Exploring Understanding of Islamic Banking Investments: Case Study at Institut Maritim Prasetiya Mandiri

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ABSTRACT

The banking industry has advanced significantly, just like conventional banks. The main difference lies in the application of interest rates, where Islamic banks do not implement interest-based systems. The challenge faced is a lack of understanding about Islamic banking investments, which some believe is merely a terminology difference from conventional banks. This research aims to investigate the level of understanding of Islamic banking investments within the Institut Maritim Prasetiya Mandiri. The method employed in this study is qualitative descriptive, using data collection through questionnaires based on a Likert scale. The population consists of faculty members at the Institut Maritim Prasetiya Mandiri. The findings reveal that 18 respondents understand, 22 do not understand, and 20 have no understanding of Islamic banking investments. These result are supported by questionnaire data and analysis using coding and tabulation methods. This study is limited to faculty members at the Institut Maritim Prasetiya Mandiri, and future research should involve a wider sample, including higher education institutions across Lampung and the general public, including business practitioners.

Keywords: Investment; Sharia Banking; Islamic Banking

1. INTRODUCTION

Various forms of investment are available today, including the continuously evolving capital market in Indonesia. Among the most appealing investments is Islamic investment, which has gained popularity. One of the fastest-growing sectors in Islamic banking is the Islamic capital market. The number of Islamic stocks listed on the Jakarta Stock Exchange (BEJ) grew from 237 to 451 between 2011 and 2020, an increase of 636%. Data from the Financial Services Authority (OJK) of Lampung Province shows that the total investment reached IDR 198.402 billion as of January 2023, an increase from the period 2020-2023. This growth signals the rising importance of the Islamic economy worldwide, including in Indonesia, providing a valuable alternative for Muslims seeking non-usurious investment products (Jabari & Muhamad, 2022) Understanding Islamic investment products can help make wise investment decisions (Khediri et al. 2015; Kassim. 2016). Islamic investment is both a spiritual and practical concept, adhering to Sharia principles and serving as a way to ensure future financial security (Khan & Ahmed, 2001; Ullah et al. 2022).

2. LITERATURE REVIEW

1. Islamic Banking and Investments
Islamic banking differs significantly from conventional banking, primarily in its avoidance of interest (riba), which is prohibited under Islamic law. (Grassa, 2023). According to Ascarya (2013), Islamic banks operate based on the

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principles of Sharia, which include ethical and moral considerations in financial transactions. This system appeals to the Muslim population, particularly in countries like Indonesia where the majority are Muslims. Sudarsono (2013) further explains that Islamic banking offers various investment products, including Islamic stocks, sukuk (Islamic bonds), and Sharia-compliant mutual funds, which comply with Islamic legal and ethical standards. The prohibition of riba, gambling, and speculative transactions is central to these offerings. Fahriah (2018) and Kusnan (2018) highlight that despite the growth of Islamic banking in Indonesia, there remains a significant gap in understanding, particularly among educators and professionals. Kusnan discusses the role of religious leaders in promoting Islamic banking, but notes that many people still lack sufficient knowledge of the specifics, leading to confusion between conventional and Islamic banking systems.

2. Growth of Islamic Investments in Indonesia

The rapid growth of the Islamic capital market in Indonesia is well-documented. The Financial Services Authority (OJK, 2023) reports significant increases in the number of Sharia-compliant stocks listed on the Jakarta Stock Exchange. The rise from 237 stocks in 2011 to 451 by 2020 indicates a strong upward trend. This growth reflects not only increasing demand for Sharia-compliant financial products but also a growing awareness of the need for ethical investment practices in line with Islamic principles.

The OJK's data further suggests that Islamic financial products have attracted broader attention beyond religious considerations. As Indonesia continues to develop its Islamic financial infrastructure, including products like sukuk and Sharia-compliant mutual funds, more investors are drawn to these ethical investment vehicles. However, as the study by Yuliana et al. shows, the understanding of these products remains limited, especially among academics.

3. Understanding of Islamic Financial Products

One of the central themes in the study is the lack of understanding of Islamic financial products, even among professionals and educators at higher education institutions. Rahardjo (2014) emphasizes that comprehension of these products is crucial for effective financial decision-making. According to Sugiyono (2021), financial literacy, especially concerning Islamic banking, plays a significant role in shaping investment behaviors. Without adequate knowledge, individuals may miss opportunities for sound investment in Sharia-compliant products.

The research conducted by Yuliana et al. at Institut Maritim Prasetiya Mandiri reveals that many educators still rely on conventional banking systems for their financial transactions. This trend suggests a disconnect between the growing availability of Islamic financial products and their practical application in daily financial decisions. The study aligns with findings by Pajar (2017), who argues that motivational factors and knowledge significantly influence an individual's interest in investing in Islamic financial markets.

4. Challenges and Barriers to Understanding Islamic Investments

The limited understanding of Islamic investments is not unique to the Institut Maritim Prasetiya Mandiri. Many studies, including those by Fahriah (2018) and Sumar'in (2012), highlight challenges in promoting Islamic banking and finance across various sectors of Indonesian society. These challenges include the complexity of Islamic financial products, inadequate educational efforts, and limited accessibility to information about how these products operate.

Yuliana et al.'s study underscores the need for better outreach and education about

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Islamic banking within academic institutions. The authors note that there has been little emphasis on the practical application of Islamic financial principles in educational settings. As Sumar'in (2012) suggests, universities should play a more proactive role in disseminating knowledge about Islamic banking and investment options to prepare future generations for informed financial decision-making.

5. The Role of Financial Education
Financial education is crucial for enhancing understanding and participation in Islamic banking and investments. According to Kusnan (2018), many people still regard Islamic banking as merely an alternative to conventional banking without fully understanding the ethical principles that underpin it. This lack of awareness hampers the potential of Islamic financial products to reach a broader audience.

Sugiyono (2021) asserts that educational institutions should integrate financial literacy, including Islamic finance, into their curricula. By doing so, they can help bridge the knowledge gap identified in Yuliana et al.'s study. The authors argue that more robust educational initiatives are needed to improve understanding and engagement with Islamic banking products, especially in institutions like the Institut Maritim Prasetiya Mandiri.

3. RESEARCH METHOD

Research Design

This study uses a qualitative descriptive approach to examine the understanding of Islamic banking investments among faculty members at the Institut Maritim Prasetiya Mandiri. Descriptive research is employed to capture and interpret the respondents' understanding of specific financial products in Islamic banking. The research aims to

provide insight into the general awareness and comprehension levels of these investments.

Population and Sample

The population for this study consists of all the lecturers at the Institut Maritim Prasetiya Mandiri, totaling 60 individuals. Given the relatively small population, a census sampling method was used, meaning that the entire population was included in the sample. This method ensures that the study captures a comprehensive view of the faculty's understanding of Islamic banking investments.

Data Collection Techniques

The primary data collection tool for this research was a structured questionnaire. The questionnaire was designed to assess the respondents' knowledge of various Islamic banking investment products, including stocks, sukuk, Islamic mutual funds, and others. The questions were based on a Likert scale ranging from 1 to 4, where:

- **a.** = Very knowledgeable
- **b.** = Knowledgeable
- **c.** = Not knowledgeable
- **d.** = Very unknowledgeable

The questionnaire was distributed electronically via Google Forms to ensure ease of access and efficient data collection. A total of 60 responses were collected and analyzed.

Definition and Operation of Variables

1. Definition of Variables

The variables in this study pertain to the level of understanding of

Islamic banking investments. A variable is defined as any characteristic or quality that can be measured and studied to draw conclusions (Sugiyono, 2017). In this research, the main variable is the understanding of Islamic banking investments among faculty members at the Institut Maritim Prasetiya Mandiri. The concept of understanding, as defined by Rahardjo (2014), is the ability to explain and interpret knowledge, particularly in the context of Islamic financial products, such as Islamic stocks, sukuk, Islamic mutual funds, and Sharia-compliant bonds.

The study focuses on how well respondents understand the various aspects of Islamic banking investments and the potential benefits these investments offer.

2. Operational Definition of Variables

The operational definition refers to how variables are measured or quantified in the research. In this study, the operational definition of understanding of Islamic banking investments is based on respondents' ability to explain, discuss, and make decisions about different Islamic financial products. The variables are operationalized through specific indicators that reflect different dimensions of understanding.

Indicators for the understanding of Islamic banking investments include:

1 The willingness to seek and gather information about Islamic banking investments.
2 The ability to explain and develop an understanding of specific investment products.
3 The development of distinct characteristics that indicate a strong understanding of Islamic banking investments.

3. Measurement of Variables

The level of understanding is measured using a Likert scale, where respondents indicate their degree of comprehension regarding Islamic banking investments. The Likert scale ranges from 1 to 4, as follows:

1 = Very knowledgeable
2 = Knowledgeable
3 = Not knowledgeable
4 = Very unknowledgeable

Each item in the questionnaire is designed to assess respondents' knowledge and perception of different Islamic banking investment products. The data collected from the questionnaire is then coded and categorized based on the scores, with higher scores indicating a lower understanding and vice versa.

Table: Operationalization of Variables

Variable	Operational Definition	Indicator	Scale
Understanding of Islamic banking investments	Respondents' knowledge and ability to explain Islamic investments	1. Willingness to expand knowledge about Islamic banking investments 2. Ability to explain	Likert scale (1-4)

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Variable	Operational Definition	Indicator	Scale
		investment products 3. Formation of unique characteristics related to the understanding of these investments	

Sample Collection Techniques

Data Analysis Methods
The data analysis followed several stages, including data editing, coding, and tabulation:

Editing: This involved reviewing and cleaning the data collected from the questionnaires to ensure completeness and consistency.

Coding: The responses were categorized and coded according to the pre-defined Likert scale to facilitate statistical analysis.

Tabulation: The data was summarized into frequency tables to provide a clear overview of the results. This step involved calculating the percentage of respondents who fell into each category of understanding.

The study also conducted validity and reliability tests on the questionnaire to ensure the accuracy of the measurement tool. Bivariate Pearson correlation was used to test the validity, where each item's score was correlated with the total score. Items were deemed valid if the Pearson correlation coefficient (r) was higher than the critical value from the r-table.

The Cronbach's Alpha test was used to assess the reliability of the questionnaire. A Cronbach's Alpha value of 0.681 indicated that the questionnaire had acceptable reliability, as it exceeded the threshold value of 0.6.

2. Validity and Reliability Testing
   a. Validity: To confirm that the questionnaire items measured what they intended to, a Bivariate Pearson correlation was performed. All 14 questions related to Islamic banking investments were tested for their ability to accurately measure the understanding of respondents. The results indicated that all items had a Pearson correlation coefficient higher than 0.254, confirming their validity.
   b. Reliability: The questionnaire's reliability was tested using Cronbach's Alpha, and the result was 0.681, which is above the acceptable level of 0.6. This indicates that the instrument is consistent and reliable in measuring the respondents' understanding of Islamic banking investments.

Table 3.1. Likert Scale Score

No	Jawaban	Skor
1	Very Understanding	1
2	Understand	2
3	Do not understand	3
4	Very Misunderstood	4

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Data Analysis Techniques

The data analysis in this study follows a structured process to ensure the accuracy and validity of the findings. The steps involved include data editing, coding, and tabulation.

1. Data Editing
   Data editing is the initial step, where the collected responses are carefully reviewed to ensure completeness and consistency. This process helps identify and correct any errors or missing data in the questionnaires before proceeding with the analysis. It ensures that only valid and reliable data is included for further analysis.

2. Coding
   After editing, the data is coded. This involves assigning numerical values to the responses from the Likert scale-based questionnaire. Each response is classified and given a score according to the pre-determined scale:
   o 1 = Very knowledgeable
   o 2 = Knowledgeable
   o 3 = Not knowledgeable
   o 4 = Very unknowledgeable

This coding process helps in organizing the data for statistical analysis, allowing for easy comparison of the responses across different participants.

3. Tabulation
   Following coding, the data is tabulated. This step involves summarizing the responses into frequency tables, which display how many respondents fall into each category of understanding. The tabulation provides a clear visual representation of the data, enabling the researchers to identify trends and patterns in the respondents' understanding of Islamic banking investments.

4. Validity and Reliability Testing
   To ensure the accuracy of the results, validity and reliability tests were conducted on the questionnaire.
   o Validity: The questionnaire's validity was assessed using the Bivariate Pearson correlation method. This test evaluates how well each item on the questionnaire measures what it is intended to measure. A question is considered valid if the Pearson correlation coefficient (r) is greater than the critical value from the r-table. In this study, all items showed r-values greater than 0.254, confirming that they were valid.
   o Reliability: The questionnaire's reliability was tested using Cronbach's Alpha. A Cronbach's Alpha value of 0.681 was obtained, indicating that the questionnaire is reliable since it surpasses the threshold of 0.6, showing that the responses are consistent and dependable.

5. Interpretation of Results
   The final step involves interpreting the tabulated results to understand the respondents' level of comprehension of Islamic banking investments. Based on the Likert scale scores, the analysis identifies the proportions of respondents who are knowledgeable, not knowledgeable, or very unknowledgeable. This helps provide insights into the overall understanding of Islamic banking investments among faculty members at the Institut Maritim Prasetiya Mandiri.

4. RESULTS AND DISCUSSION

The data collected from the questionnaire, which was distributed to 60 respondents from the faculty of the Institut Maritim Prasetiya Mandiri, provides insight into their level of understanding regarding Islamic banking investments. The analysis was based on the responses to 14 questions related to different aspects of Islamic investment products.

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Results

Table 1: Validity Test Results

No.	Statement	R Calculated	R Table	Result
A.1	Do you understand Islamic stock investments?	0.742	0.254	Valid
2	Do you understand sukuk investments?	0.699	0.254	Valid
3	Do you understand Islamic mutual funds?	0.681	0.254	Valid
4	Do you understand Sharia bonds?	0.767	0.254	Valid
5	Do you understand Sharia deposits?	0.783	0.254	Valid
6	Do you understand gold investments?	0.780	0.254	Valid
7	Do you understand property investments?	0.794	0.254	Valid
B.1	Do you understand what is meant by Sharia investment?	0.360	0.254	Valid
2	Do you frequently discuss investment?	0.557	0.254	Valid
3	Is there no one in your workplace investing yet?	0.644	0.254	Valid
4	Have you ever discussed investment with colleagues?	0.630	0.254	Valid
C.1	Does your workplace have a platform for those interested in investing?	0.399	0.254	Valid
2	Are there many people in your workplace investing?	0.687	0.254	Valid
3	Does your workplace often hold discussions related to investment?	0.384	0.254	Valid

Source: Processed by the authors (2024)

Table 2: Reliability Test Results

| No.	Variable	Cronbach's Alpha	Number of Items
1	Understanding of Islamic banking investments	0.681	14

Source: Processed by the authors (2024)

The results in the table on the Cronbach's Alpha value for understanding sharia banking investment in total show 0.681. These results show that the Cronbach's Alpha value is more than the Cronbach's Discussion of Research Results Alpha drinking value of 0.6. So this questionnaire as a whole can be said to be reliable.

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Based on the results of the questionnaire, the following data was obtained:

Figure I: Questionnaire Results
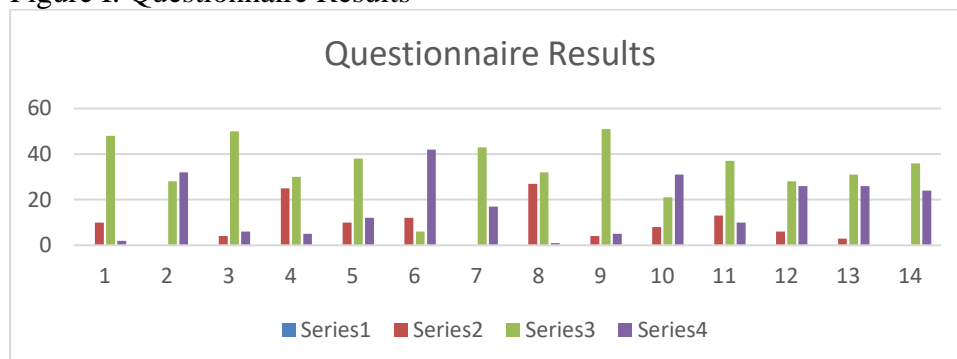
Discussion

The data collected from the questionnaire, which was distributed to 60 respondents from the faculty of the Institut Maritim Prasetiya Mandiri, provides insight into their level of understanding regarding Islamic banking investments. The analysis was based on the responses to 14 questions related to different aspects of Islamic investment products.

1. **General Understanding of Islamic Banking Investments**
   The results show that the respondents' understanding of Islamic banking investments is generally low. Among the 60 respondents:
   - 18 (30%) were categorized as "knowledgeable."
   - 22 (37%) were classified as "not knowledgeable."
   - 20 (33%) were considered "very unknowledgeable."

   There were no respondents who fell into the "very knowledgeable" category. This indicates that a significant portion of the respondents has a limited understanding of Islamic banking investments.

2. **Specific Areas of Understanding**
   When examining specific investment products such as Islamic stocks, sukuk, and Islamic mutual funds, the responses revealed that many faculty members have a general awareness of these products but lack detailed knowledge. The majority of respondents showed familiarity with Islamic stock investments but did not demonstrate a deep understanding of how these products function in practice.

   Discussions about investments within the workplace were also found to be infrequent. The results indicate that there is little engagement in topics related to Islamic financial products among faculty members, with many respondents stating that such discussions rarely take place.

3. **Interpretation of Responses**
   The findings suggest that more than half of the respondents are either

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unfamiliar or have limited understanding of Islamic banking investments. A lack of awareness about the specifics of Islamic financial products, such as their principles, benefits, and risks, was evident in the responses. Additionally, the data shows that Islamic banking investments are not viewed as particularly important or relevant by a large number of the faculty members surveyed.

The low level of understanding reflects the need for more comprehensive education and socialization regarding Islamic banking investments. There is a clear gap between the availability of these products and the faculty members' knowledge and application of them in their personal financial decisions.

5.CONCLUSION

The overall findings of the study indicate that the faculty at the Institut Maritim Prasetiya Mandiri has a limited understanding of Islamic banking investments, with the majority falling into the categories of "not knowledgeable" or "very unknowledgeable." This lack of understanding highlights the importance of improving awareness and education about Islamic financial products, particularly within academic institutions. Increased outreach and educational efforts are necessary to enhance comprehension and encourage more active engagement in Islamic banking investment opportunities.

Limitations and further studies
The weakness in this research lies in the research process or when administering the questionnaire. The answers given by informants sometimes do not match the statements given. The questions given are almost the same even though the meaning is different.
This research was carried out only on teachers at one university and the results were less significant. In future research it can be carried out using a wider sample, not just one but all universities in the Lampung area and its surroundings, it could also be carried out on regional communities. Lampung.

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