

# Analysis of factors affecting the satisfaction of Sharia stock investors in Bangka Belitung and Riau, Indonesia

Firman Abadi & Muhammad Adi Wicaksono 

Program Studi Ekonomi Islam (S1), Universitas Islam Indonesia, Yogyakarta, Indonesia

## ABSTRAK

### Introduction

The Indonesian Sharia stock market has experienced significant growth, reflecting increasing demand for ethical investment options that align with Islamic principles. Despite this expansion, limited research has explored the factors influencing investor satisfaction in Sharia-compliant markets, particularly the role of behavioral traits and financial literacy alongside adherence to Sharia values.

### Objectives

This study examines the interplay between Sharia values, financial literacy, behavioral traits (overconfidence, self-efficacy, herding behavior, and risk tolerance), and investment decisions in determining investor satisfaction in the Indonesian Sharia stock market.

### Method

A quantitative explanatory research design was employed, gathering data from 151 individual Sharia stock investors in Bangka Belitung and Riau provinces through online surveys. Structural Equation Modeling (SEM) was used to analyze relationships among variables, including sharia values, behavioral traits, financial literacy, investment decisions, and investor satisfaction.

### Results

The findings reveal that sharia values are the strongest determinant of investor satisfaction, emphasizing the importance of ethical alignment. Behavioral traits, particularly overconfidence and self-efficacy, positively influence investment decisions mediating satisfaction. Financial literacy, herding behavior, and risk tolerance exhibit limited or indirect effects on satisfaction, highlighting the complex dynamics of Sharia-compliant investing.

### Implications

The study underscores the critical role of ethical principles and behavioral traits in shaping satisfaction within sharia markets. It provides practical insights for financial institutions, policymakers, and

### JEL Classification:

L21, L26, L84, Z12

### KAUJIE Classification:

C54, H42, H65, P0

### ARTICLE HISTORY:

Submitted: December 27, 2024

Revised: December 31, 2024

Accepted: December 31, 2024

Published: December 31, 2024

### KEYWORDS:

behavioral finance; ethical investing; financial literacy; investor satisfaction; Sharia stock market

**COPYRIGHT** © 2024 Firman Abadi & Muhammad Adi Wicaksono. Licensee Universitas Islam Indonesia, Yogyakarta, Indonesia.

**Contact:** Muhammad Adi Wicaksono ✉ [m.adi.wicaksono@uii.ac.id](mailto:m.adi.wicaksono@uii.ac.id)

This is an Open Access article distributed under the terms of the Creative Commons Attribution-ShareAlike 4.0 International (CC BY-SA 4.0) License (<https://creativecommons.org/licenses/by-sa/4.0/>).

PUBLISHER'S NOTE: Universitas Islam Indonesia stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.

educators to design more effective investment strategies and educational programs.

### Originality/Novelty

This research integrates behavioral finance and Sharia principles, contributing to the growing literature on ethical investing. The study offers a comprehensive framework for understanding investor satisfaction, providing a foundation for future research and practical applications in Sharia-compliant markets.

**CITATION:** Abadi, F. & Wicaksono, M. A. (2024). Analysis of factors affecting the satisfaction of Sharia stock investors in Bangka Belitung and Riau, Indonesia. *Journal of Islamic Economics Lariba*, 10(2), 1205–1240. <https://doi.org/10.20885/jielariba.vol10.iss2.art28>

## INTRODUCTION

The rapid growth of the Sharia stock market in Indonesia has been a hallmark of the nation's evolving financial landscape. As among largest Muslim-majority countries in the world, Indonesia's financial industry has embraced sharia principles to align with the ethical and religious expectations of its investors. The Sharia stock market, governed by Islamic principles that prohibit activities like usury and investment in non-halal industries, offers an ethical alternative to conventional markets. With increasing investor participation, the demand for understanding the dynamics that influence investor satisfaction in this sector has grown substantially. This growing interest reflects a broader global trend in ethical investing, as investors seek not only financial returns but also alignment with personal and societal values (Hamimah et al., 2024; Suwandi, 2024; Taufik & Rusmana, 2023; Ulinnuha et al., 2020).

Despite this growth, the literature on Sharia stock investment remains underdeveloped compared to conventional stock markets. Research in behavioral finance reveals that investment decisions are shaped by a combination of psychological, social, and economic factors (Gorgievski & Stephan, 2016; Hastings & Mitchell, 2020; Hoff & Stiglitz, 2016; Ridley et al., 2020; Thaler, 2016; Zahera & Bansal, 2018). Factors like overconfidence, risk tolerance, herding behavior, and financial literacy have been extensively studied in conventional markets but remain underexplored in the context of sharia investments. Meanwhile, sharia-specific factors, such as compliance with ethical principles and the role of religiosity, add an additional layer of complexity. These dynamics highlight the need for a deeper understanding of how sharia values and behavioral factors influence investment satisfaction.

The primary challenge in this field lies in identifying the drivers of investor satisfaction in sharia stock markets. Satisfaction is a multidimensional construct influenced by both tangible and intangible factors. On one hand, financial outcomes, such as returns and portfolio performance, are key determinants of satisfaction. On the other hand, intangible factors, such as ethical alignment, perceived fairness, and psychological comfort, play an equally critical role. Current research suggests that sharia values, when effectively integrated into investment practices, can significantly enhance satisfaction by reinforcing trust and ethical alignment. However, the precise

mechanisms through which these values influence satisfaction remain unclear, necessitating further investigation.

In addressing this research challenge, behavioral finance provides a useful lens. Overconfidence (Bouteska & Regaieg, 2018; Grežo, 2020; Hatoum, 2021; Kumar & Prince, 2023; Pikulina et al., 2017), self-efficacy (Farrell et al., 2016; Kuhnen & Melzer, 2018; Liu & Zhang, 2021; Lone & Bhat, 2024; Montford & Goldsmith, 2016), and herding behavior (M. Ahmad & Wu, 2022; Chang & Lin, 2015; Metawa et al., 2018; Mittal, 2019; Shantha, 2019) have been shown to impact investment decisions in conventional markets. Investors with high self-efficacy and overconfidence often exhibit proactive decision-making and greater resilience to market fluctuations. However, herding behavior, characterized by following the majority without independent analysis, can undermine decision quality. Risk tolerance, another key factor, determines an investor's willingness to accept volatility and uncertainty. While these factors are well-documented in conventional markets, their relevance and influence in Sharia-compliant contexts require further exploration. Financial literacy also plays a critical role in shaping decisions, as it equips investors with the knowledge to evaluate opportunities and manage risks effectively.

Previous studies on Sharia investment have highlighted the importance of ethical compliance in building investor trust. For instance, previous studies (Boulanouar et al., 2024; Hardana et al., 2024; Saratian et al., 2024) found that adherence to Sharia principles significantly influences investor satisfaction by fostering a sense of security and alignment with personal values. Similarly, other studies (Evanthi et al., 2023; Iqbal et al., 2023; Ugbala et al., 2023) underscored the role of financial literacy in enhancing decision-making and satisfaction. However, these studies often treat behavioral factors and Sharia values as separate constructs, overlooking their potential interplay. This gap suggests the need for an integrated approach that examines how these variables interact to influence satisfaction.

The literature on behavioral finance in sharia contexts is still emerging, with limited empirical evidence on key factors like overconfidence, herding behavior, and risk tolerance. Previous studies (Muhammad et al., 2022; Sapkota, 2022; Sapkota & Chalise, 2023) provide valuable insights into the psychological drivers of investment behavior but do not fully capture the unique dynamics of sharia markets. Moreover, while financial literacy is frequently discussed, its relationship with behavioral factors and sharia values remains underexplored. These gaps highlight the need for a comprehensive framework that integrates behavioral finance theories with sharia-specific principles.

This study aims to fill these gaps by investigating the factors that influence investor satisfaction in the Indonesian sharia stock market. Specifically, it examines the roles of sharia values, financial literacy, overconfidence, self-efficacy, herding behavior, risk tolerance, and investment decisions. The novelty of this research lies in its integrated approach, which combines behavioral finance and sharia principles to provide a holistic understanding of investor satisfaction. By applying Structural Equation Modeling (SEM) to data collected from 151 respondents, the study offers empirical insights into the interplay between these variables.

The scope of this research extends beyond academic contributions, offering practical implications for policymakers, financial institutions, and investors. Understanding the drivers of satisfaction can help stakeholders design more effective investment products, improve investor education, and promote ethical investment practices. Furthermore, this study provides a foundation for future research on sharia-compliant investments, encouraging the development of more sophisticated frameworks that capture the complexity of this growing market. By addressing these objectives, the study contributes to the broader discourse on ethical investing and the role of sharia principles in shaping financial markets.

## LITERATURE REVIEW

### Sharia Values in Investment Practices

Sharia-compliant investment practices are grounded in ethical principles derived from Islamic teachings, which prohibit elements such as usury (*riba*), uncertainty (*gharar*), and investments in non-halal industries. These principles prioritize transparency, fairness, and societal benefit, making sharia investments not only a financial endeavor but also an ethical commitment. The integration of sharia values fosters trust among investors by ensuring that their financial activities align with their religious and ethical beliefs (Kafou, 2025; Taufik & Rusmana, 2023; Tawfik et al., 2024). In this context, Sharia values serve as a guiding framework for investment decision-making, influencing both the selection of assets and overall satisfaction with investment outcomes.

While traditional financial models often emphasize risk-return trade-offs, Sharia investments extend this focus to include ethical considerations. Previous studies highlight that Sharia values promote long-term stability by encouraging responsible investment practices and discouraging speculative behavior (Busneti et al., 2023; Haseeb et al., 2023; Sandwick & Collazzo, 2021). However, despite their theoretical appeal, the operationalization of sharia principles in contemporary markets poses challenges, particularly in ensuring compliance and maintaining transparency. These challenges underscore the need for empirical studies that evaluate the practical impact of sharia values on investor behavior and satisfaction.

### Behavioral Finance and Investment Decisions

Behavioral finance explores the psychological and emotional factors that influence financial decision-making. Unlike traditional finance theories, which assume rationality, behavioral finance acknowledges that cognitive biases and emotional responses often drive investment choices. Key behavioral factors, such as overconfidence, self-efficacy, herding behavior, and risk tolerance, have been extensively studied in conventional markets, offering valuable insights into investor behavior.

1. Overconfidence

Overconfidence, defined as an investor's overestimation of their knowledge or ability, often leads to excessive trading and risk-taking. While this trait can result in proactive decision-making, it may also cause suboptimal outcomes when not

tempered by rational analysis. Previous studies ([Hashmi et al., 2023](#); [Seraj et al., 2022](#); [Syifa, 2023](#)) suggest that overconfidence can enhance investment decisions in sharia contexts by fostering a sense of control and reducing hesitation. However, its impact on satisfaction remains underexplored, particularly when balanced against the ethical constraints of sharia principles.

## 2. Self-Efficacy

Self-efficacy, or the belief in one's ability to achieve desired outcomes, is another critical factor influencing investment decisions. High self-efficacy has been linked to proactive behavior, resilience, and improved decision-making. In sharia markets, self-efficacy may play a unique role by empowering investors to navigate complex ethical requirements. Self-efficacy enhances financial literacy, enabling investors to align their decisions with both financial goals and ethical principles ([Afandy et al., 2023](#); [Hasanudin et al., 2022](#)).

## 3. Herding Behavior

Herding behavior, characterized by mimicking the actions of others, is a common phenomenon in financial markets. While it can provide a sense of security, excessive herding often undermines independent analysis and leads to market inefficiencies. In the context of sharia investments, herding behavior may conflict with the emphasis on informed and ethical decision-making ([Aziz et al., 2022](#); [Bougatef & Nejah, 2022](#); [Fitriyani & Anwar, 2022](#); [Hussain et al., 2023](#)). Al-Tamimi & Kalli (2009) highlight the dual nature of herding, suggesting that its impact depends on the quality of the decisions being mimicked.

## 4. Risk Tolerance

Risk tolerance, or the willingness to accept uncertainty in pursuit of financial returns, is a fundamental determinant of investment behavior. In sharia markets, risk tolerance is shaped by both financial considerations and ethical constraints, such as the prohibition of speculative investments ([Adams et al., 2023](#); [Alam et al., 2023](#)). Rahman & Arsyianti (2021) argue that Sharia-compliant investors exhibit moderate risk tolerance, balancing their pursuit of returns with the need for stability and ethical alignment.

## **Financial Literacy and Investor Behavior**

Financial literacy, defined as the ability to understand and apply financial concepts, plays a pivotal role in shaping investment decisions and satisfaction. High financial literacy enables investors to evaluate opportunities, manage risks, and make informed decisions. In sharia markets, financial literacy extends beyond conventional knowledge to include an understanding of sharia principles and compliance requirements ([G. N. Ahmad et al., 2020](#); [Maruf & Yulicadi, 2023](#); [Zakiyah et al., 2023](#)).

Previous studies also highlight that financial literacy enhances the ability to assess the ethical implications of investment choices ([Lusardi, 2019](#); [Stolper & Walter, 2017](#)), fostering alignment with personal and religious values ([Akaka & Schau, 2019](#); [Astrachan et al., 2020](#)). However, the relationship between financial literacy and satisfaction is not always straightforward. While greater knowledge can improve decision-making, it may

also increase expectations, leading to potential dissatisfaction if outcomes fall short. This nuanced relationship underscores the importance of considering financial literacy as both an enabler and a potential source of complexity in investment behavior.

### **Investor Satisfaction in Sharia Markets**

Investor satisfaction is a multifaceted construct influenced by financial performance (Eklof et al., 2020; Fornell et al., 2016), ethical alignment (Balvers et al., 2016; Cheng et al., 2015; Diouf et al., 2016), and psychological factors (Asebedo & Payne, 2019; Haritha P H & Rishad, 2020; Sahi, 2017). In sharia markets, satisfaction is particularly shaped by the integration of ethical values, which enhance trust and reduce cognitive dissonance (Begam et al., 2024; Rafisah Mat Radzi, 2022). Satisfaction in sharia investments extends beyond financial returns to include the fulfillment of ethical and spiritual goals.

The interplay between satisfaction and behavioral factors, such as overconfidence and herding behavior, is an emerging area of research. Previous studies suggest that while overconfidence can enhance satisfaction by reinforcing a sense of control, excessive herding may undermine it by reducing the perceived autonomy of decisions. Similarly, self-efficacy has been shown to positively influence satisfaction by empowering investors to align their actions with their values.

### **Gaps in the Literature**

Despite significant progress in understanding behavioral finance and sharia principles, gaps remain in the integration of these domains. Most studies treat behavioral factors and sharia values as separate constructs, overlooking their potential interplay. For instance, the impact of overconfidence on satisfaction in sharia contexts has been minimally explored, and the role of financial literacy in mediating this relationship remains unclear.

Moreover, while existing research highlights the importance of ethical alignment in sharia investments, it often lacks empirical evidence on the practical mechanisms through which this alignment influences behavior and satisfaction. The role of cultural and contextual factors, such as regional differences in sharia interpretation, is another area requiring further investigation.

### **Integrating Behavioral Finance and Sharia Principles**

To address these gaps, an integrated approach that combines behavioral finance theories with sharia principles is essential. Such an approach can provide a more comprehensive understanding of investor behavior and satisfaction in sharia markets. Previous studies provide a foundation for this integration but fall short of offering a holistic framework.

This study seeks to fill these gaps by examining the interplay between sharia values, behavioral factors, and financial literacy in shaping investor satisfaction. By employing a mixed-methods approach and leveraging tools like Structural Equation Modeling (SEM), the research aims to provide empirical insights into these relationships. The findings are expected to contribute to both academic knowledge and practical



applications, offering valuable guidance for investors, policymakers, and financial institutions.

## **METHOD**

### **Research Design**

This study employed a quantitative explanatory research design to investigate the factors influencing investor satisfaction in the Indonesian sharia stock market. The explanatory design was chosen to examine the relationships between variables, including sharia values, financial literacy, overconfidence, self-efficacy, herding behavior, risk tolerance, investment decisions, and investor satisfaction. By leveraging statistical analysis, the study aimed to validate hypotheses and provide empirical insights into the dynamics of investor behavior in a sharia-compliant context.

### **Population and Sampling**

The population for this study consisted of individual investors actively participating in the sharia stock market in Indonesia, specifically those residing in Bangka Belitung and Riau provinces. These regions were selected due to their high levels of investor engagement in sharia-compliant investments. A purposive sampling technique was utilized to select participants who met specific criteria, such as active investment in sharia stocks for at least six months and familiarity with sharia investment principles. A total of 151 respondents were included in the final sample, ensuring a representative mix of demographic characteristics, including age, gender, and education level.

### **Data Collection**

Data were collected through structured online surveys designed to capture information about the variables of interest. The survey instrument consisted of multiple sections, each addressing a specific construct. The questions were designed to be clear and concise, minimizing response bias. The survey was distributed through email and social media platforms to reach a broad audience of eligible participants.

### **Instrumentation**

Validated measurement scales were used to ensure the reliability and validity of the data collected. Each construct was measured using established instruments adapted for the study context:

1. **Sharia Values:** Participants' perceptions of the importance and application of sharia principles in their investment decisions were measured using a scale developed for ethical investment studies.
2. **Financial Literacy:** A standardized financial literacy scale assessed participants' knowledge and understanding of financial concepts, including investment risks, returns, and sharia compliance.
3. **Behavioral Factors:** Overconfidence, self-efficacy, herding behavior, and risk tolerance were measured using scales from previous studies in behavioral

finance. These scales included Likert-type items to capture the intensity of each behavior.

4. Investment Decisions: A custom scale was developed to evaluate the quality and frequency of investment decisions, with a focus on adherence to sharia principles.
5. Investor Satisfaction: Satisfaction levels were measured using a multi-item scale that assessed participants' contentment with financial outcomes, ethical alignment, and overall investment experience.

The survey instrument was pre-tested with a pilot group of 20 investors to ensure clarity and reliability. Feedback from the pilot study was used to refine the survey before full deployment.

### **Data Analysis**

Data were analyzed using Structural Equation Modeling (SEM), a robust statistical technique that allows for the simultaneous analysis of multiple variables and their relationships. SEM was conducted using Smart PLS 3.0 and 4.0 software, which enabled the assessment of measurement models and structural paths.

1. Descriptive Analysis: Basic descriptive statistics, including means, standard deviations, and frequencies, were calculated to provide an overview of the sample characteristics and responses.
2. Measurement Model Validation: The reliability and validity of the constructs were assessed through confirmatory factor analysis (CFA). Composite reliability and Cronbach's alpha values were examined to ensure internal consistency, while average variance extracted (AVE) values were used to confirm convergent validity. Discriminant validity was tested using the Fornell-Larcker criterion.
3. Structural Model Evaluation: Path analysis was conducted to test the relationships between variables. The significance of each path coefficient was determined through bootstrapping with 5,000 resamples. The model's overall fit was evaluated using indicators such as the coefficient of determination ( $R^2$ ) and predictive relevance ( $Q^2$ ).
4. Hypothesis Testing: Each hypothesis was tested based on the significance and direction of the path coefficients. Hypotheses with pp-values below 0.05 were considered supported.

### **Ethical Considerations**

Ethical approval for the study was obtained from the relevant institutional review board. Participants were informed about the study's objectives and provided with assurances of confidentiality and anonymity. Participation was voluntary, and respondents could withdraw at any time without penalty. Informed consent was obtained before data collection.



## RESULTS

### Respondents Profile

The study analyzed data from 151 respondents, predominantly sharia stock investors from Bangka Belitung and Riau provinces. The demographic profile of respondents is presented in Table 1. The descriptive analysis showed that most respondents were from the province of Bangka Belitung, with 101 respondents accounting for 66.9%, followed by Riau Province with 50 respondents, comprising 33.1% of the total respondents. Regarding the respondents' distribution by city or district, Pangkalpinang had the highest representation, with 71 respondents (47.0%). Pekanbaru followed with 30 respondents (19.9%), while other areas like Bangka, Belitung, Central Bangka, South Bangka, Rokan Hilir, Rokan Hulu, Indragiri Hulu, Kampar, and Lingga had lower frequencies, each below 10%.

**Table 1**

*Respondents Profile*

Demographic Attribute	Category	Frequency	Percentage
Province	Bangka Belitung	101	66.9%
	Riau	50	33.1%
City/District	Pangkalpinang	71	47.0%
	Bangka	15	9.9%
	Belitung	3	2.0%
	Central Bangka	6	4.0%
	South Bangka	6	4.0%
	Pekanbaru	30	19.9%
	Rokan Hilir	9	6.0%
	Rokan Hulu	5	3.3%
	Indragiri Hulu	3	2.0%
	Kampar	2	1.3%
	Lingga	1	0.7%
Gender	Male	78	51.7%
	Female	73	48.3%
Age	< 20 years old	17	11.3%
	20 – 23 years old	90	59.6%
	24 – 30 years old	37	24.5%
	31 – 40 years old	5	3.3%
	41 – 50 years old	1	0.7%
	> 60 years old	1	0.7%
Marital Status	Single	131	86.8%
	Married	19	12.6%
	Previously Married	1	0.7%
Religion	Islam	135	89.4%
	Protestant Christian	5	3.3%
	Catholic Christian	2	1.3%
	Buddhism	6	4.0%
	Confucianism	3	2.0%
Education Level	Elementary/Middle School	1	0.7%
	High School/Vocational	59	39.1%

Demographic Attribute	Category	Frequency	Percentage
Occupation	Diploma (D3)	1	0.7%
	Bachelor's Degree (S1)	87	57.6%
	Master's Degree (S2)	3	2.0%
	Student/University Student	38	25.2%
	Freelance	6	4.0%
	Indonesian Police (POLRI)	2	1.3%
	Teacher	1	0.7%
Monthly Income	Others	104	68.8%
	≤ Rp. 2,000,000	71	47.0%
	Rp. 2,000,001 – Rp. 4,000,000	53	35.1%
	Rp. 4,000,001 – Rp. 7,000,000	20	13.2%
	Rp. 7,000,001 – Rp. 9,000,000	3	2.0%
Securities Firms	> Rp. 9,000,000	4	2.6%
	Indo Premier Securities	46	30.5%
	Ajaib Sekuritas Asia	27	17.9%
	Mirae Asset Sekuritas	3	2.0%
	BCA Sekuritas	14	9.3%
	Not Disclosed	11	7.3%
Investment Duration	Other Firms	50	33.1%
	< 6 months	62	41.1%
	6 – 12 months	40	26.5%
	1 – 2 years	42	27.8%
	3 – 5 years	5	3.3%
Investment Pattern	> 6 years	2	1.3%
	100% Conventional Investment	37	24.5%
	100% Sharia-compliant Investment	36	23.8%
SOTS Usage	Mixed (Conventional and Sharia)	78	51.7%
	Ever used	64	42.4%
	Never used	87	57.6%

Source: Primary data. Authors' estimation.

The gender analysis revealed a relatively balanced distribution, with male respondents slightly outnumbering females. Males comprised 51.7% (78 respondents), while females made up 48.3% (73 respondents). The majority of respondents belonged to the age group of 20 to 23 years old (59.6%, 90 respondents). This was followed by the 24–30 years age bracket with 24.5% (37 respondents). Smaller percentages were represented by respondents under 20 years old and those aged 31 years and above, each below 12%. An overwhelming majority of respondents were single (86.8%, 131 respondents). Married respondents made up only 12.6% (19 respondents), and a very small fraction, 0.7%, were previously married.

In terms of religion, respondents were predominantly Muslim, comprising 89.4% (135 respondents). Other religions represented included Protestant Christianity (3.3%), Buddhism (4.0%), Catholic Christianity (1.3%), and Confucianism (2.0%). Most respondents had attained a bachelor's degree (57.6%, 87 respondents), while 39.1% had completed high school or vocational school. Only a small proportion of respondents held either a diploma (0.7%) or a master's degree (2.0%). Respondents came from diverse fields of study, primarily related to economics, business, and social sciences.

However, detailed data on respondents' fields of study are not fully provided in the available tables.

Occupational data indicated that most respondents (68.8%, 104 respondents) were employed in fields categorized as "others," reflecting diverse employment backgrounds. Students or university students were also notably represented (25.2%, 38 respondents), followed by freelancers, police officers, and teachers with smaller percentages. Nearly half of respondents (47.0%, 71 respondents) had a monthly income of Rp 2,000,000 or less. Those earning between Rp 2,000,001 to Rp 4,000,000 represented 35.1%, while higher-income groups were less common, each comprising less than 14%.

The respondents predominantly used Indo Premier Securities (30.5%, 46 respondents) for their investments, followed by Ajaib Sekuritas Asia (17.9%, 27 respondents), and BCA Sekuritas (9.3%, 14 respondents). Mirae Asset Sekuritas and other unspecified firms had smaller representations. Most respondents were relatively new investors, with 41.1% (62 respondents) having invested for less than six months. Another significant portion, 27.8%, had been investing for one to two years, while a smaller number (4.6%) had more than three years of investment experience.

The respondents mostly preferred a mixed investment approach, combining both conventional and sharia-compliant investments (51.7%, 78 respondents). Purely conventional investors represented 24.5%, and purely sharia-compliant investors accounted for 23.8%. Analysis of Sharia Online Trading System (SOTS) usage revealed that the majority of respondents (57.6%, 87 respondents) had never used the platform. Conversely, 42.4% (64 respondents) had experience using SOTS for trading sharia-compliant stocks.

### Descriptive Statistics

Tabel 2 presents descriptive statistics of variables for this study. The Sharia value variable reveals consistently high mean scores, indicating that respondents generally perceive Islamic principles as important in guiding their investment behaviors. Specifically, items related to aligning investments with Sharia compliance and ethical standards received mean scores slightly above 4, highlighting strong awareness and adherence among investors toward Islamic investment ethics.

**Table 2**

#### *Descriptive Statistics of Variables*

<b>Variable</b>	<b>Indicator</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
Sharia Value (X1)	X1.1	151	1	5	4.07	0.843
	X1.2	151	1	5	4.09	0.83
	X1.3	151	1	5	4.00	0.906
	X1.4	151	1	5	4.04	0.898
Investment Literacy Perception (X2)	X2.1	151	1	5	4.25	0.805
	X2.2	151	1	5	3.76	0.77
	X2.3	151	1	5	4.09	0.861
	X2.4	151	1	5	4.23	0.741
Risk Tolerance (X3)	X3.1	151	1	5	3.58	0.986
	X3.2	151	1	5	2.88	1.067

Variable	Indicator	N	Min	Max	Mean	Std. Deviation
Overconfidence (X4)	X3.3	151	1	5	3.04	1.060
	X3.4	151	1	5	3.20	1.017
	X4.1	151	1	5	3.83	0.753
	X4.2	151	1	5	3.42	0.902
	X4.3	151	1	5	3.15	1.078
	X4.4	151	1	5	2.98	1.064
Herding Behavior (X5)	X4.5	151	1	5	3.11	1.000
	X5.1	151	1	5	3.50	0.993
	X5.2	151	1	5	3.58	0.982
	X5.3	151	1	5	3.48	1.011
Self-Efficacy (X6)	X5.4	151	1	5	3.53	0.972
	X6.1	151	1	5	3.95	0.840
	X6.2	151	1	5	3.88	0.841
	X6.3	151	1	5	3.93	0.791
Investment Decisions (Y1)	X6.4	151	1	5	3.89	0.818
	Y1.1	151	1	5	4.07	0.783
	Y1.2	151	1	5	4.15	0.797
	Y1.3	151	1	5	4.07	0.844
Investor Satisfaction (Y2)	Y1.4	151	1	5	4.04	0.819
	Y2.1	151	1	5	4.15	0.812
	Y2.2	151	1	5	4.07	0.865
	Y2.3	151	1	5	4.10	0.821
	Y2.4	151	1	5	4.04	0.879

Source: Primary data. Authors' estimation.

Regarding Investment Literacy Perception, respondents show a relatively strong understanding of investment fundamentals, especially seen in the high mean scores (above 4) for items related to investment awareness and knowledge acquisition. Nevertheless, the slightly lower mean (3.76) in understanding financial statements reflects areas needing enhancement to ensure more effective decision-making in investment contexts.

Risk tolerance scores were moderate, averaging around 3, suggesting a balanced approach to risk among respondents. Lower scores on certain indicators, such as the willingness to endure significant financial losses, demonstrate a cautious mindset prevalent among investors. This moderation reflects careful consideration and balanced investment decisions rather than high-risk strategies.

Investor Overconfidence displayed varied scores across different items. Respondents showed relatively high confidence (3.8) in their personal investment knowledge but expressed moderate to lower confidence regarding their ability to consistently outperform market averages. The variance implies that investors possess a certain confidence level but remain reasonably aware of their limitations in predicting market outcomes accurately.

Finally, the analysis of Herding Behavior indicates moderate mean scores around 3.5, reflecting tendencies among respondents to sometimes rely on the investment actions and decisions of others. Although not extreme, these scores suggest that peer

influence occasionally affects investment decisions, demonstrating moderate susceptibility to collective investment behaviors.

### Measurement Model (Outer Model) Evaluation

#### Convergent Validity

The convergent validity test results after the first item drop in Table 3 demonstrated that all indicators for each variable possess satisfactory outer loadings, with values exceeding the recommended threshold of 0.70. Specifically, the Sharia Value variable showcased exceptionally high loadings between 0.921 and 0.931, underscoring robust construct validity. Similarly, Investment Literacy and Risk Tolerance variables maintained strong validity, with loadings ranging from 0.705 to 0.899, indicating that these indicators reliably measure their respective constructs.

**Table 3**

*Convergent Validity Test (Outer Loading after First Drop)*

Variable	Indicator	Outer Loading	Explanation
Sharia Value (X1)	X1.1	0.921	Valid
	X1.2	0.931	Valid
	X1.3	0.904	Valid
	X1.4	0.880	Valid
Investment Literacy (X2)	X2.1	0.834	Valid
	X2.2	0.861	Valid
	X2.3	0.705	Valid
	X2.4	0.729	Valid
Risk Tolerance (X3)	X3.1	0.880	Valid
	X3.2	0.868	Valid
	X3.3	0.899	Valid
Overconfidence (X4)	X4.1	0.882	Valid
	X4.2	0.914	Valid
	X4.3	0.851	Valid
Herding Behavior (X5)	X5.1	0.843	Valid
	X5.2	0.888	Valid
	X5.3	0.875	Valid
Self-Efficacy (X6)	X6.1	0.814	Valid
	X6.2	0.870	Valid
	X6.3	0.818	Valid
	X6.4	0.861	Valid
Investment Decisions (Y1)	Y1.1	0.862	Valid
	Y1.2	0.812	Valid
	Y1.3	0.794	Valid
	Y1.4	0.844	Valid
Investor Satisfaction (Y2)	Y2.1	0.854	Valid
	Y2.2	0.882	Valid
	Y2.3	0.825	Valid
	Y2.4	0.881	Valid

Source: Primary data. Authors' estimation.

Moreover, behavioral factors such as Overconfidence, Herding Behavior, and Self-Efficacy exhibited high validity levels, reflected in outer loadings between 0.814 and 0.914. Likewise, Investment Decisions and Investor Satisfaction displayed consistent and valid indicators, with loadings from 0.794 to 0.882. Collectively, these results confirm that each construct is well-defined by its indicators, ensuring reliable measurement and accurate representation of respondents' perceptions and behaviors in investment contexts.

The convergent validity test results, represented by the Average Variance Extracted (AVE) in Table 4, confirmed that all constructs have achieved satisfactory validity, exceeding the threshold of 0.5. The highest AVE was observed in the Sharia Value construct (0.828), highlighting its strong validity in accurately measuring investor adherence to Islamic investment principles. Similarly, Investment Literacy and Risk Tolerance also demonstrated robust validity, with AVE values of 0.584 and 0.767 respectively, confirming that these constructs are well-measured by their indicators.

**Table 4**

*Construct Validity Test (AVE)*

<b>Variable</b>	<b>Average Variance Extracted (AVE)</b>	<b>Critical Value</b>	<b>Conclusion</b>
Sharia Value (X1)	0.828	0.500	Valid
Investment Literacy (X2)	0.584	0.500	Valid
Risk Tolerance (X3)	0.767	0.500	Valid
Overconfidence (X4)	0.747	0.500	Valid
Herding Behavior (X5)	0.737	0.500	Valid
Self-Efficacy (X6)	0.707	0.500	Valid
Investment Decisions (Y1)	0.679	0.500	Valid
Investor Satisfaction (Y2)	0.712	0.500	Valid

Source: Primary data. Authors' estimation.

Moreover, the Overconfidence, Herding Behavior, and Self-Efficacy variables also showed solid construct validity, with AVE values of 0.747, 0.737, and 0.707 respectively. The Investment Decision and Investor Satisfaction variables similarly reflected strong AVE values (0.679 and 0.712), further indicating reliable measurement of the respective constructs. Overall, these AVE values exceed the critical threshold of 0.5, providing strong evidence of valid and reliable constructs within the research model.

### **Discriminant Validity**

The discriminant validity test assessed through cross-loading analysis demonstrated that each indicator had higher correlations with its respective construct than with other constructs. The outer loading values for all indicators met the validity criteria, with the highest loading scores observed within their designated latent variables, clearly indicating strong discriminant validity.

Overall, the cross-loading results confirm that indicators used in this study effectively differentiate each construct from one another, thus validating the discriminant nature of the measurement model. This ensures that each variable is distinctively measured and appropriately reflects unique aspects within the theoretical



framework, supporting robust and precise measurement for further structural model analysis.

**Table 5**

*Discriminant Validity Test (Cross Loading)*

Indicator	X1	X2	X3	X4	X5	X6	Y1	Y2	Max Loading	Conclusion
X1.1	0.921	0.386	0.045	0.007	0.119	0.405	0.353	0.425	0.921	Valid
X1.2	0.931	0.464	0.091	0.05	0.173	0.44	0.42	0.467	0.931	Valid
X1.3	0.895	0.458	0.057	0.053	0.16	0.378	0.365	0.497	0.895	Valid
X1.4	0.892	0.396	0.097	-0.039	0.125	0.354	0.382	0.436	0.892	Valid
X2.1	0.42	0.782	0.154	0.034	0.03	0.291	0.377	0.218	0.782	Valid
X2.2	0.334	0.833	0.288	0.354	0.07	0.364	0.444	0.359	0.833	Valid
X2.3	0.311	0.705	0.376	0.128	0.359	0.195	0.295	0.196	0.705	Valid
X2.4	0.42	0.729	0.154	0.169	0.117	0.385	0.375	0.173	0.729	Valid
X3.1	0.091	0.306	0.991	0.436	0.39	0.104	0.164	0.286	0.991	Valid
X3.2	0.001	0.311	0.743	0.436	0.331	0.03	0.033	0.146	0.743	Valid
X4.1	0.4	0.138	0.365	0.882	0.362	0.196	0.397	0.361	0.882	Valid
X4.2	0.032	0.202	0.436	0.914	0.433	0.243	0.294	0.173	0.914	Valid
X4.3	0.314	0.126	0.417	0.851	0.388	0.119	0.299	0.232	0.851	Valid
X4.4	0.239	0.121	0.413	0.808	0.369	0.195	0.305	0.141	0.808	Valid
X5.2	0.095	0.192	0.33	0.426	0.888	0.2	0.344	0.245	0.888	Valid
X5.3	0.212	0.142	0.31	0.411	0.843	0.138	0.276	0.116	0.843	Valid
X5.4	0.095	0.179	0.296	0.364	0.843	0.242	0.299	0.182	0.843	Valid
X6.1	0.362	0.334	0.122	0.174	0.145	0.814	0.551	0.42	0.814	Valid
X6.2	0.29	0.303	0.06	0.122	0.117	0.828	0.514	0.48	0.828	Valid
X6.3	0.338	0.371	0.053	0.149	0.243	0.859	0.617	0.486	0.859	Valid
X6.4	0.397	0.404	0.165	0.189	0.306	0.862	0.622	0.56	0.862	Valid

Source: Primary data. Authors' estimation.

### **Reliability Tests**

The results presented in Table 6 summarize the reliability analysis using both Cronbach's Alpha and composite reliability criteria. According to the testing standards, a variable is deemed reliable if the composite reliability value is above 0.6 and Cronbach's alpha exceeds 0.7. From the table, it is clear that all variables exhibited a composite reliability value ranging from 0.848 to 0.951, comfortably surpassing the minimum reliability threshold of 0.6. This indicates that all constructs used in this research can be considered highly reliable or credible.

**Table 6**

*Reliability Test Results*

Variable	Cronbach's Alpha	Composite Reliability
Sharia Value	0.824	0.894
Investment Literacy	0.865	0.908
Risk Tolerance	0.843	0.894
Overconfidence	0.773	0.848
Herding Behavior	0.892	0.922

Self-Efficacy	0.784	0.866
Investment Decision	0.862	0.906
Investor Satisfaction	0.931	0.951

Source: Primary data. Authors' estimation.

### **Multicollinearity Tests**

The multicollinearity test aims to detect potential multicollinearity issues among the independent variables by examining the Variance Inflation Factor (VIF). According to standard criteria, a regression model is considered free of multicollinearity if the VIF value for each independent variable is less than 3. As presented in Table 4.21, all variables in the research exhibit VIF values between 1.099 and 1.493, comfortably within the recommended threshold, thus indicating an absence of significant multicollinearity among the predictor variables. These findings demonstrate that the research model used in this study is statistically robust, allowing for a clearer interpretation of the effects of independent variables on dependent variables.

**Table 7**

*Multicollinearity Test Results (VIF)*

<b>Variable</b>	<b>VIF</b>
Investment Decision (Y1)	1.409
Sharia Value (X1)	1.363
Investment Literacy (X2)	1.493
Risk Tolerance (X3)	1.444
Overconfidence (X4)	1.349
Herding Behavior (X5)	1.422
Self-Efficacy (X6)	1.099

Source: Primary data. Authors' estimation.

### **Structural Model (Inner Model) Evaluation**

#### **Path Coefficients**

The path coefficient test results shown in Table 8 reveal the strength and direction of relationships among the studied variables. Sharia Value positively influenced Investor Satisfaction with a coefficient of 0.298, indicating that an increase in adherence to Sharia principles leads to higher investor satisfaction. Conversely, Investment Literacy exhibited a negative relationship with Investor Satisfaction, represented by a coefficient of -0.113, suggesting that greater investment literacy might slightly reduce investor satisfaction, potentially due to heightened awareness of investment risks or expectations.

**Table 8**

*Path Coefficient Test Results*

<b>Relationship</b>	<b>Path Coefficient</b>
Sharia Value → Investor Satisfaction	0.298
Investment Literacy → Investor Satisfaction	-0.113
Risk Tolerance → Investment Decision	-0.037

Relationship	Path Coefficient
Overconfidence → Investment Decision	0.196
Herding Behavior → Investment Decision	0.092
Self-Efficacy → Investment Decision	0.624
Investment Decision → Investor Satisfaction	0.618

Source: Primary data. Authors' estimation.

Additionally, Risk Tolerance showed a negative but weak impact ( $-0.037$ ) on Investment Decisions, implying that increased tolerance toward risk slightly reduces investment decisions among investors. In contrast, Overconfidence positively influenced Investment Decision with a coefficient of 0.196, indicating that investors who are more confident tend to make more frequent investment decisions. Similarly, Herding Behavior also positively influenced investment decisions (0.092), suggesting a moderate tendency among investors to follow peers in their financial decisions.

Self-Efficacy stood out significantly with a strong positive impact (0.624) on Investment Decisions, highlighting that investors with higher self-efficacy levels are more likely to confidently make investment decisions. This finding aligns with psychological theories emphasizing self-confidence as a crucial determinant of proactive decision-making behaviors in financial markets.

Lastly, the relationship between Investment Decision and Investor Satisfaction revealed a strong positive coefficient (0.618), indicating that well-informed and confident investment decisions substantially boost investor satisfaction. This underscores the importance of informed and autonomous decision-making processes in fostering investor contentment and long-term engagement in investment activities.

### **Cross-Validation Redundancy Test**

The cross-validation redundancy ( $Q^2$ ) test results, as presented in Table 9, reveal predictive relevance within the inner model. Both Investor Satisfaction ( $Q^2 = 0.404$ ) and Investment Decision ( $Q^2 = 0.489$ ) demonstrated positive  $Q^2$  values, indicating moderate predictive accuracy. These results suggest that the exogenous variables provide substantial information required to predict variations in the endogenous variables, confirming the overall suitability and predictive capability of the research model for explaining investment decisions and investor satisfaction.

**Table 9**

*Results of  $Q^2$  Predict Test*

Variable	$Q^2$ Predict	RMSE	MAE
Investor Satisfaction	0.404	0.792	0.612
Investment Decision	0.489	0.745	0.533

Source: Primary data. Authors' estimation.

### **Coefficient of Determination ( $R^2$ )**

The coefficient of determination ( $R^2$ ) test results, as presented in Table 10, indicate that the endogenous variables, Investor Satisfaction and Investment Decision, have moderate predictive power within the structural model. Specifically, Investor Satisfaction has an  $R^2$  value of 0.536, signifying that approximately 53.6% of its variance

is explained by Investment Decision, Sharia Value, and Investment Literacy. Similarly, the Investment Decision variable shows an  $R^2$  of 0.521, meaning 52.1% of its variance is explained collectively by Risk Tolerance, Overconfidence, Herding Behavior, and Self-Efficacy. These results classify the model's predictive ability as moderate, reflecting substantial explanatory capability by the exogenous variables included in the analysis.

**Table 10**

*Coefficient of Determination ( $R^2$ ) Test*

Variable	R Square	Adjusted R Square
Investor Satisfaction	0.536	0.527
Investment Decision	0.521	0.508

Source: Primary data. Authors' estimation.

### **Hypothesis Testing**

The hypothesis test results, as summarized in Table 11, reveal critical insights into the relationships among studied variables. Firstly, Sharia Value significantly impacts Investor Satisfaction, indicated by a path coefficient of 0.298 and a p-value of 0.010. This confirms that stronger adherence to Sharia principles significantly enhances investor satisfaction, validating the theoretical expectations in the Islamic investment context.

**Table 11**

*Hypothesis Test Results*

Relationship	Original Sample	Std. Deviation	T Statistics	P Values	Conclusion
Sharia Value → Investor Satisfaction	0.298	0.115	2.587	0.010	Supported
Investment Literacy → Investor Satisfaction	-0.113	0.102	1.108	0.268	Not Supported
Risk Tolerance → Investment Decision	-0.037	0.082	0.458	0.647	Not Supported
Overconfidence → Investment Decision	0.196	0.086	2.279	0.023	Supported
Herding Behavior → Investment Decision	0.092	0.069	1.326	0.185	Not Supported
Self-Efficacy → Investment Decision	0.624	0.071	8.792	0.000	Supported
Investment Decision → Investor Satisfaction	0.618	0.092	6.713	0.000	Supported

Source: Primary data. Authors' estimation.

Secondly, the role of Investment Literacy on Investor Satisfaction shows a non-significant negative influence with a path coefficient of -0.113 and a p-value of 0.268. The findings indicate that higher investment literacy alone does not necessarily lead to increased satisfaction among investors, suggesting the need for a balanced approach combining literacy with practical investment experience.

Regarding Risk Tolerance, the relationship with Investment Decision was not supported, exhibiting a negative coefficient of  $-0.037$  and a p-value of  $0.647$ . This indicates that investors' risk tolerance does not significantly influence their investment decisions, possibly reflecting cautious investor behavior or risk aversion within the studied sample.

The Overconfidence variable, however, positively and significantly influences Investment Decision with a coefficient of  $0.196$  and a p-value of  $0.023$ . Investors who exhibit higher overconfidence tend to make more proactive and assertive investment decisions, underscoring the behavioral finance theory that confidence drives market participation.

Contrastingly, Herding Behavior displayed a non-significant positive effect ( $0.092$  coefficient and  $0.185$  p-value) on Investment Decision. While theoretically relevant, this study's findings suggest that investors in this context are not significantly influenced by group behavior or peer pressure when making investment choices.

The variable Self-Efficacy showed a highly significant positive effect on Investment Decision, indicated by a robust path coefficient of  $0.624$  and a highly significant p-value of  $0.000$ . This strong influence suggests that self-efficacy, or investors' belief in their abilities, is crucial in shaping proactive and confident investment decisions.

Finally, the Investment Decision itself significantly and positively impacts Investor Satisfaction, with a path coefficient of  $0.618$  and a p-value of  $0.000$ . This reinforces the critical role that informed and confident decision-making plays in achieving higher levels of satisfaction among investors, providing a clear pathway to enhancing investor experiences and outcomes.

## DISCUSSION

### Sharia Values as a Foundation for Satisfaction

The findings of this study indicate that Sharia values significantly impact the satisfaction of Sharia stock investors. Based on an analysis of 151 respondents from two provinces, primarily consisting of novice investors with less than six months of market experience, the study found a statistically significant relationship between Sharia values and investor satisfaction (p-value =  $0.010$ ,  $< 0.05$ ). This suggests that adherence to Sharia principles in stock investments contributes to investor confidence and contentment. Investors derive satisfaction from the belief that their chosen stocks align with Islamic principles, ensuring ethical and risk-averse financial decisions. The absence of elements such as *maysir* (speculation), *gharar* (uncertainty), and *riba* (usury) in Sharia-compliant stocks fosters a sense of security. Additionally, the oversight of Sharia supervisory boards ensures that investment practices remain compliant with Islamic ethics, further reinforcing investor trust (Afroh & Hafidzi, 2024; Hussain et al., 2023; Sudirman et al., 2023). Prior research aligns with these findings, emphasizing that Muslim investors prioritize ethical and religious considerations alongside financial returns, which enhances their overall investment satisfaction (Hambali & Adhariani, 2023; Taufik & Rusmana, 2023).

While limited research contradicts these findings, some studies suggest that external factors, such as financial literacy and macroeconomic conditions, can moderate the impact of Sharia values on investor satisfaction. For instance, investors with low financial literacy may struggle to fully comprehend Sharia investment criteria, potentially affecting their confidence in Sharia stocks (Septyanto et al., 2021). Additionally, during economic downturns, some investors may prioritize financial stability over ethical considerations, leading to variations in satisfaction levels (Triuspitorini et al., 2023). However, studies also indicate that Sharia-compliant investments provide a stabilizing effect during crises, reinforcing investor trust in their long-term viability (Hambali & Adhariani, 2023; Irton et al., 2021). Overall, the prevailing body of research supports the notion that ethical and religious adherence in investing plays a central role in shaping investor satisfaction (Agustin, 2022; Mutiara et al., 2023).

These findings carry significant implications for financial institutions and policymakers aiming to enhance the Sharia investment sector. Recognizing that investor satisfaction extends beyond financial performance to ethical and religious considerations, investment advisors should provide targeted financial education programs to improve investor literacy on Sharia-compliant stocks. Additionally, regulatory bodies should continue strengthening the governance frameworks of Sharia-compliant firms to maintain investor trust. The growing demand for ethical investment options also presents an opportunity for financial institutions to develop innovative Sharia-compliant products that align with investor values. By addressing both the financial and ethical concerns of Muslim investors, institutions can foster greater investor confidence and long-term participation in the Sharia investment market.

### **Behavioral Traits and Investment Decisions**

The study highlights the critical role of behavioral traits—particularly overconfidence and self-efficacy—in shaping investment decisions. Both traits emerged as significant predictors of proactive and informed decision-making, reflecting their importance in navigating complex financial markets.

#### **Overconfidence**

The findings of this study indicate that overconfidence significantly influences investment decisions in Sharia stocks. Hypothesis testing results show a p-value of 0.023, which is below the 0.05 threshold, confirming that overconfidence affects investor decision-making. Respondents in this study exhibited a high level of self-confidence, leading them to make investment decisions based on their perceived expertise rather than objective financial analysis. This aligns with previous research, which suggests that overconfident investors tend to overestimate their ability to predict market movements, leading them to take excessive risks in their investments (Fridana & Asandimitra, 2020). Additionally, due to their easy access to financial information, younger and less experienced investors—such as the majority of respondents in this study—often develop misplaced confidence in their investment skills, reinforcing the tendency to make irrational investment choices.



Supporting evidence from behavioral finance research indicates that overconfidence bias is a significant factor in shaping investor satisfaction. Fridana & Asandimitra (2020) found that investors with excessive self-confidence are more likely to engage in frequent trading, misjudge market risks, and make suboptimal financial decisions. This supports the notion that overconfidence leads to increased market participation, yet it does not necessarily translate into better investment outcomes. Instead, overconfident investors may experience fluctuations in satisfaction levels, as their expectations do not always align with actual investment performance (Mahjoubi & Henchiri, 2024; Mushinada & Veluri, 2020). However, there are instances where overconfidence can be beneficial—when the market performs favorably, overconfident investors may achieve significant profits and reinforce their belief in their predictive abilities, thereby enhancing their satisfaction.

The implications of these findings highlight the need for financial education programs that help investors recognize and manage overconfidence bias. While confidence is an essential trait in investing, unchecked overconfidence can lead to irrational decision-making and unexpected losses. Financial institutions and investment advisors should implement strategies that encourage self-assessment and risk-awareness among investors, particularly those new to the market. Additionally, increased transparency and corporate governance in Sharia-compliant firms can help investors make more informed decisions, reducing the likelihood of overconfident investment behavior. By fostering a balanced approach to investing—where confidence is tempered by realistic expectations and adherence to Sharia principles—investors can achieve greater satisfaction while minimizing the risks associated with behavioral biases.

### **Self-Efficacy**

The findings of this study indicate that self-efficacy significantly influences investment decisions in Sharia stocks. Hypothesis testing results show a p-value of 0.000, which is below the 0.05 threshold, confirming a strong relationship between self-efficacy and investor decision-making. This suggests that individuals with higher confidence in their abilities are more likely to engage in investment activities and make informed decisions to achieve their financial goals. Investors with high self-efficacy believe they can navigate investment complexities, assess risks, and select stocks aligned with their objectives. These results align with prior research, such as Mita & Siagian (2021), which found that self-efficacy significantly impacts students' investment decisions. Given that most respondents in this study were university students, their confidence in their financial knowledge and investment capabilities likely played a critical role in their decision-making processes.

Supporting evidence from behavioral finance research suggests that self-efficacy enhances an investor's ability to analyze market conditions and manage investment risks effectively. Studies by Nadeem et al. (2020) and Taufik & Rusmana (2023) highlight that individuals with high self-efficacy are more proactive in financial decision-making and are better equipped to withstand market fluctuations. Furthermore, Parvin et al. (2024) emphasize that financial literacy significantly boosts self-efficacy, leading to

more strategic investment decisions, particularly in Sharia-compliant markets where ethical considerations are paramount. This underscores the importance of confidence in one's financial abilities, as it empowers investors to participate actively in the stock market while adhering to their ethical and religious values.

These findings have important implications for financial education and investment strategies in the Sharia stock market. Financial institutions and policymakers should focus on improving financial literacy programs to enhance self-efficacy among investors, particularly young and novice participants. By equipping investors with the necessary knowledge and analytical skills, they can make more informed and confident investment decisions. Additionally, investment platforms should provide accessible tools and resources to help investors assess their risk tolerance and investment potential. Strengthening self-efficacy through targeted education and support can lead to higher investor engagement and satisfaction, ultimately fostering a more stable and ethically responsible Sharia investment market.

### ***Herding Behavior***

The findings of this study indicate that herding behavior does not significantly influence investment decisions in Sharia stocks. Hypothesis testing results show a p-value of 0.185, exceeding the 0.05 threshold, suggesting no statistically significant relationship between herding behavior and investor decision-making. This implies that respondents in this study made independent investment choices rather than simply following the opinions of others or the majority of investors. These findings align with previous research by Loppies et al. (2022) and Mahadevi & Haryono (2021), which also concluded that herding behavior does not play a significant role in investment decisions. One explanation for this is that the majority of respondents in this study were university students and millennial investors aged 20 to 30, who tend to be more technologically adept and have easier access to reliable financial information. Their ability to quickly analyze and verify investment data allows them to make independent decisions rather than relying on collective investor sentiment.

Further supporting these results, studies suggest that investors with higher financial literacy and market awareness are less likely to exhibit herding behavior. Research by Babar et al. (2016) found that when investors have access to abundant and credible financial information, they are more inclined to make rational investment decisions based on their own analysis rather than following the crowd. Similarly, Yahya et al. (2024) emphasize that during periods of market uncertainty, some investors may still be prone to herding behavior, but those with a solid understanding of market fundamentals and Sharia principles are better equipped to resist collective influences. In the context of Sharia investing, this is particularly important, as adherence to ethical and religious principles often requires careful individual assessment rather than blind conformity to market trends.

These findings have important implications for financial education and investment strategies in the Sharia stock market. The results suggest that promoting financial literacy and access to transparent financial information can help investors make more informed and independent decisions, ultimately enhancing their satisfaction. Financial

institutions and regulatory bodies should focus on developing educational programs that emphasize critical thinking and independent financial analysis, especially for young and novice investors. Additionally, strengthening transparency in Sharia-compliant investment instruments can help ensure that investors base their decisions on reliable data rather than market speculation. By fostering a culture of informed decision-making, financial institutions can mitigate the effects of herding behavior and enhance overall investor satisfaction in the Sharia investment market.

### **Risk Tolerance**

The findings of this study indicate that risk tolerance does not significantly impact investment decisions in Sharia stocks. Hypothesis testing results show a p-value of 0.647, exceeding the 0.05 threshold, which suggests no statistically significant relationship between an investor's risk tolerance and their investment choices in Sharia-compliant stocks. This implies that even if an investor has a high tolerance for risk, it does not necessarily influence their decision to invest in Sharia-compliant stocks. One possible explanation is that investors in this study, who were predominantly students with less than six months of investment experience, tend to exhibit a conservative approach, prioritizing security over risk-taking. Previous research supports this notion, emphasizing that novice investors, particularly those with limited market exposure, often avoid riskier investment behaviors, which in turn may limit the role of risk tolerance in shaping their satisfaction levels ([Mahastanti et al., 2021](#); [Yulianto & Wijaya, 2023](#)).

Contrary to these findings, prior research suggests that risk tolerance plays a crucial role in shaping investor satisfaction. Tamara et al. ([2022](#)) found that investors with higher risk tolerance exhibit greater confidence in their investment decisions, which enhances their overall satisfaction. This discrepancy may stem from differences in the respondent pool, as Tamara et al.'s study focused on more experienced investors who actively manage their portfolios and adjust their strategies based on market fluctuations. Additionally, research by Irton et al. ([2021](#)) highlights that Muslim investors often balance their risk tolerance with ethical and religious considerations, ensuring that their investment choices align with Islamic principles while seeking profitability. This reinforces the idea that investors who can accurately assess their risk tolerance tend to make more informed decisions, which ultimately contributes to higher levels of satisfaction ([Lestari et al., 2021](#); [Nurhidayah, 2022](#)).

These findings have important implications for financial institutions and investment advisors catering to Sharia-compliant investors. While risk tolerance may not always directly influence investment decisions, financial literacy programs should incorporate risk management education to help investors align their expectations with their investment strategies. Additionally, given the demographic differences in risk tolerance, tailored investment products should be developed to accommodate varying investor profiles. For conservative investors, structured Sharia-compliant investment options with lower volatility may enhance satisfaction, while those with higher risk tolerance may benefit from diversified Sharia-compliant portfolios. By improving investor education and offering products that align with different risk preferences, financial

institutions can enhance investor confidence and satisfaction in the Sharia investment market (Taufik & Rusmana, 2023).

### **Financial Literacy: An Indirect Influence**

The findings of this study indicate that financial literacy does not significantly impact the satisfaction of Sharia stock investors. Based on hypothesis testing, the p-value for financial literacy was 0.268, which exceeds the 0.05 threshold, suggesting no statistically significant relationship between financial literacy and investor satisfaction. Interestingly, this study found that higher levels of financial literacy among investors correlated with lower satisfaction in their investment activities. One possible explanation is that as investors gain more knowledge, they become more critical of their investment outcomes, leading to heightened expectations that are not always met. This aligns with research suggesting that while financial literacy enhances investment decision-making, it can also lead to greater scrutiny and dissatisfaction when results fall short of expectations (Fauzi & Rafik, 2024; Septyanto et al., 2021).

Contrary to these findings, prior research suggests that financial literacy positively influences investor satisfaction. Parmitasari et al. (2020) argue that investors with a higher understanding of financial concepts experience greater confidence in their decisions, leading to improved satisfaction. However, differences in respondent demographics may explain the conflicting results. The present study primarily surveyed university students with less than six months of investment experience, meaning their knowledge of stock investments might still be developing. As a result, their ability to evaluate investment satisfaction objectively may be limited. In contrast, studies involving more experienced investors have shown a positive correlation between financial literacy and satisfaction, as knowledgeable investors are better equipped to navigate risks, understand market trends, and set realistic expectations (Iqbal et al., 2023; Widyastuti et al., 2022).

These findings have important implications for financial education and investment strategies. While financial literacy is essential for making informed decisions, financial institutions and policymakers should recognize that increased literacy can sometimes lead to heightened expectations, which may affect satisfaction levels. To mitigate this, investment advisors should provide educational programs that not only enhance financial knowledge but also help investors set realistic goals and manage expectations. Additionally, targeted financial literacy initiatives should consider investor demographics, ensuring that education is tailored to different experience levels. By fostering a balanced understanding of both risks and rewards, financial literacy programs can contribute to a more positive investment experience, ultimately improving investor confidence and long-term participation in the Sharia investment market.

## Investment Decisions as a Mediator

### *The Influence of Investment Decisions on Investor Satisfaction in Sharia Stocks*

The findings of this study indicate that investment decisions significantly influence investor satisfaction in Sharia stocks. Hypothesis testing results show a p-value of 0.000, which is below the 0.05 threshold, confirming a strong relationship between investment decisions and investor satisfaction. This suggests that well-informed and strategic investment choices contribute to a greater sense of fulfillment among investors in Sharia-compliant stocks. When investors feel confident in their decisions—whether based on financial analysis, ethical considerations, or risk assessment—they are more likely to experience satisfaction. These findings align with research by Febriansyah et al. (2023), which highlights that investment decisions play a crucial role in shaping investor satisfaction, reinforcing the idea that the quality of investment choices directly impacts an investor's overall experience in the market.

Further supporting this relationship, studies suggest that investment decisions are influenced by factors such as financial literacy, risk tolerance, and religious adherence, all of which contribute to investor satisfaction. Research by Irton et al. (2021) shows that well-educated investors who understand the principles of Sharia investing tend to make better investment decisions, leading to a higher degree of satisfaction. Similarly, Septyanto et al. (2021) found that investors who actively manage their portfolios and align their choices with personal financial goals and ethical standards report greater contentment with their investments. This indicates that satisfaction is not merely a result of financial returns but also stems from the alignment of investment decisions with personal beliefs and values, particularly in the context of Islamic finance.

These findings have important implications for financial education and investment strategies in the Sharia stock market. Financial institutions and regulatory bodies should focus on enhancing investor awareness and education regarding Sharia-compliant investment options. Providing investors with tools for risk assessment, ethical screening, and portfolio diversification can help them make more informed decisions, ultimately increasing their satisfaction. Additionally, investment platforms should integrate transparent and easily accessible information about Sharia compliance to assist investors in making ethical and profitable investment choices. By promoting financial literacy and strategic decision-making, the Sharia investment market can foster a more engaged and satisfied investor base, ensuring long-term growth and stability.

### **Integration of Behavioral Finance and Sharia Principles**

The study contributes to the growing literature on behavioral finance in sharia markets by integrating psychological and ethical dimensions. The interplay between overconfidence, self-efficacy, and sharia values underscores the unique dynamics of satisfaction in this context. Unlike conventional markets, where financial returns dominate, sharia markets emphasize a balanced approach that incorporates ethical, emotional, and financial factors.

This integration offers valuable insights for researchers and practitioners. By understanding the behavioral and ethical drivers of satisfaction, stakeholders can

design products and interventions that resonate with the values and motivations of sharia investors. For example, financial institutions can develop tailored products that align with ethical principles while addressing psychological needs, such as confidence and autonomy.

### **Practical Implications**

The findings have significant implications for policymakers, financial institutions, and educators.

1. For Policymakers

Policymakers should prioritize the development of regulations that reinforce ethical standards and transparency in sharia markets. By ensuring strict compliance with sharia principles, they can foster trust and attract more investors to the sector.

2. For Financial Institutions

Institutions should emphasize ethical alignment in product design and marketing. Providing resources that enhance confidence and decision-making skills can further improve investor satisfaction.

3. For Educators

Financial literacy programs should integrate sharia principles to ensure that knowledge translates into meaningful outcomes. By addressing both technical and ethical dimensions, these programs can empower investors to navigate markets effectively.

### **CONCLUSION**

This study examines the factors influencing investor satisfaction in the Indonesian sharia stock market, with a focus on the interplay between sharia values, behavioral traits, financial literacy, and investment decisions. The findings reveal that sharia values are the most significant determinant of satisfaction, underscoring the centrality of ethical alignment in fostering trust and contentment. Behavioral traits, particularly overconfidence and self-efficacy, positively influence investment decisions, which in turn mediate satisfaction levels. However, financial literacy, herding behavior, and risk tolerance exhibit limited or indirect effects on satisfaction, highlighting the complex dynamics of sharia-compliant investing.

The study contributes to the literature by integrating behavioral finance and sharia principles, offering a nuanced understanding of satisfaction in ethical investing contexts. It emphasizes the importance of psychological and ethical dimensions alongside financial considerations, providing valuable insights for practitioners, policymakers, and educators. By addressing these factors holistically, stakeholders can design more effective interventions to enhance investor experiences. Future research should explore longitudinal impacts and regional variations to build on these findings and expand their applicability.

### **Limitations of the Study**



Despite its contributions, this study has limitations that should be acknowledged. The reliance on self-reported data introduces potential biases, such as overestimation of confidence or satisfaction. While the use of validated scales mitigates this issue to some extent, future studies could adopt mixed-method approaches to provide a more comprehensive understanding of investor behavior. Combining survey data with qualitative interviews or observational studies could uncover deeper insights into the motivations and challenges faced by investors.

The cross-sectional design of this research limits its ability to capture long-term dynamics and behavioral changes over time. Longitudinal studies would provide a richer understanding of how satisfaction evolves, particularly as markets and individual circumstances fluctuate. Additionally, the sample focuses primarily on investors in specific provinces, which may limit the generalizability of the findings. Expanding the scope to include diverse geographic regions and demographic groups could yield broader insights.

Finally, the study primarily addresses individual investors without exploring the potential influence of external factors, such as market conditions or regulatory frameworks. Future research should consider these contextual variables to provide a more holistic perspective on sharia-compliant investing.

### Recommendations for Future Research

Building on the insights of this study, several areas warrant further exploration. First, longitudinal research is essential to examine the evolution of satisfaction and behavioral traits over time. Such studies could reveal the long-term impacts of sharia principles and behavioral interventions on investor outcomes, offering a deeper understanding of their sustainability.

Second, cross-regional comparisons would provide valuable insights into the cultural and contextual factors shaping sharia-compliant investing. Investigating how regional interpretations of sharia principles influence satisfaction and decision-making could enhance the applicability of findings across diverse markets.

Third, future research should explore the role of external factors, such as regulatory policies, market volatility, and institutional trust, in shaping investor satisfaction. Understanding these influences could inform strategies to strengthen the ecosystem for sharia-compliant investments.

Lastly, integrating advanced analytical methods, such as experimental designs or machine learning, could provide more precise insights into the interactions among variables. These approaches would enable researchers to identify nuanced patterns and causal relationships, advancing the theoretical and practical understanding of satisfaction in ethical investing contexts.

### Author Contributions

Conceptualization	F.A. & M.A.D.	Resources	F.A. & M.A.D.
Data curation	F.A. & M.A.D.	Software	F.A. & M.A.D.
Formal analysis	F.A. & M.A.D.	Supervision	F.A. & M.A.D.
Funding acquisition	F.A. & M.A.D.	Validation	F.A. & M.A.D.

---

Investigation	F.A. & M.A.D.	Visualization	F.A. & M.A.D.
Methodology	F.A. & M.A.D.	Writing – original draft	F.A. & M.A.D.
Project administration	F.A. & M.A.D.	Writing – review & editing	F.A. & M.A.D.

---

All authors have read and agreed to the published version of the manuscript.

## Funding

This study received no direct funding from any institution.

## Institutional Review Board Statement

The study was approved by Program Studi Ekonomi Islam (S1), Universitas Islam Indonesia, Yogyakarta, Indonesia.

## Informed Consent Statement

Informed consent was obtained before the respondents filled out the questionnaire.

## Data Availability Statement

The data presented in this study are available from the corresponding author upon reasonable request.

## Acknowledgments

The authors thank Program Studi Ekonomi Islam (S1), Universitas Islam Indonesia, Yogyakarta, Indonesia, for administrative support for the research on which this article was based.

## Conflicts of Interest

The authors declare no conflicts of interest.

## Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work, the authors used ChatGPT, DeepL, Grammarly, and PaperPal in order to translate from Bahasa Indonesia into American English, and to improve clarity of the language and readability of the article. After using these tools, the authors reviewed and edited the content as needed and take full responsibility for the content of the published article.

## REFERENCES

- Adams, O. A.-, Azubuike, C., Sule, A. K., & Okon, R. (2023). Innovative approaches to structuring Sharia-compliant financial products for global markets. *International Journal of Multidisciplinary Research and Growth Evaluation*, 4(1), 615–624. <https://doi.org/10.54660/IJMRGE.2023.4.1.615-624>
- Afandy, C., Kamaludin, Sapuan, & Yuningsih, S. (2023). Unraveling the link between financial literacy and financial inclusion: The mediating role of financial self-efficacy. *Global Conference on Business and Social Sciences Proceeding*, 15(1), 24–24. [https://doi.org/10.35609/gcbssproceeding.2023.1\(24\)](https://doi.org/10.35609/gcbssproceeding.2023.1(24))
- Afroh, I. K. F., & Hafidzi, A. H. (2024). Sharia stock investment decisions: Sharia stock literacy and risk factors and their relations with behavioral bias. *Journal of Accounting and Investment*, 25(1), 231–248. <https://doi.org/10.18196/jai.v25i1.20534>
- Agustin, I. N. (2022). Can social responsible investment and gold be a good diversifier for Indonesia Sharia investors? *Jurnal Keuangan Dan Perbankan*, 26(1), 146–160. <https://doi.org/10.26905/jkdp.v26i1.6929>



- Ahmad, G. N., Widyastuti, U., Susanti, S., & Mukhibad, H. (2020). Determinants of the Islamic financial literacy. *Accounting*, 961–966. <https://doi.org/10.5267/j.ac.2020.7.024>
- Ahmad, M., & Wu, Q. (2022). Does herding behavior matter in investment management and perceived market efficiency? Evidence from an emerging market. *Management Decision*, 60(8), 2148–2173. <https://doi.org/10.1108/MD-07-2020-0867>
- Akaka, M. A., & Schau, H. J. (2019). Value creation in consumption journeys: Recursive reflexivity and practice continuity. *Journal of the Academy of Marketing Science*, 47(3), 499–515. <https://doi.org/10.1007/s11747-019-00628-y>
- Alam, A., Herianingrum, S., Ryandono, M. N. H., & Rohmawati, N. P. (2023). The role of Islamic investment ethics in preventing fraudulent investments. *Perbanas Journal of Islamic Economics and Business*, 3(1), 37–46. <https://doi.org/10.56174/pjieb.v3i1.81>
- Al-Tamimi, H. A. H., & Kalli, A. A. B. (2009). Financial literacy and investment decisions of UAE investors. *The Journal of Risk Finance*, 10(5), 500–516. <https://doi.org/10.1108/15265940911001402>
- Asebedo, S., & Payne, P. (2019). Market volatility and financial satisfaction: The role of financial self-efficacy. *Journal of Behavioral Finance*, 20(1), 42–52. <https://doi.org/10.1080/15427560.2018.1434655>
- Astrachan, J. H., Binz Astrachan, C., Campopiano, G., & Baù, M. (2020). Values, spirituality and religion: Family business and the roots of sustainable ethical behavior. *Journal of Business Ethics*, 163(4), 637–645. <https://doi.org/10.1007/s10551-019-04392-5>
- Aziz, S., Jalan, A., Matkovskyy, R., & Bouraoui, T. (2022). Does Shariah compliance affect investor behaviour in the COVID-19 times: Evidence from herding in the global energy market. *Applied Economics*, 54(24), 2825–2836. <https://doi.org/10.1080/00036846.2021.1999384>
- Babar, S. F., Urooj, S. F., & Usman, K. (2016). Does herding exist? Evidence from Pakistan's Stock Exchange. *Global Economics Review*, 1(1), 13–23. [https://doi.org/10.31703/ger.2016\(1-1\).02](https://doi.org/10.31703/ger.2016(1-1).02)
- Balvers, R. J., Gaski, J. F., & McDonald, B. (2016). Financial disclosure and customer satisfaction: Do companies talking the talk actually walk the walk? *Journal of Business Ethics*, 139(1), 29–45. <https://doi.org/10.1007/s10551-015-2612-6>
- Begam, M. R., Babu, M., & Sulphay, M. M. (2024). Development and validation of an Islamic investor's sentiment scale for stock market investment. *Business Perspectives and Research*, 12(1), 26–44. <https://doi.org/10.1177/22785337221148888>
- Bougatef, K., & Nejeh, I. (2022). The COVID-19 pandemic and herding behaviour among investors in Shariah-compliant stocks. *Journal of Islamic Accounting and Business Research*, 13(5), 832–844. <https://doi.org/10.1108/JIABR-08-2021-0237>
- Boulanouar, Z., Grassa, R., & Alqahtani, F. (2024). The dynamic interplay of Shariah compliance rank and financial performance: Nonfinancial listed firms in Saudi Arabia as a testing ground. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-07-2023-0405>
- Bouteska, A., & Regaieg, B. (2018). Loss aversion, overconfidence of investors and their impact on market performance evidence from the US stock markets. *Journal of Economics, Finance and Administrative Science*, 25(50), 451–478. <https://doi.org/10.1108/JEFAS-07-2017-0081>
- Busneti, I., Imelda, N., Rizqullah, & Faisal, Y. (2023). Factors determining Sharia responsible investment strategies. *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS)*, 3(1), 109–124. <https://doi.org/10.54443/ijebas.v3i1.597>

- Chang, C.-H., & Lin, S.-J. (2015). The effects of national culture and behavioral pitfalls on investors' decision-making: Herding behavior in international stock markets. *International Review of Economics & Finance*, 37, 380–392. <https://doi.org/10.1016/j.iref.2014.12.010>
- Cheng, M. M., Green, W. J., & Ko, J. C. W. (2015). The impact of strategic relevance and assurance of sustainability indicators on investors' decisions. *AUDITING: A Journal of Practice & Theory*, 34(1), 131–162. <https://doi.org/10.2308/ajpt-50738>
- Diouf, D., Hebb, T., & Touré, E. H. (2016). Exploring factors that influence social retail investors' decisions: Evidence from Desjardins Fund. *Journal of Business Ethics*, 134(1), 45–67. <https://doi.org/10.1007/s10551-014-2307-4>
- Eklöf, J., Podkorytova, O., & Malova, A. (2020). Linking customer satisfaction with financial performance: An empirical study of Scandinavian banks. *Total Quality Management & Business Excellence*, 31(15–16), 1684–1702. <https://doi.org/10.1080/14783363.2018.1504621>
- Evanthi, A., Wikartika, I., & Suwaidi, R. A. (2023). Investment decision making with investment satisfaction as an intervening variable: Availability bias and financial literacy. *JBMP (Jurnal Bisnis, Manajemen Dan Perbankan)*, 9(1), 12–24. <https://doi.org/10.21070/jbmp.v9i1.1661>
- Farrell, L., Fry, T. R. L., & Risse, L. (2016). The significance of financial self-efficacy in explaining women's personal finance behaviour. *Journal of Economic Psychology*, 54, 85–99. <https://doi.org/10.1016/j.joep.2015.07.001>
- Fauzi, A., & Rafik, A. (2024). The impact of sharia financial literacy, religiosity, and perceived quality on investment decisions on Sharia-compliant products. *International Journal of Economics and Management Sciences*, 1(2), 156–173. <https://doi.org/10.61132/ijems.v1i2.56>
- Febriansyah, W., Purwidiyanti, W., Astuti, H. J., & Utami, R. F. (2023). Pengaruh pengetahuan, pengalaman dan financial satisfaction terhadap keputusan investasi: Gender sebagai variabel moderasi [The influence of knowledge, experience and financial satisfaction on investment decisions: Gender as a moderating variable]. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 5(8), 3369–3380. <https://journal.ikopin.ac.id/index.php/fairvalue/article/view/2698>
- Fitriyani, S., & Anwar, S. (2022). Pengaruh herding, experience regret dan religiosity terhadap keputusan investasi saham syariah pada investor muslim millennial dengan financial literacy sebagai variabel moderasi [The effect of herding, experience regret and religiosity on Islamic stock investment decisions in millennial Muslim investors with financial literacy as a moderating variable]. *Jurnal Ekonomi Syariah Teori Dan Terapan*, 9(1), 68–77. <https://doi.org/10.20473/vol9iss20221pp68-77>
- Fornell, C., Morgeson, F. V., & Hult, G. T. M. (2016). Stock returns on customer satisfaction do beat the market: Gauging the effect of a marketing intangible. *Journal of Marketing*, 80(5), 92–107. <https://doi.org/10.1509/jm.15.0229>
- Fridana, I. O., & Asandimitra, N. (2020). Analisis faktor yang memengaruhi keputusan investasi (Studi pada mahasiswi di Surabaya) [Analysis of factors that influence investment decisions (Study on female college students in Surabaya)]. *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 4(2), 396–405. <https://doi.org/10.24912/jmieb.v4i2.8729>
- Gorgievski, M. J., & Stephan, U. (2016). Advancing the psychology of entrepreneurship: A review of the psychological literature and an introduction. *Applied Psychology*, 65(3), 437–468. <https://doi.org/10.1111/apps.12073>
- Grežo, M. (2020). Overconfidence and financial decision-making: A meta-analysis. *Review of Behavioral Finance*, 13(3), 276–296. <https://doi.org/10.1108/RBF-01-2020-0020>

- Hambali, A., & Adhariani, D. (2023). Sustainability performance at stake during COVID-19 pandemic? Evidence from Sharia-compliant companies in emerging markets. *Journal of Islamic Accounting and Business Research*, 14(1), 80–99. <https://doi.org/10.1108/JIABR-01-2022-0014>
- Hamimah, H., Fatun, F., Hasanah, I., Solihah, I., Nisa', K., Mutmainnah, M., Jannah, N., & Syarifah, N. (2024). Strategi Bursa Efek Indonesia dalam meningkatkan pertumbuhan investasi saham syariah [Indonesia Stock Exchange strategy in increasing the growth of Islamic stock investment]. *Prospeks: Prosiding Pengabdian Ekonomi Dan Keuangan Syariah*, 3(1), 579–589. <https://doi.org/10.32806/ppp.v3i1.316>
- Hardana, A., Abdul Razak, D., Windari, W., Tussadihah, H., & Nasution, E. (2024). Sharia economic law in the Islamic capital market: Factors influencing selection and decision-making. *Mu'amalah: Jurnal Hukum Ekonomi Syariah*, 3(1), 61. <https://doi.org/10.32332/muamalah.v3i1.8438>
- Haritha P H, & Rishad, A. (2020). An empirical examination of investor sentiment and stock market volatility: Evidence from India. *Financial Innovation*, 6(1), 34. <https://doi.org/10.1186/s40854-020-00198-x>
- Hasanudin, H., Nurwulandari, A., & Caesariawan, I. (2022). Pengaruh literasi keuangan, efikasi keuangan, dan sikap keuangan terhadap keputusan investasi melalui perilaku keuangan [The influence of financial literacy, financial efficacy, and financial attitudes on investment decisions through financial behavior]. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 5(2), 581–597. <https://doi.org/10.32670/fairvalue.v5i2.2318>
- Haseeb, M., Mahdzan, N. S., & Wan Ahmad, W. M. (2023). Are Shariah-compliant firms less prone to stock price crash risk? Evidence from Malaysia. *International Journal of Islamic and Middle Eastern Finance and Management*, 16(2), 291–309. <https://doi.org/10.1108/IMEFM-06-2021-0223>
- Hashmi, M. A., Abdullah, M., Jalees, T., Amen, U., & Arsalan, M. (2023). Do personality traits and cultural norms influence investment decisions? The role of financial literacy and investor overconfidence. *Journal of Economic Impact*, 5(1), 106–113. <https://doi.org/10.52223/jei5012313>
- Hastings, J., & Mitchell, O. S. (2020). How financial literacy and impatience shape retirement wealth and investment behaviors. *Journal of Pension Economics and Finance*, 19(1), 1–20. <https://doi.org/10.1017/S1474747218000227>
- Hatoum, K. (2021). Theoretical model on CEO overconfidence impact on corporate investments. *The Quarterly Review of Economics and Finance*, 80, 545–552. <https://doi.org/10.1016/j.qref.2021.04.005>
- Hoff, K., & Stiglitz, J. E. (2016). Striving for balance in economics: Towards a theory of the social determination of behavior. *Journal of Economic Behavior & Organization*, 126, 25–57. <https://doi.org/10.1016/j.jebo.2016.01.005>
- Hussain, F., Ali, A., Malik, N., & Javed, S. (2023). Investment behaviour of individual investors regarding Sharia stock investment: A systematic review. *Journal of Southwest Jiaotong University*, 58(3), 411–428. <https://doi.org/10.35741/issn.0258-2724.58.3.35>
- Iqbal, M. A., Saeed, A., & Rehman, S. U. (2023). Impact of financial literacy on financial satisfaction: Mediating roles of investment decisions & moderating role of risk attitude. *Journal of Social Research Development*, 4(2), 274–283. <https://doi.org/10.53664/JSRD/04-02-2023-04-274-283>
- Irton, I., Khairawati, S., & Murtadlo, M. B. (2021). Investor behavior in Islamic capital markets: Study on Muslim students. *Jurnal Manajemen Dan Bisnis Performa*, 18(3), 45–60. <https://doi.org/10.29313/performa.v18i3.7986>
- Kafou, A. (2025). Impact of sharia-based screening on equity risk: International evidence. *Thunderbird International Business Review*, 67(1), 115–138. <https://doi.org/10.1002/tie.22411>

- Kuhnien, C. M., & Melzer, B. T. (2018). Noncognitive abilities and financial delinquency: The role of self-efficacy in avoiding financial distress. *The Journal of Finance*, 73(6), 2837–2869. <https://doi.org/10.1111/jofi.12724>
- Kumar, J., & Prince, N. (2023). Overconfidence bias in investment decisions: A systematic mapping of literature and future research topics. *FIB Business Review*, 23197145231174344. <https://doi.org/10.1177/23197145231174344>
- Lestari, I. P., Ginanjar, W., & Warokka, A. (2021). Multidimensional risk and religiosity towards Indonesian Muslims' Sharia investment decision. *Journal of Islamic Monetary Economics and Finance*, 7(2), 369–400. <https://doi.org/10.21098/jimf.v7i2.1321>
- Liu, L., & Zhang, H. (2021). Financial literacy, self-efficacy and risky credit behavior among college students: Evidence from online consumer credit. *Journal of Behavioral and Experimental Finance*, 32, 100569. <https://doi.org/10.1016/j.jbef.2021.100569>
- Lone, U. M., & Bhat, S. A. (2024). Impact of financial literacy on financial well-being: A mediational role of financial self-efficacy. *Journal of Financial Services Marketing*, 29(1), 122–137. <https://doi.org/10.1057/s41264-022-00183-8>
- Loppies, L. S., Esomar, M. J. F. M. J. F., & Janah, I. N. (2022). Herding behavior, overconfidence, regret aversion bias on investment decisions. *International Journal of Economics, Social Science, Entrepreneurship and Technology (IJESSET)*, 1(5), 345–352. <https://doi.org/10.55983/ijeset.v1i5.357>
- Lusardi, A. (2019). Financial literacy and the need for financial education: Evidence and implications. *Swiss Journal of Economics and Statistics*, 155(1), 1. <https://doi.org/10.1186/s41937-019-0027-5>
- Mahadevi, S. A., & Haryono, N. A. (2021). Pengaruh status quo, herding behaviour, representativeness bias, mental accounting, serta regret aversion bias terhadap keputusan investasi investor Milenial di Kota Surabaya [The influence of status quo, herding behavior, representativeness bias, mental accounting, and regret aversion bias on investment decisions of Millennial investors in Surabaya City]. *Jurnal Ilmu Manajemen*, 9(2), 779–793. <https://doi.org/10.26740/jim.v9n2.p779-793>
- Mahastanti, L. A., Asri, M., Purwanto, B. M., & Junarsin, E. (2021). Capital asset pricing model (CAPM) revisited: The context of Sharia-based stocks with the barakah risk premium variable. *Jurnal Keuangan Dan Perbankan*, 25(2), 324–341. <https://doi.org/10.26905/jkdp.v25i2.5572>
- Mahjoubi, M., & Henchiri, J. E. (2024). Adaptive market hypothesis and overconfidence bias. *Innovation Economics Frontiers*, 27(1), 9–19. <https://doi.org/10.36923/economia.v27i1.237>
- Maruf, A., & Yuliadi, I. (2023). Increasing Sharia financial literacy of the Ngaglik Disabled Savings and Loans Cooperative. *Proceeding International Conference of Community Service*, 1(2), 348–355. <https://doi.org/10.18196/iccs.v1i2.237>
- Metawa, N., Hassan, M. K., Metawa, S., & Safa, M. F. (2018). Impact of behavioral factors on investors' financial decisions: Case of the Egyptian stock market. *International Journal of Islamic and Middle Eastern Finance and Management*, 12(1), 30–55. <https://doi.org/10.1108/IMEFM-12-2017-0333>
- Mita, M. M., & Siagian, S. (2021). Faktor-faktor yang mempengaruhi minat mahasiswa dalam berinvestasi di pasar modal: Studi kasus pada mahasiswa di Medan [Factors that influence student interest in investing in the capital market: A case study on university students in Medan]. *Jurnal Ilmiah METHONOMI*, 7(1), 77–88. <https://doi.org/10.46880/methonomi.Vol7No1.pp77-88>
- Mittal, S. K. (2019). Behavior biases and investment decision: Theoretical and research framework. *Qualitative Research in Financial Markets*, 14(2), 213–228. <https://doi.org/10.1108/QRFM-09-2017-0085>



- Montford, W., & Goldsmith, R. E. (2016). How gender and financial self-efficacy influence investment risk taking. *International Journal of Consumer Studies*, 40(1), 101–106. <https://doi.org/10.1111/ijcs.12219>
- Muhammad, N., Najmudin, N., & Kurniasih, R. (2022). Examining the contribution of internal factors of an investor in driving the investment decision. *EPRA International Journal of Economics, Business and Management Studies*, 9(9), 25–35. <https://doi.org/10.36713/epra11170>
- Mushinada, V. N. C., & Veluri, V. S. S. (2020). Self-attribution, overconfidence and dynamic market volatility in Indian stock market. *Global Business Review*, 21(4), 970–989. <https://doi.org/10.1177/0972150918779288>
- Mutiara, N., Askafi, E., Yani, A., Aquinas, F., & Herry Setyawan, W. (2023). Sharia financial literacy: Decoding the nexus of civil Servants' investment choices. *Journal of Innovation in Business and Economics*, 7(1), 61–68. <https://doi.org/10.22219/jibe.v7i01.29022>
- Nadeem, M. A., Qamar, M. A. J., Nazir, M. S., Ahmad, I., Timoshin, A., & Shehzad, K. (2020). How investors attitudes shape stock market participation in the presence of financial self-efficacy. *Frontiers in Psychology*, 11, 553351. <https://doi.org/10.3389/fpsyg.2020.553351>
- Nurhidayah, N. (2022). Social media, financial risk tolerance, and Indonesian Millennial Generation investor behavior. *International Journal of Finance & Banking Studies (2147-4486)*, 11(4), 17–23. <https://doi.org/10.20525/ijfbs.v11i4.1840>
- Parmitasari, R., Bulutoding, L., & Alwi, Z. (2020, February 4). *Financial satisfaction of Islamic investing: The role of religiosity and financial knowledge*. Proceedings of the 19th Annual International Conference on Islamic Studies, AICIS 2019, 1–4 October 2019, Jakarta, Indonesia. <https://doi.org/10.4108/eai.1-10-2019.2291738>
- Parvin, S. M. R., Panakaje, N., Sheikh, N., P., M. T., Irfana, S., Kulal, A., V., M., Shahid, M., N.M., A. B., & Nihal, M. (2024). An empirical analysis of stock market participation: From an Islamic perspective. *International Journal of Islamic and Middle Eastern Finance and Management*. <https://doi.org/10.1108/IMEFM-06-2024-0287>
- Pikulina, E., Renneboog, L., & Tobler, P. N. (2017). Overconfidence and investment: An experimental approach. *Journal of Corporate Finance*, 43, 175–192. <https://doi.org/10.1016/j.jcorpfin.2017.01.002>
- Rafisah Mat Radzi, R. M. R. (2022). Convergence of values between Islamic finance and socially responsible. *Journal of King Abdulaziz University Islamic Economics*, 35(2), 77–96. <https://doi.org/10.4197/Islec.35-2.5>
- Rahman, F., & Arsyianti, L. D. (2021). Islamic financial literacy and its influence on student financial investment and behavior. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 13(2), 289–312. <https://doi.org/10.15408/aiq.v13i2.22005>
- Ridley, M., Rao, G., Schilbach, F., & Patel, V. (2020). Poverty, depression, and anxiety: Causal evidence and mechanisms. *Science*, 370(6522), eaay0214. <https://doi.org/10.1126/science.aay0214>
- Sahi, S. K. (2017). Psychological biases of individual investors and financial satisfaction. *Journal of Consumer Behaviour*, 16(6), 511–535. <https://doi.org/10.1002/cb.1644>
- Sandwick, J. A., & Collazzo, P. (2021). Modern portfolio theory with Sharia: A comparative analysis. *Journal of Asset Management*, 22(1), 30–42. <https://doi.org/10.1057/s41260-020-00187-w>
- Sapkota, M. P. (2022). Behavioural finance and stock investment decisions. *Saptagandaki Journal*, 13(1), 70–84. <https://doi.org/10.3126/sj.v13i1.54947>
- Sapkota, M. P., & Chalise, D. R. (2023). Investors' behavior and equity investment decision: An evidence from Nepal. *Binus Business Review*, 14(2), 209–221. <https://doi.org/10.21512/bbr.v14i2.9575>

- Saratian, E. T. P., Aysa, I. R., & Sudiana, U. (2024). The effect of implementing sharia principles in the financial industry on economic stability: Case study at Bank BTPN Syariah. *Al Urwah: Sharia Economics Journal*, 2(1), 50–57. <https://doi.org/10.61536/alurwah.v2i01.50>
- Septyanto, D., Sayidah, N., & Assagaf, A. (2021). The intention of investors in making investment decisions in Sharia stocks: Empirical study in Indonesian. *Academic Journal of Interdisciplinary Studies*, 10(4), 141–153. <https://doi.org/10.36941/ajis-2021-0105>
- Seraj, A. H. A., Alzain, E., & Alshebami, A. S. (2022). The roles of financial literacy and overconfidence in investment decisions in Saudi Arabia. *Frontiers in Psychology*, 13, 1005075. <https://doi.org/10.3389/fpsyg.2022.1005075>
- Shantha, K. V. A. (2019). Individual investors' learning behavior and its impact on their herd bias: An integrated analysis in the context of stock trading. *Sustainability*, 11(5), 1448. <https://doi.org/10.3390/su11051448>
- Stolper, O. A., & Walter, A. (2017). Financial literacy, financial advice, and financial behavior. *Journal of Business Economics*, 87(5), 581–643. <https://doi.org/10.1007/s11573-017-0853-9>
- Sudirman, S., Darwis, R., Rahman, A., Yusuf, S. D., Gunawan, E., Marwing, A., & Obie, M. (2023). Sharia stocks and Muslim Millennials investors in Indonesia: Between religious and economic motives. *International Journal of Professional Business Review*, 8(5), e01829. <https://doi.org/10.26668/businessreview/2023.v8i5.1826>
- Suwandi, E. D. (2024). Analisis perkembangan Bursa Efek Indonesia dan saham syariah di Indonesia periode 2013–2018 [Analysis of the development of the Indonesia Stock Exchange and sharia stocks in Indonesia for the period 2013–2018]. *Jurnal Ilmiah Akuntansi Dan Keuangan*, 9(2), 160–169. <https://doi.org/10.32639/jiak.v9i2.626>
- Syifa, S. (2023). Pengaruh overconfidence dan literasi keuangan syariah terhadap keputusan investasi [The effect of overconfidence and Islamic financial literacy on investment decisions]. *JIEF: Journal of Islamic Economics and Finance*, 3(1), 1–13. <https://doi.org/10.28918/jief.v3i1.6944>
- Tamara, D., Arianto, A. Y., Marzuki, E., & Zulhamdani, Z. (2022). The effect of financial literacy, herding behavior and risk tolerance on investment decisions. *Budapest International Research and Critics Institute–Journal (BIRCI–Journal)*, 5(4), 30259–30271. <https://doi.org/10.33258/birci.v5i4.7184>
- Taufik, G., & Rusmana, O. (2023). Perilaku investor muslim dalam memutuskan investasi saham syariah periode 2018–2023: Systematic literatur review [Muslim investor behavior in deciding Islamic stock investment for the period 2018–2023: Systematic literature review]. *Jurnal Ilmiah Ekonomi Islam*, 9(2), 2105–2113. <https://doi.org/10.29040/jiei.v9i2.8943>
- Taufik, O. I., Elmaasrawy, H. E., & Hussainey, K. (2024). The impact of Sharia compliance on attracting investments: Empirical evidence from GCC. *International Journal of Islamic and Middle Eastern Finance and Management*. <https://doi.org/10.1108/IMEFM-02-2024-0060>
- Thaler, R. H. (2016). Behavioral economics: Past, present, and future. *American Economic Review*, 106(7), 1577–1600. <https://doi.org/10.1257/aer.106.7.1577>
- Tripuspitorini, F. A., Setiawan, S., & Dewi, R. P. K. (2023). Sharia stocks in times of crisis: A study on the influence of macroeconomic factors during the COVID-19 pandemic. *Indonesian Journal of Economics and Management*, 3(3), 717–724. <https://doi.org/10.35313/ijem.v3i3.5662>
- Ugbala, N., Animashaun, A. T., & Ramos, V. M. (2023). The psychological drivers of financial decision-making: Enhancing financial literacy to improve personal finance management and wealth accumulation. *International Journal of Scientific Research and Management (IJSRM)*, 11(9), 5182–5198. <https://doi.org/10.18535/ijerm/v11i09.em14>

- Ulinnuha, M., Susilowati, D. E., & Hana, K. F. (2020). Persepsi investor pemula terhadap pembelian saham syariah di Indonesia [Beginner investors' perceptions of sharia stock purchases in Indonesia]. *Jurnal Ilmu Ekonomi Dan Bisnis Islam*, 2(1), 1–14. <https://doi.org/10.24239/jiebi.v2i1.20.1-14>
- Widyastuti, U., Febrian, E., Sutisna, S., & Fitrijanti, T. (2022). Market discipline in the behavioral finance perspective: A case of Sharia mutual funds in Indonesia. *Journal of Islamic Accounting and Business Research*, 13(1), 114–140. <https://doi.org/10.1108/JIABR-06-2020-0194>
- Yahya, A., Affandi, A., Herwani, A., Hermawan, A., & Suteja, J. (2024). Herding behavior in the Sharia capital market on investment decisions. *JRAK*, 16(1), 107–118. <https://doi.org/10.23969/jrak.v16i1.12172>
- Yulianto, A., & Wijaya, A. P. (2023). Disposition effect: Does investor confidence matter? Examining service from securities brokerages. *International Journal of Professional Business Review*, 8(2), e03184. <https://doi.org/10.26668/businessreview/2023.v8i2.1384>
- Zahera, S. A., & Bansal, R. (2018). Do investors exhibit behavioral biases in investment decision making? A systematic review. *Qualitative Research in Financial Markets*, 10(2), 210–251. <https://doi.org/10.1108/QRFM-04-2017-0028>
- Zakiah, D. Z., Athaya, S., & Gibran, A. K. (2023). Improving Sharia financial literacy in Indonesia on a digital basis with the introduction of the Sharia non-bank finance industry (IKNB) and its instruments. *Journal of Islamic Economy and Community Engagement*, 4(2), 68–74. <https://doi.org/10.14421/jiecem.2023.4.2.1924>



This page intentionally left blank.