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# Determinants of Investment Interest in The Millennial Generation of Salatiga in the Sharia Capital Market

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**Abstract.** The purpose of this research is to determine the variables influencing the investment interest of the millennial generation in Salatiga in sharia capital market. The variables employed were sharia financial literacy and technology development with the approach of planned behaviour theory. Therefore, the variables were developed into attitude toward behaviour, subjective norms, perceived behavioural control, financial self-efficacy, and technology development. The data used were primary data from distributing questionaries to 100 millennial generation in Salatiga as the samples. The data analysis applied was multiple regression linear by using instrument test, classical assumption test, and statistic test. The data analysis result showed that the attitude toward behaviour and the perceived behavioural control positively and significantly influence toward the investment interest. On the other hand, the subjective norms and the technology development positively but not significantly influence toward the investment interest. Meanwhile, the financial self-efficacy negatively but significantly influences toward the investment interest.

**Keywords**: the investment interest, sharia capital market, theory of planned behavior.

## 1 Introduction

To help improve the economy, many countries are currently making policies to incrase investment through two ways, namely domestic investment aimed to reducing dependence on foreign products and foreign investment aimed to further improving the industrial sector (Setianingsih & Widyastuti, 2020). Not much different from Indonesia which countries to promote investment, especially through capital market mechanisms. According to the Law number 8 of 1995 concerning the Capital Market, the capital market is an activity that concerns the public offering and trading of securities of public companies related to the securities it issues, as well as institutions and professions related to securities. Securities are including debt recognition letters, commercial securities, stocks, bonds, and proof of debt.

By looking at the fact that the majority of the Indonesian population is Muslim, on April 18, 2001, the government gave access to the Islamic capital market with the issuance of DSN-MUI Fatwa Number 20/DSN-MUI/IV/2001 concerning the Islamic capital market.

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According to the Islamic economic point of view itself, investment activities include *muamalah* activities that are *mubah*. The activities of the Islamic capital market and the conventional capital market in general are not so many contradictions. However, there are specificities in products and transaction processes that do not deviate from sharia principles (Nurlita, 2015). Since the last five years, Islamic capital market products have been innovating and increasing.

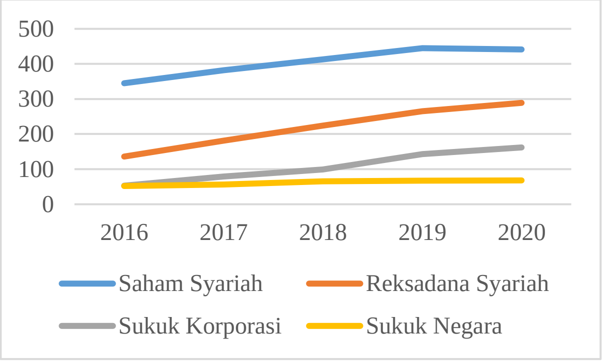


**Figure 1.** Development of the Number of Sharia Capital Market Products in Indonesia in 2013-2020

The main objective of investment in the Islamic capital market is the intention to obtain margins through future returns. From year to year the intention of the Indonesian people to become investors in the Islamic capital market is getting higher, which can be seen through the data below.

**Table 1.** Number of Investors using The Sharia Online Trading System (SOTS) Indonesia in 2015-2020

| Years | Number of Investor |
|---|---|
| 2020 | 85.891 |
| 2019 | 65.599 |
| 2018 | 44.536 |
| 2017 | 23.207 |
| 2016 | 12.283 |
| 2015 | 4.908 |

**Source:** Financial Services Authority (OJK)

One of the many aspects that encourages the increase in public interest is the increase in Islamic financial literacy, which is driven by the development of the level of Islamic financial inclusion. Islamic financial literacy is the ability of individuals to process finance based on Islamic financial principles (Setiawati et al., 2018). In practice, although the majority of the Indonesian population is Muslim, the level of Islamic financial literacy is in the very low category, and also causes a low level of Islamic financial inclusion. According to the Financial Services Authority, in 2019 the Islamic financial literacy rate was only 8.93% although it increased from 8.1% in 2016. However, this value is still much different from the national financial literacy rate in 2019 of 38.03% and in 2016 of 29.70%.

Islamic financial literacy is able to influence individual financial planning behavior in this context is an interest in investing. Based on the Theory of Planned Behavior (TPB) which states that the higher the level of Islamic financial literacy a person can have an impact on the better the attitude of financial regulation (Agusmin et al., 2020). Ajzen in 1991 put forward three factors that underlie the decision to carry out an activity through interest, namely attitude toward behavior, subjective norms, perceived behavioral control. Other factors that are also important are financial self-efficacy and technological advances.

Before going any further, researchers have found several studies with similar variables that still have inequality in the results of the study. This is a consideration used by researchers to examine factors that influence the interest in investing in the Islamic capital market, judging from the variables attitude toward behavior ($X_1$), subjective norms ($X_2$), perceived behavioral control ($X_3$), financial self-efficacy ($X_4$) and technological advances ($X_5$). Previous studies conducted by Junianto et al. (2020) showed that attitude toward behavior has a significant positive impact on investment interest. Meanwhile, the study carried out by Salisa (2021) showed that attitude toward behavior had no effect on investment interest.

Research between subjective norms and investment interests conducted by Rahmawati & Maslichah (2018) proved that there was no influence on these two variables. The contradictory results are evidenced by Junianto et al. (2020) which states that subjective norms are able to influence investment interest positively significantly. The influence of perceived behavioral control has been observed by previous researchers and shows opposite results. The results of the study conducted Junianto et al. (2020) revealed that perceived behavioral control was able to have a significant positive impact on investment interest. It is very contra by the study conducted Ibrahim & Arshad (2017) that perceived behavioral control is not able to have an impact on investment interest.

Research on the effect of financial self-efficacy on investing interests also shows different results. Research Handoko et al. (2020) shows that financial self-efficacy is not able to influence investment interest. On the other hand, research Mita & Siagian (2021) shows that financial self-efficacy has a positive impact on investment interest. The last variable, namely the influence of technological advances on investment interests, has also been studied on it. The study Negara & Febrianto (2020) proves that technological advances can have a significant influence on investment interest. Meanwhile, studies Tandio & Widanaputra (2016) revealed that technological advances are not able to influence investment interests.

The thing that makes the difference between this research compared to existing research is the object used. In this study, researchers used the millennial generation in Salatiga as the object of research. According to the Central Statistics Agency (BPS), the millennial generation is a generation born in the period from 1981 to 1996. The development of technology and the advancement of internet networks help the millennial generation dominate the financial industry sector, because the millennial generation is a generation that tends to want things that are easy and fast (Firdhausa & Apriani, 2021). This situation can be seen from the dominance of the number of investors classified as millennial generation by 77.41% in a survey conducted by the Indonesian Central Securities Depository (KSEI). The number of investors in Salatiga itself until June 2021 was 7,868 according to Capital Market Statistics data published by the Financial Services Authority (OJK).

## 2 Literature Review

### 2.1 Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB) is an extension of the Theory of Reasoned Action (TRA) which was also formulated by Ajzen in 1985. TRA explained that individual intentions are based on two elements, namely attitude toward behaviour and subjective norms. Whereas in SDGs, individual intentions come from three elements, namely attitude toward behaviour, subjective norms and perceived behavioural control (Ajzen, 1985).

### 2.2 Attitude Toward Behaviour

Attitude toward behaviour is an individual's feelings that are judged through good or bad, agreeing or disagreeing, important or unimportant, harmful or harmless, or valuable or worthless to support or refuse to perform an action (Mahardhika & Zakiyah, 2020). So in essence attitude toward behaviour is an individual's belief in assessing whether the action to be carried out is able to cause benefits or not in the future. An individual's beliefs determine his or her attitude to an action.

### 2.3 Subjective Norms

Subjective norms are an individual's view of environmental pressures in his life that can respond to whether to perform an action or not (Junianto et al., 2020). In short, subjective norms are individual points of view in carrying out an action that is influenced by the surrounding environment. The surrounding environment can mean coming from family, friends, lecturers and others.

### 2.4 Perceived Behavioural Control

Perceived behavioral control is a personal view when going to perform an action will later encounter ease or difficulty. When an individual has low confidence in control of behavior due to lack of necessary resources, then the individual's intention to carry out the action will also be low, even though the individual has good subjective attitudes and norms (Madden et al., 1992).

### 2.5 Financial Self Efficacy

Financial self-efficacy is an individual’s trust in his ability to achieve financial targets (Forbes & Kara, 2010). Financial self-efficacy is a positive belief in an individual's ability to successfully manage personal finances appropriately. So that individuals who have high financial self-efficacy are able to manage their finances better.

### 2.6 Technology Development

Technological progress is a state where the development of the times with various technological changes that provide ease of information (Cahya & Kusuma, 2019). One of the technological development in the capital market sector is the presence of online trading system facilities. Currently, securities companies and brokers are creating an innovation in transacting in the Islamic capital market through this. According to Bapepam-LK Regulation Number V.D.3 of 2010 concerning Internal Control of Securities Companies, the online trading system is a trading system provided by securities trader intermediaries through electronic communication to carry out transactions.

### 2.7 Investment Interest

Interest in the Big Dictionary of Indonesian (KBBI) is a great inner desire for an object, or enthusiasm. While investment according to Dadan Muttaqien in Malik (2017) is an action carried out by the owner of an asset to the owner of a business that is used to run a business. Investment interest is an individual's desire to place funds owned in a business activity with a return orientation in the future (Setyowati et al., 2020).

Based on the theory of planned behaviour and similar research that has existed, the following hypotheses is obtained:

Null Hypothesis 1 (H1) : attitude toward behaviour positively and significantly influence to investment interest.

Null Hypothesis 2 (H2) : subjective norms positively and significantly influence to investment interest.

Null Hypothesis 3 (H3) : perceived behavioural control positively and significantly influence to investment interest.

Null Hypothesis 4 (H4) : financial self efficacy positively and significantly influence to investment interest.

Null Hypothesis 5 (H5) : technology development positively and significantly influence to investment interest.

Null Hypothesis 6 (H6) : attitude toward behaviour, subjective norms, perceived behavioural control, financial self efficacy and technology development positively and significantly influence to investment interest.

## 3. Research Method

This research is a quantitative research using multiple linear regression analysis method. The variables used are investment interest as the dependent variable, while attitude toward behaviour, subjective norms, perceived behavioural control, financial self efficacy and technology development as the independent variables. The data used are primary data from distributing questionaries to the samples. The population for the study is the millennial generation in Salatiga which numbers 57.074. While sampling uses a non probability sampling with purposive random sampling as the method. Using the Slovin formula, a sample of 100 respondents was generated. The data was then tested with SPSS 26 version.

## 4. Result and Discussion

**Tabel 2.** Regression Test Result

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | .202 | 1.654 | | -.122 | .903 |
| Attitude Toward Behaviour | .381 | .104 | .336 | 3.668 | .000 |
| Subjective Norms | .203 | .113 | .162 | 1.796 | .076 |
| Perceived Behavioural Control | .245 | .081 | .310 | 3.015 | .003 |
| Financial Self Efficacy | -.022 | .094 | -.022 | -.237 | .813 |
| Technology Development | .104 | .135 | .073 | .770 | .443 |
| F | = 16.409 | | | | |
| Sig. F | = 0.000 | | | | |
| R Square | = 0.466 | | | | |
| Adjusted R Square | = 0.438 | | | | |

$$Y = \mathbf{0.202 + 0.381}X_1 \mathbf{+ 0.203}X_2 \mathbf{+ 0.245}X_3 \mathbf{- 0.022}X_4 \mathbf{+ 0.104}X_5 \mathbf{+ e} \quad (1)$$

Where,

Y : Investment Interest

$X_1$ : Attitude Toward Behaviour

$X_2$ : Subjective Norms

$X_3$ : Perceived Behavioural Control

$X_4$ : Financial Self Efficacy

$X_5$ : Technology Development

### 3.1 The Effect of Attitude Toward Behaviour on Investment Interest

Based on regression result, the coefficient value is 0.381 and the significance value is 0.000 < 0.05. So it can be interpreted that H1 is accepted or attitude towards behaviour has a positive and significant effect on investment interest. It can be known that the millennial generation of Salatiga has a positive assessment on the Islamic capital market so that it fosters an interest factor in investing. These results are in line with the research of Junianto et al. (2020) and Raut et al. (2018), but contradict with the research results of Salisa (2021).

### 3.2 The Effect of Subjective Norms on Investment Interest

Based on regression result, the coefficient value is 0.203 and the significance value is 0.076 > 0.05. So it can be interpreted that H2 is rejected or subjective norms have a positive and insignificant effect on investment interest. In reality, the interest that leads to the decisions that individuals make does not always come from the influence of the surrounding environment, those interests can also come from within oneself. These results are in line with the research of Rahmawati & Maslichah (2018) and Luky (2016), but contradict with the research results of Raut et al. (2018).

### 3.3 The Effect of Perceived Behavioural Control on Investment Interest

Based on regression result, the coefficient value is 0.245 and the significance value is 0.003 < 0.05. So it can be interpreted that H3 is accepted or perceived behavioural control has a positive and significant effect on investment interest. A person's view of the ease or difficulty encountered when carrying out an action has implications for the intention to carry out the action. These results are in line with the research of Rahmawati & Maslichah (2018) and Salisa (2021), but contradict with the research results of Ibrahim & Arshad (2017).

### 3.4 The Effect of Financial Self Efficacy on Investment Interest

Based on regression result, the value of the coefficient is -0.022 and the significance value is 0.813 > 0.05. So it can be interpreted that H4 is rejected or financial self-efficacy has a negative and insignificant effect on investment interest. It can be interpreted that individuals who have a high level of financial self-efficacy do not necessarily have an interest in investing in the Islamic capital market. These results are in line with the research of Handoko et al. (2020), but contradict with the research results of Mita & Siagian (2021) and Kurniawan (2021).

### 3.5 The Effect of Technology Development on Investment Interest

Based on regression result, the value of the coefficient is 0.104 and the significance value is 0.443 > 0.05. So it can be interpreted that H5 is rejected or technology development has a positive and insignificant effect on investment interest. With the existence of an online trading system facility that has been present, it is not necessarily able to increase individual intentions to invest. This can happen because there is still low financial literacy in the community, especially regarding legal and illegal applications for making investments. These results are in line with the research of Tandio & Widanaputra (2016), but contradict with the research results of Negara & Febrianto (2020) dan Cahya & Kusuma (2019).

### 3.6 The Effect of Attitude Toward Behaviour, Subjective Norms, Perceived Behavioural Control, Financial Self Efficacy and Technology Development on Investment Interest

Based on regression result, an F value of 16,409 and a Sig value. F by 0.000 < 0.05. so that it can be interpreted that H6 is accepted or attitude toward behaviour, subjective norms, perceived behavioural control, financial self-efficacy and technology development simultaneously have a positive and significant effect on investment interest. The value of R square is 0.466, meaning that the variation of the independent variable is able to affect the dependent variable by 46.6% while the remaining 53.4% is influenced by other variables that were not used in the study.

## 5 Conclusion

Attitude towards behaviour and perceived behavioural control have a positive and significant effect on the interest of the millennial generation of Salatiga in the Islamic capital market. Subjective norms and technology development have a positive but insignificant effect on the interest in investing in the millennial generation of Salatiga in the Islamic capital market. Financial self-efficacy has a negative and insignificant effect on the interest in investing in the millennial generation of Salatiga in the Islamic capital market. Finally, simultaneously attitude towards behaviour, subjective norms, perceived behavioural control, financial self-efficacy and technology development have a positive and significant effect on the interest in investing in the millennial generation of Salatiga in the Islamic capital market.

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