

PREDICTING RETAIL INVESTORS' INTENTION TO INVEST IN SOVEREIGN SUKUK: THEORY OF PLANNED BEHAVIOR

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Abstract

This study seeks to predict the determinants of retail investors' intention to invest in Sovereign Sukuk within the framework of the Theory of Planned Behavior (TPB). The research model incorporates the antecedents of attitudes, subjective norms, and perceived behavioural control. A quantitative approach was used to test the factors from the literature through a survey. Convenience sampling produced a sample of 811 respondents, categorised into existing and potential investors. The results of the SEM-PLS analysis indicate that attitude, subjective norms, and perceived behavioural control have a significant positive relationship with the intention to invest in Sovereign Sukuk across both groups of investors. For existing investors, knowledge and religious factors positively impact investment intention, while patriotism, risk, yield, and tradability have no effect. Normative beliefs positively influence subjective norms but pressure from religious figures and influencers does not. Self-efficacy and facilitating conditions positively affected perceived behavioural control. For potential investors, patriotism, knowledge, risk, yield, and tradability have a positive impact, whereas religious factors do not. Both normative beliefs and pressures from religious figures and influencers positively influence investment intentions. Self-efficacy and facilitating conditions positively affect perceived behavioural control. These findings are crucial for policymakers to develop strategies to expand their investors based on the key determinants of investment intention.

Keywords: Investor; Retail; Sovereign Sukuk; Theory of Planned Behaviour

Abstrak

Penelitian ini bertujuan untuk mengetahui determinan minat investor ritel terhadap Sukuk Negara berdasarkan kerangka *Theory of Planned Behavior*. Model penelitian ini memasukkan anteseden sikap, norma subjektif dan persepsi kendali perilaku. Penelitina ini menggunakan pendekatan kuantitatif. Metode pengambilan sampel dalam penelitian ini adalah *convenience sampling*. Sampel sebanyak 811 responden dibagi menjadi dua kelompok, yaitu *existing investor* dan potensial investor. Hasil dari analisis

SEM-PLS menunjukkan bahwa sikap, norma subjektif, dan persepsi kendali perilaku memiliki hubungan positif signifikan dengan minat berinvestasi pada Sukuk Negara pada kedua kelompok investor. Bagi investor lama, faktor pengetahuan dan agama berpengaruh positif terhadap niat berinvestasi, sedangkan patriotisme, risiko, imbal hasil, dan daya jual tidak berpengaruh. Keyakinan normatif berpengaruh positif terhadap norma subjektif, namun tidak dipengaruhi oleh tekanan dari tokoh agama dan pemberi pengaruh. Efikasi diri dan kondisi yang memfasilitasi berpengaruh positif terhadap persepsi kendali perilaku. Bagi calon investor, faktor patriotisme, pengetahuan, risiko, imbal hasil, dan daya jual memberikan dampak positif, sedangkan faktor agama tidak. Keyakinan normatif dan tekanan dari tokoh agama dan *influencer* berpengaruh positif terhadap niat berinvestasi. Efikasi diri dan kondisi yang memfasilitasi berpengaruh positif terhadap persepsi kendali perilaku. Temuan penelitian ini penting bagi pembuat kebijakan dalam penyusunan strategi perluasan basis investor.

Kata kunci: Faktor; Investor; Ritel; Sukuk Negara; Teori Perilaku Terencana

INTRODUCTION

Sukuk issuance remains a vital financial instrument for countries with robust Islamic finance systems, such as Saudi Arabia, Malaysia, Indonesia, Turkey, Bahrain and Qatar (IIFM, 2023). The rapid growth of the global sukuk market has generated significant interest in sukuk. S&P Global Ratings data from 2023 indicate that the total global sukuk issuance amounted to USD 168.4 billion between 2017 and 2023. Several factors influence the value of global sukuk, including global liquidity, government financing needs in key Islamic finance countries, and increasing regulatory complexities. Additionally, external pressures such as high inflation and rising interest rates have impacted the volume of sukuk issuance.

Indonesia has the largest Muslim population in the world (GIFR, 2023) with approximately 87.4% of the population being Muslim (Kemenag, 2022). Therefore, sukuk has a high market potential in Indonesia. However, in 2022, domestic sukuk issuance in Indonesia amounted to only USD 18.19 billion across 131 issuances, whereas Malaysia issued USD 67.26 billion across 775 issuances (IIFM, 2023). This indicates that Indonesia's domestic sukuk market potential has not been fully leveraged. In the General Financing Policy, the government prioritises domestic debt and considers foreign debt complementary (DJPPR, 2021). To support this policy, the government issues two types of domestic Sovereign Securities, conventional bonds in the form of Sovereign Debt Instruments (SUN) and sharia-compliant bonds in the form of Sovereign Sharia Securities (SBSN) (DJPPR, 2021). Over seven years, the

composition of domestic Sovereign Securities between SUN and SBSN has significantly changed. The proportion of SBSN issuance in 2014 was around 9-13% of the total domestic Sovereign Securities issuance, and by 2021, it tripled to 27-32% (DJPPR, 2014, 2021). This shift demonstrates a growing preference for SBSN over SUN in domestic Sovereign Securities financing instruments.

To maximise the potential of Indonesia's domestic sukuk market, especially Sovereign Sharia Securities/Sukuk (SBSN), it is crucial to understand the factors that influence investment intentions in these securities. Additionally, the determinants of sukuk are still underexplored, necessitating further research in this area (Rahman et al., 2020). Although research on market behaviour towards sukuk is still limited (Paltrinieri et al., 2019), several studies have employed various methods to determine the factors influencing investment intention in sukuk. Approaches used in previous studies to understand individual perceptions of sukuk include the Theory of Planned Behaviour (TPB) proposed by Ajzen (1991) and Social Cognitive Theory (SCT) proposed by Bandura (1986). However, TPB is a better predictor of behavioural intention than SCT (Cheng & Chu, 2014) since it can effectively explain various behaviours (Cooke & Sheeran, 2004).

In previous studies on individual perceptions of Sharia products, the Theory of Planned Behavior (TPB) has been predominantly applied in the banking field (Amin et al., 2013; Ayyub et al., 2019; Aziz & Afaq, 2018; Belwal & Al Maqbal, 2019; Bizri et al., 2018; Johan et al., 2020; Pitchay et al., 2019; Saiti et al., 2019; Zabri & Mohammed, 2018; Zinser, 2018) and insurance (Bhatti & Husin, 2019; Husin & Rahman, 2016; Raza et al., 2019). This study seeks to fill several gaps in the existing literature regarding the factors influencing the attitudes and intentions of retail investors in investing in Sovereign Sukuk. Although previous studies (Adam & Shauki, 2014; Ashidiqi & Arundina, 2017; Warsame & Ileri, 2016) found a positive relationship between attitude and intention in sukuk, this study further examined various attitude predictors that have not been extensively explored. Hence, this study aims to identify and validate the beliefs underlying attitudes towards sukuk, such as patriotism, knowledge, religious factors, risk and yield, and tradability.

While previous studies (Kim et al., 2019; Nguyen & Pham, 2021) have shown the indirect influence of patriotism on behavioural intention, no study has explicitly linked patriotism with attitudes towards sukuk investment. This study fills this gap by examining the direct influence of patriotism on attitudes towards investing in Sovereign Sukuk. Studies have also shown that knowledge significantly influences attitudes (Ashidiqi & Arundina, 2017; Aziz & Afaq, 2018; Husin & Rahman, 2016). Hence, this study deepens the analysis by focusing on individual knowledge of sukuk products and their ability to

differentiate sukuk from other investment products, which has not been widely discussed in the literature. Moreover, previous studies have mostly examined the direct influence of religious factors on intention (Johan et al., 2017, 2020; Khan et al., 2017) rather than attitudes. This study seeks to fill this gap by examining the influence of religious factors on attitudes, building on Ashidiqi and Arundina's (2017) findings. Furthermore, there are inconsistencies in the research results related to the influence of risk on intention: Raza et al. (2019) found no significant influence, while Salisa (2020) found the opposite. Following Ashidiqi and Arundina (2017), this study aims to address these inconsistencies by integrating risk and yield perceptions and exploring their impact on attitudes. Despite AAOIFI recognising tradability as a crucial element in sukuk structure (Hasan et al., 2015), few studies have investigated its impact on attitudes towards sukuk investment.

No previous studies have specifically used TPB to examine Sovereign Sukuk issued by the government. Therefore, this study identifies the determinants of retail investors' perceptions of Sovereign Sukuk by using the Theory approach. This study fills this gap by examining the influence of tradability on retail investors' attitudes toward a more comprehensive understanding of the factors influencing retail investors' attitudes and intention to invest in Sovereign Sukuk and assists in designing more effective strategies to increase retail investor participation in this Sharia financial instrument.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Theory of Planned Behaviour in the Context of Sovereign Sukuk Investors

The Theory of Planned Behaviour (TPB) is a psychological theory that explains that an individual's behaviour can be predicted based on their intention to perform that behavior (Ashidiqi & Arundina, 2017). According to Ajzen (1991), the greater the attitude and subjective norms toward the behaviour and the greater the perceived behavioural control, the stronger the individual's intention to perform the behaviour. TPB can be applied to understand the determinants of retail investors' intention to invest in sovereign sukuk. TPB explains how attitudes, subjective norms, and perceived behavioural control influence a person's intention to engage in a particular behaviour—in this case, investing in sovereign sukuk.

Retail investors' attitudes toward sovereign sukuk reflect the extent to which they have a positive or negative assessment of the investment. Investors' perceptions of the advantages and risks associated with investing in sovereign sukuk shape this attitude. If investors believe that sovereign sukuk

provide attractive returns, stable income, and greater investment security compared to other financial instruments, they are likely to develop a positive attitude towards them. For instance, the belief that sovereign sukuk are free from usury and compliant with Sharia principles can increase the intention of Muslim retail investors.

Subjective norms are perceived social pressures to perform or not perform a specific activity. Subjective norms refer to retail investors' perceptions of the views of important people around them regarding investments in sovereign sukuk. Investors who feel that their family, friends, or colleagues support and encourage investment in sovereign sukuk are more likely to consider and invest in sovereign sukuk. Opinions from financial advisors, religious figures, or other authority figures can also influence subjective norms and, in turn, investment intentions in sovereign sukuk.

Perceived behavioural control refers to retail investors' beliefs about their ability to invest in sovereign sukuk. Factors such as accessibility of information, ease of the purchase process, availability of funds, and understanding of the sovereign sukuk mechanism can affect perceived behavioural control. If investors feel that they have enough information and resources to understand and invest in sovereign sukuk and believe that the investment process is easy and straightforward, they are more likely to have a strong intention to invest.

Intention is a direct predictor of actual behaviour. According to the TPB, retail investors' intention to invest in sovereign sukuk is influenced by their attitudes towards sovereign sukuk, subjective norms, and perceived behavioural control. If investors have a positive attitude, feel supported by people around them, and believe they have sufficient control to make an investment, their intention to invest in sovereign sukuk will be stronger. In this context, the TPB can be used to design strategies that encourage retail investors' interest in sovereign sukuk. For example, government and financial institutions can enhance educational campaigns to explain the benefits and security of investing in sovereign sukuk, provide easily accessible and understandable information, and simplify the investment process. Support from community leaders, religious figures, and financial advisors can also be used to create positive subjective norms. By effectively understanding and managing these three key determinants, retail investors' intention to participate in sovereign sukuk can be greatly enhanced.

Attitude and Intention

According to the Theory, the more positively someone views a behaviour, the stronger their intention to engage in it (Raza et al., 2019). In the context of

sukuk, Warsame & Ileri (2016), Ashidiqi & Arundina (2017), and Adam & Shauki (2014) found a positive relationship between attitude and intention in sukuk. Hence, the hypothesis is formulated as follows:

H1 : Attitude has a positive effect on intention to invest in Sovereign Sukuk.

Attitude develops from the beliefs held by individuals regarding behaviour (Fishbein & Ajzen, 1977). This study aimed to investigate the individual influence of predictors and salient beliefs in the form of attitudes. In this study, the attitude variable is broken down into several salient beliefs: patriotism, knowledge, religious factors, risk and yield, and tradability.

Patriotism refers to the strong attachment and loyalty of individuals to their country (Wel et al., 2018). Based on research by dari Nguyen and Pham (2021), and Kim et al. (2019), it was found that patriotism has an indirect influence on behavioral intention. Therefore, the following hypothesis is proposed:

H1a : Patriotism has a positive effect on attitudes towards investing in Sovereign Sukuk.

Individual knowledge can be explained by their general knowledge about a product and their ability to differentiate between that product and others (Johan et al., 2020). Several studies have shown that knowledge significantly influences attitudes (Ashidiqi & Arundina, 2017; Aziz & Afaq, 2018; Husin & Rahman, 2016). As a result, the hypothesis is proposed as follows:

H1b : Knowledge has a positive effect on the attitude towards investing in Sovereign Sukuk.

Furthermore, religious factors involve the perception of adherence to Islamic principles (Jaffar & Musa, 2014). Previous literature has mostly examined its direct influence on intention (Johan et al., 2017, 2020; Khan et al., 2017), rather than through attitude (Ashidiqi & Arundina, 2017). Ashidiqi & Arundina (2017) stated that religious factors have a significantly positive effect on attitudes. Therefore, the following hypothesis is formulated:

H1c : Religious factors have a positive effect on the attitude towards investing in Sovereign Sukuk.

Yield refers to the profit investors will receive in the future, while risk is the uncertainty of that profit (Ashidiqi & Arundina, 2017). Raza et al. (2019) found no significant effect of risk perception on intention, but Salisa (2020) reported opposite findings. However, Ashidiqi & Arundina (2017) found a significant positive effect on attitude, which combined risk and yield perceptions. Thus, the following hypothesis was formulated:

H1d : Risk and yield have a positive effect on attitude towards investing in Sovereign Sukuk.

Tradability refers to the ability to be traded on the secondary market (Sukmana, 2019). Tradability is one of the six recommendations of the accounting and auditing organisation for Islamic financial institutions (AAOIFI) regarding the appropriate sukuk structure (Hasan et al., 2015). Thus, the hypothesis is formulated as follows:

H1e : Tradability has a positive effect on attitude towards investing in Sovereign Sukuk.

Subjective Norms and Intention

The theory of planned behaviour suggests that stronger subjective norms about a behaviour increase the intention to engage in it (Ajzen & Fishbein, 1980). Aziz and Afaq (2018), Raza et al. (2019), Saiti et al. (2019), Seni & Ratnadi (2017), and Johan et al. (2020) identified a significant and positive relationship between subjective norms and intention. Therefore, the following hypothesis was formulated:

H2 : Subjective norms have a positive effect on intention to invest in Sovereign Sukuk.

Subjective norms are shaped by beliefs about the likelihood that important individuals or groups approve or disapprove of a particular behaviour (Ajzen, 1991). This study explores the influence of salient beliefs on subjective norms. These salient beliefs include normative beliefs and subjective pressures from religious figures and influencers.

Normative beliefs refer to an individual's perception of a behaviour based on the opinions of a reference group such as friends or colleagues (Shih & Fang, 2004). Several studies have shown that normative beliefs have a significant positive influence on subjective norms (Adam & Shauki, 2014; Aziz & Afaq, 2018; Bhatti & Husin, 2019). Accordingly, the following hypothesis is proposed:

H2a : Normative beliefs have a positive effect on subjective norms in investing in Sovereign Sukuk.

Subjective pressure refers to the social influence of an individual in performing a specific behaviour (Ajzen, 1991). The study by Awn & Azam (2020) demonstrated a direct influence of subjective pressure from religious figures on the intention to invest in sukuk. However, this study will investigate the influence of subjective pressure from both religious figures and influencers on subjective norms, as both groups can exert social pressure on individuals. Therefore, the next hypothesis related to salient beliefs on subjective norms is formulated as follows:

H2b : Subjective pressure from religious figures and influencers has a positive effect on subjective norms in investing in Sovereign Sukuk.

Perceived Behavioral Control and Intention

Perceived behavioural control refers to an individual's belief in their ability to perform a specific behaviour (Ajzen & Madden, 1986). The role of perceived behavioral control in positively predicting intention has been demonstrated by Raza et al. (2019) in Islamic insurance, Pitchay et al. (2019) and Ayyub et al. (2019) in Islamic banking, Johan et al. (2017) in Islamic credit cards, Amin et al. (2014) in Islamic home financing, Salisa (2020) in investment, and M. M. Khan et al. (2017) in halal products. Hence, the following hypothesis is proposed:

H3 : Perceived behavioural control has a positive effect on the intention to invest in Sovereign Sukuk.

Perceived behavioral control is influenced by beliefs about how easy or difficult it is to perform a specific behavior (Ajzen & Madden, 1986). In this study, perceived behavioral control is formed by beliefs or salient beliefs such as self-efficacy and facilitating conditions.

Self-efficacy is the belief in one's own ability to perform a particular behavior (Bandura, 1986). Aziz & Afaq (2018) and Shih & Fang (2004) showed that self-efficacy has a significant positive influence on perceived behavioral control. Therefore, the following hypothesis is formulated as follows:

H3a : Self-efficacy has a positive effect on perceived behavioral control in investing in Sovereign Sukuk.

Facilitating conditions reflect the availability of external resources needed to perform a particular behaviour (Triandis, 1979). Aziz & Afaq (2018) stated that facilitating conditions have a significant positive influence on perceived behavioural control. Therefore, the following hypothesis is formulated as follows:

H3b : Facilitating conditions have a positive effect on perceived behavioral control in investing in Sovereign Sukuk.

METHOD

Research Framework

This study utilizes an expanded version of the Theory of Planned Behavior (TPB) framework. Based on the TPB, behavioural intention is influenced by attitudes, subjective norms, and perceived behavioural control (Ajzen, 1991). In this study, each of the main predictors was extended to include several salient beliefs. The framework of this study is illustrated in Figure 1.

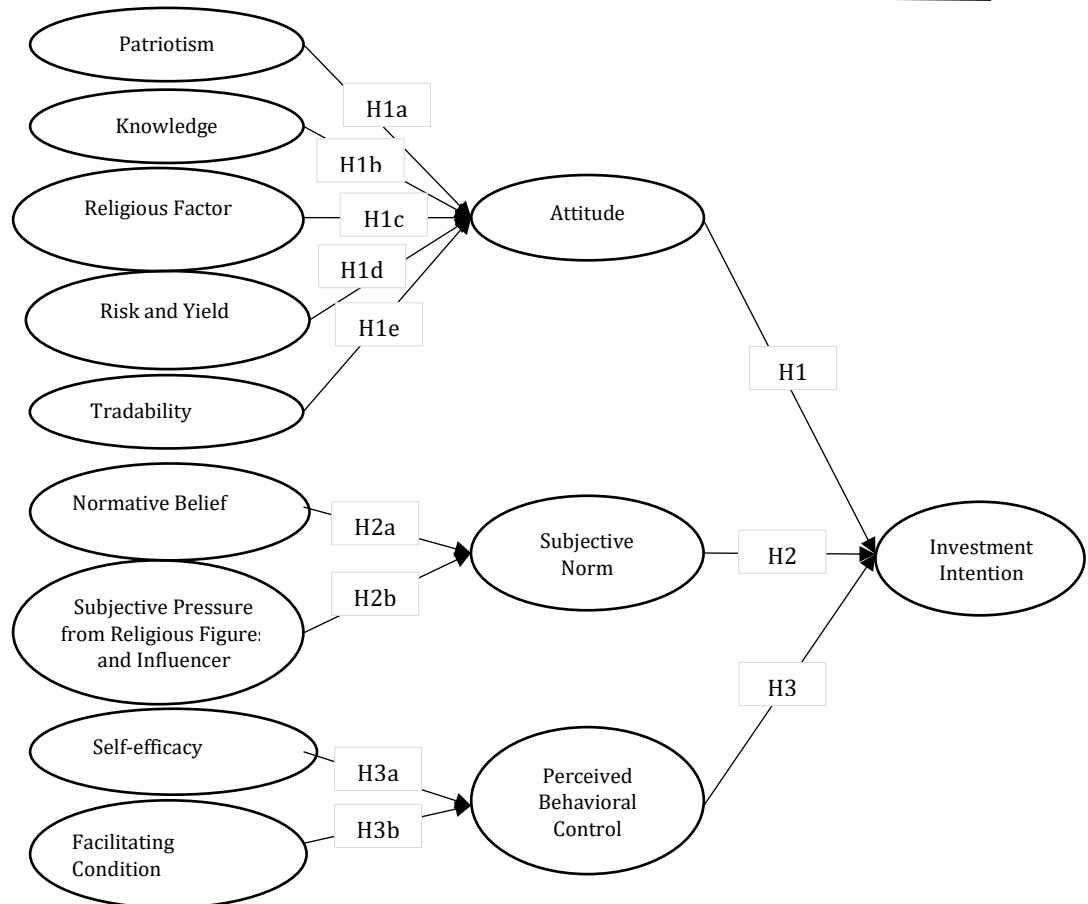


Figure 1. Research Framework
Source: Ajzen (1991)

Data Collection Technique

The study population comprised Indonesian citizens aged 18 years and older. This study used convenience sampling, a type of non-probability sampling method. Convenience sampling was chosen because it is the most efficient method for gathering information quickly (Sekaran & Bougie, 2016). The survey data were collected online using Google Forms. Online surveys were chosen because of their flexibility and ability to provide accurate real-time results (Bhatti & Husin, 2019). The questionnaire was distributed across various social media platforms.

The questionnaires were divided into four groups. The first section starts with screeners to classify potential and existing investors. The second segment provides brief information about Sovereign Sukuk. The third segment included demographic information (gender, age, religion, education level, employment status, and monthly income). Finally, the fourth segment is the main questionnaire which contains 39 closed-ended questions about the TPB. Each question was measured using a 6-point Likert scale. Prior to distribution, the questionnaire was validated by ten retail investors and two practitioners.

Data Analysis Techniques

This research was performed using component-based structural equation modelling techniques, often known as structural equation modelling–partial least squares (SEM-PLS). The SEM-PLS analysis was performed using SMARTPLS 3.2.9. This study employed two steps of model evaluation analysis in SEM-PLS: measurement model evaluation and structural model evaluation (Ghozali, 2021). An evaluation of the measurement model or outer model was conducted to test the validity and reliability of each construct. This study used reflective indicators in the outer model. Reflective indicators were assessed using convergent and discriminant validity for latent variable-forming indicators and composite reliability for their indicator blocks.

The structural model or inner model was evaluated by determining the significance level of all estimated paths. The significance level limit for this study was 0.1 (Ghozali, 2021). Predictive power can be assessed by examining the R-squared values of the endogenous variables. Furthermore, changes in the R-squared value or effect size (f^2) can be utilised to determine whether specific exogenous latent variables have a significant effect on endogenous latent variables (Cohen, 1988). Further structural model evaluation was carried out using Q^2 predictive sample reuse or predictive relevance developed by Stone (1974) and Geisser (1975). In the last inner model evaluation, Henseler et al. (2014) introduced the standardised root mean square (SRMR) as a measure of goodness of fit for SEM-PLS. SRMR was used to avoid model misspecification.

RESULT AND DISCUSSION

Respondent Profile

After distributing the online survey through various media, 820 responses were collected. However, nine responses were excluded because of inconsistencies in participants' answers. Thus, 811 responses were included in the analysis. Respondent profiles based on the screeners were categorised into existing investors and potential investors. Existing investors are respondents who have purchased at least one series of retail SBSN and potential investors are respondents who have never purchased retail SBSN. Existing investors account for only 178 (21.9%) of the respondents, whereas potential investors make up three times as many at 633 (78.1%). Table 1 summarises the demographics of both the investor groups.

Table 1. Demographic Profile of The Respondents

Demographic	Total (n=811)	%	Existing Investor (n=178)	%	Potential Investor (n=633)	%
<i>Gender</i>						
Male	406	50.1%	98	55.1%	308	48.7%
Female	405	49.9%	80	44.9%	325	51.3%
<i>Generation</i>						
Silent (1928—1945)	1	0.1%	1	0.6%	0	0.0%
Boomers (1946—1964)	5	0.6%	0	0.0%	5	0.8%
Generation X (1965—1980)	31	3.8%	7	3.9%	24	3.8%
Millennials (1981—1996)	456	56.2%	133	74.7%	323	51.0%
Generation Z (1997—2012)	318	39.2%	37	20.8%	281	44.4%
<i>Religion</i>						
Islam	722	89.0%	152	85.4%	570	90.0%
Protestantism	56	6.9%	18	10.1%	38	6.0%
Catholic	16	2.0%	4	2.2%	12	1.9%
Hinduism	11	1.4%	3	1.7%	8	1.3%
Buddhism	2	0.2%	1	0.6%	1	0.2%
Other	4	0.5%	0	0.0%	4	0.6%
<i>Educational Level</i>						
Below Diploma	191	23.6%	13	7.3%	178	28.1%
Diploma I, II, III	345	42.5%	85	47.8%	260	41.1%
Diploma IV or Bachelor (S-1)	216	26.6%	62	34.8%	154	24.3%
Postgraduate	59	7.3%	18	10.1%	41	6.5%
<i>Occupational Status</i>						
Public Sector	464	57.2%	133	74.7%	331	52.3%
Private Sector	76	9.4%	22	12.4%	54	8.5%
Student	212	26.1%	15	8.4%	197	31.1%
Retiree	2	0.2%	2	1.1%	0	0.0%
Other	57	7.0%	6	3.4%	51	8.1%
<i>Monthly Income</i>						
< 5 million	303	37.4%	29	16.3%	274	43.3%
5-10 million	287	35.4%	70	39.3%	217	34.3%
11-15 million	133	16.4%	51	28.7%	82	13.0%
16-20 milion	42	5.2%	15	8.4%	27	4.3%
> 20 million	46	5.7%	13	7.3%	33	5.2%

Source: Data Processed (2023)

Evaluation of the Measurement Model

The initial stage in SEM-PLS was the assessment of the measurement model. The link between constructs and indicators is depicted in the measurement model (Aziz & Afaq, 2018). At this stage, the measurement model was analysed to check the validity and reliability of the data. The initial path model illustrated in Figure 2 was executed using the PLS Algorithm in the SMARTPLS application. Based on the SMARTPLS results, nine indicators were removed because they did not meet the measurement model evaluation criteria, such as convergent validity, discriminant validity, and reliability. The nine eliminated indicators were PAT2, PEN3, AGM2, RDI2, RDI3, TRD3, MIV1, FAS3, and IDT2.

The results of the convergent validity and reliability tests after the nine indicators were removed are shown in Table 2. The table shows that the existing and potential investor groups met the criteria of the loading factor, average variance extracted (AVE), and composite reliability (CR). All loading factors were above 0.5, the AVE was above 0.5, and the CR was above 0.7. Therefore, it can be concluded that the measurement model meets convergent validity and reliability criteria (Hair et al., 2017).

Furthermore, Fornell and Larcker's (1981) criteria were employed to assess discriminant validity. According to this criterion, the square root of the AVE of each construct aligns with the correlations between other constructs. Table 3 shows that the square root of the AVE for each construct is higher than its correlation with other constructs. The Fornell and Larcker's (1981) criteria were met, thus establishing discriminant validity. Therefore, the measurement model had acceptable discriminant validity. The measurement model used in this study demonstrated satisfactory reliability and validity. The next step was to test the hypotheses.

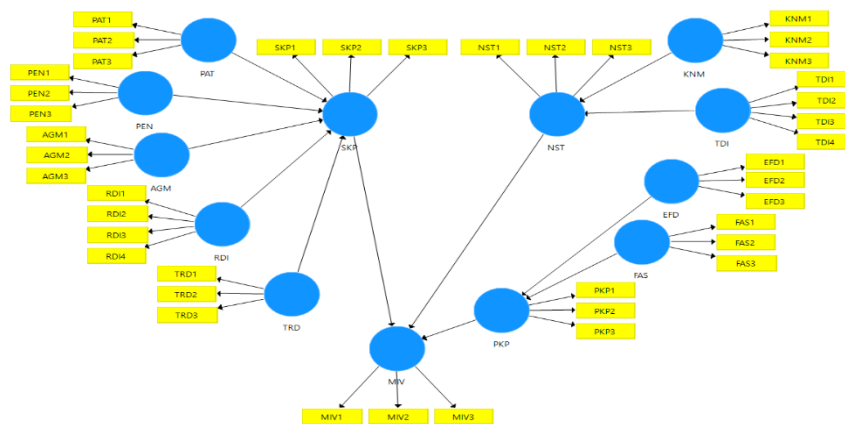


Figure 2. Path Model
Source: Data Processed (2023)

Table 2. Convergent Validity and Reliability Tests

Construct	Indicator	Existing Investor			Potential Investor		
		Loading	AVE	CR	Loading	AVE	CR
Investment Intention	MIV2	0.952	0.896	0.945	0.944	0.88	0.936
	MIV3	0.941			0.932		
Attitude	SKP1	0.883	0.785	0.916	0.89	0.808	0.927
	SKP2	0.891			0.911		
	SKP3	0.884			0.896		
Patriotism	PAT1	0.796	0.7	0.823	0.877	0.794	0.885
	PAT3	0.875			0.904		
Knowledge	PEN1	0.931	0.594	0.734	0.907	0.664	0.796
	PEN2	0.566			0.712		
Religious Factor	AGM1	0.753	0.764	0.864	0.891	0.841	0.914
	AGM3	0.98			0.942		
Risk and Yield	RDI1	0.675	0.558	0.715	0.721	0.656	0.79
	RDI4	0.813			0.889		
Tradability	TRD1	0.927	0.681	0.807	0.563	0.63	0.761
	TRD2	0.708			0.971		
Subjective Norm	NST1	0.717	0.634	0.838	0.793	0.668	0.858
	NST2	0.823			0.836		
	NST3	0.842			0.822		
Normative Belief	KNM1	0.866	0.707	0.879	0.843	0.711	0.88
	KNM2	0.844			0.866		
	KNM3	0.812			0.819		
Subjective Pressure from Religious Figures and Influencer	TDI1	0.755	0.729	0.889	0.768	0.728	0.889
	TDI3	0.887			0.877		
	TDI4	0.911			0.909		
Perceived Behavioral Control	PKP1	0.67	0.605	0.82	0.829	0.715	0.883
	PKP2	0.826			0.885		
	PKP3	0.827			0.821		
Self-efficacy	EFD1	0.803	0.653	0.849	0.778	0.625	0.833
	EFD2	0.785			0.821		
	EFD3	0.836			0.771		
Facilitating Condition	FAS1	0.923	0.579	0.722	0.791	0.613	0.76
	FAS2	0.554			0.775		

Source: Data Processed (2023)

Table 3. Discriminant Validity Test

Existing Investor													
	AGM	EFD	FAS	TDI	KNM	MIV	NST	PAT	PEN	PKP	RDI	SKP	TRD
AGM	0.874												
EFD	0.029	0.808											
FAS	0.105	0.548	0.761										
TDI	0.345	0.098	0.122	0.854									
KNM	0.228	0.108	0.253	0.635	0.841								
MIV	0.209	0.22	0.34	0.27	0.449	0.946							
NST	0.146	0.181	0.283	0.488	0.684	0.391	0.796						
PAT	0.234	0.234	0.375	0.276	0.268	0.31	0.285	0.837					
PEN	0.175	0.193	0.32	0.295	0.415	0.6	0.355	0.526	0.77				
PKP	0.07	0.735	0.58	0.173	0.183	0.298	0.165	0.301	0.264	0.778			
RDI	0.208	0.098	0.168	0.338	0.414	0.404	0.256	0.367	0.512	0.138	0.747		
SKP	0.215	0.239	0.34	0.282	0.375	0.564	0.363	0.447	0.733	0.264	0.417	0.886	
TRD	-0.072	-0.002	-0.13	0.059	-0.066	-0.17	0.117	-0.118	-0.195	-0.047	-0.166	-0.106	0.825
Potential Investor													
AGM	0.917												
EFD	0.003	0.79											
FAS	0.179	0.453	0.783										
TDI	0.471	0.142	0.286	0.853									
KNM	0.308	0.203	0.347	0.622	0.843								
MIV	0.279	0.391	0.52	0.435	0.558	0.938							
NST	0.293	0.275	0.383	0.541	0.708	0.548	0.817						
PAT	0.157	0.269	0.392	0.259	0.399	0.482	0.345	0.891					
PEN	0.195	0.225	0.426	0.284	0.456	0.62	0.415	0.596	0.815				
PKP	0.113	0.687	0.502	0.235	0.312	0.452	0.368	0.37	0.346	0.846			
RDI	0.259	0.187	0.268	0.394	0.459	0.486	0.429	0.344	0.407	0.298	0.81		
SKP	0.166	0.29	0.427	0.329	0.477	0.603	0.484	0.62	0.612	0.392	0.442	0.899	
TRD	0.077	0.223	0.104	0.106	0.186	0.131	0.153	0.126	0.097	0.235	0.105	0.145	0.794

Source: Data Processed (2023)

Evaluation of the Structural Model

The evaluation of the structural model includes the predictive competence of the model and the relationships between reflective constructs. For this purpose, R^2 and Q^2 predictive relevance values were calculated. According to Table 4, the R^2 of the investment intention among existing investors is 36.7%, whereas that for potential investors is 47.7%. This indicates that the model has moderate explanatory power for both existing and potential investors (Chin, 1998). Furthermore, blindfolding techniques were used to determine the predictive relevance of the model. Hair et al. (2014) suggest that blindfolding is only used for endogenous variables that have reflective measurements. If $Q^2 > 0$, the model has predictive relevance. As seen in Table 4, in both groups, all variables had predictive ability (Geisser, 1975; Stone, 1974).

In addition, SMARTPLS provides SRMR values to assess model fit. The acceptable limit is less than 0.080 (Hu & Bentler, 1999). The SRMR value achieved in this study is 0.079 for existing investors and 0.070 for potential investors, indicating that the model meets the model fit criterion. To test the hypothesis of the relationship between the constructs, bootstrapping was conducted using SMARTPLS. The same model was used to test two groups of respondents: existing investors and potential investors. Tables 5 and 6 provide an overview of the hypothesised relationships between the constructs for existing and potential investors. The results of the hypothesis testing prove that intention to invest in Sovereign Sukuk is influenced by the three main predictors of TPB. The discussion is divided based on the three main predictors of intention in TPB: attitudes, subjective norms, and perceived behavioural control.

Table 4. R-Squares and Predictive Relevance

	Existing Investor		Potential Investor	
	Adjusted R ²	Q ²	Adjusted R ²	Q ²
Investment Intention	0.367	0.330	0.477	0.414
Attitude	0.539	0.418	0.503	0.401
Subjective Norm	0.466	0.281	0.517	0.339
Perceived Behavioral Control	0.580	0.337	0.516	0.365

Source: Data Processed (2023)



Table 5. Hypothesis Testing

Hypothesis	Relationship	Beta	T-Stat	P-value	Desc.	f ²
Existing Investor						
H1	Attitude -> Investment Intention	0.452	5.245	0.000	Accepted	0.271
H1a	Patriotism -> Attitude	0.065	0.844	0.200	Rejected	0.007
H1b	Knowledge -> Attitude	0.674	10.186	0.000	Accepted	0.606
H1c	Religious Factors -> Attitude	0.077	1.394	0.082	Accepted	0.012
H1d	Risk and Yield -> Attitude	0.040	0.717	0.237	Rejected	0.003
H1e	Tradability -> Attitude	0.045	0.973	0.165	Rejected	0.004
H2	Subjective Norm -> Investment Intention	0.203	3.281	0.001	Accepted	0.057
H2a	Normative Belief -> Subjective Norm	0.627	8.38	0.000	Accepted	0.445
H2b	Subjective Pressure from Religious Figures and Influencer -> Subjective Norm	0.090	1.1	0.136	Rejected	0.009
H3	Perceived Behavioral Control -> Investment Intention	0.145	2.137	0.017	Accepted	0.031
H3a	Self-efficacy -> Perceived Behavioral Control	0.595	8.947	0.000	Accepted	0.598
H3b	Facilitating Condition -> Perceived Behavioral Control	0.254	3.275	0.001	Accepted	0.109
Potential Investor						
H1	Attitude -> Investment Intention	0.387	8.494	0.000	Accepted	0.205
H1a	Patriotism -> Attitude	0.361	8.673	0.000	Accepted	0.166
H1b	Knowledge -> Attitude	0.318	7.676	0.000	Accepted	0.122
H1c	Religious Factors -> Attitude	-0.004	0.131	0.448	Rejected	0.000
H1d	Risk and Yield -> Attitude	0.185	4.727	0.000	Accepted	0.054
H1e	Tradability -> Attitude	0.049	1.681	0.047	Accepted	0.005
H2	Subjective Norm -> Investment Intention	0.289	6.843	0.000	Accepted	0.117
H2a	Normative Belief -> Subjective Norm	0.606	17.227	0.000	Accepted	0.467
H2b	Subjective Pressure from Religious Figures and Influencer -> Subjective Norm	0.164	4.131	0.000	Accepted	0.034
H3	Perceived Behavioral Control -> Investment Intention	0.194	4.272	0.000	Accepted	0.058
H3a	Self-efficacy -> Perceived Behavioral Control	0.578	17.558	0.000	Accepted	0.550
H3b	Facilitating Condition -> Perceived Behavioral Control	0.240	6.127	0.000	Accepted	0.095

Source: Data Processed (2023)

DISCUSSION

Attitude towards Investment Intention

This study proves that attitude has a significant positive relationship with investment intention in Sovereign Sukuk for both existing and potential investors. It was found that attitude is the most important predictor of investment intention compared with subjective norms and perceived behavioural control in both investor groups (Cohen, 1988; La Barbera & Ajzen, 2020). This implies that, in the context of this study, intention in Sovereign Sukuk is heavily influenced by investor's personal perceptions about Sovereign Sukuk. Previous research on sukuk intention (Adam & Shauki 2014; Ashidiqi & Arundina, 2017; Awn & Azam 2020) have yielded similar results, including. Thus, this study successfully supports TPB which states that the better the individual's assessment of a behavior, the stronger the intention in performing the behaviour (Ajzen & Fishbein, 1980). There are several factors or salient beliefs that influence a positive attitude towards Sovereign Sukuk

For existing investors, patriotism has no significant effect on attitudes, consistent with the findings of Choe et al. (2020). This indicates that patriotism does not influence attitudes in existing investors, whereas it has a significant positive effect on attitudes in potential investors. These significant positive results are in line with the research of Nguyen & Pham (2021) and the research of Kim et al. (2019). Patriotism is the salient belief with the greatest effect size among the other salient beliefs of attitudes in potential investors (Cohen, 1988; Ariely, 2018). In this study, potential investors can be regarded as patriotic.

This study shows that knowledge has a significantly positive effect on the attitudes of both groups of investors. In other words, the more an individual knows about Sovereign Sukuk, the more positively they perceive it. Decisions in investing must be made carefully because they involve financial manageability. Therefore, knowledge serves as a critical foundation for investment decision making. The influence of knowledge on attitudes is consistent with the findings of Ashidiqi & Arundina (2017) and Husin & Rahman (2016). The results of this research prove that knowledge affects investors' attitudes towards Sovereign Sukuk.

The results indicate that religious factors have a significant positive effect on attitudes towards Sovereign Sukuk among existing investors. However, this influence is relatively small when viewed in terms of effect size (Cohen, 1988; Fritz, et al., 2012) since not all existing investors are Muslim. The proportion of existing non-Muslim investors who become respondents cannot be ignored, amounting to 14.6%. This proves that there are non-Muslims who are interested in Sovereign Sukuk, even though they are not



motivated by religious factors. This proves that the Islamic banking concept in Sovereign Sukuk is applicable to all humans, regardless of faith (Khan, 2015). The results for existing investors align with the findings of Ashidiqi and Arundina (2017), who identify religious factors as key determinants of attitudes towards sukuk. In contrast, the test results for potential investors show that religious factors have no effect on attitudes. This indicates that religious factors do not influence potential investors' attitudes towards Sovereign Sukuk. Similar results have been reported by Johan et al. (2017) and Johan et al. (2020). Although potential investors are dominated by Muslim respondents (90%), religious factors do not affect their attitudes towards Sovereign Sukuk.

The proposed results show that while risk and yield were not significant for existing investors, they were significant for potential investors. This indicates that the risk and yield of retail SBSN have a significant positive effect on the perception of attitudes towards Sovereign Sukuk among potential investors. These results support the research of Ashidiqi & Arundina (2017) who conducted a survey of students in Indonesia regarding their intention to use sukuk.

Meanwhile, the risk and yield of Retail SBSN does not affect existing investors' perceptions of Sovereign Sukuk. These results suggest that respondents are not rational investors, as they do not consider risk or yield in their investment decisions. These results are similar to those of Raza et al. (2019) regarding the factors influencing Islamic insurance. Thus, there are other factors that influence investment in Sukuk.

Tradability has no significant positive impact on existing investors' attitudes toward Sovereign Sukuk. This demonstrates that tradability has no effect on existing investors' attitudes toward Sovereign Sukuk. This phenomenon can be explained by three factors: investors' intention to hold to maturity (HTM), the illiquid secondary market for Sovereign Sukuk, and respondents' lack of knowledge of the tradable features of Retail Sukuk. The test results for existing investors contradict those for potential investors. Based on the test results for potential investors, tradability was found to have a significantly positive effect on attitudes.

Attitudes towards investment play a crucial role in shaping investment interests. The affective, cognitive, and conative components of attitudes directly influence the extent to which a person is interested in and willing to invest. Factors such as patriotism, knowledge, religion, risk and yield, and tradability also shape this attitude. By fostering and enhancing positive attitudes towards investment, people's interest in investing is expected to grow.



Subjective Norm towards Investment Intention

Subjective norms have a significant positive effect on investment intention in Sovereign Sukuk for both existing and potential investors. The effect size of subjective norms is the second-strongest predictor of attitude in influencing intention (Cohen, 1988; Wan et al., 2018). This study demonstrates that Indonesian investors are motivated to conform to social norms. Therefore, social pressure affects their intention to invest in Sovereign Sukuk. These results align with previous research on sukuk investment intentions such as Adam & Shauki (2014) and Ashidiqi & Arundina (2017). In addition, this study further strengthens the TPB in explaining investor behaviour, where the greater the subjective norm, the greater the intention to perform this behaviour (Ajzen & Fishbein, 1980). Several factors affect subjective norms. In this study, the effects of two salient beliefs as factors on subjective norms (H2a and H2b) were tested. Normative beliefs have a significant positive effect on subjective norms for existing and potential investors. The effect size of normative beliefs in both groups was also relatively large (Cohen, 1988; Behnk et al., 2022). This study illustrates how the influence of significant people shapes investor perceptions of social norms. Investors value references that involve social pressure from their surroundings, such as family, friends, or colleagues, which significantly impacts their views on behaviour. The findings of this study are in line with those of previous studies (Adam & Shauki, 2014; Bhatti & Husin, 2019). This study proves that behaviour is driven by a desire to act in accordance with the expectations of important references or how one believes one should behave (Pavlou & Fygenson, 2006).

The results show differences in subjective pressure from religious figures and influencers between the two investor groups. For existing investors, the hypothesis is not supported, while for potential investors, the hypothesis is supported. The majority of respondents were millennials and Generation Z, who were frequently exposed to influencers. Aside from influencers, respondents in Muslim-majority areas are frequently exposed to the influence of religious figures. However, the subjective pressure from religious figures and influencers does not have a significant positive effect on the subjective norms of existing investors. This means that the subjective norms of existing investors are not influenced by the subjective pressure from religious figures and influencers. These results strengthen the results of Awn and Azam (2020) which shows that subjective pressure from religious figures does not affect intention in sukuk. In contrast, the subjective pressure from religious figures and influencers has a significant positive effect on subjective norms in potential investors. This shows that subjective pressure from



religious figures and influencers affects subjective norms in potential investors.

Subjective norms play a crucial role in shaping investment intentions by exerting social pressure and influencing perceptions of the desirability and acceptability of investment. Recognising the power of these social influences can help develop strategies to encourage more people to engage in investment activities, ultimately fostering a more financially literate and proactive society.

Perceived Behavioral Control towards Investment Intention

Perceived behavioural control has a significant positive relationship with investment intention in Sovereign Sukuk for both the investor groups. However, in terms of effect size, perceived behavioural control is the weakest predictor compared to other predictors (Cohen, 1988; Fischer & Karl, 2022). This suggests that perceived convenience for both existing and potential investors in Indonesia has a minor effect on investment intention in Sovereign Sukuk. Nonetheless, these findings are consistent with earlier research on sukuk intentions, including Warsame & Ileri (2016), Ashidiqi & Arundina (2017), and Awn & Azam (2020). Thus, this study succeeded in proving Ajzen (1991) statement that the intention to conduct behaviour will be stronger as individuals' perceived behavioural control. Perceived behavioural control of individuals is based on several factors. In this study, two salient beliefs were tested for their influence on perceived behavioral control (H3a and H3b).

The results of this study are consistent with the research by Aziz and Afaq (2018) which proves that self-efficacy and facilitating conditions are significant factors in perceived behavioral control. Self-efficacy has a significant positive effect on the perception of behavioural control in both existing and potential investors. In other words, the more confident investors are in their ability to invest in retail SBSN, the easier their perception of investing in Sovereign Sukuk will be. Self-efficacy is a salient belief with a larger effect size than facilitating conditions in both investor groups (Cohen, 1988; Lamorte & Niven, 2016). The results of the H3a hypothesis test support previous researches by Aziz & Afaq (2018) and Shih & Fang (2004). Facilitating conditions have a significant positive effect on perceived behavioural control among both existing and potential investors. This means that, in the context of this study, facilitating conditions affect investors perceived behavioural control when investing in Sovereign Sukuk. Indicators for facilitating conditions are online system facilities in SBSN Retail and the number of distribution partners. With respondents dominated by millennials and Generation Z, who are characterised by technology-savvy, technology and the

number of distribution partners will affect their intention to invest in SBSN Retail.

CONCLUSION

Attitude, subjective norms, and perceived behavioural control significantly positively affect the intentions of both existing and potential investors in retail SBSN. Attitude is the strongest determinant of investment intention in Sovereign Sukuk for both investor groups. However, in the existing investor group, only knowledge and religious factors affect attitudes toward knowledge as the strongest determinants of attitude. Meanwhile, in the potential investor group, all factors affect attitudes except religious factors. The second predictor, subjective norms, affects the intention to invest in Sovereign Sukuk in both investor groups. However, in the existing investor group, salient beliefs such as subjective pressure from religious figures and influencers do not affect subjective norms. The last predictor, perceived behavioural control, has a significantly positive effect on the intention to invest in Sovereign Sukuk in both investor groups. All salient beliefs in this predictor have a significantly positive effect on both existing and potential investors.

This study offers valuable insights to policymakers. Promoting both financial literacy and digital financial literacy continuously, along with developing a strong communication strategy in collaboration with relevant Key Opinion Leaders (KOLs) for each investor segment, is essential. For the working group, policymakers can collaborate with financial planners, whereas for the sharia-compliant group, policymakers can invite religious figures. Additionally, policies can be implemented to encourage existing investors to invite their family, relatives, and friends to invest in Sovereign Sukuk.

While this research offers new insights into the determinants of investment intention in Sovereign Sukuk, it has some limitations. In addition to individuals, Sovereign Sukuk can also be purchased by institutions through auctions. However, this study is limited to retail investors' perceptions and does not include institutional investors. Future studies should incorporate institutional investors to provide a more comprehensive understanding of investment intention in Sovereign Sukuk.

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