

Research Paper

Perceptions and Knowledge of Sharia Principles in Islamic Investment: Perspective of Muhammadiyah Community

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ABSTRACT

This study aims to analyze the perception and knowledge of the Muhammadiyah community - one of the largest religious organizations in Indonesia - towards Sharia principles in investing in Islamic financial products. Using a qualitative approach with Qualitative Data Analysis Software (Q-DAS), data were gathered through in-depth interviews and participatory observations with members of the Muhammadiyah community. The results indicate that the participants have a significant awareness of Sharia principles. They acknowledge the prohibition of usury and the importance of avoiding investments in industries deemed haram according to religious teachings. Participants understood Sharia principles well and used them as guidelines for making investment decisions. However, the study also revealed that the Muhammadiyah community's knowledge of Islamic financial products requires improvement. There is a need for enhanced understanding of the concepts, features, benefits, and risks associated with Islamic financial products. Factors such as access to information, education, previous experience, and religious beliefs influence people's perception and knowledge in this area. The study concludes that while the Muhammadiyah community is highly aware of Sharia principles in investing, a deeper knowledge and broader understanding of Islamic financial products are essential.

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Introduction

Islamic banking and finance have experienced significant growth in recent years in various countries (Arfan & Arfan, 2021). Islamic financial products offer an alternative for people who want to invest according to Sharia principles based on Islamic teachings (Conteh & Hassan, 2021). However, the success of Islamic financial products in attracting investors is still greatly influenced by their perceptions and knowledge of Sharia principles (Setiawan et al., 2016). Consequently, this study aims to analyze people's perceptions and knowledge of Sharia principles in investing in Islamic financial products.

Figure 1 shows the significant growth in the Islamic mutual fund industry over the past five years. At the end of 2016, there were 136 Islamic mutual fund products with total assets under management of IDR 14.91 trillion (Indonesian Financial Services Authorities, 2022). By 2021, the number of Islamic mutual fund products had nearly doubled to 295, with total assets under management increasing more than fivefold to IDR 77.85 trillion (Indonesian Financial Services Authorities, 2022). Islamic mutual funds are among the Islamic financial products that adhere to Sharia principles (Chaouch, 2017). Other Islamic financial products include Islamic savings, deposits, bonds, and insurance (Hc & Gusaptono, 2020; Suhita & Adinugraha, 2022). These products provide alternatives for people who wish to invest or save money following Sharia principles.

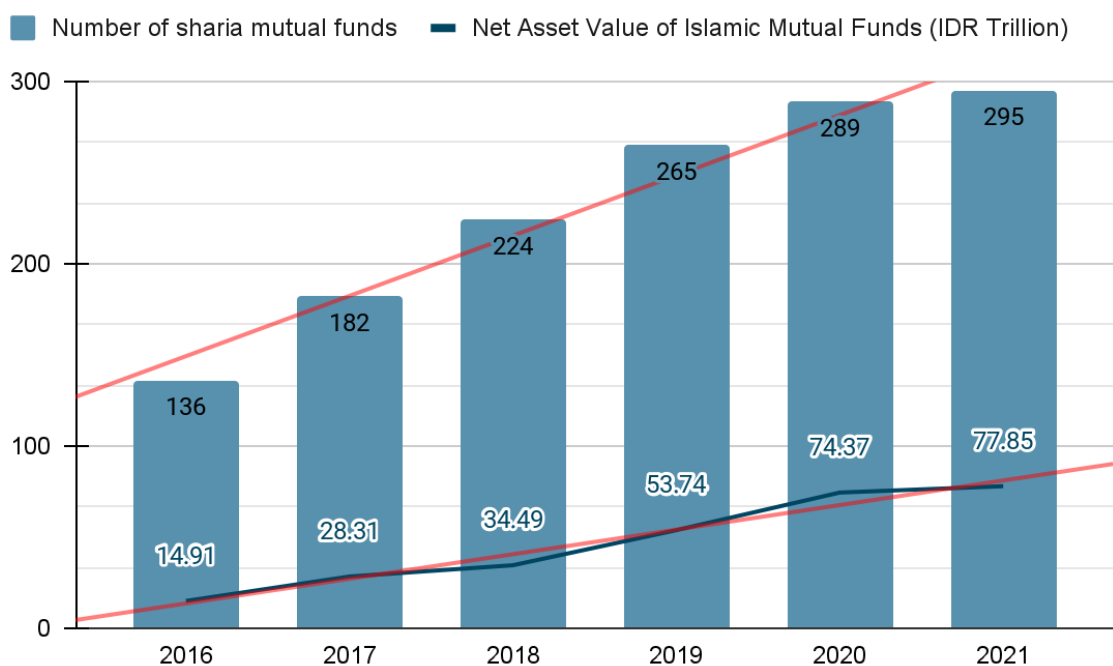


Figure 1. The Development of Islamic Mutual Funds 2016-2021

The rapid development of Islamic mutual funds indicates an increasing public interest in Islamic financial products (Awaluddin et al., 2020; Marzuki & Nurdin, 2020). This can be attributed to growing public awareness and understanding of Sharia principles and trust in the integrity and compliance of Islamic financial institutions. Additionally, the diversity of Islamic financial products offers flexibility for investors to choose instruments aligned with their preferences and financial goals (Jalari & Marimin, 2020). People's perceptions of Sharia principles play a crucial role in their decision to invest in Islamic financial products,

encompassing their understanding and beliefs about the compliance of these products with Sharia principles, transparency, and the reputation and integrity of the financial institutions (Alam et al., 2017). Knowledge of Sharia principles is also vital for understanding the mechanisms and characteristics of Islamic financial products, as well as the associated risks and benefits.

Sharia principles in finance and investment shape the financial order in accordance with Islamic values (Majid et al., 2016). One key principle is the prohibition of usury (*riba*), which forbids the unfair practice of taking or giving interest (Halwi et al., 2019). *Riba* is considered harmful and unfair as it generates unproductive growth and imbalances in financial relationships (Soma et al., 2017). This principle encourages profit-sharing based financial alternatives oriented toward sustainable economic growth. Additionally, Sharia principles prohibit *gharar*, which refers to excessive uncertainty in financial transactions, promoting transparency, openness, and clarity.

Sharia principles also emphasize the prohibition of *maysir* and *qimar*, which are unhealthy gambling and speculation practices. This principle underscores the importance of avoiding transactions based on sheer luck without ethical values and sound economic productivity. Instead, Sharia principles advocate for participation in transactions that provide real and productive benefits to society (Setiawati et al., 2018). These principles also encourage legal and ethical compliance in every transaction, fairness, and risk-sharing, promoting the fair distribution of profits and risks, thus creating a balanced financial relationship. By adhering to Sharia principles in finance and investment, society can build a more equitable, sustainable, and oriented financial system (Mehtab et al., 2015).

Research by Rahmi et al. (2020) highlights that education, previous experience, and access to information are crucial in shaping people's perceptions of Islamic financial products. This indicates that proper education and understanding of Sharia principles can enhance people's knowledge and comprehension of Islamic financial products. Similarly, research by Sonko (2020) emphasizes the significance of public understanding of Sharia principles and trust in Islamic financial institutions in influencing the acceptance and adoption of these products. Effective education can significantly improve people's understanding and knowledge of Islamic financial products.

Mustapha et al. (2023) observed that factors such as income level, age, and previous experience impact people's knowledge and perception of Islamic financial products. By understanding these profiles, programs and strategies can be designed to better suit their needs. Meanwhile, Tamjis et al. (2024) underline the importance of understanding Islamic principles and trust in the integrity of Islamic financial institutions. Public trust significantly affects perceptions and knowledge of Islamic financial products. Shah et al. (2023) provide insights into Nigerians' perceptions and knowledge of Islamic financial products, revealing that factors such as religion, culture, and education level influence perceptions and knowledge.

However, there are gaps in understanding Sharia principles in investing in Islamic financial products. Factors such as educational background, information access, previous experience, and social and cultural influences affect investment preferences. Although previous studies have explored perceptions and knowledge of Sharia principles, there is a gap in understanding the Muhammadiyah community's views on this topic. The Muhammadiyah community, one of the largest Islamic organizations in Indonesia, with

millions of members, holds distinctive Islamic principles and values. Thus, this study's novelty lies in its focus on the Muhammadiyah community's perceptions and knowledge.

This research aims to provide a comprehensive picture of the Muhammadiyah community's understanding of Sharia principles and Islamic financial products. By analyzing this community, the study can represent a significant portion of the population affiliated with Muhammadiyah. This case study is relevant because Muhammadiyah's unique Islamic principles and values provide specific views related to finance and investment practices. Therefore, understanding Muhammadiyah's perception and knowledge of Sharia principles and Islamic financial products will contribute to a more comprehensive understanding of Islamic finance in Indonesia.

This study aims to analyze public perception and knowledge of Sharia principles in investing in Islamic financial products, especially within the Muhammadiyah community. By understanding public perception and knowledge, Islamic financial institutions can identify factors influencing public interest in Islamic financial products. The results can provide insights into the needs and preferences of the community, guiding product development aligned with their expectations (Soud & Sayılır, 2017).

This research is expected to contribute to the development of Islamic banking and finance, increasing public awareness and knowledge of Sharia principles in investing. It can also offer valuable information for Islamic financial institutions in designing appropriate marketing strategies and educational programs to boost public interest. This study aims to explore the perceptions and knowledge of the Muhammadiyah community regarding Sharia principles in investing in Islamic financial products. It is hoped that this research will provide a deeper understanding of the factors influencing the Muhammadiyah community's interest in Islamic financial products, offering insights for Islamic financial institutions to design more effective marketing strategies and educational programs.

Increased public awareness and understanding of Sharia principles in investing are expected to foster sustainable growth in Islamic banking and finance. People will benefit from financial products aligned with their values and principles. This study aims to expand the understanding of public perception and knowledge of Sharia principles in investing in Islamic financial products, providing input for Islamic banking practitioners to improve services, products, and education. Thus, this research holds significant relevance in strengthening Islamic banking as a financial alternative based on Sharia principles.

Method

The qualitative research method used in this study was the Qualitative Data Analysis Software (Q-DAS) approach to analyze qualitative data obtained from Muhammadiyah community members regarding their perceptions and knowledge of Sharia principles in investing in Islamic financial products. The population of this study consisted of Muhammadiyah community members living in Malang City who had experience or knowledge of Islamic financial products. Muhammadiyah community members active in investing or interested in Islamic investment were the target of the research. The research sample was selected by purposive sampling, considering variations in age, educational background, and investment experience. Participants were selected based on set inclusion criteria, and a total of 15 participants (written as P1 – P15) participated in this study. The data were collected through in-depth interviews and participatory observations within

Muhammadiyah communities. The research was conducted between February and May 2023.

In-depth interviews were conducted to gain detailed insights into participants' perceptions and knowledge of Sharia principles in investing in Islamic financial products. The interviews were recorded and then transcribed. The transcription data were imported into Q-DAS software, which was used for data analysis (Paulus, 2023). The data analysis process involved the use of features provided by Q-DAS, such as categorization, thematic coding, and searching for phrases or keywords (Souza et al., 2019). The Q-DAS analysis software used in this research was Nvivo 12 Plus Software (Bazeley, 2019). First, the interview data were coded based on the themes that emerged from the interviews and identified in the transcriptions (Sadayi et al., 2022). Then, thematic analysis was conducted to identify patterns, relationships, and variations in the Muhammadiyah community's perception and knowledge of Sharia principles in investing in Islamic financial products.

During the analysis process, Q-DAS assisted in organizing and visualizing the data through diagrams, graphs, and other visual displays (Schmieder, 2020). The results of the analysis were used to describe the findings in detail and depth, with quotes from participants providing empirical support for the findings (Sadayi & Suswanta, 2022). Throughout the research process, research ethics were observed by obtaining informed consent from participants, maintaining the confidentiality of the data collected, and ensuring that data analysis and interpretation were conducted with objectivity and accuracy. By using the Q-DAS approach in qualitative data analysis, this research aimed to provide deeper insights into the Muhammadiyah community's perception and knowledge of Sharia principles in investing in Islamic financial products.

Results

The results of this study reveal important findings regarding the perceptions and knowledge of the Muhammadiyah community towards sharia principles in investing in Islamic financial products. The study found that the awareness of sharia principles as the foundation for investing in Islamic financial products is quite high among Muhammadiyah people. Research participants exhibited a strong understanding that sharia principles should guide investment decisions. They acknowledged the importance of investing in accordance with sharia principles to fulfill religious obligations and attain blessings in their lives. A participant, in the in-depth interview, said:

"I believe that adhering to sharia principles in investment is crucial for my religious faith. It ensures that my financial activities align with my spiritual values." (P5)

In addition, another participant mentioned:

"Investing based on sharia principles not only brings peace of mind but also guarantees that my earnings are halal and blessed." (P8)

The data highlight the deep personal convictions held by Muhammadiyah community members regarding sharia-compliant investments. One participant (P5) emphasized the essential role that adhering to sharia principles plays in maintaining their religious faith. By ensuring that their financial activities align with their spiritual values, they find a profound

sense of religious fulfillment. This sentiment is echoed by another participant (P8), who articulated that investing based on sharia principles not only provides peace of mind but also assures that their earnings are halal and blessed. These insights underscore the intertwined nature of religious beliefs and financial decisions within the Muhammadiyah community, revealing a strong preference for investments that uphold Islamic ethical standards. Such adherence is seen as a means to achieve both spiritual and financial integrity, reflecting the community's commitment to living out their faith in all aspects of life.

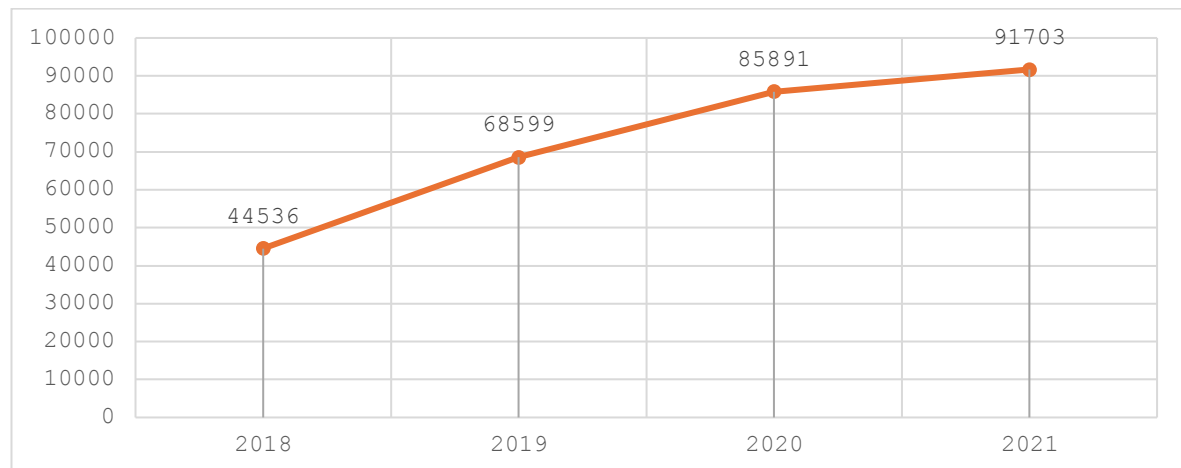


Figure 2. The growth of Islamic financial investor in Indonesia 2018-2021

Figure 2 illustrates a significant increase in the number of Islamic finance investors from 2018 to 2021. This surge is attributed to the heightened awareness and understanding of Islamic investment principles among the public. This awareness is reflected in their active pursuit of sharia-compliant financial products, ensuring their investments adhere to Islamic principles. The Muhammadiyah community recognizes that awareness of sharia principles in Islamic financial investments is an integral aspect of their religious identity (Harun et al., 2015). However, the level of awareness varies among community members. Some participants demonstrated a deeper understanding and stronger commitment to sharia principles, while others exhibited a more limited understanding or have yet to fully grasp these principles. One participant noted:

"Being part of the Muhammadiyah community has deepened my knowledge and commitment to sharia-based investments." (P1)

"Although I am aware of sharia principles, I am still learning how to fully implement them in my investment decisions." (P3)

Figure 3 illustrates the percentage of Muhammadiyah community awareness based on age categories towards sharia principles in investing in Islamic financial products. The results indicate that the highest level of awareness is dominated by the age group of 26 to 35 years, particularly regarding the awareness of sharia-compliant investments. Individuals in this age group demonstrate a strong understanding that investing in accordance with Islamic principles necessitates avoiding usury, which is strictly prohibited in Islam (Hoque et al., 2018). This indicates that the younger generation within the Muhammadiyah

community possesses a higher level of awareness related to sharia principles in Islamic financial investments. A 28-year-old participant stated:

"As a young investor, I am committed to avoiding usury in all my financial dealings. This adherence ensures my investments are ethically and religiously sound." (P6)

Another participant in the same age group remarked:

"I have learned the importance of sharia principles from an early age, and it guides all my investment decisions." (P14)

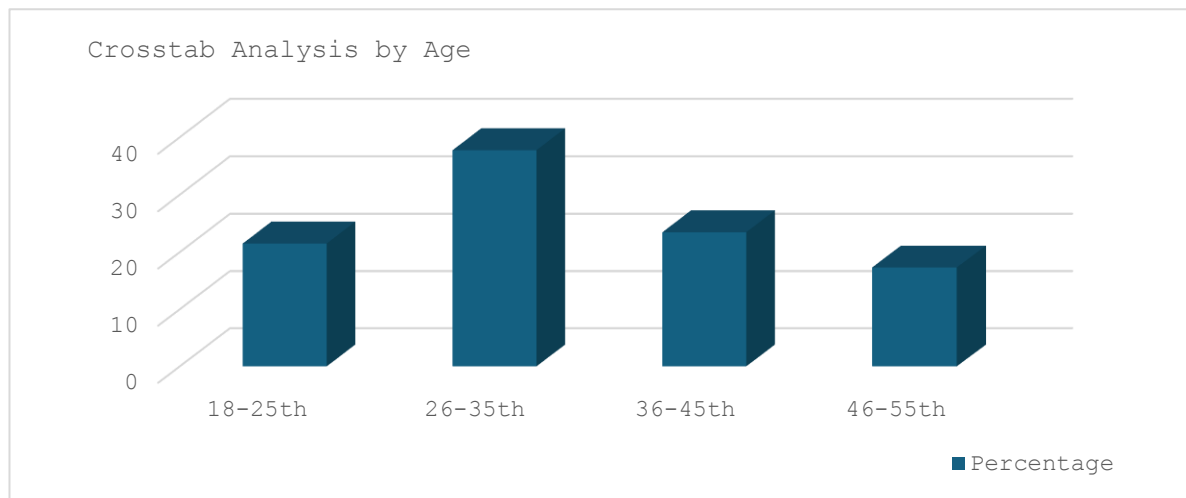


Figure 3. The awareness of the community to invest in sharia products
(Data source: Nvivo 12 Plus by authors)

The dominance of this age group may be attributed to better education and exposure to sharia principles. Through education and early understanding, these younger generations are able to internalize sharia principles and apply them in their investment decision-making processes (Johan & Hussain, 2019). However, it is important to note that while the highest level of awareness is observed in the 26 to 35 age group, several participants from other age groups also exhibit high awareness of sharia principles. This finding underscores that awareness of sharia principles is not confined to specific age groups; individuals across various age categories also possess a good understanding of these principles. A participant in their 40s mentioned:

"Even though I'm older, I've always prioritized sharia compliance in my investments to ensure they're in line with my faith." (P4)

Similarly, a 55-year-old participant shared:

"Awareness of sharia principles isn't limited by age. It's something that has guided my financial decisions for many years." (P11)

Moreover, Figure 4 demonstrates that the Muhammadiyah community's knowledge of Islamic financial products is primarily centered around Islamic mutual funds and Islamic savings, in contrast to other types of Islamic financial products such as sukuk, *murabahah*,

mudharabah, and *wakalah*. The findings reveal that the majority of the Muhammadiyah community has a stronger understanding of Islamic mutual funds and Islamic savings, as these are the primary vehicles for their investments. A participant conveyed:

"I prefer investing in Islamic mutual funds because they are well-regulated and align with my religious beliefs. The returns are also quite satisfactory and give me peace of mind." (P13)

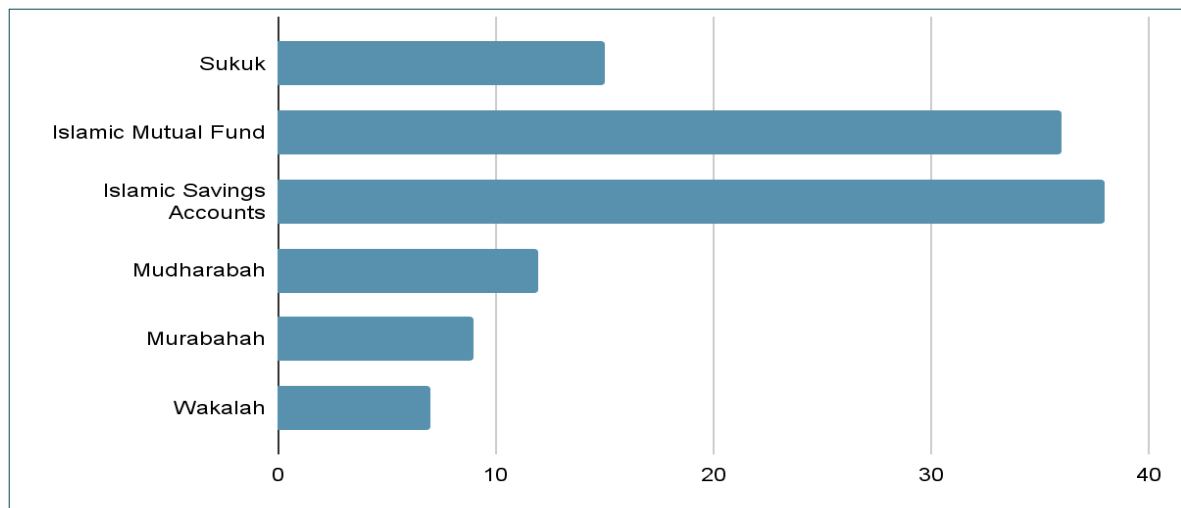


Figure 4. The community's knowledge about Islamic financial products
(Data source: Nvivo 12 Plus by authors)

Other participants shared:

"Islamic savings accounts are easy to manage and understand, which makes them a convenient option for someone like me who is new to Islamic finance." (P15)

"While I have heard of sukuk and murabahah, I feel more confident investing in mutual funds and savings accounts. These products are more straightforward and less risky." (P9)

The data reveal that the Muhammadiyah community's preference for Islamic mutual funds and savings accounts stems from their ease of understanding and alignment with religious principles. The participants highlighted the convenience and regulatory assurances of these products, contributing to their popularity among investors. One participant mentioned the satisfactory returns and peace of mind offered by mutual funds, while another emphasized the manageability of savings accounts for beginners. Despite awareness of other Islamic financial instruments like sukuk and *murabahah*, the community's confidence remains higher in mutual funds and savings accounts due to their straightforward nature and perceived lower risk. This trend underscores the importance of educational initiatives to broaden understanding of the diverse range of Islamic financial products available.

Furthermore, the study found that most members of the Muhammadiyah community possess a solid understanding of sharia principles related to Islamic financial investments (as shown in Table 1). The results indicate that the majority have a comprehensive grasp of Islamic financial products, including the foundational sharia principles such as the

prohibition of usury, avoidance of haram industries, and the principle of fairness in investing. However, there are variations in their knowledge levels on specific aspects of sharia principles. Notably, knowledge of the prohibition of usury is higher, with a percentage of 25.33%, compared to the general understanding of sharia principles, which stands at 13.72%. Despite the lower percentage of general knowledge, Muhammadiyah community members still demonstrate a strong awareness of the prohibition of usury and recognize the importance of avoiding investments in financial products involving usury. They are aware that usury is forbidden in religious teachings and actively strive to avoid such transactions. In regards with this, some participants stated:

"Usury is strictly prohibited in Islam, and I make sure my investments are free from it. It's essential for me to follow sharia principles in every financial decision." (P7)

"I am very cautious about where I invest my money. Avoiding haram industries and ensuring fairness in my investments are my top priorities." (P14)

"Understanding the prohibition of usury has made me more vigilant in selecting my financial products. I always check to ensure my investments are sharia-compliant." (P6)

These finding highlights the deep commitment of the Muhammadiyah community to adhering to sharia principles in their financial activities. The participants emphasized the critical importance of avoiding usury, reflecting a strong adherence to Islamic teachings. One participant noted the meticulous care taken to ensure all investments are usury-free, while another emphasized caution in avoiding haram industries and ensuring fairness. The vigilance in selecting sharia-compliant financial products underscores the community's dedication to upholding religious principles in their investments. Despite variations in general knowledge, the community's robust understanding of specific prohibitions like usury indicates a focused and practical application of sharia principles in their financial practices. This commitment ensures that their financial activities align with their religious values, reinforcing the significance of sharia compliance in their investment decisions.

Table 1. Understanding level on sharia principles and Islamic financial products

| Understanding of Sharia Principles and Islamic Financial Products | Percentage(%) | Category |
|--|----------------------|-----------------|
| Knowledge of sharia principles | 13.72 | Low |
| Knowledge of the prohibition of usury | 25.33 | Moderate |
| Understanding of the types of Islamic financial products | 9.19 | Very Low |
| Understanding of Investment Risks | 17.49 | Low |
| Investment Procedure | 11.27 | Low |
| Understanding of Investment Profits | 23 | Moderate |

This study also delves into factors influencing the perceptions and knowledge of Muhammadiyah communities regarding sharia principles and Islamic financial products which, according to the findings, encompass several key aspects. The study identifies education, previous experience, access to information, trust in Islamic financial institutions, social and cultural factors, economic factors, religious factors, and beliefs as significant

influencers (Bordoloi et al., 2020; Majid & Nugraha, 2022). The research results are illustrated in Figure 5.

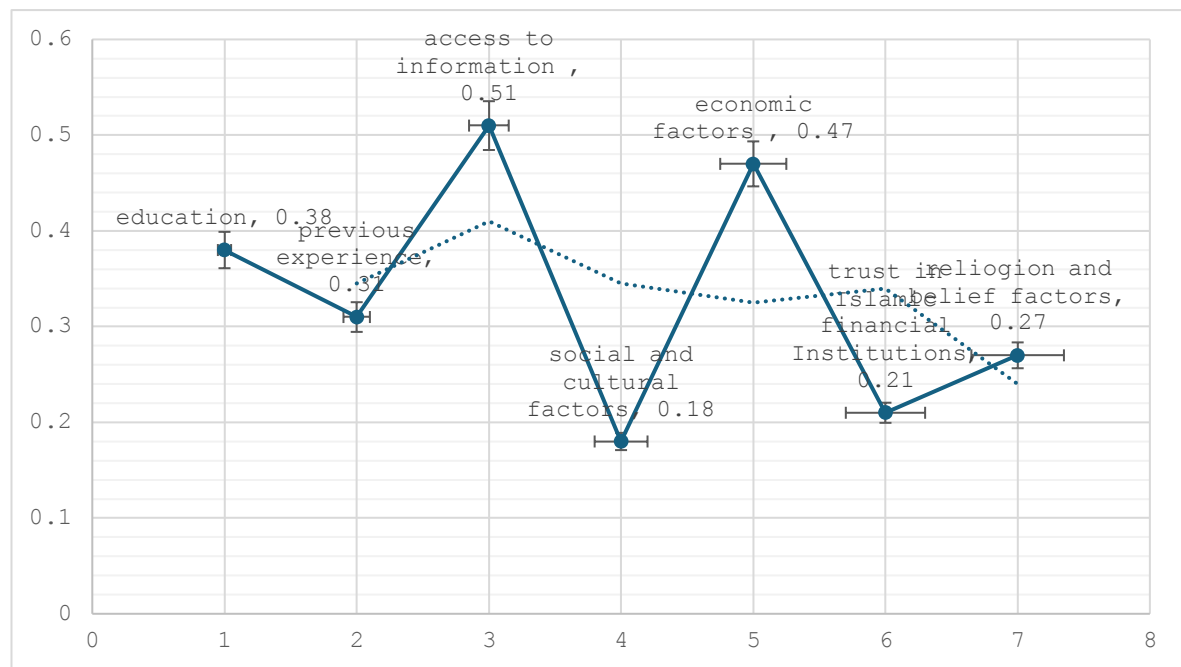


Figure 5. Factors of perceptions and knowledge on sharia principles and investment
(Data source: Nvivo 12 Plus by authors)

Figure 5 presents the analysis of factors influencing the perceptions and knowledge of Muhammadiyah communities in investing in Islamic financial products. The findings indicate that several factors have a significant impact: access to information, economic factors, educational factors, previous experience, and religious beliefs. The access to information factor, with a value of 0.51, is a crucial determinant for the Muhammadiyah community in choosing Islamic financial products. Easy access to information and sources of knowledge about Islamic financial products significantly affects their perceptions and knowledge. The ability to access Islamic financial literature, attend training, receive advice from Islamic financial institutions, or interact with religious communities provides opportunities to gain a better understanding of the concepts, features, benefits, and risks associated with Islamic financial products. Several participants said:

"Attending seminars and training on Islamic finance has greatly enhanced my understanding. It has made me more confident in making sharia-compliant investment decisions." (P13)

"Having access to credible information from Islamic financial institutions and online resources has been instrumental in shaping my investment choices." (P3)

Furthermore, religious beliefs and factors significantly influence perceptions, with a value of 0.27. This demonstrates that the Muhammadiyah community's faith in religious teachings and trust in sharia principles play a crucial role in shaping their perceptions and knowledge of Islamic financial products. Religious values and belief in sharia principles are

important factors guiding their decision to invest in Islamic financial products. As stated by some participants:

"My religious beliefs are the foundation of my investment decisions," remarked a 40-year-old participant. "Ensuring that my investments align with sharia principles is paramount to me." (P1)

"Trusting in sharia principles gives me peace of mind, knowing my investments are halal and ethical." (P6)

Other influential factors include economic considerations, educational background, and previous investment experience. Economic factors, such as the consideration of financial returns, educational attainment that provides a better understanding, and prior investment experience all impact the perceptions and knowledge of Islamic financial products within the Muhammadiyah community. The results underscore that access to information, religious beliefs, and other factors like economic considerations, education, and prior experience significantly influence the community's perceptions and knowledge of Islamic financial products.

"My past experiences with Islamic investments have been positive, which encourages me to continue investing in sharia-compliant products." (P14)

"Having a solid educational background in finance has helped me understand the intricacies of Islamic financial products better." (P8)

The findings highlight the various factors shaping the perceptions and knowledge of Muhammadiyah community members regarding Islamic financial products. The participants emphasized the importance of access to information and religious beliefs in guiding their investment decisions. Training and credible information sources enhance their confidence and understanding, while strong religious convictions ensure their investments align with sharia principles. Additionally, economic considerations, educational background, and previous investment experiences play significant roles in shaping their perceptions. These factors collectively contribute to the community's comprehensive understanding and favourable perception of Islamic financial products, reflecting the multifaceted nature of their investment decisions.

Discussion

Islamic mutual funds have emerged as one of the most popular investment options for the Muhammadiyah community ([Hadziq et al., 2021](#)). They recognize that sharia mutual funds enable them to invest in financial instruments that comply with Islamic principles, such as sharia-compliant stocks and sukuk. These funds provide Muhammadiyah members with the opportunity to participate in the capital market while adhering to their religious principles, enhancing their understanding of these products. Similarly, Islamic savings have also become a preferred choice for the community to save and manage their funds. Community members appreciate that Islamic savings accounts are based on sharia principles, which prohibit usury, and benefit from profit-sharing arrangements with Islamic banks ([Al-Salem & Mostafa, 2019](#)). This understanding contributes to the dominance of knowledge related to Islamic savings, as depicted in Figure 4.

Conversely, the Muhammadiyah community's understanding of other Islamic financial products, such as *sukuk*, *murabahah*, *mudharabah*, and *wakalah*, is more limited (Amelia & Wibowo, 2020; Safi et al., 2020). This limitation could be attributed to their predominant focus on Islamic mutual funds and savings, which are more widely known and accessible. However, expanding knowledge of these other Islamic financial products is crucial for broadening investment options and understanding the diverse range of available instruments.

Additionally, misconceptions about the benefits and risks associated with Islamic financial products persist. Some individuals are not fully aware of the long-term benefits of Islamic financial investments, such as blessings in life and sustainable profits. Similarly, there is a need to enhance understanding of the risks associated with these products, including market risk, liquidity risk, and business risk. Many people do not fully grasp the complexities of Islamic financial products, such as the workings of *sukuk*, the profit-sharing mechanisms in Islamic mutual funds, or the concept of risk-sharing in *mudharabah*.

The principle of justice is also a primary concern for the Muhammadiyah community when investing in Islamic financial products. They understand the importance of obtaining fair profits and avoiding transactions that unjustly harm any party. The principle of fairness underpins their investment decision-making, and they strive to ensure that their investments do not violate this principle (Barqiah & Marsasi, 2022). However, there are variations in the community's understanding of sharia principles relevant to Islamic finance investments. Some participants demonstrated a deeper understanding and were able to clearly explain the prohibition of usury, identification of haram products, and the principle of fairness within the context of Islamic financial investments (Riaz et al., 2017). Conversely, other participants had a more limited understanding and required further explanation to fully grasp the sharia principles related to financial investments.

To enhance the Muhammadiyah community's understanding of sharia principles in Islamic financial investments, it is essential to adopt an educative approach and provide appropriate counselling. Islamic financial institutions, religious communities, and the government can play pivotal roles in offering training programs, seminars, and educational materials that thoroughly discuss the sharia principles relevant to Islamic financial investments. With increased understanding, the Muhammadiyah community can make more informed and sustainable investment decisions that comply with sharia principles. Overall, this study shows that the Muhammadiyah community has a high level of awareness and knowledge of sharia principles in investing in Islamic financial products. However, continuous efforts are needed to enhance their understanding and awareness to make smarter investment decisions in line with sharia principles.

This research has significant implications that can contribute to the development of understanding and application of sharia principles in investing in Islamic financial products by the Muhammadiyah community. The findings can help increase public awareness, knowledge, and participation in financial investments that comply with sharia principles. Education and training programs organized by educational institutions, Islamic financial institutions, and religious communities can deepen the public's knowledge of sharia principles and the benefits of Islamic financial investments. This increased understanding will provide a robust foundation for making investment decisions that align with sharia principles.

Religious communities play a crucial role in shaping the perceptions and knowledge of the Muhammadiyah community regarding sharia principles in investing. The implications of this study underscore the importance of strong support and guidance from religious communities in conveying an accurate understanding of sharia principles relevant to Islamic financial investments. Through lectures, studies, and programs, religious communities can provide in-depth insights and guidance on the validity and benefits of Islamic financial investments.

Conclusion

This study analyzes the perceptions and knowledge of the Muhammadiyah community regarding sharia principles in investing in Islamic financial products. The findings indicate that Muhammadiyah members have a high level of awareness of sharia principles, which form the basis for investing in Islamic financial products. They understand the prohibition of usury and the importance of avoiding investments in industries considered haram according to religious teachings. The research participants demonstrated a good understanding of sharia principles, viewing them as essential guidelines in making investment decisions. They actively seek information about Islamic financial products that meet sharia criteria and recognize that awareness of sharia principles in investing is integral to their religious identity. However, the study also revealed that the community's knowledge about Islamic financial products needs improvement, particularly in understanding the concepts, features, benefits, and risks associated with these products. Factors such as access to information, education, previous experience, and religious beliefs significantly affect their perceptions and knowledge. Therefore, collaborative efforts among educational institutions, Islamic financial institutions, religious communities, and the government are necessary to enhance their understanding. Continuous education, information campaigns, and the development of innovative Islamic financial products are crucial to help the Muhammadiyah community utilize the potential and benefits of Islamic financial investments effectively, while maintaining compliance with sharia principles.

Despite the positive findings, this study has certain limitations. The scope of the research was confined to the Muhammadiyah community, which may limit the generalizability of the results to other Islamic communities. Additionally, the study relied on self-reported data, which might be subject to bias. Future research should consider a broader demographic and employ a mixed-methods approach to gain a more comprehensive understanding. Practical suggestions for further studies include exploring the impact of different educational interventions on the community's knowledge and perceptions, and examining the role of digital platforms in disseminating information about Islamic financial products. By addressing these areas, future research can provide more robust insights and contribute to the development of strategies that enhance the financial literacy and investment practices of the Muhammadiyah community and beyond.

Authors' Declaration

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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