

# The Influence of Sharia Financial Literacy and Fintech Lending Services on the Financial Behavior of Muslim Communities

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**Abstract:** This study was conducted to find out how financial literacy and fintech lending services affect the financial management behavior of Muslim communities. This research uses a quantitative approach and surveys 272 respondents through electronic media. This research method uses the Structural Equation Model—Partial Least Square (SEM-PLS) equation by taking a case study of Muslim communities in Indonesia. The results show that financial literacy, ease of fintech lending services, and trust in fintech lending services have a positive and significant effect on Muslim communities' financial management behavior. Meanwhile, the benefits of fintech lending services do not have a significant influence on the financial management behavior of Muslim communities. However, information is crucial in determining and making decisions. In the context of fintech lending services, speed and convenience play an essential role in shaping a person's financial behavior. Furthermore, the policy and legality of fintech lending are critical in improving public trust in the use of these services. Increased public trust in fintech lending services will have an impact on people's financial habits.

**Keywords:** Financial Literacy, Financial Services, Financial Behavior, Sharia Economics, Muslim

## INTRODUCTION

Indonesia has a Muslim majority population. Based on data released by The Royal Islamic Strategic Studies Center (RISSC), of the 270.5 million people, 86.7% of them are followers of the Islamic faith. According to The Royal Islamic Strategic Studies Centre, in 2022, the total number of Muslims in Indonesia will be 240.6 million, making Indonesia the country with the largest number of Muslims, followed by Pakistan with 232.1 million, and India with 208.6 million. Nevertheless, many Muslim communities in Indonesia live in poverty. Of the 10 richest people in Indonesia, only 1 is Muslim. In fact, based on data, 25.9 million people are in the poor category as of March 2023. Roughly speaking, the majority of poor people are Muslims (Mahabharata, 2021; Badan Pusat Statistik, 2023). OJK in 2022 showed that the level of sharia financial literacy will be at 9.14% in 2022. Then, Head of the Sharia Financial Literacy and Inclusion Group at the Financial Services Authority (OJK) Riyadi (2023) said, the level of financial literacy Sharia in Indonesia is still very low, the gap between the overall level of financial literacy is 49 percent, sharia finance is 9.14 percent, so there is still a gap of around 40 percent. In addition, emerging online

loan platforms, often referred to as *Pinjol* (Online Loans), emerged, both legally and illegally. In October 2023, the Financial Services Authority (OJK) noted that there were around 101 legal online lending or Fintech Lending platforms that had been officially registered with the OJK (Arnani, 2024). The latest data for 2023 shows that online loan debt is IDR 25.16 trillion for the first semester of 2023 (Aji, 2023).

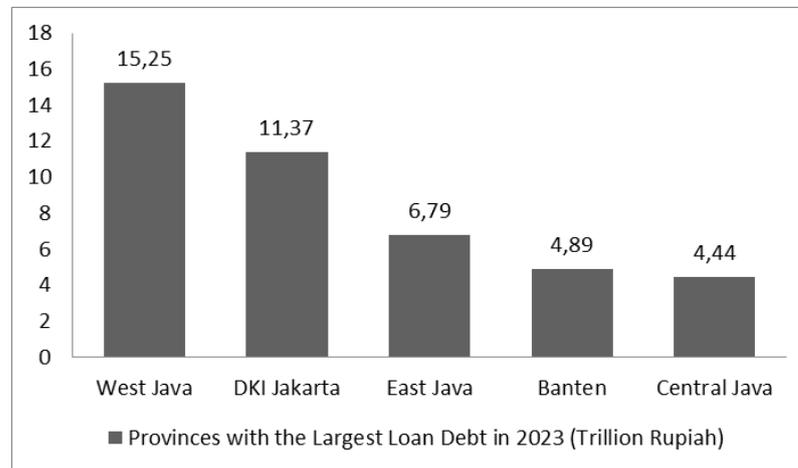


Figure 1: Provinces with the Largest Loan Debts in 2023.

Figure 1 show data where West Java is the province with the largest number of online loans. In July 2023, West Java was recorded as the province with the highest amount of online loan debt (outstanding loan) at the national level, reaching IDR 15.24 trillion. This figure represents around 27.22% of the total loan debt throughout Indonesia (Annur, 2023). Based on Annur (2023), data from the OJK shows that the value of bad loans for individuals is higher than for business entities. According to the data, the value of bad loans borrowed from individuals will reach IDR 1.51 trillion in July 2023. This value is equivalent to 77.87% of the total national bad loans. Meanwhile, Annur (2023) shows that based on the age group of the borrower, Pinjol bad credit cases are dominated by the 19-34 year age group. This age group, which consists of students and workers, has an accumulated debt default value of IDR 602.69 billion or contributes around 39.38% of the total national loan defaults. Pinjol bad credit is calculated based on the default rate (TWP) > 90 days, meaning that a credit is categorized as bad if the borrower fails to pay the debt more than 90 days from the due date. Recently, worrying things have begun to emerge, such as the number of suicide cases due to being in debt. A total of 25 cases of suicide as of December 16 2023 within one year. This number of cases exceeds the number of cases when online loans began to be widely used, namely in 2021 with 13 suicide cases (Egeham, 2023).

Financial literacy is an important indicator of how society understands the financial sector properly and correctly. One of the activities in managing finances is managing finances effectively and efficiently. Every individual needs to have the ability to manage finances, especially in today's modern era where changes and developments occur rapidly. In fact, needs and desires will become increasingly diverse (Ramadhantie, 2022). With technological developments, it is hoped that

developments in people's mindsets can also be followed by developments that can be seen in their financial behavior. Financial understanding and knowledge will influence a person's behavior in managing and planning their finances. As a Muslim community, we should follow the guidance of the Koran to avoid usury. Allah mentions in Surah Al Baqarah (2:275) "Allah has permitted buying and selling and prohibited usury". As stated by Rusydiana (2018) sharia fintech is one of the newest inventions that combines financial technology with Islamic sharia regulations to make it more user-friendly for Muslims, particularly in Indonesia, a Muslim-majority country. Furthermore, OJK's role as a fintech supervisor is crucial. People have to choose a reputable OJK-registered fintech company from among the numerous online loan offers that are unsafe and potentially dangerous (Isa & Suryomurti, 2023).

Financial literacy has a positive effect on financial management behavior (Haqiqi & Pertiwi, 2022; Solikhatusun & Ridlwan, 2022; Anugrah, 2024). While research from Waty (2021) finds, that literacy has a negative effect on financial management behavior. According to Safitri (2022) and Wiyono & Kirana (2020), the benefits of fintech lending services have a positive effect on financial management behavior. While research from Haqiqi & Pertiwi (2022) and Anugrah (2024) shows, the benefits of fintech lending services have a negative effect on behavior financial management. The convenience of fintech lending services has a positive effect on financial management behavior (Purwanti, 2021; Rossa, 2022; Safitri, 2022). The ease of fintech lending services has a negative effect on financial management behavior (Wiyono & Kirana, 2020; Permana et al., 2021; Haqiqi & Pertiwi, 2022). Then, research from Rossa (2022) and Safitri (2022) shows the results that, trust in fintech lending services has a positive effect on financial management behavior. While research Mujahidin (2020) shows that trust in fintech lending services has a negative effect on financial management behavior. Previous research has discussed how financial literacy and fintech lending influence people's financial behavior, but there are still several gaps in inconsistent research results in the development of related variables. Apart from that, several data and events show how the development of fintech lending is accompanied by a low level of sharia financial literacy. The next part of the research is presented as follows. Section 2 briefly reviews the literature and hypothesis development. Section 3 details the data and methodology. Section 4 presents the results and discussion. Section 5 concludes the paper.

## **LITERATURE REVIEW**

### **Fintech (peer to peer lending)**

According to Bank Indonesia regulation Number 19/12/PBI/2017, financial technology is the use of technology in the financial system to create new products, services, technology and business models that can influence monetary and financial system stability, as well as increase efficiency, smoothness, security, and reliability of the payment system. Financial technology providers include payment systems, supporting markets, investment and risk management, loans, financing and capital, as well as other financial services (Rahma, 2018). Fintech is a new business model that

helps people's needs without involving bank services. Through fintech services, people can carry out financial transactions without a regular bank account and without needing to show personal identity. Even though they are not financial institutions like banks, fintech is still supervised by Bank Indonesia to protect consumers. Therefore, fintech companies must register with Bank Indonesia or the Financial Services Authority.

Based on the National Digital Research Center (NDRC), fintech is defined as innovation in the field of financial services. Fintech is a type of company in the financial services sector that combines technology to maximize its services, such as payments, fund transfers, loans, fund collection and asset management (Au & Kauffman, 2008). Furthermore, Islamic fintech is the use of technology to deliver Shariah-compliant financial solutions, goods, services, and investments (Fachsandy et al., 2023). It is a subset of fintech (the use of technology to improve and automate financial services). Islamic fintech is founded on Shariah principles, which promote fairness, transparency, and moral financial conduct (Tafitri et al., 2023). Fintech based on peer to peer lending in Financial Services Authority Regulation Number 77/POJK.01/2016 concerning Information Technology Based Money Lending and Borrowing Services is referred to as information technology based money lending and borrowing services. Fintech Lending is the lending and borrowing of money from Lenders to Borrowers which uses a service innovation in non-bank financial institutions that utilizes information technology as a tool to reach consumers (Pramana et al., 2018). The process of providing money loans without using intermediaries from banks or credit institutions. The process of providing money loans is on the platform provided by the Fintech Lending Organizer, so that Fintech Lending Users can use the platform as a forum for carrying out money lending and borrowing transactions.

### **Financial Literacy on Financial Management Behavior**

Financial literacy is a person's ability and knowledge regarding finances related to financial management or the use of the amount of money they have with the aim of improving their standard of living and achieving prosperity in life. A person's behavior and habits are closely related to their level of financial literacy (Lusardi & Mitchell, 2014). According to Chen & Volpe (1998), financial literacy is knowledge about financial management so that in the future you can live more prosperously. Financial literacy can also be interpreted as a person's ability to understand the basic concepts of economics and finance and apply them correctly. Apart from that, theory by Anderson et al (2000) financial literacy is the ability to analyze, read, manage and communicate about a person's financial situation which has an influence on that person's financial well-being. Financial literacy is the science of financial management. The higher the level of financial literacy a person has, the more likely it is that they will produce good financial behavior and are also expected to be able to manage their finances effectively and efficiently.

From the understanding based on the experts above, it can be concluded that financial literacy is a person's knowledge and understanding of finances. This knowledge and understanding can take the form of financial products, financial

services and skills in managing finances. A person is said to understand finances when that person is able to apply their financial knowledge to everyday life. The better a person's financial literacy, the more skilled and better that person is at managing their finances. Apart from that, the better the financial literacy, the wiser a person will be in making financial decisions. Based on research that has been conducted, it shows that financial literacy can influence people's financial management behavior (Haqiqi & Pertiwi, 2022; Solikhatun & Ridlwan, 2022; Anugrah, 2024). It can be said that the better a person's financial literacy, the better the person will be at managing their finances. People who have good financial literacy knowledge can manage their finances effectively, efficiently, and appropriately. Therefore, the author proposes the first hypothesis as follows.

*H1: Financial literacy has a positive and significant effect on the financial management behavior of muslim communities.*

### **Benefit Fintech Lending Services on Financial Management Behavior**

Benefits are individual beliefs regarding the use of a system that can be useful for improving performance (Davis, 1989). Benefits can also be interpreted as where an individual or user feels the usefulness of a system or information technology, both for improving performance and making the work they do easier. According to Mujahidin (2020), benefits are an individual's belief or trust that using a system or technology is beneficial and useful for improving performance. So it can be concluded that the perception of benefit is someone who feels the usefulness of the technology used to make it easier to do their work or other activities. As we know, the benefits of fintech lending only focus on distributing money which will still be subject to admin fees as well as interest from the distribution of money. Islam strictly forbids usury such as interest. Based on research conducted by Haqiqi & Pertiwi (2022) and Anugrah (2024), that the benefits of fintech lending services negatively affect people's financial management behavior. With this, it can be said that the benefits of fintech lending have the opposite effect on one's financial management behavior. Therefore, the authors propose the second hypothesis as follows.

*H2: The benefits of fintech lending services have a negative and significant effect on the financial management behavior of muslim communities.*

### **Ease of Fintech Lending Services on Financial Management Behavior**

Based on Davis (1989), the perception of ease is a person's belief or confidence regarding the use of a system or technology that does not require help from other people and does not require large efforts. Perceived ease can also be interpreted as the degree to which an individual is confident and believes that using a particular technology or system does not require additional effort. As stated by Mujahidin (2020), the perception of ease of use is defined as how an individual believes that using a system or technology can be free from effort. So it can be concluded that the perception of convenience is the growth of confidence and trust in an individual that using technology does not require a large effort or there are no difficulties so that all activities carried out can be more effective and efficient. With fintech lending, people do not

need to make payments and loans in cash. Because now payments and loans can be made online via smartphone. The existence of this convenience will have an impact on how we make financial decisions. Based on several studies that have been conducted, the ease of fintech services has a positive effect on people's financial management behavior (Purwanti, 2021; Rossa, 2022; Safitri, 2022). The maximum ease of fintech will have an impact on increasing financial management behavior as well. Therefore, the authors propose the third hypothesis as follows.

*H3: The ease of fintech lending services has a positive and significant effect on the financial management behavior of muslim communities.*

### **Trust in Fintech Lending Services on Financial Management Behavior**

According to Kim (2003), trust in electronic systems is defined as consumer confidence that electronic systems can process transactions or electronic payments in accordance with what consumers expect. Then, as stated by Mujahidin (2020) trust can be interpreted as an individual having the willingness to use or depend on a product or a certain brand. Based on Gunawan in Mujahidin (2020), trust is a form of attitude of an individual in showing pleasure in using a product or brand. Trust can arise if the product or brand is useful for consumers and meets consumer expectations. So it can be concluded that trust is a person's attitude, belief and pleasure in using a technology, goods or product with the hope that the product can meet that person's needs. The growth of confidence in a person is due to the emergence of expectations that financial technology will meet the needs and desires of that person. Based on research conducted by Rossa (2022) and Safitri (2022) found that a person's trust in fintech lending services has a positive effect on people's financial management behavior. With this, it can be said that, the higher the trust of students in fintech services, the more financial management behavior of a person. Therefore, the authors propose the fourth hypothesis as follows.

*H4: Trust in fintech lending services has a positive and significant effect on the financial management behavior of muslim communities.*

### **Financial Literacy and Fintech Loan Services on Financial Management Behavior**

According to Luis & Nuryasman (2020), financial behavior is an individual's ability to plan, budget, control, use, find and save the daily money they have. According to Amanah et al. (2016), financial management behavior is an individual's behavior regarding managing the money they have which can be seen from a psychological perspective and the person's habits. According to Ferdiansyah & Triwahyuningtyas (2021) financial behavior, namely the behavior that a person carries out in managing the money they have and the way that person shows their behavior towards the money they have. According to Xiao (2016), financial management behavior is a person's actions regarding financial management and control related to money, credit and savings activities. Financial behavior management is a person's way of managing their finances. This management can take the form of planning, using and controlling the money they own. The better a person is at managing their finances, the

more that person will be able to control their unlimited desires. So that person will have good financial behavior. The variables Financial Literacy and Fintech Lending Services are the main focus of this research, several other studies show the significant influence of each of these variables on Financial Management Behavior. The importance of each individual knowing financial literacy and their views on using fintech lending services can have an influence on people's financial management behavior. Therefore, the more significant these variables are, the more they will influence the Financial Management Behavior of Muslim Communities. Based on research conducted by Safitri (2022), the results show the effect of financial literacy and fintech lending services simultaneously have a significant effect on financial management behavior. Therefore, the author proposes the fifth hypothesis as follows.

H5: *The variables of financial literacy and fintech lending services simultaneously have positive and significant effects on the financial management behavior.*

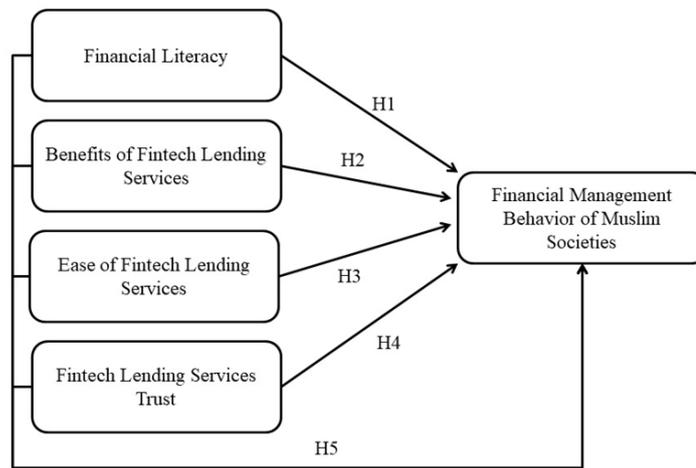


Figure 2: Research Framework

## METHOD

The population in this research refers to all Generation Z individuals in West Java, characterized by certain qualities defined by the researcher. According to data from the West Java Central Statistics Agency in 2021, Generation Z in West Java, aged between 20 and 34, totals 6,227,223 people. To determine the sample size, the study uses a standard error of 0.1 (10%), resulting in 100 respondents. Voluntary response sampling, a non-probability sampling method, is used where respondents self-select to participate and meet the survey's criteria (Murairwa, 2015). Data collection will be conducted through a questionnaire distributed to respondents willing to participate. The target audience includes consumers who have used Fintech Lending services, aged between 17 and 35 in West Java. Respondents are expected to provide reliable interpretations, and their answers are crucial for hypothesis testing, as primary data is collected through this method. A Likert scale (1-5) is used to gauge responses. The

analysis method applied is Partial Least Squares (PLS)-Structural Equation Modeling (SEM), which is designed to analyze conceptual relationships, particularly when latent variables are involved. The process, based on Hair et al. (2011), involves specifying the inner and outer models. The inner model shows the relationships between constructs, while the outer model evaluates the validity and reliability of the indicators. Validity is assessed through convergent validity, using the loading factor and Average Variance Extracted (AVE), and discriminant validity, through cross-loading tests. Reliability is measured using Cronbach's Alpha, with values above 0.6 indicating acceptable reliability (Sujarweni, 2014). Finally, the structural model is evaluated using R-Square, which measures how well the endogenous variables are explained by the exogenous variables (Hair et al., 2011).

## RESULT AND DISCUSSION

In this study, 272 respondents were used in each province in Indonesia. The criteria for respondents are Muslim people who have used Fintech Lending Services. The characteristics that were successfully obtained through distributing questionnaires in the form of google forms are presented in the Table 1:

**Table 1:** Respondent Data Description

Respondent Characteristics		Frequency	Percentage
<b>Gender</b>	Man	142	52.2%
	Woman	130	47.8%
<b>Age</b>	< 18	1	0.4%
	18 – 23	119	43.8%
	23 – 30	115	42.3%
	30 – 40	35	12.8%
	> 40	2	0.7%
<b>Occupation</b>	School Students	5	1.8%
	Students	97	35.7%
	Self-employed	36	13.2%
	Private Employee	116	42.6%
	Civil Servant	15	5.5%
	Housewife	3	1.1%
<b>Income</b>	< 1.500.000	61	22.4%
	1.500.00 - 5.000.000	151	55.5%
	5.000.000 - 10.000.000	51	18.8%
	> 10.000.000	9	3.3%
<b>Domicile</b>	Java	183	67.3%
	Kalimantan	38	14.0%
	Sumatera	37	13.6%
	Sulawesi	2	0.7%
	NTT, NTB, & Bali	12	4.4%
	Maluku & Papua	0	0%

<b>Total</b>	Respondent	272	100%
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In the Table 1, the majority of respondents who have filled out the questionnaire are men with a percentage of 52.2% or 142 respondents, while women are 130 respondents with a percentage of 47.8%. In terms of age characteristics, the questionnaire was dominated by respondents aged 18-30 years with a percentage of 86.1%, namely 234 respondents. Then, respondents with an age range of 30-40 years were 12.8% or 35 respondents from the total number of respondents. In addition, the majority of respondents are private employees with a percentage of 42.6% or 116 respondents. Then, the next majority of respondents are students with a percentage of 35.7% or 97 respondents. In the respondent's income section, the average respondent has a monthly income of IDR 1,5 - Rp 5 million, with a percentage of 55.5% or 151 respondents. In addition, respondents with monthly income exceeding IDR 10 million are only 3.3% or 9 respondents from the total respondents. Based on the domicile of the respondents, it can be seen that most respondents come from West Java with a percentage of 52.6% or 143 respondents. Furthermore, the domicile of respondents other than West Java has been divided based on the respondent's region listed in the table above.

Convergent Validity Used to measure how much correlation between constructs and latent variables. The correlation assessment between each measurement item (indicator) and its construct can be expressed through the load factor or outer loading and is considered ideal and valid if the value is greater than 0.5 (Siswoyo, 2017).

**Table 2: Outer Loading**

<b>Variable</b>	<b>Indicators</b>	<b>Outer Loading</b>
Financial Literacy (X1)	FL1	0.846
	FL2	0.658
	FL3	0.759
	FL4	0.803
Benefits of Fintech Lending Services (X2)	BF1	0.968
	BF2	0.954
	BF3	0.969
	BF4	0.970
Ease of Fintech Lending Services (X3)	EF1	0.902
	EF2	0.825
	EF3	0.907
	EF4	0.892
Fintech Lending Services Trust (X4)	TR1	0.905
	TR2	0.706
	TR3	0.919
Financial Management Behavior (Y)	FB1	0.790
	FB2	0.532
	FB3	0.733
	FB4	0.750

Table 2 shows the results of testing the loading factor value, where all indicators have met the minimum requirement of  $> 0.5$ . Therefore, no indicators were eliminated in the research model, and the model is said to be valid. Furthermore, Cronbach's Alpha and Composite Reliability, namely that the value that is considered good is more than

0.7. However, in another view, indicators are considered reliable if the Cronbach's Alpha value exceeds 0.6 (Hamid & Anwar, 2019; Savitri et al., 2021). In addition, to measure convergent validity, the minimum value that indicates a good level is 0.5 for Average Variance Extracted (AVE) (Siswoyo, 2017).

**Table 3:** Reliability Test

	Cronbach's alpha	Composite reliability	Composite reliability	AVE
EF	0.905	0.908	0.933	0.778
FL	0.768	0.782	0.852	0.593
BF	0.976	0.982	0.982	0.932
TR	0.800	0.827	0.884	0.721
FB	0.673	0.707	0.798	0.502

Table 3 shows the results of Cronbach's Alpha and Composite Reliability meet the limit values, which are > 0.6 or > 0.7 so it can be concluded that the results of the internal consistency test in this study are good. The data also shows that the AVE value has met the criteria, which is > 0.5. so that the existing indicators can be declared valid.

Discriminant Validity (Cross Loading), this criterion is used to measure that the reflective model has a strong relationship with each indicator.

**Table 4:** Cross Loading

	EF	FL	BF	TR	FB
<b>EF1</b>	0.902	0.626	-0.346	0.715	0.606
<b>EF2</b>	<b>0.825</b>	0.518	-0.271	0.624	0.521
<b>EF3</b>	0.907	0.573	-0.407	0.721	0.580
<b>EF4</b>	0.892	0.579	-0.304	0.74	0.579
<b>FL1</b>	0.530	0.846	-0.295	0.501	0.573
<b>FL2</b>	0.396	<b>0.658</b>	-0.095	0.369	0.434
<b>FL3</b>	0.546	0.759	-0.408	0.557	0.477
<b>FL4</b>	0.528	0.803	-0.189	0.502	0.544
<b>BF1</b>	-0.365	-0.308	0.968	-0.321	-0.204
<b>BF2</b>	-0.339	-0.301	<b>0.954</b>	-0.315	-0.188
<b>BF3</b>	-0.384	-0.335	0.969	-0.341	-0.232
<b>BF4</b>	-0.367	-0.304	0.97	-0.302	-0.226
<b>TR1</b>	0.728	0.643	-0.406	0.905	0.612
<b>TR2</b>	0.549	0.332	-0.001	<b>0.706</b>	0.455
<b>TR3</b>	0.731	0.586	-0.379	0.919	0.557
<b>FB1</b>	0.410	0.542	-0.298	0.402	0.790
<b>FB2</b>	0.225	0.309	-0.034	0.250	<b>0.532</b>
<b>FB3</b>	0.392	0.486	-0.134	0.403	0.733
<b>FB4</b>	0.680	0.503	-0.133	0.655	0.75

Based on the results in Table 4, it can be concluded that all indicators have a coefficient that is greater than each of their constructs compared to the correlation

coefficient value of indicators on other constructs. So it can be said that each indicator has a good correlation in each of its constructs.

Hypothesis test results can be seen through the T-Statistic value. The t-Statistic value is used to determine the significance of the dependent latent variable as a determinant of whether the hypothesis can be accepted or rejected. With an error rate of 5% and if the value is greater than 1.96, the hypothesis is accepted. The following is the t-statistic table obtained through the bootstrapping process:

**Table 5: T-Statistic**

	<b>Original sample</b>	<b>Sample mean</b>	<b>STDEV</b>	<b>T statistics</b>	<b>P values</b>
EF -> FB	0.237	0.242	0.097	2.445	0.015
FL -> FB	0.380	0.371	0.112	3.397	0.001
BF -> FB	0.070	0.070	0.065	1.080	0.280
TR -> FB	0.239	0.243	0.079	3.017	0.003
	<b>R-square</b>	<b>R-square adjusted</b>		<b>F-statistic</b>	<b>F-table</b>
FB	0.544	0.537		78.36	2.41

Based on Table 5, the results of each independent variable meet the requirements to be said to be significant in influencing the dependent variable. The variables of Financial Literacy (FL), Ease of Fintech Lending Services (EF), and Trust in Fintech Lending Services (TR) produce t-statistics values of 3.39, 2.55, and 3.01. These results have met the requirements of exceeding significance at 1.96, the three variables have a positive and significant effect on the Financial Management Behavior of Muslim Communities (FB). In addition, the variable Benefits of Fintech Lending Services (BF) produces a t-statistics value of 1.08 and does not meet the significance value at 1.96. This result indicates that the Ease of Fintech Lending Services does not have a significant influence on the Financial Management Behavior of Muslims. Hypothesis testing results show that three independent variables have a significant influence on the dependent variable, only 1 independent variable does not have a significant influence on the dependent variable.

Moreover, the R-Square parameter is used to assess the effect of independent latent variables on dependent latent variables. The model accuracy parameter can be known from the coefficient of determination (Hamid & Anwar, 2019). Furthermore, it can be seen that the R-Square value of the usage decision variable is 0.54, which indicates that the Financial Management Behavior of the Muslim Community is influenced by 54% by the variables of Financial Literacy, Benefits of Fintech Lending Services, Ease of Fintech Lending Services, and Trust in Fintech Lending Services, while the rest is influenced by other variables outside this study. The results of simultaneous hypothesis testing can be seen in the F value on Table 6. If the F value is greater than the F-Table value, it can be concluded that all independent variables together have a significant effect on the dependent variable. The table above shows the F-test result of 78.36 which has met the significance requirement greater than the F-Table result of 2.41. The results of this hypothesis test show that simultaneously the

variables of Financial Literacy, Benefits of Fintech Lending Services, Ease of Fintech Lending Services, and Trust in Fintech Lending Services have a significant effect on the Financial Management Behavior of Muslim Communities.

## DISCUSSION

Based on the T-Statistic Table, the original sample value of Financial Literacy (FL) has a path coefficient value of 0.380, a P-value of 0.001 ( $<0.05$ ), and a T-Statistic of 3.397 ( $>1.96$ ). This means that financial literacy has a significant and positive effect on the financial management behavior of Muslim communities. This result is in accordance with hypothesis 1 at the beginning, some studies that are in line with the results of this study are (Haqiqi & Pertiwi, 2022; Solikhatun & Ridlwan, 2022; Anugrah, 2024). However, financial literacy has a very important role in the financial management behavior of Muslim communities. If someone has high financial knowledge or financial literacy, that person will avoid problems or difficulties regarding finance because with the financial knowledge he has, that person is able to manage his finances properly and wisely. Moreover, the knowledge possessed is able to direct a person to consider good treatment when making a decision or taking an action.

The original sample value of Fintech Lending Service Benefits (BF) has a path coefficient value of 0.070, a P-value of 0.280 ( $>0.05$ ), and a T-Statistic of 1.080 ( $<1.96$ ). This means that the Benefits of Fintech Lending Services do not significantly affect the Financial Management Behavior of Muslim Communities. This result is not in accordance with hypothesis 2 at the beginning, several studies such as Haqiqi & Pertiwi (2022) and Anugrah (2024), shown that the Benefits of Fintech Lending Services have the lowest percentage so that they provide insignificant results on Financial Management Behavior. These results indicate that the benefits of fintech lending services do not have an important role in the Financial Management Behavior of Muslim communities. Although Fintech Lending has provided various benefits to meet various customer needs. However, the benefits obtained from fintech lending such as effectiveness, usefulness, benefits from using fintech lending cannot affect a person in managing their finances. It can be concluded, the existence of various benefits of Fintech Lending Services cannot affect a person in carrying out financial management.

The original sample value of Ease of Fintech Lending Services (EF) has a path coefficient value of 0.237, a P-value of 0.015 ( $<0.05$ ), and a T-statistic of 2.445 ( $>1.96$ ). This means that the Ease of Fintech Lending Services has a significant and positive effect on the Management Behavior of the Muslim Community. These results are in accordance with hypothesis 3 at the beginning, several studies have shown results that are in line with the results of this study (Purwanti, 2021; Rossa, 2022; Safitri, 2022). These results indicate that the Ease of Fintech Lending Services plays an important role in influencing the Financial Management Behavior of Muslim Communities. It can be concluded that the easier it is to use fintech lending, the more one's financial behavior will increase in managing their finances. The maximum ease

of fintech lending will have an impact on financial management behavior that is increasing as well. With the existence of fintech lending, people do not need to make loans in cash. Currently, lending can be done online through a smartphone. The convenience of this fintech lending service will have an impact on how a person makes financial decisions.

The original sample value of Trust in Fintech Lending Services (TR) has a path coefficient value of 0.239, a P-value of 0.003 ( $<0.05$ ), and a T-Statistic of 3.017 ( $>1.96$ ). This means that Trust in Fintech Lending Services has a significant and positive effect on Muslim Financial Management Behavior. These results are in accordance with hypothesis 4 at the beginning, some studies that are in line with the results of this study are (Rossa, 2022; Safitri, 2022). These results show that Trust in Fintech Lending Services has an important role in the Financial Management Behavior of Muslims. When someone believes that financial technology can meet their expectations, then that person will use it and will make financial decisions and manage their finances through financial technology that they trust. It can be concluded that, the higher a person's trust in fintech lending services will increase that person's financial management behavior. Because by trusting fintech lending, someone will use it and make financial decisions and manage their finances.

Based on the Simultaneous Test, the F value is 78.36. This value is much greater than the F-Table value which is only 2.41. The results prove that Financial Literacy, Benefits of Fintech Lending Services, Ease of Fintech Lending Services, and Trust in Fintech Lending Services simultaneously have a significant effect on the Financial Management Behavior of Muslim Communities. The importance of each individual's financial literacy and opinions on using fintech lending services can influence people's financial management behavior. As a result, the more important these variables are, the greater their influence on Muslim communities' financial management behavior.

## CONCLUSION

Fintech lending in Indonesia has grown rapidly with the strength of the Financial Services Authority (OJK) Regulation Number 77 of 2018 concerning Technology-Based Money Lending and Borrowing Services. This technological advancement has led to innovations in financial sector services and influenced people's management behavior. Furthermore, in 2018, the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI) has issued DSN-MUI Fatwa Number 117/DSN-MUI/2018 on Information Technology-Based Financing Services Based on Sharia Principles. In fact, this progress has also reached the Islamic financial sector and the financial management behavior of Muslim communities in Indonesia. Furthermore, this study shows how the financial management behavior of the Muslim community is affected by financial literacy and fintech lending services in Indonesia. Based on the study's findings, the authors discovered that Financial Literacy, Ease of Fintech Lending Services, and Trust in Fintech Lending Services all have a positive and significant impact on Muslim communities' financial management behavior. Meanwhile, the benefits of fintech lending services have little impact on Muslim communities'

financial management practices. Furthermore, Financial Literacy, Benefits of Fintech Lending Services, Ease of Fintech Lending Services, and Trust in Fintech Lending Services all have a substantial impact on the financial management behavior of Muslim communities in Indonesia.

Nonetheless, information is crucial in determining and making decisions. In the context of fintech lending services, speed and convenience play an essential role in shaping a person's financial behavior. Furthermore, the policy and legality of fintech lending are critical in improving public trust in the use of these services. Increased public trust in fintech lending services will have an impact on people's financial habits. Based on the research that has been conducted, there are several limitations and concerns for further research in perfecting this research because this research certainly has several shortcomings or limitations that need to be corrected. In terms of research variables, this study only uses financial literacy variables, the benefits of fintech services, the convenience of fintech services, and trust in fintech services as independent variables. Of course, it is still lacking because there are other factors that can affect a person's financial management behavior. Furthermore, the scope of this research is too broad by using respondents from various regions in Indonesia. Future research can use the same variables with more specific coverage according to provinces and cities in Indonesia.

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