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## Analysis of Factors Affecting Muslim Millennial Investors in Using Online Trading Systems in Medan City

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ABSTRACT	INFO ARTIKEL
<p>The purpose of this study is to increase public knowledge, especially in the millennial generation, so that awareness of interest in investing will increase because it has an impact on the country's and personal economies. Researchers conducting research are using quantitative methods. This type of research data is primary data collected by distributing questionnaires online via Google From. Researchers used Structural equation modelling-partial least square data analysis assisted by SmartPLS4 software. Based on the results of the research that has been done, it can be concluded that personal interests, investment risk, and online trading system facilities have a positive effect on Muslim millennial investors use of the online trading system. The implication of this research is that personal interests are a strong and significant influence on millennial investors' decisions to use online trading systems.</p> <p>© 2024 Kantor Jurnal dan Publikasi UPI</p>	<p><b>Article History:</b> <i>Submitted/Received June 15, 2024</i> <i>First Revised July 15, 2024</i> <i>Accepted July 31, 2024</i> <i>First Available online August 14, 2024</i> <i>Publication Date August 14, 2024</i></p> <hr/> <p><b>Keyword:</b> <i>Investment risk, Millennial investor, online trading system.</i></p>

## 1. INTRODUCTION

The act of owning an asset that has economic value in the form of finance, such as deposits, bonds, or stocks, and can also be in the form of physical assets, namely land or buildings, by spending money that can generate profits in the future is called investment (Harahap et al., 2021). When investing, capital or funds will be managed and developed by the management, and the results or profits obtained will be shared with investors or shareholders. The facilities provided and formalized by the government in the form of a capital market are a place or places to buy and sell various types of investments that aim to make everyone free to invest, where the capital market is based on the rules and procedures for playing. Forms of investment in the capital market are mutual funds, stocks, bonds, and many others. Thus, the capital market can be understood as a place to trade various types of assets through the stock exchange, which provides securities brokerage services (Hasibuan et al., 2024).

Investing activities are very important for the growth of the country in order to advance the welfare of the community, such as the country of Indonesia. The benefits that can be felt by the public today as a result of the launch of the Indonesia Stock Exchange are making it easier to invest, such as easily accessing investments in the capital market (Cahya, 2019). It is said to be very important because the capital market plays a role in the economy of a country, such as income distribution, bringing issuers together with investors, and as an alternative funding source to increase business capital and expand the scale of operations for a company that can increase revenue (Parulian & Aminuddin, 2020). The government created a program to attract people to invest by making the slogan "Yuk Nabung Saham." This program was created by the government through the Indonesia Stock Exchange (IDX), which aims to increase public knowledge, especially in the millennial generation, so that awareness of interest in investing will increase because it has an impact on the country's and personal economies.

With this program, IDX hopes that people will change their mindset and know more about the importance of investing, and it is not as complicated as imagined. IDX created this program because Indonesia is one of the developing countries and people's knowledge about investing is still low. Even though the main driver of economic growth in a country is investment, this can happen because people still assume that to invest, it must have large capital and is complicated to do (Darmawan et al., 2019).

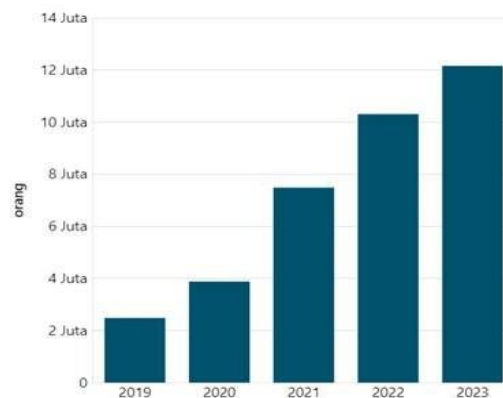
The purpose of the program launched by the IDX and securities companies is to introduce the capital market to the millennial generation, and the IDX states that the online trading system is the backbone in increasing the number of investors in Indonesia. To increase the number of investors, it must start with strengthening the position of securities companies as intermediaries by providing competent professionals and developing technology so that potential investors are more confident and confident to invest using the online trading system (Saleh & Said, 2019).

Online trading systems are also known as online investments, where all activities are carried out online, both buying and selling. Not only that, reports or information about investments such as stock trends, risk and return, and financial reports can be accessed and viewed from the online trading system, making it easier for investors to make decisions. Now there are many investment applications that are present in the community and among the millennial generation, for example, the Ajaib application, IPOT, Stockbit, Bibit, and various other investment applications.

The millennial generation's interest in investing and using it for their needs is believed to be increasing along with the ease of information available and the variety of online trading platforms available (Cahya, 2019).

Technological advances such as online trading systems have provided facilities that should make it easier for people to get information about investment and ease of carrying out various investment activities (Pangestu & Batara Daniel Bagana, 2022). In fact, there are still many people, especially the millennial generation, who have not taken advantage of the facilities provided by the online trading system. Although many millennials make the ease of making decisions a consideration when starting to invest, a few of them are still hesitant and do not dig deeper into investing with existing technological advances.

The hesitation and uncertainty of the millennial generation in starting investment due to uncertain investment risks make the main reason or influence of the millennial generation to be hesitant to start investing even though to avoid this problem it is necessary to have good financial literacy, so that they are able to manage the risks that will arise, so that when they want to start investing armed with sufficient knowledge about finance, they are no longer afraid of investment risks that may occur in the future, and risk is not the main determinant in making investments because the characteristics of people who are interested in investing will study funds to find out more about investing (Cahya, 2019).



Source: PT. Kustodian Sentral Efek Indonesia

**Figure 1. Number of capital market investors in Indonesia in 2019–2023**

The figure shows the number of investors, which continues to increase every year, as seen from the records at PT. Kustodian Sentral Efek Indonesia starting in 2019–2023. In Indonesia, there is a depository and settlement institution in the capital market, better known as PT. KSEI, where the company provides transaction settlement services and collaborates with PT. BEI (Indonesia Stock Exchange) as a supervisor or self-regulatory organization that has provisions and regulations so that prohibited trading does not occur. As seen from the KSEI statistics above, the number of investors in the capital market has increased from year to year. In 2019, there were 2,484,354 investors in the capital market; in 2020, the number of investors was recorded at 3,880,753 people; in 2021, the number of investors increased to 7,489,337 people; and in 2022,

there were 10,311,152, which continued to increase until the number of investors increased to 11,581,533 as of August 2023 (Kustodian Sentral Efek Indonesia, 2023).

In this day and age, many students and millennials are actively contributing to increasing and advancing investment in the capital market. Efforts made by securities companies and IDX to increase students' knowledge about investment are through classroom learning. Currently, there are many courses that can change students' perspectives on investing, such as capital market money market courses, which can encourage students to invest in the capital market. This effort is made because, in this era, the millennial generation must have an understanding and knowledge of the capital market in order to manage and manage finances independently so that they are wiser in making decisions, are responsible, and achieve future prosperity (Yaasiin & Sitanggang, 2020). The college period is the first step for the millennial generation to be required to manage their own finances, so they need financial literacy in order to add insight into managing long-term finances, one of which is by investing (Setyani, 2020).

The research conducted by (Pradnyani & Pramitari, 2019) aims to determine the effect of the online trading system and minimum capital on student interest in investing in the capital market. His research uses multiple linear regression analysis methods where data obtained from 114 respondents is processed using SPSS, and the results show that the online trading system affects student interest in investing and suggest that future researchers test other variables that influence the millennial generation in investing.

The results of research conducted by (Pelawi & Suliati, 2021) show that risk has a negative effect on the use of mutual fund investment applications, but risk does not have a significant effect on stock investment in the capital market. The results of his research are inversely proportional to the research conducted by (Savanah & Takarini, 2021), whose research results state that risk has a significant effect on investment.

Research conducted by (Pangestu & Batara Daniel Bagana, 2022) shows that simultaneously, online trading facilities, minimal capital, and risk perception affect investment interest. The researcher suggests to future researchers that they take a larger sample because the author only uses 109 respondents; this aims for better data accuracy in the study.

The results of the study (Mauliza & Canggih, 2023) state that there is an effect of investment knowledge, sharia online trading system, and motivation on interest in investing in Islamic stocks obtained from data processing using associative quantitative methods with the number of respondents, namely 100. and researchers suggest to future researchers to increase the number of variables related to marketing carried out by a security.

Based on the background that has been explained by researchers regarding the lack of utilization of technological advances such as online trading systems where the number of investors continues to increase every year, therefore I am interested in conducting research entitled "Analysis of Factors Affecting Muslim Millennial Investors in Using Online Trading Systems in Medan City" using variables of personal interest (X1), investment risk (X2), online trading systems facility (X3), muslim millennial investors (Y), so that this research can increase knowledge and raise awareness to the millennial generation about the importance of investing

that is beneficial in the future and in the future the millennial generation can manage finances wisely when doing business.

### **Millennial investors**

Investment comes from the English language, namely invest, which means to plant, meaning that investment is the activity of investing assets in order to develop them at the expense of a number of funds for future profits. Conventional investment has a difference with the same ethical investment philosophy as sharia investment because ethical investment prioritizes ethics and has criteria not engaged in sectors or industries such as tobacco, gambling, and liquor. The most important thing in an economy is investment. Investment is an activity that cannot be separated from risk, and the capital market offers two different investment opportunities: conventional capital markets and Islamic capital markets (Fadilla, 2018).

According to Keynes, who defined investment and its effect on economic development, based on Keynes' investment theory, it states that there are "factors that determine investors' decisions to invest, namely by comparing the marginal efficiency of capital or return with the real interest rate. Not only that factor, but it is also influenced by the cost of capital, managers' optimism for the future, economic growth rates, and technological developments.". Meanwhile, according to classical economic theory, the factors that determine whether to start investing are costs, returns, expectations, and opportunities.

According to David McClelland's theory, known as McClelland's Theory of Learned Needs, there are several needs that make a person make decisions: 1). The need to be together; 2) The need for power; 3) The need for success. Based on these needs, a person makes maximum efforts in order to get what he needs (Poeteri et al., 2021). The relationship between investment theory and making decisions to invest, namely that the millennial generation is interested in investing not only to fulfill personal needs but also because of several factors such as expected returns or profits and also technological developments. In fulfilling the needs of an investor, he must know which type of investment to start, whether short-term, medium-term, or long-term investment, so that he can target the fulfillment of needs with the returns that will be received.

Investment, according to (Adiningtyas & Hakim, 2022), is a basic understanding of considerations when making transactions and an understanding of the state of investing. Conventional investment is defined as a transaction that is not based on sharia principles, and the concept and mechanism of fund management are unclear, whether the funds come from companies that are prohibited by Islam or not. Investment is also said to be an agreement that has occurred, now with both money and resources, with the aim of getting benefits in the future.

Based on the results of research (Inayah, 2020), investment is highly recommended in Islam because there are many positive values resulting from investment activities, such as distributed assets so that the invested assets do not accumulate. Investment activities are also a form of self-preservation. However, according to the results of the study, not all investments can be made according to Islamic teachings because Islam has limits and sharia principles to distinguish halal

and haram investments, so that investment is not merely a muamalah activity but also has a worship value as stated in the Qur'an and the hadith of the prophet SAW. There are several verses of the Qur'an whose indirect meaning is in line with the purpose of investment, namely to prepare for the future with a better and more prosperous life and pay attention to accuracy. One of them is Qs. al-Hasyr verse 18:

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ  
خَبِيرٌ بِمَا تَعْمَلُونَ ﴿١٨﴾

yâ ayyuhalladzîna âmanuttaqullâha waltandhur nafsum mâ qaddamat lighad, wattaqullâh, innallâha khabîrum bimâ ta'malûn.

"O you who believe, fear Allah, and let each person consider what he has done for tomorrow (hereafter) and fear Allah; indeed, Allah is most thorough in what you do."

Islamic scholars, by referring to the Qur'an, hadith, fiqh, and ijma, emphasize that the online trading system or online stock trading is halal or permissible as long as the transactions carried out meet certain criteria or are in accordance with sharia principles, such as that the shares traded do not come from companies engaged in businesses that are prohibited in Islam. According to DSN-MUI Fatwa No. 40/DSN-MUI X/2003 regarding the capital market and general guidelines for the application of sharia principles in online trading, they are not allowed to manipulate and may not run investments in the short term where the benefits are not clear. In the perspective of Islamic economic law, stock transactions are considered halal because they use the Bai' Al-Musawamah contract, where the transaction refers to musyarakah or shirkah with the aim of developing assets and investing purposes (Hartati, 2021).

Not only nationally, capital market investments made by investors in the city of Medan were recorded as of October 2023, with as many as 204,656 investors, or 80%, controlled by the millennial generation and generation Z, where investors are dominated by high school graduates and followed by undergraduates. The city of Medan ranks 6th in the number of investors out of 38 provinces in Indonesia. These investment activities have a positive impact, so the city of Medan has considerable potential with good economic growth figures. In line with the increasing interest of the millennial generation, the main focus of PT Kustodian Sentral Efek Indonesia (KSEI), PT Bursa Efek Indonesia (BEI), and the Securities Investor Protection Fund (SIPF) is to provide education and socialization to students to increase their literacy about the capital market. Technically, investors will consider three things before starting to invest: return, income, and risk (Keuangan, 2023). There are several factors that can influence the millennial generation to invest, namely:

### Personal Interests

Personal interest is that each human being has characteristics such as beliefs, skills, and past experiences, as well as behavior from interactions between individuals and their environment. These things are associated with a person's desire to get their own satisfaction and interest in the benefits that will be obtained or received, which are only temporary pleasures. Personal

interest is also involved in something that is favored in activities that create pleasure and satisfaction for oneself (Susanti et al., 2018).

Someone who is interested in investing usually comes from their own desires, which are influenced by the benefits gained from buying financial products. They are also influenced by believing in the security of the financial products offered and the return of funds when buying a product. Not only that, an individual's interest is also influenced by personal interests or being emotionally obsessed with financial products because they believe in the information conveyed by financial institutions that can guarantee and provide confidence for potential investors before starting to invest (Risnawati & Mudiarti, 2022).

Personal interest is simply the consumer's preference for the product's attraction to his personality. Like when someone prefers outdoor activities, the products purchased will definitely be in line with their interests. Because a person's decision-making in purchasing a product will link his interests with his activities or relate to all things related to one's personality, such as investment activities and one's hobbies, knowledge of something that a person wants has a positive effect on a person's interest in doing activities that are in accordance with his wishes (Kabib et al., 2021).

The indicators of personal interest are the investor's motivation to invest, such as the environment or people around them who influence them to invest. Curiosity to find something about the type of investment, try things to increase financial literacy, and know more about the types of investments in the capital market. Trying to invest: investing is not for profit but only for limited interest (Dewi, 2020).

### **Investment Risk**

The definition of investment risk, according to (Agustin et al., 2022) based on OJK Regulation No. 65/PJOK.03/2016, is the risk that occurs as a result of the bank bearing the loss of the customer's business that uses a profit-sharing contract, either using the profit and loss sharing method or using the net revenue method.

The risks that may occur are very difficult to predict when investing because the principle of risk in the capital market is only solely related to price fluctuations that may occur in the future and cannot be predicted whether there is a decrease or increase in stock prices. Risk, according to (Fadilah & Jalaludin, 2019) is the occurrence of negative returns or losses from investments. The higher the risk that may occur, the higher the profit obtained from the investment. and vice versa, where if the risk is lower, the profit to be obtained is also lower, and the investment made is considered bad. The risks that investors may face are business risk, purchasing power risk, liability risk, market risk, and interest rate risk.

Each security does not expect the same amount of profit because it depends on the amount of risk borne by investors. However, investors can minimize the risks that will occur before investing by paying attention to the influence of each factor. In portfolio theory, risk is the degree of deviation from expected returns. The emergence of risk when investing is due to the uncertainty of time and the amount of loss that will be experienced by investors.

The ability, knowledge, and understanding of a person to manage their finances in order to make effective decisions for welfare, such as having insurance, savings, and investments, is called financial literacy. Financial literacy relates to using credit cards wisely, making loan installments, paying bills on time, or managing finances much better so that, armed with knowledge about finance, you are not afraid of the risks that will occur in the future (HC & Gusaptono, 2021).

The risk indicators are general knowledge about the risks of investing in the capital market, including a basic understanding of the risks that will be faced. Fear or consideration to start investing: to measure how much investors fear uncertain profit sharing or not getting profits, which is a consideration in starting an investment. Attractive profits, how much investor interest in the expected profits (Hidayat et al., 2019).

### **Online Trading System Facility**

The online trading system, according to (Adiningtyas & Hakim, 2022) is a financial instrument in the financial instrument in the capital market, not only in the conventional capital market but also in the Islamic capital market. A trading system is an automated trading place that can replace manual trading. This trading system was launched by the Jakarta Automated Trading System (JATS) on May 22, 1995. This system provides facilities for stock trading with a wider frequency of guarantees for transparent and fair capital market activities when compared to manual trading. The facilities provided by JATS open up opportunities for everyone to start investing in the capital market because investors can trade their shares online (Fitra et al., 2020).

Advances in modern software-based financial technology provide financial service ideas that allow everyone to access various kinds of information (Nurbaiti et al., 2023) and regarding investment from increasingly sophisticated technological advances, currently buying and selling shares can be done using applications (Sari et al., 2021). Securities companies provide convenience in online trading systems for people who are interested in investing. Buying and selling shares online is a new step in investing because it can be done only by using an internet connection. Online trading has been implemented since 2006 so that transactions carried out in the capital market continue to increase.

The facilities offered by securities companies are expected to be able to influence investors to be interested in investing, especially the millennial generation, who are still laymen. The convenience of the facilities offered, such as the ease of obtaining all information about the capital market that can be accessed anytime and anywhere and the ease of opening a stock account, can encourage investors to invest (Yusuf, 2019). Moreover, the strategy carried out by securities companies in today's digital era is supported by the fintech industry sector, which applies the concept of digitizing payments (Marginingsih, 2021).

The indicators of online trading system facilities include the following: How to invest, to determine the level of understanding of how to invest in online trading facilities. Ease of investing, providing convenience in transactions with securities that can be done anywhere and anytime. Access to information to measure how active you are in analyzing and digging up information about selling prices and buying prices in the capital market (Risnawati & Mudiarti, 2022).



## 2. RESEARCH METHODOLOGY

### Population and Sample

Sample Researchers are conducting research, namely using quantitative methods, where the population of this study is all millennial investors (born 1981-2003) who live in the city of Medan, which is 204,656 as of October 2023. Population is a research subject that has a specified character. The type of data for this study is primary data collected by distributing questionnaires online via Google Form and measuring them with a 4-point Likert scale, where number 4 states strongly agree and number 1 strongly disagrees, and how to determine the sample size using the Slovin formula, which is as follows (Risnawati & Mudiarti, 2022).

$$n = N / (1 + N(\alpha)^2)$$

Description:

n = number of samples

N = total population

$\alpha$  = standard error 0.1 (10%)

From the formula above, the researcher can determine the number of samples to be taken, namely:

$$n = \frac{204.656}{(1 + 204.656 (0,1)^2)}$$

$$n = \frac{204.656}{(1 + 2.046,56)} = 99,95$$

As a result, the researcher will use a minimum sample of 100 respondents based on the total population. The sampling technique in this study was purposive sampling with the following criteria: millennial generation, aged at least 20 years and a maximum of 43 years, and domiciled in North Sumatra.

### Measure

First, test the outer model (measurement model), namely measuring the indicators used so that they can describe latent variables and explain the relationship between each indicator and its variables. As for the measurement model carried out, namely the validity test and reliability test, In SEM PLS, there are two types of validity tests: convergent validity, where the loading factor value limit must be  $> 0.7$  or the average variance value (AVE) must be at least  $> 0.5$ , and discriminant validity, with a cross-landing value  $> 0.7$  or AVE value  $>$  latent variable indicator correlation (HTMT  $< 0.9$ ). The validity test is carried out to measure whether a questionnaire is valid or not and to prove whether the indicator has the largest loading value on the construct. Meanwhile, the reliability test is used to test whether the research instrument (questionnaire) can be trusted as a data collection tool and is able to reveal information that occurs in the field with a Cornbach's alpha value ( $> 0.7$ ) and composite reliability (0.7).

Second, testing the inner model (the structural model), namely the measurement model carried out by the collinearity test, the coefficient of determination, and hypothesis testing to assess its significance by looking at the R-square value  $> 0$  is considered relevant, as is the path coefficient value based on the t-statistic. For hypothesis testing, namely by analyzing the

comparison of the t-statistic value of the PLS results with the t-table value. If the t-statistic value is greater than the t-table, the hypothesis is accepted with a significant level of 5% = 1.96.

### Analysis procedures

In this study, the authors used structural equation modelling and partial least squares data analysis, assisted by SmartPLS4 software. SEM is a statistical modelling method that is usually used to analyze regression, factor analysis, and path analysis. SEM can also be interpreted as a multivariate technique to test the relationship between indicators and variables simultaneously, with this analysis allowing researchers to observe, assume, and predict how latent variables or underlying factors relate to observed variables and allowing researchers to modify and improve models based on statistical criteria so as to reduce measurement error with many indicators and limited samples. The testing stages carried out by researchers using SEM with the research model as presented in Figure 2.

## 3. RESULTS AND DISCUSSION

### Result

The data obtained from the research that has been carried out is in accordance with the sample set by the researcher, namely having criteria domiciled in North Sumatra and aged 20 to 43 years. From the 117 questionnaire data distributed, there were 17 respondents who did not meet the criteria, so the researchers increased the number of respondents to meet the research sample. It is known that as many as 85.6% of respondents were aged 20 to 30 years, and it is known that the gender of respondents who filled out the questionnaire was 44.1% male and 55.9% female.

### Measurement Model (Outer Loading)

#### 1. Convergent validity

The provisions in this test are that the outer loading value must be  $> 0.7$  for each construct indicator, so that data that meets these conditions can be declared valid. The outer loading value of the convergent validity test results that have been carried out by researchers can be seen in the following table:

**Table 1. Outer Loading Value**

Variable	Indicator	Outer Loading
Personal Interests (X1)	PI1	0,839
	PI2	0,818
	PI3	0,880
	PI4	0,855
Investment Risk (X2)	IR1	0,714
	IR2	0,705
	IR3	0,709
	IR4	0,710

Online Trading System	OTSF1	0,816
Facilities (X3)	OTSF2	0,826
	OTSF3	0,847
	OTSF4	0,799
Muslim Millennial Investors	MMI1	0,771
(Y)	MMI2	0,799
	MMI3	0,870

Source: primary data processed by the author, 2024

From the results of the data processed by researchers in Table 1, it can be concluded that all research variables, namely personal interests, investment risk, online trading system facilities, and Muslim millennial investors based on statements representing indicators, are declared valid because the outer loading value has met the requirements, namely all values > 0.7. So that no constructs are eliminated from all variables in this study, it can be said that each indicator is valid for measuring each latent variable.

## 2. Discriminant validity

The provisions in this test can be seen in the heterotrait-monotrait (HTMT) value, which is not more than 0.9, and the cross-loading value, which must be more than 0.7 for each construct indicator, so that data that meets these conditions can be declared valid. The cross-loading value of the results of the discriminant validity test that has been carried out by researchers can be seen in the following table:

**Table 2. HTMT and Cross-Loading Value**

Variable	Y	X1	X2	X3
<b>Heterotrait Monotrait (HTMT)</b>				
Personal Interests (X1)	0,772			0,482
Investment Risk (X2)	0,811	0,733		0,572
Online Trading System Facilities (X3)				
Muslim Millennial Investors (Y)				0,673
<b>Cross Loading</b>				
MMI1	0,771	0,432	0,391	0,533
MMI2	0,799	0,574	0,522	0,309
MMI3	0,870	0,517	0,496	0,456
PI1	0,537	0,839	0,414	0,310
PI2	0,573	0,818	0,432	0,548
PI3	0,515	0,880	0,521	0,255
PI4	0,485	0,855	0,527	0,304
IR1	0,402	0,505	0,714	0,269
IR2	0,363	0,419	0,705	0,332
IR3	0,415	0,302	0,709	0,368
IR4	0,453	0,362	0,710	0,254
OTSF1	0,453	0,427	0,444	0,816
OTSF2	0,347	0,286	0,343	0,826
OTSF3	0,492	0,370	0,291	0,847
OTSF4	0,451	0,298	0,333	0,799

Source: primary data processed by the author, 2024

Based on the results of the analysis in Table 2, it can be concluded that all indicators used to measure variables of personal interest, investment risk, online trading system facilities, and millennial investors are declared valid because they have HTMT and cross-loading values of not more than 0.9 and values above 0.7, so that all indicators can explain the latent variable by showing the value of the correlation ratio or whether the indicator is correlated with the original variable.

### 3. Reliability

This test is carried out by considering the Cronbach Alpha value, Composite Reliability where the value must be > 0.7 and can be seen from the average variance extracted (AVE) value > 0.5, thus researchers can ensure that the indicators used in the study to measure a construct can show the latent variable is eligible. For the results of the analysis with the reliability test, the researchers will present them as follows:

**Table 3. Cronbach Alpha and Composite Reliability**

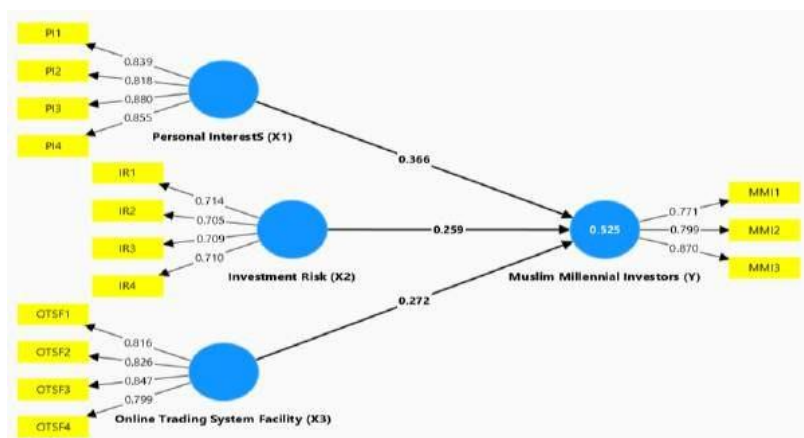
Variable	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)
Personal Interests (X1)	0,870	0,911	0,720
Investment Risk (X2)	0,673	0,802	0,503
Online Trading System Facilities (X3)	0,841	0,893	0,676
Muslim Millennial Investors (Y)	0,744	0,855	0,663

Source: primary data processed by the author, 2024

From the results of the analysis with the reliability test presented in Table 3, it is known that the construct value is greater than 0.6. From this value, it can be proven that each indicator can measure variables because the reliability and AVE values meet the requirements for Cronbach Alpha and composite reliability values.

### Structural Model (Inner Model)

To evaluate the structural model, R-Square is used to calculate the predictive power of the dependent latent variable and the path coefficient to determine the effect of the independent latent variable. Furthermore, the t-statistic value is calculated to evaluate the significance of each path. The structural model based on the results of the inner model analysis in this study using SmartPLS4 is presented in Figure 2 below:



**Figure 2. Research Model**

### 1. Collinearity

The results of the data analysis that has been carried out by researchers with this test can be seen in the following table, with the condition that the value must be  $<5.00$ .

**Table 4. VIF**

	<b>Muslim Millennial Investors (Y)</b>
Personal Interests (X1)	1,543
Investment Risk (X2)	1,548
Online Trading System Facilities (X3)	1,305

Source: primary data processed by the author, 2024

From the results of the analysis using the collinearity test, it can be seen that in the table, all variables produce a value of  $<5.00$ . So that the data in this study is declared not to occur collinearity. Thus, the researcher is conducting research for the next test.

### 2. Determinant Coefficient (R Square)

The provisions in this test are that the R-square value must be  $> 0.75$  to indicate a strong model,  $> 0.5$  indicates a moderate model, and if the R-square value shows  $> 0.25$ , it is stated that the model is weak. The results of the R-square value research are presented in the following table:

**Table 5. R-Square**

	<b>R-Square</b>	<b>R-Square Adjusted</b>
Muslim Millennial Investors (Y)	0.525	0.510

Source: primary data processed by the author, 2024

From the results of the analysis using the R-square test, it can be seen that this research data includes a moderate model. So from this data, it is concluded that the latent variable, namely Muslim millennial investors in using online trading systems, is influenced by 52.5% personal interests, investment risks, and online trading system facilities. While the rest is influenced by other factors, namely 47.5%.

### 3. Hypothesis Test

This test is based on the P-value and the provisions of this test, namely that the P value must be  $<0.05$  or the table value  $<1.96$  in order to determine whether the hypothesis is accepted or rejected. The results of this analysis are presented in the following table:

**Table 6. SEM-PLS analysis result**

	<b>Original sample</b>	<b>Mean</b>	<b>STDEV</b>	<b>t</b>	<b>p-value</b>	<b>Information</b>
PI (X1) -> MMI (Y)	0.366	0.374	0.097	3.767	0.000	accepted
IR (X2) -> MMI (Y)	0.259	0.259	0.102	2.546	0.006	accepted
OTSF (X3) -> MMI(Y)	0.272	0.278	0.086	3.159	0.001	accepted

Source: primary data processed by the author, 2024

Based on the results of the analysis in Table 6, it can be concluded that the personal interest variable has a t value of  $3.767 > 1.96$ , the hypothesis is accepted, the investment risk variable has

a t value of  $2.546 > 1.96$ , the hypothesis is accepted, and the online trading system facility variable has a t value of  $3.159 > 1.96$ , the hypothesis is accepted.

## Discussion

### The Effect of Personal Interests on Muslim Millennial Investors Using Online Trading Systems

The first hypothesis (H1) based on the results of data analysis shows that the personal interest variable has a positive influence on millennial investors in using the online trading system, so the first hypothesis (H1) can be accepted in this study, with a coefficient value or original sample value of 0.366 and a t-statistic value of  $3.767 > 1.96$ . This is in accordance with the results of previous research conducted by (Risnawati & Mudiarti, 2022) showing that personal interest has a significant effect on investment interest.

Based on the results of the data that has been analyzed and processed, researchers prove that personal interest plays an important role in influencing millennial investors' interest in investing online, because strong personal interest can increase motivation and make individuals more interested and more ready to take risks in investing, so they are more likely to use online trading systems that make it easier for them to make investment decisions to invest online and use online trading systems that make it easier for them to access capital market information and make transactions.

### The Effect of Investment Risk on Muslim Millennial Investors in Using Online Trading Systems

The second hypothesis (H2) based on the results of data analysis shows that the investment risk variable has a positive influence on millennial investors in using the online trading system based on the original sample value of 0.259 and the t-statistic value of  $2.546 < 1.96$ . Therefore, the second hypothesis (H2) is accepted, and this is in accordance with research conducted by (Savanah & Takarini, 2021) whose research results state that risk has a significant effect on investment.

However, this research is inversely proportional to the results of previous research conducted by (Pelawi & Suliati, 2021) which shows that risk has a negative effect on the use of mutual fund investment applications but risk has no significant effect on stock investment in the capital market. Therefore, it can be concluded that the investment risk variable affects the decision of millennial investors to use the online trading system due to their limited knowledge of the capital market and investment strategies, which are usually high-risk and cannot predict changes in stock prices. Therefore, investors choose to use an online trading system so that they can monitor changes in stock prices in real-time. Thus, millennial investors are more likely to use online trading systems without paying attention to the risks associated with these transactions.

### The Effect of Online Trading System Facilities on Muslim Millennial Investors in Using Online Trading Systems

The third hypothesis (H3), based on the results of the data analysis, shows that the online trading system facility variable has a positive influence on millennial investors use of the online trading system. Based on the original sample value of 0.272 and the t-statistic value of  $3.159 > 1.96$ , This is in accordance with the results of previous research conducted by (Mauliza & Canggih, 2023) explaining that the investment knowledge variable has a positive effect on interest in investing in Islamic stocks. This is because investors are interested in investing because of the many benefits offered by the sharia online trading system.

Many securities companies can make it easier for millennials to invest in the capital market by offering various facilities, such as online trading, which allows them to make transactions more easily and quickly. In addition, securities companies can also obtain capital market information through trading applications and social media, which allows them to get up-to-date and accurate information about stock price movements, company work plans, and other relevant information. As such, millennials can obtain the necessary information to make informed investment decisions and increase their chances of investing more effectively.

#### 4. CONCLUSION

Based on the results of the research that has been conducted, it can be concluded that personal interests, investment risks, and online trading system facilities have a positive and significant effect on Muslim millennial investors when using the online trading system. This means that personal interests, investment risks, and the convenience offered by the online trading system, such as quick and easy access to information about the capital market and the ability to make transactions online, will influence Muslim millennial investors to use the online trading system.

The implication of this research is that personal interests are a strong and significant influence on millennial investor decisions in using online trading systems because millennial investors prioritize their personal interests, such as having freedom in managing finances and having the ability to make their own investment decisions. So it is hoped that securities companies can improve the convenience and usefulness of online trading system facilities that allow investors to invest more easily and quickly.

Researchers' suggestions to the government are expected to support people's interest in investing in order to raise a financially independent generation. For academics, this research is expected to serve as a reference and an initial step to introduce and understand investing. The limitation of this study is that it only uses three variables and uses a research instrument in the form of a questionnaire distributed online, which does not allow researchers to monitor respondents who only answer when filling out the questionnaire.

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