

ABSTRACT

This study aims to analyze the effects of Islamic Financial Literacy, Return, Risk Tolerance, and Herding Behavior on the probability of Investment Interest in Retail Sukuk. The research employs a quantitative causal-associative approach, using primary data collected through an online questionnaire distributed to 300 Muslim respondents in Indonesia, selected using purposive sampling. The data analysis was conducted using Binary Logistic Regression with the assistance of IBM SPSS software.

The Omnibus Test results indicate that all independent variables simultaneously have a significant effect on investment interest in Retail Sukuk. Furthermore, the partial testing using the Wald Test reveals that Islamic Financial Literacy and Return have a positive and significant effect on the probability of investment interest in Retail Sukuk. Meanwhile, Risk Tolerance and Herding Behavior are found to have no significant partial effect.

The empirical findings suggest that investment interest in Retail Sukuk is primarily driven by rational considerations, particularly Islamic financial understanding and competitive return expectations, rather than psychological factors such as risk tolerance or herding behavior. This reinforces the position of Retail Sukuk as a secure, rational, and medium-term Sharia-compliant investment instrument backed by government guarantees.

Keywords: *Islamic Financial Literacy, Return, Risk Tolerance, Herding Behavior, Retail Sukuk.*