

IMPACT OF SYARIAH COMPLIANCE PERCEPTION AND INVESTMENT KNOWLEDGE ON SYARIAH STOCK INTEREST AMONG STUDENTSIrfriyandika Alwi¹, Ahmad Nuh², Finantyo Eddy Wibowo³

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Keywords

*Syariah Stock
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Abstract

The advancement of technology and innovation in the capital market has significantly impacted public interest and participation in investment. This study aims to analyze the influence of factors such as perception of Syariah compliance and investment knowledge, as well as the combined impact of these factors on students' interest in investing in Syariah-compliant stocks in the Syariah capital market. The research employs a quantitative approach to the population of undergraduate students majoring in Islamic Economics and Sharia Economics Law at STIS AL-WAFA. The sample consists of 147 students selected through a questionnaire method. Validity, reliability, classical assumption tests, and multiple linear regression analysis are used for data analysis. The study's findings reveal that perception of Syariah compliance is insignificant in students' interest in investing in Syariah-compliant stocks at STIS AL-WAFA. Knowledge about Syariah investment significantly impacts students' interest in investing in Syariah-compliant stocks in the Syariah capital market. Perception of Syariah compliance and knowledge about Syariah investment jointly influence students' interest in investing in Syariah-compliant stocks in the capital market. Nevertheless, it is acknowledged that other factors not covered in this study might also influence students' interest in investing in Syariah-compliant stocks in the capital market. Therefore, in this context, understanding and reinforcing these factors are crucial to stimulate students' interest in investing in Syariah-compliant stocks in the Syariah capital market.

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E-mail: irfrialwi20@gmail.com**INTRODUCTION**

The advancement of technology and innovation in the capital market has significantly impacted public interest and participation in investment. In connection with this, the allure of investment, driven by the potential for principal value appreciation and additional gains over time, acts as a magnet that propels individuals to engage in investment activities. With the aid of increasingly sophisticated and user-friendly platforms, the investment process has become more facilitated, consequently fostering substantial growth in investment interest (Raditya, 2014).

The progress of a nation is inseparable from the dynamics of its accompanying capital market. Similarly, in Indonesia, a long journey has been undertaken to the point where the capital market has become a vital element within the framework of the national economy. By Law Number 8 of 1995 concerning the Capital Market, the concept of the capital market involves activities related to public offerings and trading of securities, involving public companies issuing securities, along with institutions and professions associated with securities (OJK, 2010). Alongside the evolution of the conventional capital market in Indonesia, a historic step was taken on March 14 and 15, 2003, when the government, represented by the Minister of Finance Budiono, officially introduced the Islamic capital market in the country. This milestone was further supported by the signing of a memorandum of understanding (MoU) between the Capital Market Supervisory Agency and

Financial Institutions (Bapepam-LK) and the National Sharia Council-Indonesian Ulama Council (DSN-MUI) (Saputra, 2014). This significant move opened up investment potential for issuers to issue Sharia-compliant securities, mainly to attract Muslim investors seeking to invest by Sharia principles.

By the DSN-MUI Fatwa No: 135, Sharia Stocks can be succinctly defined as stocks that meet the standards and criteria based on Sharia principles (DSN-MUI, 2020). One of the most sought-after securities in the capital market is stocks (Tandelilin, 2012). As Indonesia is recorded as one of the countries with the largest Muslim population, it possesses a significant market share for Sharia stocks, prompting many issuers to start issuing Sharia-compliant equity securities.

By the end of 2018, the data shows that 407 Sharia stock issuers were listed in the Sharia Securities List (Daftar et al., DES). At the beginning of 2023, this number had risen to 582 Sharia stock issuers, indicating an addition of Sharia stock issuers from 2018 to 2023. As reported by the Financial Services Authority (OJK) in 2023, the ratio of Sharia stocks listed in the DES for the first period of 2023 was determined by the OJK Commissioner Decision Number Kep-52/D.04/2023 on the Sharia Securities List dated May 24, 2023, and effective from June 1, 2022. This data suggests a significant increase compared to the ratio of Sharia stocks in the list over the previous five years.

The increase in the number of Sharia stock issuers also signals a growing interest from the public, particularly among students, in investing in the Sharia capital market. Therefore, this study aims to explore further the factors influencing students' interest in investing in Sharia stocks in the capital market. The factors to be investigated in this study include the influence of perceptions of Sharia compliance and the level of investment knowledge on students' interest in participating in the Sharia capital market.

In this context, the Theory of Planned Behavior (TPB) interprets the concept of interest. This theory provides a framework for understanding and predicting individual behavior based on intentions or interests formed through three core factors: attitude, subjective norm, and perceived behavioral control. Through this approach, TPB can provide a clearer picture of the investment actions that students will take in the environment of the Sharia capital market (Ajzen, 1991).

Undeniably, perceptions of Sharia compliance play a significant role in various transactions, including stock investment. In this context, perceptions of Sharia compliance reflect an investor's assessment of the extent to which an investment adheres to Sharia principles. This concept also becomes a primary consideration for prospective investors when making investment decisions (Nurlita, 2015). However, it should be acknowledged that while perceptions of Sharia compliance positively impact some investors, in reality, this factor is not always the primary determinant influencing the interest to invest in stocks. Other factors are more dominant and significant in shaping the interest to invest in Sharia stocks, especially among students. Various reasons influencing the decision to invest in Sharia stocks include complex individual considerations, a lack of understanding of Sharia principles related to stock investment, and personal financial goals (Betri, 2018). However, the research conducted by (Jalari Marimin, 2020) yielded different results; they concluded that Sharia compliance has a positive and significant influence on the interest to invest in the Sharia capital market.

The importance of investment literacy among prospective investors, including students, is an aspect that must be addressed. A deep understanding of stock investment is crucial for student prospective investors as it helps them recognize actual opportunities in the stock market, avoid unnecessary risks, and design a stock investment portfolio aligned with their financial goals. Therefore, having strong investment literacy is critical for prospective student investors to make informed and prudent decisions in managing their financial aspects (Wibowo, 2019). However, the research conducted by (Khafi Yudiantoro, 2022) produced different findings in the same context regarding students. This study indicated that investment knowledge only significantly impacts students' interest in the Sharia capital market. This illustrates that other factors also influence the formation of students' interest in investing in the Sharia capital market. In addition, the study also

combines factors such as perceptions of Islamic compliance and investment knowledge in one analytical framework, which can provide deep insights into how these factors interact and influence students' investment interest in Islamic stocks.

The benefits of this research are that it can provide a deeper understanding of the factors influencing students' interest in investing in Syariah-compliant stocks. This can benefit researchers, financial practitioners, and stakeholders in the Islamic finance industry. It can also serve as a foundation for further research in this field.

This study aims to analyze the influence of factors such as perception of Syariah compliance and investment knowledge, as well as the combined impact of these factors on students' interest in investing in Syariah-compliant stocks in the Syariah capital market.

METHODS

This study is a quantitative research type. Quantitative research aims to understand the phenomena experienced by research subjects. Quantitative research emphasizes the measurement and analysis of cause-and-effect relationships among various variables (Hardani, 2020). This study investigates the impact of perceptions of Sharia compliance and investment knowledge on students' interest in investing in Sharia stocks in the capital market. The study will be conducted at STIS AL WAFA, Bogor. Primary data will be used, and data collection will be conducted through online questionnaire distribution using the Google Form platform. The research population consists of all active students registered in the Sharia Economics and Sharia Economic Law departments at STIS AL WAFA, with cohorts from 2019 to 2021 totaling 202 students. The sampling technique to be employed in this study is purposive sampling. The sample size will be determined using the Slovin formula, resulting in a minimum sample of 134 individuals. Before data collection, a data quality test will be conducted on the questionnaire to ensure its validity and reliability. Data analysis for this study includes descriptive statistics, classic assumption tests, multiple linear regression analysis, and coefficient of determination tests. Hypotheses will be tested using statistical tests using SPSS software version 16.0.

RESULT AND DISCUSSION

Descriptive Statistics (Characteristics of Respondents)

The data collection process from respondents was conducted through the distribution of online questionnaires using the Google Form platform, with a total collection of 147 questionnaires. The collected sample data was then analyzed while considering diverse characteristics. This sample data was categorized into several categories based on specific characteristics, enabling the measurement and explanation of the percentage of each characteristic possessed by participating respondents. The characteristics of respondents can be observed in Table 1.

Table 1 Characteristics of Respondents

	Characteristics	Frequency (n=147)	Percentage (%)
Gender	Man	60	41%
	Woman	87	59%
Age	19-21	81	55%
	22-26	66	45%
Academic program	Islamic Economics	79	54%
	Sharia Economic Law	68	46%
Admission year	2019	65	44%
	2020	48	33%
	2021	34	23%

Source: Analyzed using frequency test

Based on the data in the table above, it can be observed that the majority of the respondent sample falls within the age range of 19 to 21 years, totaling 81 respondents or approximately 55%. The next age group is around 22-26, represented by 66 respondents or about 45% of the total sample. In terms of gender, the sample is predominantly female, with 87 respondents or about 59%. In comparison, male respondents amount to 60 respondents or approximately 41%. Regarding the field of study (Program of Study/Prodi), the Sharia Economics program dominates with 79 respondents or about 54%, followed by the Sharia Economic Law program with 68 respondents or about 46%. Lastly, in terms of the cohort, the 2019 cohort is the largest, with 65 respondents or approximately 44%, followed by the 2020 cohort, with 48 respondents or about 33%, and then the 2021 cohort, with 34 respondents or about 23%.

Data Quality Test

Validity Test and Reliability Test

The results of the validity test with a significance level of $\alpha = 0.05$, sample size $n = 147$, and critical value of r -table of 0.162 indicate that all statement items for each variable produced an r -value greater than the r -table value (0.162) at a significance level of 0.05. Thus, it can be concluded that all statement items for each variable are considered valid. The results of Cronbach's Alpha coefficient for the variables of perception of Sharia compliance (X1) and investment knowledge (X2) towards students' interest in investing in Sharia stocks in the capital market (Y) are more significant than the minimum Cronbach's Alpha value (0.6). Therefore, all statement items are categorized as reliable.

Classical Assumption Tests

Normality Test: The significance value of $0.250 > \alpha$ (0.05), categorizing it as a regression model with a normal distribution. Multicollinearity Test: The Variance Inflation Factor (VIF) and Tolerance values for each variable in the study are respectively less than ten and more excellent than 0.10 for the Variance Inflation Factor (VIF), indicating the absence of multicollinearity in the regression model.

Heteroskedasticity Test: The significance value of each independent variable $> \alpha$ value (0.05), leading to the conclusion that there is no heteroskedasticity problem in the regression model. Autocorrelation Test: The Durbin Watson value of $d = 2.005$ indicates that the value of $dU < dw < 4-dU$, thus concluding that there is no autocorrelation problem. Multiple Linear Regression Analysis

Table 2 Results of Multiple Linear Regression Test

Variables	Regression Coefficients	t-Value	Significance
Persepsi kepatuhan syariah (X1)	0,085	1,055	0,293
Pengetahuan Investasi (X2)	0,727	8,756	0,000
Constant	13,339		
Adjusted R-Square	0,622		
F-Value	118,622		
Significance of F	0,000		

Source: Analyzed using Regression test

From Table 2 above, the results of the regression equation can be represented as follows:

$Y = 13.339 + 0.085 X_1 + 0.727 X_2 + e$. The constant value (a value) of the Investment Interest variable (Y) is 13.339. When all independent variables, namely X1 and X2, are zero, this implies a positive relationship between variables X1 and Y and a stronger positive relationship between variables X2 and Y, with a constant value of 13.339.

The coefficient value of X1 is 0.085, meaning that for every 1% increase in the X1 variable (Perception of Sharia Compliance), there will be a corresponding increase of 0.085 (8.5%) in the Y variable (Investment Interest), or conversely, for every 1% decrease in the X1

variable (Perception of Sharia Compliance), there will be a decrease of 0.085 (8.5%) in the Y variable (Investment Interest), assuming that other variables are not included in this study.

The coefficient value of X_2 is 0.727, indicating that for every 1% increase in the X_2 variable (Investment Knowledge), there will be a corresponding increase of 0.727 (72.7%) in the Y variable (Investment Interest), or conversely, for every 1% decrease in the X_2 variable (Investment Knowledge), there will be a decrease of 0.727 (72.7%) in the Y variable (Investment Interest), assuming that other variables are not included in this study.

Coefficient of Determination Test

Coefficient of Determination Test In Table 2, it can be seen that the Adjusted R-Square value is 0.662, which means that 66.2% of the variance in students' interest in investing in the Sharia stock market can be explained by the variables studied in this research, namely, perception of Sharia compliance and investment knowledge. Other variables beyond the scope of this study explain the remaining 37.8%.

F-Test

In Table 2, it can be seen that the F-value is 118.622 with a significance of 0.000, and the F-Table value is 3.06 with degrees of freedom df_1 ($k=2$) and df_2 ($n-k=147-2=145$). Therefore, the obtained F-Value > F-Table ($118.622 > 3.06$) and F Sig. $0.00 < 0.05$, categorizing it as a good fit.

Hypothesis Testing

First Hypothesis Testing

The results of the first hypothesis testing state that the perception of the Sharia compliance variable obtained a t-value of $1.05 <$ the t-table value of 1.97, with a significance value of $0.29 > 0.05$. This indicates that the influence of Sharia compliance perception is insignificant, even though the regression coefficient is 0.085 and positive. The perception of Sharia compliance does not significantly affect students' interest in investing in the Sharia stock market. Thus, the first hypothesis (H_1) stating that perception of Sharia compliance significantly affects students' interest in investing in the Sharia stock market is rejected.

Second Hypothesis Testing

The results of the second hypothesis testing state that the investment knowledge variable obtained a t-value of $8.75 >$ the t-table value of 1.97, with a significance value of $0.00 < 0.05$ and a regression coefficient of 0.727. Investment knowledge has a significant positive effect on students' interest in investing in the Sharia stock market. Therefore, the second hypothesis (H_2), stating that investment knowledge positively affects students' interest in investing in the Sharia stock market, is accepted.

Discussion

Influence of Sharia Compliance Perception on Students' Interest in Investing in Sharia-Compliant Stocks in the Islamic Capital Market.

Based on the results of the first hypothesis testing, the perception of Sharia compliance does not significantly influence students' interest in investing in Sharia-compliant stocks in the Islamic capital market, and this hypothesis is rejected. This implies that the perception of Sharia compliance is insignificant in students' interest in investing in stocks in the Islamic capital market. This finding aligns with the studies conducted by (2021) and (2021), which suggest that the perception of Sharia compliance or considerations of Sharia principles is insignificant in the interest in Sharia-compliant investments. This is in contrast to the study by (Jalari Marimin, 2020), which concluded that Sharia compliance positively and significantly influences the interest in investing in the Islamic capital market.

In the context of this research, students exhibit an interest in stock investment that is partially influenced by the perception of Sharia compliance. Other factors are more dominant and significant in shaping students' interest in Sharia-compliant stock investments. This implication indicates the need for collaborative efforts between universities and Sharia industry practitioners to develop a more comprehensive understanding of Sharia-compliant stock investments and how Sharia principles can impact students' investment choices.

Influence of Investment Knowledge on Students' Interest in Investing in Sharia-Compliant Stocks in the Islamic Capital Market.

Based on the results of the second hypothesis testing regarding investment knowledge, it is found that investment knowledge has a significant favorable influence on students' interest in investing in Sharia-compliant stocks in the Islamic capital market, and this hypothesis is accepted. This means that investment knowledge positively impacts students' interest in participating in the Islamic capital market. This finding is consistent with the studies conducted by (Pajar, 2017) and (Kina, 2022), which indicated that knowledge significantly positively influences students' interest in investing in Sharia-compliant stocks. This differs from the study by (Khafi Yudiantoro, 2022), which showed that the knowledge variable does not impact students' investment interest in the Islamic capital market.

In the context of this research, it is evident that a deep understanding of stock investment is crucial for prospective student investors. This understanding helps them recognize genuine opportunities in the stock market, avoid unnecessary risks, and design stock investment portfolios aligned with their financial goals. This finding reflects that individuals' better comprehension of financial literacy, particularly in investment knowledge, increases the likelihood of their engagement in stock investments.

Contains a description of the discussion of community service results and theoretical discussions relevant to the findings of community service results. It also discusses the theoretical findings of the service process from the beginning until social change occurs. The discussion on the results of community service is strengthened by references and theoretical perspectives supported by relevant literature reviews.

CONCLUSION

Based on the analysis and discussion provided, the following conclusions can be drawn: (1) The perception of Sharia compliance does not significantly influence students' interest in investing in stocks in the Islamic capital market. While it might have been expected that Sharia compliance could play a crucial role in influencing students' interest in Sharia-compliant stock investments, the results of this study indicate that this perception does not significantly motivate students to engage in such investments. This suggests the presence of other more dominant factors shaping students' interest in Sharia-compliant stock investments. (2) Conversely, investment knowledge significantly affects students' interest in participating in the Islamic capital market. This finding aligns with the general expectation that better investment knowledge tends to enhance individuals' interest in investment activities, particularly in the context of the Islamic capital market. Students who understand the potential benefits, risks, and investment mechanisms are more motivated to participate in Sharia-compliant stock investments. This research hopes the findings and conclusions can provide valuable guidance for educational providers and stakeholders promoting Sharia-compliant investments. Despite the non-dominant role of Sharia compliance perception, efforts to enhance students' understanding of Sharia-compliant investment can positively impact their interest in participating in the Islamic capital market. Furthermore, this study will likely encourage further research exploring other factors influencing students' investment interest and generating a more comprehensive guide for developing compelling education and promotion strategies in Sharia-compliant investments.

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