



Building Trust in the Use of Sharia Fintech Services: A Literature Review

Oktafian Histori S.

Institut Agama Islam Negeri Curup

*Corresponding Author. E-mail: oktafian@iaincurup.ac.id

ARTICLE INFO

Article History:

Received: 2022-08-23

Revised: 2022-10-14

Accepted: 2022-11-09

Keywords:

Trust, Benefit,

Risk, Sharia Fintech

Paper Type:

Research Paper

ABSTRACT

Purpose: This study analyzes how to build trust in the use of sharia fintech services in Indonesia by considering the benefits and risks faced by users.

Design/Method/Approach: Descriptive qualitative research design with a literature review approach was used in this study. The data collection method was documentation technique while the data analysis technique used conclusion drawing technique to obtain information about a message objectively and systematically.

Findings: The results of the study show that building trust in the use of sharia fintech services is something that must be done by sharia fintech startup companies since Indonesia is a country with a majority Muslim community. Trust is built by maximizing the benefits obtained and minimizing the risks that will be faced by users.

Originality/Values:

This research contributes to provide valuable information regarding how to build trust in the use of sharia fintech services in Indonesia in the context of developing the sharia industry and economy.

INTRODUCTION

The rapid development in financial technology (fintech), especially sharia fintech, highlights the need to improve services for users, especially Indonesian Muslims, in using innovative and sharia-based financial products and services. With the development of information and communication technology, fintech companies which provide services through internet and cellular-based platforms have grown rapidly. The Financial Services Authority (OJK) stated that the fintech platform was proven to be able to continue to grow during the spread of the COVID-19 pandemic and afterward as it is today. Fintech startups have an important role in maintaining Indonesia's economic growth and are able to become game changers.¹

Many types and forms of fintech are currently developing. There is conventional fintech and there is also sharia fintech. In its development, Islamic fintech has its own challenges and roles. Currently, the challenge of sharia fintech is not only the task of the National Sharia Finance Committee (KNKS), but also the obligation of the entire community to jointly pay attention and be aware of every development and offer of digital investment programs. Sharia fintech offered and developed must be in accordance with sharia principles and must be made based on the provisions of sharia economic and financial principles among which do not take profits in the form of interest, do not contain usury, and do not have manipulation in it.² The National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has released a fatwa on Information Technology-Based Financing Services Based on Sharia Principles, i.e. Fatwa number: 117/DSN-MUI/II/2018. This fatwa is not separated from sharia fintech as a financial industry that is quite developed and attracts the attention of many consumers in Indonesia. Currently, the Indonesian Sharia Fintech Association (AFSI) has been formed. It is an association for sharia fintech startups in Indonesia.³

¹ Aziz Rahardyan, "Fintech Kian Subur Di Masa Pandemi, OJK Siapkan Peta Jalan Keuangan Digital," *Bisnis.com*, 2020, <https://finansial.bisnis.com/read/20200824/563/1282338/fintech-kian-subur-di-masa-pandemi-ojk-siapkan-peta-jalan-keuangan-digital->.

² Hendrianto Hendrianto, Juhaya S. Praja, and Nurrahman, "Sharia Philosophy Correlation and the Islamic Economic Philosophy," *Economit Journal: Scientific Journal of Accountancy, Management and Finance* 1, no. 1 (2021): 12–20, <https://doi.org/10.33258/economit.v1i1.370>.

³ Trimulato Trimulato, "Fintech for Sharia Micro Finance Institution: Qualitative Analysis toward Utilization of Financial Technology in BPRS and BMT," *AL-FALAH: Journal of Islamic Economics* 4, no. 2 (2019): 123, <https://doi.org/10.29240/alfalah.v4i2.917>.

E-banking and the digitization of conventional financial services have been exceeded by the present spectrum of fintech services. The financial services sector is currently concentrating on the consumer's viewpoint to successfully create and introduce cutting-edge technology to satisfy consumers' financial needs and demands. Fintech services, according to Bank Indonesia, have the ability to boost productivity, lower risk, and promote inclusive growth. The traditional business structures of the highly regulated financial services sector could also be significantly altered by these technological advancements in order to provide a distinct consumer experience.⁴ This can easily be accomplished by employing a straightforward and understandable design, practicality, and greater openness in the information provided. The use of sharia fintech financial services will be easier if sharia fintech startup companies can build the trust of their users and customers.

The Covid-19 pandemic which has passed has caused routine disruptions such as social distancing and so on. Besides being a disaster, it also opens a potential opportunity for many financial institutions or startups to encourage more Indonesians to use fintech, especially sharia fintech.⁵ There are several main segments of sharia fintech consumers in Indonesia, each with different financial literacy, values and views. By building trust, maximizing benefits, and minimizing risks that align with each of these segments, Islamic fintech companies can build in-depth profiles to describe the behaviors and attitudes that shape their reactions to the use of Islamic fintech services. Islamic financial institutions can offer support and messages tailored to each unique customer segment amid the current state of affairs after the COVID-19 pandemic and potentially increase the level of use of Islamic fintech, even among those who were reluctant to use it in the past.

In particular for retail financial services, the current growth of Islamic fintech is highly difficult for public acceptability and needs more time and work to achieve long-term success. In underdeveloped nations in particular, the difficulty of balancing the potential risks and benefits of sharia fintech is increasingly pressing.⁶ Low socioeconomic resource individuals are less likely to seek out financial information and are less knowledgeable about financial items. The provision of financial services to the unbanked population in emerging

⁴ Carmen Leong et al., "Nurturing a FinTech Ecosystem: The Case of a Youth Microloan Startup in China," *International Journal of Information Management* 37, no. 2 (2017): 92–97, <https://doi.org/10.1016/j.ijinfomgt.2016.11.006>.

⁵ Ahmad Yudhira, "Analisis Perkembangan Financial Technology (Fintech) Syariah Pada Masa Pandemi Covid-19 Di Indonesia," *Value* 2, no. 1 (2021): 13–28

⁶ Peter Gomber et al., "On the Fintech Revolution: Interpreting the Forces of Innovation, Disruption, and Transformation in Financial Services," p. 220–65

nations is significantly aided by mobile services. However, a number of empirical studies, particularly in developing nations, have been carried out to examine various elements of the use and proliferation of fintech, including sharia fintech.⁷

Manansang from the Coordinating Ministry for the Economy said Micro; Small Medium Enterprises (MSMEs) in Indonesia are being helped to digitize thanks in large part to fintech and its stakeholders throughout Indonesia. Many fintech startups with various platforms are involved in developing the digitization of MSMEs, including e-wallet, P2P lending, project financing, digital payments, financial planners, and so on. This condition shows that sharia fintech has the potential to support the program to accelerate national economic recovery due to the COVID-19 pandemic and the economic recession is still wide open.⁸ Therefore, this can be a gap for sharia fintech to enter the business and become a major player because the majority of Indonesians are Muslim. How to build trust in the use of sharia fintech services in Indonesia? By maximizing the benefits and minimizing the risks that will be faced by users, this is the main analysis in this research.

RESEARCH METHOD

This research used descriptive qualitative research with a literature review approach. The data collection used documentation techniques, i.e. collecting data from literature and journals related to the use of fintech services, especially sharia fintech. The data analysis technique used a conclusion drawing technique in which the data collected were then processed in an effort to obtain information by selecting data in identifying the content of a data message and analyzing various characteristics of a message objectively and systematically.

RESULT AND DISCUSSION

The Use of Sharia Fintech Services

Financial technology or better known as fintech is "the use of technology in the financial system that produces new products, services, technology, and/or business models and can have an impact on monetary stability, stability of financial factors, and/or efficiency, smoothness, security, and reliability of the payment system".⁹ Fintech is a catch-all phrase for any

⁷ Rebecca I. Kiconco et al., "A Skills Perspective on the Adoption and Use of Mobile Money Services in Uganda," *Information Development* 35, no. 5 (2019): 724–38, <https://doi.org/10.1177/0266666918788908>.

⁸ Adrianus Octaviano, "Bantu UMKM, Penyelenggara Fintech Berikan 55 Program Insentif Selama Pandemi Covid-19," kontan.co.id, 2021

⁹ BI, "Sekilas Sistem Pembayaran Di Indonesia," 2020

technological advancement in the financial services industry; it describes a range of financial services offered and accessed through any digital channel.¹⁰

As defined by the Financial Services Authority, “fintech is any financial innovation that supports technology that generates new business models, applications, or processes or products, affecting financial markets and institutions and the provision of financial services.” This technical advancement has the ability to provide accessible, secure, and affordable fundamental banking services.¹¹ Fintech, to put it simply, is a development in the financial services sector that makes use of technology to carry out particular financial transaction processes in order to expedite and facilitate elements of the financial services offered.

Through restructuring and coordinating the flow of financial information, fintech provides a new type of wealth generation model. Information and communication technology plays a pivotal role in fintech, revolutionizing the entire established financial system in addition to serving as a facilitator. Through processes for disintermediation, access expansion, hybridization, financialization, and customization, fintech companies are altering conventional online financial models.¹² Fintech facilitates evaluation of the financial industry's rapid expansion. By developing new applications for delivery such as making payments, saving, borrowing, managing risk, and obtaining financial advice, it has made the consumption of financial services more convenient.¹³ Consumer demand for technology-based financial solutions is rising as a result of the digital revolution of many industries. Fintech businesses provide a practical and affordable method for transferring, borrowing, and investing money to satisfy this customer need.¹⁴ Fintech is now being adopted by retail companies and telecommunications providers who innovate to provide financial services using existing networks. Previously, fintech was only used for banking services and investment funds.

Many types of fintech services appear, including digital payments, digital loans, business financing, crowd funding, financial planning, peer to peer lending, investment risk management, e-aggregator, clearing, and settlement. Digital payment or digital payment is "one of the payment techniques that use

¹⁰ Dong He et al., “Fintech and Financial Services: Initial Considerations,” *International Monetary Fund*, 2017, p. 49

¹¹ OJK, “Literasi Keuangan,” ojk.go.id, 2019

¹² Mark A. Chen, Qinxi Wu, and Baozhong Yang, “How Valuable Is FinTech Innovation?,” *Review of Financial Studies* 32, no. 5 (2019): p. 2062–2106

¹³ He et al., “Fintech and Financial Services: Initial Considerations.”

¹⁴ James Manyika et al., “Digital Finance for All: Powering Inclusive Growth in Emerging Economies,” *McKinsey Global Institute*, no. September (2016): 24.

electronic media".¹⁵ Smartphone is one of the media that can access various forms of digital payments. This online payment method is increasingly attracting consumers to use it. Many digital payment applications and e-wallet are emerging today, including Go-Pay, OVO, LINK Aja, LINK Aja Syariah, DOKU, i.Saku, Sakuku, PayTren, True Money, QRIS mobile banking, QRIS Islamic banks and so on. .

P2P lending or peer to peer lending is “a financial service provider that brings together lenders and loan recipients in order to enter into lending and borrowing agreements through an electronic system *using* the internet network”.¹⁶ The P2P lending application service in Indonesia is an online lending and borrowing provider with an Indonesian legal entity. Many P2P lending fintech companies are emerging today, including Amartha, Danamas, Investree, KoinWorks, Uang Teman, Modalku, Kredit Pintar, and others. Currently, there are many sharia peer to peer lending fintechs such as Berkah, Ammana, Alami Sharia, Syarfi, Duha Syariah, Qazwa, Dana Syariah and many others, which make Muslim communities and MSMEs their target consumers.¹⁷

Building Trust in the Use of Sharia Fintech Services in Indonesia

Trust is characterized as “the willingness of one party to be vulnerable to the actions of another based on the expectation that the other party will perform certain actions that are important to the first party, regardless of the ability to monitor or control the other party”.¹⁸ The use of technology, particularly those intended for financial transactions, is regarded as crucial. Building close ties with consumers is emphasized in the fiercely competitive financial services sector. Any transactional activity's primary fundamental component is trust, which is loosely described as "the ability of one party (the trustor) to depend on or rely on the conduct of another party (the trustee)".¹⁹

Users who have confidence in a fintech application's competence, integrity, and kindness are said to have that application's trust. However, because transferring to the conventional financial system is expensive, trust is

¹⁵ Fintech Office Bank Indonesia, “Financial Technology: Perkembangan Dan Respons Kebijakan Bank Indonesia,” *Bank Indonesia* (Jakarta, 2020)

¹⁶ Bank Indonesia.

¹⁷ Saripudin Saripudin, Prameswara Samofa Nadya, and Muhammad Iqbal, “Upaya Fintech Syariah Mendorong Akselerasi Pertumbuhan UMKM Di Indonesia,” *Jurnal Ilmiah Ekonomi Islam* 7, no. 1 (2021): p. 41

¹⁸ Roger C. Mayer, James H. Davis, and F. David Schoorman, “An Integrative Model Of Organizational Trust,” *Academy of Management Review* 20, no. 3 (1995): p. 709–34

¹⁹ Amita Goyal Chin, Mark A. Harris, and Robert Brookshire, “An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework,” *Information Systems Frontiers* 24, no. 1 (2022): p. 329–347

seen as being crucial for financial service providers.²⁰ In fact, when faced with such unknown and dangerous circumstances, trust minimizes the risk, which leads to the emergence of good intents to employ new technology. Kim et al. claim that perceived benefits and believed possible hazards serve as two mediating variables through which trust operates indirectly.²¹ The user's subjective perception of the possibility of negative values and unclear losses resulting from transactions with fintech service providers is known as perceived risk. Trust comes first when consumers are faced with risky and unclear situations. In fact, other people have noticed that trust lowers the risk involved in online transactions.²²

Islamic fintech users are unable to establish complete and unquestionable trust while processing mobile payments, but they refuse to give in to their fear of risk and uncertainty to the point where they stop engaging in online transactions. In order to ensure the security of their financial transactions, customers are therefore willing to accept dependence on institutions, institutional norms, and institutional procedures. Customers believe it is reasonable to rely on Islamic fintech application developers and organizations to secure the application tools they use and shield them from risk, which decreases the need for security knowledge and actual security behavior on the part of customers.²³ One specific example is when customers rely on Shopee or Lazada seller feedback ratings. Customers are more inclined to purchase products, particularly those in large quantities and at high prices, from sellers with a large number of positive reviews than from those with consistently poor or negative feedback.²⁴

Individuals or consumers who use sharia fintech applications cannot personally investigate every sharia fintech application. Therefore, customers end up developing a personal dependence on these organizations and their screening procedures by handing off the development of trust to Lazada or Shopee early.

²⁰ Shubhangi Singh, Marshal M. Sahni, and Raj K. Kovid, "What Drives FinTech Adoption? A Multi-Method Evaluation Using an Adapted Technology Acceptance Model," *Management Decision* 58, no. 8 (2020): p. 1675–1697

²¹ Dan J. Kim, Donald L. Ferrin, and H. Raghav Rao, "Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration," *Information Systems Research* 20, no. 2 (2009): p. 237–257

²² David Gefen and Detmar Straub, "Managing User Trust in B2C E-Services," *E-Service Journal* 2, no. 2 (2003): p. 7–24

²³ Chin, Harris, and Brookshire, "An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework."

²⁴ Zheng Yan, Peng Zhang, and Robert H. Deng, "TruBeRepec: A Trust-Behavior-Based Reputation and Recommender System for Mobile Applications," *Personal and Ubiquitous Computing* 16, no. 5 (2012): p. 485–506

Consumers also trust well-known and established digital payment services like ShopeePay, GoPay, PayPal, and others when making mobile payments. For the sake of relying on faith in these organizations, the dread of potential personal privacy hacks, the ensuing threat to security, and the other potential negative repercussions coming from producing mobile payments are relegated to obscurity.²⁵

Consumers should be aware of a certain level of danger when utilizing Islamic fintech applications in the form of mobile payment systems to make purchases and send money, such as the possibility of losing their own funds. Customers can rely on their trust in merchants to reduce risk. For instance, a negative relationship is anticipated where consumers will perceive less danger if their level of trust is higher, like in the case of conducting business with a reputable provider. The more consumers trust the Islamic fintech platform in their mobile payments, the less risk they will feel, and the greater their intention to adopt the Islamic fintech platform.

Users who have a high level of trust in sharia fintech service providers are likely to believe that the connected party won't break these transactional commitments with relative regularity. This suggests that consumers who have a high level of trust will have a low sense of danger. In contrast, if the opposite occurs, the client will have relatively little trust in the financial service provider. The consumer will develop a reasonably high level of perceived risk as a result of worrying that the fintech service provider may break transactional obligations.²⁶ Thus, it is evident that trust impacts intentions through its two mediators, perceived risk and perceived gain, in addition to directly impacting the decision to perform online transactions.

In building the trust of sharia fintech service users, startups must build trust in the capabilities, integrity, and goodness of sharia fintech applications. This can be seen from: 1) How do sharia fintech service providers have the reliability to serve the financial needs of consumers?; 2) How do sharia fintech service providers maintain the security of consumer financial transactions?; 3) How do sharia fintech service providers maintain the privacy of consumer personal data information?; 4) How do sharia fintech service providers provide

²⁵ Chin, Harris, and Brookshire, "An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework."

²⁶ Kim, Ferrin, and Raghav Rao, "Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration."

convenience for consumers?; and 5) How is the legality of sharia fintech service providers recognized by the Financial Services Authority and related parties.²⁷

Maximizing the Benefits of Using Sharia Fintech

Advances in technology have facilitated user mobility in which the users can access similar information technology services regardless of their location. Compared to conventional financial transactions that use interface connectivity, contemporary digital financial technology allows users to take advantage of wireless computing in accessing important financial information and services that are independent of time and location.²⁸

The features of digital financial technology are consistent with the lifestyle of modern people who are mobile. The use of services anytime and anywhere is attractive to both users and service providers. In this case, it can be seen that the convenience provided by the sharia fintech application will have a significant impact on user perceptions of the benefits and ease of use. The study conducted proves that user mobility has a positive effect on one's perception of the benefits of sharia fintech applications and ease of use.²⁹

Perceived benefits are defined as "user perceptions of the potential for Islamic fintech to be used to produce positive results".³⁰ Sharia fintech applications can make mobile financial transactions convenient, cost-effective and transparent. Islamic fintech provides customers with many benefits, especially the reduction of time, effort and cost to complete financial transactions.³¹ The perceived benefits can reflect the utility obtained from the use of sharia fintech applications. The extent to which customers believe that the system is useful and easy to use affects their intention to use the system. Thus, many research results show that perceived benefits can positively

²⁷ Mohammad K. Al-Nawaseh, "Fintech in COVID-19 and beyond: What Factors Are Affecting Customers' Choice of Fintech Applications?," *Journal of Open Innovation: Technology, Market, and Complexity* 6, no. 4 (2020): p. 1–15; Kim, Ferrin, and Raghav Rao, "Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration."

²⁸ Bill Ancker and Davide D'Incau, "Value Creation in Mobile E Commerce : Findings From A Consumer Survey," *Journal Of Information Technology Theory and Application* 4, no. 1 (2002): p. 43–64.

²⁹ Young Wook Ha et al., "Use and Gratifications of Mobile SNSs: Facebook and KakaoTalk in Korea," *Telematics and Informatics* 32, no. 3 (2015): p. 425–38

³⁰ Hyun Sun Ryu, "What Makes Users Willing or Hesitant to Use Fintech?: The Moderating Effect of User Type," *Industrial Management and Data Systems* 118, no. 3 (2018): p. 541–69

³¹ Yonghee Kim et al., "An Empirical Study on the Adoption of 'Fintech' Service: Focused on Mobile Payment Services," *Advanced Science and ...* (researchgate.net, 2015)

influence customer intentions to use sharia fintech applications such as cellular payments and sharia peer to peer lending.³²

The magnitude of user perceptions of the benefits of a sharia fintech application, both digital payments and so on, has an impact on customer ratings of intentions to use fintech services. This is related to customer perceptions of how digital payment services will be useful and able to improve the quality of consumer financial transactions.³³ Consumers are looking for the benefits and convenience of making financial transactions in an easy and simple way. Consumers will continue to compare the previous transaction method with the new transaction method to get a transaction method that is better and more useful and convenient for them. System characteristics can be used to assess the benefits of using sharia fintech applications. Various studies have shown that benefits have a direct relationship with intention to use.³⁴

Maximizing the benefits in this study refers to consumers' subjective perceptions of the potential positive value of online transactions using sharia fintech applications. In the context of using Islamic fintech applications, consumers can save their efforts (e.g., search costs and comparison processes), and even increase their productivity (e.g., better purchasing decisions in a short period of time) in shopping for products or services when they can transact digitally.³⁵ For example, by using convenient sharia fintech features (for example, easy application navigation, some instructions for use and purchases, recommendations and so on) and by using sharia fintech applications, consumers can get various benefits from online transactions such as cost savings, time savings, convenience, wide product selection, and easy access to obtain information. However, these benefits can only be realized if the fintech application can be trusted to fulfill its obligations.

In building trust in the use of sharia fintech services, startups must maximize the benefits of user perceptions in making decisions about the potential of sharia fintech used to produce positive results on the ability,

³² Kim et al.; Hanbyul Choi, Yoonhyuk Jung, and Young Rok Choi, "Understanding of the Fintech Phenomenon in the Beholder's Eyes in South Korea," *Asia Pacific Journal of Information Systems*, 2019

³³ Fred D. Davis, Richard P. Bagozzi, and Paul R. Warshaw, "User Acceptance of Computer Technology: A Comparison of Two Theoretical Models," *Management Science* 35, no. 8 (1989): p. 982–1003

³⁴ Francisco Liébana-Cabanillas, Iviane Ramos de Luna, and Francisco J. Montoro-Ríos, "User Behaviour in QR Mobile Payment System: The QR Payment Acceptance Model," *Technology Analysis and Strategic Management* 27, no. 9 (2015): p. 1031–49

³⁵ Chin, Harris, and Brookshire, "An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework."

integrity, and goodness of sharia fintech applications. This can be seen from: 1) sharia fintech services that are easy to use in conducting financial transactions, 2) sharia fintech services that can save time when making transactions, 3) sharia fintech services that can save costs when making transactions, 4) sharia fintech services which make transactions more convenient and practical, and 5) Sharia fintech services which can provide other benefits such as promos, discounts, cashback, bonus points/coins and so on.³⁶

Minimizing the Risk of Using Sharia Fintech

Risk is defined as “users' subjective beliefs about the potential negative uncertain value of fintech application transactions with parties or entities providing fintech application services”.³⁷ Due to the nature of sharia fintech applications and the unpredictability and uncontrollable aspects of financial information technology, users will always be exposed to some level of risk in this context. Trust comes first when consumers are faced with risky and unclear situations.

Numerous distinct risk variations have been discovered by researchers. For example, Jacob & Kaplan identified seven types of risk: opportunity cost risk, performance, financial, physical, time, social, and psychological risk.³⁸ D.J.Kim et al. identify Information risks related to transaction privacy and security.³⁹ Perceived risk, which is defined as "consumer's subjective anticipation of suffering losses in pursuit of desired objectives", is best associated with financial risk and information risk in studies of the implementation of Islamic mobile payment systems and fintech.⁴⁰

By reducing user concerns about whether the sharia fintech application service provider will breach official and informal duties, such as confidentiality rules, agreements, and fraud instances, it is possible to reduce perceived risk.

³⁶ Kim, Ferrin, and Raghav Rao, “Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration”; Al-Nawayseh, “Fintech in COVID-19 and beyond: What Factors Are Affecting Customers’ Choice of Fintech Applications?”; Chin, Harris, and Brookshire, “An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework.”

³⁷ Kim, Ferrin, and Raghav Rao, “Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration.”

³⁸ J. Jacob and L. B. Kaplan, “The Components of Perceived Risk In M. Venkatesan (Ed.),” in *Proceedings of the Third Annual Conference of the Association for Consumer Research* (Chicago, 1972), p. 382–393.

³⁹ Dan J. Kim, Donald L. Ferrin, and H. Raghav Rao, “A Trust-Based Consumer Decision-Making Model in Electronic Commerce: The Role of Trust, Perceived Risk, and Their Antecedents,” *Decision Support Systems* 44, no. 2 (2008): p. 544–64

⁴⁰ Merrill Warkentin et al., “Encouraging Citizen Adoption of E-Government by Building Trust,” *Electronic Markets* 12, no. 3 (2002): p. 157–62

Customers are less likely to utilize Islamic fintech as a result of this risk, which decreases their intention to do so. Additionally, because Islamic fintech applications are immutable, consumers are discouraged from utilizing them due to the perceived risk of cyber threats and financial losses.⁴¹ Customers' worries that Islamic fintech applications for mobile payments and other services may gather and disclose their personal information with other organizations and violate their privacy are what they view as the risk. The usage of sharia fintech application services is still hampered by the lack of privacy and security in online transactions, including personal data breaches and unsafe financial data transfers.⁴²

Concerns about the security risks of this information and its protection against unauthorized use and fraudulent use are crucial given that successful digital financial transactions necessitate the sharing of personal and financial information. This is especially true in light of recent data security breaches involving the Facebook app and other apps. Consumers, for instance, seek assurances that their financial accounts are safe, their data is secure, and that payments are made to the appropriate parties for the appropriate sums. There is an expectation that as perceived security rises, trust will rise and danger will decrease.⁴³

While building trust in the use of sharia fintech services, startups must minimize the risk of users' subjective beliefs in making decisions about the potential for negative values and uncertain losses originating from sharia fintech application transactions. This can be seen from: 1) Sharia fintech service providers build application systems that minimize the potential risk of user personal data information that can be misused, 2) Sharia fintech service providers build systems and procedures so that errors in transactions which have the potential for financial risk where funds in the application can be easily returned/refunded, 3) Sharia fintech service providers build good service systems and procedures so as to avoid the application from the potential risk of being damaged by hackers so as to minimize the potential risk of uncertainty both technically and operationally, and 4) Sharia fintech service providers ensure

⁴¹ Gomber et al., "On the Fintech Revolution: Interpreting the Forces of Innovation, Disruption, and Transformation in Financial Services"; Harrison Stewart and Jan Jürjens, "Data Security and Consumer Trust in FinTech Innovation in Germany," *Information & Computer Security* 26, no. 1 (2018): p. 109–28.

⁴² Joaquín Aldás-Manzano, Carla Ruiz-Mafé, and Silvia Sanz-Blas, "Exploring Individual Personality Factors as Drivers of M-Shopping Acceptance," *Industrial Management & Data Systems* 109, no. 6 (2009): p. 739–57

⁴³ Chin, Harris, and Brookshire, "An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework."

that they have completed licensing from relevant authorities, both from The Financial Services Authority (OJK), Bank Indonesia and other authorities so as to avoid potential legal risks because existing regulations do not protect all sharia fintech application services.⁴⁴

CONCLUSION

The use of sharia fintech services as a form of risky financial behavior is strongly influenced by the trust, benefits and costs of obtaining information, and the level of risk that will be faced. Awareness and understanding of financial products will influence decisions whether to use these products or not. An important aspect in using sharia fintech services is consumer trust. Due to the high level of uncertainty and risk associated with online transactions, trust has garnered a lot of attention in the context of e-commerce or digital commerce, particularly fintech transactions. Users of sharia fintech services are encouraged to make decisions that reduce the likelihood of failure or loss while also accepting activities that will maximize possible gains or profits. This study opens space for further researchers to examine more specifically the aspects and dimensions of perceptions of trust, benefits and risks in the use of Islamic fintech services with a quantitative research approach. That way, the research results obtained are more in-depth, and detailed, and reveal more about how the constructs and indicators of trust in the use of sharia fintech services are.■

REFERENCES

- Adaba, Godfried B., Daniel A. Ayoung, and Pamela Abbott. “Exploring the Contribution of Mobile Money to Well-Being from a Capability Perspective.” *Electronic Journal of Information Systems in Developing Countries* 85, no. 4 (2019). <https://doi.org/10.1002/isd2.12079>.
- Al-Nawayseh, Mohammad K. “Fintech in COVID-19 and beyond: What Factors Are Affecting Customers’ Choice of Fintech Applications?” *Journal of Open Innovation: Technology, Market, and Complexity* 6, no. 4 (2020): 1–15. <https://doi.org/10.3390/joitmc6040153>.
- Aldás-Manzano, Joaquín, Carla Ruiz-Mafé, and Silvia Sanz-Blas. “Exploring Individual Personality Factors as Drivers of M-Shopping Acceptance.” *Industrial Management & Data Systems* 109, no. 6 (2009): 739–57. <https://doi.org/10.1108/02635570910968018>.

⁴⁴ Kim, Ferrin, and Raghav Rao, “Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration”; Al-Nawayseh, “Fintech in COVID-19 and beyond: What Factors Are Affecting Customers’ Choice of Fintech Applications?”

- Anckar, Bill, and Davide D’Incau. “Value Creation in Mobile E Commerce : Findings From A Consumer Survey.” *Journal Of Information Technology Theory and Application* 4, no. 1 (2002): 43–64.
- Bank Indonesia, Fintech Office. “Financial Technology: Perkembangan Dan Respons Kebijakan Bank Indonesia.” *Bank Indonesia*. Jakarta, 2020. <https://doi.org/10.4324/9780429344015-2>.
- Bharadwaj, Prashant, William Jack, and Tavneet Suri. “Fintech and Household Resilience to Shocks: Evidence from Digital Loans in Kenya.” Massachusetts, 2019. <http://www.nber.org/papers/w25604>.
- BI. “Sekilas Sistem Pembayaran Di Indonesia,” 2020. <https://www.bi.go.id/id/fungsi-utama/sistem-pembayaran/default.aspx>.
- Chen, Mark A., Qinxi Wu, and Baozhong Yang. “How Valuable Is FinTech Innovation?” *Review of Financial Studies* 32, no. 5 (2019): 2062–2106. <https://doi.org/10.1093/rfs/hhy130>.
- Chin, Amita Goyal, Mark A. Harris, and Robert Brookshire. “An Empirical Investigation of Intent to Adopt Mobile Payment Systems Using a Trust-Based Extended Valence Framework.” *Information Systems Frontiers* 24, no. 1 (2022): 329–47. <https://doi.org/10.1007/s10796-020-10080-x>.
- Choi, Hanbyul, Yoonhyuk Jung, and Young Rok Choi. “Understanding of the Fintech Phenomenon in the Beholder’s Eyes in South Korea.” *Asia Pacific Journal of Information Systems*, 2019. <https://doi.org/10.14329/apjis.2019.29.1.117>.
- Davis, Fred D., Richard P. Bagozzi, and Paul R. Warshaw. “User Acceptance of Computer Technology: A Comparison of Two Theoretical Models.” *Management Science* 35, no. 8 (1989): 982–1003. <https://doi.org/10.1287/mnsc.35.8.982>.
- Gefen, David, and Detmar Straub. “Managing User Trust in B2C E-Services.” *E-Service Journal* 2, no. 2 (2003): 7–24. <https://doi.org/10.2979/esj.2003.2.2.7>.
- Gomber, Peter, Robert J. Kauffman, Chris Parker, and Bruce W. Weber. “On the Fintech Revolution: Interpreting the Forces of Innovation, Disruption, and Transformation in Financial Services.” *Journal of Management Information Systems* 35, no. 1 (2018): 220–65. <https://doi.org/10.1080/07421222.2018.1440766>.
- Ha, Young Wook, Jimin Kim, Christian Fernando Libaque-Saenz, Younghoon Chang, and Myeong Cheol Park. “Use and Gratifications of Mobile SNSs:

Facebook and KakaoTalk in Korea.” *Telematics and Informatics* 32, no. 3 (2015): 425–38. <https://doi.org/10.1016/j.tele.2014.10.006>.

He, Dong, Ross Leckow, Vikram Haksar, Tommaso Mancini-Griffoli, Nigel Jenkinson, Mikari Kashima, Tanai Khiaonarong, Céline Rochon, and Hervé Tourpe. “Fintech and Financial Services: Initial Considerations.” *International Monetary Fund*, 2017, 49. <https://www.imf.org/~media/Files/Publications/SDN/2017/sdn1705.ashx>.

Hendrianto, Hendrianto, Juhaya S. Praja, and Nurrahman. “Sharia Philosophy Correlation and the Islamic Economic Philosophy.” *Economit Journal: Scientific Journal of Accountancy, Management and Finance* 1, no. 1 (2021): 12–20. <https://doi.org/10.33258/economit.v1i1.370>.

Jacob, J., and L. B. Kaplan. “The Components of Perceived Risk In M. Venkatesan (Ed.)” In *Proceedings of the Third Annual Conference of the Association for Consumer Research*, 382–393. Chicago, 1972.

Keith, Mark J., Jeffrey S. Babb, Paul Benjamin Lowry, Christopher P. Furner, and Amjad Abdullat. “The Role of Mobile-Computing Self-Efficacy in Consumer Information Disclosure.” *Information Systems Journal* 25, no. 6 (2015): 637–67. <https://doi.org/10.1111/isj.12082>.

Kiconco, Rebecca I., Gerrit Rooks, Giacomo Solano, and Uwe Matzat. “A Skills Perspective on the Adoption and Use of Mobile Money Services in Uganda.” *Information Development* 35, no. 5 (2019): 724–38. <https://doi.org/10.1177/0266666918788908>.

Kim, Dan J., Donald L. Ferrin, and H. Raghav Rao. “Trust and Satisfaction, Two Stepping Stones for Successful e-Commerce Relationships: A Longitudinal Exploration.” *Information Systems Research* 20, no. 2 (2009): 237–57. <https://doi.org/10.1287/isre.1080.0188>.

Kim, Dan J., Donald L. Ferrin, and H. Raghav Rao. “A Trust-Based Consumer Decision-Making Model in Electronic Commerce: The Role of Trust, Perceived Risk, and Their Antecedents.” *Decision Support Systems* 44, no. 2 (2008): 544–64. <https://doi.org/10.1016/j.dss.2007.07.001>.

Kim, Yonghee, Young-Ju Park, Jeongil Choi, and Jiyoung Yeon. “An Empirical Study on the Adoption of ‘Fintech’ Service: Focused on Mobile Payment Services.” *Advanced Science and ...* [researchgate.net](https://www.researchgate.net), 2015. <https://doi.org/10.14257/astl.2015.114.26>.

Leong, Carmen, Barney Tan, Xiao Xiao, Felix Ter Chian Tan, and Yuan Sun. “Nurturing a FinTech Ecosystem: The Case of a Youth Microloan Startup

- in China.” *International Journal of Information Management* 37, no. 2 (2017): 92–97. <https://doi.org/10.1016/j.ijinfomgt.2016.11.006>.
- Liébana-Cabanillas, Francisco, Iviane Ramos de Luna, and Francisco J. Montoro-Ríos. “User Behaviour in QR Mobile Payment System: The QR Payment Acceptance Model.” *Technology Analysis and Strategic Management* 27, no. 9 (2015): 1031–49. <https://doi.org/10.1080/09537325.2015.1047757>.
- Manyika, James, Susan Lund, Marc Singer, Olivia White, and Chris Berry. “Digital Finance for All: Powering Inclusive Growth in Emerging Economies.” *McKinsey Global Institute*, no. September (2016): 24.
- Mayer, Roger C., James H. Davis, and F. David Schoorman. “An Integrative Model Of Organizational Trust.” *Academy of Management Review* 20, no. 3 (1995): 709–34. <https://doi.org/10.5465/amr.1995.9508080335>.
- Octaviano, Adrianus. “Bantu UMKM, Penyelenggara Fintech Berikan 55 Program Insentif Selama Pandemi Covid-19.” *kontan.co.id*, 2021. <https://keuangan.kontan.co.id/news/bantu-umkm-penyelenggara-fintech-berikan-55-program-insentif-selama-pandemi-covid-19>.
- OJK. “Literasi Keuangan.” *ojk.go.id*, 2019. <https://www.ojk.go.id/id/kanal/edukasi-dan-perlindungan-konsumen/Pages/Literasi-Kuangan.aspx>.
- Rahardyan, Aziz. “Fintech Kian Subur Di Masa Pandemi, OJK Siapkan Peta Jalan Keuangan Digital.” *Bisnis.com*, 2020. <https://finansial.bisnis.com/read/20200824/563/1282338/fintech-kian-subur-di-masa-pandemi-ojk-siapkan-peta-jalan-keuangan-digital->.
- Ryu, Hyun Sun. “What Makes Users Willing or Hesitant to Use Fintech?: The Moderating Effect of User Type.” *Industrial Management and Data Systems* 118, no. 3 (2018): 541–69. <https://doi.org/10.1108/IMDS-07-2017-0325>.
- Saripudin, Saripudin, Prameswara Samofa Nadya, and Muhammad Iqbal. “Upaya Fintech Syariah Mendorong Akselerasi Pertumbuhan UMKM Di Indonesia.” *Jurnal Ilmiah Ekonomi Islam* 7, no. 1 (2021): 41. <https://doi.org/10.29040/jiei.v7i1.1449>.
- Singh, Shubhangi, Marshal M. Sahni, and Raj K. Kovid. “What Drives FinTech Adoption? A Multi-Method Evaluation Using an Adapted Technology Acceptance Model.” *Management Decision* 58, no. 8 (2020): 1675–97. <https://doi.org/10.1108/MD-09-2019-1318>.
- Stewart, Harrison, and Jan Jürjens. “Data Security and Consumer Trust in

FinTech Innovation in Germany.” *Information & Computer Security* 26, no. 1 (2018): 109–28.

Trimulato, Trimulato. “Fintech for Sharia Micro Finance Institution: Qualitative Analysis toward Utilization of Financial Technology in BPRS and BMT.” *AL-FALAH: Journal of Islamic Economics* 4, no. 2 (2019): 123. <https://doi.org/10.29240/alfalah.v4i2.917>.

Warkentin, Merrill, David Gefen, Paul A. Pavlou, and Gregory M. Rose. “Encouraging Citizen Adoption of E-Government by Building Trust.” *Electronic Markets* 12, no. 3 (2002): 157–62. <https://doi.org/10.1080/101967802320245929>.

Yan, Zheng, Peng Zhang, and Robert H. Deng. “TruBeRepec: A Trust-Behavior-Based Reputation and Recommender System for Mobile Applications.” *Personal and Ubiquitous Computing* 16, no. 5 (2012): 485–506. <https://doi.org/10.1007/s00779-011-0420-2>.

Yudhira, Ahmad. “Analisis Perkembangan Financial Technology (Fintech) Syariah Pada Masa Pandemi Covid-19 Di Indonesia.” *Value* 2, no. 1 (2021): 13–28. <https://doi.org/10.36490/value.v2i1.118>.

