

ABSTRACT

Financial digitalization through fintech services plays a crucial role in improving access to financing and enhancing business efficiency. However, fintech adoption among micro, small, and medium enterprises (MSMEs) in Indonesia remains limited, including in Central Java Province, where adoption rates are approximately 30%. Moreover, Islamic fintech development continues to lag behind conventional fintech, with only seven licensed Islamic fintech lending companies compared to 91 conventional providers. This situation highlights the need to identify the determinants influencing MSMEs' intention to adopt Islamic fintech. This study aims to examine the effects of performance expectancy, effort expectancy, social influence, hedonic motivation, facilitating conditions, price value, habit, religiosity, and Islamic financial literacy on the behavioral intention to use Islamic fintech among MSME actors in Central Java.

This study employs a binary logistic regression approach using data collected from 220 respondents. The study population comprises MSME actors operating in Central Java. A non-probability sampling method, specifically purposive sampling, was applied based on predetermined respondent criteria. The empirical findings indicate that performance expectancy, social influence, price value, habit, religiosity, and Islamic financial literacy have a positive and statistically significant effect on behavioral intention to use Islamic fintech. Conversely, effort expectancy, hedonic motivation, and facilitating conditions do not exhibit a statistically significant influence on behavioral intention to use. Based on these findings, it is recommended that Islamic fintech service providers implement structured educational programs and digital assistance initiatives to enhance trust and habitual usage among MSME actors. Additionally, MSME actors are encouraged to strengthen their understanding of Islamic financial literacy to optimize the utilization of Islamic fintech services, not only for transactional purposes but also for financial management, capital financing, and broader sharia-compliant financing solutions.

Keywords: *Islamic Fintech, MSMEs, Technology Adoption, UTAUT2, Religiosity, Islamic Financial Literacy*