

# Strengthening Investment During the Covid-19 Pandemic Through Digital Technology for Millennials in Pekalongan City

**Farida Rohmah**

Universitas Islam Negeri K.H Abdurrahman Wahid Pekalongan

## ARTICLE INFO

### Article history:

Received Jan 15, 2023

Revised Feb 05, 2023

Accepted Feb 25 2023

### Keywords:

Digital Technology,  
Investment, Millennial  
Generation

## ABSTRACT

This study aims to describe and explain the existence of digital technology as a strengthening investment in the millennial generation during the Covid-19 pandemic in Pekalongan City. This research is a field research with a qualitative approach. Explorative to find further and deeper into other possibilities of the problem under study. The informants in this research are investment gallery assistants at the UIN K.H Abdurrahman Wahid Pekalongan campus and young investors (millennial generation) in Pekalongan City. The results of this study indicate that there is an interest of the millennial generation in stocks during the covid-19 pandemic because many millennial generation investors make stock transactions, with the expectation that stock prices will increase after the end of the pandemic. In addition, the role of digital technology has further increased investment during the co-19 pandemic in Pekalongan City. This indicates that it is important because of the growing digital technology, this will facilitate and increase investment during the Covid-19 pandemic by not violating health protocols and the lifestyle of people during the pandemic who are accustomed to work from home and online systems.

*This is an open access article under the [CC BY-NC](#) license.*



## Corresponding Author:

**Farida Rohmah,**

Universitas Islam Negeri K.H Abdurrahman Wahid Pekalongan

Jl. Kusuma Bangsa No.9, Panjang Baru, Kec. Pekalongan Utara, Kota Pekalongan, Jawa Tengah 51141

Email: farida.rohmah@uingusdur.ac.id

## 1. INTRODUCTION

Investment awareness in Indonesia, as a developing country, is still relatively low. The majority of people tend to be oriented towards saving and short-term thinking, in contrast to developed countries which are more inclined towards long-term investment. In developed countries, awareness of financial management is very high, so they can set aside around 30% of their income for investment. Investment plays an important role in economic growth, as it encourages the development of the business world through the provision of capital. However, in Indonesia, investing in the stock market is still considered foreign and complicated by most of the public, with the perception that it is expensive and high-risk.

Investment is not only a practical knowledge, but also has a spiritual dimension when viewed from the perspective of sharia norms. In this context, investment is not only about seeking material gains, but also about following ethical and moral principles in transactions. This approach encompasses the essential aspects of knowledge and charity, where one not only acquires knowledge on how to manage investments, but also puts it into practice by adhering to principles

that are in line with one's spiritual and moral values. Thus, Shariah-based investing combines practical knowledge with spiritual values in order to achieve sustainable and blessed financial success

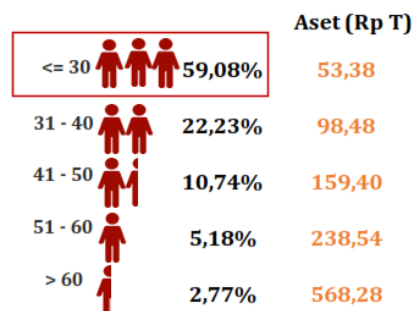
Before the Covid-19 pandemic spread, the global economy experienced a period of encouraging growth. Despite some previous challenges such as geopolitical tensions between the United States and Iran, trade disputes between the United States and the European Union regarding the EU green deal, trade conflicts between the United States and China, and uncertainty regarding Brexit, overall, the global economic situation looks stable and attractive for investors. Despite some uncertainties and conflicts, global economic growth was in full swing before the Covid-19 pandemic hit.

Covid-19 has been a source of concern as it generates a huge impact. The impact includes deaths and also adversely affects the global economy, including in Indonesia. The Indonesian government confirmed the first case of Covid-19 on March 2, 2020, and since then the number of cases has continued to rise. The pandemic has rapidly changed the fabric of people's lives, both socially and economically, leaving an air of uncertainty hanging over society.

Despite the economic downturn since the onset of Covid-19 in March, which peaked in the second quarter of 2020 with economic growth reaching -5.32%, this does not rule out the possibility for a sluggish economy to continue investing. Investment can be an effective additional measure in overcoming economic challenges during the pandemic. (Financial System Statistics June 2020).

According to data from [www.ksei.co.id](http://www.ksei.co.id) (2022), there was a consistent increase in the number of investors in the capital market each year from 2019 to September 2022. Although in 2022, the growth only reached 30.55% until September, which is lower than the more than 50% increase in a year as seen in previous years. Nevertheless, this shows that the Covid-19 pandemic has not dampened investors' interest in participating in the capital market. The increase is mainly characterized by an increase in the number of young investors, especially those under 30 years old, who are part of the millennial generation, born between 1982 and 2002 (Howe & Strauss, 2000).

#### Capital Market Investor Demographics



Source: [www.ksei.co.id](http://www.ksei.co.id) (2022)

The figure shows that the majority of investors in the capital market are less than 30 years old, reaching 59.08%, with total assets of 53.38 T in September 2022. Meanwhile, the 31-40 years age group occupied the second position with a percentage of 22.23% and assets of 98.48 T. This phenomenon shows that the Millennial Generation, including generations Y and Z, have a great interest in investing in the capital market. They see the capital market as an opportunity to raise long-term funds and to continuously update their knowledge in terms of the economy. According to the President Director of PT Indo Premier Sekuritas, Moleonoto, public interest in investing in the capital market has increased during the Covid-19 pandemic, as seen from the increase in the number of participants in virtual capital market seminars. This increase is due to the awareness of the importance of investing in the face of a crisis or pandemic that can disrupt income. In addition, another factor influencing the increase in capital market investment is the phenomenon of "work from home" which makes millennials realize the importance of long-term investment as future security amid job uncertainty.

The capital market has the potential to contribute to the welfare of society and increase tax revenue (Tumbunan, et al., 2018). Therefore, it is important to increase public understanding about investing in the capital market. Investing in the capital market can be done by anyone, including millennials, as part of financial planning with the hope of gaining profits in the future.

Awareness of the importance of investing can help millennials make more positive use of technological developments. Along with easy access to social media and gadget dependency, millennials are prone to ethical challenges and anti-social behavior. Developing an investment culture is one step towards mitigating the negative impact of technology and enabling millennials to optimize the positive benefits of technological advancements through investment activities.

During the COVID-19 pandemic, millennials' interest in investing in the capital market increased as many stocks experienced significant price drops. They see this opportunity as a potential time to make purchases, hoping that stock prices will recover after the pandemic ends, and generate significant profits. However, it is important to remember that not all stocks will recover after the pandemic, and not all stocks are worth buying when prices drop. (Prasetyo & Manongga, 2019).

Pekalongan City, known as the "Batik City" for its advanced batik industry, also has a diversity of public and private universities. These universities create qualified human resources who are proficient in capital market knowledge. This presence is a potential for the local community to engage in stock investment. With good capital market knowledge, they can choose and make smart stock investments, which in turn can contribute to the welfare of the community and increase tax revenue through investment growth.

This research will explore how Pekalongan City's millennials utilize digital technology in investment decision-making during the COVID-19 pandemic, assess the effectiveness of the technology used, and identify strategies used by them in facing investment challenges during this pandemic.

## 2. RESEARCH METHOD

This research uses descriptive research with a qualitative approach. Descriptive research is research that tries to describe a symptom, event, event that is happening now (Juliansyah, 2011). Because researchers will describe the behavior of millennial generation investors in strengthening their investments through digital technology during the Covid-19 pandemic. The subject of this research is millennial generation investors (generation Y and Z) in Pekalongan City. Informants are people who provide information during research. The informant selection technique is purposive sampling where the selection of informants is based on certain considerations. The number of informants in the research that researchers met were 10 investors from the millennial generation (Y and Z), who were selected based on considerations, namely informants who could provide precise and clear information in accordance with the questions asked by researchers, active investors and investors who always trade stocks.

In this study, the data sources used are primary and secondary data. Primary data is data obtained from informants through observation of the results of interview answers. While secondary data in this study is in the form of collecting data on investors who have been millennial generation investors who have been registered at the investment galeri UIN KH. Abdurrahman Wahid Pekalongan.

## 3. RESULTS AND DISCUSSION

Analysis of Strengthening Investment through Digital Technology During the Covid-19 Pandemic for Millennials in Pekalongan City From the results of interviews, researchers obtained the results of 40% of entrepreneurs or entrepreneurs who invested during the Covid-19 pandemic, on average these entrepreneurs are engaged in trade and industry which dominates, they consider that investment in the capital market is important, especially during the Covid-19 pandemic which has quite an impact on their business. For this reason, they invest a lot in the capital market as an alternative. In the second order as many as 30% of employees or professionals invested with the tendency to invest in the capital market for reasons of profit while hoping for a high return on their investment. and the third order of 30% of students or students who invested during the Covid-19 pandemic, the tendency of their reasons for investing is that the capital needed to invest in the capital market does not require too much capital, this is very attractive among students as a form of easy investment and only requires capital that is not too high.

This is in line with the research of Aprilianto et al (2014) which reveals that humans as social creatures, essentially want to achieve prosperity in life, without exception in every type of profession or work they are involved in. Informants have almost the same goal in investing, namely to profit from the sale and purchase of shares. The profit generated from investing aims to obtain financial freedom where an investor is no longer burdened by debt has passive income to meet daily needs, and is no

longer confused when spending some money on vacation (Rudiawantoro, 2018). Investors will get additional income periodically from the results of investments made consistently. Additional revenue can be allocated to fulfill future financial needs or realize dreams and increase the wealth of investors.

Apart from that, 40% stated that making investments during the pandemic expressed concerns about the future or profits. In line with previous research from Ibrahim, M. H. Al, & Adib (2018), which states that the motivation for investing is to obtain profits in the form of dividends or capital gains which are considered more profitable than bank interest. Investing in stock instruments made online can be said to be more effective in gaining profits, this is because investors can do it at any time and do not require a lot of energy when investing in shares. An investor's activities simply involve carrying out market analysis or following market trends, then depositing money into the RDN (Customer Fund Account) as participation capital in investing in a company, and then purchasing shares. The investor is said to make a profit when the share price increases. This phenomenon is in line with the development of the millennial generation who are accustomed to instant situations through digital technology. And 30% stated that they had their own will because of the knowledge they had gained during college, so they were interested in continuing to invest until now because they felt that investing in the capital market only required capital that was not too large. Apart from that, they can understand the concepts of calculations that exist in the world of capital markets.

The remaining 30% stated that they had invited their friends to invest because of the lure of previous investment profits. Investing with the consideration of following a friend's invitation to decide to invest. Making investment decisions based on recommendations from friends or relatives they trust. This behavior is usually due to a sense of trust in friends or relatives who have been involved in stock investment for a long time. This trust arises because the income or profits obtained from stock investment are felt to be large. Stock buying and selling activities are carried out too often so that positive stories from someone successful in using this strategy can make someone interested in how to make big profits. This behavior can be classified as herding bias. Herding bias is the behavior of investors who tend to follow other investors in investing without prior fundamental and technical analysis (Setiawan, 2018). The behavior of participating in investing is not an optimal action, because without a sufficient basic understanding of investing, an investor will experience losses or experience quite high risks. An investor is expected to remain selective when choosing investment instruments, including choosing an investment manager.

As for the type of investment chosen by 50% of those who invest through shares, their reasons for investing in shares are varied, but the dominant state is that investing in shares is quite affordable, very easy to do, and flexible and the profits obtained are dividends and capital gains. Where capital gain is the profit between the difference between the selling price and the buying price caused by market fluctuations.

Meanwhile, 40% choose to invest in mutual funds because people can diversify their investments and are suitable for novice investors. Because novice investors do not have experience and knowledge of capital market investment and have just switched from savings or deposit products. One of the advantages of investing in mutual funds that they reveal is that it is tax-free. In contrast to stock investments, which are subject to a 0.1% tax for every sale, apart from, dividend receipts are also subject to a 10% tax. And 10% of investing in bonds revealed that the profits obtained came from interest or coupons. The risk was relatively low because the payment of the principal value and coupons or yields was guaranteed by a series of laws, especially bonds issued by the government.

The behavior of millennial generation investors through digital technology in making investment decisions in the capital market during the COVID-19 pandemic for different reasons. When asked about the investments he made during the Covid-19 pandemic with the ease of digital technology,

Description of the behavior of investors who invest in the capital market during the COVID-19 pandemic in making investment decisions based on price factors, psychological factors, and the investor's factors.

1. Price Factor

Investor behavior in trading is locked in price, both past prices and current prices. Price is a consideration for investors when carrying out buying or selling actions even though information about prices is not relevant in making decisions. This is indicated by the fact that all of the 10 people who were interviewed by the author had carried out transactions in the capital market, namely Hadi, Amelia, Yuli, Aji, Yani, Lita, Novi, Putri, Rama and Nisa, and were interested in investing when share prices experienced a very significant decline.

drastically during the Covid-19 pandemic. Moreover, it is supported by an increasingly sophisticated digital world. Information related to share prices will be obtained very quickly. So it can be concluded that stock prices through digital technology have an effect on investor behavior in making investment decisions so this will increase investment. The uncertainty caused by the pandemic has resulted in the stock market becoming sluggish, this has resulted in several issuers experiencing a decline in performance and has resulted in the valuation of share prices being very cheap when compared to their five-year valuation. This situation is a momentum to get high returns in the future when economic conditions improve. back to stability. The development of the capital market in Indonesia is very vulnerable to the influence of macroeconomic conditions as well as global economic conditions and also world capital markets so these conditions have a very long-term influence on the performance of a company. Share prices are influenced by macroeconomic changes and excessive reactions shown by investors. Investors also take into account the impact on the company's performance in the next few years and decide to buy, sell, or retain shares

## 2. Psychological Factors

Based on the results of interviews with researchers, it was found that investors have social interaction behavior towards each other because most investors are influenced by information from other investors or other parties. The theory reveals that psychological factors influence the financial behavior of investors. One of the psychological factors is social interaction. Social interaction can influence investors' decisions in making transactions. Investors get more information from investment seminars and recommendations from other investor friends. They can do this through an increasingly sophisticated digital world. They can take part in seminars related to investment through the digital world or what we often call webinars. So this influences investors' decisions in investing during the COVID-19 pandemic. This is indicated by the results of interviews conducted by researchers with 10 people, almost all of whom invested because of encouragement from other investors or information received by investors so that they became interested. This shows that investors' interactions with other investors, whether information obtained or invitations or even encouragement, make other investors want to invest in the capital market during the COVID-19 pandemic.

## 3. Expectation Factor

Income Investor behavior is based on income expectations, namely, investors have the behavior of looking at current conditions to find patterns to predict the future. Investors predict that share prices which are currently falling could one day increase in price or even double the previous price and this is a consideration for investors when making decisions to invest during the Covid-19 pandemic. From the results of research conducted by researchers, there were 5 people, namely Hadi, Yani, Lita, Putri, and Novi who invested during the Covid-19 pandemic because they predicted that the price of the shares they bought at a cheap price could one day rise. This shows that expectations of future income influence investors to invest in the capital market during the COVID-19 pandemic.

Based on the results of research that researchers have conducted, it is known that what is behind the behavior of millennial generation investors in Pekalongan City in deciding to invest during the Covid-19 pandemic, is choosing to decide to invest during the Covid-19 pandemic for price reasons, because of recommendations from friends (investor story ) and are interested in deciding to invest during the Covid-19 pandemic due to expectations of future income.

### **Pekalongan City Millennial Generation Investor Strategy in Making Investment Decisions During the Covid-19 Pandemic**

The coronavirus pandemic or what is usually called Covid-19 has had a major impact on various aspects of life, including the economy. Since the government implemented regulations regarding Large-Scale Social Restrictions to suppress the spread of the virus, the country's economy has been affected, including the capital market. So for that reason, investors can carry out investment activities through digital technology to reduce the impact of the spread of COVID-19.

Investor strategies for deciding to invest during the Covid-19 pandemic include:

- a. Consider a price that is adjusted to your capabilities, but not excessive. Investors understand that the price level needs to be one of the considerations in choosing shares to invest in considering whether or not the benefits obtained from selecting and



using these shares are appropriate. They also understand that every share purchase should not be done excessively because Allah hates excessive attitudes that tend to follow one's desires. So when choosing shares, it's best to just have enough according to your needs and ability to buy them.

b. Review and Rebalance Portfolio

Investors understand the importance of choosing good types of shares. Information related to stock portfolios can also be accessed and downloaded easily via the Internet. In making decisions in terms of searching, selecting, buying, and using, you also evaluate companies or shares to find out whether the existing portfolio is still by current conditions.

c. Choose the right momentum to invest. Investors understand the importance of choosing the right time to invest. From the interview results, falling stock prices provide an opportunity for investors to invest. One sector that many investors are targeting during the pandemic is the health sector.

d. Investors know well the importance of maintaining health during the Covid-19 pandemic. Investors understand the importance of maintaining health during the COVID-19 pandemic by following health protocols such as wearing masks, washing hands, and maintaining distance. Investors can also carry out stock buying and selling transactions digitally.

#### 4. CONCLUSION

From research on analyzing investor behavior in making investment decisions in the capital market during the Covid-19 pandemic, the author concludes that: The majority of investors in Pekalongan City chose to invest during the Covid-19 pandemic and the majority of investors were interested in investing for different reasons. The behavior of investors in deciding to invest during the Covid-19 pandemic is by deciding to buy shares because there is the right opportunity because share prices fell during the Covid-19 pandemic, there is an estimate that by buying shares at a cheap price now they can sell them at the same price. rose after the pandemic. Online trading is a new way of buying and selling shares, namely via the Internet. Investors only need to enter orders (buy or self) via keyboard, with instant execution (real-time). The advantages of trading shares via online trading, such as efficiency, cheaper costs, direct access, wider reach, and relative flexibility, will encourage more and more people to invest by diverting their capital to the capital market. The digital era has had an extraordinary impact, plus the Covid-19 pandemic which requires restrictions on outside activities, the millennial generation can invest in online trading. During a pandemic like now, the right strategy is needed before making investment decisions. The investor's strategy is to consider prices that are adjusted to capabilities, but not excessively, Review and Rebalance Portfolio, and choose the right momentum to invest. Investors know well the importance of maintaining health during the Covid-19 pandemic.

#### REFERENCES

- Aprilianto, Wulandari, & Kurrohman. (2014). Perilaku Investor Saham Individual Dalam Pengambilan Keputusan Investasi: Studi Hermeneutika Kritis. *E-Journal Ekonomi Bisnis Dan Akuntansi*, 1(1), 16–31.
- Badan Pusat Statistik (2022) Statistik Sistem Keuangan Indonesia Eksternal. 2017. [www.bps.go.id](http://www.bps.go.id)
- Haris Nandar, Mustafa Kamal Rokan, dan M. Ridwan, "Faktor Yang Mempengaruhi Minat Mahasiswa Berinvestasi Di Pasar Modal Syariah Melalui Galeri Investasi Iain Zawiyah Cot Kala Langsa," *KITABAH: Jurnal Akuntansi Dan Keuangan Syariah*, Vol. 2 No. 2(5 Desember 2018): hlm. 118.
- Howe, N., & Strauss, & W. (2000). *Millennials Rising The Next Great Generation*. Vintage Book
- Ibrahim, M. H. Al, & Adib, N. (2018). Perilaku Investor Individu Dalam Pengambilan Keputusan Investasi Saham (Studi Kasus Pada Investor Saham Individu Di Malang). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*.
- Jakpat. (2018). Indonesian millennials investment trend 2018 – survey report. Retrieved December 18, 2020 from <https://blog.jakpat.net/indonesian-millennials-investmenttrend-2018-survey-report/>.
- Jensen, G. R., & Jones, C. P. (2020). *Investments : analysis and management*.

- Jones, C. P. (2006). *Investments: Analysis and Management*; 10th edition. New York: John Wiley & Sons
- Juliansyah, Noor. 2011, *Metodelogi Penelitian: Skripsi, Tesis, Desertasi, Dan Karya Ilmiah*, Edisi Pertama, (Jakarta: Prenada Media Group
- KSEI. (2020). PT Kustodian Sentral Efek Indonesia (KSEI)
- Rudiwantoro, A. (2018). Langkah Penting Generasi Millennial Menuju Kebebasan Finansial Melalui Investasi. *Jurnal Moneter*, 5(1), 44–51. Retrieved from [www.bi.go.id](http://www.bi.go.id),
- Setiawan, Y. C., Atahau, A. D. R., & Robiyanto, R. (2018). Cognitive Dissonance Bias, Overconfidence Bias Dan Herding Bias Dalam Pengambilan Keputusan Investasi Saham. *AFRE (Accounting And Financial Review)*, 1(1), 17–25.
- Tjiptono. *Pasar Modal Di Indonesia*, Edisi 1. Jakarta: Salemba Empat, 2001
- T. D. Prasetyo and A. Manongga, "Analisis Pengaruh Faktor Demografi dan Norma Subjektif terhadap Keputusan Investasi Saham," *J. Magisma*, vol. VII, no. 2, pp. 71–77, 2019.
- Willem JF. Alfa Tumbunan, Patrick CH. Wauran, Christy Rondowuwu. (2018). PKM Literasi dan Inklusi Berinvestasi di Pasar Modal Bagi Investor Pemula Kelompok Studi KSPM E-Stoc, Kota Manago, Provinsi Sulawesi Utara. *Jurnal Berkala Ilmiah Efisiensi*, 34-40