



Perspektif Perkembangan dan Tantangan Pasar Modal di Indonesia

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Abstract

The existence of the capital market in Indonesia is an important factor in the country's economic development, and many businesses have used it to attract investment and strengthen its financial strength. The purpose of this study is to discuss capital market opportunities in Indonesia, discuss the challenges of the Indonesian capital market and to understand the growth and volatility of the Indonesian foreign exchange market. This type of research uses library research or literature research with a qualitative approach with descriptive analysis techniques. The results showed that the capital market plays an important role in the economy of an Indonesian country because it has two functions. First, it serves as a means of business funding or for companies to obtain funds from the investor community. Several severe shocks hit the Indonesian capital market as it developed. However, the crisis can be overcome if Indonesia's macroeconomic conditions improve. In addition, the Indonesian capital market has a significant opportunity to become a strong and resilient capital market, as there are many Indonesian middle-class individuals with the ability to invest in the capital market. The Indonesian capital market as a capital market in the emerging market category is faced with challenges, including as a means of increasing capital for businesses, as a means of equalizing income, as a means of increasing production capacity, as a means of creating labor, as a means of increasing state income, and as an indicator of the country's economy.

Keywords: Capital market, Business, Investor

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INTRODUCTION

National economic development in a country requires funding from both the government and society, and the capital market is an alternative source of funding, both government and private. When governments need funds, they can issue bonds or corporate bonds and sell them to the public in the capital market. Similarly, the private sector, in this case companies that need funds, can issue securities, such as stocks and bonds, as well as sell them to the public through the capital market. The capital market is important in the economy of a country because it has two functions: economic and financial. In the economic function, the capital market unites two interests: those who are overfunded (investors) and those who need funds (issuers). Parties who have excess funds can invest these funds in the capital market in the hope of making a profit, but (issuers) do not need to wait for the company's working capital to be available; may use such funds for investment purposes. Depending on the characteristics of the selected investment, the capital market provides income-generating possibilities and opportunities for the owners of funds in the financial function. According to (Haya & Tambunan, 2022).



The existence of the capital market in Indonesia is an important factor in the country's economic development, and many businesses have used it to attract investment and strengthen their financial strength. Indeed, the commodity market has developed into the "financial center" of the modern economy. As a result, the modern economy cannot function without dynamic, well-organized and globally connected commodity markets. In addition, the capital exchange rate is considered the single best indicator of economic health. According to (Haya & Tambunan, 2022).

The mobilization of financial resources and capital inflows, such as financial markets, is essential to promote economic growth. The existence of commodity markets benefits both businesses and governments. Both are able to manage long-term projects using various currency exchange tools. This could exacerbate national security concerns while undermining domestic economic growth. According to (Jalloh 2009) in (Rorizki et al., 2022).

Indonesia's capital market as a developing market is a emerging market that is sensitive not only to the macroeconomic situation in general, but also to the global economic situation and the global capital market. The macroeconomic impact does not directly affect the success of the enterprise, but rather gradually and over time. Changes in macroeconomic factors, on the other hand, have a direct impact on stock prices as investors react more quickly. When macroeconomic changes occur, investors weigh the benefits and disadvantages on the company's performance over the next few years before deciding whether to buy, sell, or hold the affected stock. As a result, stock prices react more quickly to changes in macroeconomic variables than to changes in the performance of the company in question. The Jakarta Composite Index (JCI), now known as the Indonesia Stock Exchange (IDX), is the main indicator that global macroeconomic and economic conditions cause JCI to experience movements that are closely related to these conditions. Another factor influencing the JCI movement is the political climate and national security. According to (MUKLIS, 2022).

The purpose of this study is to discuss capital market opportunities in Indonesia, discuss the challenges of the Indonesian capital market and to understand the growth and volatility of the Indonesian foreign exchange market.

METHODS

This type of research is known as library research or literature research with a qualitative approach. Information for this research was gathered from articles, documents, books, the internet, and other sources on the growth and volatility of the Indonesian foreign exchange market. Descriptive analysis techniques are used in this study to describe and explain the discussion in text form.

RESULTS & DISCUSSION

Results

Capital Market

Based on the Law of the Republic of Indonesia Number 8 of 1995, the capital market is an activity related to public offering and trading of securities, public companies related to the securities it issues and institutions and professions related to securities. It is explained that the definition of the capital market as an

activity related to public offerings and offerings of securities (securities) and public companies (general) related to the securities issued by them. A narrowly defined capital market is a place where securities are traded in an organized and physical sense, which is a narrowly defined capital market. A stock exchange is defined as an organized system that connects sellers and buyers of securities directly or indirectly. According to (Masraf, 2017).

The term capital market refers to a location or system for meeting the needs of funds for a company's capital, and is a market in which people buy and sell newly issued securities. According to (Munir, 1996 ; 10) in (Permata & Ghoni, 2019). The Capital Market is a trading market for various long-term financial instruments (securities), both debt and own capital issued by private companies. According to (Irsan, 2004: 10) in (Permata & Ghoni, 2019). As a result, the capital market is a place where.

Capital Market Benefits

According to (Rorizki et al., 2022) Capital Market Benefits for Issuers and for Investors as follows :

For Issuers

1. Maximum amount that can be sent.
2. Funds can also be disclosed on the days when the stock market is closed.
3. There is no convention for management to market their products or business more effectively.
4. Lack of dependence on the issuing bank.
5. The solvency of the company is high, which improves its image.

For Investors

1. New investments that contribute to economic growth, and stock prices drive up.
2. Earn dividends for holdings/shareholders and floating interest rates for bondholders.
3. The risk is reduced because you can invest in several instruments simultaneously.

Capital Market Functions

According to (MUKLIS, 2022) the capital market of a country has the following functions :

1. As a means of increasing capital for business
Companies can raise funds by selling shares on the stock exchange. The general public, other companies, institutions, or governments will buy these shares.
2. As a means of equalizing income
After a certain period of time, the purchased shares will pay dividends (part of the company's profits) to its owner (owner). As a result, the sale of shares in the capital market can be viewed as a means of equalizing income.
3. As a means of increasing production capacity
The company's productivity will increase as a result of additional capital obtained from the capital market.
4. As a means of labor creation
The existence of the capital market can encourage the emergence and development of other industries, which can lead to the creation of new jobs.

5. As a means of increasing state income
The government will tax dividends distributed to shareholders. Additional revenues generated from this tax will increase state revenue.
6. As an indicator of the country's economy
The increase in activity (solid) and sales/purchase volume in the capital market indicates that the business activities of various companies are doing well, and vice versa.

DISCUSSION

Development and Challenges of the Capital Market in Indonesia

Economic development across the Americas, Europe, and Asia is affecting the global economy. Similarly, the bond crisis afflicting European Union countries such as Greece, Portugal, Italy and others has the potential to destroy other economic regions. In addition, Japan's sluggish economic growth due to the tsunami storm is expected to weaken Asia's economic performance. Despite the fact that the economy is in decline, the movement of funds for investment activity does not slow down. This means that capital market activity around the world will continue to look for investment portfolio opportunities with higher returns.

Members of the policy community must now take advantage of opportunities in the Indonesian economy to increase the number of transactions made safely in the country's financial markets. The expansion of Indonesia's middle class is one of the resources that must be used by those who work in the capital market. The proportion of young people enrolled in secondary schools in Indonesia is relatively high. In 2003, 81 million Indonesians (37.7% of the total population) were enrolled in secondary schools. In Indonesia, the middle class population reached 134 million in 2012, accounting for almost 56.5 percent of the total population (World Bank, in *SWA Magazine*). The middle class or consumer class is a part of the general public that is able to engage in investment and consumption activities. According to projections, 135 million Indonesians will be at sea in the coming year.

Several policies must be implemented to increase the role of the capital market and empower the middle class in increasing Indonesia's economic growth. First, in accordance with the evolution of current capital market practices, revamping regulations and enforcing the Capital Market Law Number 8 of 1995. Second, local investors are being empowered (in which case it can also be done to empower the middle class by persuading them to invest in the capital markets). Third, more capital market education for business actors. Fourth, provide incentives to companies to go public. Fifth, increase capital market liquidity and develop instrument and derivatives markets. With efforts to improve the performance and role of the capital market in supporting the funding of private and government projects, Indonesia's economy will be able to grow and become the seventh largest in the world by 2030.

The Indonesian capital market as a capital market in the emerging market category is faced with the following challenges :

1. There is still a lack of domestic investors
The number of domestic investors has now reached 363,000, but the proportion compared to the total population of Indonesia which amounts to 240 million

people is still very small. Domestic investors can keep the capital market from collapsing when foreign investors reverse their positions.

2. Number of issuers on the Indonesia Stock Exchange (IDX)
The Indonesia Stock Exchange, which is already doing well, is still small. The number of issuers listed in the Indonesian capital market currently reaches 462. This figure is significant, but not comparable to existing investment instruments. As a result, the Indonesian capital market still needs more qualified issuers, not just being a public company and collecting capital from the public.
3. Capital market investment products are still limited
One of the challenges is the diversification of investment products. Stock and SBN investments continue to dominate, but corporate bonds are also available. Investment alternatives, such as derivatives, are also limited.
4. A system of rules that have not been in sync
The existence of the capital market cannot be separated from the financial services industry. The presence of the OJK IDX in the future will require synchronization of rules, because the capital market industry will intersect with the banking industry and other bad financial services. Existing rules are synchronized. It is still fragmentary to the point of difficult coordination.
5. There are still many pitfalls of fried food issuers
The increase in stocks did drive the JCI up, but it should be noted that there are still many stocks with "fried" status. The FSA intends to combat this because fried stocks are a risky investment due to their ghost movements. Stocks rise and fall as a result of interconnected or equivalent parties.

CONCLUSION

The capital market plays an important role in the economy of an Indonesian country because it has two functions. First, it serves as a means of business funding or for companies to obtain funds from the investor community. The term capital market refers to a location or system for meeting the needs of funds for a company's capital, and is a market in which people buy and sell newly issued securities.

Several severe shocks hit the Indonesian capital market as it developed. However, the crisis can be overcome if Indonesia's macroeconomic conditions improve. In addition, the Indonesian capital market has a significant opportunity to become a strong and resilient capital market, as there are many Indonesian middle-class individuals with the ability to invest in the capital market. The Indonesian capital market as a capital market in the emerging market category is faced with challenges, including as a means of increasing capital for businesses, as a means of equalizing income, as a means of increasing production capacity, as a means of creating labor, as a means of increasing state income, and as an indicator of the country's economy.

CONFLICT OF INTEREST

The authors report no potential conflicts of interest in the research, authorship, and publication of this paper.

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