

## Supplementary Activities of The Capital Market School to Nurture The Spirit of Investment Consciousness

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### ABSTRACT

Investment is the activity of putting a quantity of capital (money or other valuable assets) into an object, institution, or party with the hope that after a certain period of time it will make a profit. The term "investment" is becoming more and more common amongst society given the increasing number of products produced. With the increasing number of investment products, investing is becoming very complex especially for public investors who have not really understood the intricacies of investing. This capital market school activity lasted for one day. Some of the materials that will be introduced concern general knowledge of investment and capital markets provided by experts in their field. The expected outcome of this capital market activity is that students as participants of the Capital Market school activities, can understand the activities that take place in the Capital market easily through the delivery of materials, discussions, or through practice in person. After the implementation of the activities of this Capital Market School, then the participants can gain several benefits which can be used to make transactions in the capital market.

## INTRODUCTION

For the younger generation, the appearance of content that discusses the kinds of investments on social media opens their eyes, that investments become part of long-term financial management or planning. The purposes or benefits of investing are very many. First, it can financial freedom. Second, to protect assets from possible inflation. Third, to increase assets or wealth. It means that someone can make more profits than they can increase their assets or wealth. The term "investment" is becoming more and more common amongst the society given the increasing number of products produced. With the increasing number of investment products, investing is becoming very complex especially for public investors who have not really understood the intricacies of investing. Before investing, investors must have a strategy to the expected goals and also understand the risk factors that will affect their investments. Why are we making investments? Investments are made with the intention of increasing prosperity (which can be measured in money), in the future on the assumption that investors are only interested in gains measurable in money units.

Investment is an important step in managing finances, preparing for the future, at the same time achieving financial goals. Basically, the concept of investment is the activity of investing capital with the aim of generating future profits. The primary objective is to generate a greater profit from the capital invested at the outset. There are many options or places that investors can use in investing in the hope of making a profit for the coming period. Investments can be cash, deposits, purchase of land/buildings, or purchase of securities such as stocks, stocks and so on. According to the type of investment, it is divided into two categories: real investment and non-real investment. (non riil). The way it works is simple, that is, by saving money in a particular instrument or buying an asset, and then the asset will grow in value over time.

Based on the above definition of what investment is, it is clear that it is an important strategy in planning a more stable and successful financial future. Here are some potential profits that can be obtained through investments:

### **1. Providing Passive Income**

Providing Passive Income Through investment instruments such as housing or rental property, you can earn promising income on a regular basis without having to work actively. So, by planning your investments wisely you can create a safer and more stable future for yourself and your family.

### **2. Anticipating Inflation and Increasing Asset Value**

Anticipating Inflation and Increasing Asset Value An investment can also help beat the rate of inflation and increase the value of an asset over time. By investing in certain instruments such as stocks, bonds, or property, you can make a profit that exceeds the inflation rate.

### **3. Reduce risk by diversifying portfolios**

By having a variety of instruments such as stocks, bonds, securities, properties, or other, you can reduce the risk

associated with market fluctuations. Because when one asset in the portfolio falls in value, other assets that may increase in value can help offset those losses.

#### **4. Develop financial knowledge and skill**

Investing can open up opportunities to meet people who have different knowledge and experience, thus helping to expand the network and provide many new insights into the world of finance and business. In terms of time, investments are divided into three types: short-term, medium-term and long-term.

#### **5. Short Term Investment**

A short-term investment is an investment term for a short period of time, i.e. less than one year. This investment seems to be easier to do for you as a student and also a beginner. Because usually the purpose is for a vacation, buying a new gadget or as an emergency fund.

#### **6. Medium Term Investment**

A medium-term investment is a term for investments for a period of one to five years. The purpose of this type of investment is generally for longer stages of life. Some examples are to prepare education costs, prepare home deputies, and others.

#### **7. Long Term Investment**

Long-term investment is an investment for a period of more than five years. This type of investment is commonly chosen for future financial purposes, such as buying a house, a pension fund or the cost of educating a child.

Talking about investments, a little bit of it will definitely be on the capital market. A capital market is a market in which long-term funds of both debt and equity are traded. The long-term funds that are traded are embodied in valuable letters. The type of securities that are traded on the capital market has a maturity of more than one year and some have no maturity. Long-term debt traded funds are usually referred to as bonds while long-term funds that are equity are ordinary shares and preferential shares. A capital market in a narrow sense is an organized place where securities are traded which is then called a stock exchange. From a macroeconomic point of view, the role of the capital market is as a tool for optimum allocation of economic resources. The consequences of more than the functioning of capital markets as tools to optimally allocate economic resources are the rise in national income, the creation of employment opportunities, and the increasing extortion of development results.

Capital markets in Indonesia began when the Dutch Indian government established the Batavia stock exchange in late 1912. The purpose of the exchange was to mobilize funds in order to finance the Dutch-owned farms that were then massively developed in Indonesia. The establishment of a stock exchange in Batavia was followed by the establishments of stock exchanges in Semarang and in Surabaya in 1955. With experience in the Netherlands, the stock exchange has undergone rapid development until it was finally stopped with the onset of World War II. After entering an era of independence, the Indonesian stock exchange was reactivated with the issuance of government bonds and the enactment of the Emergency Act on Stock Exchange No. 13 of 1951 which was subsequently established by the Act No. 15 of 1952. But the effort to activate the stock exchange did not develop until the 1970s. The government began reactivating capital markets in Indonesia in 1976 by issuing the capital market press No. 52 of 1976. Then on August 10, 1977, the government formed the capital market enforcement agency (Bapepam) and PT danareksa. Since then, the capital market has evolved rapidly to the present day.

In Indonesia itself, this capital market is known as the Indonesian Stock Exchange (BEI) or Indonesia Stock Exchange. (IDX). Investing in capital markets is not as easy as saving in banks or hedges, because there are some conditions that become investment mechanisms in the capital market. Before investing, investors must first open an account at one of the securities companies by filling in the necessary documents such as the Resident Signature Card (KTP), the Compulsory Tax Tree Number (NPWP) and filling out the form for creating a stock account. There's some capital market appeal. First, it is expected that this capital market will be an alternative to fund-raising instead of the banking system. Capital markets allow companies to issue securities in the form of bonds or holdings. (saham). Thus, the company can avoid the condition of the debt to equity ratio too high to make the cost of capital of the firm no more 28 minimum. Second, capital markets allow investors to have a range of investment options that fit their risk preferences. Besides that investment in securities has another attraction, on its liquidity. In connection with this, the capital market allows for an efficient allocation of funds.

The capital market consists of the primary market and the secondary market. (secondary market). The primary market is the market for newly issued valuables. In this market, funds are derived from the flow of sale of new securities or securities from buyers of securities called investors to the company issuing the securities (emitents), whereas the secondary market is the trading market of existing securities on the stock exchange. The money flowing from these transactions no longer flows to the securities issuer company but only flows from one securities holder to another. Emittents use capital markets to attract funds generally driven by a number of purposes, namely:

- 1. For expansion of business**

In addition to being supported by a professional management, business expansion also requires capital, both for investments in fixed assets and for working capital. If the amount of capital required for such

expansion is relatively small, it can use the funds derived from the retained profits. If the expansion requires large funds, then the company can take advantage of the capital market by issuing new shares or bonds.

**2. To improve the capital structure**

The corporate capital consists of own capital and loans. The use of debt in the company bears the financial risk of paying the burden of interest. Moreover, if the loan comes from foreign currency, then the amount of payment of the debt and the flowers will be large. Such conditions are very detrimental to the company. To cope with this, the company can take advantage of the capital market by issuing new shares. The funds derived from the sale of the shares are used to pay off the debt. Such an action is called capital restructuring by changing the capital composition in which the share capital is large while the loan capital is small.

**3. To carry out shareholder transfer (divestment)**

A publicly owned company is a company that is legally and effectively operating to carry out business activities in which the owners of the company are the shareholders owned by the general public. When with a certain discretion the shareholders will move or withdraw their shares they can sell the shares through the capital market.

**4. Capital market instruments are in principle all securities that are generally traded through the capital market. According to the Finance Minister's Decree No. 1548 of 1990, the effect is any debt declaration, commercial securities, stock bonds, credit security, debt proof mark, right, Warrants, option or any derivative of the securities or any instrument established by Bapepam as effect. The characteristics of the effects traded in the long-term capital markets. The most common instruments traded through the stock exchange in Indonesia today are stocks and bonds.**

**IMPLEMENTATION AND METHODS**

The Bhayangkara University of Surabaya Investment Gallery, in collaboration with the Indonesian Stock Exchange, continuously organizes capital market school activities for students and the general public, who want to learn more about the activities taking place in the capital market. The capital

market school activities are an initial activity that can be followed by students as well as the general public, which contains basic knowledge and theories about investment and capital markets which will then be continued with direct practice of financial transactions with securities companies that are partners in collaboration.



Figure 1 : Documentation of Joint Participants

The implementation of the Capital Market School, which is located in the Indonesian Stock Exchange, the East Java Representative Office, Kusuma Bangsa Street No. 19 district of Genteng Surabaya, aims to make the candidate SPM participant better acquainted with Indonesia Stock Exchange with various regulations regulated through legislation - invitation to regulate Stock Trading Transactions in Indonesia. This capital market school activity lasted for one day. Some of the materials that will be introduced concern general knowledge of investment and capital markets provided by experts in their field. The topics studied include:

1. Introduction to investment
2. An introduction to the type of letter of value
3. The benefits of saving in the capital market
4. Capital market theory
5. How to invest in the capital market
6. Tips to invest in the capital market

The submission of material is done by means of powerpoint presentation discussion and model discussion among the participants of the activity. Material on investment and capital markets, provided by representatives of the Indonesian stock exchange, the representative of the securities company and representatives from the investment gallery of the University of Bhayangkara Surabaya.

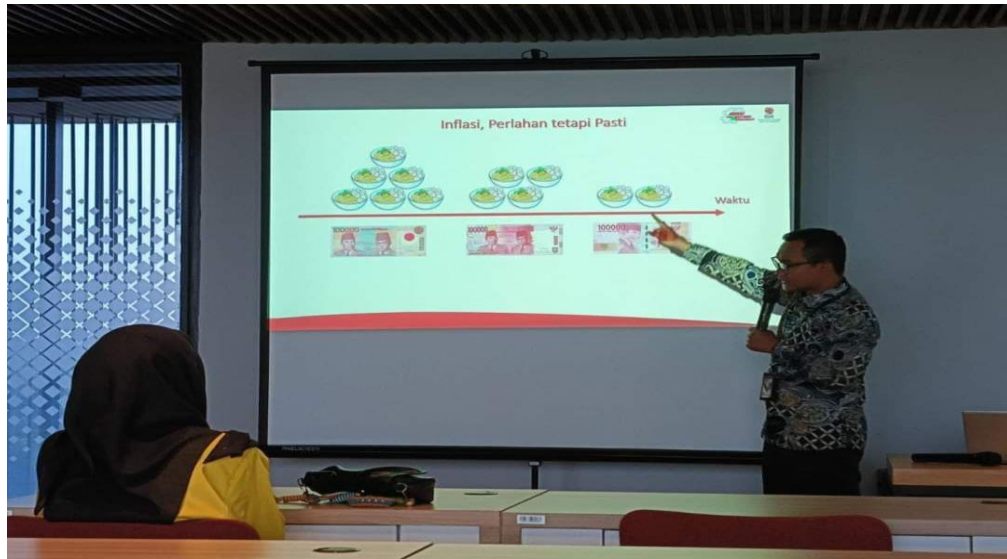


Figure 2: Description of Level 1 Capital Market School

SPM Level 1 teaches Investment and Capital Markets, where most people, especially students, are still public to the capital market world. This is evidenced by the many Indonesian people who to this day still use Banking Services in capital raising needs. This condition is triggered by the ignorance of Indonesians people to the knowledge of capital markets. For that, SPM is expected to be able to provide broad insights and contributions, especially for Bhayangkara University of Surabaya in improving the quality of SDM and its graduation.



Figure 3: Description of Level 2 Capital Market School

SPM Level 2 teaches how to start activity in the Capital Market, which starts with installing the Profits Anywhere app. With a very affordable capital of a hundred thousand rupees, SPM participants are directly taught to buy company shares. Not only buy, at this level participants are also taught how to sell shares, when to buy shares and when to sell them. To read market conditions, participants are taught Fundamental Analysis and Technical Analysis, which will help participants to master the Capital Market in a very short time, so that participants are expected to be smart investors or traders and speak in investing.

## **RESULTS AND DISCUSSION**

The participants of the capital market school look enthusiastic about the material given. This condition is marked by a lot of questions that become the subject of discussion during the course of the activity. After the implementation of the activities of this Capital Market School, then the participants of the activity can gain several benefits among others:

1. Provide additional information on investment activities in the capital markets by conducting direct transaction practices
2. Introduce alternatives to saving using securities
3. Introducing the theory of profitable stock selection
4. Explain the mechanisms for becoming an investor
5. Participants will be avoided from the existence of unfavourable investments by institutions that cannot be held accountable.

## **CONCLUSIONS AND RECOMMENDATIONS**

As an institution with a high academic rating, it is expected to be able to bridge students' needs for information about investment activities and capital markets. Participants of this capital market school activity are expected to be active investors in carrying out securities trading transactions. With the organization of this activity, it is expected that participants can earn passive income as well as active income by doing activities in the capital market. For the next activity, it would be more exciting if it was a stock exchange game, where the participants would race to make transactions in order to be the best.

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