

CHAPTER V

RESEARCH FINDINGS AND DISCUSSION

5.1. Research Description

The research aims to analyze factors affecting the growth value of mutual fund in Indonesia. The factors that affect the growth value of mutual fund in Indonesia that are examined in this research consist of interest rate Bank Indonesia certificate, gross domestic product, exchange rate and mutual fund investor.

The type of data being observed and examined in this research are time series data. The data used in this research are quarterly data since 1996:2 until 2003:3. It cover the value of managed fund in mutual fund which represents the growth of mutual fund in Indonesia (GMF), interest rate of Bank Indonesia certificate (R), exchange rate of US \$ to Rupiah (ER) and the number of mutual fund investor (MFI).

The data used in this research can be shown in the table 5.1 below:

Table 5.1
Research Data

Year	GMF	R	GDP	ER	MFI
1996:2	321533.2	14.74	100634.7	2342	1411
1996:3	801496.8	14.02	106561.9	2340	1634
1996:4	2782322.	13.99	108726.3	2383	2441
1997:1	5016010.	11.07	105261.1	2419	5624
1997:2	7260594.	10.05	105867.1	2450	9627
1997:3	6598817.	22.00	112212.7	3275	20603
1997:4	4916605.	20.00	109905.0	4650	20234
1998:1	4035786.	27.75	100535.7	8325	20618
1998:2	3162424.	58.00	91741.90	14900	19938
1998:3	2782570.	68.76	94258.10	10700	14860
1998:4	2992171.	38.44	89839.10	8025	15482
1999:1	3057535.	37.84	94371.10	8685	15708
1999:2	3447027.	22.05	93387.90	6726	16503
1999:3	3608375.	13.02	96939.90	8386	19020
1999:4	4974105.	12.51	94653.60	7100	24127
2000:1	5175736.	11.03	98244.50	7590	29298
2000:2	5442116.	11.74	98191.90	8735	32735
2000:3	5422461.	13.62	100862.9	8780	35841
2000:4	5515954.	14.53	100717.5	9595	39487
2001:1	5975984.	15.58	102189.9	10400	42518
2001:2	5922501.	16.65	102318.0	11400	44179
2001:3	6208595.	17.57	104746.0	9675	47335
2001:4	8003770.	17.62	102437.0	10400	51723
2002:1	13889589	16.76	104917.3	9655	63083
2002:2	178888636	15.11	106277.7	8730	69749
2002:3	35691198	13.22	109199.6	9015	94619
2002:4	46613833	12.93	106345.9	8940	125820
2003:1	58376756	11.4	108461.4	8908	154936
2003:2	68350805	9.53	110259.4	8282	178053
2003:3	85831864	8.66	113492.1	8389	179356

Note:

- GMF : The Growth of Mutual Fund in Indonesia (Millions Rupiah)
R : The Interest Rate of Bank Indonesia's Certificates (%)
GDP : The Value of Indonesia's Gross Domestic Products (Billions Rupiah)
ER : The Exchange Rate of US\$ (Rupiah)
MFI : The number of Mutual Fund Investor.

5.2. Research Findings

5.2.1. Regression Results Analysis

The first step to analyze the data is by regressing the data with the assistance of the supported computer package that is competent and representative with the research. The writer uses Eviews 3.0 computer program in order to make the data estimation easier. Beside, Eviews 3.0 computer program helps the writer avoiding the computation error.

The reason of choosing the log linear model in this research is caused by a better estimation result given by log linear compared to the linear model. Besides, the writer also employs the MWD (McKinnon, White, Davidson) Test to choose the best model for this research. The MWD test suggests regressing both log linear model and linear model. After getting the result of estimation, the decision to choose the best model is shown by the value of Z provided through MWD test.

The result of regression by using Eviews 3.0 program is as follows:

Dependent Variable: LOG(GMF)
 Method: Least Squares
 Date: 06/16/04 Time: 17:41
 Sample: 1996:2 2003:3
 Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.768261	37.80641	-0.231925	0.8185
LOG(R)	0.177509	0.303128	0.585588	0.5634
LOG(GDP)	1.829876	3.108712	0.588628	0.5614
LOG(ER)	-1.159914	0.577212	-2.009513	0.0554
LOG(MFI)	1.297420	0.244946	5.296751	0.0000
R-squared	0.843989	Mean dependent var		15.77678
Adjusted R-squared	0.819027	S.D. dependent var		1.352955
S.E. of regression	0.575559	Akaike info criterion		1.884061
Sum squared resid	8.281701	Schwarz criterion		2.117594
Log likelihood	-23.26092	F-statistic		33.81133
Durbin-Watson stat	1.502499	Prob(F-statistic)		0.000000

Based on the result of regression, the writer gets the estimation equation for the growth of mutual fund in Indonesia, that is:

$$\text{LOG GMF} = -8.7682615 + 0.1775085054 \text{ LOG R} + 1.829875891 \text{ LOG GDP} - 1.159913871 \text{ LOG ER} + 1.297420347 \text{ LOG MFI} + u$$

Where:

GMF : Growth of Mutual Fund (Million Rp.)

R : Interest Rate of Bank Indonesia Certificate (%)

GDP : Gross Domestic Product (Billions Rp.)

ER : Exchange Rate of US\$ to Rupiah (Rupiah)

MFI : Mutual Fund Investor (Investor)

5.2.2. Statistical Result Analysis

5.2.2.1. Constant or Intercept

The constant value is -8.768261 indicating that the average level of Growth of Mutual Fund in Indonesia is -8.768261 when other variable is zero. The sign is negative, meaning that the Growth of Mutual Fund in Indonesia tends to decrease, keep other variables constant.

5.2.2.2. T Test

The t test is done to test the independent variables individually by t statistic. From the regression result gathered the value of computed t value for each independent variable which will be compared to the value of t table. The way to find the value of t table is:

$$t \text{ table} = t_{\alpha \text{ df } (n-k)}$$

α : the level of significance

df : degree of freedom

n : the number of data

k : the number of parameter

This research estimates the t table with α 0.05 and df (30-5) that is 25. From the table found that the value of t table is 1.708.

If the value of t-statistic or computed t value $>$ t table value; the independent variables impact the dependent variable significantly. Likewise, if the computed t value $<$ t table value; the independent variables do not significantly impact the dependent variable.

From the regression result, the computed t value for each independent variables are found and shown in the following table 5.2:

Table 5.2
The Comparison Value of t-statistic and t-table

Variable	t-statistic	α	t-table	Result
R	0.585588	5%	1.708	Insignificant
GDP	0.588628	5%	1.708	Insignificant
ER	-2.009513	5%	-1.708	Significant
MFI	5.296751	5%	1.708	Significant

5.2.2.2.1. T – Test of Interest Rate of Bank Indonesia

Certificate (R)

$$H_0 : \beta_1 > 0$$

$$H_a : \beta_1 < 0$$

The value of computed value is 0.585588.

The value of t table with α 5% and df 25 is 1.708.

Since the value of computed t value is smaller than the t table, the H_a is rejected or H_0 is accepted

statistically. It means that the Interest Rate of Bank Indonesia Certificate does not impact the growth of mutual fund in Indonesia significantly.

5.2.2.2.2. T – Test of Gross Domestic Product (GDP)

$$H_0 : \beta_1 > 0$$

$$H_a : \beta_1 < 0$$

The value of computed t value is 0.588628.

The value of t table with α 5% and df 25 is 1.708

Since the value of computed t value is smaller than the t table, the H_a is rejected or H_0 is accepted statistically. It means that the Gross Domestic Product does not impact the growth of mutual fund in Indonesia significantly.

5.2.2.2.3. T – Test of Exchange Rate (ER)

$$H_0 : \beta_1 > 0$$

$$H_a : \beta_1 < 0$$

The value of computed t value is -2.009513.

The value of t table with α 5% and df 25 is -1.708

Since the value of computed t value is bigger than the t table, the H_0 is rejected statistically. It means that the Exchange Rate of US\$ to Rupiah have a

negative impact on the growth of mutual fund in Indonesia significantly.

5.2.2.2.4. T – Test of Mutual Fund Investor (MFI)

$$H_0 : \beta_1 > 0$$

$$H_a : \beta_1 < 0$$

The value of computed t value is 5.296751.

The value of t table with α 5% and df 25 is 1.708

Since the value of computed t value is bigger than the t table, the H_0 is rejected statistically. It means that the mutual fund investor have a positive affect on the growth of mutual fund in Indonesia significantly.

5.2.2.3. F Test

This test is used to detect the correlation between dependent variable and independent variables jointly. The testing of F test is the same as the testing for t test. Hypothesis is formulated as follows:

$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$: hence the independent variables do not affect the dependent variable jointly.

$H_1 : \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$: hence the independent variables affect the dependent variable together.

The decision will be made with the parameter (α) 5% based on the following rules:

- a. When the value of computed $F < F$ table value, the decision is accepting H_0 . In this case the independent variables jointly do not impact on dependent variable significantly.
- b. When the value of computed $F > F$ table value, the decision is rejecting H_0 . In this case the independent variables jointly impacts on dependent variable significantly.

The way to run the F test is similar to t test in terms of comparing the value of computed value and table value. First thing to do is looking at the value of F table in the statistical table. The way to find the F table is by getting the degree of freedom for numerator ($k-1$) and degree of freedom for denominator ($n-k$).

With the level of α 5%, degree of freedom for numerator 4 (5-1) and the degree of freedom for denominator 25 (30-5), it is found that the value of F table for $F_{(4,25)}$, is 2.78. Meanwhile the value of computed F value from the regression result is 33.81133. Since the value of computed F value is greater than the value of F table, it can be concluded that the independent variables impact on the dependent variable jointly. In other words, the Interest

Rate of Bank Indonesia Certificate, Gross Domestic Product, Exchange Rate and the Mutual Fund Investor impact jointly and significantly on the growth of mutual fund in Indonesia.

5.2.3. Goodness of Fit (R^2)

From the regression run by the writer, the resulted the value of coefficient determination (R^2) is 0.843989. This value shows a relative high measure for independent variables to explain its impact on dependent variable in the model. It means that the variation of the dependent variable can be explained by the independent variables about 84.3989%, while the rest 15.6011% are explained by factors outside the model.

5.2.4. Classical Assumption

5.2.4.1. Multicollinearity

In this research, the detection of multicollinearity is done by watching and comparing the correlation among independent variables shown in the following table 5.3

Table 5.3
Multicollinearity Test

VARIABLE	LOG (R)	LOG (GDP)	LOG (ER)	LOG (MFI)
LOG (R)	1.000000	-0.606931	0.303835	-0.212877
LOG (GDP)	-0.606931	1.000000	-0.349523	0.253021
LOG (ER)	0.303835	-0.349523	1.000000	0.738151
LOG (MFI)	-0.212877	0.253021	0.738151	1.000000

Source: Appendix

From the table 5.3 above, it is clearly shown that the values of correlation among independent variables are relatively low. The correlation method states that when the correlation is $r < 0.8$ it may be said that there is no multicollinearity in the model. Therefore, based on the correlation matrix the writer concludes that the model of this research does not involve multicollinearity.

5.2.4.2. Autocorrelation

The tool of analysis used to detect autocorrelation in this research is using LM (Lagrange Multiplier) test. The result of LM test is shown below:

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.897543	Probability	0.421372
Obs*R-squared	2.171906	Probability	0.337580

Test Equation:

Dependent Variable: RESID

Method: Least Squares

Date: 06/17/04 Time: 14:02

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.625175	44.43709	-0.014069	0.9889
LOG(R)	-0.018557	0.310721	-0.059724	0.9529
LOG(GDP)	0.047040	3.616122	0.013003	0.9897
LOG(ER)	0.027805	0.752035	0.036972	0.9708
LOG(MFI)	-0.010799	0.316127	-0.034161	0.9730
RESID(-1)	0.266582	0.214651	1.241927	0.2268
RESID(-2)	-0.136531	0.258957	-0.527234	0.6031
R-squared	0.072397	Mean dependent var	1.40E-15	
Adjusted R-squared	-0.169587	S.D. dependent var	0.534393	
S.E. of regression	0.577932	Akaike info criterion	1.942243	
Sum squared resid	7.682132	Schwarz criterion	2.269189	

Log likelihood	-22.13365	F-statistic	0.299181
Durbin-Watson stat	2.027246	Prob(F-statistic)	0.930929

The guidance of decision whether there is autocorrelation or not in the model is by watching and comparing the value of χ^2 computed (Obs*R-square) and χ^2 table. When the value of χ^2 computed is greater than χ^2 table with α 5%, the hypothesis that stating that there is no autocorrelation in the model is rejected, and vice versa.

From the LM test it is found that the value of χ^2 computed is 2.171906 which is smaller than the value of χ^2 Table; in other words; there is no autocorrelation in the model because the value of χ^2 computed is smaller than the value of χ^2 table.

Table 5.4
The Comparison Value of χ^2 computed and χ^2 table

χ^2 computed	χ^2 table	Decision
2.171906	5.99147	No Autocorrelation

5.2.4.3. Heterocedasticity

The result of Park test to detect the autocorrelation in this research is shown below:

Dependent Variable: LRES12
 Method: Least Squares
 Date: 06/17/04 Time: 07:44
 Sample: 1996:2 2003:3
 Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-49.31605	58.85406	-0.837938	0.4100
LOG(R)	0.236135	0.471887	0.500406	0.6212
LOG(GDP)	4.187978	4.839399	0.865392	0.3951
LOG(ER)	0.081109	0.898558	0.090265	0.9288
LOG(MFI)	-0.009988	0.381313	-0.026195	0.9793
R-squared	0.054710	Mean dependent var	0.276057	
Adjusted R-squared	-0.096536	S.D. dependent var	0.855636	
S.E. of regression	0.895985	Akaike info criterion	2.769226	
Sum squared resid	20.06973	Schwarz criterion	3.002759	
Log likelihood	-36.53838	F-statistic	0.361729	
Durbin-Watson stat	2.266813	Prob(F-statistic)	0.833437	

Based on the regression of residual value toward the independent variables by using Park test; the writer gets the result in the following table:

Table 5.5
The Comparison Value of t-statistic and t-table

Variable	t-statistic	t-table
R	0.500406	1.708
GDP	0.865392	1.708
ER	0.090265	1.708
MFI	-0.026195	-1.708

The table above shows that all the t-statistic of those independent variables are smaller than the t-table, it means that all the t-statistic are insignificant. In other words, there is no heteroscedasticity in the model of this research.

5.3. Research Discussion

The discussion in this part is meant to have a deep and advanced discussion related to the model.

5.3.1. Interest Rate

Based on the statistical test, the interest rate of Bank Indonesia Certificate (R) impacts on the growth of mutual fund (GMF) in Indonesia since 1996:2 until 2003:3 positively. It is shown by that value of coefficient 0.177509. This statistical test result is contradicted to the previous hypothesis which stated that the interest rate of Bank Indonesia certificate has a negative effect on the growth of mutual fund in Indonesia.

Previously the writer made the hypothesis that states interest rate of Bank Indonesia certificate has a negative relationship with the growth of mutual fund in Indonesia. It means that an increase of interest rate of Bank Indonesia certificate will decrease the growth of mutual fund in Indonesia. It also happens in the contrary.

The statistical test expresses that the relationship between interest rate of Bank Indonesia certificate and growth of mutual fund in Indonesia

is positive. It is proved with the coefficient value of interest rate of Bank Indonesia certificate variable 0.177509. This coefficient value means that an increase of interest rate of Bank Indonesia certificate as much as 1% also increase the growth value of mutual fund in Indonesia by 0.177509%. In other words, an increase of interest rate Bank Indonesia certificates that impact on the increase of deposit interest rate in the banks; does not make investors shift their fund to be invested in the banks.

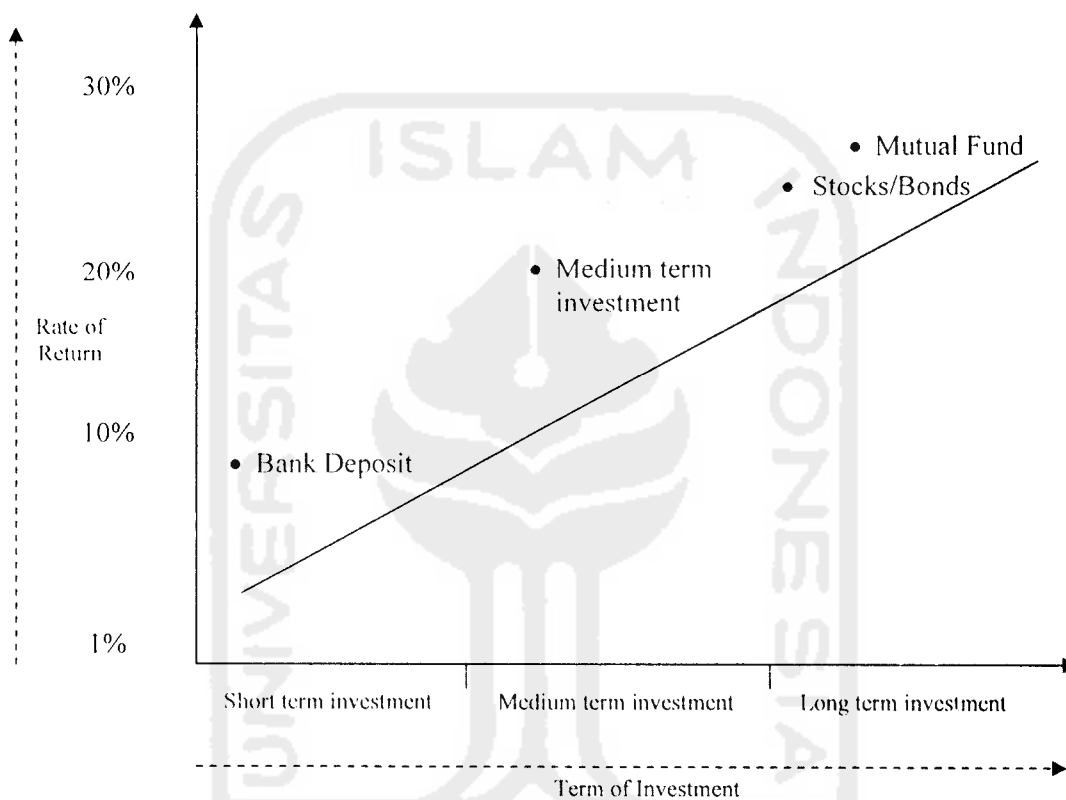
The contradiction between the previous hypothesis and statistical test result can be explained as a special and interesting discussion in this research. An increase of interest rate does not give a negative sentiment for people to invest their fund in mutual fund. Even though the interest rate increases, investors do not shift their fund to be invested in other investment vehicles. It does not lower investor's interest to invest their fund in mutual fund as their investment vehicle.

This phenomenon happens caused by the return that is more profitable and still promising offered by mutual fund as investment vehicle. Many investors still invest and trust their fund to be managed by a fund manager to result in higher profit. Boentoro (2003:75) states that the rate of return earned by investors is higher than return offered by bank deposit. It is caused by mutual fund portfolio dominantly invested in fixed income securities. This kind of portfolio is more profitable when the trend of interest rate of Bank Indonesia certificate tends to decrease.

Another opinion that supports the offered higher return of mutual fund comes from Dr. Agus Sugiarto, a senior researcher of Bank Indonesia. He argues that most investors are interested to invest their money in mutual fund because of mutual fund ability to result in higher benefit structurally. As comparison, the interest rate of one year bank deposit gives 8% - 11.5% excluding the deposit tax at amount of 20%, but mutual fund still offers higher return. *Trimegah Dana Tetap* for example, gives rate of return 17% and also *BNI Dana Berbunga Dua Besar* results in 17.45%. Both rates of return are net return or including income tax (Sugiarto, 2003c: 3).

Mutual fund as long term investment vehicle has a different characteristic compared to other investment vehicles. Mutual fund basically results in higher rate of return compared to other short term investment. The higher of rate of return is proper with the mutual fund's characteristic as long term investment to cover risks volatility in the future. In investment field, the higher risks is covered by the higher rate of return which is also offered by mutual fund. The following graph illustrates and shows the return offered by mutual fund as a long term investment vehicle (Sugiarto, 2003c: 4):

Graph 5.1
The Comparison between Rate of Return of Mutual Fund
to other Investment Vehicles



Beside that the writer includes the comparison rate of return among mutual fund, Bank Indonesia Certificates and Bank Deposit which is described in table 5.6. Table 5.6 describes the rate of return offered by mutual fund during the research years. The return rate of mutual fund in table 5.6 is represented by the rate of return of Melati Reksadana of Dana Reksa. The return of mutual fund is higher than the interest rate of Bank

Indonesia Certificate and Bank Time Deposit relatively. It means that investment in mutual fund is still profitable for investors.

Table 5.6
The Comparison Among Rate of Return of Mutual Fund to Interest Rate of Bank Indonesia Certificate Interest Rate of Bank Time Deposit

Year	Return Rate of Mutual Fund ¹ (%)	Interest Rate of 3 Months Bank Indonesia Certificates (%)	Interest Rate of Bank Deposits ² (%)
1997	0.35	20.00	19.88
1998	2.62	38.44	48.69
1999	76.48	12.51	13.19
2000	21.74	14.53	13.33
2001	18.07	17.62	17.47
2002	22.34	12.93	13.65
2003	11.00	8.66 (Sept.) ³	7.11

Note: ¹ The data is issued by Dana Reksa taken from Bisnis Indonesia Daily Newspaper

² The data is taken from official website of Bank Indonesia.

³ The data is represented by September 2003.

The insignificant impact of interest rate on mutual fund growth is caused by the tendency of investors to invest their fund in mutual fund as a long term investment which results in higher return and it is managed professionally. Furthermore, many investors have preference to invest their fund in mutual fund also caused by the special tax treatment on mutual fund in terms of tax free for mutual fund compared to 20% final tax on bank deposit.

The factor of tax treatment has a significant effect on the growth of mutual fund. The following table illustrates the rapid growth of mutual fund compared to bank deposit (Sugiarto, 2003c: 1). The tax burden on

bank deposit becomes barrier for banks to absorb fund from society like what the mutual fund has mobilized fund from society rapidly. Table 5.7 clearly shows that the growth of bank deposit is stable and does not grow significantly since January 2002 until June 2003. The growth even tends to decrease during the last five months in 2003.

Table 5.7
The Growth of Mutual Fund and Deposit
2003 – June 2003

Month	Deposit (in quintillion Rp)		Mutual Fund (in quintillion Rp)	
	2002	2003	2002	2003
January	448.20	449.75	8.53	50.99
February	447.40	454.54	11.54	54.65
March	446.80	454.10	13.89	58.38
April	441.90	453.11	14.80	61.25
May	448.20	446.43	17.37	63.36
June	443.40	443.18	17.89	68.35
July	448.90		24.59	
August	457.60		29.93	
September	452.90		35.69	
October	451.10		40.98	
November	441.00		44.34	
December	446.20		46.61	

Source: Sugiarto, 2003c: 1

Table 5.7 also shows the contradictive growth of mutual fund compared to bank deposit. The tax imposing dispensation has a positive sentiment and impacts on mutual fund growth. Mutual fund grows rapidly since January 2002 until June 2003 as much as 701%. The data clearly expresses the significant effect of tax dispensation imposed on mutual fund growth.

5.3.2. Gross Domestic Product

One of variables that also impacts on the growth of mutual fund in Indonesia is gross domestic product (GDP). Previously the writer made hypothesis of relationship between gross domestic product and mutual fund growth in Indonesia which is stated positive. It means that an increase of gross domestic product will increase the growth value of mutual fund in Indonesia.

According to statistical test, the coefficient value of gross domestic product variable is 1.829876. This value represents that when GDP increase by 1%, the growth of value of mutual fund in Indonesia also increase by 1.829876%. It agrees with the previous hypothesis in this research about the positive relationship between both variables gross domestic product and growth of mutual fund in Indonesia.

GDP represents the welfare of community in a country. The higher the number of a country's GDP, the richer the community in that country. The richer the community in a country, the more the fund they invest in various investment vehicles including in mutual fund. When community in a country has more income, automatically they have more funds to be allocated for saving or investment; beside fulfilling their basic and daily needs.

The case of GDP factors that have positive relationship to mutual fund growth in this research can also be explained in the same way. The

growth of mutual fund in Indonesia is caused by the higher income of its community relatively. Many people have extra money to be invested in mutual fund investment vehicle. That is the reason why mutual fund growth value tends to increase.

Meanwhile, the insignificant effect of GDP on the growth value of mutual fund is caused by the information of mutual fund as investment vehicle in Indonesia which is still low. People are only familiar with others investment vehicles such as bank deposit. The information of mutual fund in Indonesia does not broadly touch the society of Indonesia. That is the reason why the GDP has insignificant effect on mutual fund growth in Indonesia. The marketing of mutual fund products during the years is dominantly done by banks that have mutual agreement to be agents of sales (Sugiarto, 2003a: 2). The promotion of mutual fund that is done during the years keeps insignificant to attract people. The public education about investment in mutual fund does not spread in all level of society. There are only small numbers of people who know the existence of mutual fund as investment vehicle.

5.3.3. Exchange Rate

In this research the writer included Exchange Rate (ER) as one of factors affecting the growth of mutual fund in Indonesia. The hypothesis for this variable is that exchange rate impacts on the growth of mutual fund negatively. It means that an increase of exchange rate US\$ toward

Rupiah will decrease the value of mutual fund in Indonesia. In other words, both variable exchange rate and mutual fund growth have a negative relationship.

The statistical test supports hypothesis correctly. The resulted coefficient from regression for exchange rate variable is -1.159914. The value shows the impact of exchange rate on the growth of mutual fund in Indonesia. When the exchange rate increases by 1%, the growth value of mutual fund decreases by 1.159914%. This statistical result is fit with the previous hypothesis stating a negative relationship between exchange rate and growth of mutual fund in Indonesia.

The statistical result for the exchange rate that shows the negative impact on the growth value of mutual fund in Indonesia can be supported by some reason related to the economic perspective. When the exchange rate of US\$ appreciates toward Rupiah, generally the company will experience extra operation cost in which the output are mostly imported from abroad. This operation cost automatically decreases the profit of company.

When a company earns low profit, the possibility of the company to share its profit as dividend to the shareholders is small. This phenomenon should be concerned by investors when they want to invest their fund in capital market specifically in mutual fund as indirect investment in capital market.

Besides, an increase of US\$ exchange rate toward Rupiah moves investors to shift their money in form of US\$. They prefer to invest their money in US\$ that results in higher return for them. That is the reason why exchange rate has a negative relationship to the growth of mutual fund in Indonesia.

5.3.4. Mutual Fund Investor

The hypothesis for mutual fund investor made by the writer is that there is a positive relationship between mutual fund investor and the growth of mutual fund. It means that when the number of mutual fund investor increases, the growth value of mutual fund in Indonesia also increases.

The hypothesis is corrected and supported by the value of coefficient for mutual fund investor variable as much as 1.297420. It means that when the number of investor increases by 1% the growth value of mutual fund in Indonesia also increases by 1.297420%.

Actually the statistical test clearly explains the logical thinking behind the hypothesis. The more the quantity of investors who invest their fund in mutual fund, the higher the number of fund managed or invested in mutual fund which represents the growth value of mutual fund in Indonesia.