

## **Risk Management Analysis and Profit Maximization of Indonesian Millennials Investing in *Cryptocurrencies***

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### **ABSTRACT**

*Cryptocurrency investment has become a phenomenon in various countries, including Indonesia, especially among millennials. In February 2021, there were 4.2 million cryptocurrency investors in Indonesia, most of them are millennials. A cryptocurrency is a new form of investment, which has high volatility, where investors are faced with the risk of very volatile price changes. This study aims to determine the millennial generation's understanding of the risks of investing in cryptocurrency and how the millennial generation manages risk and maximizes profits when investing in cryptocurrency assets. The methodology used in this study is a qualitative method by conducting in-depth interviews, where the respondents are cryptocurrency investors with an age range of birth from 1980 to 2003. The results of this study indicate that the millennial generation has realized the risks faced when investing in cryptocurrencies and the risk management and profit maximization used are by determining stop loss and take profit points, waiting and selling, applying the dollar-cost averaging method, and investing long-term. By using this method, investors in this study avoid risk and get maximum profit when investing in cryptocurrency.*

*Keywords: Risk Management, Profit maximization, Investment, Cryptocurrency, Millenial*

### **ABSTRAK**

Investasi Cryptocurrency telah menjadi fenomena yang luar biasa di kalangan milenial di berbagai negara, termasuk Indonesia. Pada Februari 2021, terdapat 4,2 juta investor cryptocurrency di Indonesia, sebagian besar adalah kaum milenial. Cryptocurrency adalah bentuk investasi baru yang memiliki volatilitas tinggi, di

mana investor dihadapkan pada risiko perubahan harga yang sangat fluktuatif. Penelitian ini bertujuan untuk mengetahui pemahaman generasi milenial tentang risiko berinvestasi di cryptocurrency dan bagaimana generasi milenial mengelola risiko dan memaksimalkan keuntungan saat berinvestasi di aset cryptocurrency. Metodologi yang digunakan dalam penelitian ini adalah metode kualitatif dengan melakukan wawancara mendalam, dimana respondennya adalah investor cryptocurrency dengan rentang usia kelahiran 1980 hingga 2003. Hasil penelitian ini menunjukkan bahwa generasi millennial telah menyadari risiko yang dihadapi ketika berinvestasi dalam cryptocurrency dan manajemen risiko serta maksimalisasi keuntungan yang digunakan adalah dengan menentukan titik stop loss dan take profit, menunggu dan menjual, menerapkan metode rata-rata biaya dolar, dan berinvestasi dalam jangka panjang. Dengan menggunakan metode ini, investor dalam penelitian ini menghindari risiko dan mendapatkan keuntungan maksimal saat berinvestasi di cryptocurrency.

*Kata kunci: Risk Management, Profit maximization, Investment, Cryptocurrency, Millenial*

## **Introduction**

According to the Financial Services Authority (Otoritas Jasa Keuangan/OJK), investment is spending capital which is usually in the long term to hold complete assets or purchase shares and other securities to obtain profits (Otoritas Jasa Keuangan, 2021). In general, Indonesian people recognize several types of investment, namely in the form of real assets such as land and gold. In addition, ordinary investments are in the form of ownership of securities (deposits, stocks, bonds), or ownership of derivative assets (options, forwards, futures) to investments in currency or foreign exchange (forex).

In the Revolutionary Era 4.0, a new form of investment emerged in the community, namely investment in the form of virtual currency. Cryptocurrencies have become a global phenomenon today, in several countries such as America, Japan, and China starting to innovate in their payment systems. China has even started to conduct large-scale trials of e-RMB in its central banking system (Huda & Hambali, 2020). In Indonesia itself, pros and cons still occur in addressing cryptocurrencies, especially in terms of regulation and the legality of their use.

The Commodity Futures Trading Regulatory Agency (CoFTRA) as the authorized institution in this regard continues to approach and study and issue new regulations to regulate cryptocurrency assets, considering that buying and selling crypto assets is starting to be in demand by many investors in Indonesia. Based on CoFTRA data, the number of crypto asset investors as of the end of February 2021 reached 4.2 million people. The number of crypto investors beats the number of investors in the stock market (Chandra Gian Asmara, 2021). The high public interest in crypto investment is also inseparable from the appeal of the President of the Republic of Indonesia, Mr. Ir. Joko Widodo, appealed to the

public, especially millennials, to understand cryptocurrency (Feri Agus Setyawan, 2019).

According to data from the Indonesian Central Statistics Agency (BPS), the State of Indonesia is now entering a state where the number of people in the very productive age category has a significant explosion (Rudiwantoro AMIK BSI Karawang, 2018). These productive age residents are those born between 1981 and 2000 who are then categorized as the millennial generation (Bisnis et al., 2019). A millennial generation is a group of people who are fluent with technology and always want to try new things as part of their daily life (Darma, 2019). So that the emergence of cryptocurrency as a form of investment in society has made this group one of the groups that not only understand it quickly but even become the community group that participates the most as investors in it.

Based on the results of a survey conducted by the Harris Poll research institute in 2019, 30 percent of millennials prefer Bitcoin investment to government bonds, 27 percent choose Bitcoin over Stocks, and 24 percent choose Bitcoin over property investment (Dythia Novianty, 2020). The result is not surprising that in 2018 alone 35% of the members of Bitcoin.co.id are millennials, even the main target market for Indodax, which is the largest cryptocurrency exchange in Indonesia is millennials (Lynda Hasibuan, 2018).

Millennials' great interest in investing in cryptocurrencies is due to the assumption that this investment will bring big profits, even though in reality it also contains big risks (Setiawan, 2020a). On the other hand, the millennial generation is a generation that is unfamiliar with investing, even though their knowledge of technological financial products is quite high, but still, the trend of investing in cryptocurrencies is a new thing in Indonesia and contains a large risk that should be learned to minimize it. Therefore, this study was conducted to find out how to manage risk and maximize profits for the millennial generation by investing in cryptocurrencies. This research is expected to be a basic overview for future research related to investment risk management in cryptocurrencies which will be very useful for potential investors and cryptocurrency traders.

## **Theoretical Framework**

### **1. Cryptocurrency**

*Cryptocurrency* is a term that refers to a payment system using cryptography. The word *cryptocurrency* comes from a combination of two words, namely cryptography which means secret code, and *currency* which means a currency (Huda & Hambali, 2020). In addition, Cryptocurrency is the name given to a system that uses cryptography to carry out the process of sending data securely and exchanging digital tokens in a distributed manner (Syamsiah, 2017).

*Cryptocurrency* is a digital asset or asset without a physical form where ownership of the asset is managed in a centralized or decentralized record called a blockchain. Blockchain or also known as distributed bookkeeping technology (Distributed Ledger Technology/ DLT) where each network unit performs the same unit, each participant in the system is a client and a server (Mikhaylov, 2020). DLT is a concept where every participant/party who is part of a distributed network has access rights to the bookkeeping. (Noorsanti et al., 2018). Blockchain management involves a global computer network called miners, this record is open, so that anyone around the world who has an internet-connected computer can download the necessary software, become a miner, and join the blockchain network (Setiawan, 2020a)

The use of cryptocurrency as a means of payment has several advantages when compared to conventional money, including the value of cryptocurrency is not influenced by government policies, reduced intermediary fees in financial transactions eliminate the risk of confiscation by the state, and does not require a particular bank as the organizer or manager of the currency. crypto money. These advantages then cause many people to judge cryptocurrency as a future currency that has great potential to grow. These advantages then cause many people to judge cryptocurrencies as a new technology that has promising potential and will continue to grow (Fauzi et al., 2020).

Even though the technology in cryptocurrency is a revolutionary technology and is considered to have a good impact on the economy, the application of cryptocurrency as an investment instrument and a medium of exchange in Islam is still debatable among scholars. Those who forbid crypto transactions has a few that cryptocurrencies contain elements of maysir (gambling) and also arrogance in their business transactions so that the legal position of crypto is unlawful (Dewi Indrayani Halim, 2020; Fuadi et al., 2022; Oziev & Yandiev, n.d.)

The prohibition of cryptocurrencies is based on two verses in the Qur'an, namely in Surah al Nisa verse 29 and Surah al Maidah verse 90. In Surah al Nisa verse 29 Allah says:

*“O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill each other or yourselves”.*

Meanwhile in Surah al Maidah verse 90 Allah says:

*“O believers! Intoxicants, gambling, idols, and drawing lots for decisions are all evil of Satan's handiwork. So shun them so you may be successful”.*

Although these two verses form has been cited as the basis for the ban on crypto as a tool of exchange and investment, but the advantages of cryptocurrency

are considered by some scholars that one day transactions based on crypto will be halal and common in Islamic society.

In the context of this research, it does not discuss the issue of halal or haram cryptocurrencies or the validity of cryptocurrency transactions according to Islam but only tries to find out the risk management and maximization applied by millennials in investing in cryptocurrencies.

## **2. Millennial Generation**

The millennial generation is a generation that has unique characteristics where this generation is very familiar with technological developments and prioritizes speed, creativity, innovation, and dynamic (Bisnis et al., 2019). Millennials are the largest consumer group who make decisions in more consistent and sustainable actions, this generation also has a strong social awareness (de Costa & Aziz, 2021). The millennial generation who was born between 1981 to 2000 is very synonymous with gadgets and the internet, this certainly affects their habits and perspectives, especially in terms of financial planning and financial behavior. In Indonesia alone, the millennial generation, which reaches 103 million people, is a huge potential to be directly involved in stimulating the technology-based creative industry.

According to experts, the potential of the millennial generation for technology-based creative industries is because they have distinctive and unique habits, including first, they cannot be far from gadgets. Second, millennials prefer cashless payments. Having a credit card or electronic money has become a lifestyle for them. They prefer cashless payments; they are quite reluctant to carry relatively large amounts of cash. Third, for the millennial generation, social media is a must. By having social media, this generation can express themselves by promoting themselves and their identity to others (Rudiwantoro AMIK BSI Karawang, 2018).

## **3. Investment**

Investment can be interpreted as a commitment to invest a certain amount of funds at this time to obtain profits in the future. In other words, investment is a commitment to sacrifice current consumption to increase consumption in the future (Didit Herlianto, 2013; Mardhiyah, 2017). According to IBI and LSPP, three main principles need to be understood in investing, namely high-risk high-return, time value of money and don't put your money in one basket. In addition, an investor must also have a strategy for investing. Usually, the general strategies used by investors in investing buy and hold strategy, active management strategy, and immunization strategy (Ikatan Bankir Indonesia, 2013)

#### **4. Risk and Return/Profit**

A good investor must understand the relationship between risk and return of an investment that he will live. In essence, the relationship between risk and profit in investment has a linear relationship, where the greater the risk faced by an investment, the greater the profit to be obtained, and vice versa, the smaller the risk, the smaller the opportunity for profit to be obtained.

Return is the return expected by investors in an investment. According to Halim, return is the return obtained from an investment (Abdul Halim, 2003). This result or return is the motivation for an investor to invest. However, in reality, the level of return or profit obtained by an investor is not always the same as the level of profit that was previously expected when he invested. This happens because, in the context of investment management, returns can be divided into two types, namely expected returns and realized returns. In other words, investors who invest face the risk of possible deviations from the actual level of profit from the expected level of profit. Thus, in investing in addition to paying attention to the level of return, investors must always consider the level of risk of an investment (Eduardus Tandelilin, 2001).

Risk in a general sense is defined as a loss or something unwanted from an action. Meanwhile, in the context of investment management, the risk is defined as the deviation between the expected rate of return and the actual rate of return. The larger the deviation means the greater the level of risk (Mardhiyah, 2017). Therefore, it can be understood that risk is the possibility of an actual return that is different from the expected return. In general, risk management includes: 1) risk identification, 2) risk analysis/assessment, 3) risk monitoring, and 4) risk reporting and control (Khusniyah Indrawati et al., 2012). Understanding and identifying risk are basic thing in investement. Thus risk can be avoided and minimized.

#### **Research Methodology**

This research employed qualitative methods to obtain a comprehensive and in-depth understanding of the issues. In addition, this method is suitable for this research because it can directly interact with research subjects and the data obtained more valid.

The type of data used in this study is primary data, where the data is obtained or collected by researchers directly from the source, namely the millennial generation. The data obtained is then recorded and observed by researchers to obtain results that can be used in solving problems and seeking answers from this research.

Sugiyono (2017) dan (Gede Sri Darma, 2004) suggest that the technique of collecting data by interview is divided into 3 forms of interviews, namely

structured, semistructured, and unstructured interviews. In this study, using semistructured interview techniques (in-depth interviews) where the implementation is freer to find problems more openly where informants are asked for opinions and ideas which are then carefully listened to and recorded by the researcher. Meanwhile, semi-structured interviews (in-depth interviews) were also used to collect information, knowledge, and attitudes of research subjects towards risk management and the benefits of millennials in investing in cryptocurrencies. In the process of collecting data through interviews, the tools used are voice recorders, cameras, and other media that can be utilized and supported in the interview process.

The subjects in this study were groups of Indonesian people with an age range from birth in 1980 to birth in 2000. Subjects in this study were determined by the purposive sampling technique. Purposive sampling is used to take a sample of data sources with certain considerations and criteria (Sugiyono, 2017). The subject of this study consisted of 30 informants who met the criteria in answering the study problem. After the data is collected through interviews, then the data is analyzed and processed for validity using the triangulation method, namely source triangulation.

## Results and Discussion

### 1. Profit and Risk in Cryptocurrency Investment

*The Profit* that investors get from investing in *cryptocurrencies* is the difference between the purchase price and the selling price in the *crypto* market. The price difference that occurs in this cryptocurrency is volatile which can occur suddenly. These price fluctuations then open up great opportunities For investors to get double profits or vice versa will cause double losses as well (Setiawan, 2020b). This cryptocurrency price fluctuation can be seen in the daily price chart of several coins throughout 2021 which the author has compiled below (Figure 1).



**Bitcoin (BTC)**



**Ethereum (ETH)**



Figure 1. Cryptocurrency Price Movement Chart from January to December 2021

From the graph of changes in the prices of several crypto coins above, it can be analyzed that throughout 2021 the price of crypto coins is not stable. There was a significant increase in prices from February to April, then fell sharply from May to June. Then it rises again from early July to October. A very significant price increase reaching hundreds or even thousands of percent. For example, occurred on the ETH coin chart, from early 2021 until May 2021, the price increase reached 2400% from the initial 200%. This means that there is a 6-fold increase in prices from January to May. Likewise, the price of the BNB coin, there was a sharp increase in price from February to May, starting from an increase of around 100% in February to reaching a 3200% increase in May. This significant price increase is what brings big profits for crypto investors, by only investing a few months, from January to Mai, a crypto investor can earn many times over. The following is a table of the magnitude of the increase in the price of several crypto coins throughout 2021 in more detail (Table 1).

Table 1. Crypto Coin Price Increase Throughout 2021

Coin Crypto	An hour	24 hours	7 days	14 Days	30 Days	A Year
Bitcoin	-0.7%	4.1%	1,3%	-3.2%	17.1%	114.7%
Ethereum	-0.3%	1.8%	4.5%	-6.5%	-6.7%	560.3%

Binance	-0.6%	0.5%	0.4%	-8.5	-10.3%	1538.5%
DASH	-0.9%	4.8%	1.8%	-3.1%	-35%	28.5%
ADA	-0.4%	3.4%	1.4%	-7.3%	-30.8%	735.4%
DOGE	-0.6%	2.2%	-10.1%	-3.0%	-24.8%	3478.7%
XRP	-0.0%	8.1%	17.2%	16.4%	-11.0%	83.9%
Solana	-0.3%	2.9%	11.6%	-5.5%	-22.6%	11550.0%
Polkadot	-0.8%	4.6%	-3.4%	-16.7%	-40.6%	416.8%
Polygon	1.7%	11.5%	23.3%	0.7%	47.5%	12979.3%

Source: CoinGecko 22 December 2021

From the table above, it can be seen that all coins have increased in price throughout 2021, even some coins such as Polygon coins have increased prices reaching 12900%. Likewise, with the Solana coin, the price increase reached 11550%. In addition, other coins also experienced an average increase of 300% in the last year. Thus, investors who invest long-term, during 2021, will get a significant profit.

**Risk** As mentioned above, cryptocurrencies can provide significant benefits for investors because of fluctuating prices or spikes and increases and decreases very quickly (volatility), but this volatility is also a form of the real risk that must be faced by investors. From Figure 1 above, from May to July there was a sharp decline in prices for all cryptocurrency coins. This price drop certainly provides a big loss or risk for investors who invest when the coin price is high, say if the investor invests in June on the DASH coin, then he will experience such a significant loss because, until December 2021, the price of the DASH coin does not reach initial price in June 2021. As for other coins, even though from June to Mai experienced a significant price decline but from October to November the coin price returned to the price in June, however, this sharp decline will cause big losses if investors have to sell on Mai's bulls until early October.

Furthermore, apart from high volatility, expert investors argue that cryptocurrencies are a temporary bubble of enthusiasm (Fauzi et al., 2020). This means that cryptocurrency investors face very high risk because cryptocurrency price movements are only based on a momentary bubble of enthusiasm. This is evidenced has been proved by Liu et al., (2018) that the value of cryptocurrency prices is influenced by certain moments that can attract the attention of investors. For example, the price of Dogecoin rose sharply increase throughout 2021 as a result of Elon Musk's praise and praise through Twitter social media. It is through this flattery and praise of Elon Musk that the Dogecoin becomes a speculative vehicle that eventually leads to an empty investment (Novina Putri Bestari, 2021).

In addition, the risk of investing in cryptocurrency coins is also related to their regulation and legality in a country. Many countries still do not legalize

cryptocurrency because cybercrimes occur with the emergence of cryptocurrencies such as money laundering, terrorist financing, buying, and selling drugs, fraud, and other types of cybercrimes (Ibrahim et al., 2022). In Indonesia, the Commodity Futures Trading Regulatory Agency (BAPPEBTI) categorizes crypto assets as a category of commodities traded on futures exchanges. Therefore, by law, cryptocurrency still has limited rules and cannot be fully intervened by the government. This is a separate risk for investors, especially security protection for investors from the country. However, in an effort and effort in responding to financial and technological challenges as well as in providing security protection for cryptocurrency investors in Indonesia, the Government of Indonesia is constantly trying to formulate and issue regulations as well as record cryptocurrencies circulating in Indonesia to answer problems and protect the interests of the wider community regarding cryptocurrencies in Indonesia.

## 2. Millennial Generation's Understanding of the Risks and Benefits of Cryptocurrency

From the results of the interviews that have been carried out, it can be seen that most of the informants who are cryptocurrency investors are between 19 and 34 years old. These investors stated that they know and know about cryptocurrency investment from social media such as Youtube, Facebook, and Tiktok, only a small part of them know about cryptocurrency from friends or recommended by people they know. This illustrates that social media plays a significant role in influencing the millennial generation to act, especially in terms of choosing cryptocurrency as their investment choice. While the education level of most of the respondents had completed their education up to the undergraduate level (Bachelor degree) (See table 2).

Table 2. Respondent Demographics

Number of Respondent	Age	Sex	Education	Duration of Investment
Respondent 1	32	Male	Bachelor	2 Years
Respondent 2	25	Male	Bachelor	1 Year
Respondent 3	27	Male	Bachelor	8 Months
Respondent 4	34	Male	Bachelor	10 Months
Respondent 5	26	Male	Bachelor	7 Months
Respondent 6	33	Male	Bachelor	6 Months
Respondent 7	19	Male	Senior High School	3 Years
Respondent 8	30	Male	Bachelor	5 Years
Respondent 9	25	Male	Bachelor	10 Months

Respondent 10	34	Male	Bachelor	1 Years
Respondent 11	31	Male	Bachelor	3 Years
Respondent 12	28	Male	Bachelor	1 Year
Respondent 13	27	Male	Bachelor	3 Years
Respondent 14	26	Male	Bachelor	3 Years
Respondent 15	22	Male	Senior High School	1 Year
Respondent 16	24	Male	Bachelor	9 Months
Respondent 18	26	Female	Bachelor	6 Months
Respondent 19	22	Male	Bachelor	1 Year
Respondent 20	28	Female	Bachelor	3 Months
Respondent 21	24	Male	Bachelor	2 Years
Respondent 22	23	Female	Bachleor	4 Months
Respondent 23	35	Male	Bachelor	2 Years
Respondent 26	21	Male	Bachelor	10 Months
Respondent 27	20	Male	Senior High School	2 Years

From the table above, it is known that the millennials who are respondents in this research have only known and invested in cryptocurrencies in the past year. Apart from that, from the interview results, it is also known that most of the respondents stated that they learned to invest in cryptocurrency independently (automatically) from social media or community groups. those on Facebook or groups on Telegram

Through the method of learning to invest in cryptocurrency independently by investors in this study, we can understand that fundamentally investors do not have sufficient knowledge before investing in cryptocurrency, the Investors in this study are novice investors who only learn on their own, most of whom have never even invested in cryptocurrencies. other investment instruments such as stocks, mutual funds, or deposits. In this case, it means that investors have the opportunity to face greater risk opportunities because of their limited basic knowledge and experience.

However, all of the informants in this study stated that they understood the risks involved when investing in cryptocurrencies. Respondents realized that every financial investment has absolute risks, as well as investing in cryptocurrencies. One of the high volatility risks in cryptocurrencies is even one of the reasons for investors in choosing cryptocurrency as an investment instrument. Millennial investors assume that significant price changes in a short time on cryptocurrency assets will bring large and fast profit opportunities for investors. It is also later understood by millennial investors that cryptocurrency investment will open opportunities for them to become rich at a young age. The author's observations of this perception arise because of the high news in the mass

media about how easy it is to get profit from investing in cryptocurrencies so millennials are flocking to invest their capital in cryptocurrency.

In addition, millennial investors' understanding of the volatility or significant price fluctuations in cryptocurrencies makes cryptocurrency considered and understood as an investment instrument that is most suitable for obtaining large profits in a short time compared to other investment instruments. All respondents stated that due to the volatile nature of the value of cryptocurrency assets, they prefer cryptocurrencies compared to investments in other instruments such as stocks or mutual funds whose profits are considered insignificant and slow. Millennial investors consider the volatility of cryptocurrency prices to be a challenge that makes them more challenged in studying the patterns and working mechanisms of cryptocurrencies so that they can earn big profits. This is in line with Oscar Darmawan, CEO of Bitcoin Indonesia, that one of the reasons young Indonesians choose cryptocurrency as an investment instrument is because young people like challenges, which they find in cryptocurrency investment instruments (Dian Yuliasuti, 2021).

Meanwhile, regarding the risks in terms of regulations and government regulations in protecting investors and cryptocurrency assets which are considered to be still not comprehensive in Indonesia, the respondents consider that government regulations are indeed deemed necessary in protecting investors, but the majority of respondents are aware that government regulations will not be able to regulate cryptocurrencies which are free and independent. Even for investors, whether there is government regulation, they will still invest in cryptocurrencies because the risks and benefits of investing in cryptocurrencies are entirely the responsibility of each investor himself. In addition, millennial investors think that government intervention or government intervention in cryptocurrency investment will eliminate the freedom of cryptocurrency itself because essentially the creation of cryptocurrency is to be independent and free from government or institutional intervention so in this case, the government does not need to actively regulate and interfere. the running of the existing cryptocurrency system.

### **3. Risk Management And Profit Maximization On Cryptocurrency Investment**

From the results of interviews with resource persons that researchers have conducted, in terms of minimizing risk and maximizing profits, millennial investors apply several strategies and techniques learned from social media independently, this is following the previous discussion that most investors in this study automatically recognize and learn cryptocurrencies from social media, including how to minimize the risks. In terms of minimizing the risk of

fluctuating cryptocurrency price changes, the investors in this study implemented several strategies for risk management which included:

**a. Determine Stop Loss and Take Profit Points**

Investors in this study generally apply the techniques and methods of determining stop loss and take profit points in avoiding the risk of fluctuating price changes in cryptocurrencies. This method is the easiest method to understand and apply when starting to invest in cryptocurrencies. This method is easy to understand even if the investor has no previous investment experience. An investor simply determines a certain price of the coins he invests, where the price is the price that indicates when he must exit the market to avoid losses and when he must exit the market to take profits. This means that the investor in this case determines the lowest price target where he has to sell his assets to avoid losses and determines the profit target for the three prices to increase.

This method is also often called a stop-limit order. Stop limit orders can usually be activated by investors on crypto exchange applications such as Crypto Stores, Binance, or Indodax. By setting a stop-limit order, investors will be spared in the event of a sudden price change. In addition, determining stop-limit orders is also very helpful for investors who do not have time to always monitor the crypto market. This method is commonly used by millennial investors even though they do not know the exact term of this method, meaning that even though investors do not know the name of this method, they generally use this method to avoid risk when investing in cryptocurrency.

**b. Hold and Sell**

One of the reasons millennial investors in this study chose crypto investment is because risk management is considered easy compared to risk management in other investments such as stocks or mutual funds. For some investors, in facing the risk of changes in crypto prices, it is enough to buy the desired cryptocurrency asset, then wait for some time. If the price has increased, then immediately sell to make a profit, otherwise, if the price of the asset has decreased then hold it or don't sell it, and wait for the asset to rise again until the initial purchase price or more. This means that if cryptocurrency asset are not sold, regardless of the amount of decline that occurs, an investor has not actually experienced a loss because the coin still belongs to the investor and the price of the coin will be able to rise at any time to the initial price or more so that he can resell it without experiencing a loss.

Investors will only suffer losses if the asset is sold at a time when the coin price is below the initial purchase price where this usually happens because the investor is impatient or rash in seeing price changes in the market (panic selling)

or the investor needs a certain amount of funds so that he is forced to sell his assets even though when the asset price is below the initial purchase price. Therefore, in order for an investor to be successful in investing in crypto, he must invest using capital or money that is not needed daily or commonly referred to by investors in this study as cold money, not hot money needed to meet daily needs, let alone money. loans from other parties.

This wait and sell method is also understood by millennial investors as a method of exercising patience and controlling lust because even though the price of a coin is moving down, an investor must remain calm not to sell his assets and when prices go up, investors must also act wisely by taking profits immediately without paying attention. following lust and greed by waiting for the price of the coin to double and then selling it because most investors state that greed is never enough to be one of the causes of investors experiencing losses when investing in cryptocurrency.

### **c. Dollar Cost Averaging Method**

Risk management using the dollar cost averaging (DCA) method is a common strategy used by investors in investing in gold, stocks, or mutual funds. However, this method has also become a method widely used by investors in this study to deal with unexpected crypto price volatility. Dollar cost averaging is an investment method in the form of buying shares in the same nominal regularly every month or quarter (Hartono, 2018). This method is also known by investors as the installment.

According to investors in this study, using the dollar cost averaging method will reduce the risk of entering the crypto market at the wrong time. Sharp price fluctuations require investors to know when the right time is to enter the market, but to recognize the right time to enter the market is difficult, therefore the dollar cost averaging method minimizes this risk. By buying assets little by little, investors do not need to be afraid of sudden fluctuations in asset prices, investors only focus on long-term prospects and profits. In addition, the dollar cost averaging method is considered the safest way to buy crypto assets compared to buying crypto assets in a lump sum or lump sum manner and the method is considered effective in building more stable crypto investments as light as time goes by according to the capital capabilities of investors.

### **d. Long Term Investment**

According to most investors in this study, the longer a person invests in a coin, the greater the opportunity to make a profit while avoiding the ups and downs of short-term price changes in a crypto coin. In this case, the determination of the time for investing in crypto can be interpreted as one of the factors that

influence the success of investors in facing the risk of price fluctuations and the amount of profit an investor earns. This investor assumption is in accordance with the coin price development data in the crypto market in 2021 above (Table 1), where almost all coins experienced a significant annual increase. Therefore, one of the methods to minimize risk and earn big profits in crypto is to invest long term. This means that long-term investment is the best method to gain profits compared to short-term investments (daily trading), however, further research is needed to find out how long it is ideal to invest in cryptocurrency so that it brings maximum profit.

In addition to the methods described above, in avoiding risk and maximizing profits, investors in this study pay attention to several things which include First, Analyzing the fundamentals of a coin to be purchased. Whether the coin has a clear project or not. Second, following trends or issues related to the chosen crypto asset, in the view of some investors paying attention to the issue (trending) determines the success of a crypto investor. Third, join or join social media groups with invested coins, such as Facebook groups, Telegram groups, WhatsApp groups, etc. Fourth, buy coins that have just been listed on the crypto exchange market. The newly introduced coins in this market are often referred to as micin coins. Micin coins or shitcoins are crypto assets that have a very low market capitalization, but the tokens are very large, and the price is very cheap. Generally, these coins are coins that have just been released in the market and these coins generally do not have a clear purpose. Because the price is low, usually with just a few dollars, an investor can get millions of coins, so if the price of this micin coin increases just a little, an investor can earn tens of thousands of percent of profits. Fifth, selling some of the coins of the initial capital when the coin rises even if only a few percent and then the rest of the coins are allowed to rise to the desired price. In this way, investors will avoid losses if the price drops and at the same time will get multiple profits from when the rest of the coins increase. Sixth, don't invest only in one coin, meaning to minimize the risk investors have to split their investment capital into several coins that are considered to be profitable so that the opportunity for losses will be split into several coins.

Based on the method of risk management and profit maximization of crypto investments that have been described previously, millennial investors in this study stated that as long as they invested, they did not experience significant losses, even if they experienced losses on one coin, they would still be covered by investment activities on other coins. This means that investors are more dominant in gaining profits than losses, even the profits obtained are greater than the expected target. This shows that the method adopted by millennial investors in this study is effective in avoiding risk and maximizing profits when investing in

cryptocurrencies. In addition, investors stated that they really enjoy investing in cryptocurrencies and plan to continue investing in cryptocurrencies until there is a better form of investment than cryptocurrency in the future.

### **Conclusion**

This research shows that the Indonesian millennial generation is familiar with cryptocurrency investment through social media such as Youtube, Tiktok, Facebook etc. Through this social media, investors learn independently or automatically how to invest in cryptocurrencies, including how to avoid risk and earn profits. The methods used to minimize risk and maximize profits include determining stop loss and take profit points, waiting and selling, applying the dollar cost averaging method, and investing long term. In addition, investors also apply supporting methods, including analyzing the fundamentals of a coin, following trends/issues related to a coin, buying newly listed coins, selling some coins with initial capital when the coin rises, and investing in several coins. Through the method applied, investors in this study acknowledged that they made good profits and avoided risks, especially the risk of price fluctuations while investing in cryptocurrencies. In addition, investors also feel safe and enjoy investing in cryptocurrency.

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