

Analysis of Factors that Influence Investor Interest in Investing in Islamic Mutual Funds (Case Study: Java Island Region)

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Abstract. *Sharia mutual fund investment in Indonesia continued to experience positive developments as an investment instrument. However, the fact was that the nav of Islamic mutual funds was still unable to closed the gaped with the total nav of conventional capital markets as a whole. The purpose of this studied was to analyze the factors that influence investors' decisions in investing in Islamic mutual funds. The method used in this researched was sem-pls. Respondent criteria in this studied was sharia mutual fund investors and domiciled in a province on the island of java. The theoretical approached in this studied was the theory of planned behavior with variabels of motivation, knowledge, re-perception, technological advances, and product information. The results of this studied indicate that the variabels motivation, knowledge, perceived returned, advances in technology, and product information had a positive and significant influence on investment intentions. The results of this studied could be used by securities companies and regulators to increase the number of investors or planning policies regarding Islamic mutual funds.*

Keywords: *Investment, Capital Market, Investor Interest, Sharia Mutual Funds.*

Abstrak. *Investasi Reksa Dana Syariah di Indonesia terus mengalami perkembangan yang positif sebagai instrumen investasi. Namun, faktanya NAB Reksa Dana Syariah masih belum bisa memperkecil jarak dengan total NAB pasar modal konvensional secara keseluruhan. Tujuan penelitian ini untuk menganalisis faktor-faktor yang memengaruhi keputusan investor dalam berinvestasi di Reksa Dana Syariah. Metode yang digunakan dalam penelitian ini adalah SEM-PLS. Kriteria responden dalam penelitian ini yaitu investor Reksa Dana Syariah dan berdomisili di provinsi yang ada di Pulau Jawa. Pendekatan teori dalam penelitian ini adalah Theory of Planned Behaviour dengan variabel Motivasi, Pengetahuan, Persepsi Return, Kemajuan Teknologi, dan Informasi Produk. Hasil penelitian ini menunjukkan variabel Motivasi, Pengetahuan, Persepsi Return, Kemajuan Teknologi, dan Informasi Produk memiliki pengaruh positif dan signifikan terhadap minat berinvestasi. Hasil penelitian ini dapat digunakan perusahaan sekuritas maupun regulator untuk meningkatkan jumlah investor ataupun perencanaan kebijakan mengenai Reksa Dana Syariah.*

Kata Kunci: *Investasi, Pasar Modal, Minat Investor, Reksa Dana Syariah.*

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Introduction

Indonesia is rightfully positioned as a pioneer and a focal point for the development of Islamic Financial Industry (IFI) worldwide, considering that the country has the largest Muslim population (Pamuji & Supandi, 2021). The history of Islamic capital markets in Indonesia began with the issuance of Sharia Mutual Funds by PT. Danareksa Investment Management on July 3, 1997. Subsequently, on July 3, 2000, the Stock Exchange together with PT. Danareksa Investment Management launched the Jakarta Islamic Index with the aim of assisting investors who want to engage in Sharia-compliant investments. With the existence of this index, investors have access to stocks that can be used for investment in accordance with Sharia principles (Otoritas Jasa Keuangan, 2022).

Meeting the needs of investors who seek investment income from clean and religiously accountable sources, in line with Sharia principles, is one of the objectives of Sharia Mutual Funds. On a broader scale, the purpose of Mutual Funds is to achieve long-term investment value growth and provide sustainable income to investors. The presence of Sharia Mutual Fund instruments enhances investment opportunities specifically tailored for Muslim investors (Nugraha, 2015). In this regard, Bapepam (Capital Market and Financial Institution Supervisory Agency) took the initiative to introduce a product called Danareksa Syariah as a vehicle to cater to the needs of Muslim investors. On April 18, 2001, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) issued Fatwa Number 20/DSN-MUI/IV/2001, which regulated the implementation of investment for Sharia Mutual Funds. This undoubtedly strengthened the development of the capital market, particularly Sharia Mutual Funds, in Indonesia.

The development of Sharia Mutual Funds has resulted in a diverse and promising range of capital market instruments for investors to invest in the Islamic capital market. Indonesia has significant potential to become a center for the development of the Sharia-based financial industry, including the global capital market, given the fact that the country has the largest Muslim

population in the world. Below is a chart depicting the growth of Net Asset Value (NAV) of Mutual Funds from 2016 to 2022.

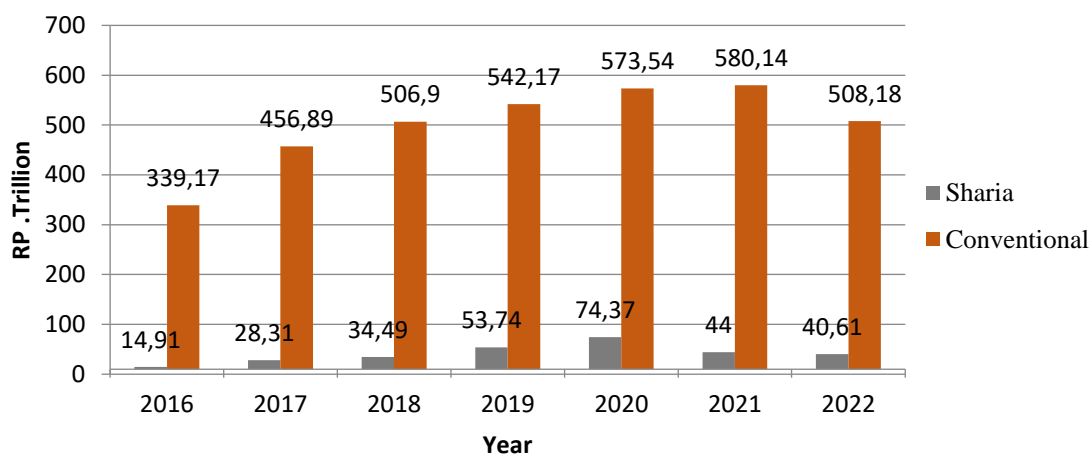


Figure 1. The development of Net Asset Value (NAV) of Mutual Funds in Indonesia

Figure 1 shows a positive trend in the growth of Sharia Mutual Funds from year to year, although the Net Asset Value (NAV) decreased to Rp. 44 trillion in 2021 and further decreased to 40.61 in 2022. However, when compared to the total NAV of Mutual Funds, Sharia Mutual Funds still represent a relatively small portion. In contrast, the NAV of conventional Mutual Funds continues to increase, reaching Rp. 508,180 trillion in 2022 (Otoritas Jasa Keuangan, 2022). From 2016 to 2020, the Net Asset Value (NAV) of Sharia Mutual Funds continued to experience growth, indicating positive development as an investment instrument. Although there was a decrease in NAV in 2021, figure 1 shows that this growth was still not sufficient to narrow the gap with the total NAV of the conventional capital market. In fact, the benefits offered by Sharia Mutual Funds have not yet been able to attract a larger number of investors (Syairozi & Cahya, 2016). Therefore, conducting research on the factors influencing investors' decisions to invest in Sharia Mutual Funds is crucial in order to gain a deeper understanding of the needs and preferences of investors regarding Sharia investment products. This research aims to enhance the growth of Sharia Mutual Funds by gaining

knowledge about investors' interests and preferences. Objective of this research is to know the characteristic of the investors, What influences investors interest in investing in Sharia Mutual Funds and how these factors affect, and What factors strongly influence investors' interest in investing in Sharia Mutual Funds.

Literature Review

According to Law No. 8 of 1995 on the Capital Market, Mutual Funds are instruments used by investment managers to collect funds from investors to be reinvested in a portfolio of securities. Considering the above definition, Mutual Funds can be considered as a platform where individuals can invest their money. The investment managers, who oversee the Mutual Funds, utilize these funds to invest in a portfolio of securities. Furthermore, the Fatwa (Religious Edict) issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) No. 20/DSN-MUI/IX/2000 defines Islamic Mutual Funds as Mutual Funds that operate in accordance with the provisions and principles of Islam. This includes the contract between investors as owners of capital (*Shahib al-mal/rabb al-mal*) and the investment manager as the representative of the owner of capital, as well as the contract between the investment manager as the representative of the owner of capital and the users of the investment (Soemitra, 2014).

Sharia Mutual Funds are available because Muslims have two attitudes: they want to invest their money in Mutual Funds, but they also fear violating Islamic Sharia rules. Therefore, since Sharia Mutual Funds operate based on Sharia principles, their presence can prevent Muslims from violating Islamic Sharia. Sharia Mutual Funds adhere to Sharia principles in their operations and investments (Khalijah, 2017).

The variables in this study were obtained through previous research studies to ensure that the generated factors are relevant to this research and indeed encompass crucial aspects for increasing investors' interest in investing in Sharia Mutual Funds. The selection of these indicators for adoption in this

study was based on their suitability to the research context and to avoid overlap with one another.

The first reference is a study by Belisca et al. (2022) aimed to examine the influence of motivation, capital market knowledge, and risk preferences on the investment interest of the millennial generation. The results of this study showed that there is no influence of motivation on the investment interest of the millennial generation, there is an influence of capital market knowledge on the investment interest of the millennial generation, and there is an influence of risk preferences on the investment interest of the millennial generation. There is a simultaneous influence of motivation, capital market knowledge, and risk preferences on the investment interest of the millennial generation at Muhammadiyah University Riau. The variables of Motivation, Knowledge, and Perception of Return will be used in this study to examine whether these variables can influence investors' interest in investing in Sharia Mutual Funds.

The second reference, Marlin (2020), conducted a study to determine the influence of investment knowledge, perception of return, and investment motivation on the investment interest of students at the Sharia Investment Gallery of BEI IAIN Batusangkar. The results of this study indicated that investment knowledge and investment motivation have a significant influence on the investment interest of students at the Sharia Investment Gallery. However, the perception of return factor does not have a significant influence. This study showed that motivation and knowledge consistently influence investment interest.

The third reference is a study by Kusuma & Hakim (2022) that examined how motivation, perception of return, technological advancements, and financial behavior influence Sharia investment interest. The analysis in this research indicated that motivation, perception of return, and technological advancements have a direct and significant influence. However, financial behavior cannot moderate motivation and perception of return on Sharia investment considerations. Financial behavior can moderate the perception of return on investment considerations among students at state higher education

institutions in Indonesia. The variable to be adopted from this study is technological advancements, while the perception of return variable will be represented by another variable to avoid redundancy in the research variables.

The fourth reference, Sarah (2014), in her research attempted to identify the influence of risk level factors, investment product information, Sharia principles consideration, and investor satisfaction on investor interest in retail government sukuk. The analysis results showed that investment product information, investment risk, and investor satisfaction significantly affect investor interest, while the Sharia principles consideration factor does not have a significant influence. The variables of investment product information and investor satisfaction will be adapted into this study, while the risk level variable has been represented by the risk preference variable.

Furthermore, based on an article written by Agustin and Hakim (2020), this research aims to determine the influence of knowledge, perception of Islamic banking products, and financial literacy with religiosity as a moderating variable on Sharia investment interest. The results of the analysis showed that knowledge can influence Sharia investment interest, albeit with less significance, while the perception of Islamic banking products and financial literacy have a positive and significant influence on Sharia investment interest. Additionally, religiosity can moderate the influence of knowledge, perception of Islamic banking products, and financial literacy on Sharia investment interest. In this research, the variable of perception of Islamic banking products will be represented by the investment product information variable as the focus of this study is investors' interest in Sharia Mutual Fund products.

Based on the literature study, the five most influential factors in affecting investors' interest in investing are motivation, knowledge, perception of return, technological advancements, and product information. The factor of risk preference or investment risk is represented by the variable Perception of Return as they share similar meanings. Furthermore, the variable of religiosity

is not included in this study because based on the research by Prasetio et al. (2023), the variable of religiosity does not have an impact on investor interest.

Method

This study utilizes primary data. The primary data is obtained through a survey of the community in the Java Island region who have invested in Sharia Mutual Funds in that area. The data is collected through the completion of an online questionnaire to identify the dominant factors influencing investors' decisions to invest in Sharia Mutual Funds. The selection of the location is based on KSEI data, which shows that the majority of investors in Indonesia are located in Java Island, accounting for 69.01% of the total investors nationwide. The research was conducted from January to April 2023.

The selection of respondents in this study used a non-probability sampling method, specifically purposive sampling technique. The criteria for selecting respondents were investors who have invested in Sharia Mutual Funds and reside in six provinces within the Java Island region. The sample size for this study is 100 respondents. The population size is 1,101,792 individuals (based on the number of investors in Sharia Mutual Funds according to KSEI data in 2022). Using the Slovin's formula calculation (Sugiyono, 2014), the sample size obtained is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{1.101.792}{1 + 1.101.792(0,1)^2}$$

$$n = 99.9909247004$$

$$n = 100$$

Explanation:

Population (N) = 1,101,792

Margin of error (e) = 0.1 (10%)

Sample size (n) = 100

The data analysis in this study consists of descriptive analysis and modeling analysis using Structural Equation Modeling (SEM). The use of SEM allows researchers to build a research model that consists of multiple variables, examine latent variables that cannot be directly measured, test measurement errors of manifest variables (indicators), and confirm the theory based on the research data (Latan, 2012). Descriptive analysis refers to the socio-demographic conditions of the investors in Sharia Mutual Funds who are the sample of this study. Descriptive statistical analysis is conducted to generalize or draw conclusions about the characteristics of the studied population. Hypothesis testing in this study employs the Structural Equation Modeling Partial Least Squares (SEM-PLS) method. SEM-PLS is an alternative analysis method within Structural Equation Modeling that is based on variance. In this study, SEM-PLS analysis was conducted using SmartPLS 4 software. The Partial Least Square (PLS) approach consists of two components: the structural model (inner model) and the measurement model (outer model), which involves the indicators of measurement. Referring to previous studies and modifications to several variables, the initial model of this research was designed and visualized as shown in Figure 2 below:

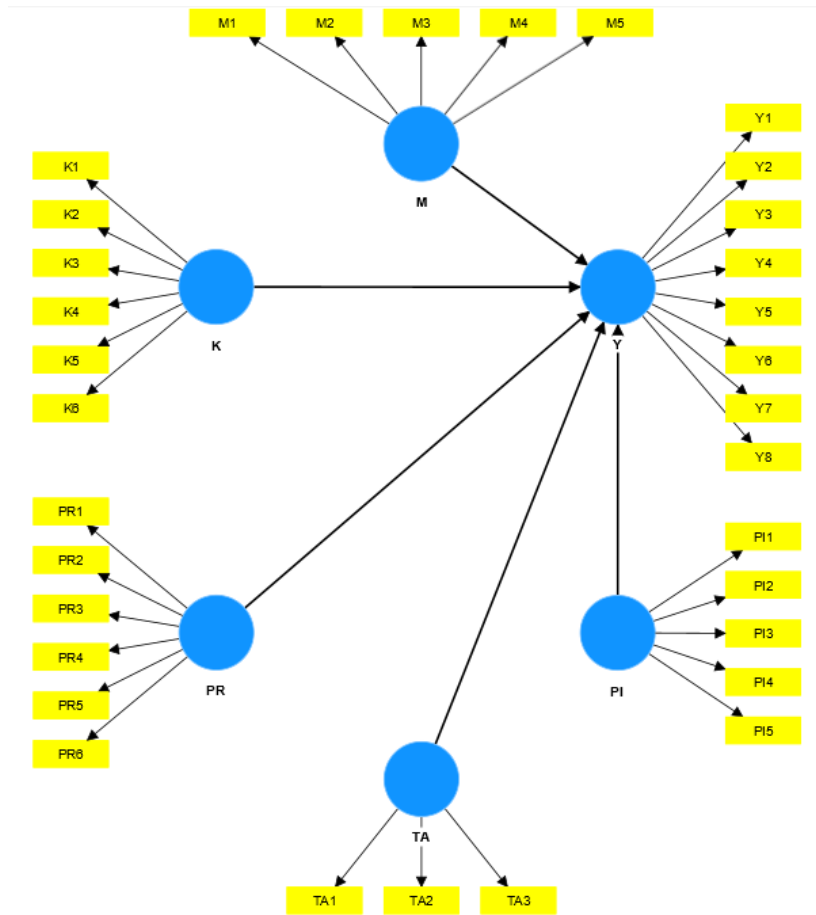


Figure 2 Research Model

Table 1 Operational Definition

Latent Variable	Operational Definition
Motivation (M) (Adiningtyas & Hakim, 2022)	Level of trust and desire influencing investors in investing in Sharia Mutual Funds.
Knowledge (K) (Adiningtyas & Hakim, 2022)	The level of knowledge of investors in Sharia Mutual Funds in investing and managing finances.
Perseption of Return (PR) (Kusuma dan Hakim 2022)	The level of trust of investors in Sharia Mutual Funds regarding investment risks.

Technological Advancements (TA)	The level of trust of investors in Sharia Mutual Funds that technological advancements can influence interest and facilitate investment.
(Kusuma & Hakim, 2022)	
Product Information (PI)	The level of trust that product information can influence investors in investing in Sharia Mutual Funds.
(Al Anood 2009; Sarah 2014; Nabilla dan Shofawati 2022)	
Investors Interest (Y)	The level of trust of investors in their own interest to invest in Sharia Mutual Funds.
(Rahmi et al., 2022)	

Results and Discussion

Characteristics of Respondents

The number of respondents obtained from the distribution of this research questionnaire was 100 respondents. Respondents who filled out this research questionnaire were Sharia Mutual Fund investors. The characteristics of respondents in this study were identified based on province, gender, age, education, income per month, product information, whether investors have conventional Mutual Funds, length of investment, who consider Sharia Mutual Funds better than conventional Mutual Funds, platforms or places of purchase of Mutual Funds, reasons for investing, and attitudes towards investment risks. The following is a table that shows the characteristics of respondents in this study.

Tabel 2. Characteristics of Respondents

Characteristics	Category	Frequency	Percentage
Province	DKI Jakarta	9	9%
	Banten	7	7%
	West Java	62	62%
	Central Java	7	7%
	East Java	9	9%
	D.I Yogyakarta	6	6%
Sex	Male	38	38%

	Female	62	62%
Age	18-26	84	84%
	27-36	6	6%
	37-58	10	10%
Education	SMA/Sederajat	73	73%
	S1/Sarjana	21	21%
	S2/Master	5	5%
	S3/Doktor	1	1%
Per Month Income	Rp1.000.000 - Rp2.500.000	69	69%
	Rp2.500.000 - Rp5.000.000	14	14%
	Rp5.000.000 - Rp7.500.000	3	3%
	Rp7.500.000 - Rp10.000.000	7	7%
	Rp10.000.000 - Rp12.500.000	3	3%
	> Rp12.500.000	4	4%
Product	Brosur	2	2%
Information	Keluarga/Kerabat	9	9%
	Media Elektronik	87	87%
	Lainnya	2	2%
Conventional	Yes	46	46%
Mutual Fund	No	54	54%
Ownership			
Investing Duration	< 1 year	37	37%
	1 year	27	27%
	>1 year	36	36%
Sharia Mutual	Yes	89	89%
Fund Assumption is Better	No	11	11%
Investation	Ajaib	16	16%
Platform	Bareksa	4	4%
	Bibit	56	56%
Reason to Investing	Safe rate of return	43	43%
	Competitive revenue share	9	9%
	Helping the development of the Islamic financial industry	32	32%
	Investment diversification	16	16%
Attitude to Investment Risk	Choose to take risks	8	8%
	Not Taking Risks and Choosing Safe Investments	35	35%
	Looking at the Situation and Asking a Financial Consultant for Advice	19	19%
	Trust Your Own Decisions and Be Careful of Risks	38	38%

Analysis of Factors Influencing Investor Interest in Investing in Sharia Mutual Funds

1. Outer Model Evaluation
 a. Convergent Validity Test

Convergent validity testing is performed to assess the correlation of latent variables with each of their indicators. The assessment of convergent validity is carried out by looking at the loading factor (Hair et al., 2017). Testing the initial model loading factor values of each indicator variable is shown in Figure 5. The loading factor value shows how much the indicator variable reflects its latent variable. The data shows that the majority of variable indicators meet the minimum value of loading factor ≥ 0.7 except for some indicators that do not meet the criteria with a loading factor of < 0.7 .

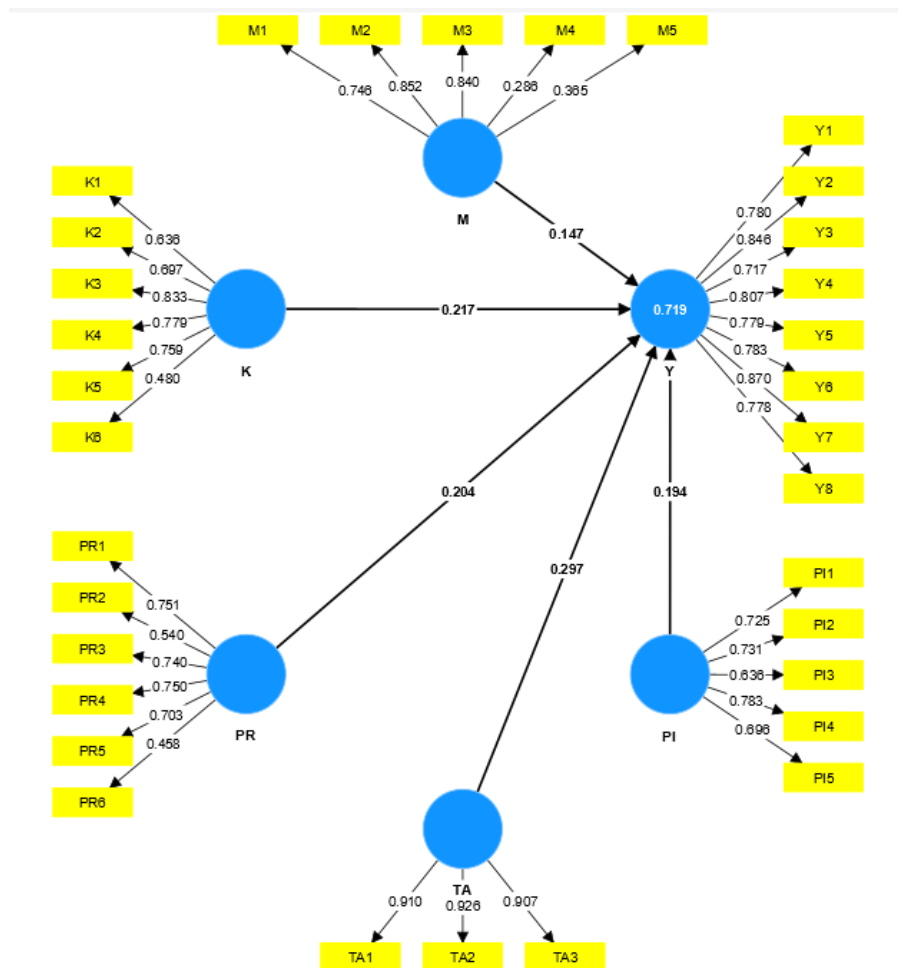


Figure 3 Initial loading factor value

The process of eliminating indicators was conducted gradually due to the presence of indicators with a loading factor < 0.7 for more than one indicator within each latent variable. This process aimed to observe the increase in the loading factor values at each stage of elimination and whether it would affect the loading factor of other indicators within the same latent variable. Additionally, the increase in the average variance extracted (AVE) values > 0.5 was also considered. The dropping process began with the elimination of indicators with the smallest loading factor from each variable.

Based on this process, several indicators were eliminated as follows:

- i) In the first stage, from the Product Information (PI) variable, PI3 with a loading factor of 0.636 was dropped. From the Motivation (M) variable, M4 with a loading factor of 0.286 was dropped. From the Knowledge (K) variable, K6 with a loading factor of 0.480 was dropped. And from the Perception of Return (PR) variable, PR6 with a loading factor of 0.458 was dropped.
- ii) In the second stage, from the Motivation (M) variable, M5 with a loading factor of 0.322 was dropped. From the Knowledge (K) variable, K1 with a loading factor of 0.651 was dropped. And from the Perception of Return (PR) variable, PR2 with a loading factor of 0.538 was dropped.
- iii) In the third stage, from the Knowledge (K) variable, K2 with a loading factor of 0.677 was dropped.

After the dropping process, the research model was obtained with loading factor values > 0.7 , as shown in Figure 4.

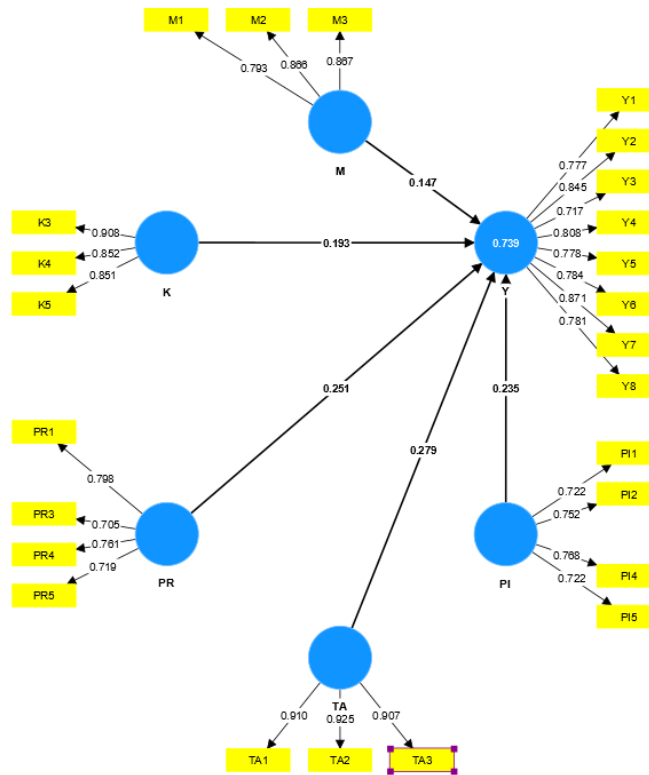


Figure 4. Model after Dropping Indicator process

In addition to assessing the loading factor, the convergent validity can also be evaluated using the Average Variance Extracted (AVE). Indicators are considered to have convergent validity if their AVE values are above 0.5 for each latent variable. The AVE values of all latent variables in Table 3 are already > 0.5 or meet the criteria, indicating that all latent variables in this study have good validity.

Table 3. AVE Score

	Latent Variable	AVE Score
1	Motivation (M)	0,711
2	Knowledge (K)	0,758
3	Perseption of Return (PR)	0,557
4	Technological Advancements (TA)	0,836
5	Product Information (IP)	0,549
6	Investors Interest (Y)	0,634

b. Discriminant Validity Test

Table 4. Value of Fornell Larcker criterion

	IP	TA	M	Y	K	PR
1	IP	0,741				
2	T A	0,705	0,914			

3	M	0,391	0,498	0,843		
4	Y	0,700	0,733	0,600	0,796	
5	K	0,360	0,364	0,406	0,542	0,871
6	PR	0,564	0,578	0,573	0,708	0,411 0,747

Discriminant validity testing is performed to ensure that latent variables differ from other latent variables and measure how precisely a measuring instrument can perform its measurement function (Ghozali, 2014). The standard used as an assessment can use Cross Loading or Fornell Larcker Criterion. The Cross Loading value can be seen in Appendix 1. Fornell Larcker Criterion values can be seen in Table 4. Cross loading values and Fornell Larcker criterion values show that all variables in this study pass the discriminant validity test.

c. Reliability Test

Table 5. Value of composite reliability

	Variable	Composite reliability
1	M	0,880
2	K	0,904
3	PR	0,834
4	TA	0,938
5	PI	0,830
6	Y	0,933

Reliability tests assess the accuracy, accuracy, and consistency of instruments when measuring constructs. This test can be done by looking at the value of composite reliability and the minimum standard is > 0.7 (Haryono, 2016). All variables in this study have met the minimum value, meaning that all variables in this study are reliable.

2. Inner Model Evaluation

d. Path Coefficient

Table 6. Value of Path Coefficient

		Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
1	M \rightarrow Y	0,147	0,145	0,073	2,017	0,044
2	K \rightarrow Y	0,193	0,199	0,077	2,513	0,012

3	PR →✕	0,251	0,253	0,088	2,839	0,005
4	TA →✕	0,279	0,280	0,099	2,818	0,005
5	PI →✕	0,235	0,236	0,116	2,026	0,043

The significance value in this study was 5% or 0.05. The relationship between variables is said to be significant if it has a P-values value less than or equal to 0.05 or a t-statistic value greater than or equal to the t-table of 1.96 (Hair et al., 2017). The relationship between variables is positive if the original sample value is > 0 and negative if < 0 .

e. Predictive capabilities

Table 7. R-square

		R-square	R-square adjusted
1	Y	0,739	0,725

The R-square value serves to explain how large endogenous variables can be explained by exogenous variables (Haryono, 2016). The standard R-square values are 0.67 good, 0.33 moderate, and 0.19 weak. Based on the R-square value in table 14, the Investing Interest variable is good.

Table 8. Q-square

		Q ² predict
1	Y	0,449

The Q-square value serves to validate the model. The Q-square result is said to be good if the value is more than zero, meaning that exogenous variables are good or able to predict the endogenous. Based on the Q-square value in table 15, the Investing Interest variable is good (Haryono, 2016).

f. Effect size

Table 9. F-square

		Y
1	M	0,050
2	K	0,110
3	PR	0,122
4	TA	0,128
5	PI	0,097

F-square serves to predict the influence of relationships between variables that are in the structure model. The effect square value of 0.02 has a small influence, 0.15 has a medium influence, and 0.35 has a large influence (Haryono, 2016).

3. Goodnes of Fit (Gof) Test

$$\begin{aligned} \text{GoF} &= \sqrt{\text{AVE} \times \overline{R^2}} \\ \text{GoF} &= \sqrt{0,674 \times 0,739} \\ \text{GoF} &= 0.706 \end{aligned}$$

GoF is used to evaluate measurements and overall structural models. GoF values range from 0 to 1 with criteria below the value of 0.1 small GoF, 0.25 GoF moderate category, and 0.36 GoF large category (Haryono, 2016). Based on the following calculations, the overall structural model of this study has a GoF value of 0.706, meaning it falls into the large category.

Discussion

The Effect of Motivation on Investment Interest

Based on the Path Coefficient value in table 6, the latent variable of Motivation has a positive and significant effect on Interest in Investing in Sharia Mutual Funds. The positive relationship can be seen from the original sample value of 0.147 or above 0. The significant effect can be seen from the t-statistic value of 2.017 or greater than 1.98 and the p-value of 0.044 or more than 0.05. It was also found in the research of Marlin (2020), and Adiningtyas and Hakim (2022) that the Motivation variable has a direct effect on Investment Interest, this happens because if there is something that makes interest, then the person is motivated to do something with himself, one of people's interest in investing is the return to be received (Monica, 2020). Based on this, the H1 in this study was accepted.

The Influence of Knowledge on Investment Interest

Knowledge variables in this study show a positive and significant influence on Interest in Investing in Sharia Mutual Funds based on the Path Coefficient value in table 6, the original sample value of 0.193 positive relationships. A significant effect can be seen from the t-statistic value of 2.513 or greater than 1.98 and the p-value of 0.012. It was also found in the research of Marlin (2020), Agustin and Hakim (2022), Belisca et al (2022) and Adiningtyas and Hakim (2022) that the Knowledge variable has a positive and

significant effect on Investment Interest. With knowledge about investment, people will be more interested and confident to invest compared to people who do not have this knowledge (Belisca et al., 2022). Based on this, the H2 in this study was accepted.

The Effect of Return Perception on Investment Interest

Return perception has a positive influence with an original sample value of 0.251 and significant on Interest in Investing in Sharia Mutual Funds based on the Path Coefficient value in table 6, with a t-statistic value of 2.839 and a p-value of 0.005. It was also found in the study, Kusuma and Hakim (2022) that the variable of Return Perception has a positive and significant effect on Investment Interest. This is because getting a profit is one of the objects that may be the target of an investor, which in this case is in the form of gain or return ((Andio & Widanaputra, 2016). Based on this, the H3 in this study was accepted.

The Influence of Technological Advancement on Investment Interest

Based on Table 6, the latent variable "Technological Advancement" has a positive and most significant influence on the latent variable "Investment Interest in Sharia Mutual Funds," with an original sample value of 0.279. The t-statistic value is 2.818, and the p-value is 0.005. This finding is also supported by the research conducted by Kusuma and Hakim (2022), which states that the variable "Technological Advancement" has a positive and significant effect on "Investment Interest." Afifa (2022) also reported that digital technology can promote capital market inclusion due to the high demand and trust shown by the public towards digital Sharia Mutual Funds. The advancement of technology and information has provided convenience in every activity conducted by individuals and investors. The current technological advancements have provided comfort, security, and wide-ranging access (Yusuf, 2019). Based on these findings, H4 in this study is accepted.

The Influence of Product Information on Investment Interest

Referring to Table 6, the variable "Product Information" shows a positive and significant relationship with "Investment Interest." The original sample

value is 0.235, indicating that product information has a positive effect. The t-statistic value is 2.026, and the p-value is 0.043. This finding is also supported by the research conducted by Sarah (2014), Agustin and Hakim (2022), and Nabilla and Shofawati (2022), which state that the variable "Product Information" has a positive and significant effect on "Investment Interest." Complete, accurate, well-formatted, and timely information leads individuals to generate positive thoughts because they acquire a deeper understanding of the product, which enhances their knowledge and investment interest (Nabilla & Shofawati, 2022) Based on these findings, H5 in this study is accepted.

The managerial implications

This research are focused on increasing the investment interest of investors in Sharia Mutual Funds. For securities firms and investment managers, their main focus is to enhance public interest in investing in Sharia Mutual Funds, considering the relatively lower Net Asset Value (NAV) of Sharia Mutual Funds compared to conventional mutual funds. Based on the data analysis, the variables that significantly influence investors' interest in investing are Motivation (M), Knowledge (K), Perception of Return (PR), Technological Advancement (TA), and Product Information (PI). This indicates that these five variables can be utilized to attract public interest in investing in Sharia Mutual Funds.

Based on the aforementioned statement, individuals are more likely to be interested when there is motivation and knowledge to invest, in order to weigh the investment risks. This can be improved through the dissemination of product information by leveraging technological advancements. Therefore, securities firms and investment managers can develop strategies in this regard. Increasing investment interest can be achieved through both online and offline marketing, involving collaborations with relevant organizations, communities, institutions, or individuals closely related to the Islamic finance industry, particularly Sharia Mutual Fund investments.

Conclusion

Conclusion The findings of this research can be summarized as follows:

1. The respondents in this study consisted of 100 individuals. They were investors in Sharia Mutual Funds residing in Java Island. The characteristics of the investors in this study were predominantly female (62%), aged 18-26 years (84%), with a high school education or equivalent (73%), earning between IDR 1,000,000 to IDR 2,500,000 (69%), obtaining product information from electronic media (87%), owning conventional mutual funds (46%), with an investment duration of less than one year (37%), holding the belief that Sharia Mutual Funds are better than conventional mutual funds (89%), the majority invested through the Bibit platform (56%), citing the reason of safe investment returns (43%), and having a self-reliant decision-making attitude while being cautious about risks (38%).
2. The results of the SEM-PLS analysis using SmartPLS 4 software revealed that the variables Motivation (M), Knowledge (K), Perception of Return (PR), Technological Advancement (TA), and Product Information (PI) have a positive and significant influence on Investment Interest (Y). This indicates that all hypotheses in this study are accepted.
3. The sequence of variables that have the most significant impact on investment interest is Technological Advancement (TA) with a P-value of 0.005, Perception of Return (PR) with a P-value of 0.005, Knowledge (K) with a P-value of 0.012, Product Information (PI) with a P-value of 0.043, and Motivation (M) with a P-value of 0.044.

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