



## Young Investors' Interest in Mutual Fund Investment

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**Abstract:** The investment sector has an important role in a country's economy, especially in developing countries like Indonesia. Without good investment prospects, it is difficult to develop economies of scale that will bring prosperity to developing countries. This study aims to find out what are the backgrounds of young investors who are interested in investing in mutual funds in the Seeds and Bareksa applications. Researchers used a qualitative approach with a descriptive method as a research method. The use of the Seeds and Bareksa applications in mutual fund investments has various promotions that increase investor interest in investing in these applications. Promotions are offered such as cashback and discounts when investing and also if you can invite colleagues to join the application and make investments. Many young investors choose the Seeds application over Bareksa in investing in mutual funds online, namely because the ease of features in the application provided by Seeds are easier for young investors to understand.

**Keywords:** Mutual Fund Investment; Seed Application; Young Investor

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### INTRODUCTION

As time has progressed, the number of financial services sectors in Indonesia that apply information technology has increased significantly due to the large benefits provided by fintech, namely increasing the efficiency of the financial ecosystem. One of the implementations of fintech in the field of financial services is through the Online Investment Platform. Online investment is currently being widely discussed by the public and investors. With advances in technology, it can assist investors in carrying out investment activities because it is more flexible and makes it easier to make decisions because this online investment automatically displays the buying and selling prices of shares. Online investment commonly referred to as online trading is a securities trading activity using Internet media. Investors carry out investment activities through the service website or application that has been provided.

The investment sector has an important role in a country's economy, especially in developing countries like Indonesia. Without good investment prospects, it is difficult to increase the economy on a high scale that will bring prosperity to developing countries (Andrea & Suroso, 2022). One of the means used to accelerate improvement and the economy is through the capital market with activities such as public offerings and securities trading, where public companies will handle activities related to securities issues, both institutions, and professions related to securities. Investment has a goal, which is to create sustainability in investment, get maximum profit, and create prosperity for investors (Lumbantobing & Sadalia, 2021). In investing, it is necessary to apply the concept of "high risk high return", It is not enough to only consider returns in investing risk considerations are also needed. Investors have different abilities in taking risks, so the returns that investors get are by the risks borne. This affordable investment capital has existed since 2015 when the IDX (Indonesian Stock Exchange) held a "Yuk Nabung Saham" campaign launched by the vice president, Mr. Jusuf Kalla, which aims to invite

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Submitted: March 29, 2023; Revised: -;

Accepted: August 09, 2023; Published: August 29, 2023;

Website: <http://journalfeb.unla.ac.id/index.php/almana/article/view/2162>

the public as potential investors to invest by buying stocks regularly on the capital market. This is also intended to change the investment pattern of people who usually save to invest so that people are starting to move forward from a saving society to an investing society, (IDXChannel.com). With the "Yuk Nabung Saham" campaign movement, the number of investors in the Capital Market has relatively increased from year to year (Widati et al., 2022).

Investments can be made in the capital market with a variety of existing instruments, one of which is mutual funds. Mutual funds are a tempting investment instrument, because people, especially the younger generation, who have limited knowledge about investing in the capital market, especially mutual funds, can still make investments by allocating their funds to investment managers who are already experts in their fields (Pamungkas et al., 2019). PT Custodian Sentral Efek Indonesia (KSEI) noted that until July 2021 the number of Single Investor Identification (SID) for Mutual Fund investors as of July 2021 increased by 62.68% from 3,175,428 SID in 2020 to 5,165,798 SID in 2021. Demographics Investor age is dominated by people aged under 30 (58.58%) and 31 – 40 (21.63%) as shown in Figures 1 and 2 below:



**Figure 1. SID data from the Central Securities Depository (KSEI)**  
 Source: Central Securities Depository (KSEI) (2021)



**Figure 2. SID Demographics of Central Securities Depository (KSEI)**  
 Source: Central Securities Depository (KSEI) (2021)

The data above shows that the number of mutual fund investors has increased since the advancement and existence of online mutual fund investment platforms. With the growth of innovation, the improvement of the capital market industry, and the presence of fintech, it is easier for potential investors to open securities accounts.



Even so, young investors are often confused and don't understand how to start and make investments, especially investing in mutual fund instruments. Mutual funds are a forum for investors to gather to deposit funds or capital which will then be managed by investment managers who are already experts in their fields (Arifin, 2019). Even in the current era of digital technology, it will be easier for the public or investors to invest in mutual funds, which can be done through websites or online applications (Adhianto, 2020).

Looking at the potential market in Indonesia, many online investments in stocks and mutual funds have emerged in the form of mobile applications. In this case, online investment is an investment process that will be used to fund a company aiming to make a profit. One of them investing in online mutual funds in Indonesia is the Seeds application, an application owned by PT. Seed Grows together which was launched in 2019 and has been registered and directly supervised by the OJK (Financial Services Authority), then in March 2022, Seeds received the 2022 Indonesia WOW Brand award from MarkPlus, Inc. for the investment application category. Previously, Bibit was named 'The Best Fintech Company' at the 2021 CNBC Indonesia Awards, as a favorite investment application, whose users are dominated by millennials in 500 cities throughout Indonesia (Setiawan, 2020).

Research conducted by Putri et al. (2022) that investment knowledge is not only about knowing how to invest in the capital market, but knowing knowledge about investment, return & investment risk, risk & return relationships, and instruments in the capital market. For this reason, investment knowledge plays an important role for potential investors so they don't worry about experiencing fraud or feeling insecure when investing in the capital market. In addition, research conducted by Karno & Martinouva (2021) shows that there are several types of investments contained in the Seeds application, making it easier for novice investors to make transactions, both conventional and sharia investments.

The description above shows that research related to the interest of young investors in investing in mutual funds has not been widely carried out in Indonesia. Therefore, this research was conducted to deepen information about why young investors are interested or interested in investing in mutual funds in the Seeds and Bareksa applications and then to find out why many young investors choose the Seeds application over Bareksa in investing in mutual funds online. This research is expected to be the basis for future research related to investment risk management. The purpose of this study is to find out what are the backgrounds of young investors who are interested or interested in investing in mutual funds in the Seeds and Bareksa applications.

## METHODS

This research used a qualitative approach with a descriptive method as its research method. The researcher chose to use this method because the researcher would get an in-depth picture of how young investors are interested or interested in investing in mutual funds in the Seeds and Bareksa applications and then find out why many young investors choose the Seeds application over Bareksa in investing in mutual funds online so that data can be collected in the form of words from in-depth interview scripts and observations. The data analysis technique used in this study is a qualitative analysis using data analysis techniques by Miles and Huberman. In this study, researchers used



primary data and secondary data. Primary data in this study were obtained by conducting interviews and direct observation of 5 informants. Secondary data in this study used a literature study in the form of theory and previous research used in this study.

## RESULTS AND DISCUSSION

The results of observations and interviews conducted with young investors who met the criteria as informants in this study, namely having mutual fund investment funds in the Seeds and Bareksa applications, obtained information that supports the discussion in this study. Interviews were conducted using interview guidelines that had been prepared according to the needs of the research so that they were able to discuss the main issues developed in this study. The information obtained from the informants is a direct experience that is felt in using the Seeds and Bareksa applications in investing in mutual funds online.

The results of interviews conducted with informants regarding their understanding of mutual fund investment in the Seeds and Bareksa applications said that they knew the investment applications and had used them in investments. According to the results of an interview with I Gede Oka Suantara, it was said that:

*“I know both of these applications are focused on mutual fund investment and I've tried one of them. I know because I have invested in one of the applications, regarding the procedure for using it, I already know how to do it through information from YouTube and directions from the application”*

Users of the Seeds and Bareksa applications already know a lot of information regarding the use of applications through various information media such as YouTube, Instagram, TikTok, or directly from the application. Various reviews were carried out by various people regarding the use of the Seeds and Bareksa applications in investing in mutual funds so that young, information-literate investors can easily find this information.

The use of the Seeds and Bareksa applications in mutual fund investments has various promotions that increase investor interest in investing in these applications. Promotions are offered such as cashback and discounts when investing and also if you can invite colleagues to join the application and make investments. The promotions provided have an impact on investors' interest in promoting the application to their friends to get more bonuses.

There are various types of features provided in the Seeds and Bareksa applications that make it easier for young investors to invest in mutual funds. The results of an interview with I Komang Yogi Swara as a user of the Seeds or Bareksa application stated that:

*“As a new user, I am greatly helped by the features provided. Besides being very easy, there are also many choices so you can decide according to your wishes and needs. The application also provides a feature to view the risk profile and adjust it to the type of mutual fund that is suitable for you to choose. So, it is very comfortable and easy for an investor and trusted to invest money in the application.*

The features provided in Seeds and Bareksa are tailored to the needs of investors and make the investment process easier. The convenience provided helps new users to start their investment. This is an attraction because young investors are interested in



starting an investment. After all, it is easy to do. Application updates are also made to improve the features provided from time to time so that users are more comfortable and easier to make transactions.

The funds needed to start investing are very affordable for most people. The funds needed are only 100,000 rupiahs to get started and for subsequent top-ups, you can start from 10,000 rupiahs. With very affordable funds used, it can be reached by most people, young people, students, students, and people who are already working. The funds needed to start investing can make it easier for many people to start investing in mutual funds easily and affordably. This is one of the factors that cause many people to be interested in starting mutual fund investments in the Seeds and Bareksa applications.

Available information regarding the Seeds and Bareksa applications is widely available on social media and other information media so that investors can easily access them. According to the results of an interview with Ni Kadek Shinta Wahyu Utami regarding the ease of obtaining information on the Seeds and Bareksa applications, it was said that:

*"There is a lot of information available, I just found out from the TikTok media that there are investors who have used the application so the information is being shared completely with the procedure for using it and also the advantages. So I easily found out and was interested in downloading and using the application right away. Apart from that, I also watched reviews from YouTube as a comparison, so with that information, it was very easy for me to know how to invest in this application. For other young people, it's easy to use it right away, I think with the amount of information that already exists. So, download the application immediately and easily try it and understand more.*

Information regarding the use of the Seeds and Bareksa applications has been widely discussed by investors, so there is a lot of information available in the media and it helps new users. New investors can easily make comparisons between the selected applications and the types of mutual funds to choose from because the explanations provided are very diverse. This is an attraction for new investors to start investing in mutual funds because of the ease of use and adequate information.

Mutual fund investment is a new trend among young people so that information about mutual funds can be easily obtained. Most young people already know the advantages of investing in mutual funds with the Seeds and Bareksa applications. Thus, information about mutual fund investments is very easy to obtain. Apart from social media and other information media, reviews from friends are also widely available because most young investors have used the Seeds and Bareksa applications to invest in mutual funds. So, it is very easy and comfortable for investors to start investing because a lot of information is available and serves as a comparison in making decisions (Aprilianti et al., 2022).

Various videos regarding mutual fund investment are available on YouTube, Instagram, Facebook, and TikTok, and direct reviews from local people so that information on types of mutual fund investment through seeds and shells is very easy to reach or find. This can be a motivation for young investors to start investing in mutual funds. According to the results of an interview with I Gusti Made Mertayasa it was said that:



*"What I already feel is it motivates me, especially if the person conveying it is good and easy to digest, so I like to listen to it and become interested."*

The results of interviews with informants showed that viewing or watching videos on how to invest in mutual funds increased their motivation to start investing. The more mutual fund investment video reviews, the greater the motivation of young investors to start investing. Available video reviews can be a source of information about what are the advantages and disadvantages of investing so that new investors have an idea if they want to invest. In addition, many reviews provide comparative information about which type of investment is suitable for them to choose because the more videos they eat, the more information they have. That way, the more information they have, they can start investing with lower risk because it has been calculated and adjusted in advance to their conditions. This is one of the attractive factors for young investors to start investing (Asriati & Baddu, 2021).

Mutual fund investment activities online through the Seeds and Bareksa applications feel safe, seeing the various reviews of various parties that are seen directly by young investors. According to I Komang Yogi Swara regarding the safety of online transactions in mutual fund investment, it is said that:

*"According to the videos that I watched, all of them said that it was safe to transact online for mutual fund investment in the application, I also felt that even though I had been using it for the last 5 years, during that time the transactions I made were still safe, so I think I did invest in mutual funds in this app is safe".*

The security of online transactions was felt by the informants because during their experience investing using the Seeds and Bareksa applications they had never experienced any problems and the condition of their money in the application was still safely maintained. Apart from that, the investment withdrawal process is also very easy and fast, so investors don't feel worried about the money they have invested in the application (Fathony et al., 2022).

The use of seed and bark applications is also facilitated by trading robots. According to the informants, they know that there is a trading robot, wherein the application there is a robo advisor that helps application users to have the type of mutual fund that suits their risk profile. Trading robots help them make choices that they can make and adjust to their financial conditions so that the investments they make don't get stuck or become a burden for them in the future (Darmawan et al., 2019).

There are always advantages and disadvantages to the applications used. According to I Kadek Bayu Dwi Prayana, the advantages, and disadvantages of the Seed and Bareksa applications are as follows:

*"During the time I invested, I saw that the drawbacks were in incomplete products, so these 2 applications don't cover all products, but if a novice investor is enough with that choice if there are advantages, of course, they are very easy to use and easy to understand".*



The advantages felt by investors in this case were the informants who were interviewed, namely the way transactions in the application were very easy to understand so that for beginners it was very easy to follow, there was a robo advisor that assisted them in having the right type of investment according to their circumstances and financial condition. Another advantage is the autodebit feature which helps investors routinely make investments and maintain the stability of the funds they have. In the application, there is also a savings feature with specific goals so that each investor can determine the achievements in the savings which can be divided into several sections. The advantages possessed to make it easier for investors to invest so that motivation to invest increases (Seni & Ratnadi, 2020).

The drawbacks of the application of seeds and barks are that there are not many mutual fund choices so there is still minimal comparison with other types. Another drawback is that the trading robot used is still simple, so it depends on the answers, the questions are not yet in-depth, so the possibility of recommendation errors still exists. Another drawback in using the application is the amount of the percentage withheld in withdrawing investment because of different applications the percentage will be different.

There are risks involved in investing in mutual funds online, both from the application of seeds and mutual funds. According to the informants, they said that they knew the risks, such as application errors and bankruptcy in companies related to where the funds were allocated, but they said that this had been guaranteed by the OJK so that if something unexpected happened, they could get their money back. They said that so far the use of the application was smooth and the investment withdrawals they made were also smooth so the risks that could occur were still in the minimal category (Rapini et al., 2021).

According to the results of interviews regarding whether money invested online is guaranteed to return, the informants said that their money invested in mutual funds online through seed or mutual fund applications is guaranteed by the OJK. In this case, investment applications guarantee that the money they invest is safe under the protection of the OJK and guaranteed security. The process of disbursing funds is also easy and fast so that investors are guaranteed the security of the money they invest.

Transactions using mutual fund investment applications, namely Seeds and Bareksa, of course, there are obstacles in their use. But so far, the use felt by the informants as investors in the application has not been felt as a barrier. So, they feel the use of the application is still safe and under control. The efforts they make to maintain the security of the transactions they carry out are to maintain the confidentiality of personal information such as passwords and the OTP provided because this can cause the application to be hacked if it falls into irresponsible hands (Gunawan & Suartina, 2021).

### **Background Young Investors Are Interested in Investing in Seeds and Bareksa Applications**

The investment sector has an important role in a country's economy, especially in developing countries like Indonesia. Without good investment prospects, it is difficult to increase the economy on a high scale that will bring prosperity to developing countries (Andrea & Suroso, 2022). Investment has a goal, which is to create sustainability in investment, get maximum profit, and create prosperity for investors (Lumbantobing &



Sadalia, 2021). In investing, it is necessary to apply the concept of "high-risk high return", It is not enough to only consider returns in investing so risk considerations are also needed.

The investment sector has various types of products that are a choice for investors. Investing activities have become a trend for various groups, both young people who are already working and still in school and older people who are used to the investment world. Investments made can be in the form of various products that are available and can be done online.

Advances in technology make it easy for investors to invest in the products they are interested in. One of the investment products to choose from is mutual fund investment. Mutual fund investments can be made online through an application that provides online mutual fund investment features. Mutual funds are a tempting investment instrument, because people, especially the younger generation, who have limited knowledge about investing in the capital market, especially mutual funds, can still invest by allocating their funds to investment managers who are already experts in their fields (Pamungkas et al., 2019).

### **Reasons for Young Investors to Choose the Seed Application over Bareksa in Investing in Mutual Funds Online**

Mutual funds are a forum for investors to gather to deposit funds or capital which will then be managed by investment managers who are already experts in their fields (Arifin, 2019). Even in the current era of digital technology, it will be easier for the public or investors to invest in mutual funds, which can be done through websites or online applications.

Various online mutual fund investment applications are available and there are many choices. The applications that can be used to invest in mutual funds are Seeds, Barks, Pound, tantamount, Raiz, magic securities, POEMS profound, invitee, plug, Diana, and so on which can be selected as the online mutual fund investment tools.

The survey results of the Katadata Insight Center (KIC) together with Sisi+ and Zigi. I'd show that Seed is the favorite application for mutual fund investment. As many as 71.9% of respondents in this survey admitted to using Seeds for investment needs. Then followed by the Bareksa application with a total of 22.8% of respondents.

One of them investing in online mutual funds in Indonesia is the Seeds application, an application owned by PT. Seed Grows together which was launched in 2019 and has been registered and directly supervised by the OJK (Financial Services Authority), then in March 2022, Seeds received the 2022 Indonesia WOW Brand award from MarkPlus, Inc. for the investment application category. Previously, Bibit was named 'The Best Fintech Company' at the 2021 CNBC Indonesia Awards, as a favorite investment application, whose users are dominated by millennials in 500 cities throughout Indonesia.

### **CONCLUSION**

Based on the results and discussion, it can be concluded that the background for young investors to be interested or interested in investing in mutual funds in the Seeds and Bareksa applications is because of the ease of the features provided so that they can easily assist the mutual fund investment process online. In addition, transaction activities are very easy to understand so it speeds up investors to understand in





conducting transactions Also the ease of withdrawing or disbursing is an attraction for investors because the Seeds and Bareksa applications used can be trusted in maintaining the security of money invested by investors in the form of mutual fund products. So, it can be concluded that the reason many young investors choose the Seeds application over Bareksa in investing in mutual funds online is because the ease of features in the application provided by Seeds are easier for young investors to understand. Another advantage is the existence of robo advisors that assist young investors in having appropriate mutual fund products and another advantage, namely the ease of making withdrawal transactions that can be done on smartphones and is more flexible.

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