

CHAPTER I

INTRODUCTION

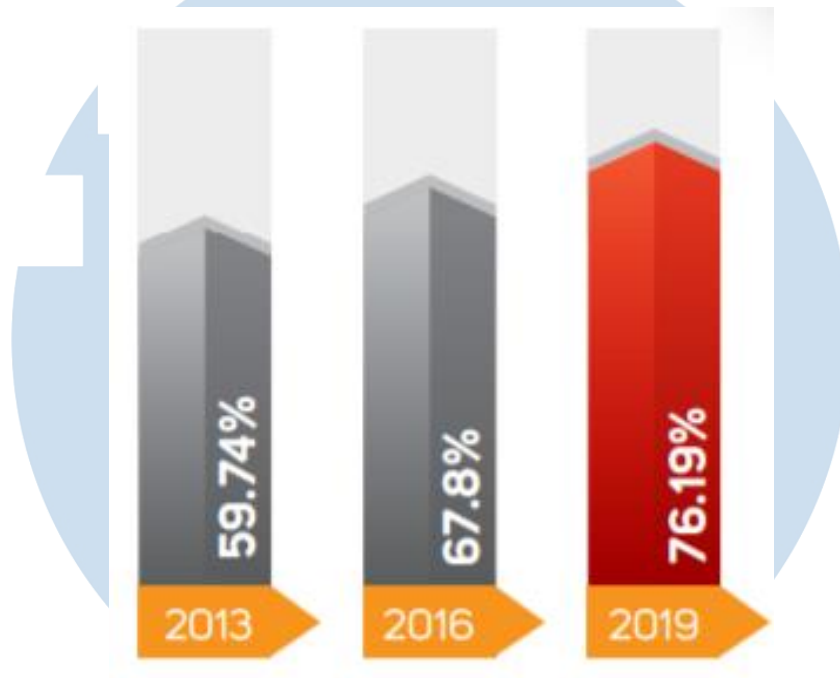
1.1 Background

Investment is an asset or item acquired to gain income over time from the investment (Hayes, 2021). For this reason, it is better to invest to potentially boost earnings, rather than let unused money remain in the bank. Another reason to start investing is to protect the value of money from the risk of inflation. An example of the risk of inflation is in 1913, a gallon of milk would cost \$0.36, but one hundred years later in 2013 a gallon of milk would \$3.53 (MarketClass, 2020). It is shown that over the years the price of the same product increases each year consequence of the need to spend more money to buy the same product. Thus to prevent depreciating of money, investing is the way to avert inflation risk by investing in a product that gives the same or higher return than the inflation rate.

There are several kinds of investment products and each of them has different returns and risks. Higher return investment products mean higher risks while lower return investment products carry lower risks (Chen, 2020). Through different types of investment products available, investors can adjust their portfolios depending on their investment profile. Conservative investors have a low-risk tolerance thus they will tend to put their money in lower-risk investment products such as mutual funds, government bonds, and time deposits. On the other hand, aggressive investors have a higher risk tolerance therefore they will invest in a higher return investment product such as stocks market, cryptocurrency, and forex (Malik, 2021).

With the development of technology, investment products can be accessed easily through applications or available websites. The Financial Inclusion Index is a benchmark that shows the availability of institutions, products, and services to fulfill the need of the public to reach prosperity (Otoritas Jasa Keuangan, 2019). A survey done by Otoritas Jasa Keuangan (OJK showed that Indonesia has a Financial

Inclusion Index of 76.19% meaning that 76.19% of the public has access to financial institutions, products, and services to reach prosperity.

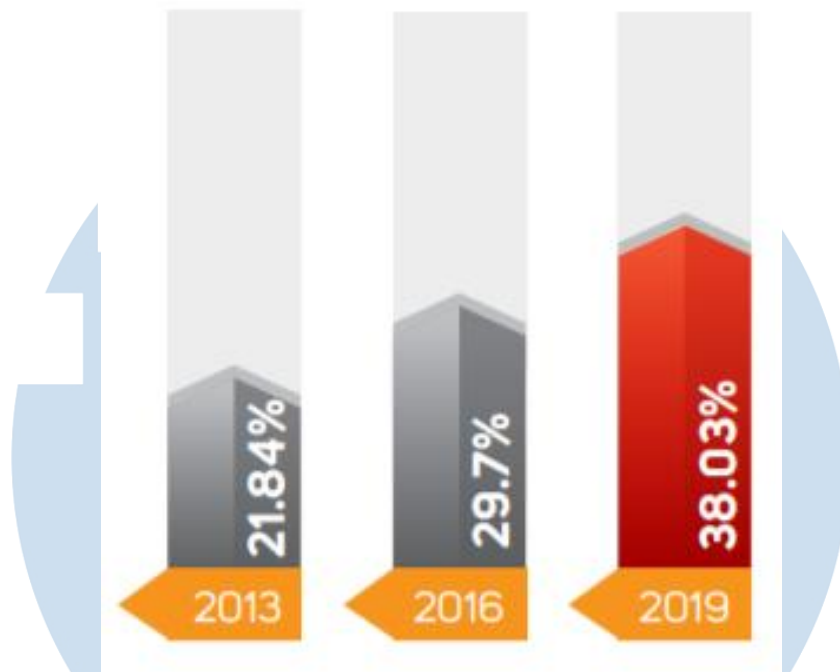


Picture 1. 1 Financial Inclusion Index

Source: Otoritas Jasa Keuangan, 2019

Financial Literacy Index is an index that shows knowledge, skill, and confidence that affect financial management decision-making toward prosperity (Otoritas Jasa Keuangan, 2019). The data from OJK shows a number of 38.03% meaning that even though 76.19% of the public has access to the financial institution, products, and services, there is a lack of knowledge, skill, and confidence that can affect the financial management decision-making process.

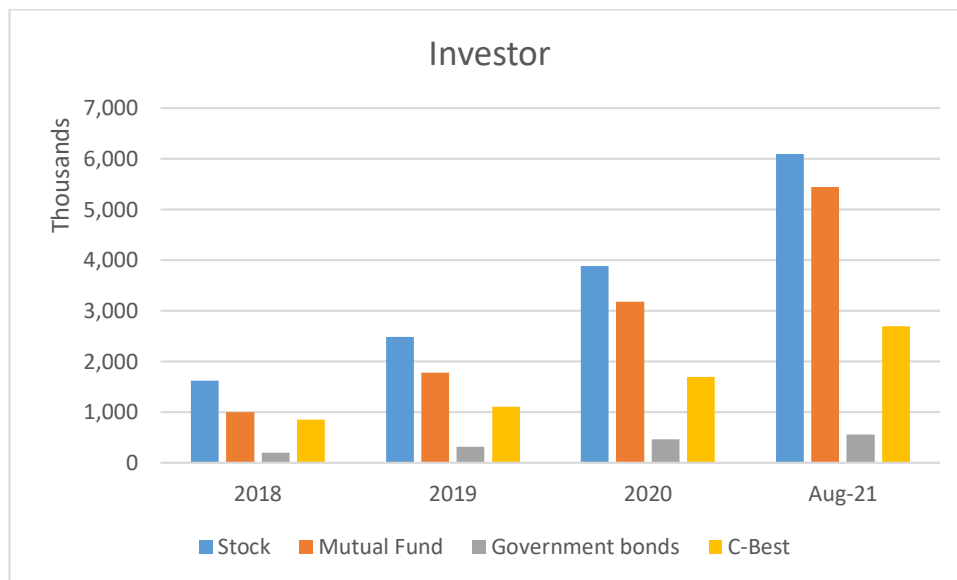
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N U S A N T A R A



Picture 1. 2 Financial Literacy Index

Source: Otoritas Jasa Keuangan, 2019

Based on the data taken from Kustodian Sentral Efek Indonesia (KSEI), the data shows an increased number of investors through a variety of investment products since 2018. It displays a massive increase of stock and mutual fund investors through 2020 and August of 2021 that shows more people have access to financial products as shown in the Financial Inclusion Index. In addition, an increase also shows in other investment products like a cryptocurrency that had a significant rise of investors to six million and five hundred thousand investors in February 2021 from four million investors in 2020 (Bestari & Sidik, 2021). However, this also shows a concern because the Financial Literacy Index is still far too low compared to people who can access financial products. This can impact the new investor that invests without knowing what they are investing in. A new investor might just be attracted to the high return shown without taking account of the risk that they bear. Another problem regarding the low Financial Literacy Index is that investors' decision-making gets influenced easily by market data and other people's influence.



Picture 1. 3 Investment Product Investors

Source: KSEI, 2021

To increase investment awareness especially in the capital market, Indonesia Stock Exchange (IDX) establish an investment gallery and capital market community. Investment gallery is a collaboration between IDX, universities, and securities companies to educate and grasp new investor (Indonesia Stock Exchange, 2021). There are 507 investment galleries in Indonesia, and Universitas Multimedia Nusantara Investment Gallery is among them. Investment gallery is the first line of party that reaches younger generation about investment education, thus investment gallery plays a huge role to straighten up the negative stigma revolve in public.

As a final year student, the writer got a chance to work as an intern in Universitas Multimedia Investment Gallery under the Business Faculty as an investment educator. In addition, the writer will also be cooperating with Indonesia Stock Exchange (IDX), Securities Investor Protection Fund (SIPF), and Phillip Sekuritas Indonesia to educate more people about investment. With that, the writer hopes to apply the knowledge and skill that have been obtained during college into the work environment.

1.2 Internship Purpose and Objective

1.2.1 Internship Objective

The objective of this internship program is to implement the knowledge and skill obtained during college and contribute in improving the financial literacy of college students.

1.2.2 Internship Purpose

The purposes of this internship program are:

1. Implementing the writer's knowledge and skill into the work environment to contribute towards the increase of college students' financial literacy, especially about investment.
2. Adding insight about the investment world through the collaboration with Indonesia Stock Exchange (IDX), Securities Investor Protection Fund (SIPF), and Philip Securities.
3. Meeting the graduation requirements of bachelor degree from Multimedia Nusantara University.

1.3 Internship Work Time and Procedure

1.3.1 Internship Work Time

Internship program in Business Faculty take place in accordance with the minimum conditions of 60 workdays. Implementation of the internship program as follows:

| | |
|---------------------|--|
| Company Name | : Multimedia Nusantara University (UMN) |
| Faculty | : Business Faculty |
| Address | : Jl. Scientia Boulevard, Curug Sangereng, Kec. Klp. Dua, Tangerang, Banten 15810 |
| Execution Time | : 1 September 2021 – 23 November 2021 |
| Work Hours | : Monday – Friday at 09.00–17.00 WIB |
| Internship Position | : Investment Educator |

1.3.2 Internship Procedure

The stages required to carry the internship practices are as follows:

1. The writer completes the application form for internship (KM01) and asks for the signature of the Head of the Management Study Program which will then be sent to Mrs. Widya.
2. The writer submits a temporary transcript of grades as a complementary document for making an internship cover letter (KM02).
3. The writer sends an Internship Cover Letter from the Management Study Program, Curriculum vitae, Identity Card, and Student Identity Card to the Human Resource Department of UMN Mr. Reno Batro Satri A. P.
4. The writer receives an internship acceptance letter from Mr. Reno Batro Satri A. P.
5. The writer signs the internship agreement letter obtained from Mrs. Seffani Maria Rigez.

1.4 Internship Report Systematic

Internship report systematic entitled “Improving Students’ Financial Literacy on Investment in Multimedia Nusantara University” as follows:

CHAPTER 1 INTRODUCTION

In the first chapter, the writer will discuss about the internship work background, the purpose and objective of the internship, and internship work time and procedure.

CHAPTER 2 COMPANY PROFILE

In the second chapter, the writer will explain about the company profile including the company history, vision and mission of the company, and company organizational structure. Moreover, the writer will also link theory related to the internship work program.

CHAPTER 3 INTERNSHIP WORK

In the third chapter, the writer will explain in detail about the work that has been done during the internship program, problem the writer deal with during the internship, and also the solution writer finds to solve the problem.

CHAPTER 4 CONCLUSION AND SUGGESTION

In the last chapter, the writer will conclude the internship work that has been done according to the purpose written in the first chapter. In addition, the writer will also give suggestions to the company and all parties related to the future of Indonesia investment market.

A large, light blue watermark logo of Universitas Multimedia Nusantara (UMMN) is centered on the page. It features a stylized 'U' and 'M' inside a circle, with the letters 'U', 'M', and 'N' arranged vertically.

UMMN

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