

Enhancing Financial Literacy at St. Louis 1 Senior High: Universitas Ciputra Financial Club's Commitment to Student Investment Education

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ABSTRACT

In this growing era, an individual's investment skills are not only used in the scope of work, but also include long-term opportunities. Investment is one of the important instruments currently used as a financial strategy. Fraudulent investments have sprung up with various motives that make people afraid to invest. Now investment is gaining popularity among Generation Z, therefore the ability to invest must be developed and trained. This community service was held to improve investment skills by using fundamental analysis for St. Mary's High School students. The program was held on March 20, 27, 2024 and April 3, 2024. Several games and training seminars for St. Louis 1 related to "critical thinking". The purpose of this workshop is to provide a deep understanding of fundamental analysis, which will certainly have a very good impact on students in investing. This activity was organized by implementing a live analysis system prepared and delivered by two of the best speakers from Ciputra University. In fact, the session delivered by the two speakers received a positive response from the students who attended this event.

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INTRODUCTION

In today's globalized era, financial literacy is becoming increasingly important, especially for the younger generation. Understanding investments and smart financial management are essential tools for facing various economic challenges in the future. Investment is the use of money with the hope of obtaining greater returns in the future. The goals can vary, from capital growth to generating passive income. Examples of investing include buying stocks, bonds, property, or businesses (Bernheim, Garrett, & Maki 2005).

According to Tandelilin (2017), investment is the commitment of placing funds or other resources today with the aim of obtaining profits in the future. Investment activities can involve real assets such as land, gold, machinery, buildings, and also financial assets such as deposits, stocks, mutual funds, bonds, or bonds. Handini & Dyah Astawinetu (2020) added that investors buy stocks with the hope of getting profits from rising stock prices or dividends as compensation for the time and risk associated with the investment.

As a result, stock investment is a popular choice for many people in today's era due to its significant potential for long-term returns. Several well-known figures in the world of stock investment, such as Peter Lynch, Charlie Munger, Carl Icahn, and Warren Buffett, provide some of the main reasons why stocks are an attractive option. Warren Buffett, considered one of the best investors of all time, emphasizes the importance of an investment strategy that focuses on value and patience in holding long-term investments. Peter Lynch, a legendary investor, encourages a deep understanding of the companies invested in and choosing undervalued stocks. Charlie Munger, Warren Buffett's longtime partner, highlights the importance of diversification and long-term thinking in stock investing. Carl Icahn is known for his activist approach, where he strives to improve the value of companies constructively.

In addition, considering the importance of achieving optimal returns, especially in the digital era, portfolio diversification with stocks, as recommended by Mishra and Shastri (2020), needs to be considered by investors because investing also gives individuals the opportunity to diversify their portfolios, which can reduce risk and increase potential returns. Diversification is a strategy that involves spreading investments across various assets, such as stocks, bonds, and property, to minimize the risk associated with the poor performance of a single asset.

According to Bogle (2019), good diversification can protect investors from market fluctuations and help achieve long-term financial goals. Additionally, investing allows access to a variety of financial instruments and global markets, which can provide opportunities for higher returns compared to simply saving money in a savings account. By investing wisely and consistently, individuals can build sustainable wealth and achieve financial freedom in the future.

Therefore, the combination of high potential returns, diversification strategies, inflation protection, and inspiration from well-known investors makes stocks a promising and attractive investment choice for many people. It turns out that stocks also have the ability to beat inflation in the long run, provide high liquidity, and allow financial specialists to own a portion of growing companies and receive dividends. Therefore, the findings of Nguyen et al (2023) can strengthen the argument that portfolio diversification with stocks, including stocks in emerging markets, is an important investment strategy for investors who want to achieve optimal returns and minimize risk.

However, the lack of financial literacy among the younger generation is becoming an increasingly alarming problem. According to a report by the Financial Services Authority (OJK) from 2019 to 2022, although financial inclusion in East Java has reached a significant figure of 92.99%, financial literacy in the region only reaches 55.33% (Handini & Astawinetu, 2020). This gap highlights a serious challenge in ensuring adequate understanding of financial concepts among the public.

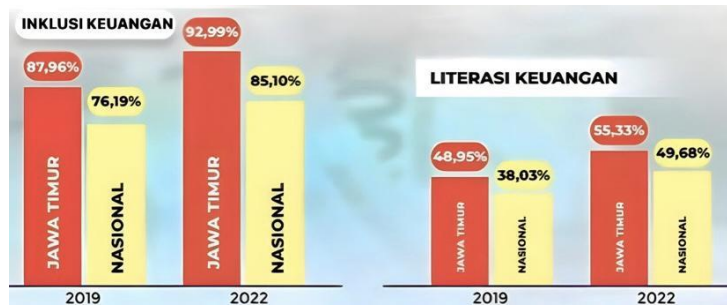


FIGURE 1. Comparison of OJK Reports 2019 and 2022 on Financial Inclusion and Financial Literacy in East Java Province

On the other hand, the existence of fraudulent investments or scam investments is also a reason why stock investment must be considered carefully. Barber and Odean (2000) show that retail investors tend to fall victim to fraudulent investments due to their lack of knowledge and understanding of the capital market. Therefore, Generation Z, which is increasingly reliant on technology, is also a vulnerable target for the increasingly growing fraudulent investment practices. Fraudulent investments, which have been around for a long time, now utilize digital platforms and the allure of modern technology to attract new victims. Therefore, a comprehensive approach is needed, including improving financial education and strict law enforcement against fraudulent investments to protect the younger generation from unexpected financial risks.

Realizing this, Universitas Ciputra Financial Club (UCFC), a student organization at Ciputra University that provides a platform for investment education, was moved to take a proactive role in instilling investment insights into high school students at St. Louis 1 Surabaya. The selection of St. Louis 1 Surabaya as the target of this education program was based on several considerations. First, St. Louis 1 Surabaya is known as one of the schools that has a strong commitment to developing students' intellectual and skills beyond the academic curriculum.

Second, the strategic and accessible location of the school for UC Financial Club members makes it easier to implement the program. Third, the awareness of the importance of financial literacy among SMA St. Louis 1 Surabaya students, as well as their enthusiasm for expanding their knowledge of investment, made them the right choice to be partners in this program. Finally, SMA St. Louis 1 Surabaya is also one of the favorite high schools in Surabaya, with a strong reputation in both academic and non-academic achievements, and often holds investment workshops that support the investment education initiative carried out by UC Financial Club.

Universitas Ciputra Financial Club, through its community service program, organized an educational and training event on fundamental stock analysis for students. Harris et al. (2023) describes fundamental analysis as a holistic method used to assess a company's intrinsic value by considering various aspects, including financial statements, cash flow, and growth prospects. The primary goal of this approach is to provide a comprehensive picture of a company's financial health and long-term growth potential. This analysis goes beyond historical data, also considering future trends and external factors that may impact the company's performance.

This method aligns with Warren Buffett's investment strategy, as outlined in his writings. Buffett emphasizes the importance of understanding a company's intrinsic value for successful investing. He believes that a thorough analysis of a company's fundamentals enables investors to identify opportunities where the market price of a stock is lower than its intrinsic value, known as undervalued investing. This approach empowers investors to make more informed and rational decisions, which can in turn reduce risk

and enhance long-term return potential. Buffett further underscores the significance of qualitative evaluation in assessing a company's intrinsic value, including management quality, competitiveness, and growth prospects.

The combination of quantitative and qualitative analysis provides a strong foundation for investors to make wiser decisions and avoid the pitfalls of market speculation often driven by emotions. Therefore, fundamental analysis not only assists in identifying undervalued stocks but also in developing a long-term investment strategy grounded in sound intrinsic value principles.

A recent study by Chen et al. (2022) has reinforced the importance of fundamental analysis as a crucial investment method for evaluating the intrinsic value of stocks and financial assets. This comprehensive approach involves assessing various key aspects of a company, including its financial statements, growth projections, management quality, and external factors that can influence its value. By delving into these factors, fundamental analysis empowers investors to gain a thorough understanding of a company's financial health and long-term prospects.

Fundamental analysis offers a multitude of benefits to investors, enabling them to make informed and data-driven investment decisions. A deeper understanding of a company's operations and growth prospects can guide investors towards selecting blue-chip stocks with the potential to generate long-term returns (Bodie, Kane, & Marcus, 2014). Fundamental analysis plays a pivotal role in assisting investors in making prudent investment decisions based on a thorough evaluation of a company's business health and prospects. This approach helps mitigate risk and enhances the potential for long-term investment returns. Fundamental analysis involves scrutinizing a company's financial factors and economic conditions. Key indicators employed in fundamental analysis include Return on Equity (ROE), Price to Earnings Ratio (P/E), and others. Return on Equity (ROE) stands out as a widely used financial ratio to assess a company's financial performance. ROE measures the level of return a company generates from the capital invested by its shareholders.

Mathematically, ROE is calculated by dividing the company's net profit by shareholder equity (Brigham & Ehrhardt, 2013). ROE provides significant insight into how efficiently a company is using the capital provided by its shareholders to generate profits. A high ROE indicates a greater level of efficiency in generating profits for shareholders (Gibson, 2012). However, ROE must also be analyzed in the context of the industry and the characteristics of the company itself. High ROE does not always guarantee good performance, because it can be influenced by high leverage or non-conservative accounting practices (Brigham & Ehrhardt, 2013). Therefore, a thorough analysis of external and internal factors is needed to understand the implications of the observed ROE level.

Meanwhile, the Price to Earnings Ratio (P/E) is one of the valuation ratios most commonly used by investors and financial analysts to assess how expensive or cheap a company's share price is compared to its net profit. The P/E ratio is calculated by dividing a company's share price by its earnings per share. According to research conducted by Smith (2019), the P/E ratio provides valuable insight into market expectations of a company's future performance. In the context of valuation analysis, a high P/E ratio indicates that the market is willing to pay a higher premium for the company due to confidence in strong earnings growth in the future. However, research by Jones et al (2020) shows that a very high P/E ratio can also indicate overvaluation and unrealistic expectations from the market. Therefore, analysts must consider other factors such as industry growth, earnings stability, and potential risks when using the P/E ratio as a stock valuation evaluation tool.

This program has been implemented on March 20 and 27 2024 and April 3, 2024, with the main aim of increasing financial literacy among St Louis I Surabaya High School students. The aim of this program is to equip students with knowledge and understanding about investment, so they are able to make wise and

responsible investment decisions in the future. Through this program, it is hoped that students will be able to avoid risky and unreliable investments. Apart from that, this program aims to stimulate students' interest in the world of investment and prepare them to become successful investors in the future.

The reason for holding this program is to avoid the trap of fraudulent investments and overcome high school students' lack of understanding about investment. This program is expected to equip students with the knowledge they need to manage their finances more effectively in the future. According to research by Smith and Jones (2023), structured financial education programs can significantly improve financial literacy and decision-making abilities among teenagers. This introduction is expected to make the public better understand the concept of investment and savings, so that they can use the product wisely (Mapuasari & Fitriana, 2022).

Discussion and practice methods are used to provide opportunities for students to exchange ideas and deepen their understanding of the material presented. The practice of fundamental stock analysis is carried out to help students apply the theory they have learned. Students are invited to analyze several companies listed on the Indonesian Stock Exchange. In these practical sessions, students learn how to read and understand financial reports, evaluate company performance, and assess long-term growth prospects. Investment simulations are carried out to help students understand how the stock market works and make wise investment decisions. Students are invited to simulate investing in the stock market using investment simulation software. According to research by Smith and Jones (Latest Year), educational programs that involve interactive discussions and hands-on practice are very effective in increasing financial literacy among teenagers.

In addition, these hands-on practical activities provide valuable experience for students in improving analytical and decision-making skills in the real world. By actively involving students in the learning process, they can better understand the concepts taught and develop their abilities in managing finances and investing wisely. This kind of interactive and practical learning approach can be a strong basis for helping the younger generation prepare to face the financial challenges of the future. Research by Mandell and Klein (2009) shows that financial education programs that combine theory with hands-on practice are effective in improving financial literacy and decision-making skills among students. This study found that students who engage in practical activities tend to have better understanding and are able to apply their knowledge more effectively in real situations.

METHOD

The community service activity with the theme "Improving Investment Insights of St. Louis 1 High School Students with Fundamental Analysis: Proactive Steps Through UC Financial Club Community Service" has gone through several thorough preparations. This preparation began with the formation of a committee consisting of members of the UC Financial Club and also students from Ciputra University, Surabaya. The formation of this committee has gone through several key stages starting with committee recruitment on December 19, 2023. This stage aims to select a team that will be responsible for planning and implementing the program effectively. This committee is also tasked with formulating the concept of the event, establishing communication with St. Louis 1, compiled educational materials, and organized the course of the event. After that, at the end of February 2024, a collaboration proposal was sent with SMA St. Louis 1 to establish a partnership between the UC Financial Club and the school.

Several meetings were also held to discuss the details of this community service event. Including division of tasks, preparation of event rundowns, and preparation of presentation materials. The committee members of this event also took part in several series of rehearsals regarding techniques for delivering effective and interesting material to high school students. The program will be implemented on March 20

and 27 2024 and on April 3, 2024, involving facilitators, namely lecturers who have expertise in the financial sector from the FEB faculty and mentors who have prepared several games and training seminars for the children of St. Louis 1 High School. Louis 1 which is related to "critical thinking" and also to sharpen the brains of St. Louis High School students. Louis 1. The facilitators and mentors hope that St. Louis High School students will Louis 1 was able to think broadly and think "outside of the box" and was able to solve problems around them with just what they had at that time.

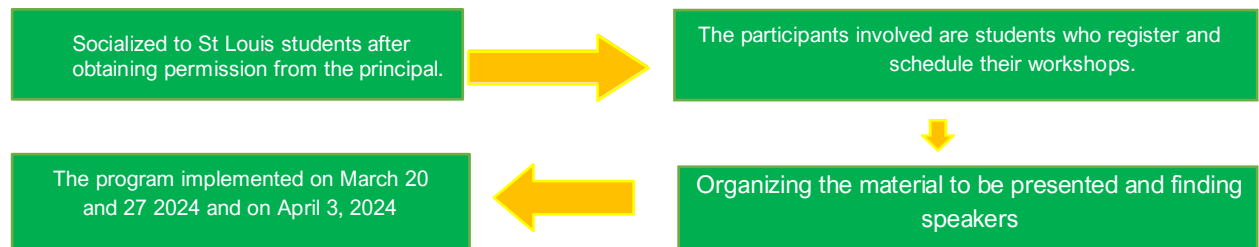


FIGURE 2. Preparation for the investments workshop

The implementation of workshop activities also has several unique features. This workshop has a two-way format, where the speaker not only delivers the material, but also opens up discussion and question and answer space for the participants. This allows participants to dig deeper into information and gain a more comprehensive understanding of fundamental analysis and investing. Obtained from a journal entitled "The Urgency of Two-Way Communication Models in the Education Process" according to Priyono et al. (2022) who found that implementing two-way communication is important to provide recognition that information has been conveyed well or not when students provide responses/feedback. This workshop not only provides knowledge about investment, but also encourages participants to become proactive and responsible investors. Participants were also invited to analyze potential stocks themselves and build their investment portfolio.

The topics covered during the workshop were quite diverse, this included: Fundamental analysis tools. This material discusses various fundamental analysis tools commonly used to calculate a company's intrinsic value, such as financial ratios (for example, Price-to-Earnings Ratio, Debt-to-Equity Ratio), industry analysis, and SWOT analysis. Students are taught how to use these tools to assess a company's financial health and growth prospects. Then there is the topic of calculating Return on Investment (ROI). This material explains the concept of ROI and how to calculate it using fundamental analysis data. Students are taught how to interpret ROI values to assess a company's profitability. Then there is also the topic Summary of fundamental analysis. This material discusses the steps in conducting a comprehensive fundamental analysis. Students are taught how to prepare comprehensive fundamental analysis reports. And the last thing is to discuss intrinsic value. This material explains the concept of intrinsic value and how to calculate it using fundamental analysis.

In order to strengthen relationships between participants, the program also includes ice breaking activities. Through this series of steps, it is hoped that the community service program from UCFC can achieve its goals of increasing students' understanding of investment and fundamental analysis as well as increasing their involvement in economic activities.

RESULTS

Financial Planning and Investment Workshop.

The Financial Planning and Investment Workshop organized by the Ciputra University Financial Club (UCFC) is an important platform for discussing the basics of investment. Investing is a significant step in

managing personal or business finances, so a deep understanding of the basic concepts is essential. In this workshop, participants are invited to understand basic investment concepts, such as risk and return, portfolio diversification, and investment analysis methods.

In-depth discussions regarding investment types, from shares and bonds to property and commodities, are also the main focus. Apart from that, this workshop provides an understanding of how to start investing with practical and strategic steps. What is quite interesting about this workshop is that it teaches participants to understand their respective risk profiles and personal financial goals. Each individual has a different risk tolerance, and this workshop provides guidance for identifying and managing risks according to preferences and financial situation. With a deep understanding of risks and returns, participants are expected to be able to make smarter and more planned investment decisions.

In more depth, this workshop discusses the importance of portfolio diversification in reducing investment risk. By diversifying investments across asset classes, such as shares, bonds and property, participants can reduce the risks associated with certain market fluctuations. In its application, participants are taught about investment analysis methods that can help them choose investments that suit their financial goals and risk profile.

Overall, the UCFC Financial Planning and Investment Workshop is a valuable opportunity for participants to gain an in-depth understanding of the basics of investing. With the knowledge gained from this workshop, it is hoped that participants will be able to start their investment journey with more confidence and information and be able to manage their personal or business finances better.

IDX Mobile Application Workshop and Correct Stock Selection

The workshop on using the IDX mobile application and selecting the correct shares took place over 3 days, meeting on March 20, 27 and April 4, 2024, held offline at St. Louis High School. Louis Surabaya. The workshop was attended by 37 students from St. Louis 1 Surabaya. The workshop process began with an explanation of the importance of investing early. The students showed interest in this workshop, especially when the teacher introduced the IDX mobile application. The teacher explains to students about using the IDX mobile application, the teacher introduces the features of the application, as well as the benefits of each feature contained in the IDX mobile application. After giving an explanation, the teacher directed the students to download the IDX mobile application so that students could immediately apply what the teacher taught regarding the IDX mobile application. After downloading the application, students can immediately carry out transactions on how to buy and sell shares as retail investors.

Next, St. Louis 1 High School students was given education on how to choose shares correctly by sharing several important points. The workshop points for correct stock selection as a beginner consist of : 1.) Making financial planning, 2.) Understanding the basic science of investment and stocks, 3.) Analyzing stocks, 4.) Carrying out futures transactions, 5.) Buying shares when prices are falling, and 6.) Regarding LQ45 and IDX30 shares. In the next stage, students are also taught tips & strategies for determining stock choices as beginners. After learning, students are directed to use the IDX mobile application. This series of workshops can increase students' knowledge about the IDX mobile application and how to select shares properly and correctly for beginners.

The material presented made St. Louis High School students understands the importance of investing from an early age, demonstrated by the simple things of introducing shares and how to choose shares that are good and correct for beginners. The positive impact of this workshop is that St. Louis 1 Surabaya was inspired to implement investment from an early age. The students felt that the workshop would benefit from new opportunities for the younger generation to continue to innovate in the financial industry through stock instruments as an investment portfolio.

Closing Event

A workshop on the material "Smart Investing" and "Risk and Return Investing" was held on Friday, April 5, 2024, which was held face to face at Ciputra University, Surabaya. The workshop and closing event were attended by students from St. Louis 1 Surabaya and St. Louis High School Agnes Surabaya.



FIGURE 3. Opening speech given by Wendra Hartono, Ph.D as Head of the MBA Program Study



FIGURE 4. Delivery of "Risk and Return" material

Figure 3 explains the provision of material for the "Risk & Return" Workshop by Diana Hartono, RFP, from Maybank Sekuritas Indonesia. Students are taught to understand stock portfolios that are formed based on selecting a combination of certain assets.



FIGURE 5. The awarding of a plaque

Figure 4 explains the awarding of a plaque to Asikin Ashar from IDX after delivering material on "Smart Investing" to St. High School students. Louis 1 Surabaya and St. Louis High School. Agnes Surabaya. The material presented consists of: 1). Getting to Know Investment, 2). Capital Market Products, 3). Investment Strategy. Furthermore, students are also given a stronger and deeper understanding of the Asset Diversification Strategy to be able to adjust to each student's risk profile.

DISCUSSION

The activities we carry out aim to help students improve their investment analysis skills, carry out objective evaluations of the market, and make wise decisions. These skills also help students overcome narrow-minded thinking, help identify trends, and help deal with rapid changes in the investment world. All of these aims to enable individuals to make informed choices and make meaningful contributions to society.

It is important to continually assess students' level of critical thinking abilities, especially in fundamental analysis. Community service activities between the University Financial Club and St. Louis 1 Surabaya is an important effort to develop investment skills from an early age.

Through workshops, games, innovative and interactive learning activities, students are taught how to analyze fundamentals and how to implement them. Although there is still room for improvement, this activity provides great hope in improving the investment analysis skills of students at St. Louis 1 Surabaya.

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