Determinants of Exporter's Intention in Using Sharia Letter of Credit Products

Siti Fatimah Azzahro[1] Irham Amir[2]

*[1]Department of Sharia Business Management, Tazkia Institute, Bogor, Indonesia

*[2]Department of Sharia Business Management, Tazkia Institute, Bogor, Indonesia

*Corresponding author(s). *E-mail(s): fatimahazzahro292@gmail.com

Contributing authors: irham@tazkia.ac.id

Abstract

This study aims to determine the factors that influence the intention of exporters to use a Sharia Letter of Credit. This study uses four variables, namely Islamic financial literacy, sharia-compliant perception, technology factors, and financing facilities. This research uses Partial Least Square Structural equation modeling (SEM) approach was used to test the measurement model (outer model) and structural model (inner model). The purpose of the two stages of evaluation of the measurement model is to assess the validity and reliability of a mode. Online questionnaires were distributed to purposively selected respondents throughout Indonesia. The respondents are 80 decision-makers in export companies and people who have export-worthy products in Indonesia. This study found that the variables of Islamic financial literacy, technology factors, and financing facilities as independent variables significantly influence the intention to use a sharia letter of credit. Meanwhile, the variable of sharia-compliant perception was not proven to have a significant effect.

Keywords; *Intention, Letter of Credit Syariah, Islamic Financial Literacy, Sharia-compliant perception, Technology Factor, Financing Facility*

Introduction

Islam is a religion that ranks 2nd with the largest population in the world, namely 1.8 billion people or 24% of the total world population according to research from the Pew Research Center, (2017). The study also stated that the Muslim population will increase by 35% in the next 20 years. Elasrag, (2016) said that the rapid increase in the Islamic population and purchasing power will bring many opportunities for the future of the global halal industry.

Data from BPS, (2010) notes that 87.18% of Indonesia's population, or 207.18 million people adhere to Islam. With a large Muslim population in Indonesia, there is also a great opportunity for Indonesia to become the largest halal product-producing country in the world. But unfortunately, according to data from the Ministry of Trade of the Republic of Indonesia, Indonesia is not among the 5 largest exporters that export to the OIC countries. Countries that are members of the OIC are predominantly Muslim.

To support the size of exports in Indonesia, special attention is needed for exporters. One product that makes it easier for exporters to make transactions abroad is Letter of Credit (L/C). Letter of credit is an international payment method that allows an exporter to receive payments directly without waiting for news from abroad and the payment will be received after (Central Bank of Indnesia, 2020). According to Indonesia Banking Statistic 2021 (OJK, 2021a) and Sharia Indonesia Banking Statistic (OJK, 2021b), the nominal transaction value for

conventional letters of credit in 2019 was higher than for sharia letter of credit, namely 67 Trillion for the conventional letter of credit and 201 Bio for sharia letter of credit, this data shows that more Indonesian exporters use a conventional letter of credit than sharia letter of credit.

Intention to use financing products is inextricably linked to an individual's degree of financial literacy (Albaity & Rahman, 2019). If the community already has a high level of financial literacy, it is expected to encourage the acceleration of a nation's economic development (Adiyanto & Purnomo, 2021). Financial literacy is also beneficial for society in choosing financial products from banks and other financial service providers, as well as knowing the benefits and risks of these products. Research conducted by Albaity & Rahman, (2019) shows that Islamic financial literacy can influence consumer's intention to use Islamic banking.

Besides being influenced by Islamic financial literacy, the desire to use Islamic banking products is also influenced by customer perceptions of sharia compliance, as the results of research obtained by Prastiwi, (2018), state that the customer's perception of an Islamic banking institution can influence a person's decision to use the bank's product. Sharia compliance perception is a general tendency of clients toward Islamic banks in doing their business, and it is mostly influenced by the brand perception produced by these institutions" promotional efforts (Saqib et al., 2016).

In this technological era, exporter's intention in choosing banking products, especially letters of credit, can also be influenced by the availability of digital-based services that make it easier for consumers to get information, a variety of services through the website, as well as online banking services (Sohrabi & Rahimi, 2019). According to the findings of the study, financing facilities were the most important element influencing a client's choices when choosing a bank to issue a foreign documentary letter of credit. Banks have special provisions for the facilities in their financial products, such as collateral value, bank commission costs, as well as service standards, and transaction processing for customers (Sohrabi & Rahimi, 2019).

From the previous discussion, research on factors that influence exporter"s intention in using Sharia L/C has an important role which can be used as evaluation material for Islamic banks in Indonesia. Among the previous research regarding the determinant of exporter's intention on sharia letter of credit, the average discussion about letters of credit is about fraud in L/C, money laundry in L/C, and the law of L/C with the qualitative method (Alawamleh & Abu Helo, 2020; Chhina, 2016; Dolan, 2007). Furthermore, it is rare to find research on exporter's intention in using L/C sharia. Thus it will be a gap in the study. Based on the previous description, the author is interested in conducting research with the title "Determinants of Exporter's Intention in Using Sharia Letter of Credit Products".

Literature Review

Islamic Letter of Credit

Letter of credit is an international payment method that allows an exporter to receive payments directly without waiting for news from abroad and the payment will be received after (Central Bank of Indonesia, 2020). Sharia import L/C is a statement letter that will pay to the exporter (beneficiary) issued by the bank (issuing bank) at the request of the importer with the fulfillment of certain requirements in accordance with sharia principles. While the sharia export L/C is a statement that it will pay to exporters issued by banks to facilitate export trade

with the fulfillment of certain requirements in accordance with sharia principles, the contracts used in this Sharia L/C transaction are Wakalah bil ujrah contracts and *Murabahah* contracts (Khoiruddin, 2010).

Islamic Financial Literacy

Financial literacy according to Otoritas Jasa Keuangan, (2019) is the level of knowledge, skills, and public beliefs that influence attitudes and behavior to improve quality in decision-making and financial management in order to achieve prosperity. Financial literacy plays an important role for the community in choosing and using financial service products according to their needs to improve welfare. If the community already has a high level of financial literacy, it is expected to encourage the acceleration of a nation's economic development (Adiyanto & Purnomo, 2021). The 2013 National Financial Literacy Survey conducted by The Financial Services Authority (OJK) provides a snapshot of the state of financial literacy in Indonesia still low. The financial literacy index of the Indonesian people is only around 21.8%, which means that out of every 100 residents only about 22 people are in the well-literate category (Otoritas Jasa Keuangan, 2017).

The purpose of Islamic financial literacy is for people to choose and use financial service products according to their needs to improve welfare, so consumers and the wider community can determine Islamic financial products or services that suit their needs, correctly understand the benefits and risks, also know their rights and obligations, and believe that the selected financial product or service can improve their welfare based on halal and profitable sharia principles (Nasution, 2019).

Sharia Compliant Perception

The Islamic financial system is substantially different from the conventional financial industry. This system has a close relationship between the conceptual and practical aspects of financial business activities and Islamic or sharia principles so sharia compliance is important for banks from the management and operational side (Nurhisam, 2016).

Based on the explanation of Law no. 21 of 2008 (Government of Indonesia, 2008) regarding sharia banking, it is stated that Sharia principles are based on the values of justice, expediency, balance, and universality (rahmatan lil 'alamin). These values are applied in banking arrangements based on Sharia Principles which are called Sharia Banking. The principles of Islamic Banking are part of Islamic teachings related to the economy. One of the principles in Islamic economics is the prohibition of usury in its various forms and uses a system including the principle of profit sharing.

Perception is the process through which we choose, organize, and interpret information to construct a meaningful image of the world. It is determined not just by physical stimuli, but also by the stimulation's relationship to the surrounding environment and by internal factors in each of us (Prastiwi, 2018). Perception means the adaption of the real. The selection process involves the processing and interpretation of input data from the

environment to make it useful (Stávková et al., 2008). Sharia compliance perception is a general tendency of clients toward Islamic banks in doing their business, and it is mostly influenced by the brand perception produced by these institutions' promotional efforts (Saqib et al., 2016).

Technology factors

Technology factors are the factors that will be used to evaluate alternatives that are related to technological capacity (Çebi et al., 2014). With the advancement of technology, banks have begun to use the internet network to facilitate transactions with customers. The primary goal of information technology development is to make the future of human life better, easier, cheaper, faster, and safer. A bank's ability to compete is largely determined by how well it serves its customers (Zainul et al., 2020). Sohrabi & Rahimi, (2019) mentioned in a research that the technology factors in the letter of credit are Processes and knowing the customer's speed, variety of electronic website services, and providing electronic services to issue the letter of credit.

Financing Facilities

The art and science of money management can be defined as finance. Financial services and financial instruments are included. Finance is often defined as the providing of funds when they are required (Paramasivan & Subramanian, 2007), this was also mentioned by Syafi'i Antonio (2001) Financing is the provision of facilities for the provision of funds to fulfill the needs of parties in a unit deficit is referred to as financing. Financing is the provision of funds or the provision of facilities to support investments that have been planned based on an agreement between the party who owns the funds and the other parties that require the financed party to return the money or bill after a certain period of time in exchange for profit sharing (Hamdi et al., 2017). (Sohrabi & Rahimi, 2019) said the financing facilities consisted of the type and amount of collateral, quick use, financial facilities, bank commission fees, profit and loss for late payments, and exchange assignments.

Customer Intentions

According to the theory of reason, the intention is things that occur before the occurrence of the behavior. In fact, intention can be expected to predict behavior only when two conditions are met. First, the measure of intention available to the researcher should reflect the respondent's intention as it existed prior to the behavior; and, secondly, the behavior must be under the control of the will (Ajzen, 1985). The intention is an attempt to apply the motivational factors that influence behavior as well as who strive to try and how much effort they put into exerting to perform the behavior (Ajzen, 1991).

1. **Reseacrh Framework**
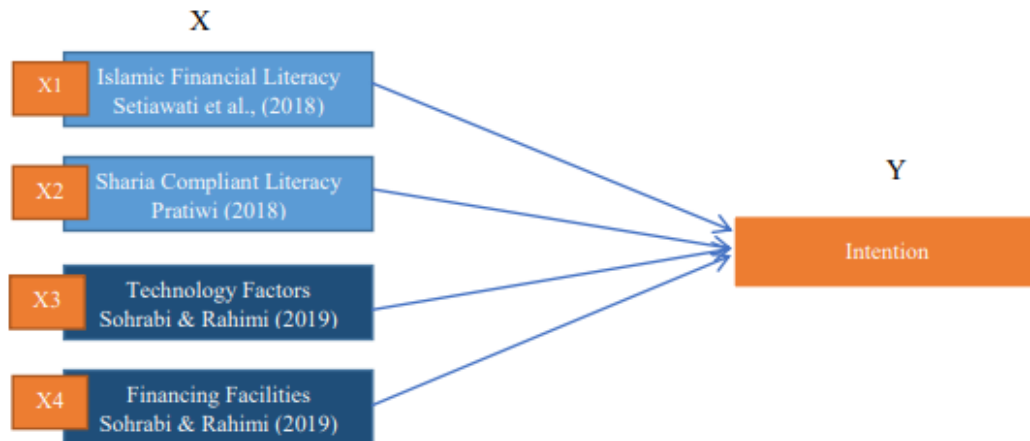
Hipotesis

The hypothesis in this research is:

H1: Islamic Financial Literacy has a positive impact on exporters' intention in using Sharia L/C products.

H2: Sharia Compliant Perception has a positive impact on exporters' intention in using Sharia L/C products.

H3: Technology Factors have a positive impact on exporters' intention in using Sharia L/C products.

H4: Financing Facilities have a positive impact on exporters' intention in using Sharia L/C products

Research Data

This research was conducted in Indonesia. This research focuses on 80 decision-makers in export companies and people who have export-worthy products in Indonesia. The time of research and data collection was carried out in April-June 2022. This research used a quantitative approach. The quantitative approach is research that pays attention to the variables that are the object of research. This research also requires hypotheses and their testing which then determines the next steps such as analytical techniques and statistical formulas to be used. This approach gives more meaning to the interpretation of statistical figures rather than linguistic and cultural meanings. The purpose of this study is to test the theory, show the relationship between variables, provide a statistical description and predict the results (Sarwo, 2006).

The data used in this study is primary data. According to Sekaran & Bougie, (2013) in a book entitled Research Methods for Business, secondary data is data obtained directly by people who conduct research related to variables of interest for certain study purposes. Primary data sources include data from interviews, questionnaires, or observations. Primary data in this study were obtained from questionnaires made through Google form and distributed to respondents, which will then be analyzed using SEM-PLS.

The population in this study is export companies in Indonesia. According to data from the Ministry of Finance Directorate General Of Customs And Excise there are 591 export

companies in Indonesia (BPS, 2020b, 2020a). This technique is also called judgmental sampling used to determine specific criteria for the sample, especially for people who are considered an expert (Priyono, 2008). The guidelines of sample size described by (Hair et al., 2010, 2018; Priyono, 2008) for calculating sampling can use a minimum ratio of 5:1, or another preferred ratio of 15:1 or 20:1. (Hair et al., 2010; Memon et al., 2020) explained that a minimum of five respondents must be considered for each independent variable in the model, or it could be that 15 to 20 respondents per independent variable are highly recommended based on the rules of thumb regarding sample consideration mentioned by Hair et all in their book. And the author chooses a ratio of 20:1 so that 80 respondents are needed because this study has 4 independent variables

Data Analysis Techniques

In this study, the researcher will process data from the result of the questionnaire answer distributed to Partial Least Squares – Structural Equation Modelling (PLS-SEM) Analysis, and the data will be processed using the Smart PLS app. PLS-SEM is mostly used for theory development, when assessing the model, it focuses on explaining the variation in the dependent variables (Hair et al., 2017).

Operational Variable

According to (Sugiyono, 2017) variables are everything in any form is determined by the researcher to study so that information about the results is obtained, and then conclusions are drawn from those that have been set by the author. In this research author used 2 kinds of variables there are independent variable and a dependent variable;
  a) Independent Variable (X)
    1.   Islamic financial literacy
    2.   Sharia Compliant Perception
    3.   Technology Factors
    4.   Financing Facilities
  b) Dependent Variable (Y)
    1.   The intention to use a sharia Letter of Credit

Table 1. Operational Variable

	Variables	Indicators	Code	Ordinal Scale
X1	Islamic Financial Literacy (Setiawati et al., 2018)	1. Understand sharia financial management	ifl1	Likert
		2. Possess a positive attitude toward Islamic finance	ifl2	
		3. Use Islamic finance	ifl3	
X2	Sharia Compliant Perception (Prastiwi, 2018)	1. Usury Free	scp1	Likert
		2. The principle of mutual benefit	scp2	

		3. Does not contain any mudharat	scp3	
		4. Referring to the DSN-MUI sharia fatwas	scp4	
X3	Technology Factors (Sohrabi & Rahimi, 2019)	1. Processes and knowing the customer's speed	tf1	Likert
		2. Variety of electronic website services	tf2	
X4	Financing Facilities (Sohrabi & Rahimi, 2019)	1. Type of amount of Collateral	ff1	Likert
		2. Bank Commission Cost	ff2	
		3. Withdraw Delay	ff3	
Y	Intention (Albaity & Rahman, 2019)	1. Planning to choose sharia letter of credit products in the future transaction	i1	Likert
		2. Choosing sharia letter of credit product	i2	
		3. Interesting to use a sharia letter of credit	i3	
		4. Recommend sharia letter of credit to others	i4	

Result and Discussion
Measurement Model (Outer Model)
Convergent Validity

Convergent validity is a series of measurements to ensure that every indicator used to measure a variable is strong (Hair et al., 2017). At this stage, there are two value criteria to be evaluated, namely the value of the loading factor and the average variance inflation factor (AVE).

Table 2. Outer Loading

	IFL	SCP	TF	FF	I
ifl1	0,945				
ifl2	0,921				
ifl3	0,923				
scp1		0,806			
scp2		0,761			
scp3		0,890			
scp4		0,866			
tf1			0,893		
tf2			0,883		
ff1				0,936	
ff2				0,937	
ff3				0,890	
i1					0,939
i2					0,957
i3					0,945
i4					0,953

The output value of loading factor for the Islamic financial literacy (IFL) variable with three measurement indicators is ifl1= 0.945, ifl2= 0.921, ifl3 = 0.923. The value of the variable sharia-compliant perception (SCP) with four measurement indicators is scp1= 0.806, scp2= 0.761, scp3= 0.890, scp4= 0.886. The value of the technology factor (TF) variable with 2 measurement indicators is tf1= 0.893, tf2= 0.883, financing facilities (FF) variable with three measurement indicators is ff1= 0.936, ff2= 0.937, ff3= 0.890. Furthermore, the value of the intention (I) variable with four measurement indicators is i1 = 0.939, i2 = 0.957, i3 = 0.945, i4= 0.953.

All indicators for the variable Islamic financial literacy, sharia-compliant perception, technology factors, and financing facilities already have a loading factor value above 0.50 or 0. 07. Thus, all indicators are categorized as valid, this is in line based on Wiyono, (2011) saying that if the loading value of an indicator is less than 0.5 the indicator is declared invalid, and based on Hair et al., (2017), the other loading of all indicators should be statistically significant because significant other loadings can still be very weak, a general rule of thumb is that the standard outer loading should be 0.708 or higher.

Average Variance Extracted (AVE)

Table 3 Average Variance Extracted

	Average Variance Extracted (AVE)
IFL	0,864
SCP	0,693
TF	0,788
FF	0,849
I	0,900

The AVE values for each construct are Islamic financial literacy (IFL)= 0.864, sharia-compliant perception (SCP)= 0.693, technology factors (TF)= 0.788, financing facilities (FF) = 0.849, intention (I) = 0.900,. The five constructs already have a value of >0.50, meaning that all of the constructs are categorized as valid. An AVE score of 0.50 or greater, calculated using the same methodology as individual indicators, indicates that the construct explains more than half of the variation of the indicator on average. An AVE of less than 0.50, on the other hand, suggests that the item error retains more variation on average than the variance explained by the concept (Hair et al., 2017).

Discriminant Validity

Discriminant validity is the extent to which a construct is completely different from other constructs, this test also shows that each construct is unique and captures phenomena that are not represented by other constructs in the model (Hair et al., 2017). At this stage, two value criteria will be evaluated, namely: cross-loading value and Fornell Larcker (Hair et al., 2017).

Cross Loading

Table 4 Cross Loading

	IFL	SCP	TF	FF	I
ifl1	**0,945**	0,382	0,417	0,312	0,543
ifl2	**0,921**	0,412	0,310	0,345	0,504
ifl3	**0,923**	0,263	0,401	0,316	0,456
scp1	0,187	**0,806**	0,184	0,534	0,423
scp2	0,644	**0,761**	0,448	0,497	0,491
scp3	0,192	**0,890**	0,378	0,652	0,594
scp4	0,260	**0,866**	0,287	0,657	0,472
tf1	0,269	0,481	**0,893**	0,634	0,660
tf2	0,454	0,221	**0,883**	0,326	0,634
ff1	0,361	0,622	0,445	**0,936**	0,556
ff2	0,366	0,653	0,419	**0,937**	0,549
ff3	0,251	0,669	0,609	**0,890**	0,689
i1	0,567	0,610	0,749	0,656	**0,939**
i2	0,437	0,582	0,633	0,660	**0,957**
i3	0,404	0,503	0,696	0,601	**0,945**
i4	0,630	0,583	0,679	0,579	**0,953**

Furthermore, the Cross Loading value for the Islamic financial literacy (IFL) variable with three measurement indicators is ifl1 = 0.945, ifl2 = 0.921, ifl3 = 0.923. The value of the sharia compliant perception (SCP) variable with four measurement variables is scp1= 0.806, scp2= 0.761, scp3= 0.890, scp4= 0.866 and the value of the sharia technology factor (TF) variable with two measurement variables is tf1= 0.893, tf2= 0.883. The value of the financing facilities (FF) variable with three measurement indicators is ff1 = 0.936, ff2 = 0.937, ff3 = 0.890. The value of the intention (I) variable with four measurement indicators is i1 = 0.939, i2 = 0.957, i3 = 0.945, and i4 = 0.953. All indicators for Islamic financial literacy, perception of sharia compliant, technology factors, and financing facilities already have a cross loading value above 0.70. Thus, all of the indicators are categorized valid (Hamid & Anwar, 2019).

Fornell Larcker

Table 5 Fornell Larcker

	IFL	SCP	TF	FF	I
IFL	0,930				
SCP	0,383	0,832			
TF	0,405	0,398	0,888		
FF	0,349	0,707	0,544	0,921	
I	0,542	0,602	0,729	0,658	0,949

The Fornell-Larcker criterion may also be used to prove discriminant validity using AVE: for each latent variable, the square root of the AVE must be greater than its correlation with the other latent variables. This signifies that the variance divided by the indicator block for each latent variable is larger than the variance shared by the other latent variables (Garson, 2016). Based on table 5, it can be seen that the criteria required for Fornell-Larcker measurements are accepted. So, all the variables in this study were following the terms of discriminant validity.

Reliability Test

Table 7 Cronbach's Alpha, Rho A, Composite Reliability

	Cronbatch's Alpha	Rho A	Composite Reliability
IFL	0,921	0,928	0,950
SCP	0,851	0,866	0,900
TF	0,732	0,732	0,882
FF	0,912	0,923	0,944
I	0,963	0,966	0,973

The results of the Cronbach's Alpha output for the construct of; the construct of Islamic financial literacy (IFL)= 0.921, the construct of sharia-compliant perception (SCP)= 0.851, the technology factors (TF)= 0.732, financing facilities (FF)= 0.912; and construct intention (I)= 0.963. The results of the Rho A output for the construct of Islamic financial literacy= 0.928, the construct of sharia-compliant perception= 0.866, and the technology factors= 0.732 the construct of financing facilities= 0.923; construct intention= 0.966. The results of the composite reliability output for; the construct of Islamic financial literacy= 0.950, the construct of sharia-compliant perception= 0.900, and the technology factors = 0.882, the construct of financing facilities= 0.944; construct intention= 0.973.

Based on table 6 we can see the number of Cronbach's Alpha values, Rho A values and composite reliability values are above 0.70. So, all variables already have good reliability or are categorized as reliable. Based on Vinzi et al., (2010) each variable must have a Composite Reliability, rho_A, and Cronbach's Alpha value of more than 0.7 to be classified as reliable.

Structural Model (Inner Model)

R-Square

Table 8 R-Square

	R-Square	R-Square Adjusted
I	**0,697**	**0,648**

R-Square is a measure of the value of the endogenous variable (Y) for influenced by the exogenous variable (X) in the study. The rule of thumb value for R Square, which is 0.75, is categorized as strong; 0.50 is categorized as moderate, and 0.25 is categorized as weak (Garson, 2016; Hair et al., 2011). Based on table 13 the value of R Square for variable I (Intention) as an endogenous variable in this study is 0.697 rounded to 0.700. This indicates that the variable is strongly influenced by exogenous research variables, which is 70%. And the rest is influenced by other variables outside the variables in this study.

Variance Infation Factor (VIF)

Table 9 Inner VIF

	IFL	SCP	TF	FF	I
IFL					1,286
SCP					2,089
TF					1,537
FF					2,389
I					

The variance infation factor is the standard measure for measuring indicator collinearity (VIF). When two or more indicators in a formative measurement model are directly correlated, this is referred regarded as collinearity. High correlation raises the standard error of the indicator weights, causing type II errors to occur (i.e., false negatives). Higher levels of collinearity can also cause sign shifts in the indicator weights, resulting in interpretational confounding. If VIF values are higher, the number of collinearity increases. Hair et al., (2021) mention the rules of thumb regarding VIF are as follows; critical collinearity problem is possible if VIF is 5, collinearity problem is usually not critical if VIF = 3-5 Collinearity is not a problem if VIF < 3.

Based on table 14 the value of VIF for the construct of Islamic financial literacy (IFL) is 1,286; the construct of sharia-compliant perception (SCP) is 2,089; variable technology factors (TF) is 1,537; variable financial facilities (FF) is 2.389. The VIF value of all constructs is less than 3, meaning that collinearity is not a problem in this study.

Direct Effect

Hypotheses can be analyzed based on 2 references, namely; (i) path coefficient values to determine whether there is a negative or positive relationship, and (ii) P / P-Values values to determine whether the effect is significant or insignificant. If the path coefficient value is positive, then the relationship between exogenous variables in influencing endogenous variables is directly proportional. So on the other hand, if the path coefficient value is negative, then the relationship between exogenous variables influencing endogenous variables is inversely proportional (Sarstedt & Mooi, 2019).

This study uses a significant level of 5%. The level of significance is an important factor in hypothesis testing. It determines the crucial value and power of the test, which influences the inferential result. If the p-value is less than a certain threshold, the null hypothesis is rejected. Is known as the significance level, and it represents the chance of rejecting the null hypothesis if it is true. It is normally set at or below 5% (Kim, 2015).
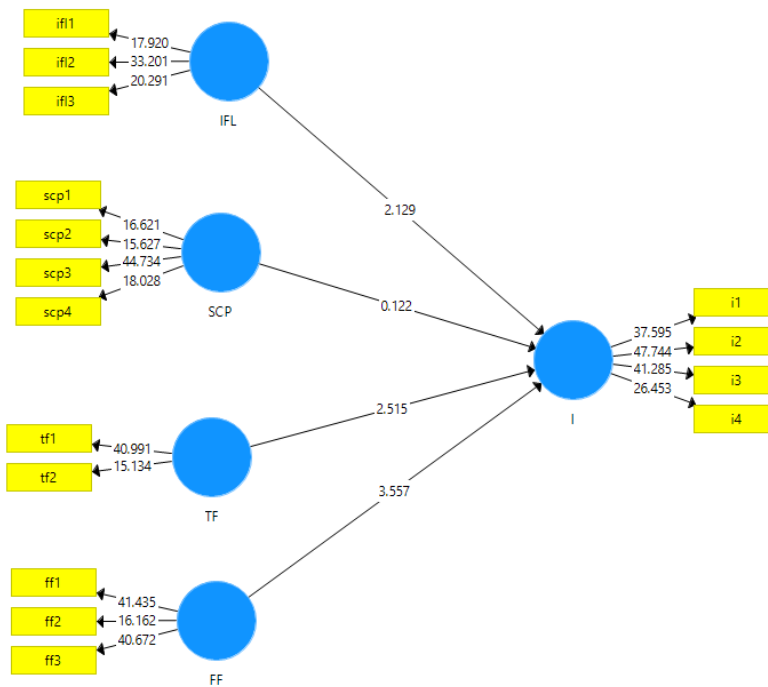
Figure 5 Path Model

Table 10 Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
IFL -> I	0,191	0,192	0,090	2,129	0,034
SCP -> I	-0,019	-0,004	0,157	0,122	0,903
TF -> I	0,262	0,257	0,104	2,515	0,012
FF -> I	0,422	0,408	0,119	3,557	0,000

The Islamic financial literacy construct has a t-statistic value of 2.129 greater than (1.96 level=5%), and a p-value of 0.034 less than 0.05. This indicates that the Islamic financial literacy variable affects the Intention variable positively and significantly. The sharia-compliant perception construct has a t-statistic value of 0.122 which is less than (1.96 level=5%), and a pvalue of 0.903 which is greater than 0.05. This indicates that the Islamic financial literacy variable as an exogenous variable affects the intention variable positively and but insignificantly.

The technology factors construct has a t-statistic value of 2.515 which is greater than (1.96 level=5%), and a p-value of 0.012 which is smaller than 0.05. This indicates that the technology factor variable as an exogenous variable affects the intention variable positively and significantly. The financing facilities construct has a t-statistic value of 3.557 greater than (1.96 level=5%), and a p-value of 0.000 less than 0.05. This indicates that the financing facilities variable as an exogenous variable affects the Intention variable positively and significantly

Discussion

H1: Islamic Financial Literacy has a positive impact on exporters' intention in using Sharia L/C products acceptable.

This is shown by the results of the Islamic financial literacy construct has a t-statistic value of 2.129 which is greater than (1.96 level=5%), and a p-value of 0.034 which is less than 0.05. This indicates that the Islamic financial literacy variable as an exogenous variable affects the intention variable positively and significantly. In other words, the knowledge that exporters have about Islamic finance can influence their desire to use sharia letters of credit. This result is the same as the previous research by Albaity & Rahman, (2019)

The research shows that Islamic financial literacy has a significant effect on the intention to use Islamic banks, this means that the more customers understand Islamic finance, the higher their attitude towards Islamic banks (Albaity & Rahman, 2019). This was also supported by (Candera et al., 2020; Handida & Sholeh, 2019; Ruwaidah, 2020) the results of the study are Islamic financial literacy had a positive effect on the decision to use banking products.

H2: Sharia Compliant Perception has a positive impact on exporters' intention in using Sharia L/C products is not acceptable

This is shown by the results of the sharia-compliant perception construct has a t-statistic value of 0.122 which is greater than (1.96 level=5%), and a p-value of 0.903 is more than 0.05. This indicates that the sharia-compliant variable as an exogenous variable affects the intention variable positively and but not significantly. In other words, exporters' perception of sharia implementation of an Islamic bank does not affect their desire to use a sharia letter of credit.

The results of this study have the same results as the research conducted by Ibrahim & Rachmawati, (2020), the results of their study state that the variable sharia compliance with respect to loyalty BRI Syariah KC Sidoarjo bank customers is not had a significant effect is because the level of public awareness of the application of usury in the implementation of Islamic finance or transactions is still lacking. And This result contradicts previous research by Prastiwi, (2018), the research shows that Members' perceptions of sharia compliance, significantly influence the decision to use the services of Islamic financial institutions in a positive direction, especially in saving. The results of the insignificant sharia-compliant perception variable are also supported by the results of research from Oktaviani & Rachmawati, (2014) The results of the research stated that the sharia compliance variable had no effect on customer loyalty at the BNI Syariah branch office in Surabaya is because customers are less concerned about every activity carried out contains usury or not, but chooses a sharia bank based on references that have been obtained from other people and good service.

The insignificant of this variable can occur due to the lack of information held by prospective customers (Ibrahim & Rachmawati, 2020; Oktaviani & Rachmawati, 2014), this shows that there is low information about the letter of credit products, or even information about sharia compliance from a bank so that there are still many exporters who need this information facility from Islamic banks. In addition, this variable is not significantly related to the low condition of financial literacy in Indonesia, the financial literacy index of the Indonesian people is only around 21.8%, which means that out of every 100 residents only about 22 people are in the well literate category.

So, this needs special attention from Islamic banks to facilitate it. Based on the order of outer loading values in table 8 of the sharia compliant indicator, the scp 3 (Does not contain

any mudharat) indicator has the highest value of 0.890, this means that providing information that sharia letter of credit products do not contain mudharat can increase exporters' interest in using a letter of credit, another example is as follows; banks can provide information about usury and materials that explain the performance process of Islamic banks that are in accordance with the provisions of the DSN MUI so that, more and more customers know the importance of using products from Islamic banks to avoid usury and things that are prohibited by sharia, this information can be provided through the website, brochure, or advertisement.

H3: Financing Facilities have a positive impact on exporters' intention in using Sharia L/C products acceptable.

This is shown by the results of the financing facilities construct has a t-statistic value of 3.557 greater than (1.96 level=5%), and a p-value of 0.000 less than 0.05. This indicates that the financing facilities variable as an exogenous variable affects the intention variable positively and significantly. This result is the same as the previous research by Sohrabi & Rahimi, (2019) This study found that financing facilities had the highest priority among factors affecting the customers" preferences in selecting a bank to issue a foreign documentary letter of credit. In addition, technology factors, behavioral factors, and physical factors are ranked after the specific financing facilities, respectively.

The results of the significance of the financial facilities variable can be a special concern for banks to consider all financial facilities, especially those related to exports so that with good financial facilities, exporters will be more interested in using sharia letters of credit products. The strategy that needs to be considered by Islamic banks that provide Letter of Credit products to attract potential customers to use these products. This strategy can be carried out by taking into account the indicators of financing facilities in this study, namely by providing competitive commission fees, guaranteeing export working capital, and providing fast services, especially when withdrawing money.

H4: Technology factors have a positive impact on exporters' intention in using Sharia L/C products acceptable.

This is shown by the results of the technology factors construct has a t-statistic value of 2.515 which is greater than (1.96 level=5%), and a p-value of 0.012 which is smaller than 0.05. This indicates that the technology factors variable as an exogenous variable affect the intention variable positively and significantly. This result is the same as the previous research by Sohrabi & Rahimi, (2019) the variable of the research are technology factors, behavioral factors, and physical factors. This study found that Financing Facilities had the highest priority among factors affecting the customers" preferences in selecting a bank to issue a foreign documentary letter of credit. In addition, technology factors, behavioral factors, and physical factors are ranked after the specific Financing Facilities, respectively. The results of other studies that are similar to these results are research conducted by Tesfaye et al., (2019), the results of the study indicate that there is a significant relationship between technology factors and bank selection.

The results of the significant technology factors variable can be a special concern for banks to provide services through the latest technology that is good, and functions well, so that by looking at good technology services, exporters will be more interested in using sharia letter of credit products, for example by maximizing websites or online services to provide the latest information to customers or potential customers. Another example is the access to open Letter of credit online based so that exporters do not need to print out the files and go to the

bank. Easy financing is particularly significant since it saves the time and effort required by customers to receive the necessary financial support (Ansari, 2019).

Conclusion

The purpose of this study is to analyze exporters' intentions using a sharia letter of credit. This research uses four variables: Islamic financial literacy, Sharia-compliant perception, technology factors, and financing facilities. An analysis of processed data from 80 respondents was performed. Through this study, it was also found that there was a positive relationship between sharia financial literacy, sharia-compliant perception, technology factors, and financing facilities on exporters' intentions to use sharia letters of credit in their transactions. And, only the sharia-compliant perception variable has no significant effect, in other words, the exporter's perception of the sharia of a bank issuing a letter of credit does not affect their intention to use a sharia letter of credit.

After the research was conducted, it was found that currently exporters or people who have a desire to export in Indonesia are young people with ages ranging from less than 25 years to 30 years. In addition, it is also known that the intention of exporters in using sharia letters of credit is influenced by Islamic financial literacy, technology factors, and financing facilities as independent variables, And, only the sharia-compliant perception variable has no significant effect, in other words, the exporter's perception of the sharia of a bank issuing a letter of credit does not affect their intention to use a sharia letter of credit.

From these results, Islamic banks can pay attention or make strategies to attract prospective customers using sharia letters of credit by paying attention to the variables that have been declared influential, such as providing counseling or providing material to prospective customers about the importance of Islamic finance and clarifying the relationship between the material and practical steps that can be taken by prospective customers as well as the benefits they will get, providing education about Islamic finance through seminars or through social media, providing information about usury and materials that explain the performance process of Islamic banks that are in accordance with the provisions of the DSN MUI and not contain any mudharat, providing competitive commission fees, guaranteeing export working capital, and providing fast services, especially when withdrawing money, maximizing websites or online services to provide the latest information to customers or potential customers and open letter of credit online based.

Acknowledgment and Limitation

These should be included at the end of the text and not in footnotes. Personal acknowledgements should precede those of institutions or agencies

For The Next Researchers

1. The distribution of respondents is not evenly distributed, it is recommended for further researchers to be able to complete respondents from each area studied.
2. This research is limited to Indonesia. So that further research can be carried out abroad for wider results.
3. This research is limited to quantitative research. So that further researchers can choose the type of research if they want to get in-depth results.

4. This research is only limited to 4 independent variables and 1 dependent variable, namely sharia financial literacy, sharia-compliant perception, technology factors, and financing facilities. So, further researchers can add other variables.
5. This study only uses questionnaires in data collection so that respondents' opinions cannot be measured and channeled. So, future researchers can use better data collection techniques.
6. The Sources of data and journals regarding sharia letters of credit are limited and rare especially data on the age of Indonesian exporters that have not been covered by the author.

For Sharia Banks

From the results of this study, Islamic banks in Indonesia can pay attention to strategies to attract exporters' interest in using sharia L/C products in the following ways;
1. Providing counseling or providing material to prospective customers about the importance of Islamic finance and clarifying the relationship between the material and practical steps that can be taken by prospective customers as well as the benefits they will get.
2. Providing competitive commission fees, guaranteeing export working capital, and providing fast services, especially when withdrawing money.
3. Maximizing websites or online services to provide the latest information to customers or potential customers. Another example is the access to open Letters of credit online based.

Providing education about Islamic finance through seminars or through social media, providing information about usury and materials that explain the performance process of Islamic banks that are in accordance with the provisions of the DSN MUI.

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