



THE LEVEL OF UNDERSTANDING OF THE PEOPLE OF PARI CITY VILLAGE, PANTAI CERMIN DISTRICT, SERDANG BEDAGAI REGENCY ABOUT INVESTMENT LITERACY ON THE INDONESIA STOCK EXCHANGE

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ARTICLE INFO	ABSTRACT
Date received : 23 Oct 2022 Revision date : 22 Nov 2022 Date received : 27 Nov 2022	<i>The research was conducted to find out how the level of public understanding of investment literacy on the Indonesia Stock Exchange. The object of this study is the people of Pari City Village, Pantai Cermin District, Bedagai Regency. This research is a descriptive study presented in the form of tabulations and tables. The sample in this study was 30 respondents. The results of the study stated that the public's understanding of the location, access to information, products, profits and investment risks contained in the Indonesia Stock Exchange is still very low. It is necessary to socialize, educate and promote the benefits of making investments. If people understand the importance of investing, this will help the community in financial planning in the future. The Stock Exchange releases many products that can be the choice of the public to invest with financing that varies according to the ability of the community.</i>
Keywords: <i>Education on Literacy, Investment and Indonesia Stock Exchange</i>	

INTRODUCTION

The current economic conditions are growing rapidly, making people think about earning income outside of the salary or business owned by the community. This economic development is inseparable from the development of the capital market. The capital market is one of the alternative sources of funding for both the government and the private sector. Governments that need funds can issue bonds or debt securities and sell them to the public through the capital market. Likewise, the private sector, which in this case is a company that needs funds, can issue securities, either in the form of shares, bonds or sukuk and sell them to the public through the capital market that has been regulated by the Law, so that the public has investment. Investment is an investment activity, either directly or indirectly with the hope that, in time, the owner of the capital will get a certain amount of profit from the results of the investment (Putra et al., 2016). The rapid development of technology and information encourages changes in investment science to adapt to the latest conditions, so that the investment process to be carried out is very easy to understand by a wide audience.

(Otoritas Jasa Keuangan, 2020) defining that financial literacy is a series of processes or activities to increase the knowledge, skills and confidence of consumers and the wider community so that they are able to manage personal finances better. states that the vision of financial literacy (Otoritas Jasa Keuangan, 2020) is to realize an Indonesian society that has a high level of financial literacy so that people can choose and utilize financial products and services to improve welfare. The mission of financial literacy is to educate the Indonesian people in the field of finance in order to manage finances intelligently, increase access to information and the use of financial products and services through the development of infrastructure to support financial literacy. Financial literacy is the concept of understanding financial products and concepts



with the help of information and advice as the ability to identify and understand financial risks in order to make financial decisions appropriately (Wicaksono & Adiwibowo, 2017).

The level of financial literacy in Indonesia in 2022 as described by the National Survey on Financial Literacy and Inclusion (SNLIK) shows an increase in the index of people's financial literacy and inclusion. SNLIK results are expected to be the basis for OJK and all *stakeholders* in making policies, formulating strategies, and designing financial products/services that suit their needs. The SNLIK 2022 data collection process will be carried out from July to September 2022 in 34 provinces covering 76 cities/regencies with 14,634 respondents aged between 15 to 79 years old which was carried out using the face-to-face interview method and assisted by the Computer-Assisted Personal Interviewing (CAPI) system. OJK's efforts to further increase financial inclusion in the community include through Financial Inclusion Month (BIK) which aims to increase public understanding and use of financial products and/or services so as to encourage the achievement of the financial inclusion target of 90% by 2024 and to support the implementation of the national economic recovery program. Chairman of the OJK Board of Commissioners Mahendra Siregar on the same occasion hoped that BIK could strengthen consumer confidence in financial products and services, as well as open financial access for the banking, capital market, insurance, financing institutions, pawnshops, pension funds, fintech, and e-commerce sectors. Financial literacy and inclusion have an important and strategic role so that it is expected to be the right solution to accelerate the national economic recovery due to the Covid-19 pandemic. During the BIK implementation period in 2022, 2,538 activities were recorded with a total of 1,599,860 participants, with achievements of: (Teti Purwanti, 2022).

- a) Banking Industry : There were 2,037,105 new accounts.
- b) Capital Market Industry : 64,228 new securities account openings.
- c) Insurance Industry : 69,091 policy openings.
- d) Financing Industry : 5451,638 debtors.
- e) Pawnshop Industry : Opened 2,878,570 accounts.
- f) Intech Findustry : 1,501,709 account openings.

Financial literacy is a basic need for everyone to avoid financial problems. Financial difficulties are not only a function of income alone (low income), financial difficulties can also arise in case of errors in financial management (mismanagement) such as incorrect use of credit, and the absence of financial planning (Mendari & Kewal, 2013). Moreover, seeing the situation after the Covid-19 pandemic has a very negative impact on the world economy, especially in Indonesia, so that many people experience layoffs and have been laid off. With that, one of the alternatives in creating jobs and income for the community is through stock investment in the Indonesian Capital Market which is commonly referred to as the Indonesia Stock Exchange. The Indonesia Stock Exchange (IDX) or Indonesian Stock Exchange (IDX) is a capital market in Indonesia. The Indonesia Stock Exchange has an important role as a means for the public to invest, which is an alternative investment. For companies, the IDX helps companies to obtain additional capital by going public, namely offering shares or other securities carried out by issuers (companies that go public) to the public based on the procedures regulated by the Capital Market Law and its Implementing Regulations (B. Basir, 2005) in (Qoribulloh, 2013). The capital market is defined as a market for various long-term financial instruments that can be traded, either in the form of debt or own capital. Financial instruments traded in the capital market include stocks, bonds, warrants, rights, convertible bonds, and various derivative products (derivatives) such as options (put or call), (S. , Basir & Fakhruddin, 2005) in (Qoribulloh, 2013).

LITERATURE REVIEW

Literacy Education

The implementation of education in order to improve public finances is very necessary because based on a survey conducted by (Otoritas Jasa Keuangan, 2013), that the level of financial literacy of the Indonesian population is divided into four parts, namely: Well literate (21.84%), namely having knowledge and confidence about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, and having skills in using financial products and services.

- 1) Sufficient literate (75.69 %), have knowledge and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services.
- 2) Less literate (2.06 %), only have knowledge of financial services institutions, financial products and services.
- 3) Not literate (0.41%), do not have knowledge and confidence in financial service institutions and financial products and services, and do not have skills in using financial products and services.



Financial Literacy has long-term goals for all groups of people, namely:

- 1) Increase the literacy of a person who was previously less literate or not literate to become well literate;
- 2) Increase the number of users of financial products and services.

In order for the wider community to determine financial products and services that suit their needs, the public must correctly understand the benefits and risks, know the rights and obligations and believe that the selected financial products and services can improve people's welfare.

- 1) For the community, Financial Literacy provides great benefits, such as:
 - a. Able to choose and utilize financial products and services that suit your needs; have the ability to do financial planning better;
 - b. Avoid investment activities in unclear financial instruments;

Gain an understanding of the benefits and risks of financial products and services. Financial Literacy also provides great benefits for the financial services sector. Financial institutions and the community need each other so that the higher the level of Financial Literacy of the community, the more people will take advantage of financial products and services.

Investment

In the economic sector, the word investment is commonly used and is often interpreted as investing money in the hope of getting profits in the future. In the dictionary of Contemporary Indonesian, the word investment is clearly defined, that is, the investment of money or capital in a project or company with the aim of making a profit in the future (Mudjiyono, 2012). Investment is investment in one or more assets that are owned and have a long period of time in the hope of getting a profit in the future. The investment decision can be made by an individual or an entity that has excess funds (Sunariyah, 2011). Investment is a commitment to a certain amount of funds or other resources that are carried out at this time, with the aim of obtaining a certain amount of profit in the future. The term investment or investment is a known term, both in daily business activities and in the language of legislation. The term investment can relate to a wide variety of activities. Investing funds in the real sector (land, gold, machinery or buildings) as well as financial assets (deposits, stocks or bonds), is a common activity.

So, investment is a business that is carried out at the expense of a certain amount of funds used to invest in an asset for the long term with a certain goal of obtaining profits from the results of these sacrifices.

Indonesia Stock Exchange

The capital market is also known as the Stock Exchange. The Stock Exchange according to article 1 paragraph (4) (Undang-Undang Republik Indonesia Nomor 8 Tahun 1995, n.d.) is a party that organizes and provides a system and or means to bring together offers to sell and buy securities of other parties for the purpose of trading securities between them (Sudarsono, 2013). The Stock Exchange in Indonesia is known as the Jakarta Stock Exchange (JSX), Surabaya Stock Exchange (BES), later, on October 30, 2007 BES and JSE have been margered under the name Indonesia Stock Exchange (IDX). Thus, there is only one stock exchange implementation in Indonesia, namely the IDX. As for the Islamic capital market, the listing is carried out in the Jakarta Islamic Index which has been launched since July 3, 2000 (Soemitra, 2009). The Indonesia Stock Exchange has several work programs to invite rural communities to invest in the Indonesia Stock Exchange One of the Indonesia Stock Exchange programs is the Stock Saving Village Program. The Stock Saving Village Program as an effort to develop the capital market industry in Indonesia, the Indonesia Stock Exchange always educates and develops the industry in a better direction. The purpose of the Indonesia Stock Exchange is not only to focus on increasing the number of new investors, but also to strive to invest in the capital market, which will indirectly increase the number of active investors in the Indonesian capital market (Rosmida & Wahyuni, 2017). The Indonesia Stock Exchange created a concept of a strong and national-scale capital market industry campaign with the aim of increasing public awareness of the Indonesian capital market, with the title Desa Nabung Saham. This is intended to change Indonesian society from saving habits to investing, so that Indonesians start to move from saving society to investing society (Rosmida & Wahyuni, 2017).

METHOD

This research uses this writing method using a descriptive method. Descriptive research methods according to (Sugiyono, 2019) the type of research based on the degree of explanation. A descriptive research method is a study that aims to describe the state or value of one or more variables independently. The presentation of descriptive analysis in this study is presented in the form of tabulations and tables. So that an overview is obtained that shows the public's understanding of the products, mechanisms, risks,



requirements and benefits of the Indonesia Stock Exchange. The scope of this study is to analyze the level of public understanding of investment literacy on the Indonesia Stock Exchange. The research location is in Pari City Village, Pantai Cermin District, Serdang Bedagai Regency. The study was conducted in October – December 2022 with a total of 30 respondents who are residents of the village.

RESULTS AND DISCUSSION

Overview of Research Locations

It is said that Pari City Village is some of the reasons from the locals who say that in the past the people of this village were farmers, who one time they failed to harvest and then changed their profession to fishermen who then they got Stingrays. Other residents also said that in the past, the first people who lived in this area were Pare-Pare people, which they later called this village their village, namely Pare Village. There is also a saying that the name of this village is taken from the Javanese Pari language which means Rice. Pari City Village is a village located in Pantai Cermin District, Serdang Bedagai Regency. A village that has a very friendly and kind community. Pari City Village is one type of village that can be categorized as a swakarsa village, which is a developing village. Where we know this village is still natural which has not received many adequate facilities. Pari City Village is located in Pantai Cermin District. The touches of development in all aspects are still inadequate and dominant from the government in building this village, so as to make the lives of the people still sufficient. As for the boundaries of the territory of this village, it is as follows:

- a. The North borders the Strait of Malacca
- b. To the south it is bordered by Simalungun District
- c. To the West it borders the snake river
- d. To the east it borders Simalungun District

Kota Pari Village, established since 1954, ethnic groups in the village of Kota Pari usually form a community based on tribalism consisting of:

- a. Hamlets 1-4 are mostly Malays.
- b. Hamlet 5 is predominantly ethnic Chinese.
- c. Hamlets 6-10 are mostly Javanese.
- d. Hamlet 11 itself is the majority of the Banjar ethnic group.

This village is located in the west with a snake river with Pantai Cermin District, about 28 km of mileage passed by the Serdang Bedagai Regency cross road. This village is often visited by immigrant residents, especially for those visitors to tourist attractions, especially on holidays, namely theme park tours. Because this village is close to the tourist location where this village is first passed to reach the location of the tourist attraction.

Overview of Research Respondents

Thearachistic picture of respondents was obtained from the results of a questionnaire that had been filled out by 30 respondents, namely the community in this study. The characteristics of the respondents that will be described below illustrate how the circumstances studied include gender, age, age and income in the people of Pari City Village, Pantai Cermin District, Serdang Bedagai Regency, as follows:

1) Respondents' Overview by Gender

An overview of respondents of research conducted on the people of Pari City Village by gender can be seen in the Table, as follows:

Table 1. Respondents By Gender

No.	Gender	Respondents (People)	Percentage (%)
1.	Man	18	60
2.	Woman	12	40
	Sum	30	100

Based on the number of respondents that have been determined as a sample in the study, namely as many as 30 people where male respondents are 18 or 60% and female respondents are 12 people or 40%.

2) Overview of Respondents by Age

An overview of respondents of research conducted on the people of Pari City Village by age can be seen in the Table, as follows:



Table 2. Respondents by Age

No.	Age	Respondents (People)	Percentage (%)
1.	20 – 30	5	17%
2.	31 – 40	14	46%
3.	> 40	11	37%
Sum		30	100

Based on the number of respondents who have been determined as a sample in the study, as many as 30 people where respondents who are at the age of 20-30 years are 5 people or 17%. Responden who are at the age of 31 – 40 years as many as 14 people or 46% and respondents who are at the age of > 40 years as many as 11 people or 37%.

3) Overview of Respondents By Income

An overview of respondents of research conducted on the people of Pari City Village based on income can be seen in the Table, as follows:

Table 3. Respondents By Income

No.	Amount of Income	Respondents (People)	Percentage (%)
1.	< Rp. 1.500.000,-	3	11%
2.	IDR 1,500,000 – IDR 2,500,000	12	41%
3.	IDR 2,500,000 – IDR 5,000,000	14	48%
4.	IDR > 5.000.000,-	0	-
Sum		30	100

Based on the number of respondents that have been determined as a research sample, respondents who earn below Rp. 1,500,000 are 3 people or 11%. Respondents who earned Rp. 1,500,000 – Rp. 2,000,0000 as many as 12 people or 41%. Respondents who earn Rp. 2,500,000 – Rp. 5,000,000 as many as 14 people or 48% and respondents earning above Rp. 5,000,000 are none.

Descriptive Results of Research

1) Level of Public Understanding about the Location of the Indonesia Stock Exchange

Table 4. Tabulation of Public Understanding of the Location of the Indonesia Stock Exchange

Question	Answer			Sum
	Know	Lack of Knowing	Don't Know	
Do you know the location of the Indonesia Stock Exchange Company?	9	7	14	30

The results of the discussion of the people of Pari City Village regarding the location of the Indonesia Stock Exchange, namely 9 respondents stated that they knew, 7 respondents did not know and 14 respondents did not know. So it can be seen that the public does not fully understand and does not know where the nearest branch of the Indonesia Stock Exchange office is.

2) Level of Public Understanding on Access to Information on the Indonesia Stock Exchange

Table 5. Tabulation of Public Understanding of Access to Information on the Indonesia Stock Exchange

Question	Answer			Sum
	Know	Lack of Knowing	Don't Know	
Do you know information about investments, investment benefits and what companies are included in the Indonesia Stock Exchange?	2	2	26	30



The results of the understanding of the people of Pari City Village about access to information on the Indonesia Stock Exchange were that 2 respondents stated that they knew what was obtained from the internet, 2 respondents stated that they did not know because they got information from people who had not been confirmed to be true and 26 respondents did not know. So it can be seen that the access to information for the people of Pari City Village on average does not know about investing in the Indonesia Stock Exchange.

3) Level of Public Understanding of Products on the Indonesia Stock Exchange

Table 6. Tabulation of Public Understanding of Indonesia Stock Exchange Products

Question	Answer			Sum
	Know	Lack of Knowing	Don't Know	
Do you know about the products on the Indonesia Stock Exchange?	3	0	27	30

The results of the discussion of the people of Pari City Village about stock products on the Indonesia Stock Exchange were that 3 respondents stated that they knew and 27 respondents. So it can be seen that the people who represent the research sample are considered not to know about products that can be used as investment opportunities on the Indonesia Stock Exchange.

4) Level of Public Understanding of the Advantages and Risks of the Indonesia Stock Exchange

Table 7. Tabulation of People's Understanding of Advantages and Risks Indonesia Stock Exchange

Question	Answer			Sum
	Guaranteed	Less Guaranteed	Not Guaranteed	
Advantage				
What do you think about the benefits obtained when investing in the Indonesia Stock Exchange?	5	2	23	30
Risk				
What do you think about the risks of investing in the Indonesia Stock Exchange?	3	2	25	30

The results of the discussion of the people of Pari City Village about the benefits of investing in the Indonesia Stock Exchange, namely 5 respondents stated that they were insecure, 2 respondents stated that they were not guaranteed and 23 respondents stated that they were not guaranteed, this was because many people did not know the benefits of investing in the Indonesia Stock Exchange. Meanwhile, the public's understanding of the risks when investing in the Indonesia Stock Exchange is that 3 respondents stated that they were guaranteed, 2 respondents stated that they were not guaranteed and 25 respondents stated that they were not guaranteed. It can be seen that the public does not fully understand and does not know that the benefits and risks in investing in the Indonesia Stock Exchange are already very good and balanced on the Indonesia Stock Exchange.

Discussion

Based on the results of research that has been carried out by researchers, namely . Some of the efforts that have been made such as socialization and education in the form of FGDs carried out by several previous researchers. However, the Indonesia Stock Exchange, the Representative of North Sumatra, is considered necessary to carry out this socialization and education. Although information about the Indonesia Stock Exchange has been carried out in the media, it has not yet reached the public. The public understanding that has been discussed in this study in the form of understanding of location, understanding of access to information, understanding of products, understanding of the advantages and risks on the Indonesia Stock Exchange is very low once the public understands this. Thus, both researchers and the



Indonesia Stock Exchange Representative of North Sumatra have not made maximum socialization efforts to the public to be the choice of the public to invest in the Indonesia Stock Exchange.

CONCLUSION

Basically, the people of Pari City Village are not very familiar with investing in the Indonesia Stock Exchange, because illegal investments have first dominated their role in the wider community in the world of investment in Indonesia. In addition, the issue of insurance, which some agents have made the public disappointed by providing information about investments is not transparent, thus making people not believe in these investments. So with this, researchers need to cooperate with the Indonesia Stock Exchange to evaluate the right efforts in order to restore public trust again. The Indonesia Stock Exchange North Sumatra Representative Office is expected to increase socialization, education and promotion directly to explain to the public about investing in the Indonesia Stock Exchange.

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