



## Risks and Impacts of Gold Investment in the Era of Capital Market Digitalisation in Indonesia

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### Abstract

*Digitalisation has brought significant changes in gold investment, especially in Indonesia. This research aims to analyse the risks and impacts of gold investment in the digitalisation era of Indonesia's capital market. Using a descriptive qualitative approach, data was collected through in-depth interviews and literature studies. The results show that digital gold investment offers greater flexibility and accessibility than physical gold, attracting the younger generation. However, digitalisation also introduces new risks, such as cybersecurity threats, higher price fluctuations and the potential for digital fraud. This research highlights the importance of financial literacy, adequate regulation, and the use of blockchain technology to improve the transparency and security of digital gold investments. The findings provide important insights for investors, regulators and market participants in managing gold investments in the digital age. In conclusion, while offering great opportunities, digital gold investments require a strategic approach to mitigate the risks involved.*

**Keywords :** Digitalisation, gold investment, investment risk, cybersecurity, financial literacy, Indonesian capital market.

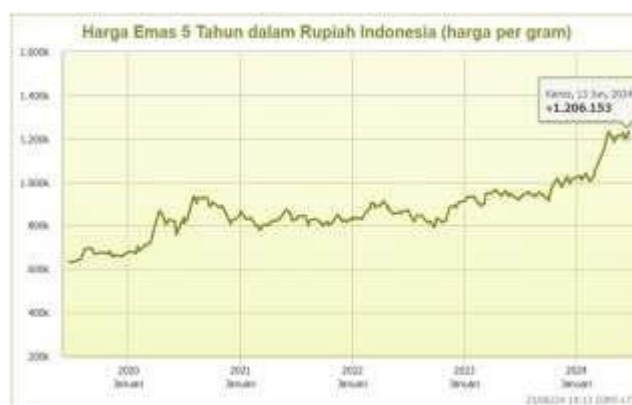
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## INTRODUCTION

Investment has become one of the important pillars in supporting modern economic growth. In the era of digitalisation, people are increasingly encouraged to engage in investment activities, not only to achieve financial goals but also as part of a long-term wealth management strategy. One form of investment that continues to be in high demand is gold, an instrument recognised for its stability and ability to hedge against inflation. However, digitalisation has brought significant changes to the gold investment landscape, both in terms of opportunities and challenges. This transformation has given rise to new dynamics that require a deeper understanding to mitigate risks and optimise returns.

Digitalisation has changed the way individuals and institutions invest. Digital platforms offer easy access, transparency and efficiency in transactions, including in gold

investment. According to Puspita Sari and Azzafira (2021), people can now buy gold in digital form through applications with a smaller value than physical investments, thus attracting the interest of novice investors. However, this innovation also brings risks, such as data security, higher market volatility and the potential for digital fraud (Johnson, 2018). Understanding the impact of digitalisation on gold investments is therefore important, especially in the context of Indonesia's emerging capital markets. Gold prices tend to increase and are considered stable when compared to the value of currencies anywhere (Manik, 2021). The following is data on the development of gold prices in the last 5 years.



**Figure 1. 5-Year Gold Price in Indonesian Rupiah (price per gram)**

Source: <https://harga-emas.org/grafik/>

Based on the figure above, it can be seen that gold investment prices continue to increase every year. Along with the development of technological advances in finance, now people can invest in digital gold which can be purchased in small gram values, because this gold is not in the form of bars, but in the form of value / data online (Puspita & Azzafira, 2021). Gold investment, which has been considered one of the safest and most stable forms of investment, is now facing new dynamics in the midst of digitalisation. Higher accessibility through digital platforms, price transparency, and ease of transactions are some of the factors that attract more investors to invest in gold. However, technological advancements also bring a number of risks, such as data security, higher market volatility and the potential for digital fraud.

In recent decades, the development of information technology has brought significant changes in various sectors, including the financial and investment sectors. The digitalisation of the capital market is one of the important phenomena that not only affects the way of transactions, but also the types of investments that people are interested in. In Indonesia, gold has long been considered a stable and profitable safehaven asset. However, with digitalisation, gold investment now faces new dynamics that need to be understood in depth.

Historically, gold has long been considered a 'safe haven' asset that protects wealth from global economic turmoil. The stability of gold's value amidst market fluctuations gives it a special appeal to investors. Yusuf (2019) mentions that millennials are starting to show interest in gold investment as an alternative to riskier assets, such as stocks. However, data from OJK (2019) shows that only 2% of the younger generation are actively investing, with

the majority of their funds being used for consumption. This fact shows a gap between the potential of gold investment as a hedging tool and the real participation of the public in utilising this instrument.

This gap is also influenced by the different perceptions and preferences of generations towards gold investment. Older generations tend to trust physical gold more because it is considered safer and more stable, while younger generations tend to be interested in digital gold because of its flexibility and convenience (Manik, 2021). However, digital gold investment is not free from risks, including cybersecurity risks and higher value fluctuations compared to physical gold. According to Kamal and Apriani (2022), capital market digitalisation accelerates accessibility, but also increases exposure to risks that require better regulation and supervision.

In a recent literature review, various studies have discussed the risks and benefits of investing in gold in the digitalisation era. Fridana and Asandimitra (2020) identified that financial literacy, overconfidence, and risk tolerance are determining factors in investment decision-making. Meanwhile, Ningsih (2020) emphasised that digital gold can be a more inclusive investment alternative if supported by adequate financial education. However, not many studies have comprehensively examined how digitalisation affects the dynamics of gold investment in the Indonesian capital market, especially in the context of risk and its impact on the economy.

This study aims to deeply analyse the risks and impacts of gold investment in the digitalisation era of the Indonesian capital market. By referring to various literatures, this research seeks to explore how digitalisation has changed the way people invest in gold, what risks have emerged, and the impact on the capital market and the economy as a whole. The results of this study are expected to provide better insights for the public, regulators, and market participants in managing gold investments in the digital era.

## **METHODS**

This research uses a descriptive qualitative approach by utilising interviews and library research. The interview method was conducted in-depth with a number of informants who have direct experience of gold investment, both in physical and digital form, to obtain primary data. This approach allows for the extraction of information on the preferences, challenges and risks of investing in gold in the context of digitalisation.

The literature study method was conducted by reviewing relevant literature from books, scientific articles, journals, and trusted online sources. These sources provided secondary data to strengthen the analyses and ensure the validity of the arguments. The data collection process involved selecting literature based on credibility and relevance to the research topic.

The data analysis procedure included three main stages, namely: (1) data reduction, where the data obtained was filtered to obtain relevant information; (2) data presentation in the form of narrative descriptions to map the risks and impacts of gold investment; and (3) conclusion drawing based on patterns that emerged during the analysis.

The instruments used in this research include semi-structured interview guides, designed to explore respondents' perceptions and experiences, and data analysis software to

develop patterns from the interviews and literature review. All research processes were conducted in compliance with research ethics principles, including informant consent and protection of personal data.

## **RESULTS OF FINDINGS**

### **Characteristics of Gold Investment in the Digitalisation Era**

This research reveals that gold investment has undergone a significant transformation in the digitalisation era. Digitalisation allows investors to access gold in both physical and digital form through online platforms. Based on the findings, digital gold investment provides greater flexibility in terms of investment amount, transaction time, and accessibility. Investors can buy small amounts of digital gold measured by the rupiah value, which is then converted to gold weight units (Puspita Sari & Azzafira, 2021). This change makes it easier for people to start investing in gold without having to have a large capital.

In addition, the survey shows that physical gold is still the main choice for the older generation. The trust factor in tangible assets is the main reason. The older generation tends to view physical gold as a safer form of investment than digital gold, because it can be stored directly in a place that is considered safe, such as a safe deposit box or bank.

### **Gold Investment Risks**

The research also identified various risks associated with investing in gold in the digitalisation era. The main risks include price fluctuations, global economic instability and market non-transparency. Gold price fluctuations are often caused by geopolitical factors, monetary policy and changes in market demand (Halim, 2005). On the other hand, increased volatility in the digital age requires investors to be more vigilant against drastic price changes.

An additional risk found in digital gold investments is cybersecurity threats. Gold investment through digital platforms is vulnerable to hacker attacks, personal data theft, and potential fraud. This is in line with the views in the book 'Cybersecurity in Finance' (Johnson, 2018), which mentions the importance of maintaining digital security to protect investor confidence.

### **Investor Behaviour and Preferences**

The results of interviews with respondents show differences in behaviour between the younger and older generations regarding gold investment. The younger generation tends to be more open to digital gold investment for reasons of ease of access, flexibility and affordability. In contrast, the older generation prefers physical gold for reasons of trust and tradition.

Data from the Indonesia Millennial Report (OJK, 2019) states that only 2% of the total expenditure of millennials and Gen Z is used for investment, including gold. Most of the funds are spent on consumptive needs, indicating a lack of good financial literacy among the younger generation (Sopiansyah, 2022).

### **Impact of Digitalisation on Gold Investment**

Digitalisation has had a positive impact in increasing the accessibility and transparency of gold investment. Digital platforms make it easier for people to invest without geographical

and time constraints. In addition, the use of blockchain technology in the verification of digital gold ownership increases investor security and trust in the product (Smith, 2020).

However, digitalisation also poses new challenges, such as the need for adequate regulation to protect investors from the risk of fraud and market manipulation. These changes require cooperation between regulators, market participants and the public to create a safe and reliable investment ecosystem.

### **Gold Investment Outlook**

The research notes that gold remains an attractive investment instrument amid global economic uncertainty. The year 2024 is projected to be one of the periods with the highest gold prices, driven by the risk of global recession, geopolitical conflicts, and supportive monetary policies (Yohanis Hans Kwee, 2024). This outlook is increasingly attractive to investors seeking stable assets as a hedge against inflation. Overall, this research found that digitalisation has opened up new opportunities in gold investment, but also poses risks that require special attention from all parties involved.

## **DISCUSSION**

Digitalization has had a significant impact in various aspects of life, including gold investment. Before the digital era, gold investment was generally done conventionally through physical purchases, either in the form of jewelry, coins or bars. With technological advances, access to gold investment is now easier through various digital platforms. This is in line with Smith's (2020) view, which states that digitalization increases the inclusiveness and accessibility of capital markets, allowing more people to participate in investment activities.

One of the main advantages of digital gold investment is the flexibility it offers. Through digital platforms, people can buy and sell small amounts of gold, which was previously difficult to do through conventional methods. Puspita Sari & Azzafira (2021) emphasize that digital gold offers great flexibility as investors do not need to physically store gold, which is often at risk of loss or theft. In the Indonesian context, where most people have limited capital to make large investments, digital gold is a very relevant solution.

Digital platforms also allow investment transactions to be made in real-time, providing unprecedented convenience and efficiency. Platforms such as Brankas Antam, Tokopedia, and Shopee provide quick and practical access for people to start investing in gold, even with small amounts. Research by Kamal & Apriani (2022) underlines that financial technology (fintech) plays an important role in promoting financial inclusion, so that people who were previously unreachable by traditional financial services can now access investment opportunities.

While digital gold investment offers many conveniences, it also comes with risks that need to be anticipated. One of the main challenges is the threat of cybersecurity. Johnson (2018) states that data security is a crucial factor in digital investment. Digital platforms, while providing transparency and efficiency, are vulnerable to cyberattacks that can lead to personal data leaks or even financial losses for users. This suggests that data protection and security systems should be a top priority for service providers.

In addition, gold price volatility is also a significant challenge for investors. Yusuf

(2019) explains that gold prices are strongly influenced by global market sentiment and international monetary policy. In digital gold investment, price fluctuations occur more quickly because trading is done in real-time, which requires investors to be more responsive to market changes. For less experienced investors, this can pose a risk of loss due to hasty or uninformed decisions.

Research shows that there are significant differences in investment preferences between older and younger generations. The older generation tends to choose physical gold investments for reasons of trust and the sentimental value attached to gold as a symbol of family wealth. Manik (2021) revealed that physical gold is often considered more stable and has a value that lasts in the long run, especially among people who uphold family traditions.

In contrast, millennials and Gen Z are more interested in digital gold investments. This is due to the modern lifestyle that emphasizes practicality and efficiency. However, the low level of financial literacy among the younger generation is a challenge. Data from the Indonesia Millennial Report (OJK, 2019) shows that only 2% of the younger generation's income is used for investment. Sopiannyah (2022) states that low financial literacy is one of the main causes of the low participation of the younger generation in investment. Therefore, financial education is a key element to encourage investment interest among millennials and Gen Z.

Digitalisation has not only changed the way people invest but also impacted the structure of the capital market in Indonesia. With the increased participation of retail investors, market liquidity has become higher. However, as Wahyono (2021) points out, this development also poses new challenges, such as the need for regulations that are more adaptive to technological changes.

Digital gold investment platforms have made a significant contribution in opening up access to the capital market, but the lack of trust in online platforms is still a barrier for some people. Digital security risks and concerns about platform transparency point to the need for close supervision on the part of regulators. In addition, broader education is needed to increase public understanding of the benefits and risks of digital gold investment.

To deal with the risks in digital gold investment, a planned and comprehensive strategy is needed. First, financial education must be improved. Financial literacy helps people understand investment risks and opportunities, so they can make wiser decisions. Fridana & Asandimitra (2020) emphasise the importance of financial literacy in building trust and increasing public participation in investment.

Second, the government and regulators should strengthen supervision of digital gold investment platforms. Blockchain technology can be a solution to improve transparency and transaction security. Muntaqo (2017) suggests implementing blockchain in digital gold trading to reduce the risk of fraud and improve system efficiency.

Third, portfolio diversification remains an important strategy to reduce investment risk. Investors are advised to not only focus on digital gold but also consider various other investment instruments that suit their risk profile. Diversification can help protect investors from large losses due to market fluctuations.

Digital transformation in gold investment offers a great opportunity to improve financial inclusion and expand public participation in capital markets. The accessibility and

ease of transactions offered by digital platforms have opened the door for many people to start their investment journey. However, this opportunity is not free from challenges, such as cybersecurity threats and market volatility, which require serious attention from various parties.

With the right approach, including financial education, regulatory oversight, and the adoption of innovative technologies, digital gold investment can be a safe and profitable instrument for people. Successfully capitalising on this opportunity depends largely on the readiness of the government, service providers and the public to deal with the risks involved. If managed well, digitalisation in gold investment has great potential to support economic growth and community welfare in the digital era.

Overall, digitisation has opened a new chapter in the world of investment, offering unprecedented convenience and accessibility. However, to ensure that these benefits are widely shared, close collaboration between the government, platform providers and the public is required. With coordinated efforts, digital gold investment can become one of the key pillars in realising sustainable financial inclusion.

## **CONCLUSION**

This research shows that digitalisation in gold investment has opened up new opportunities while presenting significant challenges. Digitalisation provides unprecedented ease of access, flexibility and efficiency, especially for the younger generation who are more likely to use digital platforms for investment. However, challenges such as price fluctuations, cybersecurity risks and lack of financial literacy are still major obstacles that need to be overcome.

Digitalisation has also changed investment preferences between older and younger generations, with the older generation preferring physical gold due to trust and stability factors. In contrast, the younger generation is more interested in digital gold due to its ease of access and small investment amounts. However, the low level of financial literacy among the younger generation hinders their optimal participation in gold investment.

The research recommends improving financial literacy through comprehensive education, strengthening regulations to ensure the security of digital transactions, and developing technologies such as blockchain to increase transparency and trust. Portfolio diversification is also important to reduce investment risk. With proper management, digitalisation of gold investment has great potential to support financial inclusion and community welfare in the digital era.

This discovery is expected to serve as a basis for regulators, service providers, and the public to create a safer and more inclusive investment ecosystem, and encourage the utilisation of gold as a stable hedging instrument. The future outlook shows that gold investment, both in physical and digital form, remains relevant and promising amidst global economic uncertainty.

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