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Factors Influencing Muslim Investors in Sharia Stock Investment during the Covid 19 Pandemic

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Abstract

There had been a notable increase in the number of capital market investors in 2020 and 2021 as compared to previous years. In 2020, the number of investors increased by 56.21% from that of the previous year in 2019, and in 2021 it increased to 92.99% as compared to the number in 2020. Such considerable increase was surprising despite the outbreak of Covid pandemic throughout those years, which had an impact on the downturn of community's economy, as seen from an increase in the amount of unemployment by 7.07%, and a poverty rate of 9.8%. Likewise, Indonesia experienced negative economic growth in the quarter II and III of 2020. This study aims to find the factors that influence investors in making investment decisions amidst pandemic conditions that took place in 2020 and 2021 with the variables of Financial Literacy, Influencer's Influence, Social Media Influence, social environment, and religiosity. It was obvious that these 5 factors had an influence on investment decisions, with the Financial Literacy factor as the factor that had the greatest influence and significance with a regression coefficient of 0.721.

Keywords: Investment Decision; Muslim Investor; Pandemic; Sharia Stock

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INTRODUCTION

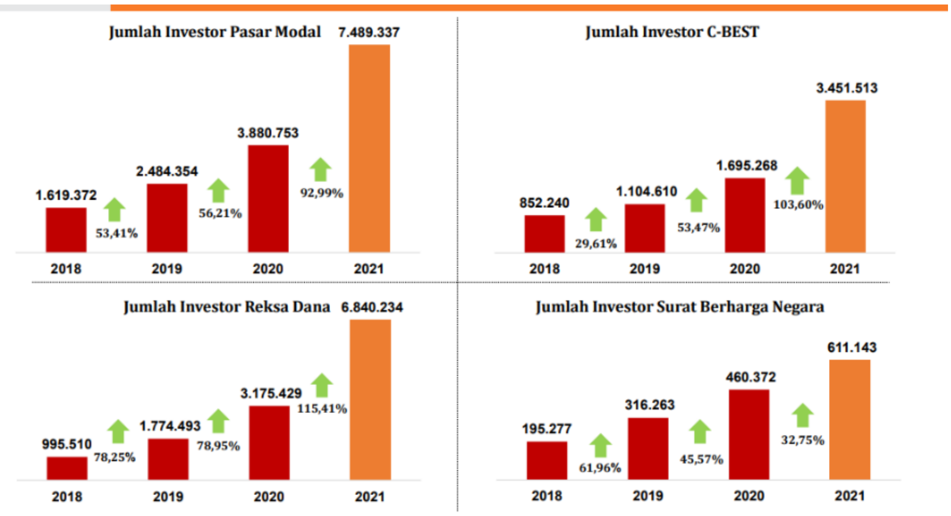
Since the announcement of the first confirmed case of COVID-19 in March 2020 until now, there has been a significant impact of the COVID-19 pandemic on the economy. The data released by the Central Bureau of Statistics, Indonesia experienced negative economic growth in the second and third quarters of 2020. Activity restrictions, significant reduction of physical activities, and the cessation of certain business sectors also led to an increase in the unemployment rate.

BPS released that 14.28% or 29.12 million people in working age were heavily affected by the pandemic in the February-August 2020 period. The unemployment rate in 2020 increased by 7.07% (BPS, 2020). In the same year, the poverty rate in Indonesia also increased to 9.8% (BPS, 2020) after consistently declining for 5 years. This indeed resulted in changes in the demographic categories of the community due to the pandemic.

Various state policies in the economic sector were carried out to curb the economic impact of the pandemic. For example, in terms of the fiscal side, the government made some changes in the allocation of National Budget for health, the National Economic Recovery Program, social assistance, tax incentives and other recovery programs (RI Ministry of Finance, 2020). Likewise, the government also made some policies in monetary and banking policy, such as relaxing credit payments, reducing interest rates, and accelerating digital transformation.

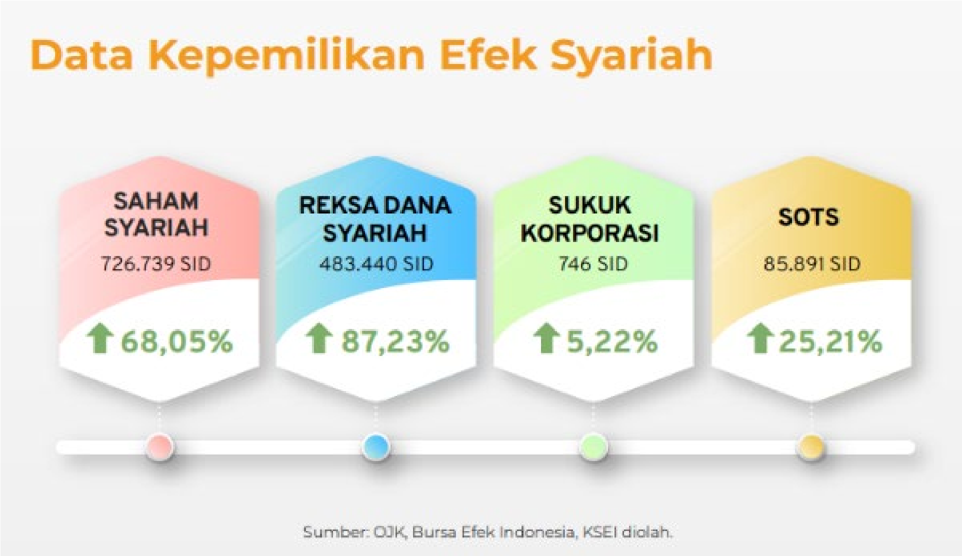
Interestingly, in the same year along with the massive economic downturn compared to previous years, there had been a significant increase in investment activity. The number of capital market investors, for example, as of December 2020 recorded an increase of 56.21%. In other words, there were around 1.4 million new investors who registered to the market amid the pandemic. Surprisingly, this increase continued in the following year, until December 2021, which was recorded to have the highest increase at 92.99%, which means that there were 3.6 million new investors to enter the market.

The new mutual fund investors recorded an increase of 78.95% in 2020 and the number continued to soar to 115.41% as of December 2021. The government's efforts to issue SBN/SBSN retail investment instruments in the last 2 years were welcomed by the number of investors' increase by 45.57%, and an increase of 32.75% in 2021. (KSEI, 2020).



Source: Capital Market Statistics 2021, Indonesian Central Securities Depository

Along with the increase in capital market statistics, the Islamic capital market also experiences growth rates. The number of Sharia investors investing through the Sharia Online Trading System (SOTS) until December 2020 was 85,891 accounts, showing an increase of 17,292 investors or 25.21% from the previous (IDX, 2021).



In contrast to conventional stocks, the investment activity of sharia stocks have certain conditions and restrictions in accordance with sharia principles in the sharia capital market. Among these conditions is that the number of shares that can be traded must comply with the criteria for sharia shares in POJK No. 35/POJK.04/2017 and listed as sharia shares according to POJK No. 17/POJK.04/2015. In addition, they must comply with sharia principles, both in terms of the type of issuer, sharia securities, and transactions as stated in the DSN-MUI Fatwa No: 40/DSN-MUI/X/2003. As of December 2021, the number of sharia shares amounted to 495 (OJK RI, 2021), while the total number of shares on the Indonesian stock exchange was 774 (BEI, 2021). This means that stock investment activities in Islamic stocks have their own limitations and differences compared to non-shariah/conventional stocks, and the same also applies to investor behaviors.

The latest data revealed an increase in the financial liracy index of Indonesian people. The National Financial Literacy Survey conducted by OJK in 2019 revealed a financial literacy index of 38.03%, indicating aan increase as compared to the results of the 2016 OJK survey, with a financial literacy index of 29.7% (OJK, 2019).

In addition to the increasing financial literacy index, online investment and financial services have also increased, supported by the ease of information from media. The acceleration program of BI's digital transformation, and the issuance of OJK Circular Letter No. 6/SEOJK.04/2019 concerning Guidelines for Opening Client Securities Accounts and Client Fund Accounts Electronically, have made it easier for the public to start investing their fund. Currently, there are 16 banks with online RDN opening services, and 66 securities companies with online securities account that provide these services (KSEI, 2020). On this account, securities companies also take advantage of social media and influencers for the marketing of stock investment services.

Research on the factors that influence investment decisions is not something new. However, during the COVID-19 pandemic, there were changes in economic conditions, thus making the investment climate quite different from normal conditions. There are also changes in financial behavior during the pandemic, one of which is the increase in the number of new investors and the number of transactions in various investment instruments, making it necessary to identify the factors that influence this change, especially for Muslim investors in Sharia shares.

This study identifies changes in Islamic stock investment decisions during a time of changes in economic, social and behavioral conditions due to the pandemic. This study also analyzes the differences in the factors that influence each demographic group. This can provide an overview and information to each party about the factors that mostly influence people's investment decisions. Hence, it is expected to be a reference for regulators, companies, and educators in making decisions in accordance with the conditions of the community.

LITERATURE REVIEW

Investment Decision

Kengatharan (2019) articulated that the socio-economic characteristics of investors have the most significant influence on the investment decisions of individual investors in Sri Lanka. Meanwhile, other factors such as majority shareholder opinion, ease of borrowing funds, the need for investment diversification, opinions from the surrounding environment, and social status have little effect on investment decisions.

Unlike the results in India, investment decisions are significantly influenced by the benefits of getting tax savings, increasing assets and the desire to earn profits. Meanwhile, the potential future expenditure is a factor that has no significant effect (Thamizhchelvan & Nithya, 2014). However, Joshi & Batra (2017) held that the investment decisions of stock investors in India are more influenced by the PER and EPS value of shares than market share, reputation, and company liquidity. In terms of mutual fund investment, investment decisions are based on 2 important factors, namely the credibility of the mutual fund and the variety of service features provided by the mutual fund. These two factors are also influenced by investor demographics (Chawla, 2014).

The outbreak of Covid-19 pandemic has had major changes in investment decisions in Indonesia. Nugraha and Solihat's research (2020) compared between investment behavior in 2012 to 2019 and investment behavior in 2020 during the pandemic. This study revealed some differences in investment behavior between before and after the pandemic. This difference is mainly found in urban area as the red zones of the pandemic and the area with many financial transactions.

Individual investment decisions during a pandemic should be based on careful calculations. Overconfidence, herding effect, and self-monitoring are factors that influence investment decisions during a pandemic. Investors who have enough confidence because they have good knowledge about investments, always pay attention to the market, and are able to do self-monitoring, will be able to make better investment decisions (Adiputra, 2020).

Financial Literacy

Financial literacy is defined as knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity (OJK, 2020). The influence of financial literacy factors is one of the variables that is quite widely studied.

Financial literacy is the most influential factor in investment decisions for stock investors in the research of Cintyawati and Aryani (2018). This study used a sample of student investors from various universities in Bandung. In addition to financial literacy, gender also has a significant effect.

The same results were also found for student investors in Central Java that financial literacy and demographic factors affected interest in stock investment. Both of these factors affect investment decision either partially or simultaneously. It was found that the higher the literacy level of the respondents, the higher the interest in stock investment (Faidah, 2019). Likewise, research on PTKIN students in Yogyakarta revealed that financial literacy and easy access to online trading systems were factors that influenced student investment decisions in the capital market study group (Pertiwi, I., & Kasdi, A. 2020)

The implementation of various financial education programs increased the financial literacy index in the capital market from 3.79% in 2013 to 4.4% in 2016. One of such programs is the 'Yuk Nabung Saham' organized by the Indonesia Stock Exchange. The increase in the financial literacy index in the capital market was also followed by an increase in the number of active investors in the capital market in Indonesia from previously 12.88% in 2013 to 16.29% in 2016 (Rosmida and Wahyuni, 2017).

Influencers and Social Media

Pradeep & Nair's research (2018) revealed that social media had a significant effect on buying decisions, even for high involvement products such as financial products. In the empirical study of Bizzi and Laban (2019), bloggers, influencers, social network contacts, and social media news could shape stock investment behavior among social media users. This study also found that active users of social media tended to be involved in online stock investing, and were influenced by public opinion on social media, and thus they were 4 times more likely to follow the recommendations of other traders.

Social Environment

Social factors in investment decisions on the IDX partially have a significant effect on research on the Indonesia Stock Exchange of Bengkulu. In addition to partial involvement, together with cultural, personal and psychological factors. Social factors simultaneously have a significant positive effect on investment decisions. However, social factors are not the dominant factor. In this study, the factor that served as the most influential is the psychological factor (Novrianda, et al: 2019).

In line with Septiyanto's research (2013) on the factors that influence investors' decisions on the IDX, the results of the study show that the stronger the social influence, the higher the investor's intention to invest in the capital market.

Religioucity

Religiosity has a significant positive effect on the investment intentions of Muslim investors in Islamic stocks in Indonesia. Other factors that have a significant positive effect are attitude factors, subjective norms, and perceived behavioral control. Religiosity has also been shown to have a significant positive effect on the intentions of Muslim investors to invest in Islamic stocks (Purbowati, et.al 2018).

Another study articulated that religiosity had insignificant effect on investment decisions in Sharia shares in Indonesia. While religiosity had an effect on psychological and sociological factors, these two factors had a significant effect on investment decisions (Abidin, 2020).

In the study of the influence of the social environment and religiosity in Pakistan, these two factors did not have a significant effect on investment intention. However, religiosity has a significant effect on investment behavior (Sabir, et al, 2021).

Demographic Factors

The Indonesian Central Securities Depository in the publication of capital market statistics, divides investor demographics into 5 categories, namely gender, age group, income, profession, and educational background (KSEI, 2020). Demographic factors have a significant effect on the decisions of individual investors in Sri Lanka. Demographics in this study include marital status, gender, regular income, and educational background (Kengatharan, 2019). Similar results were also found in the study of Cintyawati and Aryani (2018) in Bandung, but this research only focused on 1 category of demographic factors, namely gender. Demographic factors also influence mutual fund investment decisions in research in India by Chawla (2014).

In contrast to research on capital market investment in India by (Thamizhchelvan & Nithya, 2014) in the demographic category of educational background, which has no significant effect on investment decisions. Income categories in demographic factors also found to have no relationship with annual income and investment decisions in insurance (Tati & Baltazhar, 2018).

RESEARCH METHODS

Research Design

This research is explanatory quantitative research, using primary data obtained from respondents. Data were obtained through a questionnaire by determining the criteria for respondents according to the research design (purposive sampling).

Sample and Population

The study population consisted of all Muslim investors who invested in Islamic stocks during the Covid-19 pandemic. Respondent samples were selected using purposive sampling method, totaling 100 people, based on the following sample criteria:

1. Muslims
2. Sharia stock investors
3. Conducting sharia stock investment activities during the covid 19 pandemic (Effective since the first confirmed case in Indonesia, March 2020).

The secondary data sources were obtained through publications and other literature that supports this research.

Data Collection Method

In this study, the data were collected using a questionnaire distributed to respondents according to the criteria in the form of an online form. The intended targets were investment community forums, participants of webinars/seminars on investment, Islamic capital market study groups, and the like.

Data Analysis Method

The variables in this study consisted of 4 dependent variables and 1 independent variable. The following is the operational definition of each variable:

Table: Research Variables

Type	Variables	Codes
Dependent	Financial Literacy	X1
	Influencers	X2
	Sosial Media	X3
	Social Environment	X4
	Religiousity	X5
Independent	Investment Decision	Y1

The stages of data analysis in this study are stated in the following details:

1. Validity test was used to determine the validity of the questionnaire for the research, while the Reliability Test was carried out to determine the reliability of the test equipment, to ensure that the measurement results on the same object could produce the same data.
2. Descriptive analysis, was conducted on the primary data obtained by describing and presentatng an overview of research data.
3. Classical Assumption Test, consisted of normality, multicollinearity, and heteroscedasticity tests
4. Hypothesis testing was carried out using multiple linear regression analysis after the classical assumption test was fulfilled.
5. Interpretation of Data Analysis was carried out after the data were analyzed to be presented in a complete research report.

RESULTS

Respondent Characteristics

Respondent characteristics serve as an important statistical measurement tool in a population. Respondent in this study were characterized by gender, education level, and income level. This section describes the descriptive data obtained from the respondents.

1. Respondent's gender: There were 43 male respondents and 57 female respondents.

2. Respondents’ education: Most respondents completed Diploma 3/Undergraduate level of education (33%) and the least number of respondents were respondents with education level lower than Senior High School (SMA) (7%).
3. Monthly income: the majority of respondents had a monthly income of < 2 million rupiahs (32%), and the least number of respondents were respondents with an income range of > 10 million rupiahs (13%).
4. Marital Status: 48% of respondents were married and 52% were unmarried, or single.

Research Instrument Test

Validity test

Validity test is a measure on the level of instrument validity. The instrument validity was measured using a Pearson correlation significance value below 5% or equivalent to 0.05. The data with Pearson correlation significance below 5% or 0.05 are said to be valid, and the data with Pearson correlation significance value above 0.05 are said to be invalid. (Ghozali, 2013). Based on the validity test, the magnitude of the correlation coefficient of all the questions proved to have a significance value of Pearson correlation sig below 0.05, both as seen from indicators of Financial Literacy (LK), Influencer (I), Social media (SM), Social Environment (LS), Religiosity (R), and Investment Decisions (KI).

Reliability Test

Reliability refers to the level of reliability of the questionnaire.

The reliability was tested using the alpha technique. The instrument with Cronbach's Alpha value of > 0.6 can be declared reliable (Ghozali, 2013).

Based on the summary of the reliability test, it can be seen that the Cronbach's Alpha coefficient values on all indicators on the variables Financial Literacy (LK), Influencers (I), Social Media (SM), Social Environment (LS), Religiosity (R), and Investment Decisions (KI) was greater than 0.6. Thus, all the questions in this study are declared reliable and can be used in the research.

Classic assumption test

Data Normality Test

The normality test aims to test whether the residual variable in the regression model has a normal distribution or not. The data normality in this study was tested using the Kolmogorof-Smirnof non-parametric statistical test. Basic decision making was based on probability. If the probability was more than > 0.05, the research data were considered to be normally distributed. The normality test resulted the significance value of 0.200, which was greater than 0.05. Thus, it is conclusive that the residual data is normally distributed.

Multicollinearity Test

This test aims to measure the correlation between independent variables in the regression model. A good regression model should not contain correlated independent variables. The multicollinearity test can be seen from (1) the tolerance value and (2) the

Variance Inflation Factor (VIF). Cut off values that are commonly used to indicate the presence of multicollinearity are Tolerance values > 0.10 and VIF values < 10 (Ghozali, 2016).

From the results of the multicollinearity test it is known that the tolerance value of the Financial Literacy variable was 0.312, the Influencer variable was 0.315, the Social Media Variable was 0.980, the Social Environment Variable was 0.698 and the Religiosity variable was 0.958. Hence, none of the independent variable tolerance values was less than 0.10. Meanwhile, the value of the variant inflation factor (VIF) on the Financial Literacy variable was 3,204, the Influencer variable was 3,173, the Social Media Variable was 1,021, the Social Environment Variable was 1,433 and the Religiosity variable was 1,044, all of which coming up with a value of less than 10. Thus, it is conclusive that there was no multicollinearity between independent variables in the regression model, because none of the independent variables had a tolerance value lower than 0.10 and a VIF value of more than 10.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model contains an inequality of variance from the residuals of one observation to another. If all its random variables have the same finite variance based on one observation to another observation, it is called Homoscedastic, and if it is different, it is called Heteroscedastic. If the correlation of the four independent variables with Unstandardized Residual has a significance value of more than 0.05, it is conclusive that there is no heteroscedasticity problem in the regression model. Heteroscedasticity test in this study was conducted using the Glejser test. The results of the heteroscedasticity test showed that all independent variables in this study had a significance value of ≥ 0.05. Because the significance is more than 0.05, it can be concluded that there is no heteroscedasticity problem in the regression model in this study.

Multiple Linear Regression Test

Simultaneous Test (F)

The F-value test is basically aimed at examining whether all the independent variables in the research model have a joint influence on the dependent variable. The F test hypothesis is used to determine whether the overall independent variables have a significant effect on the dependent variable. The results of the F-value test can be seen in table 10 as follows:

Table 10

Simultaneous Test Results (F)

	Regression Coefficient
F-count	73.024
Sig. F	0,000

The results of table 10 indicates that this equation model has a calculated F value of 73,024 with a significance level of 0.000. A significance value of 0.000 is lower than alpha 0.05, indicating that the independent variables in the form of Financial Literacy (LK), Influencers (I), Social Media (SM), Social Environment (LS), Religiosity (R) jointly affect the dependent variable, namely Investment Decision (IC).

Coefficient of Determination (R2-Squared)

The coefficient of determination essentially measures the extent of the model's ability to explain variations in the dependent variable. The magnitude of the coefficient of determination (R-Squared) in this study was 0.795 or 79.5%, which means that the dependent variable, namely Investment Decision (KI) can be explained by five independent variables, namely Financial Literacy (LK), Influencer (I), Social media (SM), Social Environment (LS), and Religiosity (R) of 79.5%. Meanwhile, the rest (100% - 79.5%) 20.5% is explained by other variables that are not included in the regression model of this study.

Individual Parameter Significance Test (Statistical Test t)

The t test was aimed to test each independent variable: Financial Literacy (LK), Influencers (I), Social Media (SM), Social Environment (LS), Religiosity (R) individually to analyze the significance of its effect on the dependent variable (MB). The t test was also used to determine the constant level variable X to variable Y if other X variables were considered constant. The results of the regression coefficient analysis test using SPSS version 23 are shown in table 12 as follows:

Table 12
Summary of t test results

	Regression Coefficient	Sig. T	P Value	Description
Constant	-16.465			
Financial Literacy (LK)	0.550	5.340	0.000	Significant
Influencer (I)	0.402	4.294	0.000	Significant
Social Media (MS)	0.070	1.208	0.230	Insignificant
Social Environment (LS)	0.403	2.609	0.011	Significant
Dependent variables: KI				

Hypothesis Testing

The relationship between the independent variable and the dependent variable are said to be significant if it has a p value (significance) of < 0.05 or 5%. The analysis indicated that the F test had a significance value of 0.000, which was below 0.05, and thus the variables of Financial Literacy (LK), Influencer (I), Social media (SM), Social Environment (LS), Religiosity (R) simultaneously could have significant effect on Investment Decisions (KI).

The partial test analysis or T test pinpointed that the Financial Literacy (LK) variable had a significance value of 0.000 <0.05, and thus it is conclusive that Financial Literacy (LK) **had a significant effect** on Investment Decisions (KI).

Furthermore, the Influencer variable (I) had a significance value of 0.000 <0.05 and thus it was conclusive that the Influencer variable (I) had a significant effect on Investment Decisions (KI).

It was revealed that Social Media (SM) had a significance value of 0.230 > 0.05 and thus it was conclusive that social media (SM) **had insignificant effect** on Investment Decisions (KI).

In addition, it was found that the Influencer variable (I) had a significance value of 0.000 <0.05 and thus it could be concluded that the Influencer variable (I) **had a significant effect** on Investment Decisions (KI).

Since the Social Media (SM) variable had a significance value of 0.230 > 0.05, it could be concluded that the social media (SM) variable **had insignificant effect** on Investment Decisions (KI).

The Social Environment (LS) variable which had a significance value of 0.011 < 0.05 indicated that the Social Environment (LS) variable **had a significant effect** on Investment Decisions (KI).

The last variable, religiosity (R) which had a significance value of 0.000 <0.05 pinpointed that the religiosity (R) variable **had a significant effect** on investment decisions (KI). These results highlighted that all hypotheses in this study were supported or accepted, **except for the Social Media variable** (H3).

The analysis that had been carried out on (H1) the Effect of Financial Literacy (LK) on Investment Decisions (KI), revealed that the regression coefficient value was 0.550, or equivalent to 55%, which means that the Financial Literacy (LK) variable was able to provide an increase of 55 % of the variable Investment Decision (KI).

(H2) The Influence of Influencers on Investment Decisions (KI) disclosed that the regression coefficient value was 0.402 or equivalent to 40.2%, which means that the Influencer variable (I) was able to provide an increase of 40.2% on the Investment Decision variable (KI).

(H3) In terms of the effect of Social Media on Investment Decisions (KI), the regression coefficient value was 0.070 or equivalent to 7%, which means that the Social Media variable (SM) was able to provide an increase of 7% on the Investment Decision (KI) variable.

(H4) The influence of the Social Environment (LS) on Investment Decisions (KI) obtained a regression coefficient value of 0.403 or equivalent to 40.3%, which means that the Social Environment (LS) variable was able to provide an increase of 40.3% on the Investment Decision (KI) variable.

(H5) In terms of the effect of religiosity (R) on investment decisions (KI), the regression coefficient value was 0.322 or equivalent to 32.2%, which means that the religiosity variable was able to gain a 32.2% increase in investment decisions (KI).

From the test result on the four variables, it is conclusive that the Financial Literacy (LK) variable with a regression coefficient value of 0.550 or equivalent to 55%, had the greatest influence compared to other variables. Thus, it clear that the Financial Literacy (LK) variable had the **greatest influence** and **significance** on Investment Decisions (KI) in this study.

DISCUSSION

This research aims to analyze the factors to influence the behavior of Muslim investors in investing during the pandemic. Financial literacy serves as an important element of financial decision making, exerting a significant influence on the behavior of individual investors. The analysis carried out on (H1), on The Effect of Financial Literacy (LK) on Investment Decisions (IC), resulted in a regression coefficient value of 0.721 or equivalent to 72.1%. This delineates that the Financial Literacy variable (LK) was able to increase of 72.1% of the Investment Decision variable (IC). This finding was supported by several studies, including by Zhao & Zhang (2021) and Adil et.al (2021), which found that financial literacy influenced investment decisions regardless of gender.

In the same fashion, Ahmad et.al (2020) stated that individuals who were more financially literate could make better investment decisions than individuals who were less financially literate. Psychologically, this notion indicates that financial literacy improves the decisions and performance of individual investors in Pakistan. However, although financial literacy – both in terms of subject and object – was found to be a significant influence on investment intentions, Sivaramakrishnan et al (2017) revealed that only objective financial literacy could influence behavior. Meanwhile, Baker, et.al (2019) showed that the level of financial literacy and demographic characteristics of investors were related to certain behavioral biases. Rasool & Ullah (2020) stated that with increasing levels of financial literacy, investors were less likely to encounter behavioral biases.

The research by Baker, et.al (2019) revealed that age, work and investment experience were the most important demographic variables related to individual investor behavioral biases. Similarly, the results of this study indicated that there was no significant difference in the level of financial literacy between men and women, indicated by a significance value of 0.305 or >0.05. However, there was a slight difference in terms of the average, since men tended to have higher literacy than women. This finding was supported by other research showing that men appeared to be more confident than women about their knowledge of the stock market. Furthermore, Al-Tamimi et.al (2009) and Rasool & Ullah (2020) found that the level of financial literacy in women was lower than that of men.

The influence of Ease of Information Media (KMI) on Investment Decisions (IC), obtained a regression coefficient of 0.123 or equivalent to 12.3%. This result indicated that the Ease of Information Media (KMI) variable was able to gain an increase of 72.1% of investment decision variable (IC).

This finding is similar to a study conducted by Lei & Ramos Salazar (2021), which revealed that half of investors relied on social networks in making their investment decisions. Investors who interacted with their social networks had higher returns, higher wealth, and higher risk tolerance. Furthermore, this study also found that the behavior of those under 20 years of age was influenced by influencers, although the value was not too significant compared to other age levels. Research by Misra et.al (2021) disclosed that in addition to subjective norms, other factors that influenced investors' intentions to invest were risk perceptions, investment attitudes, past experiences, and the financial ecosystem. Another study stated that of all factors, social interaction had the lowest influence on investor sentiment. (P.H & Uchil, 2020)

This result was in contrast to the study conducted by Akhtar et al. (2018), which highlighted a significant negative relationship between social influence and perceived investment performance. In addition, investors were less likely to purchase new financial assets or seek new financial services under the influence of social interactions.

Religion and religiosity are unique factors that can distinguish the criteria for selecting Islamic financial products from conventional financial products. In this study, the religiosity variable was able to gain a 13.4% increase in investment decisions (KI). The results of this study were supported by the findings of Zainudin et al., (2019), which stated that devout Muslims had more Islamic financial assets than ordinary Muslims. Al-Tamimi et.al (2009) found that the factor that most influenced investor behavior was religiosity. Further research conducted by Mahdzan et al., (2017) showed that the level of Islamic religiosity in general was not significantly related to portfolio allocation, but two dimensions of religiosity (benevolence and liability) significantly affected the allocation of risky assets in the portfolio. The higher the level of benevolence, the lower the tendency to allocate risky assets into the portfolio. This may be attributed to the fact that a person with high religious beliefs is prone to selflessness, since their actions are guided by the principles of striving for good. Religious people include their belief system in their investment decisions as well. (Mehta et al., 2021) Further, Sreekumar Nair & Ladha (2014) in their study articulated that religiosity and belief that one's actions could bring about change in society were two important determinants in pursuing non-economic investment goals in India.

CONCLUSION

From the testing result of the four variables, this study concludes that Financial Literacy (LK) with a regression coefficient value of 0.721 or equivalent to 72.1%, has the greatest influence compared to other variables. Thus, it is clear that Financial Literacy (LK) has the greatest influence and significance on Investment Decisions (IC) in this study.

This study may have implications for financial educators in promoting financial awareness programs for individuals. Financial advisors can improve their performance effectively by understanding their clients' decision-making processes, which, in turn, can result in the provision of customized financial services based on the inclinations of their clients. The public can benefit from the insights of this research by improving financial education and other policies designed to enhance individual financial capabilities, resulting in financial well-being that benefits both the individual and the public economy as a whole.

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