

THE APPLICATION OF LONG-TERM STRATEGIES IN SHARIA INVESTMENT AMONG THE YOUNGER GENERATION

Olivia Shafitri¹, Mutiara Annisa², Muhammad Hafiz³, Arya Wangsa Tryta⁴, Adinda Khairunnisa⁵, Mutiah Khaira Sihotang⁶

^{1,2,3,4,5,6} Universitas Muhammadiyah Sumatera Utara
*Email: olviashafitri22@gmail.com

Abstract: This study analyzes the application of long-term investment strategies in Islamic finance among young adults, as well as the factors that influence their interest in Sharia-compliant financial instruments. The research employed a descriptive qualitative approach through in-depth interviews and literature review to explore the knowledge, behavior, and implementation of long-term investment strategies among young Islamic investors. The findings reveal that interest in Islamic investment continues to increase in line with the growth of digital financial education and the rising awareness of investing in halal and riba-free instruments. However, understanding of long-term strategies remains limited, particularly in areas such as consistent financial planning, portfolio diversification, and the selection of appropriate Sharia-compliant instruments such as Islamic stocks, Islamic mutual funds, and sukuk. The study concludes that the adoption of long-term investment strategies in Islamic finance has the potential to support sustainable financial growth among young generations, provided that it is supported by adequate Islamic financial literacy and an investment ecosystem that is transparent, accessible, and fully Sharia-compliant.

Keywords: Islamic Investment, Long-Term Strategy, Young Generation, Islamic Finance, Financial Literacy.

Introduction

Investment is a financial activity that plays a strategic role in supporting economic growth and enhancing societal welfare. Through investment, individuals can allocate their funds to obtain future economic benefits while maintaining long-term financial stability. In the midst of increasingly complex and uncertain global economic dynamics, long-term financial planning has become essential as a means of risk mitigation and as an effort to achieve sustainable financial objectives (Sultoni et al., 2023).

For Muslim communities, investment activities are not solely oriented toward achieving financial returns but must also comply with Islamic Sharia principles. Islamic investment emerges as an alternative financial system that emphasizes justice, transparency, and partnership while avoiding elements of riba (interest), gharar (uncertainty), and maysir (speculation) (Sabrie et al., 2015). These principles make Islamic investment not only economically valuable but also imbue it with ethical and spiritual dimensions that aim for collective well being.

The development of the Islamic finance industry in Indonesia shows a positive trend, particularly in the Islamic capital market sector. The increasing number of Sharia-compliant investors and the growing variety of investment instrument such as Islamic stocks, Islamic mutual funds, and sukuk reflect the rising public confidence in the Sharia-based financial system (Otoritas

Jasa Keuangan, 2024). This condition indicates that Islamic investment is increasingly being recognized as an important component of the national financial system.

Advancements in information technology and the digitalization of financial services have further accelerated the growth of Islamic investment. The emergence of digital platforms and investment applications provides easier access to information and enables investment transactions to be conducted more practically and efficiently. This development has significantly encouraged greater participation of young generations in investment activities (Syamsuri et al., 2023). Young people represent a highly potential group in the development of Islamic investment, as they possess strong digital literacy, are technologically adaptive, and are open to digital-based financial innovations.

However, the growing interest of young people in Islamic investment has not been fully accompanied by adequate understanding and implementation of long-term investment strategies. Many young investors tend to be oriented toward short-term gains and have yet to develop a structured financial plan. Their understanding of long-term investment strategies such as consistency in investing, portfolio diversification, and the selection of appropriate Sharia-compliant instruments remains relatively limited (Haryanti et al., 2025). This condition has the potential to hinder the achievement of sustainable financial goals and increase investment risks. Long-term investment strategies are an important approach in building financial stability, especially for young people who are at the early stage of financial planning. In the context of Sharia investment, long-term strategies are not only oriented toward profit optimization, but also toward maintaining investment sustainability while remaining consistent with Islamic Sharia principles (Iqbal, 2021). Therefore, understanding and implementing long-term investment strategies become key factors in the success of Sharia investment among the younger generation.

Based on this description, this study focuses on the application of long-term strategies in Sharia investment among young people. The purpose of this research is to analyze how long-term investment strategies are implemented and to identify the factors that influence the interest and behavior of the young generation in investing according to Islamic financial principles. The findings of this study are expected to provide academic contributions to the development of Sharia investment studies and to serve as a practical reference for stakeholders in improving sustainable Sharia investment literacy and practices.

Literature Review

Sharia Investment

Sharia investment is a capital investment activity carried out based on Islamic principles as stipulated in the Qur'an, Hadith, and the fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). These principles serve as the main foundation of every Sharia economic activity, including investment, which emphasizes justice, balance, transparency, and social responsibility. In Sharia investment, profits are obtained through lawful and fair mechanisms that do not harm any party (Nurlaeli & Sarpini, 2022).

The main principles in Sharia investment include the prohibition of *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (speculation or gambling). The prohibition of *riba* aims to prevent exploitative and unjust practices in financial transactions, while the prohibitions of *gharar* and *maysir* are intended to avoid ambiguity and speculative activities that may harm other parties (Suci et al., 2025). Thus, Sharia investment encourages the creation of a more stable financial system that is oriented toward the real sector.

The objective of Sharia investment is not only focused on achieving financial profits, but also on creating blessings and benefits (*maslahah*) for the wider community. Sharia investment is expected to contribute positively to sustainable economic development and to improving societal

welfare. (Ramadahni & Wibowo, 2025). Therefore, Sharia investment is often associated with the concept of *maqashid al-sharia*, namely the preservation of religion, life, intellect, lineage, and wealth.

The Sharia investment instruments that have developed in Indonesia are quite diverse, including Sharia stocks, Sharia mutual funds, sukuk, and Sharia deposits. Sharia stocks are shares of companies whose business activities do not contradict Sharia principles and are listed in the Sharia Securities List (DES) issued by the Financial Services Authority. Sharia mutual funds are managed based on Sharia contracts, such as *wakalah* and *mudharabah*, and are supervised by the Sharia Supervisory Board to ensure compliance with Islamic principles. Meanwhile, sukuk are Sharia-compliant securities that represent investors' ownership of an asset, project, or certain benefits, making them fundamentally different from conventional bonds.

Long-Term Investment Strategy

A long-term investment strategy is an investment approach designed to achieve financial goals over a relatively extended period, generally more than five years. This strategy emphasizes consistency in investing, discipline in fund management, and patience in facing market fluctuations. Through a long-term approach, investors are expected to maximize potential returns while minimizing the risks that arise from market volatility (Haryanti et al., 2025).

In practice, a long-term investment strategy requires investors to have clear and well-structured financial planning. Investors need to set financial objectives, determine their risk profile, and choose investment instruments that are appropriate to their needs and financial capacity (Munir et al., 2025). Maintaining consistent, periodic investments is also a crucial factor in building asset accumulation in the long run.

In the context of Sharia investment, long-term strategies are not only oriented toward achieving optimal returns, but also toward maintaining continuous compliance with Sharia principles. Sharia investors are required to ensure that the instruments they choose remain in accordance with Sharia regulations throughout the investment period. This makes the aspects of supervision and proper instrument selection an important part of long-term strategy (Ramadahni & Wibowo, 2025).

Portfolio diversification is one of the main components of a long-term investment strategy. Diversification is carried out by allocating funds to various Sharia investment instruments, such as Sharia stocks, Sharia mutual funds, and sukuk, in order to reduce the risk of loss. With proper diversification, investors can maintain portfolio stability and increase the likelihood of achieving long-term financial goals in a sustainable manner.

Investor Behavior

The young generation represents a productive age group that plays a strategic role in economic development and the sustainability of the financial sector. This generation generally has characteristics that are technologically adaptive, open to innovation, and has broad access to information through digital media. These conditions make the young generation a potential target in the development of investment, including Sharia investment (Latifah & Juwita, 2022).

The development of digital technology and social media provides convenience for young people to obtain information related to investment. Various forms of financial education content, online seminars, and digital investment applications have encouraged the increasing interest of young people to start investing early. In the context of Sharia investment, according to (Safryani et al., 2020) this ease of access also increases young people's awareness of the importance of investing in a *halal* manner and in accordance with Islamic values.

However, the investment behavior of the young generation is still influenced by various factors, such as income level, investment experience, risk preferences, and social environment. Young people tend to have a higher risk tolerance compared to previous generations, but this is not always accompanied by well-prepared financial planning (Sugiharti & Maula, 2019). This condition leads some young investors to be more interested in short-term investments that are perceived to provide quick returns.

A lack of understanding of the importance of long-term investment strategies also influences the investment behavior of the younger generation. Without proper planning, the investments made may not provide optimal results in the long run. Therefore, understanding the investment behavior of young people becomes an important aspect in examining the application of long-term investment strategies in Sharia investment.

Sharia Financial Literacy

Sharia financial literacy is an individual's ability to understand the concepts, principles, products, and mechanisms of Sharia finance and to apply this knowledge in making financial decisions. Sharia financial literacy includes an understanding of Sharia contracts, the characteristics of Sharia investment instruments, and the risks and benefits inherent in each financial product (Nurlaeli & Sarpini, 2022).

Based on the finding (Irawan, 2024) a good level of Sharia financial literacy helps investors make rational investment decisions that are in accordance with Islamic principles. Investors who possess adequate Sharia financial literacy tend to be better able to plan their finances, choose appropriate investment instruments, and consistently apply long-term investment strategies.

The low level of Sharia financial literacy remains one of the main obstacles in implementing long-term investment strategies among the younger generation. A lack of understanding regarding contracts, fund-management mechanisms, and the objectives of Sharia investment may lead to mistakes in choosing investment instruments. In addition, low financial literacy also has the potential to increase the risk of losses resulting from unplanned investment decisions (Haryanti et al., 2025).

Therefore, improving Sharia financial literacy through formal education, training, and the utilization of digital media becomes an important factor in encouraging young people to optimally apply long-term investment strategies. Strong Sharia financial literacy is expected to support sustainable growth in Sharia investment and contribute positively to national economic development.

Method

The research method used in this study is a descriptive qualitative approach aimed at gaining an in-depth understanding of the application of long-term strategies in Sharia investment among the younger generation. The object of this research is the implementation of long-term investment strategies in Sharia investment instruments, while the research subjects consist of young people aged 18–35 who have experience investing in Sharia instruments such as Sharia stocks, Sharia mutual funds, and sukuk. The selection of informants was carried out using purposive sampling based on specific criteria, namely being part of the young generation, having experience in Sharia-based investment, and understanding or having previously implemented long-term investment strategies (Ardiansyah et al., 2023). Data collection techniques were carried out through semi-structured, in-depth interviews and a literature review sourced from books, scientific journals, reports from the Financial Services Authority (OJK), and fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). The data obtained were analyzed using descriptive qualitative data-analysis techniques, which included data reduction, data presentation,

and conclusion drawing. To ensure data validity, this study employed source triangulation by comparing interview results with literature findings in order to enhance the validity and credibility of the research outcomes (Sugiyono, 2021).

Result and Discussion

Result

This section discusses the research findings related to the implementation of long-term strategies in Sharia investment among the younger generation. The discussion is structured based on the research problems, namely: the interest of young people in Sharia investment, and their understanding and implementation of long-term investment strategies.

Interest of the Young Generation in Sharia Investment

The research results show that young people have a relatively high interest in Sharia investment. Of the eight informants interviewed (I1–I8), all expressed interest in Sharia investment because it is considered consistent with Islamic principles, particularly being free from *riba* and *halal* according to Sharia. In addition to religious factors, the ease of access provided by digital platforms also serves as a major driving factor.

One informant stated:

“I am interested in Sharia investment because it feels more reassuring, there is no element of riba, and now the applications are also easy to use” (I2).

Another informant added that digital financial education plays a major role in increasing investment interest:

“At first, I learned about Sharia investment from social media and online webinars, so I became interested in trying it” (I5).

These findings indicate that the interest of the younger generation in Sharia investment is driven not only by religious values, but also by technological factors and the availability of digital information.

Understanding and Implementation of Long-Term Investment Strategies

Based on the interview results, most informants already understood the basic concept of long-term investment as an effort to prepare for future financial needs. However, this understanding is still conceptual and has not been fully realized in systematic planning.

Some informants stated:

“I know investment should be long-term, but I don’t yet have clear targets” (I3).

“I only invest when there is extra money, not regularly” (I6).

In practice, only two out of the eight informants consistently carried out periodic investments and had well-planned long-term goals. Most informants still invested irregularly and were influenced by short-term market conditions. This indicates a gap between understanding and the implementation of long-term investment strategies among the younger generation.

Diversification and Sharia Financial Literacy

The research findings show that portfolio diversification has not yet been applied optimally. The majority of informants invested in only one instrument, particularly Sharia stocks, without combining them with other instruments such as Sharia mutual funds or *sukuk*. One informant stated:

“I focus only on Sharia stocks because I do not really understand other instruments yet” (I1).

In addition, the level of Sharia financial literacy was proven to influence the implementation of long-term investment strategies. Informants who had a better understanding of Sharia financial

principles and instruments tended to be more consistent and structured in their investment activities.

As expressed by another informant:

“After understanding Sharia mutual funds, I started diversifying my investments so that the risk would not be too high” (I8).

These findings indicate that Sharia financial literacy is a key factor in encouraging a more optimal application of long-term investment strategies among the younger generation.

Discussion

The findings show that the younger generation has a high level of interest in Sharia investment, mainly because it is in accordance with Islamic principles such as the prohibition of *riba* and the *halal* nature of transactions. These findings reinforce the view that religious values are an important factor in Sharia financial decision-making. In addition, the ease of access provided by digital platforms and the rise of financial education through social media have also encouraged greater participation of young people in Sharia investment. This is in line with the study by (Firdaussiyah & Pratiwi, 2025) which states that digital literacy and technological convenience have a positive influence on young people’s investment interest.

Nevertheless, the findings also reveal a gap between interest and the implementation of long-term investment strategies. Most informants understand the general concept of long-term investment, yet they have not been able to implement it consistently and systematically. This condition indicates that basic knowledge alone is not sufficient to shape effective long-term investment behavior. These findings support behavioral finance theory, which states that investment decisions are often influenced by behavioral biases and short-term orientation, particularly among novice investors (Caesar et al., 2024).

The suboptimal implementation of long-term investment strategies is also reflected in the low level of portfolio diversification among the younger generation. The majority of informants still focused on only one Sharia investment instrument, particularly Sharia stocks, without combining them with other instruments such as Sharia mutual funds or *sukuk*. In fact, diversification is one of the key principles in risk management and long-term investment strategy. In the context of Sharia investment, portfolio diversification can still be carried out as long as the instruments used comply with Sharia principles.

Furthermore, the findings emphasize that Sharia financial literacy plays a strategic role in encouraging the implementation of long-term investment strategies. Informants with higher levels of Sharia financial literacy tend to have more mature financial planning, invest more consistently, and understand the importance of diversification. These findings are in line with the study by (Iqbal, 2021) which states that Sharia financial literacy has a significant influence on rational and sustainable investment behavior.

Overall, the findings of this study indicate that the increasing interest in Sharia investment among the younger generation has not yet been fully accompanied by the ability to optimally apply long-term investment strategies. The main factors influencing this condition are limited Sharia financial literacy, a lack of structured financial planning, and a dominant short-term investment orientation. Therefore, continuous efforts are needed to strengthen Sharia financial education that not only focuses on product introduction, but also on the development of long-term investment strategies and risk management.

Based on this discussion, it can be concluded that the success of Sharia investment among young people is determined not only by their level of interest, but also by their ability to consistently implement long-term investment strategies. These findings form an important basis

for formulating conclusions and research recommendations aimed at promoting the sustainable development of Sharia investment in the future.

Conclusion

This study aims to analyze the implementation of long-term strategies in Sharia investment among the younger generation, as well as the factors that influence it. The findings show that young people have a high level of interest in Sharia investment, driven primarily by religious awareness to invest in a halal and interest-free manner, as well as by the ease of access offered through digital investment platforms. These findings indicate that Sharia investment is increasingly being accepted as a relevant investment alternative for the younger generation.

However, this high level of interest has not yet been fully accompanied by the optimal application of long-term investment strategies. Most young people still lack structured financial planning, sufficient investment consistency, and balanced portfolio diversification. This condition reflects a gap between conceptual understanding and the practical implementation of long-term investment in the context of Sharia investment.

The study also emphasizes that Sharia financial literacy plays an essential role in encouraging sustainable long-term investment behavior. Young people with higher levels of Sharia financial literacy tend to apply investment strategies that are more planned, consistent, and diversified. Therefore, improving Sharia financial literacy becomes a key factor in optimizing the potential of Sharia investment among the younger generation.

Overall, this study concludes that the application of long-term strategies in Sharia investment among young people has great potential to support sustainable financial growth. This potential can be realized if supported by comprehensive Sharia financial education, a transparent and accessible investment ecosystem, and guidance that encourages long-term financial planning. These findings are expected to serve as a foundation for future research and as a consideration for stakeholders in developing Sharia investment in the future.

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