

The Effect of Financial Literacy and Income on Interest in Sharia Mutual Fund Investment through the Bibit Application Study on the People of Kendal Regency, Central Java.

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Abstract. This study aims to analyze the influence of financial literacy and income on investment interest in sharia mutual funds through the Bibit application among the people of Kendal Regency, Central Java. Sharia mutual funds are increasingly popular as an alternative investment that is halal and affordable, supported by easy access through digital platforms such as Bibit. However, there are still many people who do not fully understand this investment instrument or have doubts about investing. This study uses a quantitative approach with a survey method. Data were collected from respondents who are people of Kendal Regency who have the potential to become sharia mutual fund investors. Samples were taken using a purposive sampling technique. Data analysis was carried out using multiple linear regression to test the proposed hypothesis. The results of this study are expected to provide a comprehensive understanding of the role of financial literacy and income levels in encouraging people's interest in investing in sharia mutual funds through the Bibit application. These findings are important for various parties, including Bibit application providers, sharia investment managers, regulators, and educational institutions, in formulating effective strategies to increase community participation in sharia investment.

Keywords: Financial Literacy, Income, Investment Interest, Sharia Mutual Funds, Bibit Application, Kendal.

Introduction

The massive development of technology today has a major impact on the economic development of a country and encourages various sectors to do business more efficiently to achieve maximum results. (Negara & Febrianto, 2020) . One sector that has a correlation with technological developments is the financial sector and capital markets, currently there are many financial instruments that use technology for efficiency and ease of transactions.

In the Sharia capital market, there are several investment instruments that are currently run using the role of technology, including Sharia Shares that use the Sharia Online Trading System (SOTS) as well as sukuk and mutual funds that can be run through applications on smartphones.

Unfortunately, Indonesia's technological advances have not been accompanied by an understanding or understanding of the world of investment. (Negara & Febrianto, 2020) . Whereas in research (Darmawan et al., 2019) Financial Literacy has a significant influence on investment interest. However, the good news is that slowly but surely the financial literacy of the Indonesian people continues to experience good growth, as evidenced by the results of the financial literacy and inclusion survey conducted by ("Financial Services Authority," 2022) in 2022 with the following visualization:

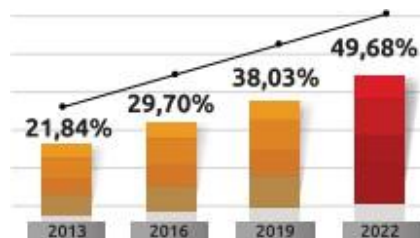


Image1 Financial Literacy Index

Source: Financial Services Authority (OJK) 2022

Financial literacy is knowledge, skills and beliefs that affect people's financial attitudes and behaviors that affect decision making in the context of financial management and to achieve prosperity. In addition to financial literacy, what is no less important is financial inclusion, namely the availability of access for the community to utilize financial products and services at Formal financial institutions, as well as financial literacy, according to the OJK survey in 2022, the financial inclusion index of the Indonesian people also experienced a significant increase, with the following data:

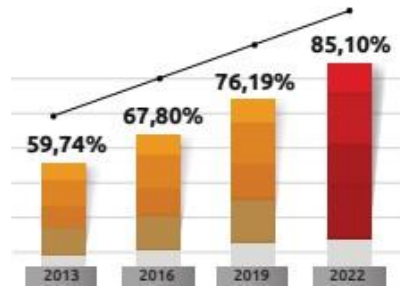


Figure2 Financial inclusion index of Indonesian people

Source: Financial Services Authority (OJK) 2022

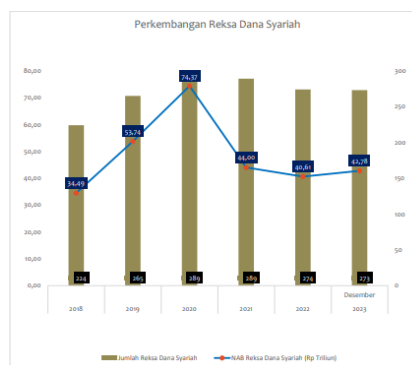
In addition to the role of technological development and financial literacy and inclusion, people's income is also a crucial factor in people's investment decisions, according to (Mertha Dewi & Purbawangsa, 2018) Income has a significant positive effect on the behavior of individual investment decisions, this is a reinforcement that the level of people's income is one of the factors in the decision to invest.

One of the investment instruments in the Sharia capital market is Sharia Mutual Funds, according to OJK Sharia Mutual Funds are a forum for collecting public funds managed by a legal entity called the Investment Manager, to be invested in Sharia securities such as: sharia stocks, sharia bonds (sukuk), and money market instruments in accordance with the provisions and principles of Islamic sharia.

Based on data from OJK, the development of the number of investors and transactions in Sharia mutual fund instruments has fluctuated, had a significant increase in 2019 and 2020 then experienced a decline in 2021 and 2022.

Figure 3Development of Islamic Mutual Funds

Source: Financial Services Authority (OJK) 2021



One of the Islamic mutual fund transaction service providers is the Bibit application, Bibit is a mutual fund application that helps investors to be able to transact (Bibit, 2022) selection of seeds because bibit is a mutual fund application that has been registered with OJK and one of the largest in Indonesia. Kendal Regency is the object of this research because based on the results of the OJK survey, on the island of Java, the level of financial literacy in the province of Central Java is ranked number 2 at the bottom after West Java, East Java, DIY, DKI Jakarta with a percentage of 51.69% only superior to Banten Province with a percentage of 45.19% so that researchers chose Kendal Regency as a representation of the Central Java Regency.

Based on the explanation above, it is interesting to study whether there is an influence

between financial literacy and community income on investment interest in Sharia Mutual Fund instruments with a case study of people in Kendal district, Central Java.

Theoretical Framework

Financial literacy

The Financial Services Authority (OJK) defines financial literacy as knowledge, skills, and beliefs that influence attitudes and behaviors to improve the quality of decision making and financial management to achieve public financial welfare. Meanwhile, according to the *Organization for Economic Co-operation and Development* (OECD), financial literacy is defined as knowledge and understanding of financial concepts and risks, as well as the ability, motivation and confidence to apply knowledge and understanding in making effective decisions within the financial context to improve the financial well-being of communities and individuals and enable them to participate in economic life. (Zahida, 2021) (Mertha Dewi & Purbawangsa, 2018) conducted research in Bali regarding the effect of financial literacy on investment decision behavior and found that financial literacy has a significant positive effect on individual investment decision behavior.

Revenue

Income is all that a person gets from sales, company salaries, investments or other sources in the form of goods, money, or psychological satisfaction. Salary/wages and bonuses/commissions are indicators contained in income and have an important role in making investment decisions.

In research (Madji et al., 2019) explained that income is all receipts in the form of money or in the form of goods originating from other parties or industrial products that are valued on the basis of a number of money from the current property. Income is a source of income for a person to meet daily needs and is very important meaning for the survival and livelihood of a person directly or indirectly.

(Mertha Dewi & Purbawangsa, 2018) revealed in his research that income has a significant positive effect on individual investment decision behavior. Furthermore, it is said that the higher a person's income, the better the behavior of individual investment decisions.

Interests

Interest is a feeling that encourages someone to do an activity or the impetus behind someone doing something, (Matondang, 2018) Explains that interest is an internal component in an individual that greatly influences his actions. An individual will feel like even needing to do something or explore something if a sense of interest arises in him.

In research (Negara & Febrianto, 2020) explained that investment interest is influenced by several factors, including information technology and investment knowledge. As well as in research (Darmawan et al., 2019) explained that investment interest is influenced by several factors including investment motivation and financial literacy.

Investment

According to the Kamus Besar Bahasa Indonesia (KBBI) ("Kamus Besar Bahasa Indonesia (KBBI) Online," 2022) investment is the investment of money or capital in a company or project for the purpose of making a profit. Investment can be said to be a commitment to a number of funds or other resources that are carried out at this time (*present time*) and provide benefits *in the future* (*in future*).

While Sharia Investment is an investment made in Sharia financial instruments, such as Sharia stocks, Sharia bonds (sukuk), Sharia mutual funds, Sharia deposits and other investment instruments.

Islamic Mutual Funds

According to the Financial Services Authority (OJK), sharia mutual funds are a forum for collecting public funds managed by a legal entity called the Investment Manager, to be invested in securities such as stocks, bonds, and money market instruments in accordance with the provisions and principles of Islamic sharia, among others, with a portfolio of funds in sharia financial instruments such as stocks and sukuk. According to Fatwa DSN MUI 20/2001 states that sharia mutual funds are mutual funds that operate according to the provisions and principles of Islamic sharia, both in the form of contracts between investors as owners of assets (*sahib al mal / Rabb al Mal*) and Investment Managers as representatives of *shahib al-mal*, as well as between Investment Managers as representatives of *shahib al- mal* and investment users.

Discussion and Analysis

Research Model

This research was analyzed using quantitative methods with SPSS Version 25 software, the population of this study were Kendal people aged 20 - 39 years according to BPS data of 331259 after being calculated using the slovin formula with a 10% margin of error, a sample of 99.9 or 100 respondents was obtained. This study uses primary data sources with data collection techniques using online questionnaires via google form.

This study has 2 independent variables (X), namely financial literacy and income and has 1 dependent variable (Y), namely investment interest, the measurement instrument uses a Likert scale of 1 (strongly disagree) to 5 (strongly agree).

Analysis Result

Before the Regression Test is carried out, this study first carried out several tests including the Validation and Reliability Test with the results of the indicators and variables in this study are all valid and reliable, and also carried out a Classical Assumption Test with several tests including the Normality Test with the results of the data in this study being normally distributed, in the Heteroscedasticity Test getting results there is no heteroscedasticity problem in the regression model in this study.

The following are the results of the Regression Test in this study:

Simultaneous Significance Test (F)

The F value test is basically to show whether all independent variables in the research model have a joint influence on the dependent variable. The results of the F value test can be seen in table 1 as follows:

Table 1 Simultaneous Test Results (F)
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	101.819	2	50.910	19.915	.000 ^b
	Residuals	247.971	97	2.556		
	Total	349.790	99			

The results of table 1 above can be seen that this equation model has a calculated F value of 19.915 with a significance level of 0.000 The significance value of 0.000 is smaller than alpha 0.05, it shows that the independent variables in the form of Financial Literacy and Income together affect the dependent variable, namely Investment Interest.

Square Coefficient of Determination (R²)

The coefficient of determination essentially measures how far the model's ability to explain variations in the dependent variable. An R² value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable. The coefficient of determination (Adjusted R Square) seen in the following table indicates the ability of the multiple regression equation to show the level of model explanation of the dependent variable. The results of the coefficient of determination (R²) are presented in the following table 2 as follows:

Table 2 Coefficient of Determination Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.540 ^a	.291	.276	1.599	1.542

Based on table 2 above, the coefficient of determination (R Square) is 0.291 or 29.1%, which means that the dependent variable, namely Investment Interest, can be explained by the two independent variables, namely Financial Literacy and Income by 29.1%, while the remaining (100% - 29.1%) 70.9% is explained by other variables not included in the regression model of this study.

Individual Parameter Significance Test (t statistical test)

The t test aims to test each independent variable of Financial Literacy and Income individually whether it has a significant effect on the dependent variable, namely Interest, the t test is also used to determine the high degree of one variable X on variable Y. The results of the coefficients

regression analysis test using SPSS version 25 are shown in table 3 as follows:

Table3 Summary of Test Results t value
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.000	3.733		1.072	.287
	FINANCIAL LITERACY	.368	.090	.368	4.084	.000
	INCOME	.431	.131	.296	3.281	.001

The results of hypothesis analysis based on the calculations shown in table 3 can be interpreted as follows:

Hypothesis Testing

The relationship between the independent variable and the dependent variable can be said to be significant if it has a p value (significance) <0.05 or 5%. The analysis results in table 1 show that the F test has a significance value of 0.000 which is already below 0.05 so that simultaneously the financial literacy and income variables can have a significant effect on investment interest.

The results of the partial test analysis or T test show that the Financial Literacy variable has a significance value of $0.000 < 0.05$ so it can be concluded that Financial Literacy has a significant effect on Investment Interest. Furthermore, the Income variable has a significance value of $0.001 < 0.05$ so it can be concluded that Income has a significant effect on Investment Interest. These results indicate that the hypothesis in this study is supported.

H1 : Financial Literacy affects Investment Interest in Seedlings. Description: H1 Accepted

H2 : Income affects investment interest in seedlings. Description: H2 Accepted

The most influential variable among Financial Literacy and Income Financial Literacy variable with a regression coefficient value of 0.368 or in a percentage of 36.8%, has a smaller influence than the Income variable with a regression coefficient value of 0.431 or in a presentation of 43.1%. Thus the Income variable has the greatest influence and significance on Investment Interest in this study.

Conclusion

This study was conducted with the aim of analyzing the effect of financial literacy and income on interest in investing in Islamic Mutual Funds. The sample in this study were 100 respondents who were selected and distributed questionnaires. The analysis method used is multiple linear regression with the SPSS application. Based on the test results in the previous chapter, it is concluded as follows:

The results of simultaneous testing show that financial literacy and income affect the interest in investing in Sharia Mutual Fund instruments.

The test results show that partially financial literacy and income affect the interest in investing in Sharia Mutual Fund instruments.

The income variable has a greater influence than the financial literacy variable.

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