JHSS (Journal of Humanities and Social Studies)
https://journal.unpak.ac.id/index.php/jhss
Volume 09, Number 02, Page 1218-1224
e-ISSN: 2598-120X; p-ISSN: 2598-117X

THE INFLUENCE OF FINTECH TECHNOLOGY USAGE IN ISLAMIC BANKING ON CUSTOMER SERVICE AND CUSTOMER GROWTH

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Article history: *received 21 June 2025; revised 02 July 2025; accepted 15 August 2025* *DOI: https://doi.org/10.33751/jhss.v9i2.12602*

Abstract Indonesia's economic growth is primarily driven by the development of digital technology that has transformed various aspects of life, including banking, transportation, and finance. Fintech, one of the key aspects of this development, includes various banking services such as mobile banking, internet banking, SMS banking, QR Codes, e-money, and ATMs. The purpose of this research is to determine the level of development and understanding of fintech among the public, as well as to assess the public's interest in using fintech products themselves. The research method used in this study is quantitative. The government has emphasized the importance of fintech in the Islamic world, particularly in Indonesia, due to concerns regarding investor trust, lack of knowledge about fintech, and the differences between traditional and Islamic fintech. The government allocates five points for fintech startups, where 81.75 percent of the public understands fintech and uses it without fear.

Keywords: development; fintech technology

I. INTRODUCTION

Technology is rapidly developing to meet human needs in obtaining information and various other electronic services in the modern era today. This is happening because the use of technology is considered more effective and efficient in its utilization. Through the utilization of technology, the community feels greatly assisted in obtaining services. The same thing also happens in the financial sector, which has seen significant development. Technology and the financial sector are closely interconnected with each other. Financial technology (fintech) has rapidly developed in recent years and has become one of the key elements in the transformation of the banking industry. However, Islamic banking faces specific challenges in adopting fintech because it must adhere to Sharia principles that prohibit usury (interest), excessive speculation, and elements of uncertainty (gharar). Therefore, the integration of fintech in Islamic banking requires a careful approach to remain compliant with Sharia law. Customers demand convenience and speed in banking services, whether through online access, mobile banking, or other new technologies. To remain competitive, Islamic banks need to innovate by adopting fintech technology that allows customers to access services more easily, securely, and quickly in this digital era. Failure to provide adequate digital services can cause Islamic banks to lose market share. Financial technology, based on Bank Indonesia Regulation Number 19/12/PBI/2017, is the use of technology in the financial system that produces new products, services, technologies, and/or business models and can impact monetary stability, financial system stability, efficiency, smoothness, security, and reliability of the payment system. Financial technology providers include payment systems, market support, investment and risk management, lending, financing, capital providers, and other financial services. This affects human behavior patterns in utilizing technology to access various information and digital service features. In the world of Islamic banking, the implementation of fintech has been carried out through various features such as Cash Management System, mobile banking, internet banking, SMS banking, QR Code, e-money, and ATM.

Sharia fintech has a legal umbrella based on the Financial Services Authority Regulation (POJK) Number 77 of 2016 concerning Information Technology-Based Money Lending and Borrowing Services in Indonesia. These regulations apply to both conventional and sharia fintech. However, there are additional regulations for sharia fintech, namely the obligation to refer to the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) Number 117 of 2018 concerning Information Technology-Based Financing Services Based on Sharia Principles. In the context of Islamic banking, regulators are showing an increasingly open attitude towards fintech innovations as long as they remain in accordance with Sharia principles. The challenge faced is how to design a flexible regulatory framework while maintaining the integrity of Sharia in digital financial products. In May 2020, there were 161 registered or

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licensed companies in the fintech industry. Of these, 106 companies were local and 55 companies were foreign. The amount of outstanding loans in the last three years has experienced fluctuations but still shows significant increases, namely Rp5.04 trillion in 2018, Rp13.16 trillion in 2019, and Rp12.86 trillion in May 2020, which rose by 54.64% year-on-year (yoy), with the national loan disbursement accumulation reaching Rp109.18 trillion or an increase of 166.03% yoy. The authentic data regarding the growth of the fintech industry in Indonesia shows great potential for the established banking industry, both conventional and sharia, which needs to respond quickly in various aspects such as benefit, opportunity, cost, and risk. However, the reaction of the sharia banking industry to the development of the fintech industry and its potential impact tends to be slower compared to the conventional banking industry. This is because Islamic fintech must ensure that every product and service offered complies with Islamic law and principles, which prohibit practices such as riba (interest), gharar (uncertainty), and maysir (speculation). The process of verifying Sharia compliance also often takes longer because it must involve scholars or Sharia supervisory boards, thereby delaying the launch of new products.

Innovation in sharia fintech is still relatively limited compared to conventional fintech, which has created various financial solutions such as digital wallets, microloans, and investment services that are quickly adopted by the public. Sharia fintech products such as sharia peer-to-peer (P2P) lending or sharia crowdfunding are not yet as popular as conventional services. Sharia fintech products such as sharia peer-to-peer (P2P) lending or sharia crowdfunding are not yet as popular as conventional services, partly due to the limitations of innovations that align with sharia principles. Sharia fintech regulations in Indonesia are still in the development stage and not yet fully mature. Although the Financial Services Authority (OJK) has issued general guidelines on fintech, specific regulations supporting the development of sharia fintech are still relatively new. This makes sharia fintech companies more cautious in developing and launching new products, as they must ensure compliance with sharia and overall financial regulations. In addition, Islamic financial literacy in Indonesia is still relatively low, despite the majority of the population being Muslim. Many people do not fully understand the differences between conventional financial services and shariah-compliant services, including the benefits and workings of shariah fintech, which reduces the adoption rate of shariah fintech because potential users feel more familiar and comfortable with established conventional fintech services. Data from the past three years since 2018 shows that global fintech startup companies have experienced growth with more than 1,700 offerings valued at nearly $40 billion. On a global scale, outside core markets such as the United States, the United Kingdom, and China, the fintech industry accounts for 39% of total offerings. In 2019, the fintech industry continued to experience significant growth along with the expansion of operational areas, technological advancements, and the increasing number of fintech transactions worldwide. In 2020, fintech innovators began developing a new generation of digital banks that are more agile, cheaper, and more stable. Currently, there are more than 75 challenger banks worldwide ready to compete directly with traditional banks (Malyshev, 2020). In fact, according to McKinsey as quoted by Malyshev (2020), the global fintech industry is expected to capture 10 to 40 percent of traditional banks' revenues by 2025. This indicates that traditional banks and financial institutions that fail to respond to the developments in the fintech industry risk experiencing a significant decline in profits, while those that can leverage new technologies will have greater growth opportunities.

Authentic data regarding the growth of the fintech industry in Indonesia clearly shows the significant potential for established banking industries, both conventional and sharia, which must respond quickly in various aspects such as benefits, opportunities, costs, and risks. However, the reaction of the Islamic banking industry to the development of fintech and its potential impact is still relatively slow compared to the conventional banking industry (Ali et al., 2019). This slow reaction can be interpreted as the Islamic banking sector not fully considering fintech as an opportunity and advantage to enhance competitiveness. Ideally, the implementation of fintech in the Islamic banking industry should be welcomed, while still adhering to Sharia principles and rules such as the prohibition of interest (riba), gambling (maysir), uncertainty (gharar), harm (darar), and fraud (tadlis) (Ali et al., 2019; Todorof, 2018), in addition to upholding ethical values in its business model. Moreover, the weakening trust in the conventional banking industry, the global penetration of the internet and technology, and the increasing public desire for a trustworthy financial system should be opportunities that Islamic banking can seize in developing Islamic fintech. The introduction of fintech in the Islamic banking industry should also be able to enhance competitiveness and promote financial inclusion by providing more products and services, allowing the government to identify the future direction of the Islamic banking industry. Unfortunately, this ideal condition is still far from expectation because the Islamic banking industry has not fully responded to the rapid growth of the fintech industry optimally.

There are still many challenges and issues in the use of fintech in Islamic banking, particularly related to service and the growth of the number of customers based on that background. Although the potential use of fintech in Islamic banking has been widely discussed, empirical research specifically examining its impact on service satisfaction and customer growth is still limited. This condition serves as an important foundation for further studies so that Islamic banking can understand the impact and potential optimization of fintech in its operations.

Fintech Technology

FinTech is a very popular term and has various definitions, but until now there has been no standard agreement. In a narrow sense, FinTech is defined as the use of technology to solve financial problems. FinTech is also

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defined as the utilization of digital technology applications to address financial intermediation issues. Broadly, FinTech is understood as an innovation in financial technology that produces new business models, applications, processes, or products that significantly impact financial institutions and the provision of financial services (FSB, 2017). This definition has even been adopted by the Basel Committee on Banking Supervision as a basis for the development of the FinTech industry. FinTech is also interpreted as a new financial industry that uses technology to enhance financial activities (Schueffel, 2017). The definition presented by Schueffel (2017) is the result of a study of 200 scientific journals over 40 years, as an effort to formulate a different and concise definition of FinTech, although it is not yet a final definition. From various definitions, it can be synthesized that FinTech is a financial industry that utilizes technology to provide services and enhance financial activities; in this research, the term FinTech is understood as the use of technology that assists the financial and banking industries in delivering services to the public to improve financial activities.

The use of fintech technology in Islamic banking presents both a challenge and a significant opportunity to enhance efficiency, accessibility, and service quality. However, considering the complexity of maintaining compliance with Sharia principles and the high expectations of customers regarding digital services, it is important to conduct further research on the role of fintech in improving services and attracting more customers to Islamic banking.

Customer Service

Service comes from the word "serve," which means the act or manner of providing assistance. In terms of definition, service is understood as an activity provided to help, prepare, and manage something, whether in the form of goods or services, from one party to another. According to S.P. Hasibuan, service (services) is the activity of providing assistance from one party to another. Good service is service that is conducted with friendliness, fairness, speed, and good ethics, thereby able to meet needs and provide satisfaction to the recipient. Meanwhile, according to Tjiptono, a customer is anyone who purchases and uses products or services from a company. According to Komaruddin, a customer is an individual or a company that has a checking account, deposit, or other savings accounts at a bank; thus, it can be concluded that a customer is an individual or business entity that has a savings or loan account and conducts financial transactions at that bank

II. METHOD

Type of Research

The type of research used in this study is field research with a quantitative approach. The measurement of variables in this study uses the Likert scale as a tool to measure the attitudes, opinions, and perceptions of individuals or groups towards social phenomena. Each response from the respondents will be scored to measure the variables tested in this study. Respondents are asked to choose one from the available answer categories, where each answer will be assigned a certain score, namely 5, 4, 3, 2, and 1. The scores from each answer chosen by the respondents are then summed up, and the total sum becomes the total score for each respondent. According to Sugiyono, the population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then concluded (Bungin, 2018). Population is a group of objects that are the target of research. Therefore, the research population includes all objects that can be humans, animals, symptoms, values, events, lifestyles, and so on, which can serve as sources of research data. The population to be sampled in this study consists of 100 customers of Bank Syariah in the city of Medan. The sampling technique used in this research is simple random sampling. According to Sugiyono, simple random sampling is a method of sampling from the population members randomly without considering strata or levels within the population. Thus, random sampling means that every element in the population has an equal chance of being selected as a sample, regardless of any levels. Therefore, the sample taken in this research consists of 100 customers of the Sharia Bank in Medan City.

Table 1 Likert Scale

Description	Weight
Strongly Agree	5
Agree	4
Disagree	3
Disagree	2
Strongly Disagree	1

Source: Sugiyono (2006:86)

The type of data used in this research is primary data. Primary data is data collected directly by the researcher or an organization from the research object. In this study, primary data was obtained through the distribution of questionnaires to the customers. The data collection techniques used are the distribution of questionnaires and interviews. 1. Distribution of Questionnaires, Data collection was conducted by distributing questionnaires containing a list of questions to the sampled customers. The questionnaires were structured in multiple-choice format to ensure that respondents did not encounter difficulties in answering the questions on the statement questionnaire, 2. Observation, This research also conducts direct observation of the object being studied, namely the customers in the city of Medan, according to the predetermined criteria, 3. Literature Review, The literature review was conducted by gathering data and information from books and relevant internet sites related to this research.

In quantitative research, data analysis is the activity conducted after data is obtained from respondents. This activity includes grouping data based on variables and the characteristics of each respondent, tabulating data according to existing variables, performing calculations to answer the formulated problems, and conducting statistical calculations to test the research hypothesis. 1. Validity Test, The validity test aims to measure whether a question item is valid or not.

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The validity of an item can be seen by comparing the t-count value with the r-table. Data is declared valid if the t-count is greater than the r-table (t-count > r-table). A valid instrument means that the measuring tool used to obtain the data is trustworthy and corresponds to what is being measured. 2. Reliability Test, A questionnaire is said to be reliable if respondents' answers to the statements are consistent or stable over time. The reliability test aims to measure the level of consistency of the research instrument, 3. Normality Test, Sukestiyarno (2020), the normality test aims to examine whether the residuals or disturbance variables in regression have a normal distribution. If this normality assumption is violated, the statistical test results become invalid, especially for small sample sizes. 4. Multiple Linear Regression, Multiple linear regression analysis is used to determine the effect of several independent variables on one dependent variable. The independent variables are denoted by X, while the dependent variable is denoted by Y, and the relationship between the two is displayed in the form of a regression equation. 5. Hypothesis Testing, Hypothesis testing aims to determine whether the effect of each independent variable on the dependent variable is significant or not. The testing is conducted by comparing the t-statistic value of each independent variable with the t-table value at a 5% significance level ($\alpha = 0.05$). If the t-statistic $\geq$ t-table, then the independent variable has a significant effect on the dependent variable.

III. RESULT AND DISCUSSION

This research aims to analyze the impact of fintech technology usage in Islamic banking on customer service and customer growth. In the data analysis process, the researcher conducted several stages of statistical tests, including validity tests, reliability tests, normality tests, multiple linear regression tests, and hypothesis tests (t-test and F-test). The results and discussion of each test are presented below.

Table 2: Results of the Validity Test

Description	% *Correlation*	Descriptive
I know the difference between sharia fintech and conventional fintech.	0.428	Valid
I have used sharia-based fintech applications such as ALAMI, Dana Syariah, or Ammana.	0.671	Valid
I feel comfortable using Sharia-based fintech services.	0.287	Valid
I believe that sharia fintech aligns with Islamic principles.	0.917	Valid
Sharia fintech services are easily accessible anytime and anywhere.	0.635	Valid
The sharia fintech application has complete and user-friendly features.	0.637	Valid
Transactions using sharia fintech are faster compared to manual bank services.	0.858	Valid
I am satisfied with the service provided by the sharia fintech provider.	0.307	Valid
I am interested in becoming a customer of an Islamic bank because of the fintech services.	0.633	Valid
Fintech makes it easy for me to open an account and transact without going to the branch.	0.654	Valid
I recommend Sharia fintech services to others.	0.645	Valid
I more often use the digital services of Islamic banks rather than going to the branch office.	0.911	Valid
I still find it difficult to understand the features of sharia fintech.	0.685	Valid
I hope education about sharia fintech is expanded to the public.	0.699	Valid

I hope there will be more sharia fintech applications registered with the OJK. 0.615 Valid. The validity test uses the Pearson correlation technique between the score of each item and the total score of the respondents. Based on the data processing results, the Pearson Correlation value for each item ranges from 0.287 to 0.917. A total of 100 respondents and a significance level of 5% ($\alpha = 0.05$), the table r value used as the basis for decision-making is 0.195. An item is considered valid if the calculated r value (Pearson correlation result) is greater than the table r value. All statement items in the questionnaire have correlation values above the r table value, so it can be concluded that all items are declared valid. Thus, all questions in this research instrument are statistically valid for measuring perceptions of the use of sharia fintech and its impact on service and customer growth.

Table 3 Reliability Test Results

Cronbach's Alpha	*N of items*
0.887	15

This reliability test uses the Cronbach's Alpha method, where a value of $\alpha \geq 0.70$ is considered to indicate acceptable reliability. The higher the alpha value, the higher the consistency of responses between items in the questionnaire.

The processed data yielded a Cronbach's Alpha value of 0.887, which means that all items in the questionnaire have a very good level of reliability. Thus, the instrument used in this study can be relied upon to measure respondents' perceptions of the use of sharia fintech and its impact on service and customer growth.

Table 4 Normality Test Results

	Kolmogorov-Smirnov[a]		
Total	Statistic	df	Sig.
	0.193	100	0.0000000007

In order to ensure the feasibility of using the parametric statistical method, a normality test was also conducted on the total score data using the Kolmogorov-Smirnov test. The test results show a significance value of 0.000 ($p < 0.05$), which means the data is not normally distributed. However, because the sample size in this study is quite large ($n = 100$), the assumption of normality does not pose a significant obstacle based on the Central Limit Theorem, so linear regression analysis can still be conducted.

Table. 5 *Model Summary*

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Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.413[a]	0.170	0.162	2.37086

Table. 6 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regr.	113.144	1	113.144	20.129	.000[b]
Residu.	550.856	98	5.621		
Total	664.000	99			

Table. 7 *Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	12.237	2.322		5.270	0.000
Fintech	0.261	0.058	0.413	4.487	0.000

Multiple linear regression analysis was conducted to measure the influence of the independent variable of sharia fintech on the dependent variable, which is customer service. Based on the data processing results in the Model Summary table, a coefficient of determination (R Square) value of 0.170 was obtained, indicating that 17% of the variation in customer service quality can be explained by the variable of sharia fintech usage. Meanwhile, an R value of 0.413 indicates a positive relationship with a moderate correlation level between the two variables. In the ANOVA table, it is shown that the calculated F value is 20.129 with a significance value of 0.000 (< 0.05). This indicates that the overall regression model is significant, meaning that the simultaneous use of sharia fintech affects the quality of customer service in sharia banks. In the Coefficients table, it is known that the fintech regression coefficient value is 0.261. This means that every 1 unit increase in the use of sharia fintech will increase the customer service score by 0.261 units, assuming other factors remain constant. The calculated t-value of 4.487, which is greater than the t-table value (±1.984 at df = 98 and α = 0.05), and a significance value of 0.000, reinforce the conclusion that the fintech variable has a significant partial effect on service. Referring to several sources including online daily news documents about sharia fintech, previous research journals on sharia fintech, and general discussions about sharia fintech in Indonesia.

The development of fintech in the digital economy can certainly be understood and followed by students as the millennial generation and the nation's successors. Based on the survey results conducted, it is known that 29.8% of respondents have accounts and are active fintech users, although they have only been using and utilizing fintech actively for 1 to 2 years.

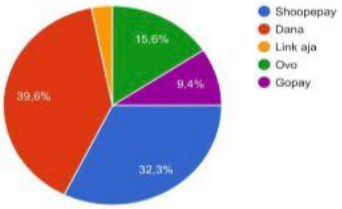

Figure 1. Fintech product, digital wallet (e-wallet) frequently used Source: survey results, 2021

Table 1. Opportunities and Challenges of Sharia Fintech in Indonesia

NO	Opportunity	challenge
1	The Financial Services Authority (OJK) provides an opportunity for Islamic fintech players to officially register their fintech with the OJK.	Licensing and minimum capital requirements for establishing Sharia Fintech have resulted in only 4 Sharia fintechs being registered with the OJK.
2	The ease of technology for investment and donation activities	The lack of knowledge among rural communities to operate Sharia Fintech.
3	Cases and phenomena of conventional fintech occurring in society	The community perceives that there is no difference between Sharia Fintech and Conventional Fintech.
4	The majority of Indonesia's population adheres to Islam. Currently, there are more than 207 million Muslims in Indonesia.	The shortage of human resources (HR) who master transaction contracts based on Sharia principles.
5	The opening of opportunities for the entry of technological development in Indonesia	Future technological competition.

Source: Various sources (data processed and concluded)

The survey results indicate that the millennial generation, especially students, have started actively utilizing fintech services in the past 1-2 years. The most widely used digital wallet application is DANA (39.6%), followed by ShopeePay, OVO, and GoPay. This shows that ease of use is an important factor in people's preferences for fintech services. The use of fintech technology has been proven to increase the satisfaction of Islamic banking customers, especially in terms of transaction speed, ease of access, and service transparency. In addition, fintech also contributes to the growth in the number of customers, particularly among the younger generation and in areas that have not yet been reached by physical banking services. From the internal side of the bank, fintech helps improve operational efficiency through process automation and the reduction of manual service costs. Overall, fintech creates a better user experience, encouraging customers to be more active in utilizing digital Islamic banking services.

The research results indicate that the use of sharia fintech technology has a positive impact on the growth of the number of sharia bank customers. This is reflected in the high positive responses from respondents regarding statements related to ease of access, transaction efficiency, and the practicality of opening accounts and transacting without

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having to visit branch offices. The digital innovations offered by fintech, such as mobile banking services, Sharia-compliant digital wallets, and Sharia-based peer-to-peer lending platforms, have driven an increase in public interest, especially among the younger generation, to become customers of Sharia banks. Respondents also showed high enthusiasm for fintech services that adhere to sharia principles, as indicated by the high validity scores on statements such as "I believe that sharia fintech aligns with Islamic principles" and "I use sharia digital bank services more often than visiting branch offices." This indicates that the digitalization of services not only enhances efficiency but also opens broader access to communities that have not been optimally served by the conventional banking system. With the increasing number of customers who feel assisted by the ease and convenience of sharia fintech services, the growth of sharia bank customers can significantly increase. This technology not only serves as a transactional aid but also becomes a strategy for Sharia financial inclusion that is relevant to the needs of the times. This research also aims to analyze the impact of using financial technology (fintech) in Islamic banking on service quality and customer growth. The analysis results show that the use of Islamic fintech significantly positively affects the improvement of customer service, marked by ease of service access, transaction speed, and comfort in digital transactions. Customers feel the real benefits of Islamic fintech applications, especially in terms of practicality, security, and time efficiency. Fintech contributes to the increase in the number of new customers, especially from the millennial generation who are more open to digital services in terms of customer growth. In addition, digital platforms make it easier for Islamic banks to reach communities in remote areas without having to build new branch offices, thereby expanding financial inclusion. Fintech also drives the operational efficiency of Islamic banks. The use of digital services reduces reliance on manual processes, lowers operational costs, and speeds up service delivery. Automation systems also reduce the potential for human error and increase work productivity. Surveys support these findings by showing that 81.75% of the public have understood fintech services and use them for various financial activities such as payments, banking, investments, and loans. The use of fintech is generally chosen for reasons of convenience, time efficiency, and comprehensive features. Digital wallet applications such as DANA, ShopeePay, and OVO have become the most widely used platforms by respondents.

In the context of Islamic banking, the use of fintech strengthens the competitiveness of Islamic banks against conventional banks. Fintech allows Islamic banks to offer competitive products in terms of speed and service costs. This presents a strategic opportunity to enhance the position of Islamic banks in both domestic and global financial markets. However, the implementation of sharia fintech is not without challenges. Some of the challenges faced include limited technological infrastructure, low digital literacy among the public, and the need for compliance with Sharia principles such as the prohibition of riba, gharar, and maysir. Strict regulations and high licensing requirements also pose obstacles to the growth of sharia fintech startups. Until now, only four sharia fintechs are officially registered with the OJK, namely ALAMI, Investree, Dana Syariah, and Ammana. Compliance with Sharia principles is an absolute requirement in the development of Sharia fintech. Therefore, the use of technology is not only aimed at efficiency but must also be supported by a Sharia-based supervision system to ensure that all services remain in accordance with Islamic provisions. In this case, a digital audit system can play a role in ensuring that every transaction adheres to Sharia principles. From a policy perspective, the use of fintech in Islamic banking requires adaptive regulatory support that encourages innovation while maintaining compliance and security. The OJK has provided space for the growth of sharia fintech, but structural challenges and minimum capital requirements still limit the number of fintechs that can be officially registered. Overall, this research shows that fintech technology contributes positively to the service and growth of Islamic banking customers. To maximize these benefits, a synergy between technological innovation, public literacy, infrastructure readiness, and adherence to Sharia principles and regulations is required.

IV. CONCLUSION

The development of Indonesia's economy is primarily centered around the banking sector, with the advancement of digital technology transforming various aspects of life, including banking, transportation, finance, and more. Digital technology has made daily activities more accessible and efficient, enabling the use of gadgets and the internet. Financial Technology (Fintech) is a key aspect of this development, encompassing various banking services such as cash management systems, mobile banking, internet banking, SMS banking, QR Code, e-money, and ATMs. The study focuses on the development of fintech in the Islamic world, particularly in Indonesia. This report highlights the challenges faced by Sharia investors, the lack of knowledge about fintech, and the differences between Sharia fintech and conventional fintech. This research also highlights the increasing interest in fintech among the younger generation and the rising use of e-wallets. The study found that 39.6% of respondents were willing to use fintech, even though they had not used it for more than two years. This study shows that more and more students and the public are interested in learning about and using fintech. Fintech also helps with data collection and analysis, allowing banks to better understand consumer behavior and make more accurate credit decisions. Fintech also plays an important role in the introduction of money, with cloud-based applications that make banking services more accessible. Fintech regulation, security, and consumer data privacy are important issues related to its implementation in financial institutions. The Financial Services Authority (OJK) of Indonesia has issued regulations regarding Fintech, ensuring that it can be integrated into local laws and contribute to operational productivity, financial stability, and global access to financial

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services. The Indonesian government allocates 5 points and 5 points for fintech startups, the first being the Financial Services Authority (OJK) providing support to fintech startups. The second fintech startups are Ammana, Investree, Dana Syariah, and ALAMI. The third fintech startups are crowdfunding, market aggregators, and ePayment. A survey conducted by DataIndonesia.id revealed that 81.75 percent of the Indonesian public are aware of fintech services, with digital banking being the most popular. The penetration of fintech is not without challenges, as 81.3 percent of respondents stated that they find it difficult to use the internet. The majority of respondents use fintech based on products owned by the community, and 14.70 percent use it based on recommendations from others. This survey also highlights the importance of fintech in the development of the financial technology industry in Indonesia. Overall, the research shows that fintech technology has a positive impact on improving customer service and customer growth in Islamic banking. However, the success of its implementation depends on the readiness of the infrastructure, Sharia compliance, as well as the education of customers and bank employees regarding the technology.

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