
Increasing Financial Literacy through Investment and Capital Market Counseling

Chelly Aprilia Wardhani¹, Auliasmin Auliasmin²

Universitas Negeri Semarang, Indonesia

Email: chellywardhani@gmail.com

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Abstract

The level of literacy and financial inclusion of Indonesian society is still very low. This is evident from the number of Indonesian people who still do not understand how to manage the finances well, do not understand the existing financial instruments, as well as the number of Indonesian people who are trapped in the investment bodong. Unfortunately, knowledge about finances is not taught in formal education. Self-investment can be accessed through one of the capital markets. Therefore, we provide counseling about investments and capital markets in high school level students in Blimbingrejo village, Jepara Regency to provide financial knowledge as early as possible. The goal is to open widest access to the community to be able to invest directly. The method of activities conducted in the form of awareness or enhancement of capital market investment in Blimbingrejo village. The results of this activity are increased understanding and knowledge of investment students in Blimbingrejo village. Its conclusion is that the investment counseling and capital market to the students of middle school level is expected to increase the financial knowledge of the community of Blimbingrejo village, while opening the access to investment directly from the self.

Keywords: *financial, investment, capital market*

INTRODUCTION

Money is one of the things that can never be separated from everyday life (Nirawati et al., 2022). Therefore, good financial management is needed for each individual in order to meet short-term and long-term needs (Muhamad Baedowi, Arsy Anjani, M. Gilfon Sumbara, 2023). Wrong financial management can have a big impact in the long run (Alamsyah, 2020). As future primary needs such as education costs will continue to increase, so will unexpected needs such as healthcare costs that can be needed at any time in an unknown time (Mitchell et al., 2019). In addition, there are also costs after retirement where it is no longer productive but needs still have to be met (Sabirinth, 2019). But in Indonesia itself there are still many people who do not have the ability to manage personal finances (Aulianingrum, Rarasati Dewi, 2021). This is reflected in the many Indonesians who are not aware of the importance of investing, even from those who cannot distinguish between saving and investing (Nosita & Lestari, 2019).

Events such as being deceived by fraudulent investments also very often occur not only in big cities but also occur in the regions (Baiq Fitri Arianti & Khoirunnisa Azzahra, 2020). This happens because of the lack of knowledge about good financial management (Ikbali et al., 2020). In April 2019, the Task Force (Satgas) Alert for Illegal Investment formed by the Financial Services Authority reported that in the last two years of 2017 there had been 1,033 investment companies from businesses *Peer-to-peer lending* which is illegal. Even the loss on the fraudulent investment has reached Rp 88 trillion (Aulianingrum, Rarasati Dewi, 2021). According to a survey from the Financial Services Authority (OJK) in 2016, the level of financial literacy and inclusion of the Indonesian people is still very low (Nurfalah & Rusydiana, 2019). The financial literacy rate of the Indonesian people has only reached 29.7%, while the financial inclusion rate has reached 67.8%. The data shows the low knowledge of the Indonesian people about finance. Because knowledge about finance itself is not taught in formal education. Only taught at the college level in certain courses of study.

In fact, even those who obtain economics courses cannot understand financial management practically. In fact, knowledge about management should be taught from an early age, not only in theory but also practically so that it can be implemented properly. For this reason, we provide counseling on investment and capital markets in Blimbingrejo Village, Jepara Regency as one of the steps to increase financial literacy. We focus on investment because of the rampant fraud that occurs in the midst of society. In addition, investment itself is one way of financial management that has more benefits than saving, financial management that has been widely understood by people today (Renata Hutasoit, Zubaedah Fahmi, Gabriella Buulolo, 2020). Investment itself is not only beneficial for individuals, but has a macro impact, namely for the country (Widarni & Bawono, 2021). Investment itself consists of many instruments, from land, luxury goods, to capital markets (Haila, A. 2021).

In this extension activity, we focus our investment on the capital market. Because in addition to ease of access, the capital market is also minimal in cost and has been well regulated by the Financial Services Authority. In addition, we also want to increase literacy and inclusion regarding the capital market in the community, considering that the capital market itself is a financial product with the lowest level of literacy and inclusion compared to other financial products. According to a survey by the Financial Services Authority in 2016, Indonesia's capital market literacy is only 4.40% while the inclusion rate is only 1.25% (Dasra Viana et al., 2021). In this activity at the same time we want to spread the benefits of investment and correct negative public assumptions about investment. Where investing is often considered difficult, not easily accessible, requires a lot of funds, is not safe, and is forbidden (Hanafi, 2023).

This counseling is intended for junior high school students in Blimbingrejo Village, Nalumsari District, Jepara Regency, more precisely class XI MTs Muhammadiyah and Muhammadiyah Junior High School students. This activity is targeted at junior high school students because we want to provide financial knowledge as early as possible. In addition, junior high school students are children who have a high curiosity about other knowledge outside of formal education, as well as their lives that are very close to the digital world. It also wants to give an example that investing can be started from a young age, and does not require large funds. From this counseling activity, it is expected to increase knowledge about good financial management, increase investment awareness, and reduce the level of fraud on fraudulent investments in the community. We also provide socialization on practical investment procedures. The goal is to open the widest possible access for the community to be able to invest directly

METHOD

This investment and capital market counseling activity was carried out at MTs Muhammadiyah on Tuesday, July 23, 2019, and SMP Muhammadiyah on Wednesday, July 24, 2019 in Blimbingrejo Village, Nalumsari District, Jepara Regency. The participants of this counseling were class XI students totaling

105 children, 80 children in MTs Muhammadiyah and 25 children in SMP Muhammadiyah. The method of activities carried out is in the form of awareness / increase in capital market investment in Blimbingrejo Village. Here we provide an explanation of the importance of investing from an early age, ways to avoid fraudulent investment, introducing capital market investment products, providing guidance on the right investment procedures, and introducing the capital market *platform* practically.

DISCUSSION

This counseling activity provides an explanation of the importance of investing early, how to identify fraudulent investments, and introduce capital market investment products. Investing is actually different from saving. Where saving yourself can be interpreted as a medium to save money, while investing yourself means giving up current funds to get profits in the future. This makes investment more efficient and effective for preparing long-term funds. With investment we can fight inflation, the real enemy of money. Inflation itself is where the prices of necessities continue to increase and cause the value of the currency to decrease. By investing money we actually continue to grow along with the productivity done with the money we invest.

There are many types of investment itself. From real wealth investments such as apartments, shophouses, and houses. Then commodity investment, which is investment in the form of goods or other types such as palm oil, coffee, and others (Shahza et al., 2021). And the last is financial investment, which is a type of investment made through securities in the capital market (Bera et al., 2019). These securities are issued by companies and by the government. In this counseling we focus on the capital market. The capital market itself is a market where parties who have excess funds (investors) meet and those who need funds (Halimatusyadiyah, 2020). Instruments sold in the capital market include stocks, bonds, and mutual funds. Shares are ownership letters of a company (Kiattikulwattana, 2019). Bonds are debt securities (Zhang & Jia, 2022). While mutual funds themselves are a forum for financial management carried out by investment managers which later the money will be processed in stock, bond, and money market instruments such as deposits (Berk et al., 2020).

We give examples on stock instruments. Considering that compared to other instruments, stocks are the most accessible instruments. From the ease of transactions, to the funds needed are not large and are very suitable for teenagers who want to invest. In this session, we give an explanation with the theme "Stocks Around Us". This will make it easier for participants to understand that actually all goods and services that we use in everyday life can be purchased ownership easily.

The profit from the shares themselves can be in the form of *capital gains*, namely selling value that is higher than the purchase value. Investors can also benefit in the form of dividends, which are the company's net profit distributed to its owners at the end of the annual period. In addition, we also introduce a capital market platform so that participants can understand how to implement investment knowledge. We invite participants to simulate investment practices in the capital market, in this case buying and selling shares through Phintraco Sekuritas' simulated trading account. The participants are given the freedom to buy any stock. Most of them already understand company stocks, considering that the company's products are often found in everyday life. This practice simulation is also an explanation that safe investing is very easy and cheap, and can be done anywhere and anytime.

In addition to aiming to increase awareness of young people investing, we also look at events that often occur recently in the midst of society. That is the rampant fraud of fraudulent investments. Therefore, we also provide tips on investing safely. Often people are deceived by fraudulent investments because they are tempted by large investment returns, and without risk. This kind of investment is precisely what needs to be suspected. Almost all investments have risks. Even in economics, there is a term that reads '*high risk high return*' which means something that has high risk can provide high returns as well. For example, in stocks, the risk that may occur is the existence of *capital loss*, namely a selling price that is lower than the purchase price. In addition, there is also the risk of liquidation where the company goes bankrupt and liquidates all its assets. All these risks must always exist, but can be avoided with adequate investment knowledge.

Next is related to institutions. In Indonesia, the body that supervises and simultaneously acts as a regulator in the financial sector is the Financial Services Authority (OJK). Make sure you invest money in institutions that have been registered and supervised by the Financial Services Authority. The institution must also be under the auspices of a clear SRO (*Self Regulatory Organisation*). The capital market itself is under the auspices of IDX / IDX (Indonesia Stock Exchange), as well as other SROs, namely KPEI (Indonesian Securities Guarantee Clearing) and KSEI (Indonesian Central Securities Depository). In addition, the capital market is also supervised by the Financial Services Authority. Everything related to transactions in the capital market also runs very transparently for its customers. After delivering the material, we gave a question and answer session and reviewed the material that had

been submitted. We also open sessions so that participants can channel opinions and a little game to introduce various kinds of stock products around us that can be used as a means of investment.

This investment awareness activity is certainly not easy because it is related to the *mindset* and culture that has been attached to the community. But the enthusiasm of the participants to learn about this financial knowledge can be a boost for us. The situation of Blimbingrejo Village itself, which is actually quite advanced and already understands digital technology, makes it very easy for us to deliver material. In addition, the presence of Phintraco Sekuritas who provides simulated trading accounts makes it very easy for us to teach practical investing. At the end of the session, we conducted a *post-test* for the participants to measure their level of understanding of the material presented. Most participants were able to answer the questions given, although in some chapters especially with regard to economic terms the term had a little difficulty.

CONCLUSION

This investment and capital market counseling activity was carried out in Blimbingrejo Village, Nalumsari District, Jepara Regency. This activity is held in order to improve financial literacy and inclusion as early as possible. This activity also aims to make the public aware of the importance of investment as early as possible and learn the types of fraudulent investments. Where this fraudulent investment is an event that is quite prevalent in the midst of society. This activity was supported by the enthusiasm of the students participating in the counseling and the situation of Blimbingrejo Village itself which is very open and has enough to understand about the digital world. The obstacle from this activity is the less conducive counseling place and how we try to change *their mindset* regarding financial management.

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