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Behavioral intention to adopt Islamic banking digital services: A modified UTAUT2 approach

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ABSTRACT

Purpose — *This research aims to identify the factors that influence customers in using digital Islamic banking services by modifying the UTAUT2 model to include Perceived Credibility and Perceived Risk variables.*

Method — *This research employs a quantitative approach to test and validate the hypotheses formulated. The study population consists of Islamic bank customers in Indonesia. For sample selection, a purposive sampling technique was employed, with the inclusion criterion being that respondents must be Islamic bank customers who have utilized digital Islamic banking services. Data were collected from 373 Islamic bank customers through online Google Forms. The data analysis technique utilized in this research is the Partial Least Squares (PLS) method, conducted using SmartPLS software.*

Result — *The research results indicate that nearly all UTAUT2 variables significantly impact customers' adoption of digital Islamic banking services. Specifically, Perceived Credibility significantly influences customers' adoption of these services, and similarly, Perceived Risk significantly affects customers' adoption of digital Islamic banking services.*

Contribution — *This research introduces a novel framework by modifying the UTAUT2 model, incorporating the variables of Perceived Credibility and Perceived Risk as extensions to the UTAUT2 model.*

Keywords: *UTAUT2, Islamic banking digital services, adoption, perceived credibility, perceived risk*

INTRODUCTION

Financial inclusion is a state where everyone can access financial products, such as credit, savings, payments, and insurance from formal service providers, more effectively and efficiently. Effective access means delivering services that are convenient, responsible, cost-effective for users, and sustainable for service providers. This aims to encourage 'excluded' customers to use formal financial services over informal ones. Financial inclusion encompasses three dimensions: accessibility, availability, and usage. Accessibility measures financial penetration in underserved communities, availability gauges the ability of such communities to use formal financial services, and usage measures the extent to which these services meet community needs (Umar, 2017).

The advancement of information and communication technology has transformed manual-based industrial activities, including the financial sector, into fully automated processes. Information and communication technology has given rise to digital banking, where traditional transactions and services are digitized into applications (Riza, 2019). Digital banking services prioritize meeting customer needs by providing access at any time and place, while reducing direct physical interactions between banks and customers (Aripin et al., 2022).

The digitalization of banking services makes banking products and services easily accessible. In the case of Islamic banking, this digitalization is expected to improve Islamic financial literacy and inclusivity. Like other businesses, Islamic banking must adapt to technological developments to align with customer needs and preferences. Technological advancements influence changes in customer behavior and expectations. The fast-paced evolution of the Islamic banking industry

requires banks to develop competitive advantages and maximize the use of digital technology (Saba et al., 2019). Digital technology enhances relationships with stakeholders, including customers, employees, and suppliers, fostering innovation through streamlined banking procedures (Nugroho & Nugraha, 2020).

The digitalization of Islamic banking services simplifies processes, allowing customers to open accounts, apply for loans, and access banking services through their smartphones without visiting a physical bank. This enables customers to increase their financial transactions, access more products, and improve their business performance compared to traditional banking services. Moreover, customers with high transaction activity and efficiency, especially those in technologically advanced areas, are more likely to embrace digital Islamic banking services (Martins et al., 2014).

The COVID-19 pandemic has spurred rapid transformation across the financial industry, prompting significant changes in consumer technology adoption, including among Islamic banking customers. Digital transformation in Islamic banking necessitates the seamless, risk-minimized application process to cater to tech-savvy customers who seek quick and instant access to their banks. This transformation has forged a 'new relationship' between customers and banks.

A survey conducted by Fair Isaac Corporation (FICO) revealed that 40% of customers in the Asia Pacific region prefer visiting a physical office when essential formalities cannot be completed digitally (FICO, 2021). More specifically, 48% of Indonesian customers opt for digital banking services but are willing to visit a branch if necessary.

Figure 1. How customers prefer to begin a new banking relationship

Source: FICO (2021)

To maintain enduring, sustainable relationships, it is crucial for banks, especially Islamic banks, to empower customers in managing their financial positions. Modern digital service users seek greater control and visibility over their financial affairs. In Indonesia, 39% of customers express the desire for such control and visibility (FICO, 2021). Equally important is the development of a well-rounded suite of products and services, including enhanced control over digital service features and performance, ease of use, and security.

Understanding the adoption of digital Islamic banking services by customers is a pivotal research area, given the myriad factors influencing such adoption. Moreover, this research gains significance as studies on the adoption of digital Islamic banking services, especially in Indonesia, are limited. Our study presents a comprehensive research model for explaining the adoption of digital Islamic banking services. We will employ an extended UTAUT2 Model to pinpoint the most influential factors driving the adoption of these services. The UTAUT2 Model, a consumer technology adoption model developed by Venkatesh et al. (2012), has demonstrated its ability to explain 70% of the variation in usage intentions, a substantial improvement over the original eight models it synthesized (Martins et al., 2014). The UTAUT2 Model incorporates variables that affect consumers' adoption and use of technology, including performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, price value, and habit, all of which influence behavioral intention and technology usage.

With the UTAUT2 Model framework, numerous researchers have conducted empirical studies to explore the factors driving mobile banking adoption. Harahap et al. (2023) found that performance expectations, social influence, price value, habits, and alignment with Islamic lifestyles significantly impact digital banking use. On the other hand, facilitating conditions, hedonic motivation, trialability, and spiritual motivation have a minor influence on digital banking adoption. Hassan et al. (2023) noted that social influences, facility conditions, pricing, and perceived credibility influence the adoption of mobile Islamic financial services among Islamic banking customers. Among these factors, perceived credibility stands out as the most dominant, as customers are attuned to transactional risks and prioritize the structure, reliability, consistency, and security of mobile Islamic financial service applications. Shaikh et al. (2023) determined that perceived complexity, technological progress, perceived compatibility, and perceived relative advantage are key factors motivating customers to adopt digital Islamic banking services.

The digitalization of banking services holds great potential for positive impacts on both customers and the banking industry, as long as banks continuously maintain and enhance the performance of their digital services. Demirel (2022) highlights that most aspects of digital service quality contribute to customer satisfaction, emphasizing that companies offering digital services must build trust among their customers. This entails aligning product and service designs with customer preferences. Kamil & Fordian's research in 2023 underscores the significant role of e-service quality and e-recovery service in influencing user e-satisfaction, both simultaneously and partially. These competencies positively affect user e-satisfaction, indicating the progressive impact of e-service quality and e-recovery service quality.

Perceived credibility represents the initial dimension of trust (Wang et al., 2003). According to Wang et al. (2003), perceived credibility reflects the extent to which one party believes the other possesses the necessary skills to execute tasks effectively and reliably. Additionally, beliefs regarding the ease of use and usability, along with concerns about security and privacy, influence users' intentions to use internet banking. A lack of perceived credibility can lead users to worry that digital banking systems may expose their personal information or finances to unauthorized third parties (Hoffman et al., 1999).

The adoption of digital technology introduces its own set of risks, a consideration for customers when utilizing these services. These risks range from the security of customer data to issues with the digital service infrastructure. The potential for customer data breaches is a particular concern, garnering significant attention. Data leakage risk is not exclusive to sharia banking, as it extends to all digital service providers. Data leakage or theft concerns create feelings of

insecurity and discomfort among customers, in addition to posing financial risks to customers and damaging the reputation of the bank.

Perceived Risk encompasses the perceived uncertainty regarding potential negative consequences when using a product or service (Featherman & Pavlou, 2003). Featherman & Pavlou (2003) outline several components of Perceived Risk, including Performance Risk, Financial Risk, Time Risk, Psychological Risk, Social Risk, Privacy Risk, and Overall Risk. Performance Risk relates to the possibility of a product or service not delivering the intended benefits. Financial Risk involves potential monetary losses from initial purchases and maintenance. Time Risk arises when users invest time in making poor purchasing decisions, researching, buying, and learning to use a product. Psychological Risk is associated with the impact on consumers' peace of mind and self-esteem due to product performance falling short of expectations. Social Risk pertains to potential loss of social status due to product usage. Privacy Risk is the loss of control over personal information. Overall Risk serves as a comprehensive measure of existing risks.

According to Martins et al. (2014), performance, privacy, financial, social, time, and psychological risks significantly influence customers' intentions to use digital banking services. Thus, managers must ensure that the Islamic banking digital service platform adheres to robust security practices to mitigate risks for customers.

Given this context, this research aims to identify the factors influencing customers' use of digital Islamic banking services by modifying the UTAUT2 model. We introduce the variables of perceived credibility and perceived risk as extensions to the research model. This article is divided into five sections, starting with an introduction providing background information. The second section presents the research methods, followed by the third section for hypothesis development. The fourth section covers the results and discussion, concluding with the fifth section, which outlines future research ideas and provides a conclusion.

METHOD

This research adopts a quantitative approach to test and validate the formulated hypotheses. The study's target population comprises Islamic bank customers in Indonesia. Sample selection for this study employed a purposive sampling technique, with the condition that respondents must be Islamic bank customers who have utilized digital Islamic banking services. Data collection involved 373 Islamic bank customers, gathered through online Google Forms.

For data analysis, this research utilizes the Partial Least Square (PLS) method, facilitated by SmartPLS software. PLS is a covariance-based Structural Equation Model (SEM) that offers the advantage of not requiring normally distributed data or large sample sizes. The stages of PLS analysis encompass: (1) designing an inner model to illustrate the relationships between latent variables; (2) creating an outer model to assess whether indicators are reflective or formative; (3) designing a path diagram; (4) converting path diagrams into model equations; and (5) parameter estimation.

The PLS analysis unfolds in two stages: the measurement of the outer model and the measurement of the inner model (Hair et al., 2019). At the outer model measurement stage, reliability and validity tests are conducted. Validity tests involve identifying leading factors (FL) and cross-loading (CL) values. A validity test considers FL values ≥ 0.5 and cross-loading values for each indicator > the cross-loading values on other variables. The measurement model's reliability is assessed using established criteria, including Cronbach's alpha (CA) > 0.6, composite reliability (CR) > 0.6, and average variance extracted (AVE) > 0.5 (Rafdinal & Senalasari, 2021).

The structural model, the next step, investigates relationships between variables in the model and tests research hypotheses. This stage examines the probability value (P-Value) with a significance level of 0.05 and evaluates variable relationships via path coefficient values. A positive path coefficient indicates a positive relationship between variables, and vice versa. Following measurement and structural modeling, the model's validation is assessed using R-

Square (R^2) to measure the influence of exogenous variables on endogenous variables (Hair et al., 2019; Rafdinal & Senalasari, 2021).

Hypotheses development

Performance expectancy and behavioral intention

Performance expectancy is the benefit that users believe they will get after using a technology in their daily activities (Venkatesh et al., 2012). When customers believe that using Islamic banking digital services will produce the desired results, customers are more likely to have a strong intention to use these digital services, and vice versa.

H1: Performance expectancy influences behavioral intention

Effort expectancy and behavioral intention

Effort expectancy is a user's perception of the ease of using a technology (Venkatesh et al., 2012). This relates to customers' perceptions of the level of difficulty or comfort associated with using a technology. The easier the technology is for individuals to use, the lower the level of effort required, and the higher the likelihood that they will use the technology. When customers find it easy to use Islamic banking digital services, it is more likely that they will have a strong intention to use them, and vice versa.

H2: Effort expectancy influences behavioral intention

Social influence and behavioral intention

Social influence shows how users perceive that friends and family members and other important figures expect them to use a technology (Venkatesh et al., 2012). Social influences, such as social norms and pressure from other people, can influence an individual's intention to carry out an action or not. When customers think that the people who are important to them support using digital Islamic banking services, they are more likely to have a strong intention to use those services.

H3: Social Influence influences behavioral intention

Facilitating conditions and behavioral intention

Facilitating conditions describe individuals' beliefs in the existence of technical infrastructure and related assistance that will help them use a technology when needed (Venkatesh et al., 2012). Facilitating conditions pertain to whether individuals perceive there is adequate support and resources available for them to perform specific behaviors. When customers believe facilitating conditions are present, they are more likely to possess a strong intention to use digital Islamic banking services.

H4: Facilitating conditions influence behavioral intention

Price value and behavioral intention

Price value describes how users perceive the benefits in relation to the costs of using a technology (Venkatesh et al., 2012). This pertains to the extent to which customers believe that the product or service offers benefits that are equal to or exceed the costs or prices they pay. If customers perceive that the price requested aligns with the benefits they expect from Islamic banking digital services (high price value), they are more likely to have a stronger intention to use the digital service.

H5: Price value influences behavioral intention

Hedonic motivation and behavioral intention

Hedonic motivation refers to the pleasure derived from using technology (Venkatesh et al., 2012). This pertains to the desire to attain positive experiences or feelings of enjoyment through technology usage. When customers exhibit high hedonic motivation, indicating a strong interest in seeking satisfaction or pleasure, they are more likely to possess a stronger intention to use Islamic banking digital services, known for delivering positive experiences.

H6: Hedonic motivation influences behavioral intention

Habit and behavioral intention

Habit refers to the automatic repetition of behavior leading to the formation of habits (Venkatesh et al., 2012). If consumers habitually use digital Sharia banking service applications, they tend to have a stronger intention to use these digital services.

H7: Habit influences behavioral intention

Perceived credibility and behavioral intention

Perceived credibility is the extent to which users believe that the service is safe, private and free from threats (Wang et al., 2003). When customers assess sharia banking digital service applications as credible and reliable, they tend to have a stronger intention to use these digital services.

H8: Perceived credibility influences behavioral intention

Perceived risk is the second order of seven risks

Featherman & Pavlou (2003) state that Perceived Risk includes Performance Risk, Financial Risk, Time Risk, Psychological Risk, Social Risk, Privacy Risk, and Overall Risk. All these risks become second-order and influence the intention to use technology, allowing for the formulation of the following hypotheses:

H9a: Perceived risk influences performance risk
H9b: Perceived risk influences financial risk
H9c: Perceived risk influences time risk
H9d: Perceived risk influences psychological risk
H9e: Perceived risk influences social risk
H9f: Perceived risk influences privacy risk
H9g: Perceived risk influences overall Risk

Perceived risk and behavioral intention

Perceived Risk is the perceived uncertainty regarding the possible negative consequences of using a product or service (Featherman & Pavlou, 2003). The smaller the perceived risk, the greater the customer's likelihood of using Islamic banking digital service.

H10: Perceived risk influences behavioral intention

Perceived risk and performance expectancy

Perceived Risk relates to the extent to which users perceive risks related to the use of technology, while performance expectancy relates to the extent to which a technology will provide benefits or good performance in meeting user needs. If customers feel that Islamic banking digital services have low perceived risk, then customers' performance expectations for these digital services are high.

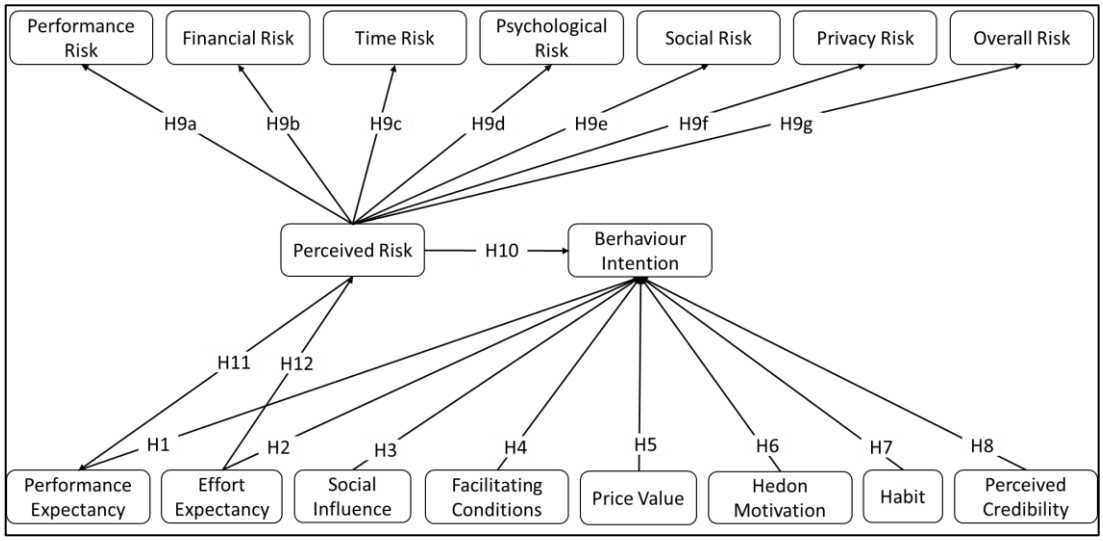
H11: Perceived risk influences performance expectancy

Effort expectancy and perceived risk

Effort expectancy pertains to the degree to which users believe that the technology they use will demand effort from them. On the other hand, Perceived Risk relates to the extent to which users perceive risks associated with the use of technology. If customers perceive that the digital services provided by Islamic banking require minimal effort, they are more likely to assume that the perceived risk is also low.

H12: Effort expectancy influences perceived risk

Figure 2. Research model



Source: (Hassan et al., 2023; Martins et al., 2014; Venkatesh et al., 2012). Modified.

RESULT AND DISCUSSION

Respondents' demographic data

Respondents in this research are customers of digital sharia banking services. Table 1 below presents the demographic data of the study participants.

Table 1. Demographic data of respondents

Age (Years)		%	Gender		%
20-30	148	39.68%	Male	129	34.58%
31-40	172	46.11%	Female	244	65.42%
>40	53	14.21%			

Job			Income Level		
Student	68	18.23%	< Rp 1.000.000	80	21.45%
Civil Servants	165	44.24%	Rp 1.000.000 - Rp 3.000.000	68	18.23%
Employee	76	20.38%	Rp 3.000.000 - Rp 5.000.000	84	22.52%
Businessman	16	4.29%	> Rp 5.000.000	141	37.80%
Private	20	5.36%			
Other	28	7.51%			

Source: Processed data (2023)

Based on the data in Table 1, approximately 65.42% of the respondents were women, while men accounted for roughly 34.58% of the total sample. Descriptive statistics reveal that the majority of respondents fell within the 31-40 years age group (46.11%) and the 20-30 years age group (39.68%).

Regarding monthly income, the largest segment of the usable sample (37.80%) had a monthly income exceeding IDR 5,000,000, followed by those with incomes between IDR 3,000,000 and IDR 5,000,000 (22.52%). The respondents' occupation was predominantly civil servants (44.24%), followed by employees (20.38%).

Measurement model assessment

Convergent Validity assesses the compatibility of indicators with variable measurement outcomes. It involves three key stages: examining outer loading values, assessing Composite Reliability (CR), and evaluating Average Variance Extracted (AVE). Outer loading values reflect the strength of the correlation between each indicator and the variable they represent, with a loading factor greater than 0.708 considered acceptable. Composite Reliability (CR) exceeding 0.70 indicates a construct's reliability. Additionally, an AVE value above 0.50 signifies that the variance within a construct component holds potential reliability for further examination.

Table 2. Measurement model assessment

Correlation of indicators with variables	Loading factor	CR	AVE
Performance Expectancy		0.922	0.664
PE_1<-PE	0.777		
PE_2<-PE	0.800		
PE_3<-PE	0.830		
PE_4<-PE	0.831		
PE_5<-PE	0.851		
PE_6<-PE	0.795		
Effort Expectancy		0.929	0.766
EE_1<-EE	0.880		
EE_2<-EE	0.882		
EE_3<-EE	0.873		
EE_4<-EE	0.866		
Social Influence		0.887	0.614
SI_1<-SI	0.841		
SI_2<-SI	0.812		
SI_3<-SI	0.823		
SI_4<-SI	0.791		
SI_5<-SI	0.632		
Facilitating Condition		0.806	0.581
FC_1<-FC	0.788		

FC_2<-FC	0.725		
FC_3<-FC	0.773		
Price Value		0.914	0.779
PV_1<-PV	0.854		
PV_2<-PV	0.892		
PV_3<-PV	0.901		
Hedonic Motivation		0.939	0.838
HM_1<-HM	0.894		
HM_2<-HM	0.957		
HM_3<-HM	0.893		
Habit		0.937	0.833
H_1<-H	0.914		
H_2<-H	0.925		
H_3<-H	0.898		
Perceived Credibility		0.915	0.781
PC_1<-PC	0.853		
PC_2<-PC	0.888		
PC_3<-PC	0.910		
Performance Risk		0.929	0.725
PR_1<-PR	0.783		
PR_2<-PR	0.900		
PR_3<-PR	0.828		
PR_4<-PR	0.882		
PR_5<-PR	0.859		
Financial Risk		0.961	0.860
FR_1<-FR	0.929		
FR_2<-FR	0.898		
FR_3<-FR	0.943		
FR_4<-FR	0.939		
Time Risk		0.977	0.913
TR_1<-TR	0.945		
TR_2<-TR	0.965		
TR_3<-TR	0.962		
TR_4<-TR	0.949		
Psychological Risk		0.989	0.977
PSC_1<-PSC	0.988		
PSC_2<-PSC	0.989		
Social Risk		0.986	0.973
SR_1<-SR	0.986		
SR_2<-SR	0.986		
Privacy Risk		0.950	0.865
PVR_1<-PVR	0.940		
PVR_2<-PVR	0.963		
PVR_3<-PVR	0.884		
Overall Risk.		0.971	0.894
OR_1<-OR	0.953		
OR_2<-OR	0.944		
OR_3<-OR	0.943		
OR_4<-OR	0.942		
Behavioral Intention		0.929	0.685
BI_1<-BI	0.845		
BI_2<-BI	0.713		
BI_3<-BI	0.786		

BI_4<-BI	0.842		
BI_5<-BI	0.880		
BI_6<-BI	0.888		

Source: Processed data (2023)

Table 2 reveals that all variables have an AVE exceeding 0.50, indicating potential reliability of construct components for further testing. Additionally, the Composite Reliability (CR) values are above 0.70, signifying reliable constructs. While most variables have indicator outer loading values exceeding 0.7, one indicator (SI_5) falls below 0.7. However, since the AVE value for that variable remains above 0.5, these indicators are still considered valid for research.

The next test, discriminant validity, measures how well indicators differentiate between instrument constructs. In this study, the Fornell-Lacker criterion is used. Table 3 demonstrates that the indicators better reflect their associated variables compared to others, as indicated by higher Fornell-Lacker values. This suggests a stronger correlation between the indicator and its corresponding construct when compared to other constructs. These results indicate good discriminant validity.

Table 3. Discriminant validity with Fornell-Lacker criterion

	BI	EE	FC	FR	H	HM	OR	PC	PCR	PE	PR	PSC	PV	PVR	SI	SR	TR
BI	0.828																
EE	0.654	0.875															
FC	0.664	0.637	0.762														
FR	0.046	0.010	0.006	0.928													
H	0.624	0.564	0.617	0.086	0.913												
HM	0.663	0.752	0.669	0.025	0.637	0.915											
OR	-0.049	-0.058	-0.096	0.870	0.050	-0.070	0.946										
PC	0.602	0.554	0.620	-0.051	0.465	0.615	-0.037	0.884									
PCR	-0.043	-0.038	-0.069	0.917	0.068	-0.052	0.966	-0.036	0.865								
PE	0.600	0.797	0.618	-0.064	0.615	0.711	-0.081	0.507	-0.080	0.815							
PR	0.011	-0.045	-0.083	0.832	0.025	-0.044	0.846	-0.011	0.900	-0.139	0.851						
PSC	-0.078	-0.025	-0.090	0.773	0.099	-0.040	0.878	-0.012	0.921	-0.035	0.745	0.989					
PV	0.594	0.574	0.521	0.009	0.463	0.698	-0.020	0.589	-0.033	0.624	-0.038	-0.052	0.883				
PVR	-0.054	-0.025	-0.082	0.844	0.059	-0.069	0.899	-0.077	0.940	-0.048	0.825	0.857	-0.030	0.930			
SI	0.597	0.514	0.584	0.128	0.656	0.622	0.117	0.453	0.113	0.673	0.010	0.158	0.518	0.099	0.784		
SR	-0.078	-0.033	-0.057	0.766	0.090	-0.038	0.862	0.022	0.911	-0.041	0.748	0.959	-0.052	0.839	0.142	0.986	
TR	-0.108	-0.059	-0.058	0.820	0.059	-0.092	0.903	-0.044	0.943	-0.077	0.788	0.884	-0.051	0.864	0.120	0.867	0.955

Source: Processed data (2023)

Structural model assessment

A bootstrap procedure with 5,000 iterations was employed to assess the significance of indicators and path coefficients, following the approach outlined by Chin et al. (2008). Prior to hypothesis testing, a model quality assessment was conducted using several criteria. R^2 (termination coefficient) measures the extent to which exogenous constructs explain endogenous constructs and is categorized as substantive (0.75), moderate (0.50), or weak (0.25). The f^2 (Effect size) reflects the strength of the influence of one variable on another and is categorized as strong (0.35), medium (0.15), or small (0.02) (Hair et al., 2019). Q^2 assesses the model's predictive ability, with values greater than 0 indicating relevant predictions. Table 4 presents the R^2, f^2, and Q^2 values.

Table 4. Structural model assessment

	β	R^2	R^2 Adjusted	f^2	Q^2
EE -> BI	0.297	0.626	0.617	0.063	0.418
FC -> BI	0.173			0.032	
H -> BI	0.193			0.044	
HM -> BI	-0.004			0.000	
PC -> BI	0.141			0.027	
PCR -> BI	-0.057			0.008	
PE -> BI	-0.166			0.018	
PV -> BI	0.169			0.034	
SI -> BI	0.186			0.036	

Source: Processed data (2023)

Table 4 reveals that the R^2 for the PU variable is 0.626, indicating strong influence from exogenous variables, explaining the BI variable substantially. Regarding f^2 in BI, most variables exhibit a medium effect size (>0.02), except for Performance Expectation (PE), Hedonic Motivation (HM), and Perceived Risk (PCR), which have a low effect size (<0.02). The Q^2 value is greater than 0, confirming the model's acceptable predictive power.

Table 5. Hypotheses testing

Hypothesis	β	p-*value*	Result
EE -> BI	0.297	0.000	Accepted
EE -> PCR	-0.038	0.540	Rejected
FC -> BI	0.173	0.004	Accepted
H -> BI	0.193	0.000	Accepted
HM -> BI	-0.004	0.930	Rejected
PC -> BI	0.141	0.005	Accepted
PCR -> BI	-0.057	0.018	Accepted
PCR -> FR	0.917	0.000	Accepted
PCR -> OR	0.966	0.000	Accepted
PCR -> PE	-0.080	0.185	Rejected
PCR -> PR	0.900	0.000	Accepted
PCR -> PSC	0.921	0.000	Accepted
PCR -> PVR	0.940	0.000	Accepted
PCR -> SR	0.911	0.000	Accepted
PCR -> TR	0.943	0.000	Accepted
PE -> BI	-0.166	0.035	Accepted
PV -> BI	0.169	0.002	Accepted
SI -> BI	0.186	0.001	Accepted

Source: Processed data (2023)

After evaluating the structural model, the next step is hypothesis testing, with the results presented in Table 5. The testing involved a bootstrapping process with 5000 iterations to assess the significance of both indicators and path coefficients. All hypotheses are accepted if the p-value is less than 0.05, with the exception of H6, H11, and H12.

Discussion

The research results indicate that nearly all UTAUT2 variables, except for the Hedonic Motivation variable, had a significant impact on the adoption of digital sharia banking services by customers. These findings align with prior research (Dhingra & Gupta, 2020; Hilal & Varela-Neira, 2022;

Khan et al., 2017; Venkatesh et al., 2012). Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Condition, Price Value, and Habit were statistically proven to influence the adoption of digital sharia banking services. These results further validate the UTAUT2 model in explaining the variables that influence technology adoption by users. Among all the UTAUT2 variables, Effort Expectancy had the most significant influence on the adoption of digital sharia banking services. Effort Expectancy represents the user's perception of the ease of using technology, and it appears to be the dominant factor for customers when adopting sharia banking digital services.

Hedonic motivation did not have a significant effect on the adoption of digital sharia banking services by customers. This conclusion is consistent with previous research (Mahfuz et al., 2017; Owusu Kwateng et al., 2019). Hedonic Motivation is related to feelings of pleasure, entertainment, and enjoyment of using technology. The use of digital sharia banking services by customers may not always be influenced by hedonic motivation. Effort Expectancy, Social Influence, and Facilities Conditions that support factors may be more influential than the pleasure motive in using digital sharia banking services.

Perceived Credibility significantly influences the adoption of digital sharia banking services by customers, in line with previous research (Hassan et al., 2023). As sharia banking digital services are relatively new compared to conventional banking, credibility becomes vital for customers due to its relationship with transaction risks. Sharia banking digital service applications must ensure their applications are secure, supported by adequate IT infrastructure, transparent, accountable, and credible in transaction processing. By doing so, customers will feel safe and comfortable when using digital sharia banking services.

The research results show that all these risks become secondary and influence the intention to use technology. These findings are consistent with previous research by (Featherman & Pavlou, 2003; Martins et al., 2014). Time risk, privacy risk, and overall risk are the most prominent concerns regarding perceived risk. Performance risk is a less prominent factor. The research indicates that customers tend to prioritize privacy risk, time risk, and overall risk as significant considerations when adopting digital sharia banking services. Instances of data breaches in sharia banking have certainly influenced customers' decisions regarding the reuse of sharia banking digital service applications. Customers consider data privacy and time aspects as more critical factors compared to performance risks.

Perceived Risk significantly influences the adoption of digital sharia banking services by customers, in line with previous research (Alalwan et al., 2018; Featherman & Pavlou, 2003; Martins et al., 2014). Perceived risk is a multidimensional construct associated with the perception of danger when exchanging personal information over open internet infrastructure. It is a crucial variable that influences whether customers choose to use digital sharia banking services. These findings expand the horizons of the UTAUT2 model by incorporating the Perceived Risk variable, considering that risk is one of the most frequently used and predictive factors proposed alongside the UTAUT2 factors in the same conceptual model (Alalwan et al., 2018).

Perceived Risk does not significantly influence Performance Expectancy. This differs from prior research (Martins et al., 2014). This discrepancy may suggest that users have varying levels of risk tolerance, influenced by personal factors like previous experience, knowledge, and attitudes towards risk, which affect how they assess Perceived Risk and Performance Expectancy. Effort Expectancy does not significantly influence Perceived Risk, differing from previous research (Martins et al., 2014). A person's Effort Expectancy and Perceived Risk can be significantly influenced by personal characteristics, such as technological knowledge, previous experience, and risk tolerance. Some individuals may be more tolerant of higher effort and lower risk perception. This is reinforced by the research results of (Permadi & Wilandari, 2021), indicating that even though applications offer benefits and convenience, they can still pose risks.

CONCLUSION

This research aims to identify the factors influencing customers' use of digital sharia banking services. The research results show that nearly all UTAUT2 variables, except for the Hedonic Motivation variable, significantly influence the adoption of digital sharia banking services by customers. Perceived Credibility and Perceived Risk both have a significant impact on the adoption of digital sharia banking services.

This research introduces a new framework by modifying the UTAUT2 model, which includes Perceived Credibility and Perceived Risk as enhancements to the model. Previous research has indicated the significance of these variables in influencing technology adoption by users. The results of this modified UTAUT2 model can be applied to the study of sharia fintech technology adoption, contributing to the measurement of sharia financial inclusion.

The findings of this research hold significant implications for the credibility of sharia banking digital service applications. This research underscores the importance of the sharia banking industry's efforts to maintain and improve the quality of its services while enhancing security, supporting infrastructure, transparency, and accountability.

Furthermore, this research extends and modifies the UTAUT2 model. Future research may consider incorporating new variables such as spiritual motivation and Islamic Lifestyle. Additionally, researchers can introduce endogenous moderating variables and use existing contextual factors, such as age, gender, and experience, as moderating variables.

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