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CROWDFUNDING AND ISLAMIC SECURITIES: THE ROLE OF FINANCIAL LITERACY

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ABSTRACT

This study investigates the effect of Islamic Financial Literacy (IFL) on the intention of prospective Muslim investors to invest through the Islamic securities crowdfunding FinTech (I-SCF FinTech) platform. Using data gathered from 100 respondents and employing the Partial Least Square – Structural Equation Modeling, we find IFL to have a significant effect on behavioral intention. The results of this study should benefit those involved in the I-SCF FinTech. Further, they point to the need to strengthen product and contract literacy and the importance of supervision and implementation of contracts that are in line with sharia principles through synergy between the Financial Service Authority (OJK) and the crowdfunding FinTech associations as well as relevant stakeholders.

Keywords: Islamic securities crowdfunding fintech, Intention, Islamic financial literacy, Moslem investors.
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I. INTRODUCTION

The FinTech industry has grown rapidly along with the advancement in technology and increase in business transactions and investments. During the 2015-2019 period, the industry attracted investment of US$8.9 billion wherein 2019 in ASEAN, the FinTech investment reached US$4.1 billion through 130 deals (CCAF, ADBI, FinTechSpace, 2019). Propelled by technological developments and market needs, the industry has expanded from initially digital payments and online lending include aggregators, financial planning, credit scoring, project financing to equity crowdfunding services (AFTECH, 2020).

Indonesia has the second largest FinTech industry in ASEAN after Singapore (CCAF, ADBI, FinTechSpace, 2019; UOB Bank, 2017). As of the end of quarter 2, 2020, accordingly to the Indonesian FinTech Association (AFTECH), The Indonesian FinTech has been pre-dominantly online lending (44%), digital financial innovation (24%) and digital payments (17%). Interestingly, the micro, small and medium enterprises (MSMEs) are the second largest users (38%) after individuals (47%) of FinTech services, which is far higher than the corporate sector (8%), and the public sector (7%) (AFTECH, 2020).

Meanwhile, the presence of crowdfunding services, which are viewed to be an alternative source of capital for the MSMEs in Indonesia, is relatively small as compared to other FinTech services. Since 2010, crowdfunding has become an alternative financing to support start-ups and small and medium enterprises (SMEs) (Mollick, 2014) leading to the growing number of projects posted on online platforms and supported by millions of people around the globe (Troise, 2020). The presence of Crowdfunding-based FinTech is an answer to the financing needs by business owners who lack collateral and hence are rationed out from bank loans (Mollick, 2014; Wonglimpiyarat, 2017).

In Indonesia, the crowdfunding-based FinTech is known as Securities Crowdfunding (SCF), also termed previously as equity crowdfunding (ECF). It is regulated by the Financial Services Authority (POJK) regulation No. 57/ POJK.04/2020 concerning Securities Offering Through Information Technology-Based Crowdfunding Services, including for FinTech that operates under sharia principles. In the general provisions of Article one on these POJK, it is stated that crowdfunding service is the provision of securities offering services by the issuer by selling the securities directly to investors through an open electronic system network. These securities can be in the form of stocks, bonds, or Sukuk (OJK, 2020).

As with other types of crowdfunding platforms, equity crowdfunding is a means that brings together entrepreneurs and investors to a project or projects (Schwienbacher, 2019) in accordance with the values and principles they believe in. Thus, Islamic securities crowdfunding fintech (hereinafter referred to as Islamic SCF FinTech or I-SCF) can be defined as securities offering by issuers through a crowdfunding plaftform directly to investors through an open electronic system network based on sharia tenets (KNEKS, 2021). As part of the Indonesian FinTech ecosystem, Islamic SCF is now starting to proliferate not only as an alternative sharia-compliant financing scheme but also as a form of implementation of sharia business in firms' core business and business operations.

Currently, based on data from the Indonesian crowdfunding service association (known as ALUDI), there are 6 ALUDI members that have obtained

OJK permits and 28 FinTech firms that have recently registered as members and are in the process of applying for OJK permits (ALUDI, 2021). Of the 6 licensed ALUDI members, there is only one (based on the updated data on November 2021) crowdfunding-based FinTech that operates in accordance with the sharia principles, namely Shafiq.id. It received an operating permit as the first Islamic SCF (I-SCF) FinTech from the OJK on August 21, 2021. As of February 2022, Shafiq.id as the first and only sharia SCF FinTech (currently) has issued four sukuks with a total issuance of IDR 7,204,600,000, all of which were fully funded (shafiq.id, 2022).

With broad access through sophisticated technology and information media to various retail investors as well as the large number of SMEs in Indonesia, (Islamic) SCF FinTech has a comparative advantage for investors compared to other online-based investment facilities (Schwienbacher, 2019). Compared to conventional SCF FinTech, I-SCF FinTech should be able to cater the need of those investors who seek for halal funding services. Against this huge potential and yet small size of investments through I-SCF, there is a need to examine the I-SCF FinTech, especially in terms of the intention to invest in this type of FinTech.

In this paper, we focus on the Islamic financial literacy (IFL) as a factor that may shape the intention of prospective Muslim investors to invest in the I-SCF platform. The research on the intention to use Islamic FinTech products and services in Indonesia has been previously carried out by Majid (2021) for the Micro, Small, and Medium Enterprises (MSMEs) Darmansyah, Fianto, Hendratmi, & Aziz (2020), Purwantini, Athief, & Waharini (2020), and Yuspita, Pebruary, & Kamala (2019) for individuals. Meanwhile, Shaikh, Qureshi, & Noordin (2020) and Thaker et al. (2019) examine the intention of Malaysian users to use FinTech-based peer-to-peer lending. In another country, Kazaure, Abdullah, Zawawi, & Hamzah (2021) examine the intention of SMEs to adopt the Islamic crowdfunding model in Northwestern Nigeria. Finally, as regards to Islamic Financial Literacy, Marzuki & Nurdin (2020), Sardiana (2016), and Usman et al. (2021) examine the relation between sharia literacy/fiqh knowledge and the intention to use sharia financial products. We contribute to this line of research by focusing on the Islamic finance literacy and the intention to invest in I-SCF Fintech.

This paper is structured as follows. The next section reviews the background theory and related literature. The third section discusses data and research methods, and the remaining sections present results, discussions, conclusions, and recommendations.

II. LITERATURE REVIEW

2.1. Related Literature

Personal behavior, e.g. investment in Islamic Fintech as in our case, is essentially driven by behavioral intention, which in turns is a function of the individual's attitude towards behavior, the subjective norms surrounding behavior, and the individual's perception of how easy it is to complete the behavior. Building on this basis, the Islamic financial literacy by shaping attitude, norms, and perception, would likely have important bearing on the behavioural intention, i.e. the intention to invest in the Islamic crowd-funding fintech.

The use the crowdfunding is essentially of two purposes, namely commercial and social. Chen et al. (2021) examine donors' intentions towards charitable crowdfunding in terms of intrinsic and extrinsic motivation, by adopting self-determination theory and stimulus-organism-response framework. The results show that perceived self-efficacy and social connections influence the intention to donate. Meanwhile, proposing the crowdfunding-waqf model (CWM) for the development of waqf land in Malaysia, Thaker (2018) finds that the PU and PEoU of crowdfunders significantly account for their intention to donate. In addition, PEoU is found to have a significant positive effect on PU crowdfunders. For the case of Brunei Darussalam, Wasiuzzaman, Hj Pungut, & Md Don (2021) show that the level of awareness and concern about the environment has a significant positive effect on willingness to support green projects through crowdfunding.

Kang, Gao, Wang, & Zheng (2016) identify the motivation of funders to invest through crowdfunding by using three types of measurements including the fundraiser side, the project being carried out, and factors related to the platform used. They note that trust, which is categorized into cognitive and affective dimensions, in influential in shaping the intention to invest. In another study using structural equation modeling partial least squares (SEM-PLS), Wasiuzzaman, Chong, & Ong (2022) investigate the influence of various risk factors, especially investment risk, technology, and legal risk on investors' decisions to invest in ECF in Malaysia. The results show that both investment and legal risk significantly affect the intention to invest in ECF, while technology risk has no effect.

Examining the issue for the case of Bangladesh, Munim, Shneor, Adewumi, & Shakil (2020) find that campaign ideas and positive media coverage in a crowdfunding campaign are positively related to the intention to contribute to crowdfunding. Meanwhile, personal relations, others recommendations, and campaign locations are found to have no significant effect on crowdfunding intentions. In addition, Darmansyah et al. (2020) employ the Technology Acceptance Model (TAM), Theory of Planned Behavior (TPB), and the unified theory of acceptance and use of technology (UTAUT) to examine the intentions of users of FinTech Payments, peer to peer lending, and crowdfunding in Indonesia. The latent variables built based on the above theories are found to be significant, where TAM is the most important influencing factor on the intention to use FinTech in Indonesia.

Research using start-up actors or entrepreneurs has also been conducted in several countries. In Nigeria, Kazaure et al. (2021) find that perceived usefulness, perceived ease of use, information on crowdfunding, and use of social media from managers and owners of SMEs have a significant effect on the intention to adopt sharia crowdfunding. Meanwhile, in Italy, Troise & Tani (2020) find that entrepreneurial characteristics are the main central factor in influencing the motivation of entrepreneurs to adopt ECF. In turn, the characteristics of a meaningful campaign will also affect the performance of the ECF.

Along with the development of Islamic-based financial products, research focus on the roles of Islamic Financial Literacy or Fiqh knowledge as well as sharia compliance has been carried out. Johan et al. (2020) combine TPB with sharia compliance, product knowledge, and religiosity level to measure the adoption of sharia-compliant credit cards (SCCCs). The results indicate that the variables

mentioned above have a significant influence on users to use SCCCs. Another research by Usman et al. (2021) integrates sharia compliance (SC) and knowledge about SC with PU and PEoU as components of TAM. The study demonstrate that knowledge about SC has a significant impact on customer satisfaction using e-banking as Islamic banking products.

As regards to Islamic FinTech products, Marzuki & Nurdin (2020) examine factor influencing the intention to use Islamic FinTech products by using the fiqh knowledge variable along with halal products expectation and social influence. The results show that both fiqh knowledge and halal products have a significant positive effect. A study conducted by Sulaiman, Muhammad, & Abdulaziz (2021) on the intentions of MSME actors in Borno State, Nigeria to use sharia-compliant crowdfunding based on 341 samples of MSMEs and PLS-SEM shows that religious factors and Percieved Behavioral Control (PBC) influence the intentions of MSME actors to adopt Islamic crowdfunding as a means of obtaining additional capital.

Note that none of the previous studies above have tested the intention to invest in Islamic-based FinTech crowdfunding platform and the role played by the Islamic Financial Literacy variables in one conceptual model. To fill the literature gap and research gap mentioned above, this research combines Islamic financial literacy (IFL) with the Technology Acceptance Model (TAM) and Theory of Planned Behavior (TPB) to explain the intention to invest in I-SCF FinTech. In the remaining of this section, we develop the hypotheses that link these factors (TPB, TAM and IFL) to intention to invest.

2.2. Hypotheses Development

2.2.1. Perceived Usefulness (PU) and Perceived Ease of Use (PEoU)

PU measures how prospective Muslim investors perceive the role of I-SCF FinTech in providing convenience and effectiveness in channeling funds to investments based on sharia-tenets. Meanwhile, PEoU reflects how prospective Muslim investors perceive the I-SCF FinTech application in terms of the ease of using technology. The convenience and other benefits that users get will increase their intention to use Islamic FinTech products (Darmansyah et al., 2020). In many studies, it is found that PU has a strong influence on users' intention to adopt technology (Venkatesh & Davis, 2000). Meanwhile, PEoU has been shown to influence intentions, PU, and attitude toward behavior (ATB) ATB in terms of adopting new technologies (Davis, 1989). Jerene & Sharma (2020), Kazaure et al. (2021), Majid (2021), Niswah et al. (2019), Thaker (2018), and Thaker et al. (2018) find that there is a significant positive relationship between PU and PEoU on one hand and ATB and BI on the other hand.

H1. Perceived Usefulness (PU) has a positive and significant impact on Attitude Towards Behavior (ATB)
H2. Perceived Ease of Use (PEoU) has a positive and significant impact on Attitude Towards Behavior (ATB)
H3. Perceived Usefulness (PU) has a positive and significant impact on Behavioral Intention (BI)

2.2.2. Attitude Towards Behavior (ATB)

Attitude towards behavior (ATB) refers to the extent to which a person's assessment or evaluation of the likes or dislikes of the behavior being asked (Ajzen, 1991). Previous studies by Darmansyah et al. (2020) and Yuspita et al. (2019) find that ATB has a significant positive impact on users' intention to adopt products and services provided by Islamic FinTech.

H4. Attitude Toward Behavior (ATB) has a positive and significant impact on Behavioral Intention (BI)

2.2.3. Perceived Behavioral Control (PBC)

It is generally noted the behavior control has a direct relation with the intention to take a certain action (Ajzen, 1991). In this study, PBC measures how the influence of decisions and control as well as the capabilities and resources of potential Muslim investors on the intention to invest using the I-SCF FinTech platform. In a study by Kasri & Chaerunnisa (2021), it is found that PBC is the main factor that greatly influences millennials' intention to waqf by means of digital crowdfunding. Darmansyah et al. (2020) corroborates this finding in their research.

H5. Perceived Behavioral Control (PBC) has a positive and significant impact on Behavioral Intention (BI)

2.2.4. Subjective Norm (SN)

Generally, the subjective norm and attitudes also has a bearing on individual's intention to a certain behavior (Ajzen, 1991). Social factors in this study look at how the role of the business environment and the closest and influential people, including religious leaders, on the intentions of potential Muslim investors to submit their funds to be channeled via the I-SCF FinTech to Small and Medium Enterprises (SMEs) projects. Darmansyah et al. (2020), Jerene & Sharma (2020), Kasri & Chaerunnisa (2021) and Majid (2021) find that SN has an effect on the intention to adopt Islamic FinTech both by users and SMEs for social or commercial purposes.

H6. Subjective Norm (SN) has a positive and significant impact on Behavioral Intention (BI)

2.2.5. Islamic Financial Literacy

Ajzen & Fishbein (1970) state that a person's attitude towards any object can be predicted accurately based on the knowledge of the person's beliefs about the object and evaluation of the aspects (s)he believes in. Antara, Musa, & Hassan (2015) state the development of Islamic financial literacy is based the knowledge in understanding sharia concept and operationalization in the practice. Sardiana (2016) in his research finds that the higher the financial literacy formed from knowledge of Islamic financial products, the higher the intention to use Islamic

financial products. Setyawati & Suroso (2016) confirm that Islamic financial literacy has relationship with individual behavior. Research conducted by Marzuki & Nurdin (2020 and Usman et al. (2021) further reaffirm this finding; namely, Islamic Financial Literacy or *fiqh* knowledge does affect the intention to use Islamic FinTech.

H7. Islamic Financial Literacy (ISL) has a positive and significant impact on Behavioral Intention (BI)

III. METHODOLOGY

3.1. Data

The data used in this study are from the questionnaires (in google forms) distributed through social media. We specify the following criteria of the respondents to the questionnaire: Muslim, minimum age of 18 years, and having a basic understanding of investment. From the total of 173 questionnaires distributed, we have 125 responses (72.25% response rate). After screening the returned questionnaires and omitting those with missing values and outliers, we have a final sample size of 100 respondents. The questionnaire is divided into two main parts, namely demographic information and measurement of perceptions of the intention to invest in the I-SCF FinTech platform in the form of closed questions.

3.2. Model Development

The paper combines the Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM) as a basis of the present analysis. Perceived Usefulness (PU) and Perceived Ease of Use (PEoU) are determinants of Attitude Towards Behavior (ATB) (Niswah et al., 2019). Meanwhile, we posit that the Subjective Norm (SN), Perceived Behavioral Control (PBC), Attitude Towards Behavior (ATB) affect Behavioral Intention (BI) of prospective Muslim investors to invest through investing using I-SCF FinTech. These factors have been demonstrated by previous studies to better explain behavior. Unfortunately, they are not sufficient to explain Islamic behavior. Islamic decisions and actions are based on Islamic principles and beliefs. Thus, we add Islamic Financial Literacy as a new construct to represent considerations from an Islamic perspective that potentially affects Behavioral Intention.

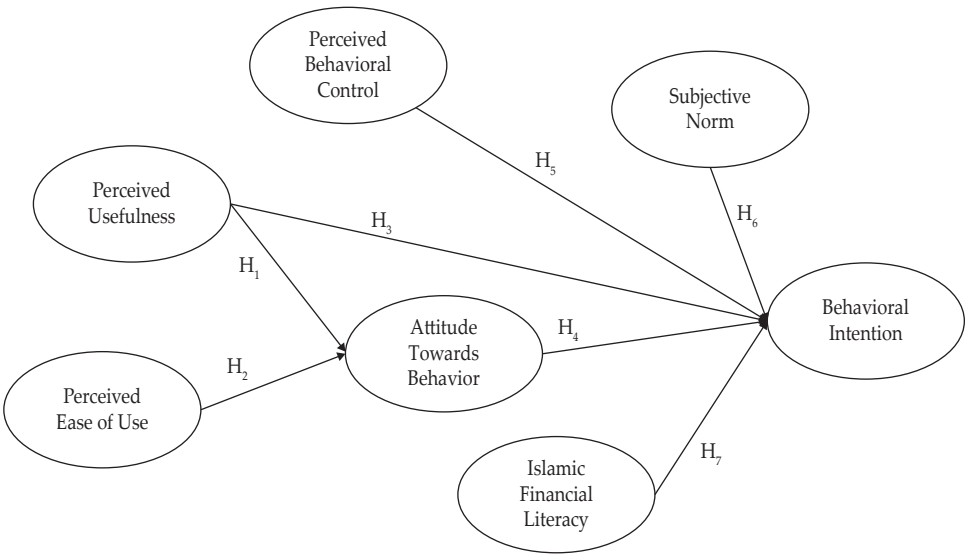

Figure 1.
Proposed Model

Table 1.
Measurement Items

Construct	Code	Items	References
Perceived Usefulness	PU1	FinTech Securities Crowdfunding (SCF) Syariah products and services help me make investments that comply with sharia principles faster.	(Aji, Berakon, & Riza, 2021; Darmansyah et al., 2020; Davis, 1985, 1989; Venkatesh & Davis, 2000; Venkatesh, Morris, Davis, & Davis, 2003)
	PU2	SCF Syariah FinTech products and services help me to be more effective in making investments that are in accordance with sharia principles.	
	PU3	SCF Syariah FinTech products and services save me time in making investments that comply with sharia principles.	
	PU4	SCF Syariah FinTech products and services are very useful for me in making investments that are in accordance with sharia principles.	
Perceived Ease of Use	PEoU1	The SCF Syariah FinTech application is very easy to understand.	(Aji et al., 2021; Darmansyah et al., 2020; Davis, 1985, 1989; Venkatesh & Davis, 2000; Venkatesh et al., 2003)
	PEoU2	The SCF Syariah FinTech application is very easy to learn.	
	PEoU3	The SCF Syariah FinTech application is very flexible in its use.	
	PEoU4	The SCF Syariah FinTech application is very easy to use.	

Table 1.
Measurement Items (Continued)

Construct	Code	Items	References
Attitude Toward Behavior	ATB1	Investing through SCF Syariah FinTech products is a good idea.	(Ajzen, 1991; Darmansyah et al., 2020; Kasri & Chaerunnisa, 2021; Niswah et al., 2019)
	ATB2	Learning SCF Syariah FinTech products is a very useful thing for me.	
	ATB3	I believe that SCF Syariah FinTech products are the right means to make investments that are in accordance with sharia principles.	
	ATB4	I believe that investing through SCF Syariah FinTech products is much more flexible and promising than other Islamic funding/ financing institutions.	
	ATB5	I believe that investing through SCF Syariah FinTech is very profitable.	
Subjective Norm	SN1	My family supports me to invest through FinTech SCF Syariah.	(Aji et al., 2021; Ajzen, 1991; Darmansyah et al., 2020; Kasri & Chaerunnisa, 2021; Kasri & Yuniar, 2021; Niswah et al., 2019)
	SN2	My business partners/partners and employees support me to invest through FinTech SCF Syariah.	
	SN3	Religious figures/clerics that I know encourage me to invest through FinTech SCF Syariah.	
Perceived Behavioral Control	PBC1	I have full awareness and control to invest through FinTech SCF Syariah.	(Ajzen, 1991; Darmansyah et al., 2020; Kasri & Chaerunnisa, 2021; Niswah et al., 2019)
	PBC2	The decision to invest through SCF Syariah FinTech is entirely up to me.	
	PBC3	I have the resources, knowledge and ability to invest through SCF Syariah FinTech.	
Islamic Financial Literacy	IFL1	I can distinguish between halal and prohibited (haram) financial products in Islam.	(Aji et al., 2021; Widityani, Faturohman, Rahadi, & Yulianti, 2020; Sardiana, 2016; Johan et al., 2020; Marzuki & Nurdin, 2020)
	IFL2	I know that every business that is run cannot be separated from the opportunity for profit and risk of loss.	
	IFL3	I can distinguish between a musharaka contract and a mudharabah contract as the scheme of Islamic Investment/Financing.	
	IFL4	I know that basically in a musharaka contract, the profit is divided based on the share of capital (shares), but it is permissible to set a profit sharing that is different from the capital portion according to the difference in responsibilities and workload in syirkah.	
	IFL5	I know that in a musharaka contract there can be no guaranteed capital because it has the potential to be included as a usury transaction.	
	IFL6	I know that in a musharaka contract the losses suffered must be divided based on the share of capital (shares).	

Table 1.
Measurement Items (Continued)

Construct	Code	Items	References
Behavioral Intention	BI1	I intend to invest through SCF Syariah FinTech in the near future because it is effective and efficient.	(Kasri & Yuniar, 2021; Kasri & Chaerunnisa, 2021; Darmansyah et al., 2020; Ajzen, 1991, 2005; Ajzen & Fishbein, 1970)
	BI2	If I already have excess funds and have met all the requirements, I intend to invest through FinTech SCF Syariah because it helps me in getting additional income (from profit sharing) that is in accordance with sharia principles.	
	BI3	I intend to invest through SCF FinTech in the future because it helps me in getting additional income (from profit sharing) that is in accordance with sharia principles	
	BI4	I would recommend others to invest through FinTech SCF Syariah.	

3.3. Method

The present research employs Partial Least Squares – Structural Equation Modeling (PLS-SEM) to assess the influences of Islamic finance literacy and other factors on behavioral intention.

PLS-SEM is a variance-based structural equation method that is appropriate for use in predictive and explanatory research (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014; Joe F. Hair, Sarstedt, Ringle, & Mena, 2012). The method accommodates a small sample size, as stated by Hair et al. (2014); Hair, Risher, & Ringle (2018) in addition to its ability to handle non-normality and formative constructs of the data. In this study, the developed model is implemented using SmartPLS 3.3 software.

The PLS-SEM is implemented for a measurement model and a structural model. The measurement model consists of validity and reliability tests. This study uses factor loading (FL), Variance Extracted (AVE), Cronbach's alpha values, and Composite Reliability (CR) to assess convergent validity. The suggested indicator for FL and AVE values are more than or equal to 0.5 while the CR and Cronbach's alpha values are suggested to be greater than or equal to 0.7 (Hair et al., 2014; Hair et al., 2018). The discriminant validity of this study is based on Fornell-Leckler and HTMT tests. The Goodness of Fit measure by SRMR (<0,1/<0,08), Chi-Square, and NFI (close to 1).

The next step is to measure the structural model using the criteria for the coefficient of determination (R^2), the blindfolding-based cross-validated redundancy measure Q^2, and the statistical significance and relevance of the path coefficient. Blindfolding test aims to calculate the value of Stone-Geisser's Q2. The value of Q2 represents the evaluation criteria for the predictive relevance of the PLS path model. In the structural model, if the value of Q2 is greater than 0 then this reflects the path model has predictive relevance (Hair et al. 2014). In this study, the authors use the reference value of R^2 as an indicator that explains

how the constructed model can be explained by the constituent variables. The R^2 value of 0.25 (out of 1) is considered weak, 0.5 is moderate and 0.75 is substantial. However, the acceptable value of R^2 is based on the context which sometimes in some disciplines the value of R^2 of 0.10 is considered satisfactory, e.g. when predicting stock returns (Hair et al., 2018). We used questionnaire survey to get all the data. The questionnaire divided into two main parts, demographic information and measurement of perceptions of the intention to invest in the I-SCF FinTech platform in the form of closed questions. Seven-Point Likert scale is used in this questionnaire. As noted by Eutsler & Lang (2015), a Likert scale of 1-7 is able to produce the maximum result variability and the least bias.

IV. RESULTS AND ANALYSIS

Table 2 presents respondents' profiles. Most of the respondents are aged between 18-20 years old and have a fairly high level of education. Thus, they can represent a fairly good level of technology usage.

Table 2.
Demographic Characteristics

	Number of Samples	Number of Percentages
Gender		
Male	50	50%
Female	50	50%
Age		
18-20	49	49.00%
21-30	32	32.00%
31-41	13	13.00%
42-50	3	3.00%
>50	3	3.00%
Education Level		
Senior High School / Equivalent	40	40.00%
Bachelor	44	44.00%
Masters	15	15.00%
Doctor	1	1.00%

Based on the number of respondents, 99% state that they use internet every day. Meanwhile, 65% of respondents have and/or are currently investing and 44% have heard about Sharia FinTech Securities Crowdfunding. Those Sharia FinTech Securities Crowdfunding are Aamira, Shafiq.id, LBS Urun Dana, eSyirkah, Urun-RI Bangun Negeri.

4.1. Model Fit Testing

The model fit test (Model Fit) is carried out first before entering the outer and inner model testing. This test is carried out to see the level of suitability of the proposed

model. Hair, Hult, & Ringle (2017) state that researchers should be careful in presenting the results of model fit testing. This is because the critical threshold value is not entirely agreed upon in each type of test. The model suitability tests in SmartPLS, namely SRMR, NFI, and Chi-Square, are given in Table 3.

Table 3.
Model Fit Testing

Index	Critical Value	Saturated Model
SRMR	< 0.08 / < 0.1	0.089
NFI	Closed to 1	0.673
Chi-Square	Closed to 0	732.768

The results of the tests meet the threshold value for the SRMR index (0,089) and NFI (0,673). Hence, this research model can be considered good. Hair, et al. (2017) explain that it is not necessary to use all index values for model acceptance. On the other hand, Kock & Hadaya (2018) provide details that the use of the model suitability test depends on the purpose of the SEM analysis. If the SEM analysis aims to test the hypothesis, the model suitability test is not a top priority. Meanwhile, if the SEM analysis aims to compare the best models (competing models) then the model suitability test becomes very important.

4.2. SEM-PLS Requirements

SEM-PLS testing requires no missing values and outliers, and absence of multicollinearity. Missing values occur when respondents do not fill in one or more indicators of a construct. This causes some data to be lost and will interfere with data reliability. Outliers occur when respondents answer too extreme on a question or the whole question (Hair, et al. 2017). The outliers will affect the results of the tests, which may render them unreliable. Meanwhile, multicollinearity occurs when there is a strong linear or lateral relationship between indicators in the construct of a model. As we have noted above, we received responses from 176 respondents. Then, omitting the returned questionnaires that have missing values and outliers, we arrive at a sample size of 100.

Furthermore, to evaluate the PLS model, we use the procedure performed by Hulland (1999). Testing the PLS model was carried out in 2 consecutive steps to ensure having a valid and reliable measure before drawing interpretation. The first step is testing the validity and reliability of the measurement (outer model) and the second step is testing the structural model (inner model).

4.3. Measurement Model (Outer Model) Results

This study tests the validity and reliability of the measurements (Hair et al., 2017). At this stage, there are three tests conducted, (i) the reliability of individual items, (ii) the validity of convergence of measurements, and (iii) the validity of discrimination (Hulland, 1999). Hair et al. (2017) note that there are several

conditions for assessing the reliability of individual items, including: (1) when the loading value is greater than 0.7, the item is retained; (2) When the loading value is between 0.3 and 0.7, the item is considered to be retained (as long as deleting the item increases the AVE value to 0.5 or more); and (3) if the loading value is less than 0.3, the item will be deleted. Even if some do not meet the standards, the external load values of all elements can be evaluated as good (see table 4). Therefore, this study eliminates ISL1 and ISL4 according to the suggestions of Hair et al. (2017) and increase the value of the AVE above 0.5.

Table 4.
Outer Loadings Construct Item

Item	Attitude Towards Behavior	Behavioral Intention	Perceived Behavior Control	Perceived Ease of Use	Perceived Usefulness	Islamic Financial Literacy	Subjective Norm
ATB1	0.832						
ATB2	0.718						
ATB3	0.804						
ATB4	0.823						
ATB5	0.820						
BI1		0.869					
BI2		0.913					
BI3		0.910					
BI4		0.832					
PBC1			0.834				
PBC2			0.756				
PBC3			0.826				
PEoU1				0.900			
PEoU2				0.887			
PEoU3				0.885			
PEoU4				0.896			
PU1					0.921		
PU2					0.935		
PU3					0.897		
PU4					0.848		
ISL1						0.480	
ISL2						0.704	
ISL3						0.831	
ISL4						0.102	
ISL5						0.604	
ISL6						0.789	
SN1							0.915
SN2							0.901
SN3							0.842

The AVE value used as a reference for evaluation of convergence validity meets the requirements (see Table 5). The AVE values produced by all variables are

higher than 0.5, which shows that each item can effectively explain its construct. The reliability assessment is determined under the condition that the composite reliability is greater than 0.7 and Cronbach's Alpha is greater than 0.6 (Hair et al., 2017).

Table 5.
Reliability and Construct Validity

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Attitude Towards Behavior	0.860	0.867	0.899	0.641
Behavioral Intention	0.904	0.904	0.933	0.778
Perceived Behavioral Control	0.737	0.760	0.847	0.650
Perceived Ease of Use	0.915	0.916	0.940	0.796
Perceived Usefulness	0.922	0.927	0.945	0.812
Islamic Financial Literacy	0.730	0.770	0.830	0.554
Subjective Norm	0.864	0.869	0.917	0.786

Another analysis is multicollinearity testing. Multicollinearity is detected through the value of VIF (variance inflation factor). If the value of VIF is 5, then this indicates a relationship between indicators in a construct (***see the table in the appendix***). Based on the two tables in the appendix ***(Table A3 and Table A3)***, the values of outer VIF and inner VIF do not exceed 5. Therefore, multicollinearity should not be an issue and we can conclude that there is no strong linear relationship between constructs. See the result for Fornell-Leckler and HTMT test in the appendix.

4.4. Structural Model Testing (Inner Model) Results

The second step relates to the structural model. This test is carried out using the bootstrapping procedure. This procedure in PLS is used for testing non-parametric data and testing the significance of various results such as path coefficients, Cronbach alpha values, HTMT, and R^2 (Efron & Tibshirani, 1993). In the bootstrapping procedure, sub-samples are generated randomly based on the original data set. The larger the sub-samples made, the stability of the results can be more assured. Therefore, to test the level of significance of the structural model of this study, the researcher used 5,000 sub-samples to ensure the level of stability of the results (Hair et al., 2014).

This procedure presents an analysis of the hypotheses and construct relationships based on the path coefficient test. Researchers use a significance level of 10% which is a generally acceptable level of significance in social studies (Riskinanto, Kelana, & Hilmawan, 2017; Nikou & Economides, 2017).

The structure model is estimated using the SMART PLS 3.3 path analysis method. Hypothesis testing accepts 5 paths of analysis, while the other 2 paths are not. Table 6 shows the results of testing the structural model.

Table 6.
Structural Model Testing Results - Path Coefficient

Hypo-thesis	Relationship	Original Sample	Sample Mean	STDEV	T Statistics	P Value	Decision
H1	Perceived Usefulness -> Attitude Towards Behavior	0.542	0.539	0.108	5.035	**0.000**	*Supported*
H2	Perceived Ease of Use -> Attitude Towards Behavior	0.194	0.204	0.111	1.753	**0.040**	*Supported*
H3	Perceived Usefulness ->BehavioralIntention	0.335	0.328	0.112	2.993	**0.001**	*Supported*
H4	Attitude Towards Behavior ->Behavioral Intention	0.153	0.146	0.137	1.119	**0.132**	*Not Supported*
H5	Perceived Behavior Control ->Behavioral Intention	0.099	0.093	0.129	0.767	0.222	*Not Supported*
H6	Subjective Norm ->Behavioral Intention	0.24	0.245	0.101	2.367	**0.009**	*Supported*
H7	Islamic Financial Literacy ->Behavioral Intention	0.145	0.172	0.083	1.754	**0.040**	*Supported*

4.5. Coefficient of Determination Measurement

The coefficient of determination or R^2 (R-Square) reflects how much influence the exogenous variables have on the endogenous variable. Table 7 below provides the coefficients of determination for the two endogenous variables in the model.

Table 7.
R-squared Result

Endogenous Variable	*R-Square*
Behavioral Intention	0.469
Attitude Towards Behavior	0.451

As may be observed from the Table, the R-Square value for the Behavioral Intention construct is 0.469. This means that the constructs of perceived usefulness, perceived ease of use, insecurity, system failure, and social influence can explain 46.9% of behavioral intention constructs while the remaining 53.1% are explained by other constructs outside the model. The R-Square value of the Attitude Towards Behavior construct is 0.451. This construct can be explained by the constructs of perceived usefulness and perceived ease of use by 45.1% while the rest is explained by other constructs outside the model.

4.6. Blindfolding Test

Blindfolding test, which is based on Stone-Geisser's Q^2, provides assessment of the predictive relevance of the PLS path model. In the structural model, if the value of Q^2 is greater than 0 then this reflects the path model has predictive relevance (Hair et al. 2014). The following are the results of the blindfolding test.

Table 8.
Blindfolding Test Result

Endogenous Variable	Q^2
Behavioral Intention	0.356
Attitude Towards Behavior	0.282

The table above shows the results of the blindfolding test. Respectively, the Q^2 values of the endogenous behavioral intention and attitude towards behavior are 0.356 and 0.282. Therefore, it can be concluded that the path model of the endogenous variables has predictive relevance.

4.7. Analysis

Based on the research results, PU and PEOU have significant and positive effect on the intention of potential Muslim investors to invest using the I-SCF FinTech platform. Furthermore, PU is also found to have a significant effect on BI. This means that potential Muslim investors recognize that I-SCF FinTech products and services are among the most appropriate, effective, and time-saving means to channel their funds to real-based businesses. Likewise, the I-SCF FinTech application is considered to be easy to learn and flexible to use. Especially in the midst of economic uncertainty that has a major impact on MSME actors (real businesses), investment with a small value by many people (crowdfunding) can be the right solution to boost MSME performance. This is in line with the finding by Majid (2021) that PU and PEOU of MSME actors affect their intention to use Islamic FinTech products. The same result is also documented by Kazaure et al. (2021) regarding the intention of SMEs in Northwestern Nigeria to adopt the Islamic crowdfunding model. Similarly, in the research of Thaker, Thaker, & Pitchay (2018), PU and PEOU are key in the adoption of the crowdfunding-waqf model (CWM) in Malaysia. These results support what has been previously found by Darmansyah et al. (2020), Jerene & Sharma (2020), Niswah et al. (2019), Shaikh et al. (2020).

Our result also shows that both ATB and PBC have no effect on BI to invest through I-SCF FinTech. This indicates that the advantages and products of I-SCF FinTech are still only a wish (willingness) but not yet followed by the intention to adopt it. This could be due to the fact that potential investors are still not familiar with the products and uniqueness of I-SCF FinTech compared to the conventional SCF. Another reason is that potential investors may be more interested in channeling funds to be managed by businesses that provide fixed income and have other low risks. Investment in I-SCF FinTech, however, likely expose investors to market risk

since they are basically shareholders. This is in accordance with the finding by Majid (2021) that neither ATB nor PBC influence the intention of MSMEs to adopt Islamic FinTech products and services, whereas on the one hand PU and PEOU affect the intention (ATB) to use their products. This result is also in line with Kim, Choi, Park, & Yeon (2016) and Niswah et al. (2019).

This study also documents the positive and significant effect of SN on BI. This shows that important and influential people, especially within the business and investment circles, encourage potential Muslim investors to use I-SCF FinTech. Surrounding parties such as workers, business partners and employees also encourage and provide recommendations to use other modes in distributing their capital (Majid, 2021). In addition, with the high level of education and literacy carried out by the Financial Services Authority, sharia FinTech associations, crowdfunding service FinTech associations, and FinTech institutions themselves by involving religious leaders, influencers, as well as government parties such as the Ministry of Cooperatives and SMEs as well as the presence of a legal side in the form of OJK regulations and fatwas from the DSN-MUI (the council of Indonesian Islamic Scholars) further increase the confidence of potential investors to invest through sharia SCF . The results of this study are supported by Darmansyah et al. (2020), Jerene & Sharma (2020), and Majid (2021).

The key finding in this research relates to the effect of Islamic Financial Literacy which refers to a basic understanding of the concept of a *musharaka* contract and its consequences. Musharaka is the contract used in the crowdfunding (buying company shares). In this study, it is found that SK has a significant positive effect on the intention to invest through the I-SCF FinTech platform. This means that the higher the literacy on the concept of contract (*musharaka*) as well as the operational scheme using Islamic contract especially for sukuk issuance the more it will encourage Muslim investors to prefer I-SCF.

Note that the conventional SCF FinTech implementation is also of the *musharaka* contract. However, the difference is that there is a sharia supervisory board/sharia advisors who oversee the concept and implementation of the I-SCF product so that it does not contain *usury* (interest), *gharar*, *maysir*, and other prohibited transactions. In addition, I-SCF FinTech is also committed to only bringing together investors with business actors whose business operations are clearly halal. This also shows that the high level of education and literacy regarding I-SCF is intensified through workshops, seminars, and talk shows in many business agendas, festivals, pitching, by inviting regulators from OJK and DSN-MUI as well as academics/researchers and potential investors to provide more information to enlarge the concept and the urgent role of I-SCF to provide halal financing for MSME. In addition, in particular, amid the variety of investment products, both conventional and sharia-based, the attention of potential Muslim investors to the sharia-compliance side is increasing, which can be seen from the high enthusiasm for workshops/seminars that discusses the scheme/contract/cooperation contract that does not violate sharia principles.

In general, the literacy of Islamic financial products, especially in terms of sharia financial literacy, has a significant effect on the use of Islamic financial services (Sardiana, 2016). These findings are in line with the research of Usman et al. (2021) that knowledge and belief about sharia compliance have a significant effect

on customer satisfaction on Islamic banks using e-banking. Likewise, Marzuki & Nurdin (2020) find that fiqh knowledge (which is part of Islamic Financial Literacy) has influences on Muslim intention to adopt sharia FinTech products.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The rapid development of information technology and business transactions have led to increasing variety of FinTech products, which include FinTech crowdfunding services. This study examines the investment intentions of prospective Muslim investors in Islamic SCF FinTech by focusing on the Islamic Financial Literacy in addition to determinants of behavioral intention based on TAM and TPB. The results of this study indicate that both PU and PEOU have an effect on ATB, but ATB has no effect on BI to invest using I-SCF FinTech. In addition, PU and SN are also found to influence the intention of prospective Muslim investors to invest through investing using I-SCF FinTech. The main finding in this study is that Islamic financial literacy significant affects BI. It suggests that the higher the literacy of potential investors towards I-SCF FinTech products and services, the more likely Muslim investors intend to invest in this platform.

5.2. Recommendation

Based on the results and analysis above, it is recommended that regulators, in this case the Financial Service Authority (OJK), oversee the operations of the I-SCF FinTech to remain in line with the sharia principles and to work closely with these FinTechs to improve Islamic financial literacy, especially the knowledge regarding underlying contract so that it becomes clear what the difference between I-SCF FinTech and conventional ones is. In addition, the OJK also needs to cooperate with Islamic FinTech associations such as ALUDI and also AFSI (Indonesian Islamic FinTech Association), the National Commitee of Islamic Economics and Finance (KNEKS), DSN-MUI as well as the ministry of cooperatives and SMEs as well as academia to continue conducting seminars/workshops as well as business pitching on the role of I-SCF FinTech in fulfilling the capital needs of the MSME, complemented by sharia and business reviews. The discussion on the difference between SCF FinTech and other types of FinTech is also deemed necessary. Particularly, for the I-SCF FinTech industry in which there is a sharia supervisory board that has been appointed should to continue to pay attention to the sharia corridor in every product planning and implementation, as well as to the Islamic values. This is because with the increasing variety of investment products, the reputation of Islamic financial institutions against sharia risk needs to be considered, especially in the midst of high access to information.

This research is limited with a small sample size so that future research can increase the number of samples, both from the side of potential investors or SMEs who wish to obtain capital through the sale of shares or the issuance of Sukuk on I-SCF FinTech. In addition, further research can also add other variables such as the level of religiosity or risks such as investment risk, market, and so on associated with business implementation in the field.

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APPENDIX

A. Measurement Model Results

Table A1.
The Result of Discriminant Validity (Fornell-Leckler Criterion)

Construct	Attitude Towards Behavior	Behavioral Intention	Perceived Behavior Control	Perceived Ease of Use	Perceived Usefulness	Islamic Financial Literacy	Subjective Norm
Attitude Towards Behavior	0.801						
Behavioral Intention	0.551	0.882					
Perceived Behavior Control	0.570	0.527	0.806				
Perceived Ease of Use	0.532	0.370	0.428	0.892			
Perceived Usefulness	0.663	0.603	0.598	0.623	0.901		
Islamic Financial Literacy	0.077	0.226	0.222	-0.012	0.056	0.744	
Subjective Norm	0.452	0.510	0.454	0.497	0.416	0.118	0.887

Table A2.
The Result of Discriminant Validity (HTMT)

Construct	Attitude Towards Behavior	Behavioral Intention	Perceived Behavior Control	Perceived Ease of Use	Perceived Usefulness	Islamic Financial Literacy	Subjective Norm
Attitude Towards Behavior							
Behavioral Intention	0.615						
Perceived Behavior Control	0.187	0.273					
Perceived Ease of Use	0.705	0.624	0.282				
Perceived Usefulness	0.595	0.401	0.147	0.504			
Islamic Financial Literacy	0.737	0.656	0.104	0.721	0.675		
Subjective Norm	0.515	0.573	0.187	0.541	0.560	0.466	

Table A3.
Outer Collinearity Statistics VIF

Items	Outer VIF Value
ATB1	2.497
ATB2	1.938
ATB3	1.874
ATB4	2.252
ATB5	2.146
BI1	2.358
BI2	4.834
BI3	4.842
BI4	1.971
PBC1	1.631
PBC2	1.528
PBC3	1.34
PEoU1	3.324
PEoU2	3.046
PEoU3	2.862
PEoU4	2.973
PU1	3.928
PU2	4.28
PU3	3.357
PU4	2.232
ISL2	1.826
ISL3	2.102
ISL5	1.327
ISL6	1.486
SN1	2.799
SN2	2.756
SN3	1.794

Table A4.
Inner Collinearity Statistics VIF

Construct	Attitude Towards Behavior	Behavioral Intention
Attitude Towards Behavior		2.024
Behavioral Intention		
Perceived Behavior Control		1.875
Perceived Ease of Use	1.634	
Perceived Usefulness	1.634	2.073
Islamic Financial Literacy		1.065
Subjective Norm		1.367