

# Herding Behaviour of Syariah Banks Stocks in Indonesia

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## ABSTRACT

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Herding behavior is deemed as anomaly in the capital market. This behavior indicates a group of investors that might not be confidence enough in their investment performance that led them to mimic other investors' strategy of investments. In this regard, herding behavior is then considered as irrational action in which the investors are not able to utilize the available information and further use it to achieve the expected capital gain. The investors are reactive and most likely sensitive to rumors than valid information available to public. As this rumor is widely spread among investors, the related corporate news tends to drive them in making either buying or selling actions without any fundamental considerations. Pervious studies in this theme of study have proven the herding behavior in conventional approach. However, not many studies consider to put religion comprehension. Thus, we position religion comprehension as a mediating factor in investigating the relationship between our main variable of interests. The outcome of empirical study indicates that (i) there is a positive relationship between stock return and herding behavior in syariah banks, (ii) Trading volume and herding behavior at Islamic Banks in Indonesia are positively related; (iii) The level of religion comprehension and herding behavior at Islamic Banks in Indonesia is also positively related. However, even though all the variables studied show a positive relationship, the same relationship pattern does not apply if the intervening variable is included in the form of a mediation model. Thus, it can be inferenced that the level of religion comprehension (haj quota) cannot mediate the relationship among main variable of interests.

**Keywords:** Herding behaviour, Return, Trading volume, religion comprehension