Macroeconomic Determinants of Islamic Mutual Fund ROI in Indonesia: Faktor Penentu Makroekonomi ROI Reksa Dana Syariah di Indonesia

Suci Ramadhini   Faculty of Economics and Islamic Business, State Islamic University of North Sumatra

Muhammad Ikhsan Harahap   Faculty of Economics and Islamic Business, State Islamic University of North Sumatra

Aqwa Naser Daulay   Faculty of Economics and Islamic Business, State Islamic University of North Sumatra

General Background: Islamic mutual funds in Indonesia have grown rapidly as ethical investment instruments aligned with sharia principles. **Specific Background:** Their performance, however, remains sensitive to macroeconomic dynamics such as inflation, BI Rate, and economic growth (GDP). **Knowledge Gap:** Previous studies often use Net Asset Value (NAV) as a proxy for performance and show inconsistent results, while limited attention is given to ROI as a direct measure of investor returns. **Aims:** This study aims to analyze the effect of inflation, BI Rate, and GDP on the Return on Investment (ROI) of Islamic mutual funds in Indonesia from 2020 to 2024. **Results:** Using monthly secondary data and multiple linear regression, the findings show that inflation and the BI Rate have a significant positive effect on ROI, while GDP has a significant negative effect. **Novelty:** This study differs from previous research by using ROI instead of NAV and includes the latest post-pandemic data, providing more relevant empirical insights. **Implications:** These results suggest that Islamic mutual funds are more responsive to inflation and monetary policy than to general economic growth, offering valuable considerations for sharia fund managers and policymakers in formulating adaptive investment strategies.

Highlight :

1. Inflation and BI Rate positively influence Islamic mutual fund performance.

2. Economic growth shows a negative effect on ROI of Islamic mutual funds.

3. ROI is used as the main metric to assess investment success

Keywords: Inflation, BI Rate, Economic Growth, Islamic Mutual Funds, Return on Investment

Ask Chat

Introduction

The Return on Investment (ROI) metric is used to evaluate the capability of investments in Islamic mutual funds. An essential metric for evaluating the efficacy of fund management and the allure of Islamic mutual funds is return on investment (ROI), which quantifies the rate of return that investors have achieved over a given time frame [4]. The concepts of Islamic law forbid activities like speculation (maysir), uncertainty (gharar), and riba (usury). One way to invest in accordance with these principles is through an Islamic mutual fund. The Return on Investment (ROI) metric is used to evaluate the performance of investments in Islamic mutual funds. An essential metric for evaluating the efficacy of fund management and the allure of Islamic mutual funds is return on investment (ROI), which quantifies the rate of return that investors have achieved over a given time frame. In addition to helping investors weigh the benefits and drawbacks of Islamic portfolios, return on investment (ROI) is a key metric for gauging the efficiency and efficacy of fund management [5]. A public's and an investor's purchasing power and expectations are both affected by inflation as measured by the Consumer Price Index (CPI) [6]. A stable investment climate and increasing return on investment (ROI) for Islamic mutual funds can be achieved through controlled inflation, whereas risky and unpredictable inflation can dampen investment enthusiasm. As a gauge of inflation, the Consumer Price Index (CPI) is a key indicator of macroeconomic stability, which in turn affects people's buying power and the expectations of investors. By maintaining a stable consumer price index, we can control inflation and make the investment climate more favourable, which will have a positive impact on the capability of Islamic mutual funds. On the flip side, investors may lose faith in the financial markets if inflation rates are consistently high and unpredictable.

When prices for goods and services rise steadily over an extended period of time, this is known as inflation, and it has the potential to diminish people's buying power. The CPI is a measure of inflation that looks at the general trend in prices of goods and services over a given time period. High inflation rates can lead to economic uncertainty and increased financial risk, which can adversely affect investment returns, including the performance of Islamic mutual funds [7]. High inflation can hamper investment growth in Islamic mutual funds because Islamic principles emphasize fairness and balance in financial transactions [8]. Inflation creates economic uncertainty and reduces purchasing power, which can negatively impact the performance of the mutual fund in accordance with Islamic financial guidelines [9]. Furthermore, investment decisions and the cost of capital are impacted by the BI Rate, the benchmark interest rate established by Bank Indonesia. A decrease in the BI Rate generally encourages the movement of funds to investment instruments such as sharia mutual funds, thus having a positive impact on investment performance [10]. As a tool of monetary policy, the BI Rate is set by Bank Indonesia to manage inflation and sustain economic stability. This rate is vital in setting the cost of capital and shaping investment decisions within financial markets, including Islamic mutual funds. In addition to the BI Rate, Bank Indonesia also employs the more modern BI 7-Day Repo Rate (BI7DRR), which is based on transactions and represents interest rates in the short-term money market. The BI7DRR is often referred to as the equivalent rate because it is more responsive to changes in market conditions and is used to deepen liquidity in the money market [11]. Both interest rates, the BI Rate and BI7DRR, play a critical role in directing market interest rate movements and directly affecting investment performance, particularly in Islamic mutual fund instruments that are sensitive to fluctuations in benchmark interest rates[12]. Although the Islamic financial system does not directly use interest

rates due to the prohibition of riba, the BI Rate still influences the market through the mechanism of comparing returns between conventional and Islamic instruments, as well as the overall macroeconomic conditions [13].

Investment returns are affected by the Gross Domestic Product (GDP), which is a measure of economic growth at the national level. An increase in GDP typically reflects growth in economic activity and higher purchasing power among the public, thereby providing opportunities for Islamic mutual funds to generate better returns [14]. A nation's GDP, or gross domestic product, is a measure of its economic health since it captures the market worth of all final goods and services produced within a given time frame. Positive GDP growth typically increases income and purchasing power among the public, thereby encouraging higher investment and financial market activity, including investments in Islamic mutual funds [15]. Growing GDP can enhance liquidity and demand for Islamic investment instruments, contributing to the overall performance improvement of Islamic mutual funds [16]. However, the impact of GDP on the Islamic financial market can vary depending on the prevailing economic conditions and regulations [17]. Reducing the real value of investment returns and weakening the purchasing power of the public are twin effects of high inflation. Conversely, controlled inflation creates a more stable and predictable investment climate [6]. On the other hand, the national benchmark interest rate or BI Rate also influences funding costs, consumption patterns, and the direction of fund flows in the financial market [18]. An increase in the BI Rate generally encourages higher returns on low-risk instruments such as deposits and bonds, which can ultimately reduce the attractiveness of investments in mutual funds. Furthermore, economic growth, as reflected by Gross Domestic Product (GDP), serves as an important indicator because it reflects the fundamental conditions of the national economy and directly impacts the performance of companies that are the underlying assets in mutual fund portfolios [19].

The hypotheses are as follows :

H0: The impact of inflation on Islamic mutual funds is negligible.

H1: When prices rise, Islamic mutual funds feel the pinch.

H0: The performance of Islamic mutual funds is unaffected by changes in interest rates.

H2: When it comes to Islamic mutual funds, interest rates matter a lot.

H0: If the economy grows, Islamic mutual funds won't feel the effects.

H3: The capability of Islamic mutual funds is highly sensitive to general economic expansion.

Figure 1. *Theoritical Framework*

Year	Inflation	BI-Rate	Economic Growth (GDP)	Islamic Mutual Funds

2020	1.68 %	3.75 %	1.38 %	13.02 %
2021	1.87 %	3.50 %	1.58 %	13.15 %
2022	5.51 %	5.50 %	1.80 %	12.92 %
2023	2.61 %	6.00 %	1.87 %	15.12 %
2024	1.57 %	6.00 %	2.00 %	16.27 %

Table 1. *Development of Macroeconomic Indicators and Islamic Mutual Funds in Indonesia (2020-2024)*

Source: Bank Indonesia (BI), Central Statistics Agency (BPS), and Financial Services Authority (OJK) 2025.
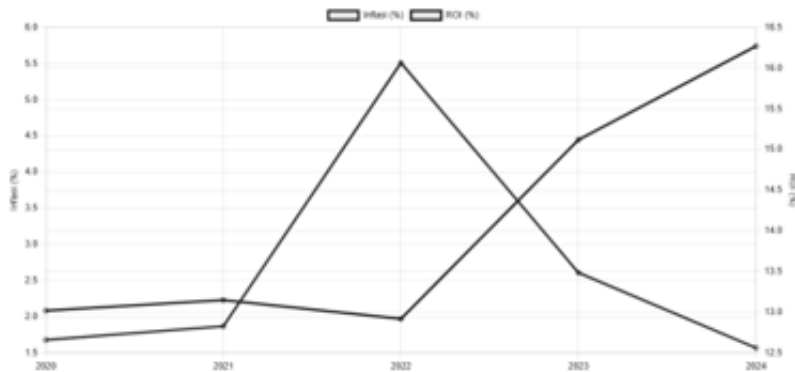

Figure 2. *Line Chart of Inflation and Islamic Mutual Fund Performance (2020-2024)*

From 2020–2024, the table above shows the investment capability of sharia mutual funds along with the yearly changes in a number of important macroeconomic indicators, such as GDP growth, inflation, and the benchmark interest rate (BI Rate). Inflation has shown volatility, peaking at 5.51% in 2022 due to global price pressures, before declining in 2024. The BI Rate has increased since 2022, stable at 6.00% for the past two years as monetary policy measures respond to economic conditions. Meanwhile, the national economy has shown a gradual upward growth trend. Investment results of sharia mutual funds have consistently improved, especially in 2023 and 2024, reflecting the beneficial effects of macroeconomic stability and monetary policy on sharia-compliant investment products.

Several recent studies have explored the relationship between macroeconomic variables and the performance of Islamic mutual funds. First, the research of Widya Mirza [20] using quarterly data for the period 2016–2023 and a quantitative regression model, found that inflation had a significant negative impact on Islamic mutual funds, while the rupiah exchange rate had a significant positive effect. Then, [21] examined the effect of inflation and the amount of money in circulation on the NAV of Islamic mutual funds (period 2015–2024), using the multiple linear regression method, and found that inflation had a significant positive effect, confirming the importance of liquidity management strategies by investment managers. In addition, a study from ICESS (2024) discussed the role of e-money, inflation, and Islamic mutual funds on national economic growth in 2017–2023, showing that inflation and Islamic mutual funds had a significant effect on economic growth, using a linear regression approach. Fourth, [22] used a similar methodology but highlighted the role of BI interest rates in strengthening Islamic financial stability. In general, although most of these studies still use NAV or aggregate indicators (e.g. NAV and money supply), there is inconsistency in the results and none has explicitly focused on ROI as a measure of investors' actual returns.

Based on prior studies [23], for example the one titled "The Effect of Exchange Rate, Inflation, Interest Rate, and Gross Domestic Product on the Net Asset Value of Sharia Mutual Funds in Indonesia" (which looked at data from 2018 to 2023), researchers investigated how macroeconomic

variables like inflation, BI Rate, exchange rate, and GDP affected the NAV and ROI performance of sharia mutual funds. Different studies have reached different conclusions about the effects of inflation; some find it to be very detrimental, while others find it to be negligible. Mutual funds' returns tend to take a nosedive whenever the BI Rate is present. At the same time, the direction of the impact from the exchange rate can be positive or negative, depending on the specific mutual fund and its context. Based on the research by [24] The study entitled "The Effect of Inflation, BI Rate, Exchange Rate, and Total Mutual Funds on the Net Asset Value (NAV) of Sharia and Conventional Mutual Funds in Indonesia" examines the effect of inflation, BI Rate, exchange rate, and total number of mutual funds on the Net Asset Value (NAV) of sharia mutual funds from 2010 to 2016. The study found that when these four factors are considered together, they significantly impact NAV. While the BI Rate is not significantly affected, inflation and exchange rate do show a positive effect. The total effect is most strongly correlated with the number of mutual funds, which accounts for 73.6% of the total. The significance of sharia mutual fund performance being dictated by internal industry dynamics is highlighted by this discovery.

In light of contradictory findings in previous studies, the author argues that there is a lack of consistency in the empirical data regarding the impact of macroeconomic variables on the investment success of Islamic mutual funds in Indonesia. While some studies show that inflation and the BI Rate significantly affect performance, the direction of their impact is not always consistent. Meanwhile, economic growth (GDP) has rarely been analyzed in depth as a factor affecting investment performance, particularly in Sharia-based mutual funds. Additionally, most prior research has not explicitly used the Return on Investment (ROI) indicator to measure performance, thus failing to fully represent the actual returns received by investors. The findings of this study not only enrich the academic literature, but also provide direct implications for investors and policy makers, especially in formulating investment strategies and monetary policies that are adaptive to macroeconomic fluctuations in the context of Islamic finance. Different from previous studies that generally use the Net Asset Value (NAB) indicator to measure the performance of Islamic mutual funds, this study explicitly uses Return on Investment (ROI) as the main indicator. ROI is considered to better represent the actual returns received by investors. In addition, this study also uses the latest data period of 2020–2024 which includes post-pandemic economic dynamics, thus providing a more relevant and contextual empirical contribution. Consequently, this research intends to address that knowledge vacuum by investigating how the BI Rate, economic growth, and inflation affected the return on investment (ROI) of Islamic mutual funds in Indonesia from 2020 to 2024. Investment decision-making in the Islamic financial sector is the intended focus of this research, which seeks to provide theoretical and practical insights.

This study aims to comprehensively examine the effect of inflation, BI Rate, and economic growth on the investment performance of Islamic mutual funds in Indonesia in 2020-2024 using Return on Investment (ROI) as a performance metric . Investors and investment managers in Indonesia can hopefully benefit from this study's findings by gaining a better grasp of the macroeconomic variables that impact the performance of Islamic mutual funds [25].

Research Metodology

This quantitative study takes a look at secondary data from 2020–2024 presented as monthly time series. The selection of the 2020 to 2024 time span in this study is based on the consideration that this period represents the economic recovery phase after the COVID-19 pandemic and the normalization period of monetary policy in Indonesia. During this time span, various fiscal and monetary policies were implemented to maintain macroeconomic stability, thus providing a relevant and actual picture of the impact of macroeconomic variables on the performance of Islamic mutual funds. The Financial Services Authority (OJK), Bank Indonesia (BI), and the Central Statistics Agency (BPS) were the sources of the sixty observations. This study considers BI Rate, GDP growth, and CPI as independent variables, while the dependent variable is the efficiency of sharia mutual fund investment. This study specifically selects three main variables, namely inflation, BI Rate, and Gross Domestic Product (GDP) because all three represent the most basic

macroeconomic indicators and are often used in assessing the economic stability of a country. Inflation affects purchasing power and investor expectations, BI Rate reflects monetary policy that affects the cost of capital, while GDP indicates the general health of the economy. These variables are selected because they have a direct influence on investment decisions, including in sharia mutual funds. Although other variables such as the rupiah exchange rate, money supply, or stock price index are also relevant, this study deliberately focuses on core variables in order to maintain the focus of the analysis and avoid multicollinearity. The exchange rate, for example, can be considered in further studies as a control variable to expand understanding more comprehensively.

Sampling in this study is carried out using a census approach, which means that all available data within the research timeframe are included. The data analysis is conducted with EViews 12 software employing multiple linear regression (OLS) techniques to examine the simultaneous and individual effects of the independent variables on the Islamic financial market.

Statistically speaking, multiple linear regression analysis is a way to try to figure out how one dependent variable (Y) relates to a number of independent variables (X1, X2,..., Xn).

$$Y_{it} = \alpha + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 X3_{it} + e_{it}$$

Where :

Y_{it}= Investment Performance of Islamic Mutual Funds

α=Constant

$\beta_1, \beta_2, \beta_3$= Regression Coefficients of Independent Variables

$X1$= CPI (Consumer Price Index) in Inflation

$X2$= BI Rate

$X3$= Economic Growth (GDP)

e_{it}= Error Term

Classical Assumption Testing

Before conducting multiple linear regression analysis, classical assumption testing was conducted to ensure that the model meets the basic statistical requirements, including normality, multicollinearity, and heteroscedasticity tests.

1. Normality testing was conducted by looking at the histogram graph and the Kolmogorov-Smirnov test. The results showed that the data was normally distributed because the significance value was above 0.05.
2. Multicollinearity testing was conducted by looking at the Variance Inflation Factor (VIF) and Tolerance values. All independent variables had VIF values <10 and Tolerance> 0.1, indicating the absence of multicollinearity in the model.
3. Heteroscedasticity testing was conducted using the Glejser method, and the results showed that there was no particular pattern in the residual distribution, and the significance value was greater than 0.05. This indicates that the model is free from symptoms of heteroscedasticity.

With the fulfillment of the three classical assumptions, the regression model is declared feasible and can be used to interpret the relationship between variables in this study.

Results and Discussion

A. Descriptive Statistical Analys

Inflation, interest rates, economic growth, and the investment capability of Islamic mutual funds are some of the variables that can be studied through descriptive statistics. These measures include the mean, median, standard deviation, and range, which help to understand the data characteristics.

	IMF_Y	INF_X1	BI_RATE_X2	GDP_X3
Mean	0.137667	1.425000	0.047333	0.016720
Median	0.132250	0.965000	0.045000	0.017500
Maximum	0.164100	5.510000	0.062500	0.020000
Minimum	0.120500	0.040000	0.035000	0.013000
Std. Dev.	0.013274	1.224679	0.011065	0.002272
Observations	60	60	60	60

Table 2. *Results of Descriptive Analysis*

Based on the table, the Islamic Mutual Funds show an average return of 0.1377 with relatively low variation, as indicated by a standard deviation of 0.0133, which reflects the stability of investment performance. Inflation has an average of 1.425 with considerable fluctuations, demonstrated by a standard deviation of 1.2247, reflecting price dynamics during the observation period. The benchmark interest rate (BI Rate) recorded an average of 0.0473 with limited variation, indicating stability in interest rates during that time. At the same time, GDP's low data dispersion and average growth rate of 0.0167 point to a reasonably stable economic situation.

B. Classical Assumption Test

Classical Assumption Test		Test Results		Conclusion
Normality Test	Jarque-Bera	Prob.	0.147416	Data is normally distributed
Multicollinearity Test	VIF	INF_X1BI_RATE_X2GDP_X3	1.1768832.2129502.346491	Free from multicollinearity issues
Autocorrelation Test	Serial Correlation LM Test	Prob. Chi-Square	0.0898	Free from autocorrelation issues
Heteroscedastisity Test	Heteroskedasticity Test	Prob. Chi-Square (4)	0.0559	Free from heteroscedasticity symptoms

Table 3. *Results of Classical Asumption Test*

The results of the normalcy test, which involves the Jarque-Bera statistic, are displayed in the table above. The p-value obtained from this test is 0.147416. A normally distributed set of residuals from a multiple linear regression model would be expected given that this p-value is larger than the 5% significance level (0.05). The significant assumptions of this regression analysis have been satisfied, as the null hypothesis indicating that the residuals follow a normal distribution is accepted.

Keeping an eye on the VIF values for each independent variable allowed us to perform the multicollinearity test.

The Inflation variable has a VIF of 1.1769, the BI Rate has a VIF of 2.2130, and the GDP has a VIF of 2.3465. All these numbers are much lower than the critical limit of 10, so it seems like the regression model doesn't have any issues with multicollinearity. This provides credible evidence of low correlation between the independent variables, which is necessary for reliable estimation of

regression coefficients and understanding of their effects.

With a p-value of 0.0898, the Serial Correlation LM Test was run to determine if autocorrelation was present. Seeing as how this number is higher than 0.05, we can rule out autocorrelation in the model's residuals. Thus, the assumption of independence of errors is satisfied, and the regression coefficient estimates are not affected by distortions due to serial correlation. Therefore, this model is suitable for further analysis and predictions.

The heteroscedasticity test results, indicated by a Chi-Square probability of 0.0559, exceed the 0.05 threshold. The absence of heteroscedasticity in the regression model is thus deduced. Consequently, the variance of the residuals is considered constant, making the resulting regression estimates efficient and valid for further analysis.
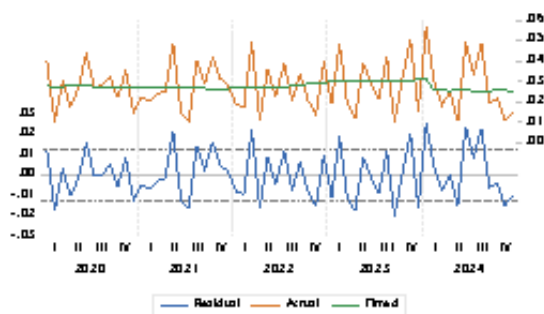

Figure 3. *Residual Graph of Heteroscedasticity*

The residual graph shows points that are randomly and evenly scattered around the zero line without any specific pattern, indicating that the variance of the residuals is constant. There are no problems with heteroscedasticity in the regression model because the assumption of homoscedasticity is satisfied.

C. Multiple Linear Regression Analysis Test

According to the results of the Ordinary Least Squares (OLS) multiple linear regression analysis, three independent variables have an effect on the dependent variable. This analysis includes two different kinds of tests: The partial test evaluates the impact of each independent variable individually, while the simultaneous test analyzes the combined effect of all independent variables.

Dependent		**IMF_Y**	
Independent	Coeficient	t-statistic	Prob.
C	- 0.208871	- 1.633501	0.0182
INF_X1	0.019666	3.656949	0.0006
BI_RATE_X2	0.063899	2.567711	0.0130
PDB_X3	- 0.099018	- 2.310220	0.0247
R-squared		0.730021	
Adjusted R-square		0.705023	
F-statistic		29.20314	
Prob (F-statistic)		0.000000	

Figure 4. *Results of Multiple Linear Regression Analys Test*

Using EViews version 12 as a basis for the regression test, the following equation was derived:

Y = -0.208871 + 0.019666 INF_X1 + 0.063899 BI_RATE_X2 + -0.099018 PDB_X3 + μ

The independent variables of inflation, BI interest rate, and GDP account for approximately 73% of the variance in Islamic mutual fund returns, according to the multiple linear regression model with an R-squared value of 0.730021. A further piece of evidence supporting this finding is the Adjusted R-squared value of 0.705023. This value indicates that the model is reliable and that overfitting is not a problem, even after controlling for the sample size and number of predictors. This proves that the regression model successfully explains how Islamic mutual funds' returns are affected by broader economic conditions.

Inflation, the BI Interest Rate, and GDP are the independent variables that jointly impact nearly 73% of the variance in Islamic Mutual Fund returns, according to the multiple linear regression model's coefficient of determination (R-square) of 0.730021. After adjusting for factors like sample size and number of predictors, the adjusted R-squared value comes out at 0.705023, proving that the model is accurate and has not been overfit. This proves that the correlation between Islamic mutual fund returns and broad economic variables is adequately captured by the regression model.

Islamic mutual fund returns are significantly affected by the three independent variables, according to the partial test (t-test) results, since the p-value is lower than the 5% significance limit. To be more specific, the correlation between inflation and Islamic mutual fund returns is positively correlated (r=0.0197, p=0.0006), suggesting that there is a strong statistical relationship between inflation and these returns. A rise in the benchmark interest rate is associated with higher investment returns, according to the BI Interest Rate, which likewise reveals a statistically significant positive effect (coefficient of 0.0639, p-value 0.0130). This finding is important for Islamic investment managers to consider inflation as a key indicator in determining portfolio strategies, especially in selecting instruments that are defensive against price pressures. Contrarily, GDP has a negative coefficient of -0.0990 and a p-value of 0.0247, illustrating the complex dynamics of the Islamic financial market. This suggests that rising economic growth is actually associated with falling returns on Islamic mutual funds in this particular context. This finding serves as a reminder for sharia mutual fund managers to remain cautious in the economic expansion phase, because increased economic growth does not always have a positive impact on ROI, especially if sharia investors are conservative.

A p-value of 0.0000 indicates a important result from the simultaneous test (F test), with an F-statistic of 29.20314, which is significantly lower than the 0.05 level of significance. As a result, we can see that GDP, BI Interest Rate, and Inflation all play a role in determining the returns on Muslim mutual funds. As a result, sharia mutual funds' investment performance can be accurately predicted or explained by using the regression model, which is statistically valid, in relation to changes in these macroeconomic variables.
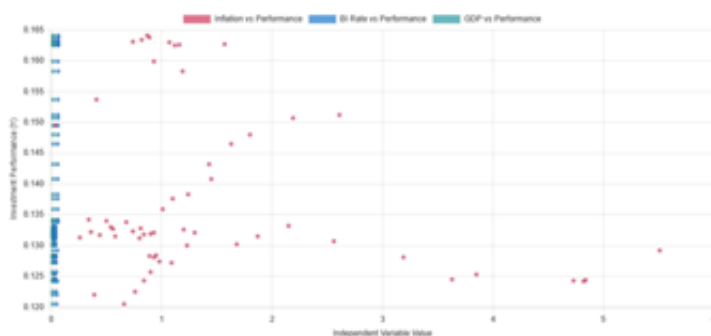

Figure 5. *Correlation of Inflation, BI Rate, GDP with Investment Perfotmance Islamic Mutual Funds*

The finding that economic growth (GDP) has a negative effect on the ROI of Islamic mutual funds

can be explained through the perspective of Islamic investor behavior. In the economic expansion phase, when GDP growth increases, investors tend to be more optimistic and choose more aggressive investment instruments such as conventional stocks or the real sector. Meanwhile, Islamic mutual fund investors generally have conservative characteristics and are long-term oriented, so they tend not to immediately increase their investment activities during the expansion period. On the other hand, in conditions of high economic growth, market volatility also increases, which can reduce the ROI performance of Islamic portfolios if not managed aggressively. This indicates that the performance of Islamic mutual funds is actually more stable or even grows better when the economy is not too expansive, because macro stability and investor caution are better maintained.

All things considered, the study's findings show that sharia mutual fund investment performance is heavily impacted by macroeconomic variables like GDP growth, key interest rates, and inflation. The findings of this study indicate that inflation and the BI Rate have a significant positive effect on the ROI of Islamic mutual funds, while economic growth (GDP) has a significant negative effect. These results are in line with the study by [26] which states that inflation has a significant positive effect on the NAV value of Islamic mutual funds. This agreement can be explained by the fact that the measured inflation rate creates room for investors to move assets to Islamic mutual funds as a form of hedging. However, these results contradict the research of [21] which found that the BI Rate was not significant on NAV. This difference is likely due to the use of different indicators (NAV vs ROI), as well as differences in the time span of the data used. This study uses ROI which is considered to be more representative of investors' actual returns during the post-pandemic period (2020–2024), where interest rate policies are more volatile and have a direct impact on interest in Islamic investment. Sharia mutual funds' returns and net asset value are impacted by these factors, which shows that macroeconomic conditions have a important impact on the sector's execution. Inflation and the BI Rate positively affect returns, whereas economic growth has a negative impact, suggesting that additional factors may be involved and that market reactions to economic conditions are often complex and dynamic. These findings are important for investors and managers of Sharia mutual funds to consider macroeconomic conditions in their investment decision-making.

Variable	Islamic Mutual Funds
CPI Inflation	Significant
BI-Rate	Significant
GDP	Significant
Simultaneous	Significant

Table 4. *Results Hipothesis Test*

According to the data in the table, Islamic mutual funds do better when inflation is high. As inflation rises, investors often move towards assets that can maintain the real value of their investments. In this scenario, islamic mutual funds are favored because they are managed based on Sharia principles, which prohibit usury and speculation, making them appear more stable and appealing during periods of economic uncertainty.

Sharia mutual funds are also favourably and substantially affected by the BI Rate. When the benchmark interest rate rises, it generally leads to increased returns on Sharia-compliant money market instruments like sukuk and Sharia deposits, which play a important role in the portfolios of islamic mutual funds. Thus, when the BI Rate rises, the investment returns on Sharia mutual funds tend to increase because the supporting instruments provide higher returns. This enhances investor interest in Sharia products, especially for those who avoid high risks but still seek competitive returns.

Islamic mutual funds, on the other hand, do worse when the economy grows. When the economy is booming, investors often choose more aggressive conventional instruments with higher return

potential, leading to a decrease in interest in Sharia products that tend to be conservative. This results in a weakening of fund flows into Sharia mutual funds, even though the overall economic conditions are improving.

The movement of macroeconomic indicators influences the performance of Sharia mutual funds. Understanding this relationship is important as a basis for investment decision-making, as well as for investment managers and regulators in formulating adaptive management strategies and policies in response to economic changes.

Conclusion and Recomendations

This study aims to examine the effect of inflation, BI interest rates, and economic growth (GDP) on the Return on Investment (ROI) of Islamic mutual funds in Indonesia in the period 2020–2024. The results of the study indicate that inflation and BI interest rates have a positive and significant effect on ROI, while GDP has a significant negative effect. This finding indicates that the return on investment of Islamic mutual funds is more sensitive to inflationary pressures and monetary policy dynamics compared to general economic growth. Scientifically, this study contributes in the form of contextual evidence on the relationship between macroeconomic indicators and the performance of Islamic mutual funds in Indonesia, and enriches the literature in the field of Islamic finance by using ROI as a measure of investment performance, not only relying on NAB as in many previous studies. This study also emphasizes the need for attention to monetary policy instruments as the main factor in maintaining the attractiveness and performance of Islamic mutual funds amid economic uncertainty.

However, this study has limitations in terms of a relatively short time span of five years (2020–2024), and has not considered other external variables such as exchange rates, Islamic stock indices, or geopolitical factors that may also affect the ROI of Islamic mutual funds. For further research, it is recommended to use a more dynamic analysis model such as Vector Autoregression (VAR) or add dummy variables to represent crisis periods, such as the COVID-19 pandemic or global economic shocks, so that the research results are more comprehensive and predictive.

References

1. M. Batubara, P. R. Silalahi, M. Al Fazri, A. Monica, and S. Sakinah, "Money Market Based on Sharia Principles in Indonesia," Visa Journal of Visual Ideas, vol. 2, no. 2, pp. 110–118, 2022, doi: 10.47467/visa.v2i2.952.
2. M. F. P. Ridwan, M. U. Mai, and D. Hermawan, "Comparative Analysis: The Impact of Macroeconomic Variables on the Performance Between Sharia Stock Mutual Funds and Conventional Mutual Funds at the Financial Services Authority," Journal of Applied Islamic Economics and Finance, vol. 2, no. 3, pp. 545–558, 2022, doi: 10.35313/jaief.v2i3.3072.
3. P. Primastuty, I. Harahap, and M. Ikhsan, "The Effect of Foreign Investment, Domestic Capital Investment, Sharia Investment, and Population as Drivers of Indonesia's Economic Growth," pp. 35–51, 2025.
4. P. Apriyadi and C. Cupian, "Analysis of Sharia Equity Mutual Fund Performance Before and After Implementation of the 2020–2024 Sharia Capital Market Roadmap," Jurnal Ilmiah Ekonomi Islam, vol. 10, no. 1, p. 300, 2024, doi: 10.29040/jiei.v10i1.12283.
5. Dini, U. Islam, B. Bangsa, and E. Syariah, "The Influence of Sharia Mutual Fund Investment on the Development of the Indonesian Sharia Economy in 2013–2023," vol. 8, no. 11, pp. 135–142, 2024.
6. Sulistiyani et al., "Analysis of the Influence of Inflation, BI Rate and Exchange Rate on the Growth of Sharia Mutual Funds Registered with the OJK in 2015–2019," Sunan Kalijogo Islamic Institute, vol. 6, pp. 1–16, 2025.
7. M. I. Harahap and Sugianto, "The Impact of Inflation, Interest Rates and Islamic Bank Financing on Indonesian Exports," Journal of Accounting and Business Research, vol. 23,

no. 2, pp. 73–81, 2023.

8. Febriyani, A. A. Pratama, and F. A. Ratno, "The Influence of Macroeconomic Variables on the Growth Rate of Sharia Mutual Funds for the Period 2015–2019," Eklektik Journal of Economic Education and Entrepreneurship, vol. 4, no. 1, p. 47, 2021, doi: 10.24014/ekl.v4i1.12528.

9. M. Saefulloh, M. R. Fahlevi, and S. A. Centauri, "Pengaruh Inflasi Terhadap Pertumbuhan Ekonomi: Perspektif Indonesia," Jurnal Keuangan Negara dan Kebijakan Publik, vol. 3, no. 1, pp. 17–26, 2023.

10. A. Soemitra, "Higher Objectives of Islamic Investment Products: Islamizing Indonesian Capital Market," Studia Islamika, vol. 23, no. 2, pp. 237–269, 2022, doi: 10.15408/sdi.v23i2.2408.

11. A. Soemitra, D. I. Sutowo, and A. N. Daulay, "The Influence of the BI 7-Day (Reverse) Repo Rate, Inflation and Exchange Rate on the Share Price of PT United Tractors Listed on the Jakarta Islamic Index," Studia Ekonomika Islamika Economics Journal, vol. 8, no. 1, p. 47, 2022, doi: 10.30821/se.v8i1.11034.

12. I. Imsar, N. Nurhayati, I. Harahap, and P. R. Silalahi, "The Impact of the Halal Industry and Islamic Financial Assets on Indonesia's Economic Growth Using the Vector Autoregression (VAR) Approach," Ekuitas: Jurnal Ekonomi dan Keuangan, vol. 8, no. 2, pp. 274–287, 2024, doi: 10.24034/j25485024.y2024.v8.i2.6299.

13. R. P. Silaban, "Analysis of the Influence of Inflation, Rupiah Exchange Rate, and Interest Rates on Stock Returns in Banking Companies Listed on the Indonesia Stock Exchange," Kindai, vol. 16, pp. 262–275, 2022.

14. A. Asmuni, A. H. Daulay, and I. Harahap, "Investment, Islamic Human Development Index and Banking Financing on Economic Growth and Their Impact on Labor Absorption," Amwaluna: Jurnal Ekonomi dan Keuangan Syariah, vol. 7, no. 2, pp. 339–346, 2023, doi: 10.29313/amwaluna.v7i2.12493.

15. T. F. Yolanda, M. I. Haharap, and P. R. Silalahi, "Analysis of Factors Influencing Students' Investment Decisions," JPEK, vol. 8, no. 3, pp. 1318–1328, 2024, doi: 10.29408/jpek.v8i3.28051.

16. P. Adila, M. I. Harahap, and P. R. Silalahi, "Contribution of Sharia Securities Crowdfunding to a Sustainable Economy (Case Study: Shafiq Sharia Securities Crowdfunding)," vol. 2, no. 1, pp. 1–13, 2024.

17. S. W. Prayoga et al., "Pengaruh Pasar Modal Syariah dan Makroekonomi Terhadap Pertumbuhan Ekonomi Indonesia Menggunakan Vector Error Correction Model," vol. 4, no. 2, pp. 12–24, 2024.

18. D. Lusiana, "The Influence of Inflation, Money Supply, BI Rate, and Rupiah Exchange Rate on Sharia Mutual Funds," An-Nisbah: Journal of Islamic Banking, vol. 5, no. 2, pp. 272–292, 2024, doi: 10.51339/nisbah.v5i2.2783.

19. A. Soemitra, "The Relevance of Islamic Economics and Finance Fundamentals to the Contemporary Economy: Islamic Economist Perceptions," Share: Jurnal Ekonomi dan Keuangan Islam, vol. 10, no. 2, p. 329, 2021, doi: 10.22373/share.v10i2.9544.

20. W. M. Sabrina, M. Nurhidayati, R. S. Ahmad, I. Agama, and I. Negeri, "Exchange Rates, Inflation, and GDP in Indonesia: A New Perspective on Islamic Mutual Funds as an Intervening Factor," vol. 5, no. 1, pp. 63–77, 2025, doi: 10.21154/joie.v5i1.10344.

21. Handayani, "The Effect of Inflation and Money Supply on the Net Asset Value of Indonesian Sharia Mutual Funds," FEBI UIN Sultan Maulana Hasanudin, vol. 4, no. 2, pp. 13–40, 2021.

22. M. M. Syaharani, A. Y. Akbar, and F. Al-Hakim, "Funds on Economic Growth in Indonesia Economic Growth (%)" 2024.

23. R. Adolph, "The Effect of Exchange Rate, Inflation, Interest Rate and Gross Domestic Product on Net Asset Value of Syariah Mutual Funds in Indonesia," vol. 1, pp. 1–23, 2021.

24. David, H. Shabri, and I. Nengsih, "The Influence of Inflation, BI Rate, Exchange Rate, and Number of Mutual Funds on the Net Asset Value (NAV) of Sharia and Conventional Mutual Funds in Indonesia," Al-Mashrafiyah: Journal of Islamic Economics, Finance and Banking, vol. 5, no. 2, pp. 15–27, 2021, doi: 10.24252/al-mashrafiyah.v5i2.22783.

25. P. R. Silalahi, "Rational and Irrational Factors Influencing Sharia Stock Investment Decision

Making for Millennials," 2023. Available:
[http://repository.uinsu.ac.id/18603/1/REPOSITORI%20LAPORAN%20PENELITIAN.pdf]

26. N. Azalia and R. B. Budhijana, "Analysis of the Influence of Inflation, Rupiah Exchange Rate, and BI Rate on the Net Asset Value of Sharia Mutual Funds in Indonesia (2015–2019 Period)," Journal of Accounting, Management and Islamic Economics, vol. 1, no. 2, pp. 701–712, 2023, doi: 10.35384/jamie.v1i2.481.