

The Influence of Sharia Financial Literacy and Sharia Financial Inclusion Through Islamic Fintech on Sharia Financial Transactions on BUS in Indonesia

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Abstract

This research proposes a model to explain the influence of the role of Islamic financial technology and inclusion Islamic finance in moderate influence literacy Islamic finance towards transaction sharia finance at Sharia Commercial Banks in Indonesia. The results of the research state that: 1) literacy Islamic finance has a significant positive effect on transactions sharia finance; 2) Islamic financial technology moderates influence literacy Islamic finance towards transaction sharia finance; 3) inclusion Islamic finance moderates influence literacy Islamic finance towards transaction Islamic finance. In implementing digital transformation, Sharia BPRs in Indonesia must seriously consider information transparency, financial stability, and innovation capabilities, and choose different paths based on intrinsic characteristics such as property rights, scale, and growth.

Keyword: Literacy Sharia Finance, Inclusion Sharia Finance, Islamic Financial Technology, Transactions Islamic Finance

1. INTRODUCTION

The existence of sharia commercial banks is experiencing enhancement globally in five years lastly, one trigger enhancement the number of Sharia Commercial Banks is with ratification of the Sharia Commercial Bank Law. Ratified The Sharia Commercial Bank Law of 2008 which became factor pusher growth and development of Islamic banks in Indonesia (Siswanti & Cahaya, 2021). Presence constitution the expected give something encouragement performance from the Sharia Commercial Bank industry in Indonesia is more structured and directed as well as have a target for always develop. Concrete evidence from enhancement BUS development is asset

Islamic finance in five years final has reached IDR 1,048.8 trillion, total of compared to with total assets finance nationally which reached Rp. 13,092 trillion, meaning sharia market share in 2022 has reach figure 8%. Amount asset the consists on Sharia Commercial Bank assets Rp. 389.74 trillion, sharia capital market 559.59 trillion, and institutions finance non-bank 99.15 trillion (Financial Services Authority, 2022).

Next, look from rate development transaction that BUS in Indonesia is still very small compared to with Conventional Commercial Banks. Transaction roadmap finance at Sharia Commercial Banks includes various activity activity transaction sell buy like sharia demand deposits, sharia deposits, sharia savings, sukuk, sharia financing and sharia pawning (Financial Services Authority, 2022). Following for presentation comparison development Sharia Commercial Bank transactions comparison national and international as following :

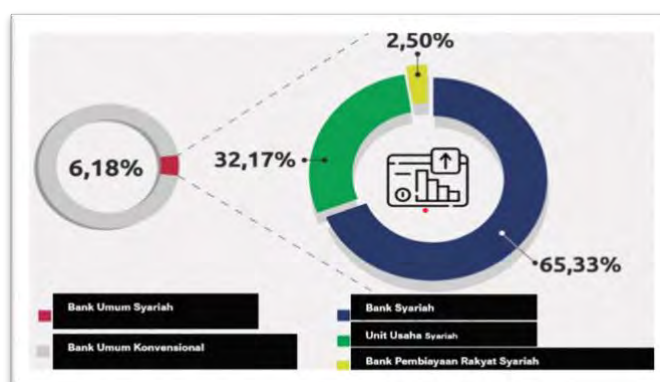


Figure 1. Comparative Development of Sharia Commercial Bank Transactions with Conventional Commercial Banks in 2022 (Nationally)

Source: Financial Services Authority Reporting Data

Viewed from figure 1. on seen that the development of Sharia Commercial Banks in Indonesia is still low that is only 6.18% compared to conventional banks which have mark percentage amounting to 93.82%. Whereas if see The potential that exists is enormous considering that Indonesia is one of the countries with resident Muslim largest in the world. Next, comparison development BUS and BUK transactions in cross interstate, as following:



Figure 2. Comparison of the Development of Sharia Commercial Bank Transactions with Conventional Commercial Banks in 2022 (Internationally)

Source: Financial Services Authority Reporting Data

Viewed from figure 2. is known that development of Sharia Commercial Banks in Indonesia, namely at the level of 6.50% at the end in 2022. In case This claimed as rate development transaction lowest if compared to with Malaysia as its neighboring country or with regional countries east middle such as Oman, Bahrain, UAE, Qatar, Kuwait and Saudi Arabia. From figure 1.2. above, then low contribution Indonesian Sharia Commercial Bank transactions globally are caused by growth transaction in scale national ones that don't significant. In fact the seen

condition asymmetric, where is the percentage resident there are more Muslims in Indonesia tall that is amounting to 87.2% compared to Malaysia which only amounting to 61.3% (Financial Services Authority, 2022). And conditions the confirmed by Siswanti *et al.* (2021) that Indonesia and Malaysia have a number of similarity, majority the population in Indonesia and Malaysia are Muslim, with thereby condition the development of Islamic banks in Indonesia and Malaysia is expected own similarities, although Islamic banks in Malaysia are more fast develop compared to Indonesia. In the same tangent that amount The population in Indonesia in 2022 is as much as 277.75 million (exist increase from 2021 that is amounting to 1.13%) ie with 241.7 million the Indonesian population embraced Islam, namely equivalent with 87.02% and as much as 20.65 million soul or 7.43% are Christians, 8.5 million soul or 3.06% embrace the Catholic religion (Ministry of Home Affairs, 2022).

According to Amini *et al.* (2020) one form transaction Islamic finance is save or use Sharia Commercial Bank accounts, but the total number of accounts registered with Sharia Commercial Banks is only 11% if compared to with Conventional Commercial Banks. Amount Sharia Commercial Bank customers still said small If remember that amount The Muslim population in Indonesia is population Muslim largest in the world (Financial Services Authority, 2022). Similar thing confirmed that from amount population and majority Muslim that, however only 30 million residents who become Islamic bank customers, namely 13.1%, do so transaction finance at Sharia Commercial Banks meanwhile amounting to 86.9% of transactions at Conventional Commercial Banks (World Population Review, 2020). Following comparison of quantity data customers at Sharia and conventional Commercial Banks from 2019 – 2022 as following:

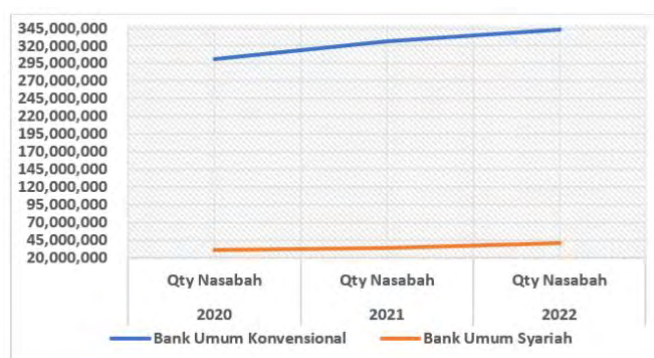


Figure 3. Comparison of the Number of Customers of Sharia Commercial Banks with Conventional Commercial Banks for 3 Periods (2020-2022)

Source: Financial Services Authority Reporting Data

From figure 3. is seen that in accumulation of 3 periods on the amount Conventional Commercial Bank customers far more high (average 300 million customers) if compared to with Sharia Commercial Banks (average 30 million). Although percentage in 3 periods at Sharia Commercial Banks shows index increase positive, however condition the assessed Still not enough significant or not balanced in size amount customers at Conventional Commercial Banks.

Based on ADB Institute research (2022), several factors that become reason low interest public to decision public in transaction Sharia finance is among the first level literacy low sharia finance where new reach amounting to 9.14% in 2022. Furthermore, regarding with the Sharia Supervisory Board (DPS) as party Sharia Commercial Bank coordinator assessed Still limited in function there is no supervision balanced will procurement of skilled human resources and competencies (dFinancial Services Authority, 2022). If the role of DPS is not optimal in do sharia supervision of sharia practices that result in violations of sharia compliance, then, the image and credibility of sharia banks in the eyes of public become negative, so can lower trust public to

Islamic banks (Ruwaidah, 2020). Lack of literacy about product Islamic finance can influence decision consumption individual (Khan *et al.*, 2020). Knowledge and skills it is the individual who makes it possible make decision informed finances with good and effective (Thilakam, 2012). In a seminar, the Financial Services Authority (2022) released that literacy sharia finance by 8.93% and Index National Sharia Economic Literacy is 16.2%. This figure show literacy sharia economics still low though Indonesia known as a resident country Muslim the most.

According to The Financial Services Authority (2022) states that level inclusion Islamic finance only reaching 12.12% in 2022 where there is enhancement than year previously of 9.10%. But although There is enhancement than year before, if rationalized level inclusion Islamic finance with inclusion finance conventional still said low or left behind far where index percentage inclusion finance conventional reached 85.10%. And achievements percentage inclusion Islamic finance yet reach rather than government targets that is by 90% (Indonesian Sharia Economic Masterplan, 2022).

The need for a good strategy in get closer institution sharia finance to public. One possible strategy used is using a through strategy digitalization in line with development revolution institution Islamic finance. Growth Islamic Fintech faces problems and challenges in its development among others, namely Still lack of instrument policies governing work processes, availability of source Power human, risk high security and yet reach to consumer class below (Rusydiana, 2019). Utilization Islamic financial technology in Indonesia is also still there low, new reached 38%. Islamic fintech organizer and the largest volume in Indonesia, but achievement usage globally Islamic fintech in Indonesia still low even globally in the positioning occupy position below Saudi Arabia and Malaysia which are scale measurement resident the Muslim more big than in Indonesia. In condition the seen asymmetric rate Islamic fintech (Indonesian Sharia Economic Masterplan, 2022).

2. METHODOLOGY AND DATA

2.1 Research Model

A research paradigm is a plan on how to collect, process and analyze data in a systematic and directed manner so that research can be carried out efficiently and effectively in accordance with the research objectives. This type of research is quantitative with an associative causality approach (Sugiyono, 2019). This research aims to determine how much influence sharia financial literacy and sharia financial inclusion have on sharia financial transactions moderated by sharia financial technology. To get an idea of the influence between these two variables, the author uses the causal associative method. This research is a cross-sectional study, namely research in which data is collected only once according to the time needed to answer the research question. This type of research seeks to study the dynamics of the relationship or correlation between risk factors and their impact or effects (Sekaran & Bougie, 2016). Both were observed at the same time, meaning that each research subject was observed only once and the risk factors and impacts were measured according to the condition or status at the time of observation. This research method was chosen because it can provide an overview of the relationship between sharia financial literacy, sharia financial inclusion, and Islamic financial technology on sharia financial transactions. Data collection for this research used a structured questionnaire, the questionnaire was created to explore information related to the perceptions of Sharia Commercial Bank customers regarding sharia financial literacy, sharia financial inclusion, and sharia financial technology in carrying out sharia financial transactions. Data analysis used SEM-PLS version 4.0.0.

2.2 Data

The population in this research is all Sharia Commercial Banks in DKI Jakarta as many 39.9 million with a sample size of 200 respondents above the minimum limit according to calculations of Hair *et al.* (2017) that the minimum sample is the number of indicators multiplied by 10. Research data collection starts from March to August 2023 with direct measurements through questionnaires, surveys and documentation on respondents directly in the field.

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Test the Outer Model

Table 1. Descriptive Statistics

| Measurement | Y | X1 | X2 | Z |
|-----------------|-------------|-------------|-------------|-------------|
| Mean | 4.780 | 4.715 | 4.770 | 4.725 |
| Median | 5 | 5 | 5 | 5 |
| Min | 3 | 3 | 3 | 3 |
| Max | 5 | 5 | 5 | 5 |
| Std. Deviation | 0.334027778 | 0.370138889 | 0.352083333 | 0.410416667 |
| Excess Kurtosis | 3.880 | 2.106 | 3.898 | 5.332 |
| Skewness | -2.138 | -1.728 | -2.167 | -2.322 |

(Y: Transaction sharia finance ; X: literacy sharia finance ; Z1 : Islamic fintech ; Z 2 : inclusion sharia finance)

Source: Data Processed from SEM PLS Version 4.0.0 from The BUS Customer Questionnaire

Descriptive statistics of the variables used in this research are presented in Table 1. Based on the table above, transaction variables Islamic finance has an average value range of 4,780 and a standard deviation amounting to 0.334027778. Based on these findings, there are quite significant differences between transaction values lowest and largest sharia finance, and the standard deviation value is lower than the average value. Based on Table 1., the Islamic literacy technology variable has value the average is 4,715 and the standard deviation is 0.370138889. Based on these findings, it can be said that there are quite large differences between literacy levels the lowest and largest sharia finance, with a standard deviation value that is smaller than the average value.

Based on Table 1, the Islamic financial inclusion variable has value the average is 4,770 and the standard deviation is 0.352083333. Based on these findings, it can be said that there is quite a big difference between the levels of Islamic financial technology lowest and largest, with a standard deviation value that is smaller than the average value.

Based on Table 1, the Islamic financial technology variable has value of the average is 4.725 and the standard deviation is 0.410416667. Based on these findings, it can be said that there is a fairly large difference between the lowest and highest level of inclusion in Islamic finance, with a standard deviation value that is smaller than the average value.

Table 2. Convergent Validity Test

| Variabel | Indikator | Outer Loading |
|----------------------------|-----------|---------------|
| Literasi Keuangan Syariah | X1.1 | 0.880 |
| | X1.2 | 0.801 |
| | X1.3 | 0.870 |
| | X1.4 | 0.898 |
| Inklusi Keuangan Syariah | X2.1 | 0.910 |
| | X2.2 | 0.851 |
| | X2.3 | 0.845 |
| | X2.4 | 0.876 |
| Islamic Fintech | Z.1 | 0.887 |
| | Z.2 | 0.957 |
| | Z.3 | 0.900 |
| | Z.4 | 0.858 |
| | Z.5 | 0.883 |
| | Z.6 | 0.832 |
| Transaksi Keuangan Syariah | Y.1 | 0.962 |
| | Y.2 | 0.963 |
| | Y.3 | 0.925 |
| | Y.4 | 0.993 |
| | Y.5 | 0.985 |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Then a convergent validity test was carried out, it was found that each research variable indicator as a whole had an outer loading value of > 0.70 . So, it can be stated that all indicators are suitable or valid for research use and can be used for further analysis.

Table 3. Discriminant Validity Test

| | Inklusi Keuangan Syariah | Islamic Fintech | Literasi Keuangan Syariah | Transaksi Keuangan Syariah |
|----------------------------|--------------------------|-----------------|---------------------------|----------------------------|
| Inklusi Keuangan Syariah | 0.871 | | | |
| Islamic Fintech | 0.820 | 0.887 | | |
| Literasi Keuangan Syariah | 0.386 | 0.416 | 0.863 | |
| Transaksi Keuangan Syariah | 0.779 | 0.855 | 0.380 | 0.966 |

Source: Data processed from SEM PLS version 4.0.0 from the BUS customer questionnaire

Table 3 shows that each indicator has the largest FLC value on its own latent construct compared to the FLC value on other constructs. This explains that the indicators used in this research have good discriminant validity.

Table 4. Average Variant Extracted (AVE) Test

| Variabel | Nilai AVE |
|----------------------------|------------------|
| Literasi Keuangan Syariah | 0.745 |
| Inklusi Keuangan Syariah | 0.758 |
| Islamic Fintech | 0.786 |
| Transaksi Keuangan Syariah | 0.933 |

Source: Data processed from SEM PLS version 4.0.0 from the BUS customer questionnaire

Table 4 shows all variables have an AVE value > 0.50 , so it can be concluded that each indicator of the latent construct is able to explain 50% or more of the variance. And thus, each variable has good discriminant validity.

Table 5. Composite Reliability Test

| Variabel | Nilai <i>Composite Reliability</i> |
|----------------------------|---|
| Literasi Keuangan Syariah | 0.921 |
| Inklusi Keuangan Syariah | 0.926 |
| Islamic Fintech | 0.957 |
| Transaksi Keuangan Syariah | 0.982 |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Table 5 shows that the composite reliability value for all research variables is > 0.70 . These results indicate that each variable has met composite reliability so it can be concluded that all variables have a high level of reliability.

Table 6. Cronbach's Alpha Test

| Variabel | Nilai <i>Cronbach's Alpha</i> |
|----------------------------|--------------------------------------|
| Literasi Keuangan Syariah | 0.901 |
| Inklusi Keuangan Syariah | 0.893 |
| Islamic Fintech | 0.945 |
| Transaksi Keuangan Syariah | 0.982 |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Table 6 known that the Cronbach's alpha value of each research variable is > 0.70 . Thus, these results can show that each research variable has met the requirements for Cronbach's alpha value, so it can be concluded that all variables have a high level of reliabilit.

3.1.2 Test the Inner Model

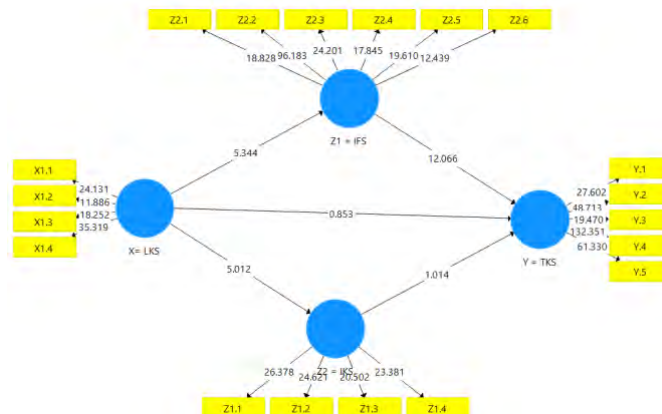


Figure 4. Path Coefficient Test Results of Output SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Figure 4 known all variables in this model have path coefficients with positive numbers. This shows that if the greater the path coefficient value on an independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable.

Table 7. Q-Square Test

| | SSO | SSE | $Q^2=1-SSE/SSO$ | Kriteria |
|----------------------------|----------|---------|-----------------|--------------|
| Inklusi Keuangan Syariah | 760.000 | 760.00 | | |
| Islamic Fintech | 1140.000 | 391.003 | 0.657 | Baik/Relevan |
| Literasi Keuangan Syariah | 760.000 | 760.000 | | |
| Transaksi Keuangan Syariah | 950.000 | 155.906 | 0.836 | Baik/Relevan |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Table 7 shows that the Q-Square value for both endogenous variables is positive and above 0.35, namely the endogenous variable Islamic fintech is 0.436, sharia financial inclusion is 0.418 and sharia financial transactions is 0.789, so it can be said that the model is worthy of being said to have value. relevant predictive.

Table 8. F-Square Test

| | Inklusi Keuangan Syariah | Islamic Fintech | Literasi Keuangan Syariah | Transaksi Keuangan Syariah |
|----------------------------|--------------------------|-----------------|---------------------------|----------------------------|
| Inklusi Keuangan Syariah | | 4.528 | | 1.000 |
| Islamic Fintech | | | | 1.545 |
| Literasi Keuangan Syariah | | 1.029 | | 1.004 |
| Transaksi Keuangan Syariah | | | | |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Table 8 shows:

- a. Sharia financial literacy has a weak effect on sharia financial transactions, namely 0.005
- b. Sharia financial literacy has a weak effect on sharia financial transactions, namely 0.005
- c. Islamic fintech has a very strong influence on sharia financial transactions, namely 1,421
- d. Sharia financial inclusion on sharia financial transactions has a weak effect, namely 0.012

Table 9. R-Square Test

| Variabel | Nilai R-Square | Kriteria |
|----------------------------|----------------|----------|
| Islamic Fintech | 0.849 | Baik |
| Transaksi Keuangan Syariah | 0.910 | Baik |

Source: Data processed from SEM PLS Version 4.0.0 from the BUS Customer Questionnaire

Table 9 shows that the R-Square value for sharia financial transactions (Y) is 0.849, meaning that 84.9% of the sharia financial transaction variable is influenced by sharia financial literacy (X), Islamic fintech (Z1) and sharia financial inclusion (Z2). The remaining 15.1% is explained by other factors not observed in the research. Then, the result for the Islamic fintech variable is 0.185, meaning that 18.5% of the Islamic fintech variable is influenced by sharia financial literacy (X), the remaining 91.5% is explained by other factors not observed in the research. Next, on the variable results Islamic financial inclusion (Z2) is 0.168, meaning that 16.8% of the Islamic financial inclusion variable is influenced by Islamic financial literacy (X). The remaining 83.2% is explained by other factors not observed in the research.

3.1.3 Model Fit

In the model suitability test, it can be seen from the SMRM value of the model. The PLS model is declared to have met the model fit test criteria if the SMRM value is < 0.10 and the model is declared perfect fit if the SRMR value is < 0.08 (Henseler *et al.*, 2014). The following are the results of the fit model test for this research, namely the SRRM value of $0.059 < 0.08$. So, the fit model for this research is declared perfect fit.

3.1.4 Hypothesis Results

For direct hypothesis testing results are :

- a. $H_1 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($4,244 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that there is a positive and significant influence of sharia financial literacy on sharia financial transactions.
- b. $H_2 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($5,166 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that there is a positive and significant influence of sharia financial inclusion on Islamic fintech.
- c. $H_3 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($4,944 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that there is a positive and significant influence on sharia financial literacy Islamic financial inclusion .
- d. $H_4 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($11,067 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that there is a positive and significant influence of Islamic fintech sharia on sharia financial transactions.

For indirect hypothesis testing results are :

- a. $H_0 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($4,373 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that Islamic fintech moderates sharia financial literacy on sharia financial transactions with a positive and significant influence.
- b. $H_0 = H_0$ is rejected and H_a is accepted. This is because the T-Statistic value $> T$ -Table ($2,932 > 1,960$) and the p-value < 0.05 ($0.000 < 0.05$). So, it can be concluded that sharia financial inclusion moderates sharia financial literacy on sharia financial transactions with a positive and significant influence.

3.2 Discussion

3.2.1 The Influence of Literacy Sharia Finance on Transactions Sharia Finance

Based on the results of the influence test direct state literacy Islamic finance is influential positive significant to Islamic financial technology, accepted. Financial literacy is one factor that can influence awareness of financial products and financial service providers. This condition creates many new and varied financial products and requires people to understand them more deeply if they want to take advantage of them when will transaction. In terms of this is important a public literacy or understanding in financial management and to avoid making bad financial decisions. It is relevant that financial decisions taken now have implications in the next few years (Sihombing, 2018).

The results of this research are in line with research by Ansori (2019), Wijanarko & Rachmawati (2020), Fristyaningrum *et al.* (2021), Puji & Hakim (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) which states that sharia financial literacy has a positive and significant effect on sharia financial transactions.

3.2.2 The Influence Inclusion Finance Sharia Technology To Transaction Sharia Finance

The results of hypothesis testing conclude that sharia financial inclusion has a positive and significant effect on sharia financial transactions in sharia commercial banks in Indonesia. Thus, the first hypothesis (H_2) which states that sharia financial inclusion has a significant positive effect on sharia financial transactions, is accepted. This means that the sharia financial inclusion variable is able to have a big influence on sharia financial transactions. In other words, sharia financial inclusion in this research is a main element in influencing sharia financial transactions with Sharia Commercial Banks in Indonesia.

In this research, the sharia financial inclusion variable has a positive relationship, which means that if sharia financial literacy increases, financial transaction activities at sharia commercial banks will also increase. Financial inclusion is one of the factors that can influence awareness of financial products and financial service providers. This condition creates many new and varied financial products and requires people to understand them more deeply if they want to take advantage of them. Sharia financial inclusion is an activity that aims to eliminate all forms of financial barriers, to access sharia financial services (Salam Dz, 2018). The results of this research also support the Theory of Reasoned Action and the Theory of Planned Behavior, where a person has a perspective or perception regarding the openness of various sharia financial services which are considered to make it easier to determine the best choice for their life in making preferences that are felt to provide more appropriate value and benefits. Islamic law. They then of course carry out decision-making behavior, one of which is carrying out financial transaction activities at Sharia Commercial Banks which they feel can provide beneficial values, namely the good of this world and the hereafter.

The results of this research are in line with the results of previous research conducted by Salam Dz (2018), Ansori (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) which states that sharia financial inclusion has a positive and significant effect on sharia financial transactions.

3.2.3 The Influence of Sharia Financial Literacy on Islamic Fintech

The results of hypothesis testing conclude that Islamic financial literacy has a positive and significant effect on Islamic fintech. Thus, the first hypothesis (H3) which states that Islamic financial literacy has a significant positive effect on Islamic Fintech, is accepted. This means that the Islamic financial literacy variable is able to have a big influence on Islamic fintech. In other words, sharia financial literacy in this research is a main element in influencing sharia financial transactions with Sharia Commercial Banks in Indonesia.

In this research, the Islamic financial literacy variable has a positive relationship, which means that if Islamic financial literacy increases, access and use of Islamic fintech in Sharia Commercial Banks will also increase. Access and financial services available at institutions, products and financial services have the aim of improving people's welfare (Financial Services Authority, 2022). The results of this research also support the Theory of Reasoned Action and the Theory of Acceptance Model, where a person has a perspective or perception regarding experience or ability in choosing a specific decision so that they strongly believe in the decision or opinion which is considered to provide value and benefits, especially in being open to accepting various things. digitalization or technology in Sharia Commercial Banks, especially in the perception of usefulness, usefulness and convenience in accordance with good teachings based on sharia principles.

The results of this research are in line with the results of previous research conducted by Ansori (2019), Handida & Sholeh (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) who state that sharia financial inclusion has a positive and significant effect on Islamic fintech.

3.2.4 The Influence of Sharia Financial Inclusion on Islamic Fintech

The results of hypothesis testing conclude that Islamic financial inclusion has a positive and significant effect on Islamic fintech in Sharia Commercial Banks in Indonesia. Thus, the first hypothesis (H4) which states that Islamic financial inclusion has a significant positive effect on Islamic fintech, is accepted. This means that the Islamic financial inclusion variable is able to have a big influence on Islamic fintech. In other words, sharia financial inclusion in this research is an important element that has the potential to influence the use of Islamic fintech in Sharia Commercial Banks in Indonesia.

In this research, the sharia financial inclusion variable has a positive relationship, which means that if sharia financial inclusion increases, the use of Islamic fintech in sharia commercial banks will also increase. Financial inclusion is one factor that can influence awareness of access to financial products and services. These conditions make sharia financial institutions expand their sharia financial products and services to the public. Fintech also plays a role in accelerating the expansion of the reach of sharia financial services. With Fintech, remote communities can also use technology-based financial services, without having to travel long distances to get financial services (Ansori, 2019). In these conditions, the ease and increased accessibility of sharia financial products and services continues to improve. The results of this research also support the Theory of Acceptance Model, where a person accepts changes in digitalization and technology as factors that make it easier to carry out financial activities, namely sharia financial transactions with digital services or applications from Sharia Commercial Banks in Indonesia. Next, they make

decisions, one of which is choosing the right digital products and/or services that can provide more good value by using digital access, especially sharia financial products and/or services that are perceived in their financial activities as being based on Islamic sharia principles.

The results of this research are in line with the results of previous research conducted by Ansori (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) who state that sharia financial inclusion has a positive and significant effect on Islamic fintech.

3.2.5 The Influence of Islamic Fintech on Sharia Financial Transactions

The results of hypothesis testing conclude that Islamic fintech has a positive and significant effect on sharia financial transactions with Sharia Commercial Banks in Indonesia. Thus, the first hypothesis (H5) which states that Islamic fintech has a significant positive effect on sharia financial transactions, is accepted. This means that the Islamic fintech variable is able to have a big influence on sharia financial transactions. In other words, Islamic fintech in this research is an important element and has great potential in influencing sharia financial transaction decisions at Sharia Commercial Banks in Indonesia.

In this research, the Islamic fintech variable has a positive relationship, which means that if Islamic fintech increases, financial transaction activities at Sharia Commercial Banks will also increase. Fintech has brought significant changes in various sectors of the financial industry (Susanto *et al.*, 2023). Sharia fintech is also a technology-based financing service based on sharia principles which is defined as the provision of financial services in accordance with sharia principles that bring together or connect financing providers with financing with the aim of carrying out financing transactions through electronic systems. Sharia fintech has provided new opportunities to increase economic activities more efficiently and effectively (DSN-MUI, 2018). The results of this research also support the Theory of Acceptance Model, that the presence of developments in digitalization of sharia financial services provides a level of ease for a person or society in choosing variant and optional financial activities or services. By looking at the value factors and benefits obtained, the presence of fintech digitalization really helps someone in making decisions about financial transactions at Sharia Commercial Banks whose digital services are believed to be based on the sharia financial system where all operations are guided by Islamic principles.

The results of this research are in line with the results of previous research conducted by Ansori (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022), Susanto *et al.* (2023) which states that Islamic fintech has a positive and significant influence on Islamic fintech.

3.2.6 Islamic Fintech Mediates the Influence of Sharia Financial Literacy on Sharia Financial Transactions

The results of hypothesis testing conclude that Islamic fintech moderates the influence of sharia financial literacy on sharia financial transactions at sharia commercial banks in Indonesia. Thus, the first hypothesis (H6) which states that Islamic fintech moderates the influence of Islamic financial literacy on Islamic financial transactions, is accepted. This means that the Islamic fintech variable is able to have a big influence on sharia financial literacy on sharia financial transactions. In other words, Islamic fintech in this research is an important element and has great potential to influence sharia financial literacy on sharia financial transaction decisions at Sharia Commercial Banks in Indonesia.

In this research, the Islamic fintech variable has a positive relationship, which means that if Islamic fintech increases, sharia financial literacy and financial transaction activities in Sharia Commercial Banks will also increase. Fintech has brought significant changes in various sectors

of the financial industry Susanto *et al.* (2023). Sharia fintech is also a technology-based financing service based on sharia principles which is defined as the provision of financial services in accordance with sharia principles that bring together or connect financing providers with financing with the aim of carrying out financing transactions through electronic systems. Sharia fintech has provided new opportunities to increase economic activities more efficiently and effectively (DSN-MUI, 2018). The development of technology and fintech in Indonesia must also be balanced with digital literacy which is defined as the ability to understand and use information from various digital sources. In these conditions, sharia financial inclusion is also needed, aimed at eliminating all forms of obstacles, both in the form of price and non-price, to public access to use or utilize formal financial services in accordance with sharia (Fristyaningrum, 2021).

The results of this research also support the three theories, namely the Theory of Reasoned Action, Theory of Behavior Planned and Theory of Acceptance Model, that the presence of developments in digitalization of sharia financial services increases a person's level of ability to manage their finances well and increases their ability and good knowledge to take appropriate actions. The best option to choose is digital-based sharia financial transactions through available financial products and/or services. Apart from that, open accessibility supports providing an easy factor for the public and other related parties to perceive, make preferences and make the best decisions based on information that is considered very appropriate, one of which is transaction activities on Sharia Commercial Bank financial products and/or services which are assumed to be specific in accordance with Islamic Sharia principles.

The results of this research are in line with the results of previous research conducted by Ansori (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) which states that Islamic fintech moderates the positive and significant influence of Islamic financial literacy on Islamic financial transactions.

3.2.7 Islamic Fintech Mediates the Influence of Sharia Financial Inclusion on Sharia Financial Transactions

The results of hypothesis testing conclude that Islamic fintech moderates the influence of sharia financial inclusion on sharia financial transactions at Sharia Commercial Banks in Indonesia. Thus, the first hypothesis (H7) which states that Islamic fintech moderates the influence of sharia financial inclusion on sharia financial transactions, is accepted. This means that the Islamic fintech variable is able to have a big influence on sharia financial inclusion on sharia financial transactions. In other words, Islamic fintech in this research is an important element and has great potential in influencing sharia financial inclusion in increasing sharia financial transactions at Sharia Commercial Banks in Indonesia.

In this research, the Islamic fintech variable has a positive relationship, which means that if Islamic fintech increases, sharia financial inclusion and financial transaction activities in Sharia Commercial Banks will also increase. Fintech has brought significant changes in various sectors of the financial industry Susanto *et al.* (2023). Sharia fintech is also a technology-based financing service based on sharia principles which is defined as the provision of financial services in accordance with sharia principles that bring together or connect financing providers with financing with the aim of carrying out financing transactions through electronic systems. Sharia fintech has provided new opportunities to increase economic activities more efficiently and effectively (DSN-MUI, 2018). The development of technology and fintech in Indonesia must also be balanced with digital literacy which is defined as the ability to understand and use information from various digital sources. In these conditions, sharia financial inclusion is also needed, aimed at eliminating all forms of obstacles, both in the form of price and non-price, to public access to use or utilize formal financial services in accordance with sharia (Fristyaningrum, 2021).

The results of this research also support the three theories, namely the Theory of Reasoned Action, the Theory of Planned Behavior and the Theory of Acceptance Model, that supportive openness of accessibility provides an easy factor for society to implement inclusive finance. Not only that, the wide range of financial accessibility is increasing and can be easily accessed very flexibly, so the public and/or other related parties can perceive, make preferences and make the best decisions based on information that is considered very appropriate, one of which is transaction activities on financial products and/or services. Sharia Commercial Bank, which is a form of digitalization based on an operational system in accordance with sharia principles.

The results of this research are in line with the results of previous research conducted by Ansori (2019), Fristyaningrum *et al.* (2021), Putri *et al.* (2022), Tan & Syahwildan (2022) which states that Islamic fintech moderates the positive and significant influence of sharia financial inclusion on sharia financial transactions.

4. CONCLUSION

1. Sharia financial literacy has a significant positive effect on sharia financial transactions. This proves that sharia financial literacy has a direct role that is quite large in influencing sharia financial transactions. So it can be concluded that sharia financial literacy is the main factor that can influence financial transactions at Sharia Commercial Banks in Indonesia.
2. Sharia financial inclusion has a significant positive effect on sharia financial transactions. This proves that sharia financial inclusion has a direct role that is quite large in influencing sharia financial transactions. So it can be concluded that sharia financial inclusion is the main factor that can influence financial transactions at Sharia Commercial Banks in Indonesia.
3. Sharia financial literacy has a significant positive effect on Islamic fintech. This proves that sharia financial literacy has a direct role that is quite large in influencing Islamic Fintech. So it can be concluded that sharia financial literacy is the main factor that can influence Sharia Commercial Bank fintech in Indonesia.
4. Sharia financial inclusion has a significant positive effect on Islamic fintech. This proves that sharia financial inclusion has a direct role that is quite large in influencing Islamic fintech. So it can be concluded that sharia financial inclusion is the main factor that can influence Sharia Commercial Bank fintech in Indonesia.
5. Islamic fintech has a significant positive influence on sharia financial transactions. This proves that Islamic fintech has a large direct role in influencing sharia financial transactions. So it can be concluded that Islamic fintech is the main factor that can influence financial transactions at Sharia Commercial Banks in Indonesia.
6. Islamic fintech is able to mediate the influence of Islamic financial literacy on Islamic financial transactions. This proves that Islamic fintech has a large mediating role in influencing sharia financial literacy on sharia financial transactions. So it can be concluded that Islamic fintech is the main factor that can influence sharia financial literacy on financial transactions at Sharia Commercial Banks in Indonesia.
7. Islamic fintech is able to mediate the influence of Islamic financial inclusion on Islamic financial transactions. This proves that Islamic fintech has a large mediating role in influencing sharia financial inclusion in sharia financial transactions. So it can be concluded that Islamic fintech is the main factor that can influence sharia financial inclusion in financial transactions at Sharia Commercial Banks in Indonesia.

And, and what is very important in this conclusion is that it is important to improve sharia financial transactions by comprehensively involving related parties such as sharia banking,

regulators, the public and other community members. From the sharia banking side, it is important to provide education, outreach and orientation to the community, it is important to support efforts and several sharia financial transaction programs so that they behave in sharia finance. From the support of the government to create wise and supportive regulations in creating market cadres for sharia financial products and services, and it is even very important to be encouraged to restructure regulations in the academic or educational sector or non-formal institutions to be obliged to implement sharia financial education in their daily behavior by public. Community synergy here requires participation in supporting companies and programs in efforts to accelerate literacy and inclusive sharia finance. By covering the conditions of togetherness, it can form a successful acceleration of sharia financial transactions with more stable conditions in the future and the strength of the sharia financial ecosystem is forme

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