

Educating Financial Literacy: Mutual Funds Investment for Housewife

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Abstract

This counseling is carried out to encourage financial literacy programs that are beneficial for improving the economy and community welfare. In addition, good literacy can prevent people from fake investment fraud. The researcher chose the mutual fund product because the investment is one of the capital market investment portfolios that can be purchased with an affordable nominal. This investment mix in the form of mutual funds offers attractive savings characteristics with varying risks depending on investor preferences. The webinar is conducted online with the aim of introducing the basics of investment, mutual fund characteristics, and several types of mutual funds. This introduction is expected to make the public better understand the concept of investment and savings, so that they can use the product wisely. From the webinar, researchers got a positive response that supports financial literacy and inclusion. The housewives participating in the webinar, who were previously unfamiliar with mutual fund investments, were actually very interested in trying to buy them. Mutual funds service providers, as well as the community.

Keywords: financial literacy, mutual funds, fraudulent investment, investment, literacy webinars

INTRODUCTION

Like other countries around the world, the Government of Indonesia continues to strive to improve financial inclusion and literacy. These two important things are positively correlated to economic progress and people's welfare. Both promote support for the higher human development index (Sarma & Pais, 2011), poverty reduction (Lal, 2018), and financial stability of a country (Neaime & Gaysset, 2018). Countries with higher financial literacy and inclusion scores usually have higher economic stability, so that their people are more prosperous.

From the perspective of the people who use financial products, financial literacy reflects good knowledge of various financial products that can be used to support making the best decisions in life (Atkinson & Messy, 2010; Lusardi & Mitchell, 2014). For example, people with good literacy can start planning pension funds as early as possible (Clark et al., 2016) and realize educational goals (Cole et al., 2009). As a result, good financial literacy can change spending patterns to be more effective and efficient (Farinella et al., 2017).

From the supply side, financial inclusion reflects adequate and easy access to financial service products (Jansen, 2010). In the current era, the provision of financial services has touched the digitalization stage, which makes it easier for people to buy products online. This digitalization of financial services increases financial inclusion (Ozili, 2018). In Indonesia in particular, financial inclusion scores have increased sharply from year to year (OJK, 2019). This reflects the seriousness of the government to support the accessibility of financial services in order to support the welfare of the community.

One of the financial products that are relatively rarely owned by the public is mutual funds. Mutual funds are investment portfolios that allow people to invest in capital market instruments with small funds (Hasbiyah, 2020). Mutual funds as a container for public funds are managed by investment managers, so that funds develop more optimally (Arifin, 2017). Although foreign, this instrument is increasingly known to the public. From year to year, the number of mutual funds circulating in Indonesia continues to increase, starting from 612 portfolios to 2,219 portfolios in 2020 (Zamzany &

Setiawan, 2018). The types offered are also more diverse. Sharia and conventional mutual funds are growing side by side. Both offer different types of investment mix with different risk and return profiles.

Even though it seems to be growing rapidly, when compared to the total population of Indonesia, the number of people who already know about this product is still very small. The majority are even foreign. In fact, this investment option can enable more varied and productive financial planning than just saving conventionally. This unpopularity is allegedly due to a lack of socialization of this product. Lack of understanding also makes people reluctant because they are afraid of being trapped in usury transactions. In fact, sharia mutual funds are scattered and ready to offer an investment mix that is in accordance with Islamic principles (Farid, 2015).

For this phenomenon, this community service was created to track mutual fund socialization efforts to mothers in Indonesia. Researchers hope that mothers can better understand the variety of ways to save, so they can better plan family life goals. A good understanding of investment also prevents people from falling into the trap of bogus investments under the guise of mutual funds. There are many fraudulent investments circulating with the mode of offering constant and high returns (Prasetyo & Haryanto, 2019). Although it does not make sense, this fraudulent investment has ensnared many mothers and fathers who have low financial literacy, especially those who come from the lower middle economy (Prasetyo & Haryanto, 2019).

To take part in improving people's financial literacy, this program focuses on mutual fund training for beginners, with the theme "Mutual Fund Investment for Housewives". Housewives are expected to participate and contribute as well as the empowering of housewives in South Tangerang for environmental management activities (Andriyani & Yuningsi, 2021).

This activity is carried out using the zoom facility and is a webinar. Within two hours, participants from various regions in Indonesia will be exposed to basic mutual funds and have the opportunity to ask questions that support understanding.

METHOD

The activity was carried out online on January 22, 2022 using zoom media. Selection of media zoom on the basis of network stability and ease of sharing material. The webinar is held to socialize mutual funds to the general public, so that they are not deceived by fraudulent investments. Participants in the activity included ladies and gentlemen who were members of a business group for Mommy Oenyi's friends. This group contains consumers of premium household appliances sold on the Instagram platform @Mommy.Oenyi. The ability of group members to purchase premium cooking utensils is a reflection of their adequate financial condition. However, in reality the majority are not familiar with mutual funds. Several members questioned the lucrative and fraud-prone investment scheme. At the request of group members, the instructor consisting of 3 participants from different backgrounds gave the beginner level mutual fund webinar material.

The speakers who were invited to this event were Supeni Anggraeni Mapuasari (author 1) who works as an accounting lecturer as well as a businessman, then Vita Elisa Fitriana (author 2) who works as an accounting lecturer, and Atrasina Adlina who works as a financial blogger. The three authors have experience investing through mutual funds. To make it easier for the presenters to explain the concept of mutual funds, a simple and attractive power point slide was presented to the participants. In addition, the presenters also recommended an online mutual and online buying platform that is easily accessible from their respective devices, namely mutuals and seeds. These two applications have been popular and have been operating for a long time in Indonesia (Putra, 2021).

Preparation for the webinar is carried out 1 month before the activity is carried out. At the end of 2021, Mommy Oenyi's friend group has announced some brief knowledge related to mutual funds via social media (whatsapp status). The majority of viewers of the cooking utensil business whatsapp status are customers of premium cooking utensils. With this background, the group's members consist of middle-income people who can actually afford to buy mutual funds.

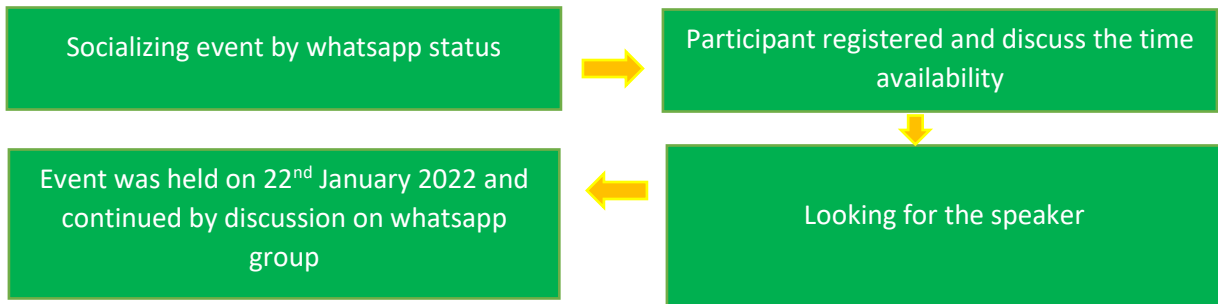


Figure 1. Preparation for the webinar

RESULTS

The event was carried out on January 22, 2022 for 150 minutes starting at 13.00 WIB. During the training, the speakers explained important concepts.

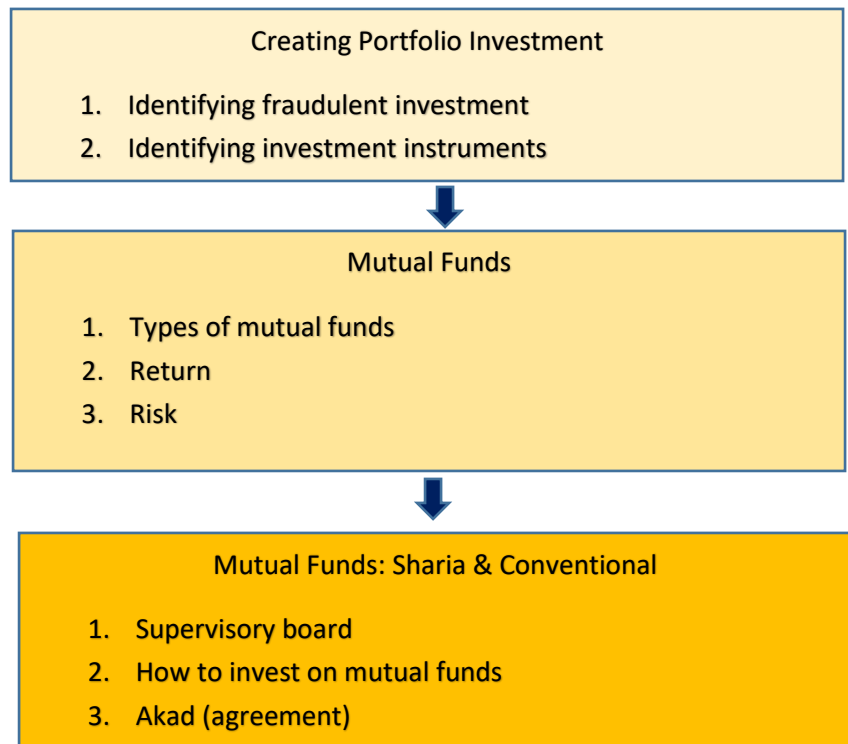


Figure 2. Brochure and Rundown

The implementation of the event went well and smoothly. In the initial session, participants were first asked about their knowledge of mutual funds. The majority of participants do not know this type of investment. Then, the speaker conveyed the basic concept of investment, where every investment certainly contains risks. So, an investment that offers lucrative results in a short time is a fraudulent investment. The speaker conveyed several characteristics of fraudulent investments, including; promises big profits in a short time, business processes are unclear, investment products are usually located overseas, there is a recruitment commission, when investors want to withdraw funds instead they are promised bigger profits, attract attention through community leaders, and end with a return which is jammed.

Several steps can be taken in dealing with fraudulent investments, namely; conduct re-checks with various related parties, for example the Financial Services Authority. Investors should also first reason about the business model, whether the real product of the investment can be found in the market or

not. The last way, investors can help the government by reporting the investment to the authorities in order to save others from fraud.

After explaining fraudulent investments, the webinar continues on the understanding of mutual funds and their types. Mutual funds are basically pooled funds that are entrusted to be managed by experts, namely investment managers. This pool fund is large and consists of various types of investments. Because it is managed by an expert, then of course there is a management fee. Investors will still get a proportion of profit sharing in accordance with the returns that are reaped. Because it consists of various types of investments, mutual funds have varied types, depending on their risk profile.

Money market mutual funds have an investment mix of low-risk financial products and liquid in less than 1 year, such as deposits, bonds, and so on. Income mutual funds combine investment options with ratios, mostly in low-risk instruments, a small portion in medium-to-medium risk. This fixed income mutual fund is very suitable for investors with medium to low-risk preferences and who want to save for a period of more than 1 year. These two types of mutual funds are very suitable for short-term savings programs, because the returns are relatively stable, although small.

For investors with a medium to high risk profile, mixed and stock mutual funds may be attractive. Mixed mutual funds managed by investment managers choose a mix of investment products with medium and low risk. The proportion of what percentage is low or medium is left to the expert, namely the investment manager. Therefore, mixed mutual funds tend to have very varied performance profiles. The rate of return on investment is also very varied. For investors who want to save in the medium to long term, for example above 5 years, this type of mutual fund can be chosen.

The last type of mutual fund is stock mutual fund. Stock mutual funds offer a mix of investments in most high-risk company stocks. These stocks are very varied. Therefore, investors who have a high-risk profile usually prefer this type of investment. Of course, the payback range is huge. In general, participants are taught how to read the mutual fund performance chart listed on the mutual fund sales application.

Investing in mutual funds does not mean risk free. First, investors still bear the risk of declining mutual fund values due to several factors. For example, the value of mutual funds fell due to sluggish market conditions. The value of mutual funds decreased due to a default on the part of the issuer of securities or the company. Then, the value fell because of the national disaster. Political and economic conditions also greatly affect the value of investment. If the economy and politics are unstable and deteriorating, of course, investment interest will deteriorate. As a result, the unit price of mutual fund participation will also be corrected. The last risk is liquidity risk. This risk occurs when investors simultaneously withdraw mutual funds, while the company does not have sufficient funds to return the investment. Before investing, you should check and ensure that the investment manager chosen is a trusted institution and has never been included in the blacklist of case mutual funds (Utami, 2020).

At the end, there were participants who asked the difference between Islamic mutual funds and conventional mutual funds. Islamic mutual funds can be an attractive option for investors who avoid usury (Farid, 2015). Sharia mutual fund education is taken as an effort to introduce the general ins and outs of this type of investment (Hasbiyah, 2020). In terms of returns, the conventional version of sharia mutual funds does not have

DISCUSSION

In this webinar, researchers found out that housewives are very interested in saving through mutual funds. They enthusiastically asked how to buy mutual funds, then differentiated between good and bad performers. Participants want to add to the technical session on buying and how to value mutual funds. It turns out that the community is willing to accept new types of investment, as long as they understand the ins and outs. Therefore, we suggest to increase the dissemination of innovative financial products by financial service providers, as well as by regulatory agencies. This socialization

will increase literacy and then improve the quality of decision making. Literacy socialization is not only beneficial for home investors, but also for micro, small and medium enterprises (Setiawan & Saputra, 2021). Literacy enables the community to develop financial management strategies that are superior and crisis-resistant (Bongomin et al., 2019).

This webinar also promotes a culture of saving in the community. As is well known, saving is very beneficial for individuals and the state (Cole et al., 2009). Countries where people are good at saving will be more resilient in fighting economic crises (Chibba, 2009; Clark et al., 2016). Saving also supports poverty alleviation efforts (Chibba, 2009). This socialization activity really needs to be improved and duplicated. Hopefully, through this activity, the community will be better at managing finances, the State will benefit more, the economy will become more stable.

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APPENDIX

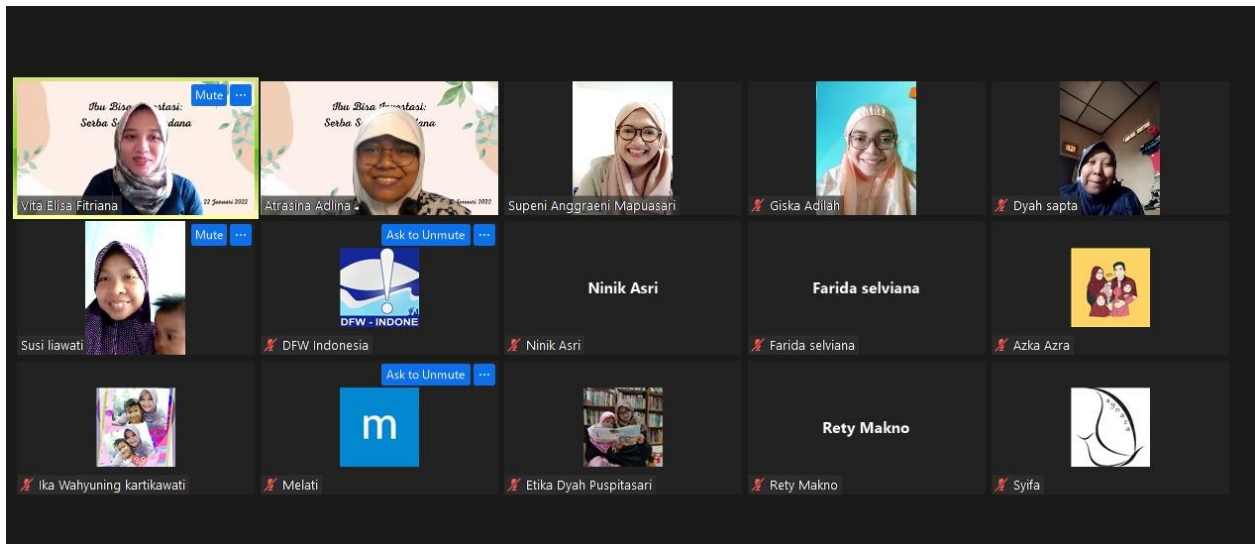


Figure 3. Zoom Presentation