



Sentiment Analysis and Factors Influencing the Adoption of Islamic Digital Banking among the Millennial Generation in Indonesia

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Abstract. *This research explores the factors influencing the adoption of Islamic digital banking among millennials in Indonesia. Employing a qualitative approach through a comprehensive literature review, the study analyzes existing research on Islamic digital banking adoption, focusing on academic journals, conference proceedings, and industry reports. The findings reveal that perceived ease of use and usefulness of digital banking services are crucial. Additionally, social influences, such as peer and family recommendations, and personal factors, including demographics and cultural background, significantly impact adoption rates. This research provides valuable insights for Islamic banks in Indonesia to develop targeted strategies for millennial engagement. By understanding these influencing factors, Islamic banks can tailor digital banking services to meet the specific needs and preferences of this demographic, thereby enhancing market penetration and fostering growth within the evolving digital banking landscape.*

Keywords : *Islamic Digital Banking, Millennials, Indonesia, Adoption, Factors*

1. INTRODUCTION

The rapid growth of the digital economy and the increasing adoption of technology by the younger generation have led to significant changes in the banking industry, particularly in the area of Islamic digital banking. The millennial generation, defined as individuals born between 1981 and 1996, now represent a significant portion of the Indonesian population, accounting for 33.75% in 2017 (Yunita, 2021). As digital literacy increases and demands for faster and easier banking access, conventional Islamic banks face the urgent challenge of adapting their business models to suit changing customer preferences.

The existing literature has acknowledged that the digitalization of the banking industry, fueled by the changing needs and preferences of the millennial generation, has required Islamic banks in Indonesia to undergo a strategic transformation. To maintain their competitive edge and remain relevant, Islamic banks must identify and comprehend the essential factors that shape the adoption of their digital banking services among this pivotal demographic. (Darussalam et al., 2019).

Existing literature has explored the essential factors that drive the adoption of digital Islamic banking in Indonesia. For instance, studies have found that the millennial generation's interest and willingness to use mobile banking are influenced by factors such

as perceived ease of use, perceived usefulness, and social influence (Batubara et al., 2021). Additionally, the digital revolution has shaped consumer behavior, leading to increased demand for faster and more accessible banking services, which in turn has prompted banks to innovate and develop new digital products. (Yunita, 2021).

This research paper aims to conduct a qualitative analysis of existing studies to identify the key factors that influence the adoption of Islamic digital banking among the millennial generation in Indonesia.

2. LITERATURE REVIEW

The existing literature on the adoption of Islamic digital banking among the millennial generation in Indonesia highlights several key factors that have been identified as influential. One of the critical factors is the perceived ease of use of the digital banking services. The study found that the millennial generation's belief that digital banking is easy to use and does not require significant effort to navigate is a significant driver of their interest and adoption.

Furthermore, the perceived usefulness of digital banking services, such as the ability to conduct transactions more efficiently, easy access to account information, and more practical financial management, are also significant factors in the adoption of Islamic digital banking among millennials. (Siska, 2022).

In addition to these technological factors, social and personal factors also play a role in the adoption of Islamic digital banking. Social influence, such as the recommendations and usage of digital banking services by peers and family members, can sway the millennial generation's decision to adopt these services. Moreover, demographic characteristics, including age, socioeconomic status, and cultural background, have been found to influence the millennial generation's interest and willingness to use Islamic digital banking services.

The study conducted by (Yunita, 2021) highlights the growing importance of the millennial generation in the Indonesian banking sector, as they account for a significant portion of the population and are increasingly tech-savvy. The study found that differences in occupation, socioeconomic status, and cultural factors can influence millennials' interest in using Islamic mobile banking services.

3. METHODS

This research paper employed a qualitative research design through a comprehensive literature review, following the PRISMA guidelines (Yunita, 2021) (Batubara et al., 2021). The review focused on identifying and analyzing existing studies that have investigated the factors influencing the adoption of Islamic digital banking among the millennial generation in Indonesia, to identify the key factors influencing this phenomenon.

The literature search was conducted using various databases, including Scopus, Web of Science, and Google Scholar, using keywords such as "Islamic digital banking," "millennial generation," "adoption," and "Indonesia." The search was limited to peer-reviewed journal articles published in the last 5 years to ensure the relevance and currency of the information.

The selected studies were critically analyzed to extract key factors. The findings were synthesized into a comprehensive framework to understand this phenomenon.

The inclusion criteria for the literature review were as follows:

- a. The study must focus on the adoption of Islamic digital banking or mobile banking services in Indonesia.
- b. Millennials as the main focus or significant sample.
- c. The sources included in the review were published within the last five years to ensure the findings are current and reflective of the contemporary landscape of Islamic digital banking adoption among the millennial generation in Indonesia.

The literature review process involved the analysis of academic sources, including journal articles, conference proceedings, and industry reports, to synthesize the existing knowledge on this topic.

The sources were carefully selected based on their relevance to the research topic and their academic credibility, as evidenced by their publication in reputable, peer-reviewed outlets, ensuring the reliability and validity of the information presented in this study.

4. FINDINGS

The qualitative analysis of the existing literature has revealed several key factors that influence the adoption of Islamic digital banking among the millennial generation in Indonesia. **First**, ease of use of digital banking services is an important factor. Millennials tend to be more interested in services that are easy to navigate. **Second**, perceived benefits,

such as transaction efficiency and easier financial management, also drive adoption. (Siska, 2022)

In addition, the influence of social factors, such as the recommendations and usage of digital banking services by peers and family members, as well as personal factors, including demographic characteristics like age, socioeconomic status, and cultural background, have also been recognized as important determinants of the millennial generation's interest and willingness to use Islamic digital banking services in Indonesia.

5. RESULTS

Analysis of the literature on the adoption of digital Islamic banking among Indonesian millennials identified several key factors:

- a) **Ease of Use:** Millennials' perception of the ease of use of digital banking services is a major driving factor.
- b) **Perceived Benefits:** Efficient transactions, access to information, and easier financial management are also attractions.
- c) **Social Influence:** Recommendations from friends and family as well as social norms also influence adoption decisions.
- d) **Personal Characteristics:** Factors such as age, socioeconomic status, and cultural background also play a significant role.

Further research shows that the millennial generation, as a large and tech-savvy demographic group, has a significant role in the development of Islamic digital banking in Indonesia.

These findings highlight the importance for Islamic banks to:

- 1) **Building easy-to-use services:** Intuitive interfaces and simple transaction processes will increase millennials' interest.
- 2) **Emphasizing benefits:** Clearly communicating how digital banking services can make everyday life easier.
- 3) **Leveraging social influence:** Building user communities and encouraging recommendations among users.
- 4) **Tailoring services to demographic characteristics:** Developing products and services that are relevant to millennials' needs and preferences.

In conclusion, a deep understanding of the factors influencing the adoption of Islamic digital banking will help Islamic banks in designing effective strategies to attract and retain millennial customers.

6. DISCUSSION

A qualitative analysis of the literature on digital Islamic banking adoption among millennials in Indonesia has revealed several key factors influencing this phenomenon.

Research by (Batubara et al., 2021) highly values millennials' belief that digital banking services are easy to use and do not require significant effort to navigate, which is an important driver of their interest in and adoption of these services. This finding is consistent with the broader literature on technology adoption, which suggests that perceived ease of use is an important factor in the adoption of new technologies.

Similarly, perceived usefulness of digital banking services, such as the ability to conduct transactions more efficiently, access account information, and manage finances more conveniently, has also been identified as an important factor in the adoption of digital Islamic banking by millennials. This finding is consistent with the established Technology Acceptance Model, a widely used theoretical framework that explains an individual's intention to use a technology based on their perceptions of its usefulness and ease of use (Siska, 2022).

In addition, the influence of social factors, such as recommendations and use of digital banking services by peers and family members, as well as personal factors, including demographic characteristics such as age, socioeconomic status, and cultural background, have also been recognized as important determinants of millennials' interest and willingness to use Islamic digital banking services in Indonesia.

These findings are important for Islamic banks in Indonesia, as they suggest that the development and promotion of digital banking services must be tailored to the preferences and needs of millennials, an important segment of the population driving the transformation of the digital banking industry.

By leveraging these insights, Islamic banks in Indonesia can design and implement targeted strategies to effectively address the specific needs and preferences of millennials, enabling them to effectively capture this growing market segment and maintain their competitive advantage in the rapidly evolving digital banking landscape.

7. CONCLUSION

A qualitative analysis of the existing literature has shed light on the key factors influencing the adoption of digital Islamic banking among millennials in Indonesia, providing valuable insights for Islamic banks to serve this important market segment. The findings suggest that perceived ease of use and usefulness of digital banking services, as well as the influence of social and personal factors, play a significant role in millennials' interest and willingness to use these services.

To effectively capture the millennial market, Islamic banks in Indonesia must develop and promote digital banking solutions that are user-friendly, offer enhanced functionality and convenience, and align with the social and personal preferences of this generation, ultimately meeting their unique needs and expectations.

Overall, the insights gained from this qualitative analysis offer a comprehensive understanding of the factors shaping the adoption of digital Islamic banking among millennials in Indonesia, equipping Islamic banks with the knowledge and strategies to navigate the digital banking industry transformation and maintain their competitive edge in this rapidly evolving landscape.

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LIMITATION

Previous studies (Siska, 2022; Batubara et al., 2021; Yunita, 2021) have provided a strong foundation for understanding the adoption of Islamic digital banking among Indonesian millennials. However, these studies have limitations in terms of generalizability and depth of analysis. Further research is needed to address these limitations.

A more quantitative approach can be used to test hypotheses generated from qualitative research, while longitudinal research can track changes in adoption behavior over time. In addition, comparative research with other countries can provide a broader perspective and enable the identification of best practices. Thus, further research can make a significant contribution to the development of theory and practice in the field of Islamic digital banking.

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