

The Strategic Role of Capital Markets: Impact and Function on the Indonesian and Israeli Economies

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Abstract

The capital market plays an important role in a country's economy because it functions as a means of efficient fund allocation. This study discusses the impact and function of the capital market on the economies of Indonesia and Israel, two countries with different economic characteristics. In the context of Indonesia, the capital market plays a role as an instrument to encourage economic growth through the mobilization of funds from local and international investors and as a source of funding for companies. On the other hand, the Israeli capital market is known as one of the most advanced in the Middle East, with technological innovation and startup companies utilizing the capital market to accelerate growth. This study analyzes the comparative role and function of the capital market in the two countries, as well as their impact on economic stability, investment growth, and private sector development. The results of the analysis show that despite differences in infrastructure and regulation, the capital markets in both countries make significant contributions to their national economies, with unique characteristics and dynamics in each country

Keywords: Capital Market; Economy, Indonesia, Israel, Investment; Economic Growth.

Introduction

The development of a country's capital market can be measured by the size of the capital market, liquidity, volatility, level of openness, and other indicators. Many argue that the development of the capital market can be seen from its stock market index. Some world economists argue that a country that has a developed capital market will certainly tend to have well-developed financial intermediation. In macro terms, the capital market plays an important role in the country's

economic activities. The capital market is a means to allocate economic resources. Companies that need funds can use the capital market as a medium to obtain funds in a more profitable way than banking. Here are some of the roles of the capital market for the national economy of Indonesia vs Israel:

- Facility for transactions in shares and other securities that are traded.
- Providing opportunities for investors to make a profit.
- The capital market creates opportunities for companies to satisfy shareholders' desires through relatively normal dividend policies and security price stability.
- The capital market provides an opportunity for investors to resell their shares or other securities. With the operation of the capital market, investors can liquidate their securities at any time.
- Capital markets create opportunities for people to participate in the development of an economy. The general public has the opportunity to consider alternative ways of using their money.
- Capital markets reduce the cost of information and securities transactions. For investors, investment decisions must be based on the availability of accurate and reliable information.
- Enables business activities to obtain funds from other parties in order to expand their business or expand.
- Enables business activities to separate business and economic operations from financial activities.
- Enables holders of securities to obtain liquidity by selling securities they own to other parties.

Historically, the capital market has been present long before Indonesia's independence. The capital market or stock exchange has been present since the Dutch colonial era and precisely in 1912 in Batavia. The capital market at that time was established by the Dutch East Indies government for the benefit of the colonial government or VOC. The capital market is an important part of a country's financial system that facilitates trading effects, such as stocks and bonds. The capital market plays a key role in allocating capital, enabling companies to obtain funds, and providing investors with opportunities to invest. The performance of the Indonesian capital market in the last five years (2018-2022) has been quite sweet and bitter. So, what is the performance of the Composite Stock Price Index (IHSG) in the last five years? (2018-2022).

Year 2018

The performance of the Composite Stock Price Index (IHSG) at the end of 2018 was minus 2.54% in a year. This achievement is said to be the worst in the last three years. In fact, in 2017 and 2016, the index still provided returns of 19.99% and 15.32%. However, when compared to 2015, the decline was still much better. In 2015, it was minus 12.13%. There are a number of negative catalysts both from within the country that caused the decline in the IHSG. Starting from Indonesia's economic

growth which has not moved from 5%, the depreciation of the Rupiah exchange rate, the trade balance deficit, to foreign sentiments such as the trade war and the increase in the US central bank's Fed Funds Rate (FFR). As a result, a number of these sentiments encouraged foreign investors to carry out a net sell of IDR 45.65 trillion in the regular market. President Joko Widodo (Jokowi) did not deny that the performance of all capital markets in the world was sluggish due to the noisy external sentiment throughout this year. However, Indonesia's capital market performance is currently the second best in the world. Indonesia's capital market performance is only second to India in terms of year-to-date index decline. This weakening, he said, was not considered the worst in the world. In 2018, the number of companies listed on the IDX reached 57 companies, an increase compared to last year, which was only 37 companies.

Year 2019

The Financial Services Authority (OJK) noted that the performance of the Indonesian capital market was quite positive amidst the dynamic global geopolitical and economic developments. The increase in the number of investors and the growth of the capital market industry also showed the great trust of investors and capital market players in the fundamentals and prospects of the Indonesian economy. "IHSG still recorded positive growth, although in a narrow range, growing 2.18% to 6,329.31 (December 27, 2019)," said Deputy Chairperson of the OJK Board of Commissioners Nurhaida at the close of trading on the Indonesia Stock Exchange 2019. The number of stock investors reached 2.48 million investors, up 40% from 2018. Foreign investor funds also increased significantly compared to 2018, reaching IDR49.19 trillion ytd (December 27, 2019). The influx of foreign investor funds also occurred in the SBN market, posting a net buy of IDR171.59 trillion (as of December 26, 2019) and corporate bonds posting a net buy of IDR5.48 trillion (as of December 27, 2019). The SBN market throughout 2019 also experienced strengthening with an average SBN yield of 96.57 bps ytd.

Year 2020

This year has been the toughest. How could it not be, the JCI touched its lowest level in history, namely 3,937.63 on March 24, 2020. Stock prices have fallen, especially cyclical stocks or issuers that are vulnerable to business cycles and are closely tied to economic conditions. As a result, the IDX in collaboration with the OJK and the Self Regulatory Organization (SRO) moved quickly to implement various anticipations to minimize a deeper decline in issuer shares. Some of the policies during the Covid-19 pandemic include asymmetric auto rejection, trading halt, prohibition of short selling, share buyback without a GMS in significantly fluctuating market conditions, changes to auto rejection limits to asymmetric, changes to trading halt limits, and adjustments to trading sessions at pre-opening. Trading halt is a policy to prevent stock prices from falling further due to panic

selling or conditions that suppress selling actions by investors.

Trading halt was carried out when the JCI fell by 5%. While asymmetric auto rejection is a policy that holds back the decline in stock prices by up to 7%. Towards the end of the year, a breath of fresh air came. The Covid-19 vaccine and the government's plan to provide free vaccinations increased investor optimism in the country. However, over time, the JCI continued to improve and rise and recover from the shadow of the Covid-19 pandemic. This was reflected in the close of trading on Wednesday (11/12/2020), where the JCI was at the level of 6,008.7. The total issuance of bonds and sukuk that have been recorded throughout 2020 amounted to 469 issuances with an outstanding nominal value of IDR 431.57 trillion and USD 47.5 million, issued by 128 issuers. Market capitalization was recorded at IDR 7,101 trillion, Government Securities (SBN) listed on the IDX amounted to 138 series with a nominal value of IDR 3,861.26 trillion and USD 400 million. Asset Backed Securities (ABS) as many as 10 emissions worth IDR 7.13 trillion.

Year 2021

The end of 2021 was also closed sweetly by the positive performance of the JCI which reached 6,581.5 or increased by 10.1% (yoy), after experiencing a decline during the pandemic in 2020. The total value of the stock market capitalization at the end of 2021 was recorded at IDR 8,255.62 trillion or increased by 18.4% (yoy). The IDX was able to record 54 new listed companies with funds raised reaching IDR 62.61 trillion, which is the highest fund raised value in the history of the IDX. The capital market managed to raise funds through a public offering of IDR 363.28 trillion. This value is the highest value in the history of the IDX. This led to the number of companies listed on the IDX reaching 766 listed companies at the end of 2021. The number of capital market investors also increased by 93% in 2021. The OJK noted a total of 7.49 million investors at the end of 2021. Retail investors aged under 30 years are increasingly dominating. Its coverage increased from 54.9% in 2020 to 60.02% in 2021.

Year 2022

Capital market activity throughout 2022 grew positively. This is reflected in the performance of the JCI which has reached the level of 6,850.52 on December 28, 2022 (up 4.09 percent from the position on December 30, 2021). The growth of the JCI even broke a new record, namely at the level of 7,318.016 on September 13, 2022. Meanwhile, market capitalization on December 28, 2022 reached IDR9,509 trillion or increased 15.2% compared to the position at the end of 2021, which was IDR8,256 trillion, and also broke a new record of IDR9,600 trillion on December 27, 2022. As of December 28, 2022, there have been 59 listed companies that have conducted Initial Public Offerings (IPOs) and listed their shares on the IDX, so that as many as 825 companies have listed their shares on the IDX. Total fund-raised IPO shares

reached IDR33.06 trillion. This achievement is the highest since the privatization of the Stock Exchange in 1992. In addition, this achievement is also the largest IPO in the ASEAN region for four consecutive years since 2019.

Positive achievements are also reflected in the increasing public interest in investing in the Indonesian capital market. The total number of investors in the Indonesian capital market as of December 28, 2022 has increased by 37.5% to 10.3 million investors from the previous 7.48 million investors as of the end of December 2021. This number has increased almost 9 times compared to 2017. In addition, the surge in the number of retail investors has also had an impact on the dominance of retail investors in daily trading activities on the IDX which reached 44.9%.

Method

This study uses a qualitative descriptive approach with literature study methods and comparative analysis. The data used are secondary data derived from capital market reports, scientific journals, books, and official publications from related institutions in Indonesia and Israel. Data collection is carried out by tracing relevant documents regarding the strategic role of the capital market, its impact on the economy, and the function of the capital market in both countries. The data obtained will be analyzed in depth to compare the role and impact of the capital market in the Indonesian and Israeli economies. Comparative analysis is carried out to identify differences and similarities in the contribution of the capital market to economic growth, financial stability, and the development of productive sectors in both countries.

Result and Discussion

The capital market plays a strategic role in the economy, both in Indonesia and Israel. According to Tandelilin (2017:25), the Capital Market is a place where individuals or entities with excess funds meet those who need funds, through the process of buying and selling securities. Another definition from Sunariyah states that the Capital Market is a structured financial system involving commercial banks, financial intermediary institutions, and all securities in circulation .

In the Indonesian context, the capital market has become one of the important instruments in driving economic growth by providing a source of funding for companies through the issuance of stocks and bonds. This allows companies to grow and expand their operations, which in turn creates jobs and increases national productivity. In addition, the capital market also provides opportunities for investors to participate in economic growth, thereby improving the welfare of society as a whole. Meanwhile, in Israel, the capital market also has a significant impact on the economy. As a country with a very advanced technology sector, Israel relies on the capital market as one of the main sources of funding for technology companies and startups. With the support of the capital market, many Israeli

technology companies are able to grow rapidly and innovate, which not only strengthens the domestic economy but also increases Israel's global competitiveness.

In addition, in Indonesia, the Financial Services Authority (OJK) acts as a government agency responsible for overseeing various transactions and activities in the capital market. OJK has overall responsibility in overseeing financial transactions that occur in Indonesia. In Israel, Israel's economic development is moving very rapidly. When the world is focused on the rise of China and India as new economic powers, the Israeli economy has become a haven for global innovation. To the point that India and China have to copy the strength of the Jewish country in terms of innovation. Although the country of Israel only has a population of 7.6 million, it plays a major role in innovation in the fields of instant messaging, voice messages and internet technology. The country has even developed the use of nanotechnology in the medical field (Medical)

This condition is certainly detected by technology-based companies such as Microsoft and Intel. The entry of giant companies certainly has a huge impact on Israel's economic growth. Based on the latest data sources, Israel is listed as a country with a per capita income in the world, reaching 30 thousand US dollars. Israel even surpasses the per capita income records of Arab countries, Japan, which is around 32 thousand US dollars, greater than Israel. This could be the intended scenario shifting to the Asian region. The reason is, the largest continent in the world has a good manufacturing market. In addition, Asia provides and offers cheap labor. Therefore, sophisticated technological devices with cheap labor costs become a tempting symbiosis when combined.

Israeli entrepreneurs are certainly very realistic with domestic conditions that do not allow for optimal investment. It's a different story if they refer to China and India with larger populations. Chinese technology companies employed 9.6 million people in 2009 or 2 million more than the entire population of Israel. Meanwhile, India had 350 thousand engineering experts in 2009 or more than three times the number of all registered engineers in Israel. "At some point, quantity becomes quality," said Zeev Holtzman, chairman of Giza Venture Capital in Tel Aviv as quoted by Arab News, Thursday (11/25). Managing Partner Director of Jerusalem Venture, Erel Margalit said Israel needs to reinvest itself. "What you did 5 or 10 years ago will not be new anymore," he said. One idea that then emerged was targeting consumers. This means that Israel deserves to look at Nokia. "When a country or company focuses on technology as an innovation option, there is a limit to the company's reach to achieve it unless it focuses on being a consumer innovator," said Adam Fisher, Israeli partner at Bessemer Venture Partners United States.

India and China are now focused on changing the use of technology to dominate domestic markets for their products. "India and China have domestic markets to supply," Fisher said. And when you have that, Fisher said, there's little reason to develop cutting-edge innovation for the U.S. "Companies ... When will

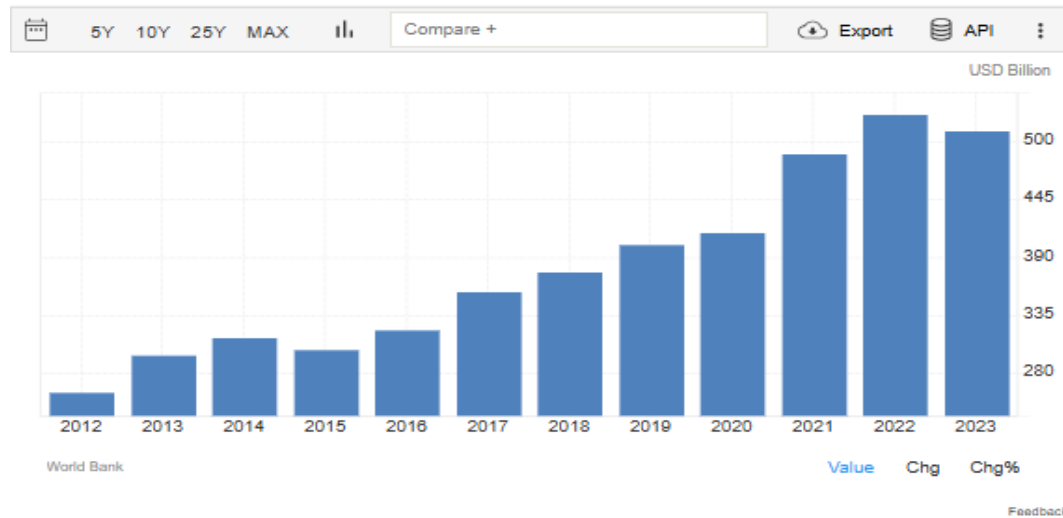
they stop? I would say in 20 years. Many engineering graduates in India are considered by employers to be unprepared for the job. Software giants like Infosys are starting intensive training programs for new employees," Fischer said. But Chinese companies are also developing technology and expanding into services and systems, which are the strongholds of Israeli companies. In addition, China, through its large domestic market, provides companies with cash flow to fund research and economies of scale. For now, Israel continues to be a magnet for venture capital, which has helped the technology industry grow. Israeli venture capital funds were estimated to have reached \$1 billion in 2009.

Meanwhile, Dow Jones Venture Source, reported that global venture capitalists invested nearly \$904 million in Israel in the first nine months of 2010. Chinese companies attracted just over \$2 billion in the same period. Indian companies attracted \$710 million. "Israeli capital is going to have to face challenges as global attention shifts to the East," Holtzman said. Meanwhile, many Israeli tech companies are heading to India. Giza maintains a presence in Singapore. Ness Technologies, a computer services company, has offices throughout India. "They are a big market. We have to be ready to set targets," said Michael Eisenberg, an economist. "The targets we have to prepare are to enter internet application and gaming services, internet content services, automotive and others."

Here is Israel's GDP Data,



Richart Sahatatusa, I Ketut Astawa, Dessy Asihany Pakpahan, Ade Maman Suherman, Try Setiady, Wahyu Donri Tinambunan, Imam Budi Santoso, Aslan Noor, Edison Jaya Pakpahan, Eka Florida Elyzabeth, Teuku Syahrul Ansari: The Strategic Role of Capital Markets: Impact and Function on the Indonesian and Israeli Economies



	Terakhir	Sebelum Ini	Satuan	Referensi
Pertumbuhan PDB Setahun Penuh	1.84	6.50	Persen	Dec 2023
Pertumbuhan PDB (y-on-y)	-1.35	-1.24	Persen	Jun 2024
PDB Atas Dasar Harga Konstan	407062.00	405829.00	lris - Juta	Jun 2024
PDB Sektor Pertanian	4358.80	4253.80	lris - Juta	Sep 2023
PDB dari Konstruksi	21475.00	20658.50	lris - Juta	Sep 2023
PDB dari Administrasi Publik	63758.80	55886.90	lris - Juta	Dec 2023
PDB Sektor Transportasi	11958.90	11831.80	lris - Juta	Sep 2023
PDB dari Utilitas	7180.80	6302.50	lris - Juta	Sep 2023
Pertumbuhan PDB yang disetahunkan	1.20	14.40	Persen	Jun 2024
Pertumbuhan PDB (q-to-q)	0.30	3.43	Persen	Jun 2024
Pembentukan Modal Tetap Bruto	86190.00	85955.00	lris - Juta	Jun 2024
Produk Nasional Bruto	481259.50	477228.90	lris - Juta	Jun 2024

The main driver of Israel's economy is the science and technology sector. Therefore, despite limited natural resources, its manufacturing and agricultural sectors are highly developed. The largest sector in the economy is services, which accounts for almost 80 percent of GDP. Within the services sector, the most important are finance and business (28 percent of GDP); government (17 percent of GDP); housing (12 percent of GDP); trade, accommodation and restaurants (10 percent of GDP); and transportation, storage and communications (8 percent of GDP). Meanwhile, the manufacturing sector has lost its importance in recent years and now accounts for 14 percent of GDP. Current values, historical data, forecasts, statistics, charts and economic calendar - Israel - GDP growth (q-to-q).

Realisasi	Sebelum Ini	Tertinggi	Paling Rendah	Tanggal	Satuan	Frekuensi
0.30	3.43	9.21	-8.17	1980 - 2024	Persen	Kuartalan SA, 2015 prices

The role of the Capital Market in advancing a country's economy is very

significant. Through this medium, companies can raise funds to expand and develop their business operations. Investors also have the opportunity to contribute to the growth of the company and the economy as a whole. The capital market also allows companies to obtain funding from the investor community, which can be used to develop the business, expand, increase working capital, and other needs. The capital market provides a platform for companies and governments to raise capital by selling securities to investors. Transactions in the capital market, such as public offerings, purchases, and sales of financial instruments, affect the price and value of assets. The main purpose of the capital market is to provide liquidity, fair prices, and access to capital to support economic growth.

Impact of Capital Markets on the Economy, namely the capital market has a major influence on a country's economy. The increase in the number of investors, especially retail investors, can have a positive impact globally on the capital market. The projection for the next few years is the creation of healthier transactions in the capital market due to the greater growth of retail investors. However, in the context of the pandemic, there are still investors who consider stocks as a form of gambling, taking extreme decisions such as selling houses or seeking loans to invest in the capital market. Therefore, it is important for investors to maintain their sanity in making transaction decisions in the capital market.

Here are some of the advantages of capital markets for society and the country:

- a) State Revenue from Taxes: State revenue through taxes from the capital market can be a substantial source of income for the government.
- b) Diverse Investment Options: The capital market provides more affordable investment alternatives for the public, such as mutual funds, without requiring large capital.
- c) Support for Economic Growth: Capital markets can play an active role in improving domestic economic conditions by facilitating meetings between investors and companies in need of funding.
- d) Increased Tax Revenue: capital markets can also contribute positively to tax revenue, especially through taxes on income from share sales transactions.

The capital market also functions as an indicator of a country's economic condition. The level of activity and trading volume in the capital market can reflect the health of the country's economy. Therefore, effective and transparent capital market management is essential to creating a stable and sustainable investment environment.

Functions of capital markets

In addition to the role of the capital market explained above, this capital market also has functions that are divided into three types of functions. What are they?

- a) General functions of the capital market

In general, the functions of the capital market are as follows.

- Adding business capital for companies or issuers who need funds.
- Income equality because it can increase people's income.
- Means of increasing a company's production capacity.
- Means of creating employment.
- Means of increasing state revenue.
- As an indicator of the country's economy.

b) Economic functions of the capital market

The following are the economic functions of the presence of capital markets in a country.

- Providing facilities or vehicles that bring together two interests, namely parties who have excess funds (investors) and parties who need funds (issuers).
- Directly facilitating capital owners to participate in gaining investment profits.
- Facilitating entrepreneurs or public companies in obtaining additional capital to stabilize their company's liquidity level through the sale of stock securities through IPO procedures or debt securities (bonds).
- Facilitating the efforts of various companies to improve the company's financial capabilities for business expansion.

c) Financial functions of the capital market

The main function of the capital market in the financial category is as a means for investors to gain profits or returns by investing in available instruments such as stocks or bonds.

The following are the financial functions of the capital market that you need to know.

- As a means for business entities to obtain additional capital.
- As a means of equalizing income.
- Increase production with the capital obtained so that productivity increases.
- Accommodate the workforce.
- Increase tax revenue for the government.

Benefits of capital markets

In general, the capital market has three benefits that you need to know. The benefits are as follows.

- To become a provider of financing sources (in the long term) for the

business world and also to enable optimal allocation of funds.

- Provides many investment vehicles for investors so that it is very possible to carry out diversification.
- Becoming a leading indicator *provider* for a country's economic development. Spreading company ownership to the middle class.

Then what are the benefits of the capital market for other parties such as issuers, investors, supporting institutions, and the government? Check out the following review.

a) Benefits for issuers

When a company's debt is higher than its equity ratio, it is difficult to get a loan from a bank. That is why the capital market is an alternative in getting capital. So here are some of the benefits of capital markets for issuers:

- The amount of funds that can be collected is large and can be received by the issuer at once during the primary market.
- There is no covenant so that management can be free (have flexibility) in managing the funds obtained by the company.
- The company's solvency is high, thus improving the company's image and dependence on small banks. In addition, the period of use of funds is unlimited.
- The cost flow of stock sales will usually be greater than the nominal price of the company. Stock issuance is very suitable for financing high-risk companies.
- There is no fixed financial burden and management professionalism increases.

b) Benefits for investors

A well-developed capital market is another investment vehicle that can be utilized by investors. For investors, investment through the capital market can be done by purchasing capital market instruments such as stocks, bonds, or credit securities. Investing in the capital market has several advantages compared to investing in the banking sector. Through the capital market, investors can choose various types of desired effects. The benefits of the capital market for investors are:

- Investment value grows following economic growth. The increase will be reflected in the increase in stock prices which become capital gains.
- As a shareholder, investors receive dividends, while as a bondholder, investors receive a fixed amount every year.
- Shareholders have voting rights in the General Meeting of Shareholders (GMS), as well as voting rights in the General Meeting of Bondholders (RUPO) for bondholders.
- Can easily change investment instruments, for example from stock A to stock B, so as to reduce risk and increase profits.
- You can simultaneously invest in several instruments to minimize

overall risk and maximize profits.

c) Benefits for supporting institutions

The development of the capital market will also encourage the development of supporting institutions to be more professional in providing services according to their respective fields. The success of the capital market cannot be separated from the role of supporting institutions. Several supporting institutions in the Indonesian capital market include BEI, OJK, KSEI, KPEI, and others.

d) Benefits for the government

The development of the capital market is another alternative as a source of development financing besides the banking sector and government savings. Rapid development requires increasingly large funds. For that, it is necessary to utilize the potential of public funds. The benefits that are directly felt by the government are:

- As a source of financing for State-Owned Enterprises (BUMN), so that they are no longer dependent on subsidies from the government.
- Business entity management becomes better, because they are required to be more professional.
- Increasing revenue from the tax sector, saving foreign exchange for development financing and expanding employment opportunities.

Investment instruments traded on the capital market

Shares are capital participation in the ownership of a Limited Liability Company (PT) or issuer. Shareholders are partial owners of the company. There are two types of shares, namely registered shares and bearer shares. Shares traded in Indonesia today are registered shares, namely shares whose owner's name is listed on the shares.

a) Stocks

Stocks are securities that serve as proof of ownership of a company. This capital market product is considered very popular among investors in the capital market sector. Benefits of being a stock investor:

- Can earn dividends or profits from positive business performance obtained by the company.
- Achieving capital gains or the difference between the price of shares purchased and the price of shares sold.

b) Bonds

Bonds are proof of debt issued by companies or countries. Usually, bond issuance is purchased by the public or investors who want to make a profit because there is a difference between the principal value of the debt and the interest coupon.

Benefits of being an investor in bonds:

- Bond coupon interest.
- It has a relatively lower risk than stock investment and the returns are higher than deposits.

c) Exchange Traded Fund (ETF)

is a type of investment that is almost the same as a mutual fund, the difference being that ETF products are traded more in company shares listed on the stock exchange. *Benefits of being an investor in ETFs :*

- Can be bought and sold at any time, as long as it is still trading hours on the Indonesian capital market.
- Very low costs and risks.
- A means to learn about stock investment
- Very broad coverage because buying one ETF is the same as owning dozens of leading stocks that have been selected by the securities company concerned.

d) Derivatives

Derivatives are derivative products, and their form is a trading contract, not a real financial asset. There are three types of derivatives to know, namely options, futures, and swaps. However, specifically at the IDX, the derivatives available are financial derivatives, where the instruments can be in the form of shares, bonds, stock indexes, bond indexes, currencies , interest rates and other financial instruments, and the form is a futures contract.

e) Mutual Funds

It is a container for loading public funds managed by a legal entity together with an Investment Manager. This Mutual Fund is most suitable for novice investors in the capital market, because it has minimal risk that can be done with a small nominal and does not require high skills (Permata & Ghoni, 2019). In addition, Mutual Funds can be categorized into two: Closed Mutual Funds and Open Mutual Funds. In current developments, Mutual Funds in the form of Collective Contract (KIK) and open legal forms are the most widely developed in Indonesia.

Capital market structure

The role of the capital market is inseparable from the highest capital market structure held by the Minister of Finance who appoints the Financial Services Authority (OJK). In this hierarchy, OJK is a government institution tasked with implementing guidance, regulating, and supervising the daily operations of the capital market.

The goal is to realize orderly, fair, efficient capital market activities and

protect the interests of the investor community. Before appointing OJK, the highest hierarchy was held by the Bapepam-LK institution.

Types of capital markets

In the capital market, the process of trading securities (shares and bonds) occurs through the stages of the primary market *and* then the secondary market. So, what are the differences between these markets? Let's find the answer in the following review.

a) Primary market

The primary market is a type of capital market that is a place for underwriters and sales agents to carry out securities offerings to public investors. This primary market specifically sells initial shares and bonds by issuers to investors, which occurs during an initial public offering (*IPO*). These two parties who need each other do not meet physically on the exchange, but through an intermediary as explained above. From the sale of shares and securities in the primary market, the issuer obtains the funds needed to develop its business.

b) Secondary market

The secondary market is where securities that have been listed on the stock exchange are traded. The secondary market offers investors the opportunity to buy or sell securities that have been listed on the exchange, after the initial public offering has taken place. In this market, securities are traded from one investor to another. The secondary market is a market that occurs shortly after or after the primary market ends. Transactions in the secondary market aim to profit from price increases (*capital gain*) or to avoid losses (*capital loss*). Trading in the secondary market is what regularly occurs on the stock exchange every day.

Tips for investing in the capital market

a) Before investing money, invest in yourself first

One of the biggest mistakes a novice investor makes is jumping straight into the stock market without first understanding the basics and essence of stock investing. There are many stock terms that at first glance seem confusing. Learn autodidactically from anywhere. You can buy books about stock investment written by experts or join a community (group on social media) that specifically discusses stocks.

b) Start from the smallest amount and save consistently

Many beginners panic when they first invest in stocks. Because, they expect the biggest profit. However, once the stock price falls, they panic and sell their shares at a minus price. Even if you have a fantastic amount of funds, it is better to start investing in stocks with a small amount first and then add it over time like saving. That way, losses can be minimized.

c) Starting from mutual funds or *blue chip stocks* ?

If it is too difficult to choose stocks, you can rely on stock mutual funds managed by investment managers. Investment managers will provide recommendations for the Top 10 Stock portfolios. You can study the monthly reports of each of these stocks. Pay attention to the monthly performance statistics section. For long-term investment, you can rely on blue chip stocks . Blue chip stocks are stocks from companies with the best quality and performance that are sold on the stock exchange.

d) Make it a long-term investment

It is common when you start investing to hope that the investment will quickly generate profits. The ambition to immediately have maximum profit in a short period of time is very human. However, you must also understand that there is no instant maximum result. In running a business, of course it requires a long process and quite a long time. Because stock investment is known as an investment instrument that has high risks, stock values often experience high fluctuations in the short term.

e) Diversify your stocks

To minimize losses, you can diversify your stocks. Diversification is not only done to manage your stock portfolio. Before starting diversification, it is a good idea to understand the company whose shares you are going to buy. Understand well how the industry in the company is running, whether it is good or bad. It is also important to understand the performance of the company's management.

f) Income *protection* through insurance

The last guide from Lifepal is to have insurance that will protect your income when a risk occurs. Let's say you are sick, of course you don't want your investment to be disturbed by hospital costs. You may think that BPJS Kesehatan is enough. However, BPJS Kesehatan is not equipped with life protection that provides compensation if the main insured dies. Or health protection that guarantees medical expenses abroad. If you have health insurance, you will get various benefits such as:

- *In-patient* health insurance covers treatment costs when the customer is hospitalized.
- Outpatient insurance covers the costs of outpatient medical care such as diagnosis, rehabilitation, dental care, and treatment at general practitioners or other hospitals outside of inpatient care.
- Insurance coverage for surgical procedures, such as resection, amputation, or reconstructive surgery.
- Insurance coverage for medical check-ups or health condition examinations.
- Insurance coverage for the birth process, starting from check-ups, the birth process by operation or normal delivery, and aftercare.

- Insurance coverage for dental health care, from examinations, cleanings, fillings, or tooth extractions.
- Insurance coverage for eye health care, starting from examinations and including glasses.
- Cashless claims abroad, and much more.

Conclusion

Capital markets play a strategic role in driving economic growth and stability in both Indonesia and Israel, albeit with different characteristics and challenges. In Indonesia, the capital market serves as a means to raise capital from local and international investors, which helps increase investment and support infrastructure development. Meanwhile, the Israeli capital market, which is more advanced and based on technological innovation, supports the development of the startup sector and high-tech companies, strengthening its position as an economic centre in the Middle East region. Despite differences in market structure and regulation, both Indonesia and Israel show that capital markets have a positive impact on their countries' economies. Capital markets enable companies to obtain the funding needed for growth, create jobs, and strengthen competitiveness in the global market. In conclusion, capital markets in both countries play a vital role in the development of national economies, albeit with different approaches and dynamics. In addition, the country of Israel experiences extraordinary economic growth every year. For that, it is mandatory and participates in helping to improve the economy of the whole world, especially Indonesia.

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