



**THE TENDENCY OF PEOPLE TO CHOOSE GOLD INVESTMENT OVER
INVESTMENT IN THE CAPITAL MARKET FROM THE PERSPECTIVE OF
ISLAMIC FINANCIAL MANAGEMENT**

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Abstract

Investment in Islam is not solely focused on the extent of material profits to be gained through economic activities; rather, the concept of investment in Islam is driven by certain dominant factors. Gold investment is the most popular investment among the public. The author used a qualitative research method with descriptive analysis in this study. Qualitative research involves collecting data in a natural setting with the aim of interpreting the phenomena that occur. The results of this study are as follows: First, investing in gold is very easy and carries minimal risk. Second, the price of gold investments consistently increases over time, which is what attracts public interest. Third, gold investment can be done by anyone without requiring specialized knowledge.

Keywords: Gold Investment, Capital Market, Islamic Financial Management



INTRODUCTION

The term "investment" is no longer unfamiliar. In Islam, investing is highly recommended. The amount of investment in a country directly affects the number of jobs created; low investment leads to low employment, which leads to unemployment in the surrounding area. High unemployment leads to increased crime. The Quran, Al-Hashr, verse 18, explains that investment is one of the teachings and principles of Islam that complements the processes of tadrij (evolution) and trichotomy (division into three parts) (Bilal et al., 2021).

Investing is the activity of placing funds in an asset or instrument with the expectation of future returns. In modern society, investment instrument options are increasingly diverse, ranging from traditional assets like gold to more complex financial instruments like stocks and mutual funds.

On the one hand, there are traditional assets like gold, which has long been recognized as a safe-haven asset. On the other hand, there are modern instruments like stocks and mutual funds traded on the capital market. Although the Islamic capital market continues to grow rapidly, an interesting phenomenon has emerged among the Muslim community: a preference for gold investment. This decision is driven not only by economic factors but also by deep spiritual beliefs, especially when viewed from the perspective of Islamic Financial Management (IMF) Hassan (2023).

In the Islamic Sharia Islamic Finance (MKI), investments must comply with Sharia principles, which prohibit *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (speculation or gambling). Gold is often considered the investment instrument most aligned with these principles due to its tangible nature. Its intrinsic value is considered more stable and tangible than abstract financial instruments. This rationale aligns with the Islamic concept of real wealth, where wealth must be backed by tangible physical assets (Kusuma & Mesacahyani, 2023).

However, amidst these options, an interesting phenomenon has emerged: the tendency of Muslims to prefer investing in gold over investing in the capital market, particularly from an Islamic Financial Management perspective (Safe'i, A., & Asih, VS (2022)). This factor is also driven by doubts often based on the perception that the capital market carries higher risks and is more complex to understand. A lack of financial literacy, coupled with volatile market uncertainty, makes gold a safer and more accessible option. Physical gold assets also provide a sense of security and control not available from digital instruments in the capital market (Bilal, 2021).



Therefore, the research problem is formulated as follows: Currently, people still tend to make gold their primary investment. Despite the potential for significant profits from investing in the capital market, people are more interested in investing in gold.

LITERATURE REVIEW

The research conducted by Nunung Uswatun Habibah entitled "The Development of Gold Pawning to Gold Investment at Sharia Pawnshops" discusses the purpose of this study is to determine and describe the development of Sharia gold pawning related to gold pawning and gold investment as asset protection. The value of gold investment is not reduced by inflation, price trends continue to rise, and flexible buying and selling transactions. This study also shows how Sharia pawning from Sharia gold pawning which was originally only used as an alternative financing and short-term capital addition, began to be used as an investment vehicle by taking advantage of the increase in gold prices and the ease and convenience of Sharia gold pawning. Buying gold, storing it, then selling it at a pawnshop is one way to invest in gold as well as a way to keep your gold investment up to date. (Habibah, 2017)

The research title "Increasing Gold Investment Profits by Buying Uncertified Gold to Face the Recession" was conducted by Anugerah Iman Harahap and Luthfa Arini. This study discusses the difference in selling price and repurchase price of uncertified gold, which is always pegged at IDR 5,000/gram, while ANTAM gold can fluctuate and is very expensive, ranging from IDR 89,000/gram to IDR 141,000/gram, making uncertified gold investments more profitable. This occurs because, unlike uncertified gold, ANTAM gold sellers add insurance costs and gold formation costs to the selling price. However, when consumers sell gold, both ANTAM gold and uncertified gold, gold shops or ANTAM counters fail to take insurance costs and form the gold properly, resulting in a difference between the selling price and the repurchase price. (Harahap & Arini, 2022)

A study conducted by Jefik Zulfikar Hafidz entitled "Gold Investment from an Islamic Legal Perspective" examines the high public demand for gold investment products. This literature review aims to determine the legal status of gold investment products, such as Gold Pawning, Gold Installments, and E-Mas Savings, at Bank Syariah Indonesia. First, according to the Rahn principle, gold can be used as collateral for debt. As the guarantor, BSI is permitted to store gold and is responsible for maintaining it in good condition. Second, investing in gold



is generally acceptable with the caveat that all sales and purchases must be made in cash. This is true if gold is used as a medium of exchange; the situation is different if gold is a traded commodity. Usury-free transactions using gold are prohibited, although monetary transactions are still considered transactions. Third, the E-Mas savings product is equivalent to buying and selling gold in installments; the only difference is that the E-Mas savings transaction method uses BSI Mobile. (Hafidz, 2021)

RESEARCH METHOD

In this study, the author used a qualitative research method combined with descriptive analysis. Collecting information in a natural context with the aim of analyzing the phenomena that occur is known as qualitative research. (Anggito & Setiawan, 2018) Descriptive research is a method that describes the state of the subject or object of research that is analyzed according to the ongoing situation and provides solutions to solve problems and provides information that is in accordance with reality and provides useful knowledge. The data source for this study is interviews. Interviews are a data collection technique where researchers (interviewers who are tasked with collecting data) collect data by communicating directly by asking questions to (Sukardi, 2013)

RESULTS AND DISCUSSION

Islamic View on Investment

The word "investment" is no longer unfamiliar. People often think of investment as savings. Therefore, one approach to achieving prosperity in life is through investment. The Great Indonesian Dictionary defines investment as investing capital in a corporation or business with the goal of generating profit. (Fajri & Senja, nd)

Investment comes from the word invest, which means to invest money or capital. Investment, or capital investment in general, is defined as an action taken by an individual or legal entity to increase and maintain the value of their capital, whether that capital is money, equipment, real estate, intangible assets, intellectual property rights, or knowledge. (Rohmatussa'dyah & Suratman, 2017) Malkan et al., citing Muhammad Firdaus' book entitled "Sharia Financial Systems and Investment," stated that investment is adjusting cash flow to obtain profits or larger amounts in the future. Investment can also mean placing capital or assets, whether in the form of assets or finances, in something that is expected to generate income or increase in value in the future. (Malkan et al., 2021)



Therefore, it can be said that investment is an action undertaken with the hope of gaining future profits. Because this investment involves both profit and loss, it actually contains two elements of uncertainty, making it a risky activity. Consequently, business returns are a moving target. This investment can yield significant profits, moderate profits, and even losses, rather than profits. Consequently, some investments have gone bankrupt and been scammed (Hassan, 2023) .

Legal Basis for Investment

The concept of investment in Islam is also based on several dominant aspects. Furthermore, investment in the Islamic sense is not solely concerned with the amount of material profit generated through economic activity. Important factors for engaging in investment activities are (Rahmawati et al., 2015) :

- a. Regarding the amount and value of assets that will always be obligatory for zakat, the zakat system is implemented. This more individual aspect will inspire investors to manage their assets through investment.
- b. There is a social component, particularly helping people who lack capital.

Sharia-compliant investments that utilize sharia instruments are referred to as Islamic investments. Investments come in various forms depending on procedures, duration, and risk. To ensure consistency between motivation and investment strategy, these factors must be considered. (Isnawan, 2012) The Quran does not specifically mention investment as a component of muamalah (transactional income), but it does provide recommendations on how to use our wealth as business capital, guided by sharia law. Investment is a current commitment made with the expectation of generating future returns on funds or other resources.

Legal basis for investment in Islam:

Surah Yusuf 47-49

قَالَ تَزْرَعُونَ سَبْعَ سِنِينَ دَابًّا فَمَا حَصَدْتُمْ فَذَرُوهُ فِي سُنْبُلِهِ إِلَّا قَلِيلًا مِمَّا تَأْكُلُونَ مَا قَدَّمْتُمْ لَهُنَّ إِلَّا قَلِيلًا مِمَّا
تُحْصِنُونَ ثُمَّ يَأْتِي مِنْ بَعْدِ ذَلِكَ عَامٌ فِيهِ يُغَاثُ النَّاسُ وَفِيهِ يَعَصِرُونَ

He (Joseph) said, "That you may cultivate seven years (in succession) as usual; then leave whatever you harvest on its stalks except a little for you to eat. 48. Then after that will come seven (years) of great hardship, which will consume what you have stored for them, except a little of what you have stored (of grain). 49. After that will come years in which people will be given rain (in abundance) and in which they will press (grapes)." (Surah Yusuf verses 47-49). (RI, 2010)

**Surah Al-Hasyr verse 18**

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍ ۖ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ

O you who believe, fear Allah and let each person pay attention to what he has done for tomorrow (the afterlife); and fear Allah, verily Allah is All-Knowing of what you do. (RI, 2010)

Surah An-Nisa' verse 9

وَلْيَخْشَ الَّذِينَ لَوْ تَرَكَوْا مِنْ خَلْفِهِمْ ذُرِّيَّةً ضِعْفًا خَمَّ قَوْلًا سَدِيدًا

And let those who fear Allah leave behind them weak children whose welfare they fear. Therefore, let them fear Allah and let them speak the right words. (RI, 2010)

Investment Principles

The general principles regarding investment according to Budi Frensidy are (Frensidy, 2013) :

- a. Compare price and value using the maxim "Buy low and sell high"
- b. Clearly understand the investment objectives using the maxim "Buy what you know and know what you buy"
- c. Choose investments that have positive return growth and good returns (asset prices have an upward price trend).

Islamic investment principles emphasize ethical investment, known as sharia investment, whose implementation is in accordance with sharia principles, which are Islamic laws that govern every aspect of a Muslim's life. (Sherif & Lusyana, 2017) Furthermore, there are various sharia principles related to investment that should serve as guidelines for investors. (Inayah, 2020) :

- a. Do not seek income from illegal businesses, either in terms of the goods sought or the methods used to receive, process and distribute them, and do not use them for illegal purposes.
- b. Do not wrong or be wronged
- b. Transactions are based on consent and mutual consent.
- c. There are no elements of usury and the distribution of income is fair.

According to Ahmad Ghazali in his book Inggrid Tan, Naili Rahmawati et al., there are several main principles of sharia investment, namely (Rahmawati et al., 2015) :

- a. Halal Principles. These halal principles can be observed both in halal environments and halal activities.



- b. The Principle of Blessing. This idea will be seen not only from a physical (material) perspective, but also from a spiritual perspective, where one will experience inner satisfaction in using money wisely to help others.
- b. Profit margin, or the principle of added value. This concept can be seen in asset growth with maximum profits while adhering to halal and barokah standards.
- c. The principle of realism . This principle is not merely a calculation on paper that cannot be achieved, but is still based on real values. A picture of the anticipated investment return will also demonstrate this principle.

Types of Investment

Basically, investment can be divided into two, namely investment in financial assets and investment in real assets. Investments in financial assets are divided into two, namely:

Direct investment

Purchasing tradable financial assets in the money market, stock market, or derivatives market is one way. Direct investment can also be made by acquiring non-tradable assets, usually from commercial banks. Savings accounts and certificates of deposit are two examples of such assets.

Indirect investment

This can be achieved by purchasing securities from investment companies such as mutual funds.

Investment Risks and Benefits

In sharia investment there are various risks, including (Rahmawati et al., 2015) :

- a. Risk of Loss of Capital

Investing is the productive use of assets through various investment vehicles. However, due to future uncertainty, investments can be profitable or unprofitable. If an investment is profitable, the value of the invested asset will increase; conversely, if a loss occurs, the value of the invested asset will decrease. The risk of capital loss is a potential risk in all investment activities. The risk of losing money includes both nominal losses, such as from Rp. 100,000,000 to Rp. 50,000,000, and actual losses, such as when Rp. 100,000,000 previously bought 25 tons of rice, but now it can only buy 20 tons of rice of the same specifications and type. Consequently, although investing in



household savings does not carry a real risk of capital loss due to a decline in real value, in practice it is quite dangerous.

b. Risk of Uncertainty of Profit

Risk arises from the uncertainty surrounding the profitability of current investment strategies. This risk is essentially one of the dangers mentioned above, but focuses more on the potential returns from a particular investment strategy.

c. The Difficulty of Selling Investment Products

Risk investors worry about is whether the investment instruments they purchase will be easily sold or converted into cash. Because gold is considered easy to resell, some people may be content investing in it. Collectibles are a type of investment product that isn't always easy to resell. Due to the specialized nature of the collectibles business, reselling collectibles is often difficult.

The benefits of investing are:

- a. Benefits for investors . In accordance with sharia principles, investors will receive profit sharing according to the amount of investment made and in accordance with the initial agreement.
- b. Benefits for fellow investors. Partner investors will receive more funds to enable them to continue their operations.
- b. Benefits to the social environment. The jobs that can be filled as a result of the investment will demonstrate this value.

Sharia Capital Market

The Capital Market Law defines Islamic capital markets as capital market activities that do not violate Sharia law and remain subject to the regulations of the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK). (Toha et al., 2020) .

Sharia Capital Markets are Sharia-compliant activities involving the issuance and trading of public securities, public companies involved in the issuance of securities, and organizations and professions involved in securities. A public offering, as defined in Law No. 8 of 1995, is an activity carried out by an issuer to sell securities to the general public, also known as a securities offering activity, the implementation of which is based on statutory provisions. Shares, bonds, collective investment contract units, futures contracts for securities, and any securities derivatives are examples of debt instruments, commercial securities, evidence of debt, and securities.



DSN-MUI Regulation No. 40/DSN-MUI/X/2003 also regulates the Indonesian sharia capital market. In managing public companies or companies issuing sharia securities, this standard regulates business categories, products, services, and contracts, and they must not conflict with sharia principles. In conducting trade, the principle of prudence is applied, and speculation and manipulation containing elements of dharar, gharar, riba, maisir, riswah, immorality, and sin are prohibited. Activities with prohibited elements include: First, najsy, which is making false offers. Second, bai al-a'dum, which is short-selling goods (sharia securities) that are not yet owned. Third, insider trading, which generates income from illegal activities using inside information. Fourth, encouraging the spread of false information. Fifth, lending to traditional banking institutions while investing in public companies is more leverage than money. The sixth option is margin trading, which is conducting sharia securities transactions using interest-based loan facilities to meet sharia securities settlement requirements. Seventh, ikhtikar, also known as hoarding, is the practice of purchasing or hoarding Sharia-compliant securities in an attempt to influence changes in their value. This is done to influence the counterparty. Sharia capital markets also prohibit the use of other components in transactional activities. (Heradhyaksa, 2020)

Public Tendency in Choosing Gold Investment

As mentioned in the explanation above regarding investment theory, investment is the activity of investing capital with the expectation of future profits. In society, investment is generally known as saving.

Everyone naturally hopes for a return on investment. In Indonesia, we recognize several investment instruments. These instruments are as follows:

- a. Short-term investment, namely the act of investing assets or wealth for a short period of time, such as savings deposits, forex trading, mutual funds, shares.
- b. Long-term investment is the act of investing assets or property for a period of one to five years, such as gold, property and insurance.

Of the two investment options mentioned above, gold remains the most sought-after option due to its ease of access and perceived low risk. Compared to equities, which have an annual return of 11.36%, gold investment returns are not as high. Mutual funds: 6.33% to 7.35% per year; deposits: 4.75% per year after tax; savings: 2.42% per year; and gold: 6.08% per year. However, gold is considered the simplest and best investment. (Ahsana, 2022)

Gold is a common medium of exchange for finance and a precious metal frequently used in trade in various countries. Gold is highly sought after for



investment, asset protection, regulatory requirements, Hajj savings, and other purposes. Investing in gold is a great way to save money because it appreciates over time and has a very low risk level, allowing clients to invest without worrying about potential losses. People are most attracted to investing in gold in this form because its value is stable and sometimes even increases. (Kusuma, Putu Sri Arta Jaya. Ni Kadek, 2023) .

Based on interviews and observations with informants, two forms of investment are most popular: gold and land. According to them, investing in real assets offers minimal risk and is tangible. Furthermore, it's easier to resell if needed in the future, and its value will increase over time. This is as conveyed by one of Jyah's informants below:

"But according to sengkok, saving delem in the form of gold is more comfortable, more like mudharattah. Salaenna jeriya arghena gold tambe areh tambe tenggi, deddih karogiannah is more keni' and bending savings in another form"

Judging from the results of in-depth field interviews with the four identified informants: Jyah, Liya, Ani, and Iko Hududa, they felt that investing or having savings in gold could guarantee a more tangible return compared to financial investments that lacked tangible value. These four informants' interest in financial investments was also very low, as for them, there was no tangible form of investment or tangible savings. According to them, gold savings are usually not in the form of gold bars; most are processed into jewelry such as necklaces, bracelets, and earrings.

"Yes, for the time of Samangken, otamanah for oreng is legalized oreng sengkok ben as well as using gold as savings so it can guarantee profits se bhekal ekaolle e budi areh. Usually oreng is legalized as otamanah of the community and temur nika usually saves gold epadeddih angguy, such as bracelets, bats and other forms of jewelry."

Furthermore, anyone can invest in gold. As informants Liya and Iko explained, investing in gold doesn't require a high level of oversight or vigilance. Simply store it in a safe place or a specially designated safe. However, not everyone can invest in the capital market. It requires sufficient knowledge and extensive insight, along with a thorough understanding of the market. Failure to do so could result in losses. Therefore, they believe the risks are higher, although the potential returns are undeniably high.

"In my opinion, investing in gold is not complicated. If we have the money, we can just buy it and then immediately store it in a safe place or safe that we have prepared specifically for that purpose."



"Anyone can invest in gold, whether it's savings in jewelry or something else. However, most people invest in jewelry. I prefer investing in gold in jewelry, especially because it's more efficient, less time-consuming, and more effective. I find financial investment more complicated and not everyone can do it. It really requires those with the knowledge and insight to do so."

Ani, who is also the fourth informant, has a hobby of buying gold jewelry with the aim of motivating herself for working hard, and the gold jewelry she gets is used as a form or result of hard work that should be appreciated.

"Melle nika gold jewelry as a token of gratitude for the hard work of sengkok. Makle is known to be wjuddeh from the work of sengkok so far"

Thus, in this study, researchers found that people are more likely to choose investments they perceive as tangible, especially gold jewelry. This way, they will know the fruits of their labor. Furthermore, they believe the risks they will likely face are lower than those associated with financial investments, such as the stock market.

CONCLUSION

Investing in gold is an excellent way to save money, as its value increases over time and its risk is very low, allowing customers to invest safely without worrying about potential losses. Gold is the most popular form of investment because its value remains constant and even increases over time.

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