



The Effect of Investment Understanding on Student Interest in Investing in the Sharia Capital Market

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ABSTRACT: This study aims to analyze the effect of understanding investment on students' interest in investing in the Islamic capital market. The populations in this study were accounting students Class of 2019 at the Faculty of Economics and Business Muhammadiyah University of Surakarta. By using the incidental sampling technique, the sample in this study totaled 86 students. Methods of data analysis using multiple linear regression analysis. The results in this study found that understanding of investment in students affected students' interest in investing in the Islamic capital market.

Keywords: understanding of investment, interest in investing, sharia capital market

I. Introduction

Indonesia is predominantly Muslim, in Islam all activities are regulated based on the Qur'an and hadith, starting from the smallest things to dealing with trade. Rasulullah taught how to do business with Islamic law, namely being honest, having an impact related to business on society, being friendly, doing the right measure, business should not interfere with worship activities, paying wages in accordance with employee agreements, selling goods voluntarily, if our finances exceed our target is to immediately pay off obligations with this debt, to strain time if it hasn't been paid, to do business to avoid elements of usury.

Islam teaches business practices that are prohibited by Islam, namely avoiding gharar / vague, avoiding monopoly, avoiding perjury, avoiding pretending to bid goods at high prices so that other people are related to that price, not vilifying other people's businesses so that other people buying from him, may not hoard to increase the price, may not harm and damage individual and social businesses, activities that are classified as gambling, not accompanied by the delivery of goods or services, interest-based banks or finance companies, including investments.

Investment is one of the profit measurement tools for the needs of the Indonesian people in the future. therefore disclosed by (haming and basmalah) states that investment is a measurement used to buy types of assets such as land, vehicles, houses or others. these assets are useful for adding greater income in the future. (Sudono) mentions that investment is spending to buy capital goods and production equipment with the aim of replacing and adding to a capital item in the economy that is used to produce goods and services in the future. (Kamarauddin) said that investment is an activity of buying stocks, bonds or other papers.

Places for buying and selling intangible assets based on Sharia principles are often referred to as capital markets in accordance with law number 8 of 1995 concerning capital markets are activities related to public offerings and securities trading, public companies related to the securities they issue, as well as institutions and professions related to securities. Based on this definition, the terminology of the Islamic capital market can be interpreted as activities in the capital market as stipulated in UUPM which do not conflict with sharia principles. Therefore the Islamic capital market is not a system that is separate from the overall capital market

system. In general, Islamic capital market activities do not differ from conventional capital markets.

However, in reality the low interest in investing among students is influenced by a lack of understanding in making these investments so that we have to start investing first and it's time for us to realize that we have to improve continuously in outreach. In this socialization, activities such as seminars can add to the knowledge of how to invest in the Islamic capital market. Islamic capital market is a muamalah economic activity that trades securities according to Islamic investment, namely Islamic stocks, sukuk and Islamic mutual funds. the Islamic capital market itself to coordinate Indonesian people who wish to invest in capital market products in accordance with sharia principles. we must be familiar with sharia principles in terms of musyarakah or syirkah activities.

II. Literature Review and Hypotheses Development

2.1. Theory of Planned Behavior

Theory of Reasoned Action (TRA) proposed by Fishbein and Ajzen (1975) and then developed further by Ajzen (1985) into Theory Planned Behavior (TPB) which is intended to predict individual behavior more specifically (Ramdhani, 2011: 55). The Theory of Planned Behavior (TPB) model consists of three main factors (Ramdhani, 2011:56-59), namely attitudes, subjective norms, and perceptions of behavior control.

2.2. Investment in the Islamic Capital Market

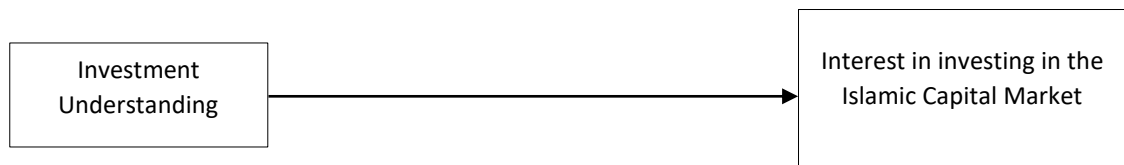
In investing, the activity of developing money for profit is the motivation that is the main impetus for investors. Likewise in business activities, the spirit of getting the highest profit at the lowest possible cost is in line with the investment motivation. Investments that are safe worldly are not necessarily safe from the hereafter. This means that even a very profitable investment and does not violate the applicable positive law is not necessarily safe from the perspective of Islamic sharia. Indonesia's current economic system is generally a system that is still neutral towards religious teachings and values. In addition, taking into account that the scope of banking services provided by Islamic banks is still limited, all mittens can have income from placing their funds in commercial banks in the form of demand deposits or interest. The selection of issuers that actually exist from these revenues is very difficult. This situation is considered as an emergency condition which is temporary in nature until there is an economic system that has incorporated the values of Islamic teachings. Therefore, the capital market is a means of meeting between the two parties, both the investor side who needs capital and the investor side who has some capital. As with other markets, the capital market also has products that are traded, how to set a price, and also as a place for transactions. The Islamic capital market is expected to carry out the same mechanism as the conventional capital market, the difference is in the characteristics of sharia by carrying out justice in the distribution of profits.

2.3. Student Interest in Investing

The definition of interest according to Winkel quoted in Timothy (2016) is "a tendency that persists in the subject to feel happy and interested in a particular field or thing and feel happy to be involved in that field". Meanwhile, according to Hurlock in Timothy states that "a person's interest can be grown by providing opportunities for that person to learn about the things he wants. Interest is a strong urge in a person towards something. Interest is a preference for and interest in something or activity, without anyone ordering. 24 A person's desire for something creates excitement about that something. Interest can arise by itself, which begins with a feeling of liking something. According to Muhibbin Syah, in simple terms, interest (*Interest*) means a high tendency and enthusiasm or a great desire for something.

III. Conceptual Framework

The following is a framework that shows the relationship between student interest in investing in the Islamic capital market.



IV. Methods

The population in this study were all 2019 undergraduate accounting students at the Faculty of Economics and Business, Muhammadiyah University. By using incidental sampling as a sampling technique, a research sample of 86 students was obtained. For data analysis using linear regression analysis with the regression model as follows:

$$Y = a + bX + \epsilon$$

V. Results

Based on the estimation results of panel data regression with the Common Effect Model (CEM) Test approach, Fixed Effect Model (FEM) Test, Random Effect Model Test (REM) the effect of Gross Regional Domestic Product (GRDP), District Minimum Wage (UMK), Education and Poverty on Overseas Labor Migration seen in the following table:

Table of Panel Data Regression Estimation Results

Variable	Regression Coefficient	tcount	Sig
Constant	22,774	7,913	0.000
X	1,336	9,160	0.000
R2 = 0.500		Fcount =	83,909
Adjusted R2 = 0.494		Sig =	0.000

Source: Data processed

Based on the table it can be explained that:

- 1 A constant value of 22.774 indicates that if the variables of career motivation, economic motivation, quality motivation, and educational costs are assumed to be constant or equal to zero, it indicates an interest in investing in the Islamic capital market of 22.774.
- 2 The regression coefficient of the investment understanding variable has a positive value of 1.336. This means that the higher the investment understanding, the interest in investing in the Islamic capital market will increase. Conversely, if the understanding of investment decreases, it will reduce interest in investing in the Islamic capital market

VI. DISCUSSION

Based on the t test performed, the value of t count > t table of the investment understanding variable is $7.913 > 1.98793$ and a significant value of $0.000 < 5\%$, so that H1 is accepted, which means that investment understanding influences interest in investing in the Islamic capital market. Investment understanding is basic knowledge that must be possessed by prospective investors and novice investors in investing. Material on capital markets, investment analysis, portfolio theory or other information related to investment that is well received by someone will encourage someone's interest to start investing. Adequate knowledge is needed in order to avoid investment losses and to obtain maximum returns from investments that have been made. It is the same as in this study, in which the respondents as a whole already have a fairly good understanding of investment because they have or are currently taking courses related to portfolio theory, investment analysis, or capital markets. The results of this study are in line with research conducted by Ramadhan (2021) and

Adingtyas (2022) that career motivation influences interest in investing in the Islamic capital market.

VII. CONCLUSION

This study aims to find empirical evidence regarding the effect of student investment understanding on interest in investing in the Islamic capital market. The results of this study prove that there is a significant influence between investment understanding and interest in investing in the Islamic capital market.

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