PROCEEDING
Volume 1, Year 2023
"Economics and Islamic Governance in the Digital Era"

A Review of The Influence of Return Expectations and Efficacy Finances on Investment Interest

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ARTICLE INFO

Article history:
Received, Nov 16, 2023
Revised, Dec 15, 2023
Accepted, Dec 22, 2023

Keywords:
financial efficacy, return expectations, investment interest

ABSTRACT

This research was conducted to determine the influence of return expectations and financial efficacy on investment interest. Data was collected using a questionnaire distributed online using Google form. The 52 respondents were students from UIN Sultan Syarif Kasim Riau, faculty of Economics and Social Sciences. The results of this research have been tested for validity and reliability test, the next analysis used the multiple linear regression method in IBM SPSS Statistics 27.0 version. The results of this research found that financial efficacy return expectations had a positive and significant effect on students' interest in investing. Return expectations and financial efficacy have an influence of 54.6% while the remaining 45.4% is influenced by other variables that are not in this study.

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INTRODUCTION

The Indonesian Stock Exchange (ISE) is one of the investment facilities that is very easy for the public to access. If we look at the development of investment in Indonesian society on the ISE, Investor interest in transacting in the Indonesian capital market is also continuing to increase. The institution in Indonesian capital market as a depository and settlement known as KSEI, that is provides organized, standardized, and efficient central custodian and securities transaction settlement services in compliance to law. From the demand side, the number of Indonesian capital market investors recorded in the KSEI up to 9 August 2023 has increased by 1.15 million investors to 11.47 million investors for total stock, bond and mutual fund investors based on single investor identification (KSEI, 3023).

Based on information obtained from the Indonesian Central Securities Depository (KSEI), the count of investors in the capital market of Indonesia stood at 11.58 million as of August 2023. This figure reflects a 1.4% increase from the previous month, which recorded 11.42 million investors. In a year-on-year comparison, there is a notable surge of 21.38%, as opposed to August 2022 when the number of capital market investors was at 9.54 million. Additionally, institutional investor involvement witnessed an increase compared to previous years, indicating sustained market confidence despite uncertainties in both global and domestic economic landscapes. Despite the ongoing rise in the percentage of investors in Indonesia, this ratio remains relatively small when measured against the total population of the country. This disparity underscores that the level of investment interest among Indonesians is still trailing behind that observed in more developed nations (Katadata, 2023).

Based on previous research conducted by Trisnatio, Y. A. and Pustikaningsih, A. (2018), researchers want to know the influence of factors on students' interest in investing through online mutual funds by including factors such as return expectations, risk perception and self-efficacy. The conclusion of this research proves that knowledge of return expectation factors, risk perception, and self-efficacy have a positive effect on student interest. Result of research conducted by Utami, a. A. (2020) the influence of capital market education, return expectations, risk perceptions, and motivation on student interest. The conclusion of this research also states that capital market education, return expectations, and motivation are significantly positive while risk perception is significantly negative.

When individuals contemplate investment decisions, their financial considerations inevitably become a pivotal factor in the decision-making process. The findings of this study align with the outcomes of research conducted by Hasanudin, H., Nurwulandari, A., & Caesariawan, I. (2022), asserting that financial efficacy significantly and positively influences investment decision-making. This contrasts with Mujityara's research, e. (2021), which contends that financial efficacy does not contribute to financial investment decisions among students. The result of research Hadiah U. S. and Aisyah E. N. (2022) showed that simultaneously Islamic financial literacy, financial efficacy, financial attitude, financial behavior had an effect on financial satisfaction. Partially, Islamic financial literacy, financial attitude, and financial behavior have an influence on financial satisfaction, while financial efficacy has no effect on financial satisfaction.

The objective of this study was to reassess these concerns, attracting the attention of researchers interested in comprehending the effects on students' investment decisions. This investigation is a revised version of earlier research, delving into the impact of return expectations and financial efficacy on the investment preferences of students.

METHODOLOGY

This research was conducted in the Faculty of Economics and Social Sciences, Sultan Syarif Kasim Riau Islamic University, that the population used in this research was 52 students and all of them as sample in this research (sensus method). This research used quantitative research, multiple regression analysis which was using SPSS 27.0 software. Quantitative research is research that emphasizes testing theories through measuring research variables with numbers and analyzing data using statistical procedures. The type of data used in this research is primary data. This data was obtained from a questionnaire that was distributed to students via Google Form. A questionnaire is a list of questions created based on indicators created from research variables to which respondents must respond (Sugiyono, 2014)

Part of the data testing process after the research data selection and collection stage that has been carried out by the researcher is data analysis. Analysis of this research data began by testing the validity and reliability of the questionnaire results obtained from respondents who had answered the questions contained in the questionnaire.

RESULTS AND DISCUSSION

Respondent characteristics data was obtained from the data Questionnaires distributed online using Google Form are categorized based on study program and semester categories. The following is a discussion regarding the conditions of each respondent's demographic clarificationTo see in more detail the characteristics of respondents are explained in table 1.

Table 1
Respondent Identity

Category	Number of respondent	Percentage (%)
Study Program :		
Management-S1	48	92.3
Accounting-S1	1	1.9
Public Administration-S1	3	5.8
Semester :		
3	4	7.7
5	42	80.8
7	6	11.54
Total	52	100

Source : processed data, 2023

Validity test

The research instrument test consists of a validity test and a reliability test.This validity test was carried out to test whether the questionnaire answers and respondents were really suitable for use in this research or not.According toAdinata, R. (2019) uThe validity test is part of the test to measure whether the questionnaire items for each variable are valid or not. Questionnaire items are declared valid if r calculated is positive and greater than r table.

Table 2
Validity Test Recapitulation

Variable	Statement Items	r count	r table	Information
Return Expectations	X1.1	0.694	0.2732	Valid
	X1.2	0.719	0.2732	Valid
	XI.3	0.728	0.2732	Valid
	X1.4	0.803	0.2732	Valid
	X1.5	0.801	0.2732	Valid
	X1.6	0.744	0.2732	Valid
	X1.7	0.775	0.2732	Valid
Financial Efficacy	X2.1	0.740	0.2732	Valid
	X2.2	0.822	0.2732	Valid
	X2.3	0.885	0.2732	Valid
	X2.4	0.885	0.2732	Valid
	X2.5	0.527	0.2732	Valid
	X2.6	0.652	0.2732	Valid
Investment Interest	Y.1	0.879	0.2732	Valid
	Y.2	0.922	0.2732	Valid
	Y.3	0.849	0.2732	Valid
	Y.4	0.755	0.2732	Valid
	Y.5	0.782	0.2732	Valid

Source: Processed Data, 2023

Based on Table 2, recapitulation of the Validity Test results for each statement above, it can be seen that the Corrected Item Total Correlation score or calculated r value for each

variable is > 0.2732%. So this shows that the data is valid because it meets the Validity Test assumptions

Reliability Test

Apart from testing validity, this research also tested the reliability of the data. This aims to see whether the data is consistent or reliable to proceed to the next calculationReliability test is a measure of the level of stability of a measuring instrument in measuring a symptom or event (Sugiyono, 2016). A questionnaire is said to be reliable if a person's answers to statements are consistent or stable over time. Reliability measurements are carried out once or only once, then the results are compared with other statements or measure the correlation between answers to questions. SPSS provides facilities for measuring reliability with the Cronbach's Alpha (α) statistical test. A value is considered reliable if it provides a Cronbach Alpha value > 0.6.

Table 3
Reliability Test

Variables	Cronbach Alpha	Information
Expected Return (X1)	0.871	Reliable
Financial Efficacy (X2)	0.847	Reliable
Investment Interest(Y)	0.893	Reliable

Source: Processed Data, 2023

Based on the results of the processed reliability data, it was stated that the data tested had good reliability variable values because the overall Cronbach's Alpha value showed results that were greater than the specified critical limit, namely 0.60. From the results in the table above, it can be seen that the reliability value of the return expectation variable is 0.871, the reliability value of Financial Efficacy is 0.847 and the reliability value of the Investment Interest variable is 0.893.

Multiple Linear Regression Analysis

In this research, the regression analysis carried out was multiple linear regression analysis. This was done because there was more than one research variable. The multiple regression test was carried out to see whether there was an influence on the independent variable (X) and the dependent variable (Y) simultaneously and partially. Based on the data obtained, the following results were obtained.

Table 4

Multiple linear regression

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	Q	Sig.
1	(Constant)	4,021	2,217		1,814	,076
	Return Expectations	,314	,095	,398	3,303	,002
	Financial Efficacy	,363	.102	,428	3,558	,001

a. Dependent Variable: MIT

Source: Processed Data, 2023

The formula for the regression equation obtained is as follows:

$$Y=\alpha+\beta 1.X1+\beta 2.X2 \text{.....(1)}$$
$$Y= 4.021+ 0.314X1 + 0.363X2 \text{.....(2)}$$

Information :
α = Constant
β = Coefficient
*X*1 = Return expectation variable (X1)
*X*2 = Financial efficacy variable (X2)

A constant of 4.021 means that if the expected return and financial efficacy are equal to 0 then the student's investment interest will be 4,021 units. If the return expectation variable increases by 1, it will cause an increase (due to the positive sign) of 0.314 and an increase of 0.363 in financial efficacy. The standard error constant is a deviation from the constant in the regression equation model (Suliyanto, 2011).

HYPOTHESIS TEST

Partial Test (t Test)

The t test is a test to determine the significance of the influence of the independent variable (X) individually on the dependent variable (Y). In the T test measurement we can see whether the hypothesis is accepted or rejected. The hypothesis will be accepted if t count > t table(Adinata, R. 2019).. To get the calculated t, look for it using the following formula:

$$t\ tabel = \alpha/2\ ;\ n-k-1 \text{.....(3)}$$
$$t\ tabel = 0.05/2\ ;\ 52-2-1 \text{.....(4)}$$
$$t\ tabel = 0.025\ ;\ 49 \text{.....(5)}$$
$$t\ table = 2.010 \text{.....(6)}$$

The t table value seen is the 49th value from the 0.025 level. The t table shows a figure of 2,010, thus the results are obtained

1. In the t table, the significant value of expected return (X1) is 3,303, this means t count > t table (3,303 > 2,010).
2. In the t table, the significant value of financial efficacy (X2) is 5,723, this means t count > t table (3,558 > 2,010).

Simultaneous Test (F Test)

The F test is a simultaneous test used to determine the effect of the independent variable (X) together on the dependent variable (Y). The effect will be seen if the calculated F results > F table(Adinata, R. 2019). The F table values are

Table 5
Simultaneous Test (F Test)
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	332,980	2	166,490	29,509	,000b
	Residual	276,463	49	5,642		
	Total	609,442	51			

a. Dependent Variable: MIT
b. Predictors: (Constant), SKT, RTT
Source: Processed Data, 2023

To get the calculated f, look for it using the following formula:

F table = n – 1 ; k.....(7)
F table = 52 – 1 ; 2.....(8)
F table = 51; 2.....(9)
F table = 3.18.....(10)

To find out the relationship between these variables, it can be formulated using the following conditions:

1.Ha is accepted if F (calculated) > F (table), meaning there is a significant relationship between variable X and variable Y and the P value < 0.05
2.Ho is accepted if F (calculated) < F (table) means there is no significant relationship between variable X and variable Y and the P value is > 0.05.

Based on Table 5, it is known that the calculated F value is29,509> F table is 3.18 with sig. (0.000) < 0.05, then Ho is rejected and Ha is accepted, meaning that return expectations and financial efficacy simultaneously have a significant effect on investment interest.

Coefficient of Determination

According to Witakusuma, GE, Kurniawan et al (2018). A coefficient of determination test is carried out to measure how far the model is able to explain variations in the independent variables. The value of the determinant coefficient is between zero and one. If AdjustedR2The closer it is to 1, the greater the variation in the

independent variable, this means the more accurate the regression line is in representing the actual observation results. The results of the coefficient of determination test in this study are presented in table 6 below.

Table 6
Coefficient of determination test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739a	,546	,528	2.37531

a. Predictors: (Constant), SKT, RTT

Source: Processed Data, 2023

Based on the data in table 6, it can be seen that the Adjusted R Square obtained a coefficient of determination value of 0.528, which shows that variations in the return expectation and financial efficacy variables can only explain 52.8% of the variation in the investment interest variable. The remaining 47.2% is explained by other variables that were not examined.

CONCLUSION

This research aims to determine the influence of return expectations and financial efficacy on students' investment interestat the Faculty of Economics and Social Sciences, Sultan Syarif Kasim Riau Islamic University. Return expectations have a significant positive effect on students' interest in investing, which means that if return expectations increase, investment interest will also increase. Financial efficacy has a significant positive effect on students' interest in investing, which means that if students are good at managing their finances, their interest in investing will increase.

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