



Analysis of Investment Interest in Islamic Banks and Influence Factors (A Study on Entrepreneurs in Sungai Penuh City)

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ABSTRACT

This study analyzes the factors influencing business actors' investment interest in Bank Syariah Indonesia (BSI) in Sungai Penuh City, focusing on the variables of culture, trust, and service quality. Using a simple random sampling method and data from 101 respondents, the findings indicate that these three variables do not significantly affect investment interest. These results provide insights that, while culture, trust, and service quality are important, they do not have a significant impact on investment decisions among business actors in Sungai Penuh City. This study contributes to the Islamic banking literature by highlighting that factor commonly considered to influence investment interest—such as culture, trust, and service quality—are not universally relevant in every local context. The findings open opportunities for further research on other factors, such as financial literacy or risk perception, which may have a greater influence. This study is limited to a sample in Sungai Penuh City and examines only three main variables. The small sample size and localized context may affect the generalizability of the findings. Islamic banks need to improve financial education, diversify investment products, enhance information transparency, and build strategic partnerships with local governments and communities to increase investment interest.

Keywords: Culture; Trust; Service Quality; Investment Interest
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INTRODUCTION

Investment is one of the key pillars of economic growth (Bhutto et al., 2023), both at the individual and national levels. In Indonesia, investment plays an important role in increasing business capital, driving economic growth, and enhancing global competitiveness (Narayan, 2019). One sector that has been increasingly growing in recent years is the Islamic finance sector, particularly Islamic banking (Ali, 2022). Islamic banks offer investment products that differ from conventional banks, as they adhere to Shariah principles. These products are an option for individuals and business players who want to invest without violating Islamic principles.

However, despite the positive development of Islamic banking in Indonesia (Hasan, 2023), challenges remain in attracting investor interest, particularly from business players. The Indonesian population, although predominantly Muslim, has not fully utilized Islamic investment products (Yumna, 2019). Therefore, it is important to explore the factors that influence investment interest among business players, especially in the Islamic banking sector.

Sungai Penuh City, located in Jambi Province, is one of the cities with dynamic economic growth, particularly among small and medium-sized enterprises (SMEs). This city has great potential for the development of the Islamic finance sector, given the strong religious values within the community. Amid the growth of businesses in this city, business players are faced with various investment options, including Islamic banking. However, despite the significant potential, there is a lack of research that specifically examines the factors influencing investment interest in Islamic banks in Sungai Penuh City. This creates an urgency for in-depth research to understand the dynamics of business players' investment interest in Islamic banks in this city.

Financial literacy is an important factor in investment decisions, particularly

in the context of Islamic finance. A deep understanding of Shariah banking products such as mudharabah (profit-sharing), ijarah (leasing), and musharakah (joint venture) requires a certain level of financial literacy (Saprida et al., 2022). However, a lack of financial literacy can impede business players from fully appreciating the advantages of these investments. Educational programs aimed at enhancing financial literacy concerning Islamic banking products could effectively address this gap and increase investment interest by dispelling existing misconceptions.

In addition to education, government support and regulation play significant roles in the development and adoption of Islamic banking. Supportive policies including tax incentives, regulatory flexibility, and subsidie can enhance the attractiveness of Islamic investments (Hamid, 2024).

Furthermore, government support and regulation also significantly impact the development and adoption of Islamic banking. Supportive policies, such as tax incentives, regulatory flexibility, and subsidies, can increase the attractiveness of Islamic investments. The Indonesian government has shown commitment to Islamic finance, but further studies on the effectiveness of these policies in Sungai Penuh City could reveal the specific challenges and benefits faced by business players when choosing Shariah-compliant investments.

Additionally, the perception of risk plays a critical role in investment decision-making. In Islamic banking, risks are often perceived differently compared to conventional banks due to the Shariah principles applied (Lailiya & Kusumaningtias, 2024). The profit-and-loss sharing model introduces uncertainties that may feel foreign or uncomfortable to some investors. Conducting an in-depth analysis of these risk perceptions among business players in Sungai Penuh could provide valuable insights into how Islamic banking can design

products that better align with their risk preferences. The application of technology and digital transformation in Islamic banking is also an essential factor influencing investment interest (AB. Aziz, 2022). Business players in areas like Sungai Penuh may prioritize digital accessibility to services, which can save time and resources. Researching the extent of digital solutions implemented by Islamic banks in this region can reveal how technology influences investment decisions and highlight the potential for fintech collaboration or the infrastructure enhancements needed (Hendri & Fattah, 2022).

Moreover, Corporate Social Responsibility (CSR) plays a vital role in building a positive image of Islamic banking that aligns with ethical and religious values. Banks that actively implement CSR initiatives can attract business players interested in contributing to social welfare (Amaliah Liwan et al., 2023). Studying how Islamic banks in Sungai Penuh carry out CSR and its impact on investment interest can provide important insights into the role of social responsibility in investment decisions.

The influence of social networks and social norms is also crucial, especially in closely-knit community environments where social reputation and group affiliations are highly influential. Researching how social networks, family, and community leaders affect the investment decisions of business players in Sungai Penuh could uncover additional factors that either encourage or hinder interest in Islamic banking.

Additionally, assessing the diversity of Shariah banking products is relevant, as offering a range of products can attract a broader investor base. Islamic banks can develop products tailored to varying risk tolerances and investment horizons, such as sukuk, Shariah-compliant mutual funds, and Islamic savings accounts. Investigating the level of diversity and appeal of the

available Shariah banking products in Sungai Penuh, along with the preferences and needs of business players, could reveal gaps in the existing product offerings.

The selection of business players as research subjects is based on their strategic role in the local and national economy (Sodikov, 2020). Business players, particularly in the small and medium sectors, are a group with great potential to enhance investment activities in Sungai Penuh. They often need safe investment solutions (DeGhetto et al., 2020), aligned with Shariah principles (Fitri, 2023), and offering long-term benefits. Therefore, understanding the investment interest of business players in Islamic banks will provide valuable insights for the development of the Islamic finance sector. Additionally, investment decisions made by business players are often influenced by contextual factors such as culture (Bonna & Awobogo-Moah Amoah, 2020; Goraieb et al., 2019; Komşuoğlu Yılmaz, 2023; Li et al., 2022), trust in financial institutions (Dalmolin et al., 2019; Eryigit, 2020; Liang et al., 2019; Ritzer-Angerer, 2019), and the quality of services they receive (Dhiwanti & Sukmalana, 2021; Park et al., 2021; Santoso, 2019; Tatpornpan et al., 2023). Therefore, studying investment decisions from the perspective of business players provides a more comprehensive and practical understanding for the development of Islamic banking strategies.

One of the factors believed to influence investment interest is culture. The cultural values held by a community often affect their preferences and decisions in investing (Singh, 2024). The people of Sungai Penuh City have strong local wisdom and religious values (Zuhdi et al., 2023), which can shape their perceptions of investment, including investment in Islamic banks. A culture that supports Shariah principles tends to encourage individuals to choose financial products that align with Islamic teachings (Alika et al., 2021).

Therefore, an in-depth understanding of the cultural influence on investment interest is crucial in developing more effective promotional strategies for Islamic banks.

In addition, the trust of business players in Islamic banks is also a crucial factor. Trust is a fundamental aspect of the relationship between financial institutions and their customers (Gokmenoglu & Amir, 2021). In investments, trust in the reliability, transparency, and integrity of Islamic banks greatly influences the decisions of business players. When business players feel confident that their funds are being managed well in accordance with Shariah principles, their interest in investing will increase (Rahmawati & Nasrulloh, 2023). Conversely, if this trust is absent, they will tend to seek alternative investments that they perceive as safer.

Another factor that influences investment interest is the quality of services provided by Islamic banks. Service quality encompasses various aspects, including ease of access, speed of service, and the bank's ability to offer solutions that meet the needs of customers. High service quality not only increases customer satisfaction but also builds loyalty and interest in returning to invest (Wahyudi & Ruswanti, 2021). Business players who feel they receive responsive and professional service are more likely to place their funds in Islamic banks compared to other financial institutions.

A thorough analysis of factors such as culture, trust, and service quality is very important. This study aims to identify and analyze how these three factors influence the investment interest of business players in Islamic banks. Understanding the influence of these factors will not only provide theoretical contributions but also practical insights for developing more effective Islamic banking strategies. It is hoped that the results of this research will offer new insights for Islamic banking in Sungai Penuh City in their efforts to attract more business

players to invest, while also strengthening the Islamic financial sector in Indonesia.

Culture, in a social and consumer context, refers to a system of values, norms, and life practices shared and passed down by a group of people from generation to generation. Complicated cultural components involve aspects such as religious systems, politics, customs, language, and other elements that form the basic framework of life together. Culture not only creates group identity, but is also a factor that greatly influences consumer desires and behavior. Consumer behavior itself is the result of learning that includes cultural influences. Each group or society has its own cultural characteristics, and their impact on the purchasing behavior patterns of their members varies widely. Culture, as a fundamental element, forms the basis of consumer desires and actions. Human behavior as a whole is influenced by the culture that surrounds it, and changes in culture occur along with the development of time and society. This influence is not only static, but dynamic along with the evolution of human life. Machmud & Rukmana (2017: 35) highlight that human behavior tends to absorb customs and habits that are rooted in culture, reflecting complex dynamics in the interaction between individuals and the cultural context they adhere to (Supiani et al., 2021).

Assuri (2018: p. 146) states that trust can be interpreted as a description of a person's views that is used to form beliefs about something that is the focus of his attention. This view matches Sangadji & Sopiah's explanation, as revealed in research by Sari & Oswari (2020). In this framework, trust is defined as the strength that customers have in terms of their knowledge about the product, involving aspects such as objects, appearance, and uses that they can physically observe. (Putra & Triwardhani, 2023)

Ali Hasan (2013) stated that service quality actually depends on how consum-

ers interpret and assess a product, good or service. These dimensions of service quality are perceived by consumers through the purchasing decision making process regarding a product or service. After making a purchase, consumers then evaluate their experience. This evaluation is based on their attitude, which is a psychological process that involves a subjective assessment of the product or service they have purchased. In other words, consumers will form their own views or assessments of the quality of service they receive based on their perception of the product or service. The importance of consumer attitudes in this evaluation lies in the extent to which consumers are satisfied with the products, goods or services they have purchased. In this case, consumer satisfaction is measured through the degree of match between expectations before purchase and actual experience after purchase. (Makmur Hasanuddin, 2016)

METHODOLOGY

Research Approach

This study adopts a quantitative approach using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method. PLS-SEM was chosen for its ability to handle complex causal relationships between latent variables, including reflective and formative indicators. This approach is also effective for small sample sizes and non-normally distributed data, making it well-suited for this study.

Population and Sample

The population of this study comprises business actors in Sungai Penuh City with the potential to invest in Islamic banks.

A random sampling technique was employed to ensure every individual in the population had an equal chance of being selected as a respondent. Using this method, data were collected from 101 respondents through online and offline questionnaires.

Data Collection Instrument

The research instrument consisted of a questionnaire using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) covering four variables:

1. Culture: Measures values and norms influencing investment decisions (5 indicators).
2. Trust: Assesses confidence in the integrity and reliability of Islamic banks (6 indicators).
3. Service Quality: Measures perceptions of accessibility, speed, and responsiveness of services (4 indicators).
4. Investment Interest: Evaluates the willingness and tendency to invest (8 indicators).

Data Processing

Data were analyzed using Smart-PLS 3.2.9 software following these steps:

1. Measurement Model Testing (Outer Model)
 - Convergent Validity: Loading Factor: Indicators must have values >0.7 . Average Variance Extracted (AVE): Values must exceed 0.5.
 - Discriminant Validity: Fornell-Larcker Criterion: The square root of AVE must be greater than the correlations between constructs.
 - Construct Reliability: Cronbach's Alpha and Composite Reliability must exceed 0.7.
2. Structural Model Testing (Inner Model)
 - Path coefficients were used to assess the direction and strength of relationships between variables.
 - Model strength was evaluated using R-square and Adjusted R-square values.
 - Predictive power was assessed using Q-square values.
3. Hypothesis Testing
 - The bootstrapping method was applied to derive T-statistics (>1.96) and P-values (<0.05).
 - Hypotheses tested the direct influence of culture, trust, and service quality on investment interest.

Justification for Variable Selection

The selection of culture, trust, and service quality as variables is based on literature reviews that highlight their significant potential to influence investment interest. Additionally, in the context of Islamic banking in Sungai Penuh City, strong local culture, religiosity, trust in financial institutions, and perceived service quality are believed to play critical roles in encouraging investment interest.

Advantages of PLS-SEM

The PLS-SEM approach offers several advantages relevant to this study:

- No assumption of normal data distribution, making it suitable for this dataset.
- Capable of handling complex causal relationships among latent variables.
- Effective for small to medium sample sizes.
- Provides interpretable results directly through path coefficients and significance tests.

Data Validity and Reliability

Results of the testing indicate that all variables meet the criteria for validity and reliability:

- Average Cronbach's Alpha value: 0.9, indicating high reliability.
- Average AVE > 0.6, demonstrating good convergent validity.
- Composite Reliability > 0.9, reinforcing the reliability of the research instrument.

Bias Control

To minimize bias, the questionnaire was designed to be anonymous, and clear instructions were provided to respondents to ensure accurate responses. Additionally, a combination of online and offline data collection methods was implemented to enhance response rates and population representation.

Limitations

Despite using the PLS-SEM approach, this study has certain limitations, such as the geographic coverage being restricted to Sungai Penuh City and the relatively small sample size. These limitations

present opportunities for future research with broader geographic coverage and larger sample sizes.

RESULTS AND DISCUSSION

Descriptif Statistics

Descriptive statistics are used to provide a general overview of the characteristics of the data obtained from respondents. In this study, descriptive data were analyzed to understand the respondents' profiles and the distribution of responses for each research variable: culture, trust, service quality, and investment interest.

The analysis of respondent profiles includes demographic aspects such as age, gender, education level, and business experience. Below is a summary of the key characteristics of the respondents:

Age: The majority of respondents fall within the productive age range of 25–40 years, reflecting the dominance of economically active business actors.

Gender: Respondents consist of 49.5% males and 50.5% females, indicating a relatively balanced representation between the two gender groups.

Education Level: Most respondents have at least a high school education or equivalent, with 37.6% holding higher education degrees, reflecting a sufficient level of literacy in understanding investment products.

Business Experience: Respondents have an average business experience of 3–10 years, engaging in various sectors such as trade, services, and manufacturing.

Distribution of Responses on Research Variables

Descriptive statistics for the research variables are presented to understand the response patterns from the questionnaire. Each variable is analyzed for mean scores, maximum values, minimum values, and standard deviations:

Culture:

Average score: 0.676

Standard deviation: 0.050

Highest-scoring indicator: Local norms encourage investment (average score 0.898).
Lowest-scoring indicator: The role of tradition in investment decisions (average score 0.775).

Trust:

Average score: 0.714

Standard deviation: 0.038

Highest-scoring indicator: Trust in the reliability of Islamic banks (average score 0.906).

Lowest-scoring indicator: Transparency of investment product information (average score 0.822).

Service Quality:

Average score: 0.774

Standard deviation: 0.044

Highest-scoring indicator:

Responsiveness to customer needs (average score 0.927).

Lowest-scoring indicator: Ease of access to digital services (average score 0.856).

Investment Interest:

Average score: 0.816

Standard deviation: 0.055

Highest-scoring indicator: Desire to increase investment in the future (average score 0.911).

Lowest-scoring indicator: Ability to understand investment risks (average score 0.720).

The descriptive statistics indicate that most respondents have a positive view of culture, trust, and service quality in the context of investment in Islamic banks. However, there is variation in the level of investment interest, suggesting that other factors, such as financial literacy or risk perception, may have a greater influence than the primary variables studied. Additionally, the relatively small standard deviations for some indicators show that respondents have fairly consistent perceptions of the questionnaire items.

Construct Validity and Reliability

The purpose of this test is to verify that the questions contained in the questionnaire, as a research tool, have an adequate level of validity and reliability to measure the variables in question.

The initial research instrument included 10 questions designed to measure investment interest. However, after going through validity and reliability tests, only 8 questions met the standard criteria. Regarding cultural variables, the five initial questions asked were all declared valid and reliable. Meanwhile, for the trust variable, the six questions asked met the validity and reliability criteria. Likewise for the service quality variable, the four questions asked were all stated to meet the assumptions of validity and reliability.

Table 1.
Construct Validity and Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Trust	0.899	0.908	0.926	0.714
Service quality	0.927	0.929	0.945	0.774
Investment interest	0.9235	0.931	0.947	0.816
Culture	0.931	0.944	0.943	0.676

Source: Processed data SMARTPIs 3.2.9 ,2024

From the data contained in Table 1, it can be seen that each variable has a Cronbach's Alpha value with an average of around 0.9, and an Average Variance Extracted (AVE) value which reaches an average of 0.6 or more. Thus, all questions in this study are considered accurate and reliable.

Evaluation

Based on the data contained in Table 2, it was found that the Adjusted R square value was 0.254. This figure reflects the level of influence of culture (X 1), trust (X 2), and service quality (X 3) on investment interest (Y) in Bank Syariah Indonesia (BSI) in Sungai Penuh City, namely around 25.4% ($0.254 \times 100\%$). The Adjusted R square value was chosen because in multiple linear model analysis, adding independent variables can affect R square , regardless of whether the added variables have a significant impact or not.

ue of 1.96, and a P value of 0.651, which is greater than the alpha significance level (0.05). Therefore, hypothesis 0 is accepted so it can be stated that culture has no influence on investment interest.

From the analysis in Table 3, it is concluded that trust does not have a significant influence on investment interest. This finding is strengthened by the T statistics value of 0.576, which is smaller than the critical value of 1.96 , and the P value of 0.565, which exceeds the alpha significance level (0.05). Therefore, from a statistical perspective, it can be concluded that trust does not play a significant role in shaping investment interest.

Based on the analysis in Table 3, it can be concluded that service quality does not have a significant influence on investment interest. This finding is strengthened by the T statistics value of 1.410, which is lower than the critical value of 1.96, and

Table 2.
Determinant Coefficient

	R square	R Square adjusted
Investment interest	0.276	0.254

Source: Processed data SMARTPLS 3.2.9 ,2024

As a result, the adjusted R square value becomes an indicator adjusted for the presence of independent variables, reflecting the extent to which these variables contribute to explaining variations in investment interest .

T statistics (Bootstrapping)

At the first statistical test stage, an evaluation was carried out to determine the significance of the influence of the exogenous variable (X) on the endogenous variable (Y) within the framework of this research.

From the analysis in Table 3, it can be concluded that culture does not have a significant influence on investment interest. This is confirmed by a T statistics value of 0.453, which is smaller than the critical val-

the P value of 0.159, which exceeds the alpha significance level (0.05). Thus, it can be explained that service quality does not have a significant impact on investment interest based on the results of the analysis carried out.

Discussion

This study aimed to analyze the influence of culture, trust, and service quality on business actors' investment interest in Bank Syariah Indonesia (BSI) in Sungai Penuh City. Using the PLS-SEM method, the findings revealed that none of these independent variables significantly affected the dependent variable. These results challenge commonly held assumptions in the literature, which often suggest that these factors universally influence in-

Table 3.
Direct Influence

Variable	Original Sample2 (O)	T statistics (O/STDEV)	P values
Culture -> Investment interest	-0.058	0.453	0.651
Trust -> Investment interest	0.186	0.576	0.565
Quality of service - > Investment interest	0.390	1,410	0.159

Source: Processed data SMARTPLS 3.2.9 ,2024

vestment interest. This discussion delves deeper into the findings by linking them to relevant theories, previous studies, and practical implications for the development of Islamic banking.

Culture and Investment Interest

Culture represents a framework of values, norms, and traditions that influence individuals' thinking, behavior, and decision-making processes. In financial contexts, culture is often associated with trust in specific financial systems and preferences for financial products. According to Cultural Dimensions Theory (Hofstede, 1984), cultural dimensions such as uncertainty avoidance and power distance can affect society's risk tolerance and investment preferences. However, this study found that culture does not significantly influence investment interest in Islamic banking.

Several factors may explain this result:

- **Mismatch Between Cultural Values and Economic Behavior:** Research by Li et al., (2023) indicates that while cultural values are deeply internalized, their application in economic decisions, including investments, is inconsistent. Cultural values often function as moral guidelines, whereas economic decisions are more influenced by material incentives, such as potential profit and risk perception.

- **Lack of Understanding of Islamic Investment:** In Sungai Penuh, business actors lack sufficient understanding of Islamic investment and its alignment with local cultural values. Ali et al., (2024) highlight that while religious values can drive financial behavior, low financial literacy often hampers the adoption of Islamic financial products.

- **Irrelevance of Products to Local Contexts:** Islamic banking products often do not reflect the specific needs and values of local communities. Products designed with a national focus that fail to consider regional characteristics tend to have limited appeal to local business actors.

From a theoretical perspective, this finding suggests that the relationship between culture and investment interest is non-linear, mediated by variables such as financial literacy and product design. Practically, Islamic banks should adopt a localized marketing approach, emphasizing how Islamic investments align with local economic sustainability.

Trust and Investment Interest

Trust is a fundamental element in building relationships between financial institutions and their customers. Trust-Based Marketing Theory (Sirdeshmukh et al., 2002) posits that trust forms the foundation of customer loyalty and long-term financial decisions. Nevertheless, this study found

that trust does not significantly influence investment interest.

This outcome can be attributed to several factors:

- **Mismatch Between Trust and Perceived Risk:** Jawad & Larbi, (2023) found that while customers may trust Islamic financial institutions, their investment decisions are more influenced by risk perception. In Sungai Penuh, business actors perceive risks associated with Islamic investments, such as profit-sharing fluctuations, as more relevant than their trust in the bank.
- **Lack of Transparency:** Transparency is a key component of trust. Hamza, (2016) emphasizes that insufficient details about profit-sharing mechanisms and investment performance can reduce the role of trust in investment decisions. If customers are unclear about how their funds are managed, their trust in the institution becomes less meaningful.
- **Focus on Tangible Financial Aspects:** Schoukroun-Barnes et al., (2019) observed that customers are often more influenced by tangible financial factors, such as return rates, rather than abstract trust.

Theoretically, these findings highlight that trust alone is insufficient to drive investment decisions, particularly when financial literacy and risk perception are not addressed. Practically, Islamic banks should enhance their transparency by providing detailed investment performance reports and realistic profit simulations to strengthen customer confidence in their products.

Service Quality and Investment Interest

Dimensions such as reliability, responsiveness, and empathy are commonly believed to contribute to customer satisfaction and loyalty. However, the findings of this study indicate that service quality does not significantly impact investment interest in Islamic banking.

This can be explained by several perspectives:

- **Service Perception as a Supporting Fac-**

tor: Business actors perceive service quality as a supporting aspect rather than a primary determinant of investment decisions. Ijara, (2020) found that good service quality alone is insufficient to drive financial decisions unless accompanied by clear economic benefits.

- **Limitations of Offered Products:** Kim et al., (2018) argued that service quality must be paired with relevant and competitive products. If investment products fail to meet customer expectations or needs, excellent service quality will not be enough to attract their interest.

- **Influence of External Factors:** Investment decisions are often influenced by external factors, such as macroeconomic conditions, inflation, and market fluctuations. Gao et al., (2020) showed that customers are more affected by the economic environment than their perceptions of service quality.

Theoretically, these results suggest that service quality impacts investment decisions only when supported by relevant products and favorable external conditions. Practically, Islamic banks should focus on aligning their services with competitive and contextually relevant products while addressing external economic challenges to attract greater investment interest.

Theoretical and Practical Implications

Theoretically, the findings of this study highlight the importance of a deeper understanding of how the interaction between service quality and product relevance can influence investment decisions. In the existing literature, service quality is often regarded as a determining factor in building long-term relationships between financial institutions and customers (Jo & Mariano, 2020). However, the results of this study indicate that although the service quality provided by Islamic banks in Sungai Penuh City was positively perceived by respondents, it was not sufficient to drive their investment decisions. This suggests that service quality, while impor-

tant for maintaining customer satisfaction and loyalty, cannot independently serve as the primary factor in investment decisions without being supported by products that are relevant and aligned with customers' needs.

Furthermore, the interaction between service quality and product relevance becomes particularly crucial in the context of Islamic finance, which has unique characteristics compared to conventional financial institutions. Islamic investment products, such as sukuk or Sharia-compliant mutual funds, require a deeper understanding of profit-sharing mechanisms, risks, and the benefits offered. Therefore, the synergy between high-quality services and relevant products can provide a more holistic solution for customers in making investment decisions. Here, the concept of product relevance encompasses not only meeting financial needs but also aligning the products with the Sharia principles that customers uphold.

Practically, Islamic banks need to evaluate and enhance the relevance of their service quality by offering more integrated solutions that comprehensively address customer needs. One way to achieve this is by providing more personalized investment advisory services based on Sharia principles. These services can help customers better understand and plan their investment portfolios in a prudent manner. The advisory services should not only focus on technical aspects of investment, such as risk assessment and potential returns, but also on educating customers about Sharia-compliant investment products that align with their values and objectives. This approach will empower customers to make more informed decisions that are consistent with their Sharia principles and connected to their long-term financial goals.

Additionally, Islamic banks should extend the reach of these advisory services by leveraging digital platforms to pro-

vide easier access for customers, particularly small and medium business owners in rural areas. The use of technology, such as mobile applications or interactive websites, that offer Sharia investment portfolio analysis, data-driven investment advice, and financial simulations, will enhance information accessibility and assist customers in making timely and well-informed decisions based on valid data.

Furthermore, the integration of service quality and product relevance can be strengthened through more precise market segmentation. Islamic banks can utilize customer data to gain deeper insights into their investment preferences and behaviors, tailoring products and services to better match the characteristics of each customer segment. For instance, new entrepreneurs may prefer low-risk investment products, while established business owners might seek products with higher potential returns. With a more personalized approach, Islamic banks can not only increase customer satisfaction but also foster stronger loyalty, which ultimately positively impacts customers' investment decisions.

Islamic banks also need to focus on sustainable customer relationship management. This involves not only providing high-quality services but also building long-term relationships based on transparency and trust. By offering clear and easily understood information about Sharia investment products and demonstrating a commitment to customers' best interests, Islamic banks can reinforce positive perceptions of their investment offerings. This creates an environment that supports more informed investment decision-making.

The improved integration of service quality and product relevance is expected to encourage greater investment interest, particularly if Islamic banks can bridge the gap between customers' practical needs and the Sharia principles they uphold. Thus, Islamic banks would not only

function as financial institutions but also as partners in designing a better financial future for society.

Integration of Findings with Theories

The research findings reveal that the relationship between culture, trust, service quality, and investment interest is more complex than previously anticipated. This indicates that these relationships are influenced by various mediating and moderating variables, such as financial literacy, risk perception, and market conditions. The interaction between these factors depicts a more intricate dynamic in investment decision-making than what is often described in previous theories. Therefore, understanding investment decisions must take into account the interconnected and evolving external and internal factors.

Investment interest among entrepreneurs in Islamic banks is not only influenced by cultural norms or religious values (which are part of attitudes and norms in Ajzen's theory) but also by other factors like their perception of control over the investment process—whether it's managing risk, available information, or accessibility of investment products. For example, entrepreneurs who feel they lack control over the investment process or find Sharia investment products difficult to understand or access are more likely to avoid investing, even though their culture supports Sharia principles.

From an economic perspective, these findings are highly relevant to Herbert Simon's bounded rationality theory (1955). The theory posits that individuals, when making decisions, do not always have complete information or the ability to rationally analyze all available alternatives (Teraji, 2018). Instead, they make decisions based on limited information and cognitive constraints, as well as contextual factors. In this context, the entrepreneurs studied lacked a sufficient understanding of Sharia investment products or felt that these products were not relevant to their

needs.

Bounded rationality emphasizes that individuals tend to make good-enough decisions with the information they have, even if it is limited. In the case of Sharia investment, entrepreneurs in Sungai Penuh City had a limited understanding of how these investment products work or how they could utilize Sharia investment products to support their businesses. For example, they did not understand how the profit-sharing mechanism worked or how the potential returns compared with other conventional financial products. This resulted in their decision not to invest not because they disagreed with Sharia principles, but because of their limited understanding or information about how Sharia investment products work.

Moreover, market conditions also play a crucial role in investment decision-making. Bounded rationality focuses on the reality that individuals make decisions within the constraints of time, information, and resources. In this study, entrepreneurs in Sungai Penuh City were hampered by market uncertainty or a lack of understanding of how macroeconomic conditions (e.g., inflation or currency fluctuations) could affect their investment outcomes. When market information was not clear or customers felt they could not accurately predict investment outcomes, they became more hesitant to take risks, even though investment products were available.

Financial literacy is highly relevant in explaining how culture, trust, and service quality can interact with investment interest. High financial literacy can enhance an individual's ability to make rational investment decisions, even in uncertain market conditions (Ray & Thind, 2023). In this context, entrepreneurs in Sungai Penuh City with lower financial literacy found it difficult to understand investment risks and potential returns of Sharia products. As a result, even though they trusted the Islamic bank and supported Sharia principles, they were

not brave enough to invest due to uncertainty and a lack of understanding about the offered products.

In this study, entrepreneurs perceived the risks associated with Sharia investments to be higher compared to other investment forms, even though the products were proven to be in line with Sharia principles and had attractive potential returns. This created a cognitive bias that prevented them from recognizing the value of Sharia investments, which could provide long-term financial benefits.

Market conditions refer to economic fluctuations, changes in interest rates, inflation, and market volatility that can impact investment decisions (Ososuaqpor, 2021). In unstable market conditions, entrepreneurs were more likely to hold back their investments, especially if they felt that the market did not offer clear prospects or if they lacked enough information to make an informed decision. In this case, market conditions acted as a moderating factor that either strengthened or weakened the relationship between trust, culture, and investment interest.

Based on the integration of these findings with relevant theories, it is crucial for Islamic banks to recognize that investment decisions are influenced not only by apparent factors such as trust in the bank or local culture but also by mediating variables like financial literacy, risk perception, and market conditions. Therefore, the policies adopted by Islamic banks in attracting investment should be more holistic and integrated, focusing not just on providing investment products that align with Sharia principles but also improving customer understanding and capacity to manage risk and evaluate potential returns.

Islamic banks should prioritize financial education and enhancing financial literacy among entrepreneurs. By providing clear training and information about profit-sharing mechanisms, risk calculations, and expected returns, Islamic banks

can reduce the uncertainty perceived by customers and increase their confidence in investing. Additionally, transparency of information and education about market conditions will strengthen customer understanding, allowing them to make more rational and well-informed decisions.

In conclusion, integrating these findings with relevant theories indicates that Islamic banks must take a more comprehensive approach to investment decisions. This involves more than just focusing on providing Sharia-compliant investment products; it also means increasing customer understanding, financial literacy, and the ability to manage investment risk. By adopting this more integrated approach, Islamic banks can help bridge the gap between customer needs and Sharia principles, thereby creating a supportive environment for investment decisions that align with long-term financial goals.

Practical Implications for the Development of Islamic Banks

Islamic banks, as financial institutions operating based on Islamic principles, play a crucial role in advancing the local economy, especially in offering Sharia-compliant investment products. To achieve this goal, Islamic banks must pay attention to several important aspects that can increase the appeal of their investment products, particularly among small and medium enterprises (SMEs). Practical steps that need to be taken include more intensive financial education, diversification of investment products, increased transparency of information, and strategic partnerships with the government and local communities.

1. Intensive Financial Education

One of the first steps that Islamic banks should take is to improve financial literacy within the community. This is critical, as many people still have limited understanding of what Sharia-compliant investment is and how Islamic financial products work. Therefore, Islamic banks should

design more intensive financial education programs through various channels, such as seminars, training sessions, and comprehensive socialization campaigns.

This education must go beyond providing basic information; there should be a concerted effort to explain in detail the profit-sharing mechanisms that underpin many Sharia investment products, as well as the potential returns that can be obtained from various instruments. Training programs organized by Islamic banks should not only be informative but also interactive, allowing customers or potential customers to engage directly with financial experts or Sharia financial planners. This way, clients can gain a better understanding of how to optimally manage and utilize Sharia-compliant investment products and avoid misunderstandings due to a lack of knowledge.

The outreach programs can also be tailored to different market segments. For example, for small and medium-sized enterprises (SMEs) who may be new to investing, educational content can focus on how to identify products that match their business capacity. On the other hand, for more experienced investors, seminars can go deeper into complex topics such as risk analysis of Sharia investments and strategies for managing optimal investment portfolios.

2. Diversification of Investment Products

The investment products offered by Islamic banks should reflect the needs and characteristics of the local business community. Communities and business owners in rural areas may have different needs compared to those in urban areas. Therefore, Islamic banks need to develop investment products that are more relevant to local needs. One concrete step is to introduce products like sukuk or Sharia-compliant mutual funds specifically designed for small and medium-sized businesses.

Mutual funds and sukuk can be very appealing options for SMEs, as these

products not only offer attractive returns but are also guaranteed to comply with Sharia principles, which is highly desirable for Muslim investors. Sukuk, for example, are Sharia-compliant securities that can provide stable investment returns without involving interest (*riba*), a common concern for those investing according to Islamic law. Meanwhile, Sharia-compliant mutual funds offer ease for investors with limited capital to invest in professionally managed portfolios.

By developing investment products that cater to the needs and capacities of local entrepreneurs, Islamic banks not only meet market demand but also attract more entrepreneurs to invest. This will also open opportunities for Islamic banks to become a key partner in local economic development while promoting the sustainability of Sharia principles in the financial world.

3. Increased Transparency of Information

Customer trust in Islamic banks is built not only through good relationships but also through clear and accessible information transparency. Islamic banks must recognize that customers, especially those interested in investing, require clear, accurate, and transparent information about the investment products they choose. In this regard, Islamic banks should provide easy-to-understand and comprehensive performance reports for each investment product they offer.

These reports should include information about potential returns, associated risks, and how the profit-sharing mechanism is applied to the product. Customers must feel confident that they are receiving enough information to make informed investment decisions. Additionally, Islamic banks should provide realistic simulations of returns to show customers how these products could yield profits under various market conditions.

Providing comprehensive and clear information will strengthen the positive perception of customers toward Islamic banks,

which in turn will increase their trust. If Islamic banks can establish a stronger culture of transparency, this will not only help increase the number of investors but also strengthen long-term relationships with loyal customers.

4. Strategic Partnerships with the Government and Local Communities

As financial institutions operating within the framework of Sharia, Islamic banks also need to establish strategic partnerships with external parties that can help create a more conducive environment for the development of Sharia investments. One of the most important partners in this regard is the government. Cooperation with the government could include providing tax incentives or investment subsidies, which could make Sharia investment products more appealing to entrepreneurs, especially those hesitant to begin investing.

Partnerships with the government can also assist Islamic banks in formulating policies that support the development of Sharia financial products at the local level. For instance, the government could provide policy support to ease the access of small and medium-sized enterprises to Sharia investment products offered by Islamic banks. The government could offer fiscal incentives, such as tax reductions for businesses investing in Sharia instruments or provide funds to guarantee investment portfolios for smaller businesses.

In addition to the government, collaboration with local communities is also key. Entrepreneurs often trust products from institutions that they believe understand their needs. Islamic banks can strengthen the reach and relevance of their products by collaborating with local business associations or cooperatives. Through these partnerships, Islamic banks can provide deeper knowledge of their products to local entrepreneurs and build a broader network of trust within the community.

By implementing these practical

steps, Islamic banks can enhance their role in the local economy, attract more investors, and ensure the sustainability of Sharia-compliant financial products. Furthermore, this holistic approach can lead to increased financial inclusion, particularly for SMEs, and help integrate Islamic finance into the broader economic landscape.

CONCLUSIONS

This study aimed to analyze the factors influencing investment interest in Bank Syariah Indonesia (BSI) in Sungai Penuh City, focusing on the variables of culture, trust, and service quality. The analysis, conducted using the PLS-SEM method, revealed that these three variables do not have a significant effect on the investment interest of business actors. This finding provides new insights, indicating that while these factors are often regarded as crucial determinants in investment decisions, they may not always be relevant in specific local contexts or communities.

Theoretically, this research suggests that in the context of Islamic banking, investment decisions are not solely shaped by social norms or trust in institutions but are also influenced by more personal and contextual factors. Financial literacy, risk perception, and market conditions appear to play a more significant role in driving business actors' investment decisions. This highlights the need for further research into other variables that impact investment interest in the Islamic banking sector.

Practically, the results emphasize the importance of improving financial education to bridge the knowledge gap about Islamic investment products. Diversifying investment offerings to better align with the needs of small and medium-sized businesses is crucial, as is enhancing the transparency of product information to build trust and assist customers in making more informed decisions. Establishing strategic

collaborations with the government and local communities can also help create a more conducive investment ecosystem, making Islamic banking more attractive to business actors.

By implementing these measures, Bank Syariah Indonesia can foster greater community participation in Islamic investment, supporting more inclusive and sustainable local economic growth.

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