

Measuring Capital Market Literacy of Indonesian Society: An Overview

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ABSTRACT

Being capital market literate means having a good grasp of financial terms and concepts such as risk and return, diversification, asset allocation, market volatility, and investment strategies (Borden et al., 2008). It also involves being aware of regulatory frameworks that govern the capital markets, such as the Otoritas Jasa Keuangan (Financial Services Authority) in Indonesia. Capital market literacy is important because it helps individuals make informed investment decisions that align with their financial goals and risk tolerance (Kemu, 2016). It also enables investors to understand and interpret financial news and information, as well as evaluate the performance of their investments over time. Improving capital market literacy can be achieved through self-education, taking courses on finance and investing, reading financial news and reports, and seeking advice from financial professionals. Being capital market literate means having a good grasp of financial terms and concepts such as risk and return, diversification, asset allocation, market volatility, and investment strategies (Borden et al., 2008). It also involves being aware of regulatory frameworks that govern the capital markets, such as the Otoritas Jasa Keuangan (Financial Services Authority) in Indonesia. Capital market literacy is important because it helps individuals make informed investment decisions that align with their financial goals and risk tolerance (Kemu, 2016). It also enables investors to understand and interpret financial news and information, as well as evaluate the performance of their investments over time. Improving capital market literacy can be achieved through self-education, taking courses on finance and investing, reading financial news and reports, and seeking advice from financial professionals.

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