

PENDAHULUAN

The capital market is a crucial matter for the country's economic development. On the market modal, investors private and issuers can invest the funds in the capital market, as well as entrepreneurs can get extra days from market investors' capital to expand the network of their efforts. The profit capital market for issuers is the funding can be large. The profit capital market for investors is capital gains, receipts share yields, bond interest, and voting rights GMS, ease of switching between products investment, and the ability to invest In a few products at once (Hidayati & Putra, 2021). From the data reported by CNBC Indonesia Throughout 2021, the performance of the Indonesian capital market recovering and continues to grow. this trend was monitored at the end of 2021 which ends with the development positive Jakarta Composite Index (IHSG) until reached position 6.581,5. Capitalization on the market end of 2021 is Rp8.255,62- trillion, increasing 18,4% (*year-on-year*) (Purwanti, 2022)

The Islamic capital market is present as an answer as well as a solution for Muslims who wish to transact in the capital market by providing peace and confidence in the halalness of the transactions being carried out. The presence of the Islamic capital market has received a positive response from various parties involved in the capital market, this is evidenced by the development of the Islamic capital market which is no less rapid than the conventional capital market. OJK noted that the number of listed sharia shares had increased to 495 by the end of 2021 compared to the end of 2020 which reached 441 (Zuraya, 2022). In addition to the increasing number of Islamic stocks, the increase in the number of investors is also a sign of the growth of the Islamic capital market. Data reported by(Siregar, 2022) stated that in 2021, the number of Islamic capital market investors exceeded 100,000, then continued to increase

until as of March 2022 it reached 108,345 investors. In the last five years, from 2017 to March 2022, the total number of Islamic capital market investors has continued to increase, reaching 367 per cent.

The increase in the number of investors in the last five years, which reached 367 per cent, is a good opportunity for the future development of the Islamic capital market because investors are a component that can influence the development of the capital market. If the number of Islamic capital market investors continues to increase in the future, this will bring about the rapid development of the Islamic capital market. Along with the rapid development of the Islamic capital market in Indonesia, in the period from 2017 to 2021, the Indonesian economy can be said to be unstable, this is because Indonesia's economic growth has fluctuated. In 2020, Indonesia's economic growth declined drastically to -2.07 per cent, this was due to the Covid-19 pandemic which hit almost all over the world, this decline in Indonesia's economic growth was due to Indonesian government policies aimed at breaking the chain of transmission Covid-19, the policy turned out to make reduced consumption by households (RT) and consumption by non-profit institutions serving households (LNPRT) even though these two consumptions greatly contributed to the contraction in the Gross Domestic Product (GDP). The budget for health has also been increased so that funds for other sectors are allocated for health, this has resulted in decreased government consumption. Apart from that, the investment sector also experienced a decline and this later contributed to the decline in Indonesia's economic growth. This huge economic contraction then prompted the government to implement various policies to restore the Indonesian economy, while the policies issued by the government were fiscal and monetary policies which among others concerned interest rates, money supply, and the rupiah exchange rate (Pratiwi, 2022).

BI 7-Day Reserve Repo Rate can be said as one of the macroeconomic parameters that can influence the nation's economy. Interest rates can affect investors, especially in making investment decisions (Sohib & Dahruji, 2021). (Sayudha & Rasmini, 2021) stated that an increase in the benchmark interest rate is bad news because it can make stock prices fall. Conversely, good news if the benchmark interest rate has decreased because it can increase the demand for stock prices. Reducing the benchmark interest rate can make it possible for investors to become more interested in investing in assets that have more risk, such as stocks. If the return from deposits or bonds is getting smaller, the possibility of investors switching to investing in stocks is getting bigger. The stability of the reference interest rate is an important thing that must be considered, because the stability of interest rates can encourage financial market stability so that the ability of the money market to distribute funding to parties who have the opportunity to have productive investment can run smoothly, and economic activity can remain stable. This is one of the reasons why Indonesian banks must maintain stable interest rates to create a more stable financial market (Amin, 2020). Apart from maintaining interest rate stability, Bank Indonesia is also required to issue policies to maintain the stability of the rupiah exchange rate.

The Rupiah exchange rate or exchange rate is a thing important in an economy. An exchange rate can be used as an indicator of economic assessment country with compare the value of the currency of something country to the currency of other countries. In the economy, the exchange rate is a real indicator that can transparently assess what is happening in the country (Pradesyah, 2016). Stable changes in the value of the rupiah against the value of foreign currencies will affect the domestic investment environment and growth *marketing* of Indonesian products abroad, especially in terms of price competition (Zahra et al., 2021). Efforts to stabilize the rupiah exchange rate will be in vain if it is not supported by efforts to improve all aspects of the national economy in the form of a system of instruments and regulations. Improvements in the micro sector must be balanced with macro policies to achieve exchange rates and economic stability.

The amount of money in circulation is an important factor considering its role as a transaction tool driving the economy. In practice, the money supply influences the actual purchasing power of the people and the availability of needs. According to (Permatasari et al., 2017), the level of public money supply will directly or indirectly affect the demand for goods and services, which in turn can affect the price of goods in an economy. The total money supply will then impact several other variables, including interest rates. According to research findings conducted by (Maria et al., 2017), there will be a decrease in the money supply if interest rates rise. This is because the public will decide to save their funds in the bank so that the income earned will be higher due to high-interest rates. On the other hand, there will be an increase in the money supply if interest rates decrease because people will prefer to use their funds for investment. As a result, the government will adopt a policy of raising interest rates when there is an increase in the amount of money in circulation. Conversely, the government will determine actions to reduce interest rates if there is a decrease in the total money in circulation. Government policy in raising and lowering interest rates which are influenced by the money supply will then be a consideration for investors to invest. If the money supply decreases, the interest rate is also lowered, this makes investors prefer to invest their funds elsewhere, such as in the capital market.

Judging from previous research, the authors found research that has been carried out by (Juliannisa, 2020) reveals that interest rates are negatively related to investment. The results of this study are strengthened by previous research from (Dewi and Hendry, 2016), in this study stated that if interest rates increase, it means that investors will prefer to save their funds in banks rather than use them for investment. So that if interest rates increase, investors will look for other things that are more profitable for the investment climate. Meanwhile, the results of research conducted by (Prasasti & Slamet, 2020) revealed that there were two results obtained from research on the correlation between interest rates and investment. The results of the first research reveal that changes in interest rates do not fully affect investors' decisions if this is for the short term because there are still many things that can be considered besides interest rates. While the second result reveals that changes in interest rates affect investment if this happens in the long term, investors tend to make decisions by looking at interest rates.

Research conducted by (Juliannisa, 2020) discusses the relationship between investment and the domestic exchange rate. According to his research, there is a positive relationship between the domestic exchange rate and domestic investment. This is because a high domestic exchange rate can encourage demand for domestic raw materials. Thus, investing in the country is the choice of investors with the hope of future profits. Then the research conducted (Silvia, 2013) states that the total effect of money supply on investments is negative. An increase in the money supply which can result in inflation makes investors less interested in investing their capital so an increase in the money supply will cause investment to decrease. From the findings of previous studies, the discussion of the research conducted is regarding the composite stock price index, these studies have also been carried out more than five years ago and the research data is no longer up to date. The variables used in previous research also vary, but no one has yet combined the variables BI-7 Day Reserve Repo Rate, Amount of Money in Supply and Exchange Rate at the same time.

This research is the result of the modification and updating of previous studies. In this research, the dependent variable is more narrowed, namely the number of investors, in contrast to previous research which used a composite price index variable such as in research (Sari,

2019) and ((Melyani & Esra, 2021) or investment variables such as research conducted by (Astuty & Siregar, 2018) and (Amtiran & Messakh, 2019). The update in this study is the year used, namely the last five years from 2017 to 2021, during which period, to be precise, in 2020 a pandemic phenomenon occurred which then made Indonesia's economic growth decline drastically.