related to positive user experience. Users who feel happy and satisfied with their product usage experience tend to prefer and perceive the product as more useful (Londa et al., 2022; Muzirwan et al., 2023). By enhancing the perception of ease of use, a product or service can reduce barriers that may hinder users from trying or adopting the product.

Perceived ease of use influences perceived usefulness (perceptions of usefulness) among Generation Z in using Sharia fintech due to the correlation between these two factors, which affect preferences, adoption, and usage of technology by Generation Z, who have specific characteristics (Putri et al., 2022). Sharia fintech offers financial alternatives that align with the values and principles of Islamic Sharia. If Generation Z finds it easy to use Sharia fintech, they are more likely to feel that this service aligns with their values, thus enhancing their perception of its usefulness (Dawood et al., 2022).

The views, support, and expectations of others in an individual's social environment can influence their perception of how useful a technology or



information system is. This perception then contributes to the user's intention and behavior in adopting and using the technology. Perceived ease of use influences perceived usefulness among Generation Z because the ease of use of Sharia fintech increases the acceptance, adoption, and usage of this technology, which aligns with the specific characteristics of Generation Z.

H1a: Subjective norms significantly influence perceived usefulness.

H1b: Perceived ease of use significantly influences perceived usefulness.

### **The Influence of Subjective Norms, Perceived Usefulness, and Perceived Ease of Use on Behavioral Intention**

Subjective norms are a critical factor in the TPB, which has been widely used in the context of consumer behavior studies and technology acceptance. This concept refers to individuals' perceptions of the extent to which social norms, social pressure, or others' expectations influence behavioral intention, or individual behavior intentions (Wang & Tsai, 2022). These norms can be positive or negative and play a role in shaping individuals' beliefs about whether the use of Sharia fintech is an expected behavior as a favorable action (Baber & Billah, 2022).

The perception of subjective norms is highly relevant for understanding behavioral intention in using Sharia fintech. If someone feels that their friends and family support the use of Sharia fintech, then the likelihood of their intention to use it will be higher (Majid & Nugraha, 2022). In previous academic studies, subjective norms have been found to significantly influence behavioral intention in various contexts (Oladapo et al., 2022). Companies and service providers can develop more effective marketing and education strategies to encourage the adoption of this technology. Additionally, authorities and regulators can also use the results of this research to develop policies that support the wider and sustainable growth and development of Sharia fintech (Berakon et al., 2022).

Previous studies have found that subjective norms have a significant influence on behavioral intention in various contexts, including consumer behavior and technology adoption (Lavidas et al., 2022). The influence of subjective norms on behavioral intention in using Sharia fintech is also important to understand because it can provide insights into how social norms in societies prioritizing Sharia finance affect the adoption of this technology (Perwitasari, 2022).



In this context, behavioral intention refers to an individual's intention to use Sharia fintech for financial transactions. Perceived ease of use is considered a factor influencing an individual's behavioral intention to use the technology (Lavidas et al., 2022). In empirical research and practical applications, it has been found that perceived ease of use significantly influences behavioral intention to use technology. If users believe that the technology is easy to use, they are more likely to have a stronger intention to adopt and use the technology in their daily activities (Fatmawati et al., 2022).

H2a: Subjective norms significantly influence behavioral intentions.

H2b: Perceived usefulness significantly influences behavioral intentions.

H2c: Perceived ease of use significantly influences behavioral intentions.

### **The Influence of Subjective Norms on Behavioral Intention, Mediated by Perceived Usefulness**

The influence of subjective norms on behavioral intention, mediated by perceived usefulness, is a model or concept that continues to be developed in the context of Sharia fintech adoption and acceptance. Perceived usefulness successfully mediates the influence of subjective norms on behavioral intention (Daragmeh et al., 2021). Subjective norms do not directly influence behavioral intentions in using Sharia fintech (Sumiati et al., 2021). Perceived usefulness in using Sharia fintech is considered beneficial and can assist in fulfilling financial needs or achieving financial goals.

Research exploring the influence of subjective norms on behavioral intention mediated by perceived usefulness in the context of Sharia fintech has several advantages and practical implications. This research can provide valuable information for authorities and regulators in developing educational campaigns and socialization about the benefits and security of using Sharia fintech. The findings of this research can also serve as input for authorities and regulators in designing policies that support the sustainable development of Sharia fintech. By understanding the factors influencing behavioral intention, authorities can design policies that encourage wider adoption of Sharia financial technology in society (Al-masaeed et al., 2021).

H3: Subjective norms significantly influence behavioral intention, mediated by perceived usefulness.



## **The Influence of Perceived Ease of Use on Behavioral Intention, Mediated by Perceived Usefulness**

Perceived ease of use refers to individuals' perceptions of how easy it is to use a particular technology, such as Sharia fintech in this case. If individuals feel that the technology is easy to use, they tend to have a positive perception of its usability. Perceived ease of use successfully acts as a mediating variable between perceived usefulness and behavioral intentions (Prastiawan et al., 2021). Mediation means that the perception of ease of use influences the perception of usefulness, which in turn affects an individual's intention to actually adopt and use the technology.

By understanding the influence of perceived ease of use and perceived usefulness, Sharia fintech companies and service providers can optimize the design and user interface to enhance the user experience (Al-Gasawneh et al., 2022). The ease of use and clear benefits can enhance the acceptance of this technology by potential users (Maryanto & Kaihatu, 2021). A higher level of adoption and acceptance will drive the growth of this industry and spur innovation in the Islamic finance sector (Rabbani et al., 2021).

H4: Perceived ease of use significantly influences behavioral intention, mediated by perceived usefulness.

### **Research Framework**

The research framework, as shown in Figure 1, illustrates the relationships between the key constructs of the study, including subjective norms, perceived ease of use, perceived usefulness, and behavioral intention. The framework is based on the works of Daragmeh et al. (2021), Baber and Billah (2022), and Al-Gasawneh et al. (2022).





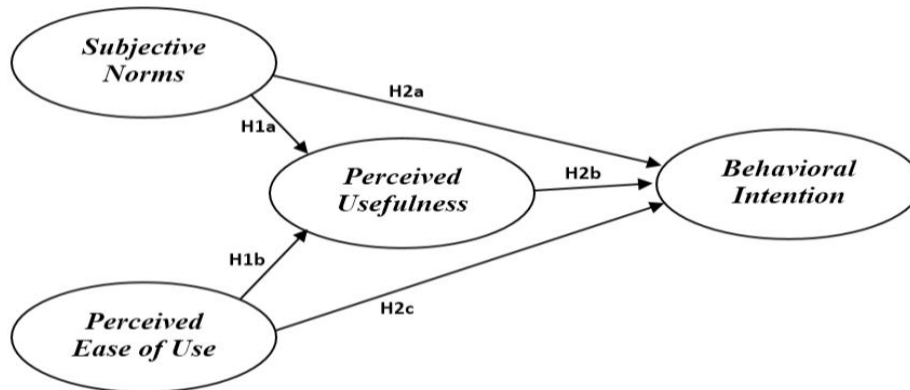


Figure 1. Research Framework

(Source: Daragmeh et al., 2021; Baber & Billah, 2022; and Al-Gasawneh et al., 2022)

## METHODOLOGY

### Research Design and Sampling

This study employs a quantitative research design to examine the factors influencing the adoption of Shariah-compliant fintech among Generation Z in Java Island, Indonesia. Java Island is chosen as the research focus due to its high population density and the presence of numerous fintech company headquarters in the region. By sampling from this densely populated area, the study aims to provide a representative overview of Shariah-compliant fintech practices, sustainability levels, and challenges faced.

The research population consists of Generation Z individuals who utilize Shariah-compliant fintech in Java Island. To ensure the sample aligns with the research objectives, a purposive sampling method is employed. Purposive sampling is a non-random sampling technique that allows researchers to deliberately select participants based on specific characteristics (Sekaran & Bougie, 2016). In this study, the selection criteria include being a member of Generation Z (born between 1997 and 2012) and having experience using Shariah-compliant fintech services.

### Data Collection and Analysis

Data will be collected using an online survey questionnaire. The questionnaire will be designed based on validated scales adapted from previous studies to measure the key constructs of the research model, including subjective norms,



perceived ease of use, perceived usefulness, and behavioral intention. A pilot study will be conducted to assess the reliability and validity of the questionnaire before the main data collection.

The collected data will be analyzed using Structural Equation Modeling (SEM) with the assistance of AMOS 25.0 software. SEM is a multivariate statistical technique that allows for the simultaneous examination of multiple relationships among variables, making it suitable for testing the hypothesized relationships in the research model. The two-step approach recommended by Anderson and Gerbing (1988) will be followed, which involves assessing the measurement model's validity and reliability before testing the structural model.

### **Operational Definition and Measurement of Variables**

'Subjective norms' refers to the perceived social pressure to engage or not engage in using Shariah-compliant fintech. It will be measured using a scale adapted from Hill, Mann, and Wearing (1996). 'Perceived ease of use' refers to the degree to which an individual believes that using Shariah-compliant fintech will be free of effort. It will be measured using a scale adapted from Kim et al. (2010). 'Perceived Usefulness' refers to the degree to which an individual believes that using Shariah-compliant fintech will enhance their performance or productivity. It will be measured using a scale adapted from Davis (1989). Lastly, the variable of 'Behavioral Intention' refers to an individual's willingness or intention to use Shariah-compliant fintech in the future. It will be measured using a scale adapted from Kim et al. (2010). All variables will be measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

## **RESULTS AND DISCUSSION**

### **Validity Testing**

The validity testing of the instruments was conducted on the four main variables in this study: subjective norms, perceived ease of use, perceived usefulness, and behavioral intention. The research employed a 5-point Likert scale ranging from strongly disagree to strongly agree. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO-MSA) value of 0.831 and the significant Bartlett's Test of Sphericity ( $p < 0.001$ ) indicated that the factor analysis could proceed (Table 1).



Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.908
Bartlett's Test of Sphericity	Approx. Chi-Square	946.631
	df	105
	Sig.	.000

(Source: Research output, 2023)

The validity testing results involving 155 respondents showed strong evidence of validity for all items, with each factor loading value exceeding 0.5 (Table 2). This suggests that the instrument items effectively measured the intended constructs.

Table 2. Results of Factor Analysis

Variable	Questionnaire	Value
Subjective Norms	1. Important people in my life (such as family, friends, religious scholars, experts, etc.) believe I should use Shariah-compliant Fintech.	0.604
	2. People whose opinions I value prefer me to use Shariah-compliant Fintech.	0.560
	3. Important people in my life support the use of Shariah-compliant Fintech.	0.727
	4. Significant individuals recommend me to use Shariah-compliant Fintech.	0.722
	5. Important people in my life influence my decision to use Shariah-compliant Fintech.	0.587
Perceived Ease of Use.	1. Learning to use Shariah-compliant Fintech is easy for me.	0.721
	2. The procedures for using Shariah-compliant Fintech are clear and easy to understand.	0.742
	3. It is easy for me to become skilled in using Shariah-compliant Fintech.	0.838
Perceived Usefulness	1. Using Shariah-compliant Fintech enables faster financial transactions.	0.617
	2. Using Shariah-compliant Fintech makes it easier for me to conduct financial transactions.	0.702
	3. Using Shariah-compliant Fintech would be more advantageous than traditional transaction methods.	0.542
	4. In my opinion, transactions with Shariah-compliant Fintech are a useful alternative in financial transactions.	0.621
Behavioral Intention	1. When I have access to financial transactions with Shariah-compliant Fintech, I will use it.	0.632
	2. I will always try to use Shariah-compliant Fintech in my daily life.	0.537
	3. In the future, I intend to conduct transactions with Shariah-compliant Fintech.	0.669



### Reliability Testing

The reliability testing assessed the consistency of the questions used in measuring each variable. A construct is considered reliable if its Cronbach's alpha value exceeds 0.60. The results showed that all variables in this study were reliable, with Cronbach's alpha values ranging from 0.821 to 0.865 (Table 3). This indicates that the questionnaire items exhibited adequate consistency in measuring the respective variables.

Table 3. Results of Reliability Test

Variabel	Cronbach's Alpha
Subjective Norms	0.865
Perceived Ease of Use.	0.860
Perceived Usefulness	0.821
Behavioral Intention	0.833

(Source: Research output, 2023)

### Hypothesis Testing

Structural Equation Modeling (SEM) analysis using AMOS 21.0 was employed for hypothesis testing. The model fit indices, including Chi-Square, CFI, TLI, AGFI, RMSEA, and GFI, met the required criteria, indicating an acceptable model fit (Table 4). The hypothesis testing results are discussed below.

Table 4. Hypothesis Testing Results

		Estimate	S.E.	C.R.	P	Remark
Subjective Norms	→ Perceived Usefulness	1.447	.146	9.901	***	Supported
Perceived Ease of Use	→ Perceived Usefulness	1.236	.132	9.373	***	Supported
Perceived Usefulness	→ Behavioral Intention	1.243	.131	9.485	***	Supported
Perceived Ease of Use	→ Behavioral Intention	.205	.506	.405	.685	Rejected
Subjective Norms	→ Behavioral Intention	1.527	.158	9.676	***	Supported

(Source: Research output, 2023)

The statistical analysis confirmed several hypotheses. Social pressure (subjective norms) significantly influences how useful people perceive something (perceived usefulness). Similarly, people tend to find something more useful if they believe it is easy to use (perceived ease of use). Furthermore,



social pressure and perceived usefulness both independently influence a person's intention to engage in a certain behavior (behavioral intention). However, perceived ease of use did not have a significant effect on behavioral intention. Details of the results will be discussed as follows:

### **The Influence of Subjective Norms and Perceived Ease of Use on Perceived Usefulness**

The data processing results using SEM on hypothesis 1a indicate a significant influence between the subjective norms variable and perceived usefulness. This is evident from the analysis results in Table 4, where the Critical Ratio (CR) value is 9.901 with a P-value showing a very strong level of significance. Since the CR value exceeds the threshold of 2.0 and the P-value is less than 0.05, it can be concluded that the hypothesis associating subjective norms with perceived usefulness in this study is supported.

Previous research has consistently shown the positive influence of subjective norms on perceived usefulness across various contexts. Abdullah et al. (2019) conducted a survey of e-government users in Malaysia and found that subjective norms have a positive and significant influence on perceived usefulness. Similarly, Wang et al. (2016) surveyed social commerce users in China and found that subjective norms positively and significantly influence perceived usefulness in social commerce adoption. Expectations and perceptions of individuals within their social environment affect how users perceive the benefits of using social commerce platforms. Kim and Oh (2014) also gathered data from users of mobile social gaming services in South Korea and found that subjective norms have a positive and significant influence on perceived usefulness in the adoption of mobile social gaming services. Views and expectations from friends or family regarding the use of social gaming services play a role in users' perceptions of their benefits.

The data processing results using SEM on hypothesis 1b indicate a significant influence between the perceived ease of use variable and perceived usefulness. From the analysis in Table 4, it is evident that the Critical Ratio (CR) value is 9.373 with a P-value showing a very strong level of significance. With the CR value exceeding the threshold of 2.0 and the P-value less than 0.05, it can be concluded that the hypothesis linking perceived ease of use with perceived usefulness in this study is supported. This result emphasizes that the perception of the ease of using Shariah-compliant fintech significantly influences how



individuals perceive the usefulness or benefits of that technology (perceived usefulness). The easier individuals feel using the technology, the higher the likelihood they will perceive the technology as beneficial or useful for their financial needs or activities.

This finding is consistent with the study of Lu et al. (2022), stating that perceived ease of use has a significant influence on perceived usefulness. When users perceive a product or service as easy to use, they experience less cognitive effort in understanding how to use it, making them faster and more efficient in using the product. Ease of use can also increase users' confidence in using the product or service. Londa et al. (2022) highlight that the perception of ease of use is often closely related to positive user experiences, and users who feel happy with the experience of using a product tend to prefer and perceive the product as more useful.

Perceived ease of use plays a particularly important role in the adoption of Shariah-compliant fintech by Generation Z because this generation has different preferences, adoption, and usage of technology compared to other generations (Putri et al., 2022; Rahmati & Ibrahim, 2022). Generation Z grew up in the digital era with extensive exposure to technology and has higher technological skills. If Generation Z feels that Shariah-compliant fintech is easy to use, they are likely to perceive this service as consistent with their values and find it more useful (Dawood et al., 2022).

The results demonstrates that subjective norms have a positive influence on perceived usefulness. Views, support, and expectations from an individual's social environment can affect their perception of the usefulness of a technology or information system. Additionally, perceived ease of use also impacts perceived usefulness, particularly in the context of Generation Z, due to the ease of using technology that aligns with the specific characteristics of that generation. Good integration between ease of use and perceived benefits will help increase user acceptance and satisfaction with technology, especially for Generation Z, which has specific preferences regarding the ease of use of technology. These findings have important implications for the development and marketing of Shariah-compliant fintech, highlighting the need to consider social influences and user-friendly design to drive adoption and perceived value among the target audience.



### **The Influence of Subjective Norms, Perceived Usefulness, and Perceived Ease of Use on Behavioral Intention**

The results of the analysis using Structural Equation Modeling (SEM) for hypothesis 2a indicate significant findings. The Critical Ratio (CR) value for testing the influence of subjective norms on behavioral intention, as represented in Table 4, is 9.485 with a highly significant P-value. This finding confirms previous research results by affirming the relationship between subjective norms and behavioral intention. The significance of the CR value exceeding 2.0 and the P-value less than 0.05 confirms that the hypothesis proposed in this study is supported.

Subjective norms revolve around the influence of individuals' views and expectations from their social environment on their behavioral intentions to adopt a specific technology or behavior, as highlighted Wang and Tsai (2022). The views and expectations of the social environment are crucial in shaping individuals' mindsets regarding how they should act or use technology. This includes the influence and expectations of family, friends, and society on technology acceptance and how these perceptions affect individual decisions to adopt the debated behavior or technology. Thus, subjective norms not only reflect social expectations of individual behavior but also play a significant role in shaping individuals' behavioral intentions towards technology or behavior.

In the context of Shariah-compliant fintech, subjective norms are relevant because they consider individuals' views on the support or rejection from the social environment regarding the use of Shariah-compliant financial technology. Various studies have highlighted that perceptions from family, friends, and society play a significant role in influencing individuals' intentions to use Shariah-compliant fintech. If the environment provides support, the tendency to adopt this technology increases. This implies that attitudes and support from the social environment are essential factors in shaping individuals' decisions to adopt financial technology.

The results of data analysis using SEM for hypothesis 2b show significant results. The Critical Ratio (CR) value for testing the influence of perceived usefulness on behavioral intention, as recorded in Table 4, is 9.357 with a highly significant P-value. From these test results, the hypothesis proposed in this study receives strong support. The significance of the CR value exceeding the threshold of 2.0 and the P-value less than 0.05 indicate that the hypothesis



in this study is supported by the SEM analysis. The conclusion of this study confirms that perceived usefulness has a strong influence on behavioral intention, confirming the influence between perceived usefulness and behavioral intention within the scope of the study.

Previous research has emphasized that social norms influence behavioral intentions in various contexts, including the adoption of financial technology. Social norms encompass individuals' views and expectations from their social environment regarding specific behaviors, and this plays a significant role in shaping individuals' decisions to adopt Shariah-compliant fintech. If an individual's environment is supportive, their willingness to adopt this technology increases. Conversely, if there is rejection or disapproval from the environment, the intention to use Shariah-compliant fintech will tend to decrease.

Meanwhile, perceived ease of use, or the perception of ease of use, also plays a crucial role in shaping behavioral intention. This factor highlights the extent to which individuals feel that using a particular technology is easy. In the context of Shariah-compliant fintech, if users perceive this technology as easy to use, the intention to use it will significantly increase. The perception of ease of use creates a positive tendency in adopting technology, especially in the growing market of Shariah-compliant fintech.

However, the results of the data analysis using SEM on hypothesis 2c showed non-significant findings. The Critical Ratio (CR) value for testing the influence of perceived ease of use on behavioral intention, as recorded in Table 4, is 0.405 with a P-value of 0.685. From these test results, it can be concluded that the hypothesis proposed in the study is not supported or rejected. The significance of the CR value being less than the threshold of 2.0 and the P-value being greater than 0.05 indicate that the hypothesis in this study is not supported. The conclusion of this research confirms that perceived ease of use does not have an influence on behavioral intention, thus undermining the understanding of the relationship between the perception of ease of use and behavioral intention within the scope of this study.

This study is in line with previous research conducted by Lee et al. (2022), which suggests that perceived ease of use is not considered a factor influencing an individual's behavioral intention to use technology. A deeper understanding of subjective norms and perceived ease of use is not deemed crucial. This





condition arises because there are still few users of Shariah-compliant fintech applications, and the ratings of these applications on the Google Play Store are not favorable.

The subjectivity of social norms and perceptions of the ease of use of Shariah-compliant financial technology have not yet provided a basis for developing more effective marketing strategies, nor have they led to educational approaches that can enhance the adoption and acceptance of this technology among the public. Although environmental support for adopting this technology will increase, there is also resistance, leading to a decrease in the tendency to use it. This creates challenges for companies to understand and respond to adoption patterns.

Perceived ease of use refers to an individual's perception of how easy they believe the technology can be used. When individuals perceive the technology as easy to use, their intention to use it, in fact, does not become stronger. The focus on ensuring that the technology is easy to understand and use by potential users is key to increasing the adoption of Shariah-compliant fintech. By deepening the understanding of these factors, companies can direct more specific and relevant marketing and educational efforts. For example, if research shows that environmental rejection is one of the main obstacles, strategies focused on socialization and education in specific communities will be important. Likewise, if perceived ease of use is a challenge, developing simpler and more intuitive user interfaces becomes imperative.

The role of regulators and government agencies is also crucial in understanding these factors. With a better understanding, policies can be formed to support the overall growth of Shariah-compliant fintech. This may include government-supported education campaigns, incentives, or regulations designed to reduce adoption barriers, and frameworks that lead to the development of products that better suit the needs of the public (Kamri et al., (2014). Through a deeper understanding of perceived ease of use, both fintech companies and regulators can take smarter and more measured steps. This will help strengthen the Shariah-compliant fintech market, with the hope of providing a solid foundation for the sustainable adoption of Shariah-compliant financial technology among the public, especially among Generation Z.

In the context of regulations and policies, understanding the impact of social norms and perceptions of ease of use in adopting Shariah-compliant fintech can



help authorities create regulations that support the growth and development of this financial technology more broadly and sustainably. Innovations in Shariah-compliant fintech are becoming increasingly important in providing financial services that align with Islamic principles and are accessible to the communities in need. Overall, further research and understanding of the factors influencing behavioral intentions in adopting Shariah-compliant fintech, especially through the lens of social norms and perceptions of ease of use, have significant implications for the development, market penetration, and acceptance of this technology.

### **The Influence of Subjective Norms on Behavioral Intention Mediated by Perceived Usefulness**

This research successfully found that perceived usefulness mediates the relationship between subjective norms and behavioral intention, supporting hypothesis 3 in this study. The influence of subjective norms on behavioral intention mediated by perceived usefulness is a model currently being developed and extensively researched in the context of Shariah-compliant fintech adoption and acceptance.

Previous studies have investigated the role of perceived usefulness as a mediator between subjective norms and behavioral intention. Daragmeh et al. (2021) found that perceived usefulness effectively mediates the influence of subjective norms on behavioral intention. If individuals feel pressure from their social environment to use fintech services because it is deemed appropriate or expected, it will affect their intention to actually adopt fintech. This mediating process indicates that other people's views on the use of Shariah-compliant fintech influence individuals' perceptions of its benefits, which in turn shape their intention to use it.

Similarly, Sumiati et al. (2021) showed that subjective norms do not directly influence behavioral intentions in using Shariah-compliant fintech. However, they found that perceived usefulness mediates the relationship between these two variables. Perceived usefulness in using Shariah-compliant fintech is considered a beneficial factor in meeting financial needs or goals. Through the mediation process, subjective norms influence perceived usefulness, which subsequently affects behavioral intentions.

The implications of this research extend beyond consumer behavior understanding and provide valuable insights for regulators and authorities. The



information generated can assist in designing educational and awareness campaigns that emphasize the benefits and safety of using Shariah-compliant fintech. With a better understanding of the factors influencing behavioral intention, regulations and policies that encourage the adoption of Shariah-compliant financial technology can be designed more effectively and sustainably.

Studies on the influence of subjective norms on behavioral intention mediated by perceived usefulness in the context of Shariah-compliant fintech are expected to make a significant contribution to supporting the development and widespread acceptance of Shariah-compliant financial technology in society, as well as strengthening understanding of the Shariah financial market. The role of perceived usefulness as a mediator highlights the importance of communicating the benefits and value proposition of Shariah-compliant fintech to potential users.

For fintech companies, this research emphasizes the need to focus on developing and marketing products that align with the perceived usefulness of their target audience. By understanding the specific needs and expectations of their users, companies can tailor their offerings to maximize perceived usefulness and, consequently, drive adoption.

Regulators and policymakers can also benefit from this research by creating an environment that fosters the growth of Shariah-compliant fintech. This may involve initiatives such as promoting financial literacy, providing incentives for fintech companies, and establishing clear guidelines and regulations that ensure the integrity and stability of the Shariah-compliant fintech ecosystem.

### **The Influence of Perceived Ease of Use on Behavioral Intention Mediated by Perceived Usefulness**

This study supports hypothesis 4, which proposes that perceived usefulness fully mediates the relationship between perceived ease of use and behavioral intention in the context of Shariah-compliant fintech adoption. Perceived ease of use refers to individuals' perceptions of how easy a technology, such as Shariah-compliant fintech, is to use. If individuals perceive the technology as easy to use, they are likely to have a positive view of its usability. On the other hand, perceived usefulness refers to the extent to which individuals see the technology as useful in meeting their financial needs or goals.



This research aligns with previous findings by Prastiawan et al. (2021), who found that perceived usefulness acts as a mediator between perceived ease of use and behavioral intentions. The mediation indicates that perceptions of ease of use influence perceptions of the technology's usefulness, which ultimately affects individuals' intentions to actually adopt and use the technology. The ease of use and clear benefits of this technology can increase acceptance by potential users.

By identifying barriers that potential users may face in adopting Shariah-compliant fintech, this research can contribute to reducing these barriers and improving ease of use, thereby increasing the adoption rate of this technology. Improving potential users' understanding will help increase their behavioral intention to use this technology. With higher adoption and acceptance, it is expected to drive growth in the Shariah-compliant fintech industry and stimulate innovation in the Shariah finance sector.

Research on the influence of perceived ease of use on behavioral intention mediated by perceived usefulness in the context of Shariah-compliant fintech will provide valuable insights for stakeholders to understand consumer behavior and factors influencing the adoption of Shariah-compliant financial technology. In the context of Shariah-compliant fintech, how easy Generation Z perceives the use of Shariah-compliant financial platforms or services can influence their tendency to adopt such services. Factors such as intuitive layout, easy navigation, and clarity and ease of use of the platform can influence this perception.

Perceived usefulness highlights how Generation Z perceives Shariah-compliant financial technology as a useful tool in achieving their financial goals. It explores their perceptions of how effective and beneficial the technology is in meeting their financial needs. The information generated from this research will help fintech companies design platforms that are more attractive, easy to use, and effective in meeting the financial needs and desires of Generation Z in line with Shariah principles.

For fintech companies, this result emphasizes the importance of developing user-friendly interfaces and clear communication of the benefits of Shariah-compliant fintech. By focusing on enhancing perceived ease of use and perceived usefulness, companies can increase the likelihood of adoption and continued use of their products and services. Regulators and policymakers can



also benefit from this study by creating an environment that supports the growth of Shariah-compliant fintech while ensuring consumer protection. This may involve initiatives such as promoting financial literacy, providing guidelines for user-friendly design, and establishing clear regulations that foster trust and confidence in Shariah-compliant fintech.

### **Implications and Future Research**

The findings of this study provide valuable insights for Shariah-compliant fintech companies, regulators, and policymakers. By understanding the factors influencing the adoption of Shariah-compliant fintech, companies can optimize the design and user interface to enhance the user experience and align with the preferences of Generation Z (Al-Gasawneh et al., 2022; Maryanto & Kaihatu, 2021). Regulators and government agencies can develop policies and educational campaigns to support the growth and sustainable development of the Shariah-compliant fintech industry (Rabbani et al., 2021).

Future research could explore the role of other factors, such as trust, security, and religious beliefs, in the adoption of Shariah-compliant fintech. Additionally, comparative studies across different geographical regions and demographic groups could provide a more comprehensive understanding of the factors influencing the adoption of Shariah-compliant fintech.

### **CONCLUSION**

The hypothesis testing analysis using Structural Equation Modeling (SEM) reveals several key findings regarding the factors influencing the adoption of Shariah-compliant fintech among Generation Z in Java Island, Indonesia: (1) subjective norms and perceived ease of use significantly influence perceived usefulness, with individuals' views on social support or rejection towards Shariah-compliant fintech and their perception of its ease of use affecting their perceptions of the technology's usefulness; (2) subjective norms and perceived usefulness have a significant impact on behavioral intention, with social expectations and beliefs about the usefulness of the technology shaping individuals' desire to adopt it, while perceived ease of use does not have a significant direct influence on behavioral intention; and (3) subjective norms and perceived ease of use influence behavioral intention through the mediating role of perceived usefulness, with social pressure and the perception of ease of use indirectly affecting the decision to use Shariah-compliant fintech by shaping the perception of its usefulness.



The findings of this study have important implications for various stakeholders in the Shariah-compliant fintech ecosystem. Fintech companies should focus on enhancing the perceived usefulness of their products and services while considering the influence of social norms, and strive to create user-friendly interfaces and provide adequate support. Policymakers and regulators can use the insights to create a supportive environment for the growth and development of Shariah-compliant fintech through initiatives such as financial literacy programs, incentives, and regulations. Researchers can further investigate the adoption of Shariah-compliant fintech by expanding the scope and exploring additional variables.

While this study provides valuable insights into the adoption of Shariah-compliant fintech among Generation Z users in Java Island, Indonesia, its narrow focus on a specific demographic and geographical context may limit the generalizability of the findings. Future research should consider broadening the sample by conducting studies with a more diverse sample based on education level, age, and occupation, undertaking a deeper analysis of the influence of subjective norms on perceived usefulness and how this relationship affects behavioral intention, and exploring additional variables such as service provision and support to understand how these factors influence user experience and adoption. Despite these limitations, this study makes a significant contribution to the growing body of knowledge on the adoption of Shariah-compliant fintech, emphasizing the need for a holistic approach in promoting the growth and acceptance of this innovative financial technology.

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