Analysis of Indonesia MSME's Perceptions of Interest in Adopting Sharia Financial Technology

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A B S T R A C T

This study aims to identify the factors that affect interest of Micro, Small, and Medium Enterprises (MSMEs) to adopt sharia based financial technology (fintech) as an alternative to capital funding and to support business activities that are important in the sustainability of MSME. The study targets MSMEs in Indonesia, where sharia fintech represents an integration of contemporary financial technology and Islamic law principles. The research adopts the Technology Acceptance Model (TAM) as its theoretical basis, utilizing a purposive sampling method within a non-probability sampling framework and applying a quantitative research design. Data were collected through an online survey completed by 200 MSME respondents. For analysis, the study employed SEM-PLS technique, with SmartPLS version 4.0 for data processing. The findings reveal that perceived ease of use, trust, and financial literacy significantly and positively influence the intention to adopt sharia fintech. Conversely, perceived usefulness does not have a significant effect. It is also important to note that the study is limited by its sample size, which may restrict the generalizability of the finding to the broader MSME population in Indonesia.

1. Introduction

Based on the Law of the Republic of Indonesia Number 20 of (2008) Micro, Small, and Medium Enterprises (MSMEs) is recognized as vital economic actors that contribute to job creation, broaden access to economic opportunities, support equitable employment distribution, drive growth of the economy, and stability of the country’s economic. According to research by Yanny et al., (2020), MSMEs in Indonesia has a significant function in encouraging the country’s economic expansion. Similarly, Basar et al., (2024) emphasize that MSMEs make a substantial contribution to the nation’s economic progress and growth.

Approximately 99% of all business entities in Indonesia originate from the MSME sector, which is the main driver in the economy. In 2023, the number of MSMEs is estimated to reach nearly 66 million, contributing around 61%, to the Gross Domestic Product (GDP) or worth Rp. 9,580 trillion, and absorbing 117 million workers, including 97% of the total national labor force (Indonesian MSMEs, 2024). So this data shows the great potential of MSMEs in encouraging sustainable economic growth.

Table. 1
Indonesian MSME General Criteria Law (2008)

Business Size	Criterion		
	Turnover (Million)	Assets (Millions)	Number of Employees
Micro	Max. 300	Max. 50	< 4 people
Small Business	> 300 – 2.5 Billion	> 50 - 500	5 – 19 people
Medium Business	> 2.5 Billion – 50 Billion	> 500 – 10 Billion	20 – 99 people

Source: Law of the Republic of Indonesia Number 20 of (2008)

Financial Technology (Fintech) represents a technological innovation emerging from advancements in information systems within the financial industry (Giglio, 2021). Financial Services Authority (OJK) Services Fintech Including digital payments, crowdfunding, microfinance, online loans, investment, financial management, digital banking, Insurtech, and market aggregators (Vhalery, 2021). As reported by the Indonesia Internet Service Providers Association (APJII, 2024), Indonesia now records 221,563,479 internet users. Findings from the 2024 survey on Internet Penetration in Indonesia indicate that internet penetration has climbed to 79.5%, reflecting a 1.4% increase from the previous year. These figures highlight a substantial market opportunity for advancing the fintech sector in Indonesia.

As awareness of the importance of sharia principles in financial transactions increases, the need for services arises from fintech according to Islamic law, known as fintech sharia. Sharia fintech refers to the application of financial technology that aligns with Islamic principles, providing services grounded in sharia law with the aim of eliminating elements such as riba (usury), gharar (uncertainty), and maysir (gambling) (Misissaifi, 2021). As reported by the Central Statistics Agency (BPS) in 2024, approximately 87.2% of Indonesia's population or nearly 246 million people identify as Muslim, making it the second largest Muslim population globally. This demographic profile presents a significant opportunity for the progress of sharia oriented fintech in Indonesia.

Table. 2
Fintech Regulatory Classifications in Indonesia

No	Description
1	The Financial Services Authority (OJK) Regulation Number 77/POJK.01/2016, which governs peer-to-peer lending services utilizing information technology platforms.
2	Bank Indonesia Regulation No. 19/12/PBI/2017 outlines the provisions related to the implementation of financial technology in Indonesia.
3	Fatwa Number 117/DSN-MUI/II/2018 issued by the National Sharia Council - Indonesian Ulema Council (DSN-MUI) addresses financing services based on information technology that comply with Islamic law.

Source: Rusydiana (2019), Sridanti et al., (2022), Fahri & Melda (2022).

The involvement of MSMEs in adopting sharia based fintech presents an opportunity to expand access to financial services aligned with Islamic principles while promoting long-term business development. However, the adoption rate of fintech sharia among MSMEs is still relatively low. Several factors influence the interest of MSMEs in adopting sharia fintech. In this study, the Technology Acceptance Model (TAM) serves as the foundational analytical model. Widely applied in research on technology adoption, TAM developed by Davis (1989) are considered among the most significant models in user awareness behavior toward new technologies. The theory highlights two key determinants of an individuals intention to adopt technology; perceived usefulness and perceived ease of use (Putri et al., 2023). Research Sari (2023), shows positive values of the variables of benefit perception and convenience perception in the intention of adopting using fintech sharia. In addition, other factors such as trust and financial literacy can also affect adoption interest in fintech sharia by MSMEs (Hasyim, 2022).

The low adoption of Islamic financial services in the banking sector is strongly influenced by traditional customs, 41,5% Indonesian people who still rely on informal loans from the nearest social environment (Rahmati & Ibrahim, 2022). This is strengthened from the Association Fintech Indonesia Joint Funding (AFPI, 2023), recorded that as many as 46.6 million or 77.6% have not received access to financing from banks or fintech. But on the other hand, MSMEs are also a challenge for banks because the risk of business failure is quite high so that MSME actors prefer direct funding sources obtained from the community with third-party guarantees (Zahra, 2021).

This study seeks to examine the factors affect MSMEs' willingness to adopt sharia fintech. Additionally, sharia fintech serves as an alternative source of capital financing and supports critical business operations essential for the sustainability of MSMEs. The study specially aims to investigate how perceived benefits, perceived ease of use, trust, and financial literacy impact MSMEs interest in adopting sharia fintech in Indonesia.

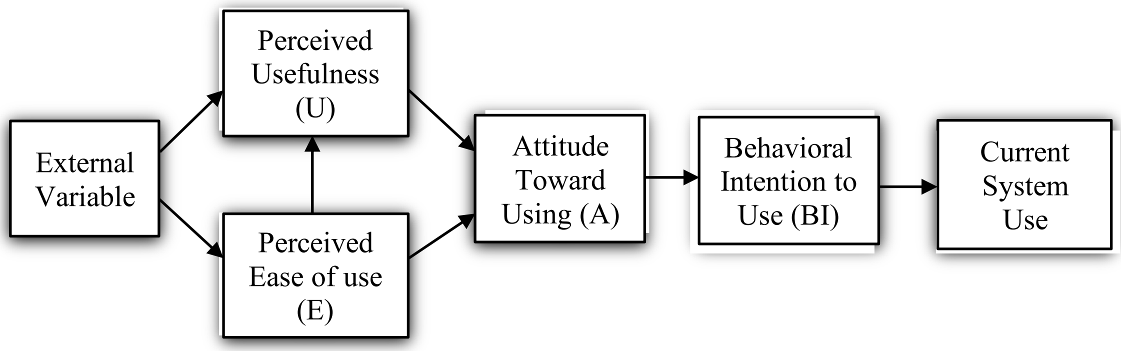
2. Literature Review

2.1 Technology Accessibility Model (TAM)

The Technology Acceptance Model (TAM) developed by Davis in (1989), was developed to explore the determinant of users' acceptance new technologies. It has emerged as one of the most frequently used models in research related to information technology or system usage, particularly in predicting user behavior and intentions in adopting technological solutions. TAM is considered a dependable and generally valid framework for analyzing technology acceptance across various technological contexts.

TAM is an extension of the Theory of Reasoned Action (TRA), which posits that an individuals behavior can be predicted based on their intentions, influenced by factors such as beliefs, attitudes, intentions, and actual behavior. Within TAM, two core cognitive variables are identified: perceived usefulness and perceived ease of use. According to research by Musa et al., (2024), a person's real interaction with a technological system is influenced, directly or indirectly, by their behavioral intentions, attitudues, and how they perceive the system's usefulness and ease of use. Furthermore, Theory of Planned Behavior (TPB), introduced by (Fishbein Ajzen, 1991), expands this view by asserting behavioral intentions are influenced not only by personal attidues but also by subjective norms within an individual's social environment.

Figure. 1
The Original TAM Model (Davis, 1989)



Generally, the greater an individual's intention to perform a specific behavior, the higher the probability that the behavior will be executed (Raihan et al., 2024). So that the combination of TRA and TPB becomes a relevant and strong framework in explaining and predicting user behavior towards technology. Findings from the study Usman et al., (2022) demonstrates that TAM is instrumental in understanding how users accept and adopt information technology. Studies from Pahlevi et al., (2023) TAM also has a role related to adoption of fintech Islamic finance. And studies from Alvina et al., (2024) TAM has a positive impacts fintech especially in the service Crowdfunding sharia.

2.2 Perceived Usefulness (X1)

Perceived usefulness refers to how strongly a person perceives that utilizing a system will improve their job performance or efficiency (Fred Davis, 1986). This is in line with the views of Thompson et al., (1991) stating that a person is likely to use technology if it is considered relevant in helping to complete tasks. Findings from previous studies conducted by Majid (2024), Zhang et al., (2023), showing that the perception of usability positively affects interest in fintech sharia. Findings from studies by Chrisananda et al., (2023) and Daughter et al., (2023) indicate that perceived usefulness does not have significant influence on the interest in using fintech services.
$\mathbf{H_1}$**:** Perceived Usefulness does not influences MSMEs' interest in adopting sharia fintech

2.3 Perceived Ease of Use (X2)

Perceived ease of use describes an individual's belief that a technology system is user friendly and can be utilized without requiring extensive effort (Venkatesh & Davis, 1996). This means that the simpler a technology is used, the higher a person's tendency to adopt it, as well as the relationship with Fintech sharia. According to Fusilier & Durlabhji (2005), indicates that users will feel comfortable if the system used is designed in a practical and non-intrusive manner. Findings from previous studies conducted by Adi (2024), Stuart O'Neill et al., (2024) and Zhang et al., (2023) this indicate that perceived ease of use positively and significantly influences the interest in adopting sharia fintech.

H_2: Perceived Ease of Use influences MSMEs' interest in adopting sharia fintech

2.4 Trust (X3)

Trust may be understood as a person's willingness to rely on other parties or a certain system despite the potential risks and uncertainties in the transaction process (Lowry et al., 2008). Trust can be based on literacy and accurate information, thoughts, and beliefs, and can be emotional directly or indirectly (Kotler et al., 2018). Trust has a more crucial role in online transactions compared to offline transactions. Especially in fintech In addition to the aspects of technology and data security, the element of trust also concerns compliance with sharia principles (Afghani & Yulianti, 2017). Findings from previous studies conducted by Rinsa Oos & Sriwardany (2022), Shoffan Hasyim et al., (2022)and Mu'afifah & Sukardi (2023) shows that trust attitudes positively and significantly affect interest in Fintech sharia.

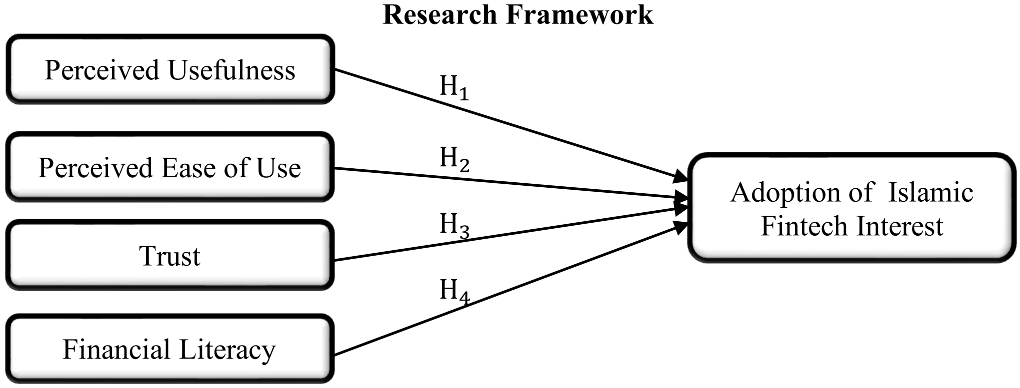
H_3: Trust influences the interest of MSMEs to adopt sharia fintech

2.5 Financial Literacy (X4)

The Association of Chartered Certified Accountants (2014), explains that financial literacy includes understanding financial principles, the capability to interpret finance related information, skills in managing personal and business finances, and the ability to make financial decisions in various conditions. Meanwhile, sharia financial literacy is defined as an individual's ability to understand and assess information concerning financial products that comply with Islamic law (Antara et al., 2016). The Islamic financial system is through sharia principles based on a combination of the Quran and Hadith, as well as human thought that is interpreted to provide solutions to various financial problems in daily life. The results of the earlier research carried out by Basar et al., (2024), Ha et al., (2024) and Pandey et al., (2022) indicates that financial literacy has a positive and significant impact on interest in sharia fintech.

H_4: Financial Literacy influences the interest of MSMEs to adopt sharia fintech

Figure. 2
Research Framework



3. Methodology

The study's methodology is structured to investigate the interest of MSMEs in Indonesia in adopting sharia fintech, utilizing a descriptive quantitative approach. Data source used was primary data obtained from collecting questionnaires with an online google form and producing 200 samples of Indonesian MSME actors. The population in this study includes all MSMEs who have not used but have known, have used, or have an interest in Islamic digital financial services in Indonesia. Because of restricted access to the population, this research utilized a non-probability sampling approach with purposive sampling.

This study employs Structural Equation Modeling - Partial Least Square (SEM-PLS) using SmartPLS 4.0 for data analysis. SEM-PLS is widely favored by researchers due to its capability to estimate complex models involving multiple constructs, variables, and pathways without requiring strict distributional assumptions (Hair et al., 2019). Additionally, SEM-PLS is utilized here because it effectively handles constructs composed of both reflective and formative indicators referred to as soft modeling and allows for validity assessment through outer and inner model testing.

Table. 3
Measurement Items

Variable		Items	Reference
Perceived Usefulness	PU.1	I feel that sharia fintech services help me in digital payment and financing transactions according to sharia principles.	Venkatesh & Davis (2000); Leon (2018); Hu et al., (2019)
	PU.2	Sharia fintech services can save time in managing the finances of MSMEs or my business.	
	PU.3	Using sharia fintech services allows me to get MSME or business financing faster according to sharia principles.	
	PU.4	In general, sharia fintech services are beneficial for the growth of MSMEs or my business.	
Perceived Ease of Use	PEOU.1	I feel that the information presented and the features provided by sharia fintech concepts are easy to learn.	Venkatesh & Davis (2000); Hu et al., (2019); Azhar & Firmialy (2024)
	PEOU.2	It is easy to use the service platforms available in sharia fintech (payments, financing, loans, crowdfunding, etc.).	
	BUT.3	I feel that sharia fintech facilitates the transaction process and application for MSME or business financing according to sharia principles.	
	PEOU.4	I feel that sharia fintech is a means of payment, financing, loans, crowdfunding, etc. that is easy to use according to sharia principles.	
Trust	TR.1	Islamic fintech services have a good reputation for honesty and trustworthiness.	Stuart (2012); Hu et al.,

	TR.2	I believe that Islamic fintech has guaranteed data security.	(2019); Azhar & Firmialy (2024)
	TR.3	I believe that this sharia fintech can provide good information, services, and products honestly and transparently.	
	TR.4	Islamic fintech has a good level of credibility.	
Financial Literacy	FL.1	I have the skills to assess the financial needs and prospects of my business before using sharia fintech services.	Arianti (2022); Basar et al., (2024)
	FL.2	I am able to analyze the financial performance of my business on a regular basis, which helps me assess the feasibility of using sharia fintech.	
	FL.3	I can prepare simple financial statements (such as income and expense records) and relate them to my business conditions.	
	FL.4	My business routinely prepares monthly income reports as a basis for considering taking financial services, including sharia fintech financing.	
Adoption of Islamic Fintech Interest	END.1	In my opinion, sharia fintech services are fun and I'm not afraid to make mistakes.	Sustenance (2022); Hu et al., (2019); Basar et al., (2024)
	END.2	I want to use sharia fintech services to grow my business in the MSME market.	
	END.3	If I already use sharia fintech services , I agree to maintan their use moving forward.	
	END.4	In my opinion, sharia fintech is good to use as transactions and financing for MSMEs or businesses and deserves to be recommended.	

Source: Processed by researcher, 2025.

4. Results and Discussion

4.1 Characteristics of Respondents

The criteria for this study include MSMEs in Indonesia that have either not yet adopted or are already using sharia fintech services. According to Hair et al., (2014), taking sample size suggests that the researcher performs the analysis using the "10 times rule" or a minimum of five times as many samples as the number of variables under evaluation. In other terms, having fewer than 50 observed samples is not recommended for the sample size, the preferred sample size, however is 100 or greater (Alvina et al., 2024). In this study, there are 20 variable indicators, so the required sample size is 200 respondents (20 indicators X 10 = 200 samples). Thus, a total of 200 samples collected in this study have met the minimum requirements.

The respondent demographic data collected in this study includes gender, age, highest level of education, type of business, length of business, income, and experience in using sharia fintech. The data reveals that 55% are women, and 45% are men. Regarding age, namely: under 20 years old (1%), between 20 to 30 years old (70%), between 31 and 40 years old (26%), and over 41 years old (2%). Regarding the last education, under upper secondary (2%), for upper secondary (28%), vocational and undergraduate (68%), and Master/PhD (2%). Regarding the type of business, 63% is the manufacturing sector, 18% is the service sector, 8% is agriculture, and other sectors are 11%. Then the length of business, between 1 – 3 years (52%), for 4 – 6 years (26%), for 6 – 10 years (14%), and over 10 years (8%). Regarding income, namely, 1 – 4.9 million (29%), 5 – 9.9 million (29%), 10 – 24.9 million (16%), and above 25 million (4%). And finally, regarding the experience of using sharia fintech, 28% have not used sharia fintech, and 72% have used sharia fintech.

4.2 Partial Least Square Analysis – Structural Equation Modeling (PLS-SEM)

Reflective indicators are declared eligible if they have an external charge value of > 0.70. For indicators with values between 0.40 to < 0.70, researchers are advised to consider content and theory. Meanwhile, indicators with a charge of < 0.40 should be removed as they are considered inappropriate (Hair et al., 2014). In this study, a load factor value and an Average Variance Extracted (AVE) value of > 0.5 are required for latent variables such as usability perception, ease of use perception, trust, and financial literacy. A low AVE value can indicate a problem with the indicator, especially if it does not adequately reflect the construct. If the charge of the indicator is significantly below 0.50, deletion should be carried out unless there is a strong theoretical reason to maintain it (Hair et al., 2019). The following table displays the outcomes of the convergent validity assessment, which includes Loading values, Cronbach's Alpha, Average Variance Extracted (AVE), and Composite Reliability (CR).

Table. 4
Convergent Validity

Construct	Items	Loading	Cronbach's Alpha	AVE	CR (rho_c)
Perceived Usefulness	PU.1	0.920	0.929	0.816	0.946
	PU.2	0.897			
	PU.3	0.892			
	PU.4	0.904			
Perceived Ease of Use	PEOU.1	0.865	0.880	0.734	0.917
	PEOU.2	0.861			
	PEOU.3	0.864			
	PEOU.4	0.837			
Trust	TR.1	0.887	0.886	0.746	0.921
	TR.2	0.861			
	TR.3	0.862			
	TR.4	0.843			
Financial Literacy	FL.1	0.875	0.901	0.770	0.930
	FL.2	0.855			
	FL.3	0.891			
	FL.4	0.889			
Adoption of	Fin.1	0.872	0.903	0.775	0.932

Islamic Fintech Interest	Fin.2	0.925
	Fin.3	0.888
	Fin.4	0.833

Source: Processed by researcher, 2025.

In Table 4, the first construct is the usability perception, which shows Cronbach's Alpha of 0.929, AVE of 0.816, and CR of 0.946, with loading values of PU.1 of 0.920, PU.2 of 0.897, PU.3 of 0.892, and PU.4 of 0.904. The second construct is the perception of ease of use, which shows Cronbach's Alpha of 0.880, AVE of 0.734, and CR of 0.917, with PEOU.1 loading values of 0.865, PEOU.2 of 0.861, PEOU.3 of 0.864, and PEOU.4 of 0.837. The third construct is trust, which shows Cronbach's Alpha of 0.886, AVE of 0.746, and CR of 0.921, with loading values of TR.1 of 0.887, TR.2 of 0.861, TR.3 of 0.843, and TR.4 of 0.843. The fourth construct is financial literacy, which shows Cronbach's Alpha of 0.901, AVE of 0.770, and CR of 0.930, with loading values of FL.1 of 0.875, FL.2 of 0.855, FL.3 of 0.891, and FL.4 of 0.889. And the fifth construct of the dependent variable is the interest in the adoption of sharia fintech, which shows Cronbach's Alpha of 0.903, AVE of 0.775, and CR of 0.932, with the loading values of Fin.1 of 0.872, Fin.2 of 0.925, Fin.3 of 0.888, and Fin.4 of 0.833.

Table. 5
Determination Coefficient

	R-square	R-square adjusted
Adoption of Islamic Fintech Interest	0.412	0.400

Source: Processed by researcher, 2025.

This model shows an Adjusted R-Square value of 0.400, indicating that 40% of the variation in MSMEs interest in adopting sharia fintech (Y) is explained by the variables perceived usefulness (X1), perceived ease of use (X2), trust (X3), and financial literacy (X4). This suggests that the model has moderate explanatory power, as the variables in this study were described in about half of the variance of adoption interests. Based on Chin (1998), an R-Square value of 0.67 is considered strong influence, value of 0.33 is moderate influence, and value of 0.19 is weak influence. Meanwhile, Hair et al., (2019), suggest that an R-Square of 0.75 is substantial, 0.50 is moderate, and 0.25 is considered weak.

Table. 6
Path Coefficients

Hypothesis	Path Coefficient	β	T-Statistics	P Values	Decision
H1	PU -> End	0.074	1.080	0.280	Rejected
H2	PEOU -> End	0.223	2.932	0.003	Supported
H3	TR -> End	0.284	3.607	0.000	Supported
H4	FL -> End	0.263	3.121	0.002	Supported
F^2	Perceived Usefulness			0.007	
	Perceived Ease of Use			0.060	

	Trust	0.102
	Financial Literacy	0.082
Q^2	0.374	

Source: Processed by researcher, 2025.

The hypothesis testing results assessed the relationships between perceived usefulness (X1), perceived ease of use (X2), trust (X3), and financial literacy (X4) with MSMEs interest in adopting sharia fintech (Y). The details for each hypothesis are outlined below:

Supported hypothesis:

1. H2: Perceived Ease of Use ➞ Adoption Interest Fintech Sharia
   The path coefficients is 0.223, the T-Statistic of 2.932, and the P-value of 0.003 < 0.05 showing that the hypothesis is supported. These findings show that the easier the system is to use, the more likely it is to increase user intent or attitude. The perceived ease of use of interest is very encouraging for the adoption of sharia fintech by MSMEs in Indonesia. A positive attitude has a significant impact on user interest in adoption, this is supported by a value $f^2$of 0.060 suggesting a limited but notable effect.
2. H3: Trust ➞ Adoption Interest Fintech Sharia
   The path coefficients are 0.284, the T-Statistic of 3.607, and the P-value of 0.000 < 0.05 showing that the hypothesis is supported. These findings show that usage trust plays a significant role in influencing the decision or intention to use sharia fintech. The small but significant effect size of the confidence indicated by the value f^2 of 0.102.
3. H4: Financial Literacy ➞ Adoption Interest Fintech Sharia
   The path coefficients is 0.263, the T-Statistic of 3.121, and the P-value of 0.002 < 0.05 showing that the hypothesis is supported. Financial literacy shows that the better a person's financial understanding, the greater the tendency to use fintech. Although this variable shows a small effect, it is quite prominent as shown by the value f^2 of 0.082.

Rejected hypothesis:

1. H1: Perceived Usefulness ➞ Adoption Interest Fintech Sharia
   The path coefficients is 0.074, the T-Statistic of 1.080, and the P-value of 0.280 > 0.05 showing that the hypothesis is not supported or rejected. These results suggest that perceived usefulness does not significantly influence MSMEs interest in adopting sharia fintech. Additionally, the f^2 the value of 0.007 falls within the category of a small effect size.

Predictive Relevance (Q2) and Effect Sizes (F^2)

The blindfolding method is employed to assess the relevance of the model in prediction. Q^2 aims to assess the precision with which the path model predicts the original data. A model is assumed to demonstrate predictive capacity when Q^2 is greater than zero (Hair et al., 2017). Construct an adoption interest fintech sharia obtained a score of 0.374, which indicates an adequate level of prediction. As indicated by Q^2 Hair et al., (2019), the interpretation of the values is: low (0), medium (0.25), and high (0.50). Then according to Q^2 Jacob (1988), set generally recognized standards of value f^2 namely: an effect size of 0.02 represents a small impact, 0.15 represents a moderate impact, and 0.35 represents a substantial impact.

5. Discussion

The study aims to investigate the factors that influence interest of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia in adopting sharia compliant financial technology (fintech) as an alternative source of capital and a means to support their business sustainability. The study applies by Fred Davis (1986) Technology Acceptance Model (TAM) as its theoretical framework. The findings indicate that perceived ease of use, trust, and financial literacy significantly influence the interest of MSMEs in adopting sharia fintech. However, the perceived usefulness variable does not show a significant impact, as reflected in table 6.

- **Perceived Usefulness**

  The study revealed that the perceived usefulness of sharia fintech has no significant influence on the interest of Micro, Small, and Medium Enterprises (MSMEs) in adopting the technology. These results additionally corroborate the findings by Chrisananda et al., (2023) which observes the intentions of entrepreneurial behavior in financing fintech lending sharia towards The perception of usability has no significant influence. Similarly, studies from Daughter et al., (2023) found that perceived usefulness did not have a sufficiently significant effect on behavioral intentions. This suggests that additional factors may be needed that can influence the usability process of fintech sharia, or potentially influenced by other factors such as perceived ease of use, trust, and financial literacy which are more dominant in shaping usage interest.

- **Perceived Ease of Use**

  The study found that perceived ease of use significantly affect MSMEs interest in adopting sharia fintech. Based on previous findings from Adi (2024), Stuart O'Neill et al., (2024) and Zhang et al., (2023) pointing out that the more user friendly a system is, the higher the chance that people will be interested in fintech adoption.

- **Trust**

  This study's results reveal that the trust variable substantially influences MSMEs interes in adopting sharia fintech. These results support the earlier work done by Rinsa Oos & Sriwardany (2022), Shoffan Hasyim et al., (2022) and Mu'afifah & Sukardi (2023) that trust in security, transparency, and sharia compliance on digitalization platforms is an important factor in driving adoption interest in using services fintech. And trust is the cruncial element for the effective adoption of this technology.

- **Financial Literacy**

  This study revealed that the financial literacy variable significantly influences MSMEs interest in adopting sharia fintech. Similar findings were reported by Basar et al., (2024), Ha et al., (2024) and Pandey et al., (2022), indicating that financial literacy is fundamental to maintaining the sustainability MSMEs, particularly through the utilization of sharia fintech opportunities. A higher level of financial understanding and capability tends to foster greater adoption of fintech, especially those based on sharia principles.

Limitation:

When conducting this study, the researcher analyzed the limitations considered, namely:

1. Geographical scope: this study is focused on MSMEs in Indonesia with a total sample of 200 respondents. This number is relatively small when compared to the total MSME population in Indonesia which is much larger, so the data produced may not be representative of all MSMEs in Indonesia.
2. Self-report data: reliance on data obtained through self-reports risks bias, as the information provided by respondents may not fully accurately reflect their beliefs or interest in the adoption of sharia fintech.
3. Limited focus on sharia fintech: sharia fintech services allow people in some regions of Indonesia to be less familiar and unserved with sharia fintech due to differences in the equitable distribution of areas except on the island of Java. Therefore, more in-depth insight and education are needed and strengthened by good stakeholders and government regulations.

Future Research:

1. Longitudinal Study: a long term study is needed to observe shifts in attitudes and user behavior toward Islamic fintech, particularly in response to the growing adoption of digital technology in sharia based financial services.
2. Expansion of Research Area: this research is limited to certain areas in Indonesia. Therefore, future studies should cover other regions with diverse cultural backgrounds and economic conditions, to obtain a deeper and more comprehensive insight into the determinants of interest in sharia fintech adoption.
3. Comparative Analysis: it is essential to carry out a comparative analysis of the determinants driving the adoption of Islamic fintech and those shaping the acceptance of conventional fintech, to identify the differences in the key elements that are the main attraction in each financial services model.

6. Conclusion

The advancement of information technology is experiencing rapid growth that integrates technology and the financial and business sectors, one form of innovation is sharia financial technology (fintech). This research utilizes the Technology Acceptance Model (TAM) to investigate MSMEs willingness to adopt sharia fintech as an alternative capital funding sourse and as a means to support business activities crucial for their sustainability in Indonesia. The findings reveal that perceived ease of use, trust, and financial literacy significantly influence interest in adopting sharia fintech, whereas perceived usefulness does not significantly influence the adoption decision. There are many possible factors that become regarding the use of Islamic fintech such as religiosity, risk perception, social or cultural influence. MSMEs that use sharia fintech need an understanding of digitalization literacy and knowledge of the concept of sharia fintech, so that it can positively influence the interest in adoption by MSMEs. However, this study is limited by a small sample size comprising only 200 respondents, comparing MSMEs in Indonesia necessitates a larger sample from the current population. The study's results may not completely capture the perspectives of every MSME in Indonesia. This study contributes to the relevant disciplines and enhances the current literature by offering empirical insights into the factors affecting technology adoption in the realm of Islamic fintech.

7. Recommendations

Based on the results of the study, it is advisable for MSMEs in Indonesia to begin adopting sharia fintech as a strategic source of business capital to ensure their long term sustainability. Utilizing sharia based digital financial services not only enhances transaction efficiency and financial record keeping but also promotes transparency in fund management in accordance with Islamic principles. To foster greater interest in adopting sharia fintech, substantial efforts must be made to improve sharia financial literacy among MSME actors. A solid understanding of its features, benefits, and alignment with religious values will strengthen trust and readiness to use these services. Furthermore, implementing regular training on Islamic financial literacy combined with fintech use is vital for mitigating financial mismanagement risks and to maximize the effectiveness of these services. In addition, the education level of MSME actors also contributes to their insight and understanding of sharia-based financial principles and management. Thus, improving the quality of education will help encourage the wider and deeper adoption of sharia fintech among Indonesian MSMEs.

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