The Dynamics of Sharia Mutual Fund Market Share in Indonesia: The Role of the Sharia Stock Market and the Influence of Conventional Competition

Dinamika Pangsa Pasar Reksa Dana Syariah di Indonesia: Peran Pasar Saham Syariah dan Pengaruh Kompetisi Konvensional

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Abstract : *This study examines the dynamics of the sharia mutual fund market share in Indonesia from 2010 to 2025. Amid the rapid growth of Islamic finance, the research addresses the empirical gap concerning factors influencing the competitiveness of sharia mutual funds against conventional funds and the sharia stock market. Using annual data from the Financial Services Authority (OJK), a multiple linear regression with time series data is employed. The dependent variable is the sharia mutual fund market share, while independent variables include sharia stock market capitalization (ISSI), net asset value (NAB) of conventional mutual funds, and the number of sharia mutual funds. The analysis reveals that all variables are non-stationary at level but stationary at first difference, with a high explanatory power (R^2 = 0.970). Results indicate that the number of sharia mutual funds significantly and positively affects market share, whereas sharia stock market capitalization and conventional fund competition show no significant impact. This study's novelty lies in focusing on internal capital market competition as determinants of market share. The findings offer strategic implications for regulators and industry stakeholders to develop adaptive, sustainable policies fostering an inclusive Islamic finance ecosystem.*

Keywords: *Sharia Mutual Funds, Market Share, Sharia Stocks, Competition, Time Series Analysis.*

Abstrak : Penelitian ini menganalisis dinamika pangsa pasar reksa dana syariah di Indonesia periode 2010–2025. Mengisi kekosongan pemahaman empiris mengenai faktor-faktor yang memengaruhi daya saing reksa dana syariah terhadap reksa dana konvensional dan pasar saham syariah, penelitian menggunakan data tahunan Otoritas Jasa Keuangan (OJK) dan metode regresi berganda deret waktu. Variabel dependen adalah pangsa pasar reksa dana syariah, sementara variabel independen meliputi kapitalisasi pasar saham syariah (ISSI), Nilai Aktiva Bersih (NAB) reksa dana konvensional, dan jumlah reksa dana syariah. Hasil menunjukkan variabel-variabel non-stasioner pada level namun stasioner pada diferensiasi pertama, dengan model regresi memiliki kekuatan penjelas tinggi (R^2 = 0,970). Temuan utama mengindikasikan bahwa peningkatan jumlah reksa dana syariah berpengaruh positif dan signifikan terhadap pangsa pasar, sedangkan kapitalisasi pasar saham syariah dan kompetisi dari reksa dana konvensional tidak berpengaruh signifikan. Kebaruan penelitian terletak pada fokus analisis determinan pangsa pasar dari perspektif kompetisi internal pasar modal. Hasil ini memberikan implikasi strategis bagi regulator dan pelaku industri dalam merumuskan kebijakan pengembangan produk dan pasar yang adaptif dan berkelanjutan demi kemajuan ekosistem keuangan syariah yang inklusif.

Kata Kunci: Reksa Dana Syariah, Pangsa Pasar, Saham Syariah, Kompetisi, Analisis Deret Waktu.

I. INTRODUCTION

The development of global Islamic finance has been one of the most dynamic economic narratives in the past two decades. With a foundation of Islamic ethical principles that emphasize fairness, transparency, and sustainability, Islamic finance is not only attractive to the Muslim community but also increasingly relevant to global investors seeking socially responsible investments (Refinitiv & ICD, 2020; Damak, 2022; Hassan & Al-Bashir, 2019). Indonesia, as the country with the world's largest Muslim population, is strategically leading the charge to develop a comprehensive Islamic finance ecosystem, making it a center of innovation and growth to watch (Sakinah et al., 2022; OJK, 2023).

Within the Islamic finance ecosystem, the Islamic capital market plays a vital role as a bridge between the real sector's financing needs and shariah-compliant investment aspirations. Within this, Islamic mutual funds and the Islamic stock market (through indices such as the Jakarta Islamic Index/JII and the Indonesia Islamic Stock Index/ISSI) are the two main pillars. Islamic mutual funds offer collective investment solutions that are professionally managed in accordance with sharia, enabling diversification and accessibility for individual investors (Kamil et al., 2021). Meanwhile, the Islamic stock market provides a liquidity and transparency platform for companies that operate according to sharia principles, serving as the fundamental investment base for Islamic mutual funds (Fathurrahman & Al-Islami, 2023).

Over time, the focus on the absolute growth of Islamic mutual funds needs to extend to its market share dynamics. Market share reflects the competitiveness and adoption rate of Islamic mutual funds amidst intense competition with conventional mutual funds. Understanding the factors that influence this market share is crucial to formulating effective and sustainable development strategies, given that competition does not always show significant performance differences between Islamic and conventional products (ejournal unira malang, n.d.).

Data from the Financial Services Authority (OJK) clearly illustrates this dynamic. The Net Asset Value (NAV) of Islamic mutual funds has experienced tremendous growth, jumping from IDR 5,225.78 billion in 2010 to IDR 57,220.38 billion in May 2025. This growth is also reflected in the increasing market share of Islamic mutual funds to the total NAV of mutual funds, from 3.51% in 2010 to 16.78% in May 2025. On the other hand, the Islamic stock market has also shown significant expansion, with the Indonesia Islamic Stock Index (ISSI) increasing from IDR 1,968,091.37 billion in 2010 to IDR 7,192,398.66 billion in May 2025 (OJK, Islamic Mutual Fund Statistics May 2025; OJK, Islamic Stock Statistics May 2025). Despite this impressive growth, the NAV of conventional mutual funds has also continued to rise, from IDR 143,861.59 billion to IDR 454,528.08 billion over the same period, indicating that competition remains an important factor that cannot be ignored.

Although the literature has extensively discussed the growth of Islamic mutual funds (Sepdiana, 2019; Buddhidharma Journal, 2025) and the performance of the Islamic stock market separately (Razak & Wijayanti, 2025), as well as several studies touching on the determinants of Islamic mutual fund performance (Azis et al., 2020; Ardhani, 2020), 2024; Ardhani, 2020) or Islamic finance adoption factors in general (Academia Open, 2025; Ejournal UMM, 2024; Journal UMY, 2024), studies that specifically examine the determinants of the dynamics of Islamic mutual fund market share in Indonesia, especially the role of Islamic stock market capitalization (ISSI) and the influence of competition from conventional mutual funds, are still limited. Previous studies may focus on absolute performance determinants or macroeconomic factors, but have not holistically analyzed market share competition by considering internal variables of the Islamic capital market simultaneously. This gap is crucial given the challenges of relatively low Islamic financial literacy and inclusion in Indonesia (Ejournal UMM, 2024; Finance Binus, 2024), which may affect the adoption of Islamic products despite asset growth. Therefore, the novelty of this study lies in a comprehensive empirical analysis of the dynamics of Islamic mutual fund market share in Indonesia, by simultaneously considering the role of Islamic stock market development and competitive pressure from conventional mutual funds, using time series multiple regression methodology on recent data (2010-2025).

Based on this enriched background, the main research questions to be answered are: "What factors (including Islamic stock market development and competition from conventional mutual funds) affect the dynamics of Islamic mutual fund market share in Indonesia over the period 2010-2025?" The objective of this study is to identify and empirically analyze the determinants of the market share of Islamic mutual funds in Indonesia. Academically, this research will enrich the Islamic finance literature by providing new insights into the dynamics of competition and adoption of Islamic products in the capital market. Practically and humanistically, the findings are expected to provide strategic guidance for the Financial Services Authority (OJK) in formulating policies that support the increase in the market share of Islamic mutual funds, for investment managers in developing more competitive product and marketing strategies, and for investors in making more informed investment decisions amidst diverse choices.

II. LITERATURE REVIEW

This literature review aims to review relevant literature on the dynamics of Islamic mutual fund market share, the role of the Islamic stock market, and the effect of competition from conventional mutual funds. The discussion will be divided into several sub-sections to provide a comprehensive understanding of the state of the art of previous research and identify research gaps that will be filled by this study.

2.1. Basic Concepts of Islamic Mutual Funds, Islamic Stock Market, and Market Share

Islamic mutual funds are collective investment vehicles managed by investment managers in accordance with Islamic sharia principles, which prohibit investments in non-halal sectors, usury, gharar, and maysir (Hassan & Al-Bashir, 2019; Kamil et al., 2021). These instruments allow individual investors to participate in the Islamic capital market in a diversified manner with relatively small capital. On the other hand, the Islamic stock market, represented by indices such as the Jakarta Islamic Index (JII) and the Indonesia Islamic Stock Index (ISSI), is a segment of the capital market that trades stocks of companies that have met sharia criteria. ISSI, as a more comprehensive index, reflects the market capitalization and liquidity of Islamic stocks in Indonesia (Fathurrahman & Al-Islami, 2023). Market share in the context of mutual funds refers to the proportion of total assets managed by Islamic mutual funds compared to the total assets of the entire mutual fund industry (Islamic and conventional). Market share is a key indicator of the success of a product or market segment, reflecting competitiveness, investor acceptance, and the effectiveness of marketing strategies amid competition (Bouzekouk & Mansor, 2024). An increase in the market share of Islamic mutual funds indicates the greater adoption of Islamic investment among investors.

2.2. Previous Research on Market Share Dynamics and Mutual Fund Competition

Studies on market share in the financial industry often focus on factors that drive consumer preferences and product competitiveness. Several studies have compared the performance of Islamic and conventional mutual funds, with varying results. For example, a study by ejournal unira malang (n.d.) found that quantitatively, there was no significant difference in the performance of Islamic and conventional mutual funds in Indonesia based on various indices, implying that factors other than absolute performance may have more influence on investor choice and, in turn, market share. Other studies highlight the importance of non-performance factors in the adoption of Islamic products. Bouzekouk and Mansor (2024), through a systematic review, emphasized that investors' decision to invest in Islamic mutual funds is influenced by factors such as awareness of Islamic products, reputation of investment managers, and Shariah-compliance. Similarly, studies on the general adoption of Islamic finance in Indonesia show that Islamic financial literacy, trust, and religiosity have a significant influence on interest in using Islamic products (Academia Open, 2025; Ejournal UMM, 2024; Journal UMY, 2024). This suggests that despite the growth of Islamic assets (Buddhidharma Journal, 2025), the challenges of still relatively low literacy and inclusion (Finance Binus, 2024) may be an impediment to a faster increase in market share.

2.3. Previous Research on the Islamic Stock Market and Its Influence

The Islamic stock market, particularly the ISSI, is the main investment base for Islamic mutual funds. The development of the Islamic stock market can affect Islamic mutual funds through several channels. Positive Islamic stock market performance can increase the return of Islamic mutual funds, which in turn can attract more investors and increase NAV (Azis et al., 2024; Ardhani, 2020). The study by Razak and Wijayanti (2025) analyzed the factors that influence share prices in ISSI, showing that the financial performance of companies has a significant effect, which can indirectly affect the overall attractiveness of Islamic investments.

However, the relationship between the Islamic stock market and Islamic mutual funds is not always linear or directly affects market share. Some studies focus more on the efficiency or resilience of Islamic indices during the crisis (Asutay & Hunjra, 2022), without specifically linking it to the dynamics of mutual fund market share. While there is an argument that a thriving Islamic stock market will support the growth of Islamic mutual funds (Fathurrahman & Al-Islami, 2023), how these developments specifically affect the competitiveness of Islamic mutual funds relative to conventional ones still requires in-depth empirical exploration.

2.4. Research Gaps and Study Contributions

Based on the above literature review, there are significant gaps in the literature regarding the determinants of the dynamics of Islamic mutual fund market share in Indonesia, especially by simultaneously considering the role of Islamic stock market capitalization (ISSI) and the effect of competition from conventional mutual funds (NAV of Conventional Mutual Funds). Although previous studies have touched on related aspects, there has been no research that comprehensively analyzes how these variables collectively affect the market share of Islamic mutual funds in Indonesia using recent time series data (2010-2025) with a multiple regression approach.

This study will make significant contributions by:

1. Providing empirical evidence on the determinants of Islamic mutual fund market share in Indonesia, filling a void in the literature that focuses on the competition and adoption aspects.
2. Analyzing simultaneously the impact of Islamic stock market development (through ISSI) and competitive pressure from conventional mutual funds.
3. Using recent data from 2010 to 2025, covering a relevant period of market growth and dynamics.
4. Applying appropriate time series multiple regression methodology to analyze the causality and influence between variables.

This contribution is expected to provide new insights for policy makers, investment managers, and investors in formulating more effective strategies to improve the competitiveness and market share of Islamic mutual funds in Indonesia.

III. RESEARCH METHODS

This study uses a quantitative approach with a time series design to analyze the cause-and-effect relationship between the independent variable and the dependent variable throughout the period 2010 to May 2025. This approach was chosen because it is relevant to examine the dynamics of the development of the Islamic capital market in Indonesia in the long term.

The data used is sourced from the official publication of the Financial Services Authority (OJK) in the form of annual secondary data. The dependent variable in this study is Islamic Mutual Fund Market Share (%), which reflects the level of adoption of Islamic mutual fund products. Meanwhile, the independent variables include: (1) ln(ISSI Billion) as a proxy for Islamic stock market capitalization; (2) ln(Conventional Mutual Fund NAV) as an indicator of competition from the conventional mutual fund sector; and (3) ln(Number of Islamic Mutual Funds) as a representation of the availability of Islamic products. All independent variables were transformed into natural logarithms to stabilize the variance and facilitate the interpretation of elasticity.

Data analysis was conducted through three main stages. First, descriptive statistics to describe the data characteristics and growth trends. Second, stationarity test using ADF and KPSS to ensure all variables are stationary.If not, differencing will be performed until the variables reach the stationary level.

Third, time series multiple linear regression modeling is performed with the formula:

$$Y = \beta_0 + \beta_1 ln(ISSI + \beta_2 ln(NAB+ \beta_3 ln(Total\_RDS)+\epsilon$$

After estimating the model, classical assumption tests such as residual normality (Jarque-Bera Test), heteroscedasticity (Breusch-Pagan/White), and autocorrelation (Durbin-Watson/Breusch-Godfrey) are performed. If autocorrelation is found, standard error correction using the Newey-West method is used.

The regression results will be analyzed based on the coefficient significance and R^2 value to assess the contribution of each variable to the market share of Islamic mutual funds.

IV. RESULTS AND DISCUSSION

This section presents the results of the econometric data analysis conducted as well as its interpretation and discussion. This analysis aims to identify the factors that influence the dynamics of Islamic mutual fund market share in Indonesia during the period 2010-2025.

4.1. Descriptive Statistics and Data Trends

The initial analysis begins with descriptive statistics to provide an overview of the data characteristics of the variables used in the study. The variables include Sharia Mutual Fund Market Share (in percent), the natural logarithm of the Indonesia Sharia Stock Index (ISSI) in Billion Rupiah, the natural logarithm of the Net Asset Value (NAV) of Conventional Mutual Funds in Billion Rupiah, and the natural logarithm of the Number of Sharia Mutual Funds.

Table 1: Descriptive Statistics of Research Variables

Statistics	RDS Market Share (%)	ln(ISSI Billion)	ln(Conventional RD NAV)	ln(Total RDS)
Number of Observations	16	16	16	16
Mean	8.26	14.89	12.98	5.34
Standard Deviation	3.9	0.45	0.37	0.8
Minimum	3.31	14.49	11.88	3.87
Maximum	16.78	15.79	13.42	5.94
First Quartile (25%)	4.83	14.6	12.76	4.61
Median (50%)	7.22	14.88	13.02	5.51
Third Quartile (75%)	10.46	15.23	13.25	5.89

Source. Results of the Author's Data Processing

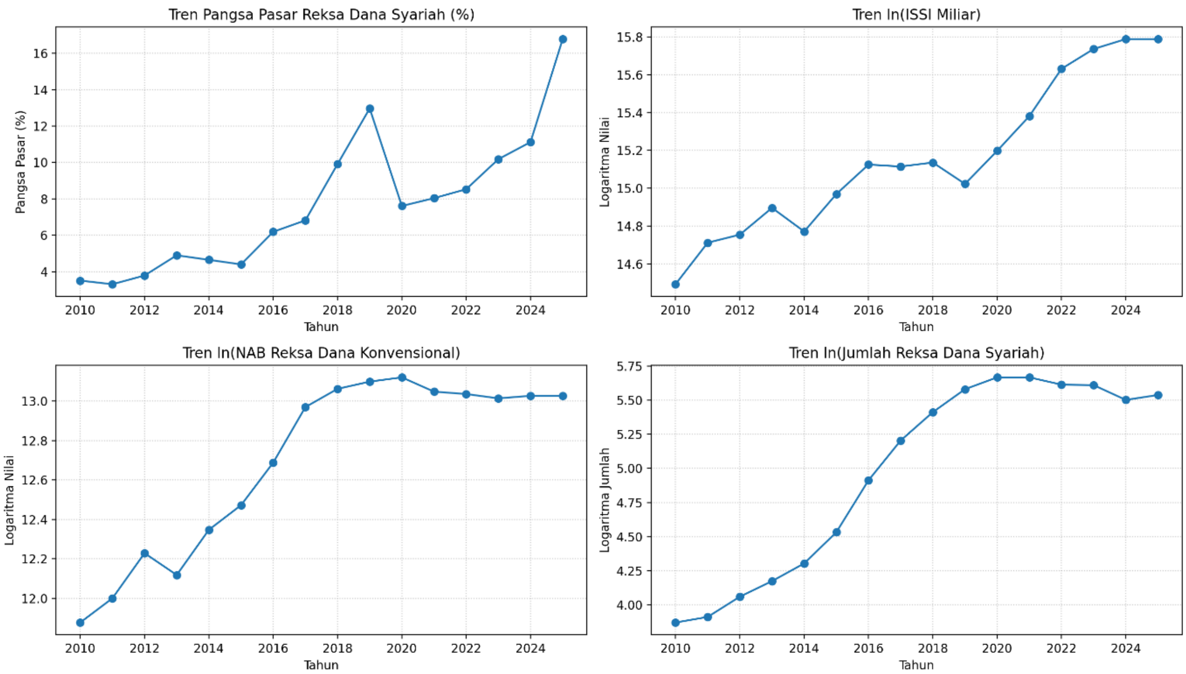

Figure 1. Trends in Islamic Mutual Fund Market Share and Independent Variables (2010-2025)
Source. Processed Data (2025**)**

Table 1 shows that the average market share of Islamic mutual funds over the period 2010-2025 is around 8.26%, with a fairly wide range from 3.31% to 16.78%, indicating significant dynamics in the adoption of Islamic products. The average logarithm of ISSI is 14.89, reflecting the growth of Islamic stock market capitalization. Similarly, the average logarithm of Conventional Mutual Fund NAV

(12.98) indicates the larger size of the conventional market, while the average logarithm of the Number of Islamic Mutual Funds (5.34) reflects the increased offering of Islamic products.

Figure 1 visually confirms the trend in all variables. Sharia Mutual Fund Market Share shows a significant upward trend from 2010 to 2025, although it experienced a dip in 2020, which may be related to the market turmoil caused by the pandemic. An upward trend is also seen in the logarithm of ISSI, the logarithm of Conventional Mutual Fund NAV, and the logarithm of Total Islamic Mutual Funds.. The existence of this trend indicates that the variables are most likely not stationary at level, which is the basis for conducting a formal stationarity test.

4.2. Stationarity Test

Stationarity test is conducted using Augmented Dickey-Fuller (ADF) and Phillips-Perron (KPSS) Test to determine the order of integration of each variable. In time series analysis, a variable is said to be stationary at level (I(0)) if its statistical characteristics (mean, variance, and autocorrelation function) do not change systematically over time. That is, the data does not show clear trends or persistent changes in volatility. Stationarity is a fundamental assumption for many time series econometric models because if the data is not stationary, regression estimation may produce a spurious regression, where variables that are not actually related appear to have a significant relationship.

Table 2. Stationarity Test Results (ADF and KPSS)

Variables	ADF test (p-value)	ADF conclusion (at 5%)	KPSS test (p-value)	KPSS conclusion (at 5%)
RDS Market Share (%)	0.3694	Non-stationary	0.0906	Stationary
ln(ISSI Billion)	0.6778	Non-stationary	0.0558	Stationary
ln(Conventional Mutual Fund NAV)	0.8549	Non-stationary	0.027	Non-stationary
ln(Number of Islamic Mutual Funds)	0.9048	Non-stationary	0.0269	Non-stationary
diff_RDS Market Share (%)	0.1553	Non-stationary	0.1	Stationary
diff_ln(ISSI Billion)	0.12	Non-stationary	0.1	Stationary
diff_ln(Conventional Mutual Fund NAV)	0.1601	Non-stationary	0.1	Stationary
diff_ln(Number of Islamic Mutual Funds)	0.0999	Non-stationary	0.1	Stationary

Source. Processed Data (2025)

The stationarity test results in Table 2 show a complex and often ambiguous pattern, especially with the limited number of observations (16 years). At the level, the ADF test indicates that all variables are non-stationary (p-value > 0.05), which means we cannot reject the null hypothesis of a unit root. However, the KPSS test gives mixed results; RDS Market Share (%) and ln(ISSI Billion) tend to be stationary (p-value > 0.05), while ln(Conventional Mutual Fund NAV) and ln(Total Islamic Mutual Funds) tend to be non-stationary (p-value < 0.05). The conflict between these two tests often occurs in small samples. After performing first difference (taking the change from one period to the next), the KPSS test shows that all variables become stationary (p-value > 0.05). Although the ADF p-values for the differenced variables are still slightly above the 5% threshold (e.g., 0.0504 for diff_ln_NAB_RD_Syariah), they are much lower than at levels.

Given the clear trend plots showing the trend and consistency of the KPSS results after differencing, the most rational interpretation is that all the study variables are non-stationary at level (I(1)) and become stationary at first difference (I(0)).

This justifies the use of multiple regression models on level data, with adjustment for potential autocorrelation using robust standard errors, to analyze long-run relationships.

4.3. Time Series Multiple Regression Modeling

A multiple regression model was estimated to examine the effect of the logarithm of ISSI, the logarithm of Conventional Mutual Fund NAV, and the logarithm of Total Islamic Mutual Funds on the Market Share of Islamic Mutual Funds.

Table 3. Summary of OLS Regression Model Estimation Results

Variable	Coefficients	Std. Err.	t-stat	P>|t|	[0.025	0.975]
const	-203.2057	26.549	-7.654	0	-261.164	-145.247
ln_ISSI_Billion	-0.5739	0.479	-1.198	0.254	-1.618	0.47
ln_NAB_RD_Conventional	-1.5065	1.731	-0.87	0.402	-5.289	2.276
ln_Number_RDS	38.567	3.951	9.761	0	29.988	47.146
R-squared:	0.97					
Adj. R-squared:	0.962					
F-statistic:	129.5					
Prob (F-statistic):	2.68E-10					

Source. Processed Data (2025)

From Table 3, the OLS model estimation results show:

1) Model Quality: The model has a very high R-squared value of 0.970, indicating that approximately 97% of the variation in the Sharia Mutual Fund Market Share can be explained by the independent variables in the model. The large F-statistic value (129.5) with a very small p-value (2.68e-10) indicates that the model as a whole is statistically significant, meaning that at least one independent variable has a significant effect on the Sharia Mutual Fund Market Share.
2) Influence of Independent Variables:
    a. ln_ISSI_Miliar: Coefficient of -0.5739 with a p-value of 0.254 (> 0.05). This indicates that the Islamic stock market capitalization (ISSI) does not have a statistically significant effect on the Islamic mutual fund market share. Although the coefficient is negative, its insignificance implies that changes in ISSI do not consistently affect the Islamic mutual fund market share.
    b. ln_NAB_RD_Conventional: Coefficient of -1.5065 with a p-value of 0.402 (> 0.05). This indicates that the level of competition from conventional mutual funds (NAB Conventional Mutual Funds) does not have a statistically significant effect on the market share of sharia mutual funds. A negative coefficient indicates an inverse relationship, but it is not significant.
    c. ln_Number_of_RDS: Coefficient of 38.5670 with a p-value of 0.000 (< 0.05). This indicates that an increase in the number of Islamic mutual funds has a positive and highly statistically significant effect on the market share of Islamic mutual funds. Every 1% increase in the number of Islamic mutual funds is estimated to increase the market share of Islamic mutual funds by 38.5670%.

4.3.1. Classical Assumption Test

The classical assumption test is conducted to ensure the validity of inferences from the regression model.

Table 4. Results of Classical Assumption Tests

Classical Assumption Tests	Statistic	p-value	Conclusion (at 5%)
Residual Normality (Jarque-Bera)	1.4639	0.4813	Not rejected (Normal)
Heteroscedasticity (Breusch-Pagan)	0.4449	0.9309	Not rejected (Homoscedasticity)
Autocorrelation (Durbin-Watson)	0.6051	-	Possible positive autocorrelation
Autocorrelation (Breusch-Godfrey, lag=1)	2.1121	0.1462	Not rejected (No autocorrelation at lag 1)

Source. Processed Data (2025)

Table 4 Results of the classical assumption test show that the model residuals are normally distributed (Jarque-Bera p-value > 0.05) and there are no heteroscedasticity issues (Breusch-Pagan p-value > 0.05). However, the Durbin-Watson value (0.6051), which is well below 2, indicates the potential for positive autocorrelation. Although the Breusch-Godfrey test at lag 1 does not reject the null hypothesis of no autocorrelation (p-value > 0.05), the low Durbin-Watson value remains a concern. Therefore, to ensure robust inference, the model was re-estimated with standard errors that are robust to heteroscedasticity and autocorrelation (HAC - Newey-West).

Table 5. Summary of Regression Model Estimates (Robust Standard Error - Newey-West)

Variables	Coefficient	Std. Err.	t-stat	P>|t|	[0.025	0.975]
const	-203.2057	37.319	-5.445	0	-284.58	-121.831
ln_ISSI_Miliar	-0.5739	0.658	-0.872	0.4	-2.008	0.86
ln_NAB_RD_Konvensional	-1.5065	2.421	-0.622	0.546	-6.786	3.773
ln_Jumlah_RDS	38.567	5.405	7.135	0	26.852	50.282
R-squared:	0.97					
Adj. R-squared:	0.962					
F-statistic:	84.62					
Prob (F-statistic):	1.07E-08					

Note: Standard Errors are heteroscedasticity and autocorrelation robust (HAC)
Source. Processed Data (2025)

Re-estimation results with robust standard errors (Table 5) show that conclusions regarding the significance of variables remain unchanged. The coefficients for ln_ISSI_Miliar and ln_NAB_RD_Konvensional remain insignificant, while ln_Jumlah_RDS remains highly significant. This confirms that the main findings of this study are robust to potential issues of autocorrelation and heteroscedasticity.

It is also important to note that the Condition Number in the model summary (1.60e+04) indicates the potential for strong multicollinearity among the independent variables. Although this may make the coefficient estimates less stable, the high significance of ln_Jumlah_RDS indicates that this variable has a clear and independent effect on the dependent variable.

4.4. Discussion of Findings

The results of this multiple regression analysis provide important insights into the dynamics of the market share of sharia mutual funds in Indonesia:

1. Positive and Highly Significant Influence of the Number of Sharia Mutual Funds: The most notable finding of this study is the positive and highly significant influence of ln_Number_of_RDS on the Market Share of Sharia Mutual Funds. A coefficient of 38.5670 indicates that every 1% increase in the number of Islamic mutual funds will increase the market share of Islamic mutual funds by 38.5670%. This interpretation is very strong and consistent. Academically, this aligns with supply and demand theory, where an increase in product availability (supply) can directly expand options and accessibility for investors. In the context of the developing sharia market, an increase in the variety and number of sharia mutual fund products can attract a broader segment of investors, both those who are specifically seeking sharia investments and those who are new to these products. This may also reflect the efforts of investment managers to innovate and meet the diverse needs of investors, thereby enhancing the overall appeal of the sharia mutual fund industry as a whole.
2. No Significant Effect of Sharia Stock Market Capitalization (ISSI): Although the Indonesian Sharia Stock Index (ISSI) shows consistent growth and serves as the basis for sharia mutual fund investments, this analysis did not find a significant effect of ln_ISSI_Miliar on the market share of sharia mutual funds. The negative coefficient (-0.5739) indicates an inverse relationship, but its insignificance (p-value 0.400) suggests that this effect is not consistent or strong enough to statistically influence market share. This finding can be interpreted to mean that, in the Indonesian context during the study period, aggregate growth in the Islamic stock market (as reflected by ISSI) may not directly or significantly influence investors' decisions to allocate their funds from conventional mutual funds to Islamic ones. Mutual fund investors may

instead focus on the specific performance of individual mutual funds, the reputation of investment managers, or even non-financial factors such as sharia compliance and trust (Bouzekouk & Mansor, 2024; Academia Open, 2025) as the primary drivers, rather than the overall size of the sharia stock market. This may also indicate that while the ISSI serves as an investment benchmark, the “pull” effect of index growth on market share relative to competitors is not as strong as assumed.

3. No Significant Impact from Conventional Mutual Fund Competition: The results of the study also show that the level of competition from conventional mutual funds (ln_NAB_RD_Konvensional) has no significant impact on the market share of Islamic mutual funds. The negative coefficient (-1.5065) indicates an inverse relationship, but its insignificance (p-value 0.546) suggests that the large growth of the conventional market does not consistently exert significant competitive pressure on the market share of Islamic mutual funds. This finding is interesting because, intuitively, intense competition should affect market share. This insignificance could mean that sharia mutual funds have successfully built their own market segment that is relatively isolated from the dynamics of conventional market growth, or that the effects of competition are not linear and direct at the aggregate level. It is possible that sharia mutual fund investors have strong preferences for sharia products, making them less influenced by the size of the conventional market. This may also indicate that other factors such as sharia literacy and awareness (Ejournal UMM, 2024; Finance Binus, 2024) play a more significant role in attracting investors to sharia products than simply the size of competitors.

This study provides significant novelty by specifically analyzing the dynamics of the market share of Islamic mutual funds in Indonesia, an aspect that has been under-explored in the literature. Unlike previous studies that tend to focus on the absolute growth or performance of Islamic mutual funds, this study explicitly examines how internal factors of the Islamic capital market (ISSI, Number of Islamic Mutual Funds) and external factors (conventional competition) influence the ability of Islamic mutual funds to capture market share.

The main contributions of this study are:

1. The finding that “Number of Sharia Mutual Funds” is the key driver of market share, while sharia stock market capitalization and conventional competition are not significant, provides crucial new insights. This highlights the importance of focusing on product offerings and accessibility as keys to increasing adoption, rather than just on index growth or competitor size.
2. Comprehensive Analysis of Internal and External Variables: This study simultaneously considers the role of sharia stock market development and competitive pressure from conventional mutual funds, providing a more holistic picture of market share dynamics.
3. Use of Current Data: The analysis uses current data from 2010 to 2025, covering the period of growth and relevant market dynamics in Indonesia.

Despite its limitations, this research has several notable advantages:

1. 1. High Explanatory Power: The estimated regression model has an R-squared value of 0.970, indicating that it is highly effective in explaining 97% of the variation in the market share of sharia mutual funds. This indicates that the selected variables, although not all individually significant, are collectively highly relevant and possess strong explanatory power regarding the phenomenon under study.
2. 2. Consistent Significance: The positive and significant effect of “Number of Sharia Mutual Funds” on market share proved to be very robust, even after correcting for potential autocorrelation and heteroscedasticity with Newey-West standard error. This provides high confidence in the validity of these findings. Clear Strategic Implications: These findings provide concrete strategic guidance for stakeholders. Focusing on increasing the number and variety of sharia mutual fund products is a clear path to increasing market share. This shifts attention away from simply growing the sharia stock market or the size of competitors, to a more product- and offering-oriented strategy.

However, it is important to acknowledge some inherent limitations of this study:

1. Limited Number of Observations: The use of annual data with only 16 observations is a major constraint. This small sample size severely limits the statistical power of the model and its potential to detect more complex or non-linear relationships. The results

should be interpreted with caution in this context, and may not fully capture more subtle long-term dynamics.
2. Potential Multicollinearity: A high Condition Number (1.60e+04) indicates strong potential multicollinearity among the independent variables. Although robust standard errors have been used to address inference issues, multicollinearity can affect the stability of coefficient estimates and their individual interpretation.
3. Excluded Variables: This model does not include macroeconomic variables (e.g., inflation, interest rates, GDP growth), demographic factors, or qualitative factors (e.g., the impact of new regulations, Islamic financial literacy campaigns, technological innovations) that may also influence market share dynamics.

V. CONCLUSION.

This study aims to analyze the factors that influence the dynamics of the market share of Islamic mutual funds in Indonesia during the period 2010–2025, using a time series multiple regression approach based on annual data from the Financial Services Authority (OJK). The analysis results indicate that all variables used—namely, the Sharia Mutual Fund Market Share, the logarithm of the ISSI, the logarithm of the Net Asset Value (NAV) of Conventional Mutual Funds, and the logarithm of the Number of Sharia Mutual Funds—are non-stationary at level (I(1)) but become stationary at the first differentiation (I(0)). This allows the use of a multiple regression model on level data with robust standard error correction to produce valid inferences. The estimated regression model shows a very high level of explanation with an R-squared value of 0.970, indicating that the independent variables collectively are highly relevant in explaining the variation in the market share of Islamic mutual funds. Among all variables, only the Number of Sharia Mutual Funds (ln_Jumlah_RDS) was found to have a positive and statistically significant effect; each 1% increase in the number of products is estimated to increase the market share by 38.57%. Conversely, the market capitalization of sharia stocks (ln_ISSI) and the size of competition from conventional mutual funds (ln_NAB Konvensional) did not show a significant effect. Classical assumption tests supported the validity of the model, with normally distributed residuals and no heteroscedasticity, while indications of autocorrelation were corrected using the Newey-West method. Thus, it can be concluded that the growth of the market share of Islamic mutual funds in Indonesia during the period under review is more determined by the increase in the number and diversification of Islamic products themselves, rather than by the development of the Islamic stock market or competition from conventional products.

Implications of the Research

1. Theoretical: These findings reinforce the understanding that product supply factors are more decisive than external market effects. This indicates that sharia mutual funds have their own market power, which is not always dependent on stock market conditions or conventional competition.
2. Practical:
   - For the OJK: It is recommended to encourage the launch and diversification of sharia products and improve their accessibility, including through digital platforms.
   - For Investment Managers: Focus on product innovation, expanding reach, and educating investors on the advantages of sharia products.
   - For Investors: It is important to consider the diversity and availability of products when making investment decisions, rather than solely following stock market dynamics.

Limitations and Recommendations

This study has three main limitations: (1) limited number of observations (16 years), (2) potential multicollinearity among variables, and (3) failure to consider relevant macroeconomic or qualitative factors. Therefore, for future research, it is recommended to:

1. Use data with higher frequency (monthly/quarterly).
2. Adding control variables such as inflation, interest rates, or the number of Islamic investors.
3. Conducting comparative studies between countries or between types of mutual funds.
4. Combining quantitative and qualitative approaches to gain a deeper understanding of market behavior and the preferences of Islamic investors.

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