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Behavioral Finance and Financial Literacy Affecting Investor Millenial Decision Making Process on Sharia Stock

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ABSTRACT: At the time, most of the millennial generation decide to make their investment that met to their needs, adequacy and feasibility for achieving future financial freedom. Self-interest has a major impact on financial management which will influence the millennials' investment decisions. The aim of this study is to analyze the affect of herding behavior, religiosity, locus of control, risk perception, and financial literacy on sharia investment decisions. Furthermore, the type of this study quantitative research whose population is millennial investors in Islamic stocks in Solo Raya. The sampling technique use convenience sampling with a total of 195 respondents. Samples are obtained through online questionnaires. The hypothesis in this study is tested by using multiple linear regression analysis. The results of the study find that herding behavior and locus of control do not affect investment decisions in Islamic stocks. Meanwhile, the religiosity, risk perception, and financial literacy affect investment decisions in Islamic stocks.

Keywords: *Herding behavior; religiosity; locus of control; risk perception; financial literacy; sharia investment decision.*

I. INTRODUCTION

Human awareness of finance base on Islamic sharia principles has grown very rapidly in recent years, and this awareness is occurring all over the world. Adoption of Western-style financial and banking systems, which necessitate explicit interest payments, is a source of unease for Middle Eastern nations and substantial Muslim populations in Southeast Asian nations. In recent years, Islamic finance has emerged as a flourishing subfield of finance. Increasingly, Islamic finance is regard as a viable option that is relatively insulate from the volatility of interest rates and their potential negative effects. The potential of financial instruments that are derive from underlying assets, such as equities, is substantial, albeit accompanied by apprehensions regarding the associated risks (Alquraan et al., 2016).

As the world's largest Muslim-majority nation, Indonesia has the ability to boost economic development in the investment sector, particularly Islamic investment. This form of investment is guide by the Islamic concept of sufficient tadrij and trichotomy knowledge process. It can be proved that the concept of investment apart from being knowledge is also spiritual because it employs Islamic concepts (Yuliana, 2010). Sharia capital market operates in accordance with Islamic moral principles (Soemitra, 2016). Indonesia attained the highest sharia investment agreement in the world base on the 2019/2020 sharia investment agreement, and the sharia financial sector holds the top spot with 14 agreements. Due to the high number of sharia investment agreements, Indonesia may have the maximum number of active agreements and investment contracts. As the sector with the highest score, the Islamic financial sector in Indonesia is a more

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attractive investment opportunity for Islamic investors. Sharia-compliant investments in Indonesia have increased at an impressive rate (Barata, 2019).

According to the Central Bureau of Statistic (BPS, 2020), the Indonesian economy grow by 5.31 percent in 2022 compare to 3.70 percent in 2021. With the development of the community's economy at this time, residents began to seek out additional income sources beyond their monthly wages. People who wish to have a better standard of living and a prosperous future require supplemental income. Invest is one of the many ways individuals generate income outside of their salary. Investment activities are commitments made to a number of funds or similar entities in order to generate profits in the future (Tandelilin, 2010). Investors on the Indonesian capital market are demographically distributed in an attractive manner. The majority of investors on the Indonesian capital market are members of the millennial generation. Data from the BPS show that approximately 33.75 percent of the population consists of millennials. This indicates that the millennial generation plays a significant role in influence the structure of the number of people of productive age, as approximately 50.36 percent of the productive age population are millennials. Currently, the millennial generation is in the early stages of earning income. By 2025, it anticipates that three out of every four employees worldwide will be millennials, making up the majority of the labor market. In the future, the millennial generation will be a potential market for the financial sector. Millennial generation is a prospective target for the capital market. Utilizing technological advances in finance, the capital market has created a platform that is suitable for the characteristics of highly mobile millennials.

Several factors that are consider when investing influence the investment decisions made by investors. Individual psychological factors frequently influence investors' decision-making, resulting in decisions that are less rational. Millennial investors are susceptible to the influence of other investors due to a lack of investment knowledge. Therefore, understanding finances is also one of the most essential things for every individual. It makes every individual, especially young potential investors, can allocate their finances according to their needs (Sitinjak et al., 2021). According to Kahneman (1998), psychological factors affect investors inconsistent behavior. Subjectivity and psychological factors play an increasingly important role in investors investment decisions. In addition to fundamental, technical, and announcement-related factors (dividends, profits, stock splits, government announcements, etc.), psychological factors also influence investors purchases of capital market products. There are a number of psychological factors that can influence investment decisions, including herding behavior, religiosity, locus of control, and risk perception.

Herding in financial markets is the tendency for investor behavior to resemble that of other investors (Luong and Ha, 2011). This behavior permits investors to make incorrect investment decisions, thereby increasing their exposure to risk. Investors' decisions to purchase Islamic equities are also influenced by their religious beliefs. The religiosity of a person can be determined by their actions, obedience, and devotion to their religion (Sabir et al., 2020). It has been demonstrated that religiosity affects investment decisions in Islamic stock (Nabilah, 2020).

The decision to invest in the capital market is predicate on the assumption that a person has the ability to control his behavior. One of the psychological factors that affect our behavior is locus of control. The locus of control serves a control function in each individual role. The locus of control is the belief that an individual is in charge of his or her own destiny (Robbins and Judge, 2015).

The assessment of a person in a risky situation is heavily influence by the psychological traits and circumstances of each individual. The greater the perception of risk, the more information should be sought. Individual investment preferences are influence by risk perception (Aren and Zengin, 2016). Due to the fact that investors perceive risk in accordance with their level of expertise, they are able to anticipate the level of risk that will occur and make better investment decisions as a result.

There must be a balance between the increase in the number of investors and the public's knowledge of the capital market for individuals to avoid substantial losses when investing in the capital market. The level of literacy reveals a population's capital market knowledge. Islamic financial literacy can reflect an individual's decision to invest in the Islamic capital market (Harahap et al., 2021). Due to the fact that individuals with a high level of financial literacy will make prudent investment decisions, the risks associate with the investments they make can be minimize.

II. MATERIAL AND METHODS

2.1. Theory of Planned Behavior

Theory of Planned Behavior (TPB) is an extension of Theory of Reasoned Action (TRA) which was also formulated by Ajzen (1985). The theory states that if individuals take action referring to conscious intention base on rational calculations regards to things that promising related to the actions they conducted, and also how people evaluate the behavior performed. Furthermore, theory of Planned Behavior is based on the opinion that humans are reasonable creatures and they consider information regularly. In the theory of planned behavior, an investor is considered to have the knowledge or information to assess the opportunities and risks of the investments made. In realizing it, investors are ensured to have the skills and information regards to finance. Therefore, based on this theory, a person's behavior will be influence by gender, age, experience, and knowledge. Age and financial literacy have a positive correlation, where the older a person is, the more experience and wiser he is in managing his finances (Ajzen and Fishbein, 2000).

2.2. Behavioral Finance Theory

Kahneman and Tversky (1979) emphasize that human behavior in making decisions is based on psychological factors; making a risky decision can be interpreted as a choice or a gamble. This behavior is called as behavioral finance. It is an approach that explains how humans make investments or activities related to finance which is influenced by psychological factors (Sumtoro and Anastasia, 2015). Based on the opinion of Ricciardi and Simon (2000), behavioral finance describes and develops knowledge relate to patterns of investors' reasons including emotional aspects as well as the degree to which these aspects influence the decision-making stage. Moreover, the nature and emotions in a person can influence investment decision making. These emotions can be in the form of fear and anxiety if the decisions taken are wrong which will result in decrease profits or even losses.

2.3. Prospect Theory

Kahneman & Tversky (1979) were the first to discover prospect theory. Prospect theory is a theory which underlies decision making in certain circumstances even though the final results cannot be predicted (Kahneman and Tversky, 1979). In short, the prospect theory is the process of making a person's decision which is not in line with the general pricing in economics. Prospect theory explains that individual is not continuously acting in accordance with financial information and knowledge in making investment decisions since individual refers to other things; such as, psychological aspects which have impact on irrational decision making.

2.4. Sharia Investment Decision

Investment decisions can be defined as the process of choosing an alternative from various alternatives (Subash, 2012). Making investment decisions is an important challenge which is face by investors. An investment decision is said to be optimal if the timing of the investment can maximize utility expectations (Ariffin, 2005). In order to maximize utility, individual will only make an investment if the expected benefits from the investment are greater than the money which is spent now. An investor buys a stock in the aim of obtaining high returns during the investment period (Muhardi, 2009).

One of the popular theories to explain investment decisions is prospect theory from Kahneman and Tversky (1979). According to this theory, individuals will make different decisions and show different levels of risk aversion over time depends on their position relative to a given target outcome. Furthermore, sharia investment principles emphasize ethical investments made in line with Islamic principles which govern every aspect of the lives of all Muslims (Sherif and Lusyana, 2016). In addition, Islamic financial instruments with fixed income; such as, preferred stock, bonds, options or other derivatives are unacceptable since they promise a fixed rate of return and they do not give voting rights (Lobe et al., 2012).

Sharia investment principles have great emphasis on ethical investments made in accordance with Islamic principles which govern every aspect of the lives of all Muslims (Sherif and Lusyana, 2016). The prohibition of usury (interest), gharar (uncertainty), maysir (gambling), and other things which are considered haram (prohibited) in Islamic teachings are the most distinctive features of sharia investment (Abduh, 2018). Investing is a risky business activity since the returns are unstable and uncertain. However, the return on usury obtained from interest is a fairly predictable and consistent business activity (Soemitra, 2016). Sharia investors often have a strong focus on "ethical investing" (Sherif and Lusyana, 2016); As a result, they avoid businesses dealing in alcohol, gambling, pork-related products, tobacco and weapons. It is controversial, these rules are made primarily to protect the concerns of all parties involved in the market in the objectives of Sharia or Maqasidal-Shariah (Dusuki and Abozaid, 2007).

2.5. Herding Behavior

Herding refers to situations in which rational individuals begin to behave irrationally by imitating the decisions of others (Kumar and Goyal, 2015). The discipline of behavioral finance explains the psychological factors that can influence an investor's investment decisions (Ramashar et al., 2022). Herding is highly influence by the investment decisions of others, even if those decisions are poor. Herding is a non-independent behavior in which individuals follow the actions of others because they lack confidence in their own abilities and knowledge (Gozalie and Anastasia, 2015). This statement is supported by Khalisa et al. (2020) that herding behavior affects investment decisions. Other study by Fathmaningrum and Utami (2022) conclude the different finding that herding behavior do not affect investment decisions, because of without high enthusiasm for following the shariah market without environmental influences (Situmorang et al., 2014).

H1: Herding behavior affects investment decisions in Islamic stock

2.6. Religiosity

Religiosity is a person's appreciation of religion which involves symbols, beliefs, values and behavior which are driven by spiritual power. Religiosity is related to someone's understanding of a certain religious belief, which encourages individuals to avoid from all restrictions on that belief or religion (Saputra et al., 2020). Furthermore, research conducted by Sabir et al. (2020) show that someone who is religiosity will be seen from their activity, obedience, and devotion to their religion. The better the religiosity, the better someone's investment decisions will be (Nabilah, 2020). Previous research conducted by Lestari et al. (2021) show that religiosity has a significant positive effect on investment decisions in Islamic stocks. Muslims believe that sharia investment is an alternative to maximize their wealth by taking into account Islamic values.

H2: Religiosity affects investment decisions in Islamic stock

2.7. Locus of Control

Locus of control is a description of a person's beliefs regarding his behavior's determinants and one of the factors that significantly determine an individual's behavior. Self-concept theory by Jullian Rotter is the source of the Locus of Control concept. According to Rotter (1975), there are two types of control locus: internal and external. Those with an internal locus of control believe that they are capable of controlling their own affairs. The individual acts in accordance with his own decisions, abilities, and endeavors. In contrast, those with an external locus of control believe that their lives are influenced by external factors. According to Robbins and Judge (2015), locus of control is a person's belief that they control their own destinies. The results of research conducted by Putrie and Usman (2022) indicate that the locus of control has a positive influence on investment decision making. The findings of the study indicate that investors with a perception of greater self-control will have greater self-confidence, which may lead them to choose risky investments in the hopes of achieving high returns. While research conducted by Pinger et al. (2018) indicates that the locus of control do not affect investment decisions, this does not mean that the locus of control does not exist. This demonstrates that everyone is aware that gains and losses in the stock market cannot be predicted by chance alone and there are some uncontrollable factors, that make someone behaves as if they are an investor who cannot control those factors.

H3: Locus of Control affects investment decisions in Islamic stocks

2.8. Risk Perception

Risk perception is a person's assessment of conditions which are at risk, the assessment is very dependent on the psychological character and condition of a person (Pradikasari and Isbanah, 2018). Risk perception arises because of the uncertainty faced by individuals when making investment decisions. Someone who has a high-risk perception will think about the impact of the investment they will get (Ramashar et al., 2022). The results of research conducted by Hutomo et al. (2020) show that the risk perception has a significant positive effect on investment decisions. Investor investment decisions are more careful in dealing with existing risks. Investors prefer to invest in certain investments and many factors should be considered before making an investment decision. According to research conducted by Ademola et al. (2019), investors who have a positive perception of risk regards to future returns tend to make investment decisions regardless of market conditions

H4: Risk Perception affects investment decisions in Islamic stocks

2.9. Financial Literacy

Financial literacy is the ability to understand, analyze and manage finances to make the right financial decisions to avoid financial problems (Ariadi et al., 2015). Having a high level of financial literacy allows the owner's source of income to be invested in various types of investments while still aware of the risks which will arise (Pradikasari and Isbanah, 2018). The results of research conducted by Putrie and Usman (2022) show that financial literacy affects investment decisions. An investor with a high level of financial literacy is more likely to make wise investment decisions in order to maximize profits.

H5: Financial Literacy affects investment decisions in Islamic stocks

III. RESEARCH METHODS

This study is quantitative research and uses primary data obtained or collected online questionnaires through Google Forms distributed on social media. The population in this study is millennial investors in Islamic stocks in Solo Raya, Central Java Provence, Indonesia. The data are collected by filling out a self-questionnaire. Respondents answer queries by filling out the questionnaire themselves. The sampling technique used is convenience sampling. The criteria used as a basis for selecting sample members are: 1) A person who is currently or has invested in Sharia Shares; 2) Millennial generation with an age range of 18-40 years; 3) Millennial investors domiciled in Solo Raya (consist of seven districts: Surakarta, Boyolali, Sukoharjo, Karanganyar, Wonogiri, Sragen, Klaten).

The data collection process through Google Forms obtained the results of 198 respondents, who become research samples. Furthermore, there are three samples that are not used in the data processing, due to non-fulfillment of regression prerequisite assumptions. The final number of samples used in this study is 195.

Measurement of Operational Variables

In this study, variable measurements use the Likert scale. According to Sugiyono (2017), the Likert scale is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena. The variables to be measured using the Likert scale are herding behavior, religiosity, locus of control, risk perception, financial literacy, and sharia investment decisions. With likert scale, the variables to be measured will be described into variable indicators which can be questions. The answers of the respondents in each indicator have gradations from very positive to very negative, namely 1 means strongly disagree (STS) to 5 means strongly agree (SS).

The measurement of herding behavior variables refers to research indicators conducted by Fathmaningrum and Utami (2022). The measurement of variable religiosity refers to research indicators conducted by Iddagoda and Opatha (2017). The locus of control variable refers to the indicator in the research conducted by Pinger et al. (2018). Variable risk reception refers to indicators in the research conducted by Ainia and Luthfi (2019). The measurement of financial literacy variables refers to research indicators conducted by Putrie and Usman (2022). The measurement of sharia investment decision variables refers to research indicators conducted by Duqi and Al-Tamimi (2019).

Table 1 contains indicators for each variable in detail. The following are the indicators:

Table 1. Measurements Variable Operational

Variables	Code	Indicator
Herding Behavior (HB) Fathmaningrum and Utami (2022)	HB.1	Investment decisions are influenced by others
	HB.2	Investment decisions follow on the decisions of others
	HB.3	React quickly to changes in the decisions of other investors
	HB.4	Prefer to buy shares if the shares are in demand in the first place
	HB.5	If the volume of shares is higher in the market in the last month, it will increase the number of market holdings of shares
Religiosity (RL) Iddagoda and Opatha (2017)	RL.1	Believe in what the founder of my religion proached through Qur'an and Hadiths
	RL.2	Have a very positive feeling and respect for religion and religious personages
	RL.3	Practice what the religion or the founder of the religion proached
	RL.4	Often go to religious places to worship/pray
	RL.5	Concerned about practicing what the Qur'an prescribes and engaging in a wholehearted way
	RL.6	Participate in social activities which have a religious significance (such as recitation, dhikr, etc.)
Locus of Control (LOC) Pinger et al., (2018)	LOC.1	Life's course depends on me
	LOC.2	Have not achieved what I deserve
	LOC.3	Success is a matter fate or luck
	LOC.4	Social involvement can help influence social conditions
	LOC.5	Others decide about my life
	LOC.6	Success is a matter of hard work
	LOC.7	In case of difficulties, I doubt about own abilities
	LOC.8	Possibilities in life depend on social conditions
	LOC.9	Abilities are more important than effort
	LOC.10	Have a little control over what happens to me
Risk Perception (RP) Ainia and Luthfi (2019)	RP.1	The investment definitely right and will perform well
	RP.2	The investment has good performance and convincing results
	RP.3	The investment has significant value increase in the future
	RP.4	The investment will be performed in line with my goal
	RP.5	The investment has a very good rate of return in the medium and long term
Financial Literacy (FL) Putrie and Usman (2022)	FL.1	Have knowledge about stock investment
	FL.2	Knowing the impact of inflation on investment
	FL.3	Understand the rate of return on stocks
	FL.4	Understand that the time value of money and the risk of return have an impact on investment
	FL.5	Know the factors that must be considered in choosing the type of investment
Sharia Investment Decision (SID) Duqi and Al-Tamimi (2019)	SID.1	Sharia investment reduces risk versus conventional investment
	SID.2	Investment in sharia is for security not return
	SID.3	Sharia investment promotes Islamic values
	SID.4	Sharia investment has no gharar
	SID.5	Sharia investment practice avoids forbidden businesses in Islam
	SID.6	Sharia investment is free from riba
	SID.7	Sharia investment can avoid maysir and qimar (gambling)
	SID.8	Religious satisfaction from sharia investment
	SID.9	Percentage of income will invest in sharia
	SID.10	The attractiveness of sharia stocks

Data Analysis Techniques

The analysis technique use in this study is the multiple linear regression analysis techniques. This analysis is used to test the hypothesis in this study. The following formula carries out this analysis:

SID = a + b1 HB + b2 RL + b3 LOC + b4 RP + b5 FL+e

This study used data quality tests in the form of validity and reliability tests. Classical assumption tests are carried out in the form of normality tests, multicollinearity tests, and heteroscedasticity tests then hypothesis testing is continued to analyze.

IV. RESULT AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is used to determine the characteristics of the sample used and describe the variables in the study. In this study using sample characteristics of gender, domicile, and age. The following are the results of the research data that have been processed:

Table 2. Demographic Characteristics of Respondents

Demographic	Total	%
Gender		
Male	60	30.8
Female	135	69.2
Domicile		
Boyolali	58	28.7
Karanganyar	17	8.7
Klaten	19	9.7
Sragen	17	8.7
Sukoharjo	33	16.9
Surakarta	33	16.9
Wonogiri	18	9.2
Age		
< 25 tahun	184	94.4
> 25 tahun	11	5.6

Source: Data processing, 2023

The total number of respondents obtained in this study are 195 respondents. Based on the Table 2, it can be seen that there are 60 male respondents and 135 female respondents. Respondents came from seven districts in Solo Raya. The percentage of respondents came from Boyolali 28.7%, Karanganyar 8.7%, Klaten 9.7%, Sragen 8.7%, Sukoharjo 16.9%, Surakarta 16.9%, and Wonogiri as much as 9.2%. Respondents under 25 showed a percentage of 94.4%, and 5.6% of respondents over 25 years old.

Validity and Reliability Test Result

In Table 3, there are validity test results. A validity test is used to determine whether or not a questionnaire is valid. An instrument or questionnaire is said to be valid if the questions on it can reveal anything that will be measured by the questionnaire (Ghozali, 2018). The validity test is carried out using the Pearson Bivariate correlation testing technique to correlate each question item score with the total item of each variable. The significance test compares the value of r count to the value of r table. If r count is greater than r table and the value is positive then the item or question or variable is declared valid, and vice versa. The results obtained from this test show that each item on the variables Herding Behavior (HB), Religiosity (RL), Locus of Control (LOC), Risk Perception (RP), Financial Literacy (FL), Sharia Investment Decision (SID) are all valid which can be proven that the results of r count are more significant than r table. Questions from questionnaires that have been tested using validity and reliability testing obtained the following results:

Table 3. Validity Test Results

Variables	Number of Items	r value	r table	Results
Herding Behavior (HB)	5	0.653 – 0.842	0.1406	All items are valid
Religiosity (RL)	6	0.736 – 0.840	0.1406	All items are valid
Locus of Control (LOC)	10	0.455 – 0.774	0.1406	All items are valid
Risk Perception (RP)	5	0.847 – 0.885	0.1406	All items are valid
Financial Literacy (FL)	5	0.652 – 0.819	0.1406	All items are valid
Sharia Investment Decision (SID)	10	0.684 – 0.814	0.1406	All items are valid

Source: Data processing, 2023

In Table 4, there are reliability test results used to measure the consistency of the questionnaire over time. Based on the questionnaire test, the results show that all variables have a Cronbach Alpha coefficient value greater than 0.70 which means the questionnaire is declared reliable.

Table 4. Reliability Test Results

Variables	Cronbach's Alpha	Number of Items	Results
Herding Behaviour (HB)	0.828	5	Reliable
Religiosity (RL)	0.871	6	Reliable
Locus of Control (LOC)	0.813	10	Reliable
Risk Perception (RP)	0.908	5	Reliable
Financial Literacy (FL)	0.790	5	Reliable

Source: Data processing, 2023

Classical Assumption Test

Table 5. Recapitulation of the Classical Assumption Test

Variables	Unstandardized Residual	Multicollinearity		Heteroscedasticity
		Tolerance	VIF	Sig. (2-tailed)
Herding Behaviour (HB)		0.526	1,902	0.709
Religiosity (RL)		0.550	1,819	0.822
Locus of Control (LOC)		0.540	1,853	0.860
Risk Perception (RP)		0.365	2,741	0.902
Financial Literacy (FL)		0.407	2,456	0.466
Asymp. Sig. (2-tailed)	0.200			

Source: Data processing, 2023

The classical assumption test is a statistical test that needs to be done before testing multiple linear regression analysis. Based on the results of the normality test with the Kolmogorov-Smirnov approach, it shows that the values of asymp.sig (2-tailed) is 0.200 > 0.05. Therefore, the data used are normally distributed. The results of the multicollinearity test in this study show no multicollinearity in the data tested. It is proven that the value inflation factors (VIF) between 1.819 – 2.741 (not more than 10) and tolerance value between 0.365 – 0.550 (not more than 1). In this study heteroscedasticity test was conducted with Spearman Rank. The results of the heteroscedasticity test in this study show that each variable has a significance value (2-tailed) above 0.05 means that there is no heteroscedasticity problem in the regression equation of this study.

Hypothesis Test

Based on the test results in Table 6, the regression equation in this study shows a calculated F value of 60.765 with a significance value of 0.000 which means that the research model is feasible to use. The results of the coefficient of determination test (adjusted R^2) in this study show that the adjusted value of R^2 is 0.606. This proves that 60.6% of variations in Sharia investment decisions can be explained by five independent variables, namely herding behavior, religiosity, locus of control, risk perception, and financial literacy. At the same time, 39.4% was explained by factors other than the model. Based on the results of multiple regression processing, the multiple regression equation is obtained as follows:

SID = -0.128 + 0.200HB + 0.834RL + 0.082LOC + 0.374RP + 0.293FL + e

In this study, the hypothesis was test using the t-test. The results of hypothesis testing can be seen in the following table:

Table 6. Multiple Linear Regression Analysis Results

Variables	Coefficient	T	Significance	Results
(Constant)	-0.128	-0.053	0.958	
Herding Behaviour (HB)	0.200	1.884	0.061	H1 rejected
Religiosity (RL)	0.834	7.227	0.000	H2 accepted
Locus of Control (LOC)	0.082	1.513	0.132	H3 rejected
Risk Perception (RP)	0.374	2.537	0.012	H4 accepted
Financial Literacy (FL)	0.293	2.000	0.047	H5 accepted
Adjusted R^2	0.606			
Sig. F			0.000	

Source: Data processing, 2023

* Significance at 0.05

Based on the test results in Table 6, herding behavior shows a significance value of 0.061 > 0.05. It can be concluded that H1 is rejected, this study shows that herding behavior does not affect sharia investment decisions. Furthermore, the result of this study supports the opinion of Fathmaningrum and Utami (2022) which state that herding behavior does not affect investment decisions. Herding is a behavior owned by investors in order to follow the actions of other investors in terms of making investment decisions and without doing fundamental analysis. It can be interpreted that in making investment decisions it is not always influenced by herding behavior. This study does not support the Behavioral Finance Theory since rational millennial investors will pay attention to information; besides, they will conduct fundamental and technical analysis in their investment decision-making process.

The result of the hypothesis test on Religiosity shows a significance value of 0.000 < 0.05. It can be concluded that H2 is accepted. This study shows that religiosity affect sharia investment decisions. Moreover, the result of this study supports the opinion of Lestari et al., (2021) who show that religiosity affect investment decisions in Islamic stocks. Muslims believe that sharia investment is an alternative in order to maximize their wealth by taking into account Islamic values. Muslims tend to choose sharia products since they comply with Islamic principles; besides, they are free from usury and gharar. The higher the level of investor religiosity, the more likely they are to choose investment in Islamic stocks compared to investing in conventional stocks (Abduh and Hussin, 2018).

The result of the hypothesis test on Locus of Control shows a significance value of 0.132 > 0.05. It can be concluded that H3 is rejected. This study shows that locus of control does not affects sharia investment decisions. The result of this study is in line with research which had been conducted by Pinger et al., (2018) that locus of control does not affect investment decisions. Therefore, the results of this study prove that millennial investors in Solo Raya have a low perception of self-control and tend to have low self-confidence which can cause these investors not to choose risky investments that not make them to suffer losses. It can happen since everyone knows that investing in stocks can calculate profits and losses in financial instruments that it is not just luck; besides that, there are several factors which cannot be controlled by people who act as investors. The results of the study also show that external locus of control has no effect on investment decisions. It means that millennial investors in Solo Raya have low self-control influenced by external factors (belief in luck or destiny), the lower their investment decisions in stock investment instruments.

The result of the hypothesis test on Risk Perception shows a significance value of 0.012 < 0.05. It can be concluded that H4 is accepted. This study shows that risk perception affects sharia investment decisions. The result of this study supports the opinion of Hutomo et al., (2020) who show that risk perception has a positive effect on investors' investment decisions. It means that the risk perception or assessment of the risk of millennial investors has increased that lead to better investment decisions. It is in accordance with behavioral finance theory which states that a person's psychological level affects someone's investment decisions. When someone has a high-risk perception, they usually calm. It is because investors act with full consideration and they have enough information. If the risk perception of millennial investors in Solo Raya increases, the investment decisions of millennial investors in Solo Raya also increase.

The results of the hypothesis test on Financial Literacy show a significance value of 0.047 < 0.05. It can be concluded that H5 is accepted. This study shows that financial literacy affects sharia investment decisions. Furthermore, the result of this study supports the opinion of Putrie and Usman (2022) which prove that financial literacy affects investment decisions. An investor with a high level of financial literacy is more likely to make wise investment decisions in order to maximize profits. The better the knowledge and ability of investors in managing finances, the more effective the decisions taken since investors with good financial literacy will make investment plans in advance. With a better understanding and knowledge of finance, investors will be aware of more factors which can affect their investment activities. In addition, the result of this study shows that millennial investors in Solo Raya have good basic financial knowledge and understanding in investing in Islamic stocks.

V. CONCLUSION

Based on the results of the study, it can be concluded that herding behavior variables and locus of control do not affect investment decisions in Islamic stocks. Meanwhile, the variables of religiosity, risk perception, and financial literacy affect investment decisions in Islamic stocks. This research show that investor millennials are very interested in Islamic stocks. It is proven that these investors millennial also prioritize Islamic values in their investment decision making. Investor millennial investors incorporate risk perception into their decisions and they can make better investment decisions. Investor millennial also have sufficient knowledge about Islamic stock investment. Therefore, it is difficult to be influenced by other investors during decision-making. The results of the study indicate that Millennial Investors in Solo Raya with a low density have the potential to significantly contribute to the growth of Islamic securities. Future research can be conducted on other Indonesian cities with a higher population density than Solo Raya, and the outcomes of investment decisions can be analyzed. The present study's findings enable a comparison of the investment decisions made by millennials residing in urban areas characterized by high and low population densities.

VI. REFERENCES

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