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THE INFLUENCE OF DIGITAL ISLAMIC FINANCIAL LITERACY, RISK PERCEPTION, AND RELIGIOSITY ON INVESTMENT INTEREST IN ISLAMIC MUTUAL FUNDS : (A CASE STUDY ON FEBI STUDENTS OF UIN NORTH SUMATERA)

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Abstract

This study aims to analyze the influence of digital Islamic financial literacy, risk perception, and religiosity on investment interest in Islamic mutual funds among FEBI UIN Sumatera Utara students. The digital era has transformed the landscape of the Islamic financial industry, but the low level of Islamic financial literacy (9.1%) poses a challenge in the development of Islamic investment. This study uses a quantitative explanatory approach with the Structural Equation Modeling (SEM) technique based on Partial Least Square (PLS) through the SmartPLS 4 application. The research sample consisted of 98 FEBI UIN Sumatera Utara students selected using a purposive sampling technique. Data were collected through an online questionnaire with a Likert scale of 1-5. The results showed that digital Islamic financial literacy had a positive and significant effect on investment interest in Islamic mutual funds with a parameter coefficient of 0.552 and an effect size (f^2) of 0.483 (a large effect). Religiosity also had a positive and significant effect, with a parameter coefficient of 0.280 and an effect size (f^2) of 0.128 (moderate effect). Conversely, risk perception did not significantly influence investment interest in Islamic mutual funds, with a P-value of 0.267 and an effect size (f^2) of 0.006 (very small effect). The research model was able to explain 59.8% of the variation in investment interest in Islamic mutual funds ($R^2 = 0.598$). These findings indicate that increasing digital Islamic financial literacy and strengthening religious values are more effective in encouraging investment interest in Islamic mutual funds than focusing on investment risk aspects.

Keywords: Digital Islamic Financial Literacy, Risk Perception, Religiosity, Investment Interest, Islamic Mutual Funds

INTRODUCTION

The development of the Sharia-based investment industry continues to show a very positive trend both globally and nationally, as public interest in investment patterns aligned with Islamic values increases. Internationally, the Sharia financial market has grown significantly in line with the growing demand for Sharia-compliant investment instruments. Sharia mutual funds have become a popular instrument due to their diversification, ease of access, and compliance with halal principles. In Indonesia, data from the Financial Services Authority (OJK) shows that in January 2025, the net asset value (NAV) of Sharia mutual funds reached IDR 51.7 trillion, an increase compared to the same period the previous year. The number of Sharia mutual fund products continues to grow, reflecting increasing market demand (OJK, 2025a). This data demonstrates that

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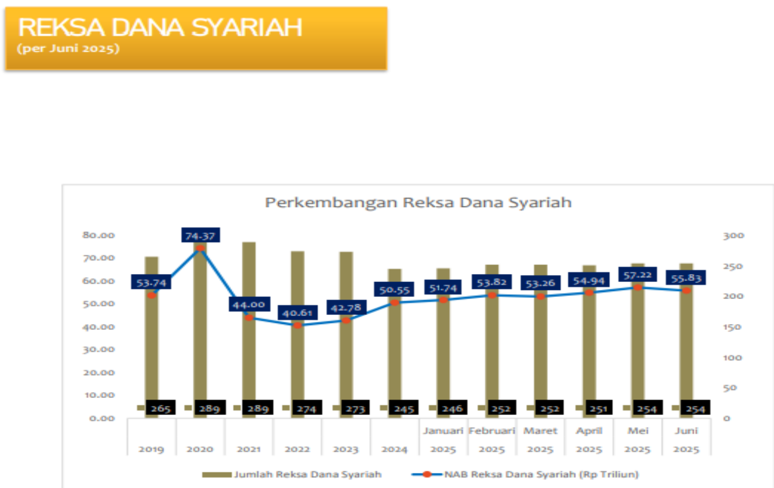
Sharia investments, including Sharia mutual funds, are not only an ethical investment alternative but are also increasingly sought after as part of efforts to strengthen sustainable national financial inclusion.

In Indonesia, the potential for Sharia investment is substantial, given that the majority of the population is Muslim, approximately 87% of the total population. Millennials and Gen Z, the majority of whom are students, hold a strategic position as potential young investors. According to data from the Indonesian Central Securities Depository (KSEI), as of December 2024, the number of Indonesian capital market investors reached more than 13.3 million, with approximately 58% of them aged ≤30 years (KSEI, 2024). This confirms that students represent a highly potential segment in the development of the Islamic capital market, including Islamic mutual funds. However, the low level of Islamic financial literacy among the younger generation remains a challenge, impacting their level of participation in Islamic investment (Nugraha & Sutrisno, 2024). This situation emphasizes the need for special attention to students, especially those within the Faculty of Islamic Economics and Business (FEBI), as prospective Muslim intellectuals who play a significant role in strengthening the Islamic investment ecosystem, both through theoretical understanding and real-life investment practices.



Theoretically, the Theory of Planned Behavior (TPB) developed by Ajzen (1991) explains that behavioral intentions are influenced by three main factors: attitudes toward the behavior, subjective norms, and perceived behavioral control. In the context of Islamic investment, digital Islamic financial literacy, risk perception, and religiosity play a significant role in shaping investment interest. Digital Islamic financial literacy provides an understanding of the use of technology to access Islamic financial products, while risk perception influences students' courage to make investment decisions. Meanwhile, religiosity is a psychological factor that encourages students to choose halal instruments as a form of compliance with Sharia.

In addition to TPB, Islamic economic theory also serves as an important framework for explaining student investment behavior. Islamic economics emphasizes the principle

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of maqasid al-shariah, namely the goal of sharia to safeguard religion, life, intellect, progeny, and property. In the investment context, instruments such as Islamic mutual funds are considered appropriate because they avoid prohibited riba (usury), gharar (gharar), and maysir (gambling), while promoting a more equitable distribution of benefits. The concept of al-maslahah (benefit) also emphasizes that investment activities should provide benefits not only to individuals but also to society as a whole. Thus, Islamic economic theory reinforces that students' interest in investing in Islamic mutual funds is determined not only by rational factors but also by ethical and spiritual commitments in accordance with Islamic principles (Wijaya et al., 2024; Agustin & Nurjannah, 2023).

In general, in terms of function, Islamic fintech and conventional fintech are no different because, both types want to provide services in the financial sector.(Nurbaiti, 2023) Economic development instruments in Indonesia, namely the state, cooperatives and private companies for social welfare and the euphoria of sharia economic development, are characterized by the presence of sharia cooperatives.(Nawir Yuslem, Andri Soemitra, 2022). The Islamization of ínancial institutions and instruments in the modern era has emerged not only to meet Muslims' need for ínancial activities but also as the medium to realize the higher objectives of Islam. Islamic microfinance institutions do not apply the usury system and prioritize efforts to be fair to their customers (Zuhrinal, 2022). (Andri Soemitra dk, 2016) In general, the main problem raised in the research conducted is the measurement of financial literacy levels carried out in general with more emphasis on knowledge of products, institutions, and services.(Saparuddin Siregar dkk,2022)

However, a research gap remains in this context. Most previous studies have focused on general financial literacy or investment behavior in Islamic stocks, without addressing the simultaneous link between digital Islamic financial literacy, risk perception, and religiosity and investment interest in Islamic mutual funds. Furthermore, research specifically examining students from the Faculty of Economics and Business (FEBI) at UIN North Sumatra is still very limited. This group possesses unique characteristics as prospective Muslim intellectuals educated in Islamic economics and can be a driving force for the development of Islamic investment in North Sumatra and nationally (Setiawan & Musyifah, 2021).

This study aims to analyze the influence of digital Islamic financial literacy, risk perception, and religiosity on students' interest in investing in Islamic mutual funds at the Faculty of Economics and Business (FEBI) of UIN North Sumatra. The results are expected to provide empirical contributions to the development of Islamic investment literature and serve as a practical reference for educational institutions, regulators, and the Islamic financial industry to strengthen the role of the younger generation in supporting the growth of the Islamic capital market in Indonesia. Like in surah An-Nisa' Ayat 9 about shari'ah investment :

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وَلْيَخْشَ الَّذِيْنَ لَوْ تَرَكُوْا مِنْ خَلْفِهِمْ ذُرِّيَّةً ضِعٰفًا خَافُوْا عَلَيْهِمْۖ فَلْيَتَّقُوا اللّٰهَ وَلْيَقُوْلُوْا قَوْلًا سَدِيْدًا ٩

walyakhsyalladzîna lau takarû min khalfihim dzurriyyatan dli‘âfan khâfû ‘alaihim falyattaqullâha walyaqûlû qaulan sadîdâ

Let them be afraid of those who should (die) leave behind them, weak offspring (whom) they fear. So, fear Allah and speak with the right words (in terms of protecting the rights of your descendants).

Digital Islamic financial literacy is a crucial aspect in developing the financial behavior of individual Muslims in the era of digital transformation. This literacy encompasses not only a normative understanding of Islamic financial concepts but also the mastery of skills in using digital media as a means of obtaining, analyzing, and evaluating financial information based on Islamic principles. With the rapid development of financial technology (fintech), this ability is key to determining appropriate and sharia-compliant investment choices (Fadila et al., 2022).

Research by Soemitra et al. (2023) confirms that digital Islamic financial literacy plays a crucial role in encouraging students' investment interest. Students with a high level of literacy are better able to identify safe, halal, and promising Islamic financial instruments. However, this study is still limited to the literacy aspect alone and does not integrate psychological or spiritual variables such as risk perception and religiosity (I. C. Tambunan & Soemitra, 2023).

Batubara and Syahriza's (2025) study among students at the Faculty of Economics and Business (FEBI) UIN North Sumatra University (UIN) corroborates these findings by showing that digital literacy coupled with high religiosity encourages the use of Islamic financial services, although the study focused more on the use of Islamic bank accounts, rather than direct investment interest. This finding opens up room for further exploration of the relationship between literacy, digitalization, and investment behavior based on Islamic values (Alyya et al., 2025).

2.2 Risk Perception

Risk perception is a psychological construct that reflects the extent to which an individual is concerned about potential losses in the investment process. In the context of Islamic finance, risk perception encompasses not only financial losses but also the risk of violating Sharia principles (compliance risk), which is considered an essential consideration for Muslim investors (M. A. M. Tambunan et al., 2023).

Novice investors, such as students, tend to have higher levels of risk perception due to limited experience and a lack of in-depth understanding of the characteristics of Islamic financial products. According to Harahap and Marliyah (2024), digital Islamic financial literacy can significantly reduce this risk perception, as digitally obtained information allows investors to better understand product details, including aspects of Sharia compliance and potential returns (Sabrina & Ikhsan Harahap, 2024).

Batubara and Syahriza (2025) also stated that a good digital understanding can increase students' confidence in the Islamic financial system. This is important considering that risk perception can be a major barrier to investment decisions. In other words, when individuals understand and can manage risks, interest in Islamic investments will increase.

2.3 Religiosity

Religiosity, as a reflection of an individual's commitment to religious values, plays a fundamental role in shaping the financial preferences and investment decisions of Muslims. From an Islamic perspective, investments are not only assessed in terms of material returns, but also in terms of blessings and adherence to halal principles (Silalahi, 2019).

High religiosity encourages individuals to avoid financial products containing elements of usury, gharar, and maisir (unlawful betting), and to be more selective in choosing investment instruments that align with Sharia principles. Marliyah (2022) showed that religiosity not only influences motivation to choose Sharia-compliant products but also strengthens self-confidence and reduces risk perception, due to the belief that Sharia-compliant investments will bring blessings and spiritual security (Ekuitas et al., 2023).

A study by Lubis (2021) at UIN North Sumatra reinforces these findings by showing that religiosity plays a moderating role between Sharia-compliant financial literacy and savings interest. This means that even though individuals possess financial knowledge, religiosity is the ultimate determinant in Sharia-compliant economic decision-making.

Sharia mutual funds are an attractive investment alternative, especially for the younger generation of Muslims, because they offer professional management, risk diversification, and, of course, guaranteed compliance with Sharia principles. Interest in Sharia mutual funds does not emerge instantly, but rather is shaped by the interaction between financial literacy, risk perception, and the investor's religious values.

The relevance of investment interest in Sharia investment products can be understood through the perspective of Market Segmentation Theory. Sharia mutual funds represent a specific market segment with investor characteristics that differ from those in conventional markets. Sharia mutual fund investors tend to have dual motivations: seeking financial gain while fulfilling the religious obligation to invest in a halal manner. This phenomenon creates a unique value proposition that can influence investment interest and behavior patterns (Yolanda, 2024).

Despite the extensive research, several research gaps remain. First, most previous studies examine variables partially or only examine the relationship between two variables. No research has yet integrated all three variables (digital Sharia financial literacy, risk perception, and religiosity) into a single comprehensive model. Second, the specific research context of FEBI UIN students has never been thoroughly studied, even though this group possesses unique characteristics as prospective Islamic economics graduates who are expected to become opinion leaders in the development of Islamic economics.

Third, research on digital Islamic financial literacy is still limited and tends to focus on technological aspects, without comprehensively integrating the sharia dimension and its implications for investment interest. Fourth, research on risk perception in the context of Islamic investment rarely uses a behavioral finance approach integrated with Islamic values. Fifth, research on religiosity and Islamic investment still predominantly uses quantitative approaches, despite the need for a deeper understanding of the psychological mechanisms underlying this relationship.

Previous research has predominantly been conducted in the context of Islamic bank customers, individual investors, or the general public. FEBI UIN students have distinct characteristics because they have intensive exposure to Islamic economic theory and practice through the academic curriculum, but not necessarily practical investment experience. This creates a unique phenomenon where theoretical knowledge and practical experience can have a significant gap.

Contextual differences also lie in demographic and psychographic aspects. UIN FEBI students are a generation of digital natives with advanced technological skills but limited incomes. They also thrive in an academic environment that supports the development of Islamic financial literacy, but they don't necessarily have easy access to Islamic investment products. These characteristics create different dynamics in the relationships between the research variables.

RESEARCH METHODS

This study uses a quantitative explanatory approach to examine the causal relationship between digital Islamic financial literacy, risk perception, and religiosity on investment interest in Islamic mutual funds. This type of research was chosen because it allows hypothesis testing through a latent variable relationship model using inferential statistics (Sugiyono, 2019). The study population was 4,313 active students of the Faculty of Economics and Business (FEBI) at UIN North Sumatra. The sample size was determined using the Slovin formula at a 10% error rate. The calculation is as follows:

$$n = \frac{N}{1+N.e^2}$$

Where:

n = Number of Samples

N = Population

e = Error Tolerance

$$n = \frac{4.313}{1 + 4.313\,.\,(0.10)^2} = \frac{4.313}{1 + 4.313\,.\,0.01} = \frac{4.313}{1 + 43.13} = \frac{4.313}{44.13} = 97{,}73$$

Thus, the sample size used in this study was rounded up to 98 respondents from the Faculty of Economics and Business (FEBI) students at UIN North Sumatra. The sampling technique used was purposive sampling, with the criteria being students who were familiar with and had a basic understanding of Islamic investment. The relationships between the variables are illustrated in the following conceptual framework:

The data used in this study were primary data, obtained directly through a questionnaire distributed online using Google Forms to respondents. The questionnaire was designed based on research variable indicators with a Likert scale of 1–5. Data analysis was performed using Structural Equation Modeling (SEM) with the Partial Least Square (PLS) method through the latest version of the SmartPLS application, as this method is effective for testing relationships between latent variables in small samples and non-normally distributed data. Respondents were asked to provide an assessment of each statement in the questionnaire using a 5-point Likert scale, consisting of :

Tabel 1. Skala Likert

Kategori	**Skor**
Strongly disagree	1
Don't agree	2
Neutral	3
Agree	4
Strongly agree	5

RESULT AND DISCUSSION

4.1. Respondent Identity

A survey of 100 students from the State Islamic University of North Sumatra (UIN North Sumatra) across various study programs within the Faculty of Islamic Economics and Business at UIN North Sumatra revealed that 73% of the respondents were female and only 27% male, with an age range of 20-22 years, reflecting the ratio of male and female students enrolled at UIN North Sumatra.

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Based on the data, approximately 60-70% of respondents had never invested in Islamic mutual funds, and 50-60% had not used a digital investment platform. The most commonly used platforms were Bibit Syariah and Islamic banking apps, but overall usage remained low, indicating a lack of digital Islamic financial literacy among students.

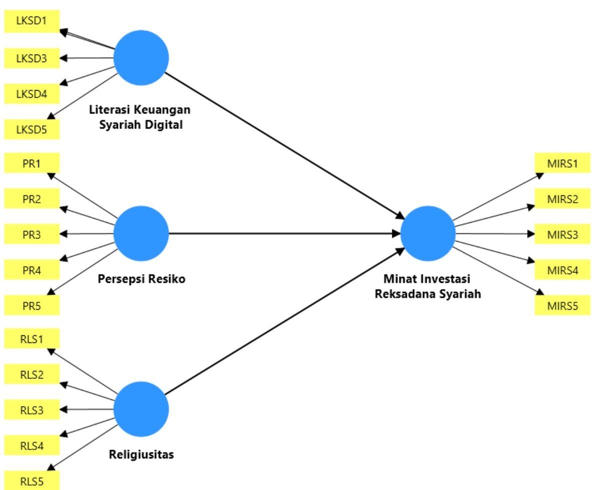
Nevertheless, the majority of respondents expressed interest in investing in Islamic mutual funds, driven by religious awareness and a desire to manage their finances according to Islamic principles. Respondents who had used digital platforms tended to be more confident, while those who had not yet used digital platforms remained hesitant due to a lack of understanding.

This study aims to analyze the influence of digital Islamic financial literacy, risk perception, and religiosity on Islamic mutual fund investment interest among FEBI students at UIN North Sumatra. This will provide strategic recommendations to increase their participation in Islamic investment.

4.2 Statistical Test Analysis Results

4.2.1 Inferential Analysis

Inferential testing applies statistical techniques to generalize results from a sample to the population. This study used SmartPLS 4 with a Partial Least Squares (PLS) and variance-based Structural Equation Modeling (SEM) approach. PLS analyzes correlations between variables, while SEM tests causal relationships. Model testing is conducted in two stages: 1) the Outer Model, which aims to evaluate the validity and reliability of indicators; and 2) the Inner Model, which focuses on analyzing the strength and significance of relationships between latent variables. Figure 2 represents the latent variable model examined in this study.



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Gambar 2. Research Latent Variable Model

4.2.2 Outer Model

The outer model is used to evaluate the relationship between latent variables (those that cannot be directly observed) and their measurement indicators to ensure that the research instrument has adequate validity and reliability. In testing the outer model, three main types of tests must be conducted: Convergent Validity, Discriminant Validity, and Construct Reliability. By conducting these three tests, researchers can ensure that the measurement model used accurately and consistently represents the concepts being studied.

4.2.2.1 Convergent Validity

Convergent validity is measured through the loading factor value, which describes the correlation between the indicator and the variable. An indicator is considered valid if it has a value above 0.70 or at least 0.60 (Wiyono, 2020). Indicators with values below this standard limit must be excluded from the analysis. The following are the results of the first stage of convergent validity.

Tabel 2. Hasil *Outer Loading* Uji *Convergent Validity* Tahap 1

Instrument	Digital Islamic Financial Literacy	Interest in Sharia Mutual Fund Investment	Risk Perception	Religiosity	Information
LKSD1	0.865				Valid
LKSD2	0.700				Valid
LKSD3	0.862				Valid
LKSD4	0.685				Tidak Valid
LKSD5	0.837				Valid
PR1		0.757			Valid
PR2		0.751			Valid
PR3		0.741			Valid
PR4		0.754			Valid
PR5		0.660			Tidak Valid
PR1			0.730		Valid
PR2			0.854		Valid
PR3			0.895		Valid
PR4			0.892		Valid
PR5			0.806		Valid
MIRS1				0.825	Valid
MIRS2				0.918	Valid
MIRS3				0.852	Valid
MIRS4				0.865	Valid
MIRS5				0.836	Valid

Source: Author's processing, 2025

Based on the loading factor analysis, several indicators were found to not meet the minimum criteria. For the digital Islamic financial literacy variable, one indicator had a loading factor value of 0.685, which is below the threshold of 0.60. Similarly, for risk perception, one indicator showed a value of 0.660. Because these indicators had loading factor values below 0.60, it was necessary to remove these invalid indicators before conducting further analysis. The second stage of loading factor testing after the value removal process is shown in Table 2.

Table 3. Outer Loading Results of Convergent Validity Test Stage 2

Instrumen	Literasi Keuangan Syariah Digital	Persepsi Resiko	Religiusitas	Minat Investasi Reksadana Syariah	Keterangan
LKSD1	0.879				Valid
LKSD2	0.707				Valid
LKSD3	0.883				Valid
LKSD5	0.854				Valid
PR1		0.804			Valid
PR2		0.808			Valid
PR3		0.777			Valid
PR4		0.739			Valid
RLS1			0.730		Valid
RLS2			0.854		Valid
RLS3			0.895		Valid
RLS4			0.892		Valid
RLS5			0.806		Valid
MIRS1				0.826	Valid
MIRS2				0.918	Valid
MIRS3				0.853	Valid
MIRS4				0.866	Valid
MIRS5				0.835	Valid

Source: Author's Processing, 2025

In the second testing phase, all indicators for the pocket money, technological innovation, and risk perception variables showed Loading Factor values > 0.6. Thus, these indicators were declared valid and supported the construct validity of the measurement model.

4.2.2.2 Average Variance Extracted (AVE)

The estimated results of the Average Variance Extracted (AVE) can be seen in Table 4. A variable is declared valid if its AVE value is greater than 0.50, indicating that the construct explains more than 50% of the variance in its indicators, thus meeting the requirements for convergent validity (Cheung et al., 2024; Ab Hamid & Sami, 2017).

Table 4. AVE Results of Convergent Validity Test

Variabel	Average variance extracted (AVE)	Keterangan

Literasi Keuangan Syariah Digital	0.630	Valid
Persepsi Resiko	0.612	Valid
Religiusitas	0.702	Valid
Minat Investasi Reksadana Syariah	0.740	Valid

Source: Author's Processing, 2025

Based on the data test results above, all variables in this study had an AVE (Average Variance Extracted) value above 0.50, thus meeting the requirements for convergent validity. The variable "Investment Interest in Sharia Mutual Funds" showed the highest AVE value of 0.740, indicating a very good level of internal consistency. Meanwhile, the variable "Risk Perception" obtained the lowest AVE value of 0.612, but this value is still within the acceptable category. Thus, overall, the model used in this study met the criteria for convergent validity.

4.2.2.3 Discriminant Validity

Discriminant validity ensures that each construct in the model measures a different aspect and does not overlap. One method used to assess discriminant validity is the Fornell-Larcker criterion. If the square root of the AVE (Average Variance Extracted) of a construct is greater than the correlation between the other constructs, then discriminant validity can be declared met. (Ismail, 2020).(Ismail, 2020).

Tabel 5. Cross Loading Results of Discriminant Validity Test

Statement	Digital Islamic Financial Literacy	Risk Perception	Religiosity	Interest in Sharia Mutual Fund Investment	Information
LKSD1	**0.879**	0.394	0.504	0.655	Valid
LKSD2	**0.707**	0.307	0.599	0.567	Valid
LKSD3	**0.883**	0.338	0.346	0.626	Valid
LKSD4	**0.854**	0.365	0.433	0.590	Valid
PR1	0.283	**0.804**	0.175	0.316	Valid
PR2	0.149	**0.808**	0.037	0.171	Valid
PR3	0.152	**0.777**	0.073	0.153	Valid
PR4	0.498	**0.739**	0.594	0.418	Valid
RLS1	0.404	0.451	**0.730**	0.399	Valid
RLS2	0.531	0.321	**0.854**	0.495	Valid
RLS3	0.428	0.300	**0.895**	0.491	Valid
RLS4	0.387	0.242	**0.892**	0.474	Valid
RLS5	0.559	0.343	**0.806**	0.641	Valid
MIRS1	0.610	0.324	0.403	**0.826**	Valid
MIRS2	0.668	0.302	0.515	**0.918**	Valid
MIRS3	0.639	0.376	0.652	**0.853**	Valid
MIRS4	0.579	0.285	0.564	**0.866**	Valid
MIRS5	0.651	0.423	0.480	**0.835**	Valid

Source: Author's work, 2025

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Based on the results of the cross-loading analysis, all indicators showed the highest loading values on the intended variables, as indicated by the highest loading values printed in bold. Furthermore, no indicators were found to have higher cross-loading values on other variables, so each indicator can be said to accurately represent its respective construct. Therefore, it can be concluded that discriminant validity has been met based on the cross-loading criteria, indicating that each construct in the model is unique and can be clearly distinguished from the other constructs.

Table 6. *Fornell-Larcker Square Root AVE*

Variable	Digital Islamic Financial Literacy	Risk Perception	Religiosity	Interest in Sharia Mutual Fund Investment	Information
Digital Islamic Financial Literacy	**0.834**				Valid
Risk Perception	0.423	**0.782**		0.399	Valid
Religiosity	0.562	0.392	**0.838**	0.612	Valid
Investment Interest Sharia Mutual Funds	0.733			**0.860**	Valid

Source: Author's work, 2025

The analysis results show that all diagonal values (√AVE) are higher than the correlation values between variables (off-diagonal), indicating that each construct has good discriminant validity. The highest correlation was found between Digital Islamic Financial Literacy and Investment Intention at 0.733, indicating a fairly strong relationship between the two variables. Conversely, the lowest correlation was between Risk Perception and Religiosity at 0.392, indicating a weaker but still positive relationship. Overall, these results strengthen the conclusion that the constructs in this study can be clearly distinguished and have adequate discriminant validity.

4.2.2.1 Construct Reliability

Construct reliability testing was conducted by calculating the Composite Reliability (CR) value, which aims to assess the consistency of indicators in measuring a construct. A construct is said to have good reliability if the CR value is greater than 0.70 (Kasmayadi et al., 2018).

Table 7. Composite reliability test results

Variabel	*Composite reliability*	Keterangan
Digital Islamic Financial Literacy	0.901	Reliebel
Risk Perception	0.863	Reliebel
Religiosity	0.921	Reliebel
Interest in Sharia Mutual Fund Investment	0.934	Reliebel

Source: Author's work, 2025

The results of the analysis of the research data test showed a composite reliability above 0.80, indicating an excellent level of reliability. This confirms that the measurement model used has very strong reliability and can be relied upon for further analysis.

4.2.3 Inner Model

The inner model is part of the structural model in PLS-SEM that describes the relationships between latent constructs. This model shows the direction and strength of influence between latent variables within the conceptual framework being studied. Assessment of the inner model is carried out using several indicators, such as the R^2 value (coefficient of determination), f^2 value (effect size), and Q^2 (predictive relevance), to measure the predictive power and quality of the relationships between constructs (Maulidah & Nordiana, 2018).

4.2.3 R-Square (R^2)

In Partial Least Squares - Structural Equation Modeling (PLS-SEM), R^2, or the coefficient of determination, is used to measure the extent to which the independent variables can explain the variation in the dependent variable. The R^2 value ranges from 0 to 1, with higher values indicating stronger model predictive ability. For example, an R^2 value of 0.723 means that 72.3% of the variance in the endogenous construct can be explained by the exogenous construct in the model (Kurniabudi & Assegaf, 2018).

Tabel 8. R Square Test Results (R^2)

Dependent Variable	R-square	R-square adjusted
Interest in Sharia Mutual Fund Investment	0.598	0.586

The R^2 value in this study is considered strong. The results indicate that all variables in the model can explain approximately 59.8% of the variation in variable Y, which is influenced by variable X.

4.2.3.2 Hypothesis Testing

Significance testing in PLS-SEM is conducted using the bootstrapping method to evaluate whether the relationship between latent variables is statistically significant.

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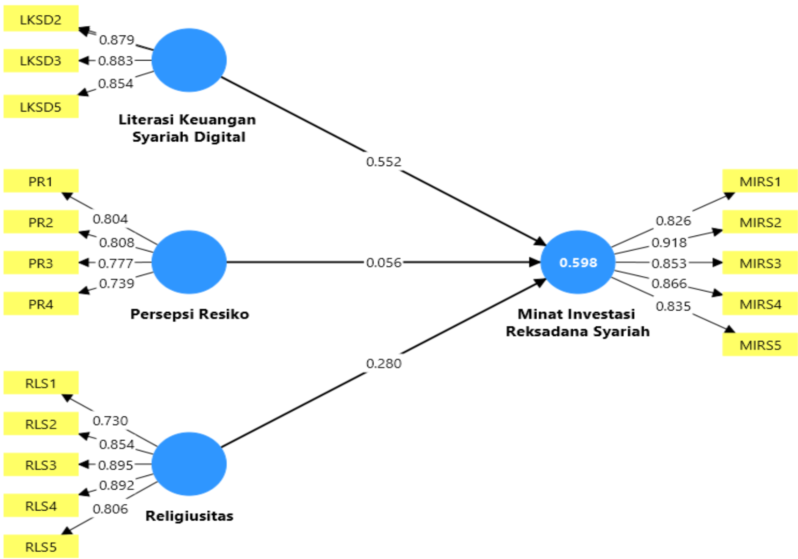

Picture 3. *Bootstrapping* Model Penelitian

The relationship between variables is considered statistically significant if the T-statistic value is > 1.96 and the P-value is < 0.05 (5%), and the beta coefficient is positive, which indicates a consistent direction of the relationship (Sugiyono, 2007)

Table 9. Path Coefficient Bootstrapping Results Significance Test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics	P values	Information
Digital Sharia Financial Literacy -> Interest in Sharia Mutual Fund Investment	**0.552**	0.545	0.067	**8.278**	**0.000**	Accepted
Risk Perception -> Interest in Investing in Sharia Mutual Funds	**0.056**	0.070	0.089	**0.623**	**0.267**	Rejected
Religiosity -> Interest in Investing in Sharia Mutual Funds	**0.280**	0.283	0.067	**4.194**	**0.000**	Accepted

Source: Author's work, 2025

Based on the analysis results, there are two variables that have a positive and significant influence on investment interest in Islamic mutual funds, namely digital Islamic financial literacy and religiosity. While risk perception does not show a significant influence, resulting in findings that H1 is accepted and H2 is rejected, and H2 is accepted. This indicates that digital Islamic financial literacy and religiosity play a significant role in driving investment interest in Islamic mutual funds, while risk perception is not the main determinant.

4.2.3.3 *Effect Size*

The effect size (f^2) describes the magnitude of a variable's influence. A value less than 0.02 indicates a very small effect, between 0.02 and 0.15 indicates Interest in Sharia Mutual Fund Investmenta moderate effect, and a value above 0.35 indicates a large effect (Savitri et al., 2021). The higher the value, the stronger the variable's influence..

Table 10. Effect size test results (f^2)

	Digital Islamic Financial Literacy	Risk Perception	Religiosity	Minat Investasi Reksadana Syariah	Information
Digital Islamic Financial Literacy				0.483	Big Effect
Risk Perception				0.006	Small Effect
Religiousity				0.128	Moderate Effect
Interest in Sharia Mutual Fund Investment					

Source: Author's work, 2025

The analysis of the data above shows that digital Islamic financial literacy has the most dominant influence on investment interest in Islamic mutual funds with an f^2 value of 0.483, indicating a large effect according to Cohen's criteria because this value exceeds the threshold of 0.35. Meanwhile, religiosity shows a moderate influence with an f^2 value of 0.128, which is included in the small to medium effect category because it is between 0.02 and 0.15. Conversely, risk perception shows a very minimal contribution to the research model with an f^2 value of only 0.006, which is categorized as a very small effect because it is below the threshold of 0.02. Overall, these findings indicate that digital Islamic financial literacy is the strongest predictor factor in explaining the variance in investment interest in Islamic mutual funds, followed by religiosity with a moderate influence, while risk perception has an almost insignificant impact in this research model..

4.3 Discussion

4.3.1 The Effect of Digital Sharia Financial Literacy on Investment Interest in Sharia Mutual Funds

The analysis results show that digital Sharia financial literacy has a positive and significant effect on investment interest in Sharia mutual funds, with a parameter coefficient of 0.552, a P-value of 0.000, and a T-statistic of 8.278. The Effect Size (f^2) of 0.483 indicates a large effect (>0.35), confirming that digital Sharia financial literacy is a dominant factor in determining investment interest in Sharia mutual funds. This finding indicates that understanding Sharia finance in a digital context significantly increases investment interest in Sharia mutual funds. Adequate literacy enables investors to understand product characteristics, Sharia principles, and how to access investments through digital platforms, in line with the development of fintech that facilitates access to Sharia financial products.

4.3.1 The Influence of Risk Perception on Investment Interest in Sharia Mutual Funds

Risk perception does not significantly influence investment interest in Sharia mutual funds, with a parameter coefficient of 0.056, a P-value of 0.267, and a T-statistic of 0.623. An Effect Size (f^2) of 0.006 indicates a very small effect (<0.02). These results indicate that risk perception is not a major determining factor in investment decisions in Sharia mutual funds. This insignificance may be due to the specific characteristics of Sharia investments, which are perceived as safer and more in line with religious values, so investors tend to consider conventional risk aspects less.

4.3.3 The Influence of Religiosity on Investment Interest in Sharia Mutual Funds

Religiosity has a positive and significant influence on investment interest in Sharia mutual funds, with a parameter coefficient of 0.280, a P-value of 0.000, and a T-statistic of 4.194. Effect Size (f^2) of 0.128 shows a moderate influence (0.02 - 0.15), indicating that religiosity has a moderate contribution to investment interest in sharia mutual funds. This finding confirms that religious values play an important role in sharia investment decisions. Individuals with high levels of religiosity tend to have a strong preference for financial products that comply with sharia principles, providing intrinsic motivation to invest in products that are considered halal and blessed.

CONCLUSION

Based on the analysis, it can be concluded that digital Islamic financial literacy and religiosity are factors that significantly influence investment interest in Islamic mutual funds. Digital Islamic financial literacy demonstrated the most dominant influence with a large effect size ($f^2 = 0.483$), followed by religiosity with a moderate effect size ($f^2 = 0.128$). Conversely, risk perception did not significantly influence investment interest in Islamic mutual funds.

This research model was able to explain 59.8% of the variation in investment interest in Islamic mutual funds ($R^2 = 0.598$), indicating strong predictive power. These findings indicate that increasing digital Islamic financial literacy and strengthening religious values are more effective in encouraging investment interest in Islamic mutual funds than focusing on investment risk.

Based on the results of this study, it is recommended that the development of digital Islamic financial literacy among university students be continuously enhanced through education, training, and outreach programs integrated with digital technology to encourage broader investment interest in Islamic mutual funds. Furthermore, educational institutions and Sharia financial industry players should strengthen collaboration in providing user-friendly educational and digital platforms that comply with Sharia principles. Future researchers are expected to expand the scope of their studies by incorporating new variables such as the influence of the social environment, investment experience, or other psychographic factors, as well as using a mixed-methods approach to gain a more comprehensive understanding of the dynamics of investment interest across various segments of society.

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