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Better behavioral control in sharia investment decision: a literature review

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Abstract

Purpose - This study aims to identify factors that influence investment decisions. Furthermore, the researcher wants to show how sharia-compliant investment decisions act more rationally than conventional investment decisions.

Method - This study employs the "charting the field" method by categorizing articles based on research themes and utilizing the VOSviewer application to analyze variable occurrences. The researchers used databases from Scopus.com and sinta.kemendikbud.go.id, covering publications from 2017 to 2024.

Result - Investment decisions in the non-sharia sector are often influenced by excessive overconfidence and behavioral biases, which may lead to losses for investors. In contrast, sharia-compliant investment decisions tend to rely on more certain factors, emphasizing rationality based on financial literacy, behavioral control, and religiosity.

Implication - This study highlights that investment decisions are primarily influenced by factors such as high confidence levels, uncertainty, herding bias, behavioral bias, and heuristic bias. Meanwhile, investors in the sharia sector tend to be more cautious and have better behavioral control, making the decision-making factors in sharia-compliant investments more applicable in practice.

Originality - This study is relatively rare in both global and Indonesian contexts, providing insights into how sharia-compliant investments can serve as a viable option for investment decision-making.

Keywords: investment decision; sharia investment; behavioral control; overconfidence

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Introduction

In income theory, a person's income will be used for two things, namely consumption and savings. In the current era, there is more and more awareness to save money by investing, as evidenced by the increasing investment index according to data from the United Nations Conference on Trade and Development (UNCTAD) in the world investment report, investment in developing countries increased by 4%. Financial decisions are very important and cannot be separated from an individual's financial management activities (Gupta & Shrivastava, 2022). Financial decisions in the form of investment can be very profitable not only from the investor side but also for the world economy.

The reasons for investing in every person are different (Novianggie & Asandimitra, 2019). This investment decision can be to save money or indeed used for the main income or the latest because investors feel anxious that they will lose something that others are experiencing known as fear of missing out (FOMO) (Wang et al., 2022). Previous research has revealed a substantial relationship between FOMO, investment intention, and investment decision-making (Kumar et al., 2024). As a result, investment decisions are often made by following group choices, which may not necessarily align with an individual's actual needs. This phenomenon leads to behavioral biases in investment decision-making (Al-sabaawi & Alyouzbaky, 2022; Abideen et al., 2023; Wolski et al., 2023; Abdeldayem & Aldulaimi, 2024; Nguyen et al., 2024; Shunmugasundaram & Sinha, 2024). Such biases can result in speculative decision-making, potentially causing financial losses for investors.

These investment decisions are important because they are the basis for them to act on their portfolios. Markowitz, (1952) Individual investors are rational, risk-averse, and prefer low risk over high risk at a certain rate of return. But it's not just those factors that make individuals invest, investors' fear of making mistakes and their tendency to be overconfident in themselves are the most significant factors in their decisions about where to invest their money (Bihari et al., 2023). Overconfidence has a significant impact on investment decision-making (Metawa et al., 2018; Ahmad, 2020; Ullah et al., 2020; Fionita et al., 2021; Adil et al., 2022; Ali et al., 2023; Bihari et al., 2023; Ahmad & Wu, 2024; Aziz et al., 2024; Lam et al., 2024; Shunmugasundaram & Sinha, 2024)

Uncertainty in investment decision-making can have a bad impact on the individual himself. Some researchers suggest investing in the sharia field. According to proponents of Islamic finance and sharia compliance, Islamic financial instruments provide ethical and sin-free returns. According to sharia, returns should not be based on interest, excessive risk-taking, and gambling (short-selling) (Can, 2021). This is because sharia restrictions and permits depend on Fiqh, whose main sources are the Qur'an, and

Sunnah, including the Hadith of the Prophet Muhammad SAW. Sharia investment is considered a sure product because it avoids several risky things as mentioned in (Markowitz, 1952), It is said that investors prefer low-risk investments. But is it true that sharia investment is a good solution in making decisions to invest?

This study aims to explain the factors influencing individual decisions in making investments. Numerous biases, overconfidence, and other psychological factors can affect investment decisions in the conventional sector, potentially leading to financial losses for individuals.

This research utilizes international databases from Scopus.com, which offers a broad scope, and Sinta.kemendikbud.go.id, a nationally recognized database in Indonesia, where the researcher resides. The review found that few studies have explored the relationship between investment decisions in conventional and Islamic finance sectors, which motivated the researcher to investigate this topic further. Using the "charting the field" method developed by Hesford et al. (2007) this study will classify articles based on relevant themes, allowing for a comprehensive understanding of the various factors influencing investment decisions in both conventional and Islamic finance sectors. The findings will help identify how investors in Islamic finance tend to make more rational decisions, enabling them to invest more securely.

Previous studies have mostly focused on identifying the factors influencing investment decisions in a single sector, either conventional or Islamic finance. In this study, we aim to analyze and compare the factors influencing investment decisions in Islamic finance and demonstrate how they lead to better outcomes compared to conventional investments. The findings indicate that investment decisions in Islamic finance tend to be superior due to better behavioral control and a more rational decision-making approach. Future research is recommended to delve deeper into these factors from the investor's perspective. Furthermore, future studies could investigate how sharia compliance within Islamic financial institutions impacts investment levels and investor confidence.

Literature Review

Investment and Investment Decision

Investment is one of the drivers of the economy. It plays a crucial role in fostering global economic growth, optimizing structural development, and improving livelihoods (Sun & Zhang, 2023). Investment is a commodity that must be offered in two ways, not only from the side of the organization but also must be accepted by investors (Ewens & Townsend, 2020). The primary objective of any investment is to achieve measurable profit. Therefore, when seeking investment opportunities, investors conduct analyses to determine whether an investment has the potential to generate satisfactory returns (Górski et al., 2021). Consequently, selecting the right investment must be done carefully and strategically. Decision-making is a choice that must be made by humans, in making decisions must choose the best option as a choice (Bhatia et al., 2020). Investment decisions are how an individual allocates his investment funds so that they will provide benefits in the future (Ovami et al., 2024). The decision to invest is an act of postponing direct consumption to allocate resources to productive assets for a certain period (Krawiec & Szydłowski, 2017).

Sharia Investment

Sharia investment is an investment in the sharia field or by sharia, sharia status can reduce information asymmetry (Hanafi & Hanafi, 2022). By holding sharia status, sharia investment must comply with sharia provisions, including gharar. In Arabic, gharar means "bet". Gharar is uncertainty, doubt, or ambiguity in a transaction. Every uncertainty will cause losses, therefore the Prophet Muhammad SAW prohibits those that contain elements of gharar as the following hadith:

"The Prophet forbade buying and selling Al-Hashah and buying gharar." (HR. Muslim)

In another hadith mentioned by Hasan bin Ali bin Abu Talib, the grandson of the Prophet Muhammad SAW, he said:

"I have memorized (a hadith) from the Rasulullah (saw): Leave anything that doubts you and (switch) to something that does not doubt you.". (HR. Tirmizi dan Nasa'i).

Meanwhile, in the Qur'an, it is also mentioned the prohibition of doing gharar is stated in Surah An-Nisa: 29 which means:

"You who believe, do not eat your neighbor's property in an unrighteous way, except in the form of business based on mutual consent among you. Do not kill yourselves. Indeed, Allah is Most Merciful to you."

In transacting in sharia, it must be mutually beneficial and there should be no coercion from each other. Compliance with sharia principles is also a requirement for a transaction to run well, companies that comply with sharia principles have a higher rate of dividend return (Imamah et al., 2019)

Research Methods

The method used in this study is the "charting the field" method developed by Hesford et al. (2007), by classifying articles based on the theme of the researcher such as research conducted by Lyeonov & Kubaščikova (2017); Zahera & Bansal (2018); Isthika et al. (2024); Marheni & Falikhatun (2024) and using the VOSviewer application to see the relationship between the variables. Because with VOSviewer it is possible to blind visualization in maps or nets by taking into account quotes from authors or journals

(Moya-clemente et al., 2021). In this research approach, the researcher selected several journals related to investment decisions and sharia investments that were published and indexed by Scopus and also Sinta.

We chose journals from the web Scopus.com and sinta.kemendikbud.go.id with the limits of 2017 – 2024 because according to the World Investment Report Global foreign direct investment flows fell by 23% in 2017 being the largest in the last 30 years period and also in that year different types of new industrial policies have emerged, which respond to the various opportunities and challenges associated with the new industrial revolution. The study chose to use the Scopus database because it is a better source compared to the Web of Science (WoS) database (Cruzara et al., 2020). This is due to Scopus being considered to have broader coverage than WoS (Cruzara et al., 2020 ; Pranckut, 2021). Meanwhile, the Sinta database is selected to provide an overview of research on investment decisions in the researcher's home country, Indonesia. Specifically, data from Sinta 1 and 2 are chosen, as they are regarded as high-quality sources that are also indexed in Scopus.

This study also employs the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) approach, following the four-stage framework of identification, screening, eligibility, and inclusion. Furthermore, it adopts the steps outlined by (Garza-reyes, 2015) which include selecting search terms, generating initial search results, collecting preliminary data statistics, and conducting data analysis and network mapping to understand the structure of the literature.

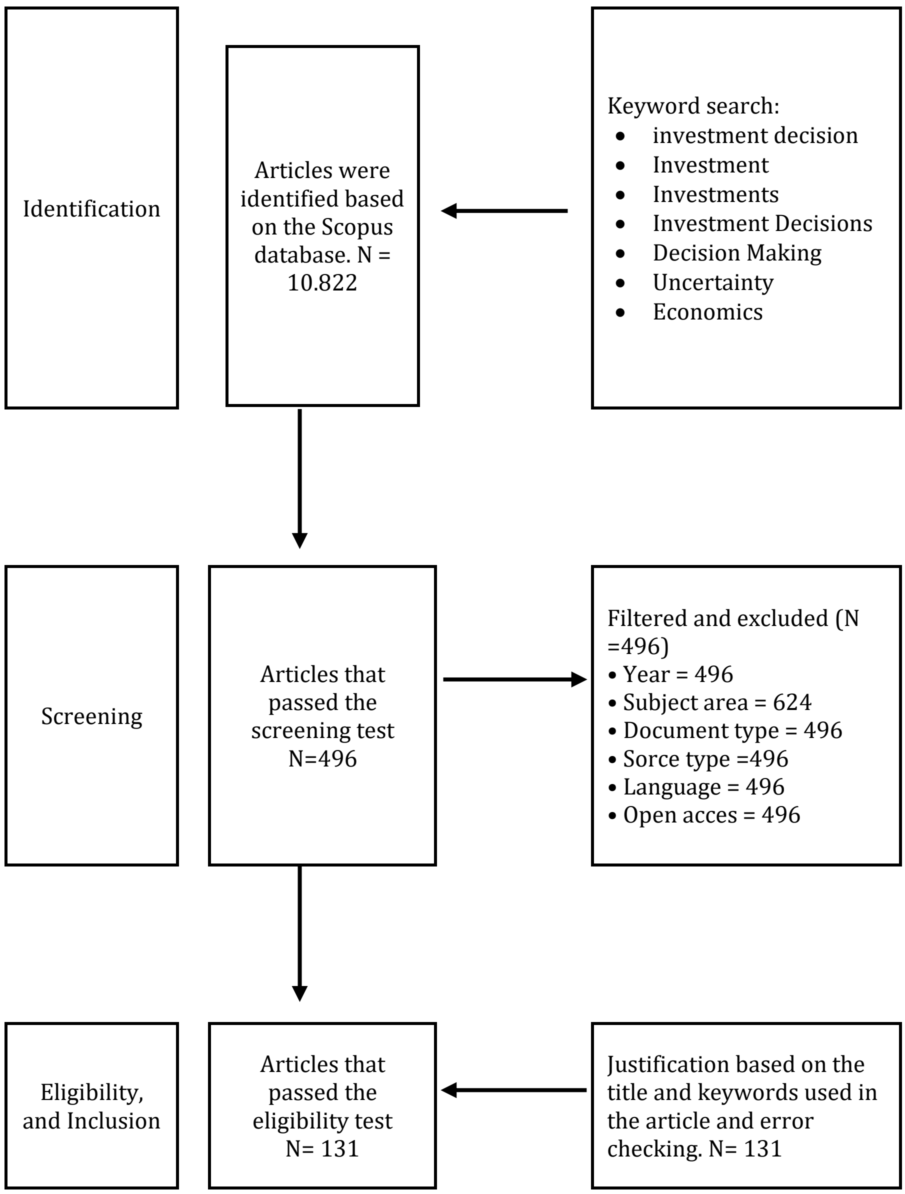
The latest search on Scopus.com with the theme "Investment Decision" is: TITLE-ABS-KEY ("investment decision") AND PUBYEAR > 2017 AND PUBYEAR < 2024 AND (LIMIT-TO (SUBJAREA , "ECON") OR LIMIT-TO (SUBJAREA , "BUSI")) AND (LIMIT-TO (DOCTYPE , "ar")) AND (LIMIT-TO (PUBSTAGE , "final")) AND (LIMIT-TO (LANGUAGE , "English")) AND (LIMIT-TO (EXACTKEYWORD , "Investments") OR LIMIT-TO (EXACTKEYWORD , "Decision Making") OR LIMIT-TO (EXACTKEYWORD , "Investment") OR LIMIT-TO (EXACTKEYWORD , "Economics") OR LIMIT-TO (EXACTKEYWORD , "Investment Decisions") OR LIMIT-TO (EXACTKEYWORD , "Uncertainty") OR LIMIT-TO (EXACTKEYWORD , "Uncertainty Analysis")) AND (LIMIT-TO (SRCTYPE , "j")) AND (LIMIT-TO (OA , "all"))

From the research protocol, the researcher identified 131 relevant articles on the theme of "Investment Decision." Furthermore, in the latest search conducted on the Scopus website using the primary keyword "Islamic Investment" : TITLE-ABS-KEY ("islamic investment") AND PUBYEAR > 2016 AND PUBYEAR < 2025 AND (LIMIT-TO (EXACTKEYWORD , "Islamic Investment") OR LIMIT-TO (EXACTKEYWORD , "Islamic Finance") OR LIMIT-TO (EXACTKEYWORD , "Investments") OR LIMIT-TO (EXACTKEYWORD , "Islam") OR LIMIT-TO (EXACTKEYWORD , "Islamic Banking") OR

LIMIT-TO (EXACTKEYWORD , "Investment") OR LIMIT-TO (EXACTKEYWORD , "Islamic Investments") OR LIMIT-TO (EXACTKEYWORD , "Islamic Banks") OR LIMIT-TO (EXACTKEYWORD , "Islamic Funds")) AND (LIMIT-TO (SUBJAREA , "ECON") OR LIMIT-TO (SUBJAREA , "BUSI")) AND (LIMIT-TO (DOCTYPE , "ar")) AND (LIMIT-TO (LANGUAGE , "English")) AND (LIMIT-TO (SRCTYPE , "j"))

Chart 1

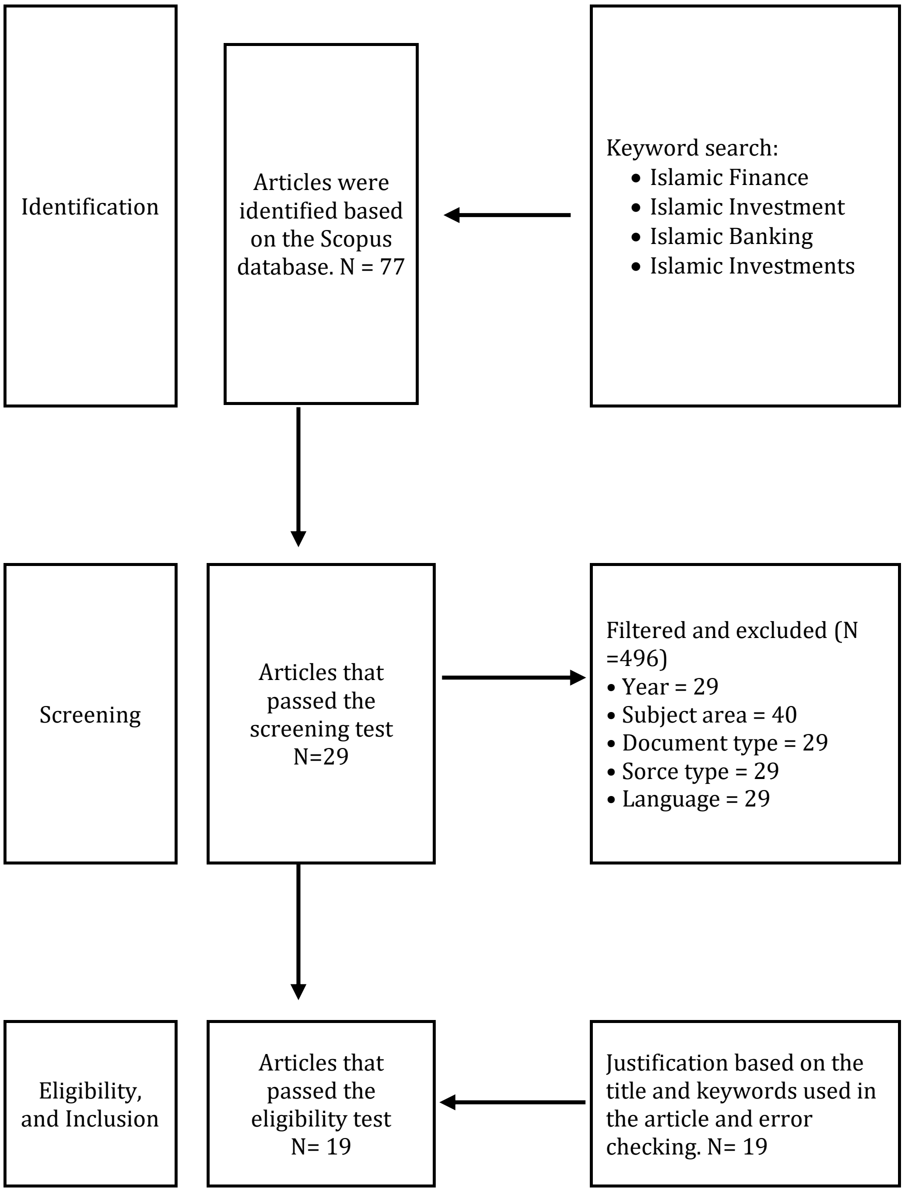
Research protocol Investment Decision from Scopus.com



Source: Hesford et al. (2007)

Chart 2

Research protocol Islamic Investment from Scopus.com



Source: Hesford et al. (2007)

Results and Discussion

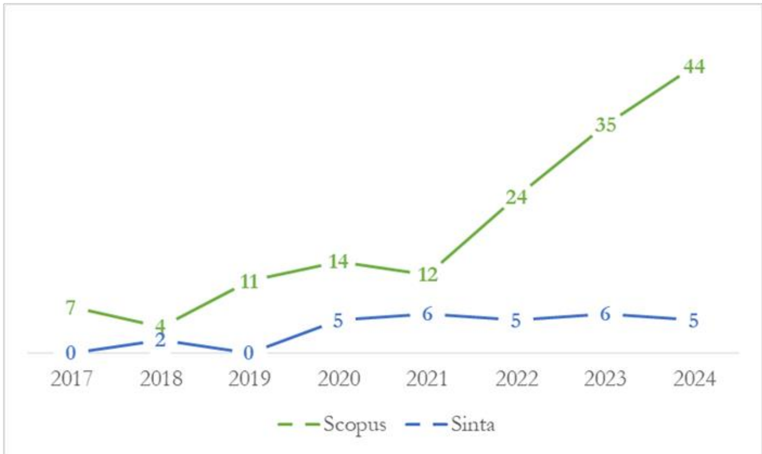
Research Year Trends

Related research on investment decisions and also sharia investment in the world has experienced a significant increase in 2022 or after the economic crisis due to covid-19, marked by an increase in the frequency of international research on the scopus.com website, in 2022 24 studies increased from the previous year which was 12 studies, this also occurred at the level of world investment in 2021 which increased dramatically. This indicates that the public is aware of the importance of investment as a reserve fund in the event of an unexpected disaster. Meanwhile, in Indonesia, research on investment decisions and sharia investment has increased in 2020 to 5 studies that initially did not have this research in the previous year. As illustrated in (figure 1). Meanwhile, the level of investment in Indonesia is also always increasing, indicating that people are aware that there must be a savings fund in any form, especially investment for just in case.

After 2021, research on investment decisions and sharia investment on a Scopus basis has always increased, while research on a sinta basis tends to go up and down or can be said to be stable above 5 as illustrated in (Figure 1). This result is inversely proportional to the level of investment in the world which experienced the highest decline for 10 years in 2020 with a decline rate of 43% from data obtained from the United Nations Conference on Trade and Development (UNCTAD). It can be seen from (figure 2) that investment in 2020 decreased drastically after the Covid-19 pandemic and rose again in the following year in 2021, indicating that post-pandemic investment activity has increased again and is good for the global economy. This kind of impact may not be seen in developing countries such as Indonesia because from the data source of the Badan Pusat Statistik (BPS) on page bps.go.id which is sourced from data from the Ministry of Investment, the level of investment in Indonesia has increased starting from 2017 and even in 2019 when the Covid-19 pandemic occurred it increased by 17.3% as shown in (figure 2). This increase indicates that the Indonesian people are aware of the importance of saving money in the non-real sector. The pandemic effect provides an understanding to the public that to get benefits can be done from various sectors.

Figure 1

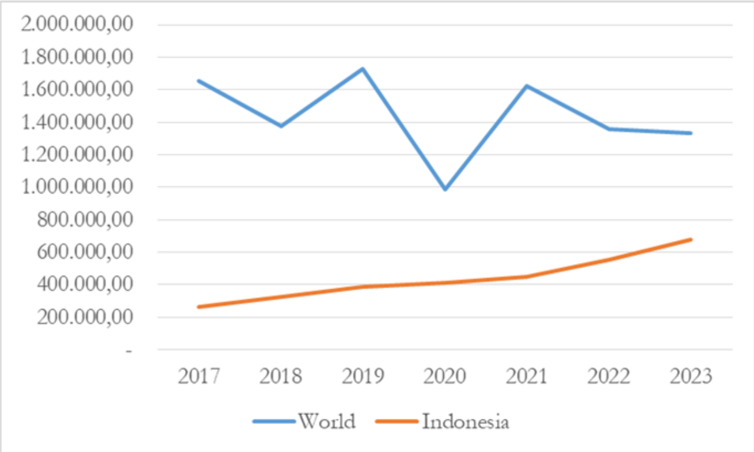
Number of Research



Source: Processed research data

Figure 2

Investment Level



Source: Processed research data

Research Journal Trends

Of the total 178 articles collected, consisting of 150 articles from scopus.com and 28 articles from sinta.kemendikbud.go.id, the journal Investment Management and Financial Innovations became the most published journal of the scopus.com with 9 articles, an international journal that indeed focuses on research, practice, and innovation in the field of investment management and finance. As the name implies, this journal provides a platform for academics, practitioners, and policymakers to publish research findings, new insights, and case studies related to financial and global investment. Qualitative Research in Financial Markets contributed 6 studies on this theme, then the journal General Management and the Journal of Risk and Financial Management had 4 studies.

Table 3

10 Most Scopus.com Journals

Journal	Number of Articles
Investment Management and Financial Innovations	9
Qualitative Research in Financial Markets	6
General Management	4
Journal of Risk and Financial Management	4
Cogent Business & Management	3
International Journal of Islamic and Middle Eastern Finance and Management	3
Journal of Islamic Marketing	3
Management Decision	3
Managerial Finance	3
Accounting	2

Source: Processed research data

Table 4

Journal from sinta.kemendikbud.go.id

Journal	Number of Articles
Accounting Analysis Journal	6
Journal of Islamic Accounting and Finance Research	6
Economic Journal of Emerging Markets	4
Economica: Jurnal Ekonomi Islam	3
Ekuitas (Jurnal Ekonomi dan Keuangan)	1
Etikonomi	1
Gadjah Mada International Journal of Business	1
Ikonomika: Jurnal Ekonomi dan Bisnis Islam	1
Journal of Accounting and Investment	1
Jurnal Ilmiah Akuntansi dan Bisnis	1
Jurnal Ilmiah Islam Futura	1
Jurnal Keuangan dan Perbankan	1

Source: Processed research data

Meanwhile, from sinta.kemendikbud.go.id, Accounting Analysis Journal and Journal of Islamic Accounting and Finance Research became the most with 6 journals, journals that publish research articles, theoretical studies, and case studies in the fields of accounting, finance and finance based on Islamic values became the most published. Economic Journal of Emerging Markets with 4 research and Economica: Jurnal Ekonomi Islam which does focus on Islamic economics, there are 3 publications.

Variable Relationship

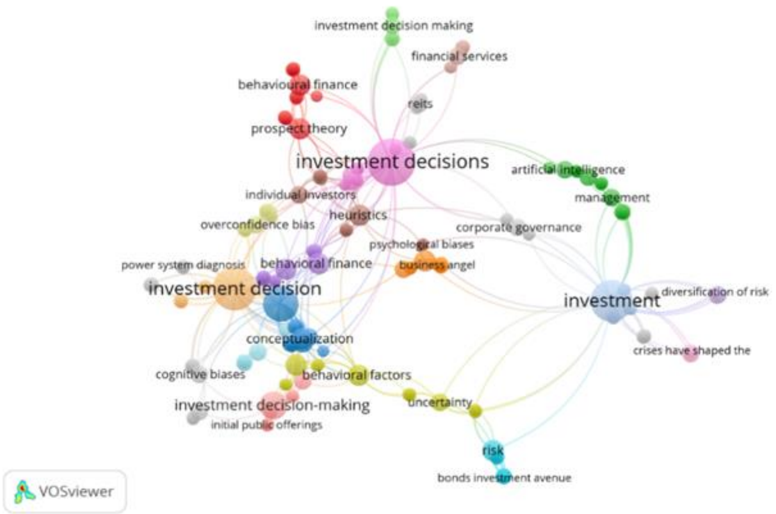
To see the network of relationships between variables, researchers use VOSviewer software. VOSviewer software is a software that is famous for its ease and flexibility of use, in 2021 articles published on scopus.com websites 53% use VOSviewer software (Kirby, 2023). From the results of the data that has been obtained as seen in (Figure 3), in the global scope the emergence of the most investment decisions along with financial literacy as many as 8 occurrences, then behavioral factors as many as 7 occurrences, while financial and heuristic behavior are the same as the next 3 occurrences of uncertainty, overconfidence and risk tolerance with 2 occurrences.

Globally, the variables in this study are all individuals, both from themselves and individuals in the organization as decision-makers in terms of investing. All the results that appear together are mostly related to the behavior carried out by the individual.

In line with the results of research on a global scale, in the Indonesian scope sourced from sinta.kemendikbud.go.id websites and from scopus.com conducted research in Indonesia, the most investment decisions appeared along with financial literacy with the appearance of 6 times while group behavior, overconfidence and also risk tolerance 2 times. The most common overconfidence indicates that most individuals invest with a sense of confidence in their ability to get the maximum return on their investment.

Figure 3

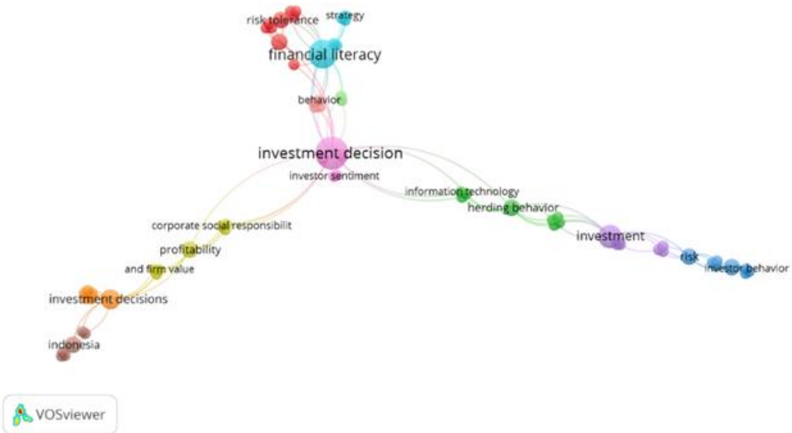
Global Investment Decision Variable Net



Source: Processed research data

Figure 4

Indonesia's Investment Decision Variable Net



Source: Processed research data

From the overall analysis of variable relationships in investment decision-making, we found that overconfidence contributes positively to investment decisions (Metawa et al., 2018; Ahmad, 2020; Ullah et al., 2020; Fionita et al., 2021; Adil et al., 2022; Ali et al., 2023; Bihari et al., 2023; Ahmad & Wu, 2024; Aziz et al., 2024; Lam et al., 2024; Shunmugasundaram & Sinha, 2024) . However, some studies have reported contrasting findings, indicating that overconfidence negatively affects investment decisions (Rahman & Gan, 2020 ; Okumura et al., 2023) Most studies suggest that overconfidence has a positive contribution, meaning that it significantly influences investment decisions. Nevertheless, excessive confidence raises concerns that investment decisions may be made irrationally, potentially leading to negative consequences for individuals and organizations. However, if overconfidence is accompanied by or based on other supporting factors, it can have a more favorable impact. For instance, Ahmad & Shah, (2022) found that financial literacy moderates the effect of overconfidence in investment decisions. This indicates that a good understanding of financial literacy can assist overconfident investors in making better decisions.

Financial literacy is one of the most frequently cited variables in investment decisions. Many studies have shown that financial literacy contributes positively to investment decisions (Darmayanti et al., 2023; Oppong et al., 2023; Ashfaq et al., 2024; Farida et al., 2023; Subedi & Bhandari, 2024; Yanti & Endri, 2024). However, Srinivasan & Karthikeyan, (2023) found that financial literacy hurts investment decisions. The large number of studies confirming the significant influence of financial literacy on investment decisions suggests that individuals with strong financial literacy are more likely to make rational and well-informed investment choices. In addition to moderating the relationship between overconfidence and investment decisions, financial literacy also plays a moderating role between heuristics and investment decisions (Abideen et al., 2023).

The tendency of investment decisions to follow a continuously beneficial pattern occurs when investors have acquired adequate financial literacy and can generate profits. Once this pattern is established, investment decisions tend to align with it. This phenomenon is a form of heuristic bias, which contributes positively to investment decision-making (Ahmad, 2020; Abdeldayem & Aldulaimi, 2024; Ahmad & Wu, 2024; Vuković & Pivac, 2024) However, according to Parveen et al., (2023) heuristic bias negatively impacts investment decisions. Heuristic bias has been found to have a more favorable influence compared to herding bias (Srinivasan & Karthikeyan, 2023), as herding bias is often associated with the risk of FOMO. This can lead to investment decisions driven solely by group behavior rather than rational analysis.

Herding bias, which is a behavior that occurs exclusively within a particular group, also contributes positively to investment decisions (Ullah et al., 2020; Deep et al., 2023;

Rahyuda & Candradewi, 2023; Kumar et al., 2024), This indicates that many investment decisions are made simply by following the preferences of the group or merely conforming, in contrast to heuristic bias, which is based on established theories and past experiences. There are only two studies in which herding bias has a negative impact, namely those by Adil et al., (2022) dan Ahmad & Wu, (2022).

Apart from being superior to herding bias, heuristic bias and behavioral bias are positively correlated (Srinivasan & Karthikeyan, 2023). In addition to its positive correlation with heuristic bias, behavioral bias is also positively correlated with financial literacy (Yanti & Endri, 2024) and negatively correlated with herding bias (Srinivasan & Karthikeyan, 2023). Behavioral bias reflects an individual's tendency to persuade others, meaning that individuals with good financial literacy who consistently follow a decision-making pattern that leads to profitability are more persuasive than those who merely follow a group. Behavioral bias contributes positively to investment decision-making (Al-sabaawi & Alyouzbaky, 2022; Abideen et al., 2023; Wolski et al., 2023; Abdeldayem & Aldulaimi, 2024; Nguyen et al., 2024; Shunmugasundaram & Sinha, 2024). However, several studies have also found that behavioral bias negatively affects investment decisions (Rahman & Gan, 2020; Kinatta et al., 2022; Parveen et al., 2023).

In addition to these factors, another important aspect frequently associated with investment decisions is uncertainty. Uncertainty has a positive impact on investment decisions (Agyei-Mensah, 2023; Parveen et al., 2023; Aziz et al., 2024), indicating that investment outcomes can be unpredictable, potentially yielding profits or losses, which raises concerns for investors. To address uncertainty, Wang & Lu, (2024) propose the use of Deep Learning Models. Besides Deep Learning Models, rational thinking can also help investors mitigate uncertainty.

Rational decision-making is decision-making that relies on intellectuals with cognitive analysis and intuition (Rathi & Geetha, 2024). With good analysis and also with intuition that does not only rely on emotions, investors can make decisions that can avoid risks. Rational investors avoid more risks, as well as sharia investments. Investors in the sharia field do not avoid risks but are better at acting when dealing with risks and being able to control behavior which is felt to have a significant positive effect on investors' investment decisions (Veerasingam & Teoh, 2023). An attitude of caution does not mean that you do not want to get benefits, but it is better to behave so that you can control behavior and religiosity so that you can maximize profits (Septyanto et al., 2021).

The decision-making process in sharia investment incorporates a more religious-based logic in screening investments, which enhances performance. This stricter screening process, aligned with investment mandates, promotes more ethical business practices within the industry (Alotaibi et al., 2022). Good behavioral control necessitates strong ethical considerations in decision-making. Moreover, the level of religiosity influences how investors act in their investment decisions. In sharia investment, the higher the level of religiosity, the more likely investors are to avoid risk (Lestari et al., 2021). Additionally, higher financial literacy, trust, and financial spirituality orientation contribute to better decision-making in sharia investment (Amaroh et al., 2024). The factors influencing sharia investment decisions tend to be more definitive, such as financial literacy, spirituality, and, most importantly, stronger behavioral control, which fosters ethical investment practices.

In both sharia-compliant products and institutions, sharia investment is also evolving alongside technological advancements. The presence of technological innovations, such as applications and trading platforms, has positively influenced interest in investing in the sharia market (Markonah & Kusnadi, 2024). In conducting sharia transactions, both the investor and the organization where the investment is made must comply with sharia principles, companies that comply with sharia have higher dividend payments (Imamah et al., 2019). Furthermore, in a national context, Islamic investment has contributed to increasing overall investment and attracting long-term Foreign Direct Investment (FDI) (Tabash & Anagreh, 2017). Companies that adhere to sharia principles rely less on internal funding, indicating that the adoption of Islamic business principles influences corporate investment. This suggests that sharia compliance can reduce financial constraints and enhance efficient capital allocation (Guizani & Abdalkrim, 2022). Therefore, in making investment decisions, both at the individual and institutional levels, the chosen investment venues must comply with sharia law and adhere to ethical principles.

Conclusion

Investment decision-making is an action taken by individuals or companies regarding their investments, representing a realization of actual decisions. Investment decisions based solely on excessive confidence and the influence of uncertainty can lead to high investment losses. Therefore, investment decisions should be made rationally by relying on financial literacy and the ability to control behavior.

Islamic investment offers a more stable approach to investing. It provides a sense of security in reducing investment risks, as individuals engaged in Islamic investment are more capable of managing stress and uncertainties. Investing in the Islamic sector is not merely about financial returns but also requires adherence to Sharia principles, both for the individual investor and the entity in which the investment is made. Islamic investment should not be exclusive to Muslims but accessible to all individuals, as Sharia compliance is not merely about following Islamic laws but also about maintaining ethical investment practices.

The key difference between conventional and Islamic investments lies in investor behavior. Investors in Islamic finance tend to have better self-control due to their financial literacy, rational decision-making, and religious values, which enable them to manage risks more effectively and achieve better outcomes. In contrast, conventional investment decisions are often influenced by overconfidence, leading to high-risk investments with the expectation of greater returns, which could potentially result in financial losses. Therefore, this study concludes that Islamic investment decisions provide a more structured and prudent approach to investing when following Islamic financial principles.

This study presents theoretical implications by emphasizing that investment decisions are influenced by factors such as overconfidence, uncertainty, herd behavior bias, behavioral biases, and heuristic biases, which may pose risks to investors. On the other hand, investors in the Islamic sector tend to be more cautious and exhibit better behavioral control, supported by financial literacy, self-regulation, and religious values.

Investors can effectively apply Islamic investment decision-making principles across various sectors. By incorporating these principles, they can enhance their self-discipline and, consequently, improve their portfolio performance.

However, this study has not yet examined the specific factors that influence investors to direct their funds toward Islamic organizations. Future research is recommended to explore these factors from the perspective of investors. Additionally, further studies could investigate how Sharia compliance within Islamic financial institutions affects investment levels and investor confidence.

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